

ANGELINA COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
December 31, 2014

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INTRODUCTORY SECTION

ANGELINA COUNTY, TEXAS
PRINCIPAL OFFICIALS
December 31, 2014

GOVERNING BODY

Honorable Wes SuiterCounty Judge
Greg Harrison.....Commissioner, Precinct 1
Kenneth Timmons.Commissioner, Precinct 2
Robert LogginsCommissioner, Precinct 3
Bobby CheshireCommissioner, Precinct 4

OTHER PRINCIPAL OFFICIALS

Thelma Sherman Tax Assessor-Collector
Eddie L. Gray County Auditor
Ed Jones County Attorney
Art Bauereiss.....District Attorney
Reba Squyres District Clerk
Amy FincherCounty Clerk
Deborah Huffman..... County Treasurer
Greg SanchesCounty Sheriff

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable County Judge and
Members of the Commissioners' Court
Angelina County
Lufkin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Angelina County, Texas (County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 of 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, the business-type activities, each major fund, and the aggregate remaining fund information of Angelina County, Texas as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress of pension plan on pages 8 through 13 and 39 through 44 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 obtain 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 Angelina County, Texas' basic financial statements. The introductory section and combining fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The introductory section, combining fund statements, and the schedule of expenditures of federal awards, 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 introductory section, combining fund statements, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015 on our consideration of Angelina 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 or on 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 Angelina County's internal control over financial reporting compliances.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
June 23, 2015

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

As management of Angelina County (County), we offer readers of the Angelina County's financial statements this narrative overview and analysis of the financial activities of Angelina County for the fiscal year ended December 31, 2014. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$41,850,251 (*net position*). Of this amount, \$10,859,230 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$9,018,356, an increase of \$1,252,225 in comparison with the prior year. The increase is the result of the general fund revenue exceeding expected projections.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,018,356.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Angelina County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the government-wide financial statements distinguish functions of the County's that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial, public safety, and roads and bridges. The business-type activities of the County include a landfill and an airport.

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. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

ANGELINA COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Governmental Funds. *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*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 for *governmental activities* 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*.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its Landfill and for its Airport. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insured group health insurance plan. This service benefits both governmental and business-type functions, which result in an allocation, based on participants, between the governmental and business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Landfill and the Airport, both of which are considered to be major funds of the County. The internal service fund is presented in the proprietary fund financial statements.

Fiduciary Funds. 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 of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 43-45 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 48-64 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$41,850,251 at the close of the most recent fiscal year.

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

By far the largest portion of the County's net position (56.2 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services 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.

**Angelina County's Net Position
(in thousands)**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 32 371	\$ 30 769	\$ 11 217	\$ 12 150	\$ 43 589	\$ 42 919
Capital assets	24 741	24 400	5 866	6 086	30 606	30 486
TOTAL ASSETS	<u>57 112</u>	<u>55 169</u>	<u>17 083</u>	<u>18 236</u>	<u>74 195</u>	<u>73 405</u>
Deferred outflows	297	46	-	-	297	46
Long-term liabilities	4 079	5 334	275	3 358	4 354	9 131
Other liabilities	5 706	5 773	5 738	2 221	11 444	7 556
TOTAL LIABILITIES	<u>9 785</u>	<u>11 107</u>	<u>6 013</u>	<u>5 579</u>	<u>15 798</u>	<u>16 687</u>
Deferred inflows	16 844	16 344	-	-	16 844	16 344
Net Position:						
Invested in capital assets, net of related debt	17 656	17 334	5 865	6 086	23 522	23 420
Restricted	3 152	304	4 318	4 697	7 469	5 000
Unrestricted	9 972	10 126	887	1 874	10 859	12 000
TOTAL NET POSITION	<u>\$ 30 780</u>	<u>\$ 27 764</u>	<u>\$ 11 070</u>	<u>\$ 12 657</u>	<u>\$ 41 850</u>	<u>\$ 40 420</u>

An additional portion of the County's net position (17.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$10,859,230) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate business-type activities.

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

Governmental Activities. Governmental activities increased the County's net position by \$3,062,279. Key elements of this net increase are as follows:

**Angelina County's Changes in Net Position
(in thousands)**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for service	\$ 5 291	\$ 5 356	\$ 3 383	\$ 3 533	\$ 8 674	\$ 8 889
Operating grants and contributions	3 054	4 536	237	-	3 291	4 536
Capital grants and contributions	1 606	1 076	-	-	1 606	1 076
General Revenues:						
Property taxes	18 005	16 574	-	-	18 005	16 574
Sales taxes	5 754	5 777	-	-	5 754	5 777
Other taxes	105	66	-	-	105	66
Investment earnings	128	101	29	17	157	118
Miscellaneous	233	624	121	11	354	635
TOTAL REVENUES	<u>34 176</u>	<u>34 110</u>	<u>3 770</u>	<u>3 561</u>	<u>37 946</u>	<u>37 671</u>
Expenses:						
Administrative	7 832	8 140	-	-	7 832	8 140
Judicial and law enforcement	17 872	16 596	-	-	17 872	16 596
Health, welfare and sanitation	1 145	1 664	-	-	1 145	1 664
Highways and streets	3 976	3 897	-	-	3 976	3 897
Extension service	135	126	-	-	135	126
Interest and fiscal charges	153	126	-	-	153	126
Landfill	-	-	3 297	2 190	3 297	2 190
Airport	-	-	2 060	2 175	2 060	2 175
TOTAL EXPENSES	<u>31 113</u>	<u>30 549</u>	<u>5 357</u>	<u>4 365</u>	<u>36 470</u>	<u>34 914</u>
(DECREASE) IN NET POSITION	3 063	3 561	(1 587)	(804)	1 476	2 757
Net position, beginning	27 717	24 203	12 657	13 461	40 374	37 664
NET POSITION, ENDING	<u>\$ 30 780</u>	<u>\$ 27 764</u>	<u>\$ 11 070</u>	<u>\$ 12 657</u>	<u>\$ 41 850</u>	<u>\$ 40 420</u>

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,169,620. The *unassigned fund balance* amounts to a surplus of \$9,018,356. The amount of fund balance that is restricted \$3,151,264 to indicate that it is not available for new spending because it has already been committed to other expenses.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,719,363. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents (44) percent of total general fund expenditures.

The fund balance of the County's general fund increased by \$1,252,225 during the current fiscal year. The increase is the result of general fund revenue exceeding expected projections.

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

The road and bridge funds have a total fund balance of \$3,038,556, all of which is restricted for the maintenance and construction of roads and bridges. The net increase in fund balance during the current year in the road and bridge fund is \$136,227.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Landfill at the end of the year amounted to \$7,008,389, and those for the Airport amounted to \$4,062,095. Net position restricted for future landfill closure of the Landfill at the end of the year amounted to \$4,317,774. The total decrease in net position for both funds was \$(658,272) and \$(927,859), respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

During the year revenues exceeded budgetary estimates by \$168,542. Expenditures were less than budgetary estimates by \$1,410,999.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental and business type activities as of December 31, 2014, amounts to \$30,606,260 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, roads, and bridges.

**Angelina County's Capital Assets
(net of depreciation)
(in thousands)**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2014	2013	2014	2013	2014	2013
Land	\$ 700	\$ 700	\$ 2 169	\$ 2 111	\$ 2 869	\$ 2 811
Buildings	22 880	22 880	5 023	5 023	27 903	27 903
Machinery and equipment	12 973	11 906	5 242	4 759	18 215	16 665
Infrastructure	69 647	67 483	8 940	8 940	78 587	76 423
Construction in progress	14	1 081	-	-	14	1 081
Depreciation	(81 473)	(79 650)	(15 509)	(14 747)	(96 982)	(94 397)
TOTAL	\$ 24 741	\$ 24 400	\$ 5 865	\$ 6 086	\$ 30 606	\$ 30 486

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$5,470,000.

**Angelina County's Outstanding Debt
General Obligation and Revenue Bonds
(in thousands)**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2014	2013	2014	2013	2014	2013
Refunding bonds	\$ 5 470	\$ 6 845	\$ -	\$ -	\$ 5 470	\$ 6 845
Bond premium	164	187	-	-	164	187
Tax notes	1 450	-	-	-	1 450	-
Compensated absences payable	-	139	-	-	-	139
Capital leases	-	34	-	-	-	34
Landfill closure and postclosure	-	-	5 738	5 456	5 738	5 456
TOTAL	\$ 7 084	\$ 7 205	\$ 5 738	\$ 5 456	\$ 12 822	\$ 12 661

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

The County's total debt decreased by \$161,000 (1.3 percent) during the current fiscal year. The key factor in this increase was the issuance of \$1,450,000 Tax Notes.

The County maintains an "Aaa" rating from Moody's for its debt issuances.

Additional information on the County's long-term debt can be found in Note 4.E on pages 35-37 of this report.

Economic Factors and Next Years' Budgets and Rates

- The County's unemployment rate for the current fiscal year was 5.2 percent, which was 6.3 percent in the previous year. This compares unfavorably to the state's unemployment rate of 5.1 percent.
- The state sales tax receipts for the current fiscal year totaled \$5,706,110, an increase of \$2,272 or (0.01 percent) from the previous year indicating an improvement in the retail economy.
- Economic trends in the region compare favorably with state and national indices.

All other factors were considered in preparing the County's budget for the 2015 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's Office, P. O. Box 727, Lufkin, Texas 75902-0727.

BASIC FINANCIAL STATEMENTS

ANGELINA COUNTY, TEXAS
STATEMENT OF NET POSITION
December 31, 2014

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Current Assets:			
Cash and cash equivalent	\$ (5 236 569)	\$ 5 389 702	\$ 153 133
Investments	23 344 826	1 147 133	24 491 959
Receivables (Net Allowance):			
Taxes	10 243 447	-	10 243 447
Intergovernmental	511 348	-	511 348
Accounts	-	247 826	247 826
Other	810 723	-	810 723
Due from other funds	2 695 334	41 598	2 736 932
Inventory	2 259	73 778	76 037
TOTAL CURRENT ASSETS	<u>32 371 368</u>	<u>6 900 037</u>	<u>39 271 405</u>
Noncurrent Assets:			
Restricted Assets:			
Investments	-	4 317 774	4 317 774
TOTAL RESTRICTED ASSETS	<u>-</u>	<u>4 317 774</u>	<u>4 317 774</u>
Capital assets (net of depreciation)	24 740 687	5 865 573	30 606 260
TOTAL NONCURRENT ASSETS	<u>24 740 687</u>	<u>10 183 347</u>	<u>34 924 034</u>
TOTAL ASSETS	<u>57 112 055</u>	<u>17 083 384</u>	<u>74 195 439</u>
DEFERRED OUTFLOWS			
Prepaid expenses	296 734	-	296 734
TOTAL DEFERRED OUTFLOWS	<u>296 734</u>	<u>-</u>	<u>296 734</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 57 408 789</u>	<u>\$ 17 083 384</u>	<u>\$ 74 492 173</u>
LIABILITIES			
Current Liabilities:			
Accounts/claims payable	\$ 591 969	\$ 130 898	\$ 722 867
Accrued liabilities	2 108 804	144 064	2 252 868
TOTAL CURRENT LIABILITIES	<u>2 700 773</u>	<u>274 962</u>	<u>2 975 735</u>
Noncurrent Liabilities:			
Due within one year	1 378 057	-	1 378 057
Due in more than one year	5 706 220	5 737 938	11 444 158
TOTAL NONCURRENT LIABILITIES	<u>7 084 277</u>	<u>5 737 938</u>	<u>12 822 215</u>
TOTAL LIABILITIES	<u>9 785 050</u>	<u>6 012 900</u>	<u>15 797 950</u>
DEFERRED INFLOWS			
Unearned revenues	16 843 972	-	16 843 972
TOTAL DEFERRED INFLOWS	<u>16 843 972</u>	<u>-</u>	<u>16 843 972</u>
NET POSITION			
Net investment in capital assets	17 656 410	5 865 573	23 521 983
Restricted for debt service	301 257	-	301 257
Restricted for other purposes	2 850 007	4 317 774	7 167 781
Unrestricted	9 972 093	887 137	10 859 230
TOTAL NET POSITION	<u>30 779 767</u>	<u>11 070 484</u>	<u>41 850 251</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 57 408 789</u>	<u>\$ 17 083 384</u>	<u>\$ 74 492 173</u>

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

ANGELINA COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
Administrative	\$ 7 832 436	\$ 1 506 056	\$ 107 916	\$ -
Judicial and law enforcement	17 872 442	2 183 171	2 925 758	-
Health, welfare and sanitation	1 145 497	69 574	20 000	-
Highways and streets	3 976 142	1 532 591	-	1 606 401
Extension services	134 820	-	-	-
Interest and fiscal charges	153 550	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	31 114 887	5 291 392	3 053 674	1 606 401
Business-Type Activities:				
Landfill	3 297 039	2 259 848	237 200	-
Airport	2 059 420	1 123 543	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	5 356 459	3 383 391	237 200	-
TOTAL GOVERNMENT	\$ 36 471 346	\$ 8 674 783	\$ 3 290 874	\$ 1 606 401

General Revenues:

 Ad valorem taxes

 Sales taxes

 Other taxes

 Interest income

 Miscellaneous

 TOTAL GENERAL REVENUES

 CHANGE IN NET POSITION

Net position - Beginning of year

Prior period adjustment

 NET POSITION - BEGINNING OF YEAR (RESTATED)

 NET POSITION - ENDING

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

NET (EXPENSE) REVENUE AND CHANGE
IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (6 218 464)	\$ -	\$ (6 218 464)
(12 763 513)	-	(12 763 513)
(1 055 923)	-	(1 055 923)
(837 150)	-	(837 150)
(134 820)	-	(134 820)
<u>(153 550)</u>	<u>-</u>	<u>(153 550)</u>
<u>(21 163 420)</u>	<u>-</u>	<u>(21 163 420)</u>
-	(799 991)	(799 991)
<u>-</u>	<u>(935 877)</u>	<u>(935 877)</u>
-	(1 735 868)	(1 735 868)
<u>(21 163 420)</u>	<u>(1 735 868)</u>	<u>(1 735 868)</u>
18 005 391	-	18 005 391
5 754 135	-	5 754 135
104 996	-	104 996
128 122	29 024	157 146
<u>233 055</u>	<u>120 713</u>	<u>353 768</u>
<u>24 225 699</u>	<u>149 737</u>	<u>24 375 436</u>
<u>3 062 279</u>	<u>(1 586 131)</u>	<u>1 476 148</u>
<u>27 763 502</u>	<u>12 656 615</u>	<u>40 420 117</u>
<u>(46 014)</u>	<u>-</u>	<u>(46 014)</u>
<u>27 717 488</u>	<u>12 656 615</u>	<u>40 374 103</u>
\$ <u>30 779 767</u>	\$ <u>11 070 484</u>	\$ <u>41 850 251</u>

ANGELINA COUNTY, TEXAS
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	GENERAL FUND	ROAD AND BRIDGE #1 FUND	ROAD AND BRIDGE #2 FUND	ROAD AND BRIDGE #3 FUND	ROAD AND BRIDGE #4 FUND	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash and cash equivalent	\$ (8 359 584)	\$ 379 501	\$ 233 960	\$ 165 460	\$ 278 570	\$ 1 687 472	\$ (5 614 621)
Investments	23 052 342	-	-	-	-	292 484	23 344 826
Receivables:							
Taxes	10 243 447	-	-	-	-	-	10 243 447
Intergovernmental	-	-	-	-	-	511 348	511 348
Miscellaneous	371 355	-	-	-	-	439 368	810 723
Due from other funds	2 698 334	503 473	256 296	631 820	589 476	1 567 650	6 247 049
Inventory	2 259	-	-	-	-	-	2 259
TOTAL ASSETS	<u>28 008 153</u>	<u>882 974</u>	<u>490 256</u>	<u>797 280</u>	<u>868 046</u>	<u>4 498 322</u>	<u>35 545 031</u>
DEFERRED OUTFLOWS							
Prepaid expense	296 734	-	-	-	-	-	296 734
TOTAL DEFERRED OUTFLOWS	<u>296 734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296 734</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 28 304 887</u>	<u>\$ 882 974</u>	<u>\$ 490 256</u>	<u>\$ 797 280</u>	<u>\$ 868 046</u>	<u>\$ 4 498 322</u>	<u>\$ 35 841 765</u>
LIABILITIES							
Accounts payable	\$ 345 936	\$ 9 024	\$ 3 875	\$ 5 226	\$ 27 892	\$ 200 016	\$ 591 969
Accrued liabilities	1 063 369	17 638	8 251	49 623	34 731	109 000	1 282 612
Accrued compensated absences	556 578	14 339	7 611	-	-	39 082	617 610
Due to other funds	3 548 715	-	-	-	-	3 000	3 551 715
TOTAL LIABILITIES	<u>5 514 598</u>	<u>41 001</u>	<u>19 737</u>	<u>54 849</u>	<u>62 623</u>	<u>351 098</u>	<u>6 043 906</u>
DEFERRED INFLOWS							
Unearned revenue	13 771 933	516 179	258 523	648 879	604 896	1 827 829	17 628 239
TOTAL DEFERRED INFLOWS	<u>13 771 933</u>	<u>516 179</u>	<u>258 523</u>	<u>648 879</u>	<u>604 896</u>	<u>1 827 829</u>	<u>17 628 239</u>
FUND BALANCES							
Nonspendable	298 993	-	-	-	-	-	298 993
Restricted:							
Highways and streets	-	325 794	211 996	93 552	200 527	-	831 869
Construction	-	-	-	-	-	1 357 116	1 357 116
Debt service	-	-	-	-	-	301 257	301 257
Other	-	-	-	-	-	661 022	661 022
Unassigned	8 719 363	-	-	-	-	-	8 719 363
TOTAL FUND BALANCES	<u>8 719 363</u>	<u>325 794</u>	<u>211 996</u>	<u>93 552</u>	<u>200 527</u>	<u>2 319 395</u>	<u>12 169 620</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 28 304 887</u>	<u>\$ 882 974</u>	<u>\$ 490 256</u>	<u>\$ 797 280</u>	<u>\$ 868 046</u>	<u>\$ 4 498 322</u>	<u>\$ 35 841 765</u>

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

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 December 31, 2014

	GENERAL FUND	ROAD AND BRIDGE #1 FUND	ROAD AND BRIDGE #2 FUND	ROAD AND BRIDGE #3 FUND	ROAD AND BRIDGE #4 FUND	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:							
Ad valorem taxes	\$ 14 158 154	\$ 516 449	\$ 255 463	\$ 625 122	\$ 584 040	\$ 1 577 650	\$ 17 716 878
Sales tax	5 706 110	12 857	2 269	17 269	15 630	-	5 754 135
Other taxes	104 996	-	-	-	-	-	104 996
Intergovernmental	516 937	47 114	6 056	62 852	59 881	5 198 107	5 890 947
Charges for services	720	-	-	-	-	-	720
Interest income	104 333	2 789	1 544	1 987	2 584	10 546	123 783
Fines and fees	1 930 607	391 939	68 744	526 539	475 740	279 012	3 672 581
Contributions and donations	-	-	-	-	-	65 651	65 651
Other revenue	214 634	954	-	3 449	2 459	11 559	233 055
TOTAL REVENUES	22 736 491	972 102	334 076	1 237 218	1 140 334	7 142 525	33 562 746
Expenditures:							
Administrative	6 788 716	-	-	-	-	305 698	7 094 414
Judicial and law enforcement	12 597 882	-	-	-	-	4 722 062	17 319 944
Health, welfare and sanitation	902 531	-	-	-	-	242 614	1 145 145
Highways and streets	-	845 905	313 545	1 162 777	1 008 734	-	3 330 961
Extension service	129 037	-	-	-	-	-	129 037
Capital outlays	-	-	110	-	216 432	1 591 663	1 808 205
Debt Service:							
Principal	-	-	-	-	-	1 375 000	1 375 000
Interest and other fees	-	-	-	-	-	153 550	153 550
TOTAL EXPENDITURES	20 418 166	845 905	313 655	1 162 777	1 225 166	8 390 587	32 356 256
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2 318 325	126 197	20 421	74 441	(84 832)	(1 248 062)	1 206 490
Other Financing Sources (Uses):							
Operating transfers in	-	-	-	-	-	1 067 150	1 067 150
Operating transfers out	(1 066 100)	-	-	-	-	(1 050)	(1 067 150)
Debt proceeds	-	-	-	-	-	1 450 000	1 450 000
TOTAL OTHER FINANCING SOURCES (USES)	(1 066 100)	-	-	-	-	2 516 100	1 450 000
NET CHANGE IN FUND BALANCE	1 252 225	126 197	20 421	74 441	(84 832)	1 268 038	2 656 490
Fund balance - Beginning	7 766 131	199 597	191 575	19 111	285 359	1 051 357	9 513 130
FUND BALANCE - ENDING	\$ 9 018 356	\$ 325 794	\$ 211 996	\$ 93 552	\$ 200 527	\$ 2 319 395	\$ 12 169 620

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

ANGELINA COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net change in fund balances - Total governmental funds	\$ 2 656 490
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	340 840
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	288 513
The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	116 001
Internal service funds are used by management to charge the cost of group medical self-insurance individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	<u>(339 565)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3 062 279</u>

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

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND GROUP HEALTH INSURANCE FUND
	LANDFILL	AIRPORT	TOTAL	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4 376 779	\$ 1 012 923	\$ 5 389 702	\$ 378 052
Investments	1 147 133	-	1 147 133	-
Receivables (Net Allowance):				
Accounts	198 999	48 827	247 826	-
Due from other funds	801	40 797	41 598	-
Inventory	-	73 778	73 778	-
TOTAL CURRENT ASSETS	5 723 712	1 176 325	6 900 037	378 052
Noncurrent Assets:				
Restricted Assets:				
Investments	4 317 774	-	4 317 774	-
TOTAL RESTRICTED ASSETS	4 317 774	-	4 317 774	-
Capital assets (net of depreciation)	2 885 993	2 979 580	5 865 573	-
TOTAL NONCURRENT ASSETS	7 203 767	2 979 580	10 183 347	-
TOTAL ASSETS	\$ 12 927 479	\$ 4 155 905	\$ 17 083 384	\$ 378 052
LIABILITIES				
Current Liabilities:				
Accounts/claims payable	\$ 63 767	\$ 67 131	\$ 130 898	\$ -
Accrued liabilities	117 385	26 679	144 064	152 473
TOTAL CURRENT LIABILITIES	181 152	93 810	274 962	152 473
Noncurrent Liabilities:				
Landfill post closure cost - Noncurrent	5 737 938	-	5 737 938	-
TOTAL NONCURRENT LIABILITIES	5 737 938	-	5 737 938	-
TOTAL LIABILITIES	5 919 090	93 810	6 012 900	152 473
NET POSITION				
Nonspendable	-	73 778	73 778	-
Restricted for Post Closure Cost	4 317 774	-	4 317 774	-
Unassigned	2 690 615	3 988 317	6 678 932	225 579
TOTAL NET POSITION	7 008 389	4 062 095	11 070 484	225 579
TOTAL LIABILITIES AND NET POSITION	\$ 12 927 479	\$ 4 155 905	\$ 17 083 384	\$ 378 052

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

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2014

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND GROUP HEALTH INSURANCE FUND</u>
	<u>LANDFILL</u>	<u>AIRPORT</u>	<u>TOTAL</u>	
Operating Revenues:				
Charges for services	\$ 2 259 848	\$ 306 897	\$ 2 566 745	\$ -
Fuel and oil sales	-	816 646	816 646	-
Employee premiums	-	-	-	315 825
Employer premiums	-	-	-	3 295 429
Stop-loss reimbursements	-	-	-	99 305
Contributions and donations	237 200	-	237 200	-
Other revenue	21 783	2 922	24 705	-
TOTAL OPERATING REVENUES	<u>2 518 831</u>	<u>1 126 465</u>	<u>3 645 296</u>	<u>3 710 559</u>
Operating Expenses:				
Salaries	809 222	421 387	1 230 609	-
Fuel	-	619 642	619 642	-
Repairs and supplies	88 867	57 649	146 516	-
Depreciation	395 024	738 643	1 133 667	-
Professional fees	135 073	-	135 073	-
Insurance claims and related expenses	-	-	-	4 054 463
Closure and post closure expense	1 408 592	-	1 408 592	-
Capital outlay	54 990	20 795	75 785	-
Other expenses	405 271	201 304	606 575	-
TOTAL OPERATING EXPENSES	<u>3 297 039</u>	<u>2 059 420</u>	<u>5 356 459</u>	<u>4 054 463</u>
OPERATING INCOME (LOSS)	<u>(778 208)</u>	<u>(932 955)</u>	<u>(1 711 163)</u>	<u>(343 904)</u>
Non-Operating Revenues:				
Interest earned	23 928	5 096	29 024	4 339
Trust income	96 008	-	96 008	-
TOTAL NON-OPERATING REVENUES	<u>119 936</u>	<u>5 096</u>	<u>125 032</u>	<u>4 339</u>
NET CHANGE IN NET POSITION	<u>(658 272)</u>	<u>(927 859)</u>	<u>(1 586 131)</u>	<u>(339 565)</u>
Net position - Beginning	<u>7 666 661</u>	<u>4 989 954</u>	<u>12 656 615</u>	<u>565 144</u>
NET POSITION - ENDING	<u>\$ 7 008 389</u>	<u>\$ 4 062 095</u>	<u>\$ 11 070 484</u>	<u>\$ 225 579</u>

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

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2014

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL
	LANDFILL	AIRPORT	TOTALS	SERVICE FUND GROUP HEALTH INSURANCE FUND
Cash Flows From Operating Activities:				
Receipts from customers	\$ 2 502 117	\$ 1 105 549	\$ 3 607 666	\$ -
Receipts from interfund services provided	-	-	-	3 753 051
Payments for interfund services used	-	-	-	(4 155 507)
Payments to suppliers	(1 758 229)	(837 681)	(2 595 910)	-
Payments to employees	(769 839)	(423 537)	(1 193 376)	-
NET CASH USED BY OPERATING ACTIVITIES	<u>(25 951)</u>	<u>(155 669)</u>	<u>(181 620)</u>	<u>(402 456)</u>
Cash Flows From Non-Capital Financing Activities:				
Borrowing (to) from other funds	153	6 413	6 566	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>153</u>	<u>6 413</u>	<u>6 566</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:				
Sale of assets	14 225	381	14 606	-
Acquisition of capital assets	(773 308)	(58 297)	(831 605)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(759 083)</u>	<u>(57 916)</u>	<u>(816 999)</u>	<u>-</u>
Cash Flows From Investing Activities:				
Purchase of investments	(399 850)	-	(399 850)	-
Interest received	23 928	5 096	29 024	4 339
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(375 922)</u>	<u>5 096</u>	<u>(370 826)</u>	<u>4 339</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1 160 803)	(202 076)	(1 362 879)	(398 117)
Cash and cash equivalents - Beginning of year	5 537 582	1 214 999	6 752 581	776 169
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4 376 779</u>	<u>\$ 1 012 923</u>	<u>\$ 5 389 702</u>	<u>\$ 378 052</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (778 208)	\$ (932 955)	\$ (1 711 163)	\$ (343 904)
Adjustments:				
Depreciation	395 024	738 643	1 133 667	-
Decrease (increase) in accounts receivable	(16 714)	(11 755)	(28 469)	42 492
Decrease (increase) in inventory	-	(9 161)	(9 161)	-
Increase (decrease) in accounts/claims payable	52 675	61 709	114 384	-
Increase (decrease) in accrued liabilities	39 383	(2 150)	37 233	(101 044)
Increase (decrease) in landfill closure and post closure cost	281 889	-	281 889	-
TOTAL ADJUSTMENTS	<u>752 257</u>	<u>777 286</u>	<u>1 529 543</u>	<u>(58 552)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (25 951)</u>	<u>\$ (155 669)</u>	<u>\$ (181 620)</u>	<u>\$ (402 456)</u>

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

ANGELINA COUNTY, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
December 31, 2014

	<u>TOTAL AGENCY FUNDS</u>
ASSETS	
Cash and cash equivalents	\$ 15 052 083
Investments	<u>1 308 198</u>
TOTAL ASSETS	<u>\$ 16 360 281</u>
LIABILITIES	
Due to others	\$ <u>16 360 281</u>
TOTAL LIABILITIES	<u>\$ 16 360 281</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Angelina County (County) is an independent governmental entity created under the laws of the State of Texas. The County is governed by a Commissioners' Court. The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate for the County.

Blended Component Unit. The County did not have any blended component units for the year ended December 31.

Discretely Presented Units. The County did not have any discretely presented units for the year ended December 31.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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 or applicants 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 items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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 *road and bridge - special revenue fund* accounts for the resources and expenses related to roads and bridges.

The County reports the following major proprietary funds:

The *landfill fund* accounts for the activities of the County's landfill operations.

The *airport fund* accounts for the activities of the County's airport.

Additionally, the County reports the following fund type:

The *internal service fund* accounts for the activities of the employee health benefit plan. The activities include the accounting for premiums provided for and the payments of eligible claims and related costs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the landfill enterprise fund, and the County's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Fiduciary fund financial statements include fiduciary funds which are classified into private purpose trust and agency funds. The County has only agency funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. State statutes and the County's official investment policy authorize the County to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, banker's acceptances, money market mutual funds and direct obligations of the State of Texas.

Investments for the County, as well as for its component units, are reported at fair value. Investors Cash Trust and TexStar operate in accordance with appropriate state laws and regulations. The reported value of the pools are the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 3 percent of assessed property taxes at October 1, 2013.

Property taxes are levied by October 1 and are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure payment of all taxes, penalties, and interest ultimately imposed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

4. Restricted Assets

Restricted assets include cash and investments or the proprietary funds that are restricted as to a specific use.

5. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	25 - 50
Equipment	10 - 15
Vehicles	3 - 6
Infrastructure	10 - 30

6. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" clearly defines fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance - Amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted Fund Balance - Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance - Amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e., Commissioners Court). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.
- Assigned Fund Balance - Amounts the County intends to use for a specific purpose. Intent can be expressed by the Commissioners Court or by an official or body to which the Court delegates the authority.
- Unassigned Fund Balance - Amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Commissioners Court establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Court through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

9. 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.

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2014

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Process

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The County Judge, assisted by the County Auditor, annually submits a proposed operating budget for the fiscal year ending December 31. After a public hearing on the proposed budget, the official budget is approved by the Commissioners' Court in September preceding the applicable fiscal year. The budget and any amendments approved by the Commissioners' Court are filed in the office of the County Clerk.

The appropriated budget is prepared by fund, function and department. The County's department heads may request transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Commissioners' Court. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. During the year, the Commissioners' Court made no budgetary amendments to the General Fund or the Road and Bridge Fund. However, other budgetary transfers were made by the Budget Officer during the year.

B. Excess of Expenditures Over Appropriations in Individual Funds

For the year ended December 31, 2014, expenditures exceeded appropriations in the following departments of the general fund:

FUND	AMOUNT
County Court At Law II	\$ (18 020)

C. Deficit Fund Equity

SPECIAL REVENUE FUNDS	DEFICIT BALANCE
Cassels-Boykin Park	\$ (14 862)
District Attorney	(3 954)
<hr style="border: 0; border-top: 1px solid black;"/>	
CAPITAL PROJECT FUNDS	
Construction	\$ (51 117)

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

At year end, the County's carrying amount of deposits was \$451,717 and the bank balance was \$933,447. Amounts over FDIC coverage were collateralized with securities held by the pledging financial institution's trust department or agent in the government's name. Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the County or its agent in the County's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name.
3. Uninsured and unregistered, with securities held by the counterparts, or by its trust department or agent, but not in the County's name.

ANGELINA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

At year end, the County's investment balances were as follows:

	<u>1</u>	<u>2</u>	<u>3</u>	<u>REPORTED AMOUNT/ FAIR VALUE</u>
Waste Management Center Trust:				
U.S. Government Securities	\$ 2 531 227	\$ -	\$ -	\$ 2 531 227
Tex Star	-	-	1 147 133	1 147 133
Certificates of Deposits	1 786 546	-	-	1 786 546
Investment Pools:				
Tex Star	-	-	2 840 744	2 840 744
Investors Cash Trust	-	-	2 077 634	2 077 634
Certificates of Deposits	8 000 000	-	-	8 000 000
Tex Pool	-	-	3 991 907	3 991 907
Money Market Funds	6 502 057	-	-	6 502 057
TOTAL INVESTMENTS	\$ 18 819 830	\$ -	\$ 10 007 418	\$ 28 877 248

C. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 699 863	\$ -	\$ -	\$ 699 863
Construction in progress	1 018 266	1 479 568	(2 547 052)	13 782
TOTAL ASSETS NOT BEING DEPRECIATED	<u>1 781 129</u>	<u>1 479 568</u>	<u>(2 547 052)</u>	<u>713 645</u>
Capital Assets Being Depreciated:				
Buildings	22 880 075	-	-	22 880 075
Equipment	11 906 133	1 272 292	(205 510)	12 972 915
Infrastructure	67 482 824	2 451 509	(287 065)	69 647 268
TOTAL ASSETS BEING DEPRECIATED	<u>102 269 032</u>	<u>3 723 801</u>	<u>(492 575)</u>	<u>105 500 258</u>
Less Accumulated Depreciation For:				
Buildings	(9 272 334)	(599 220)	-	(9 871 554)
Equipment	(8 297 066)	(1 202 155)	200 573	(9 298 648)
Infrastructure	(62 080 914)	(488 457)	266 357	(62 303 014)
TOTAL ACCUMULATED DEPRECIATION	<u>(79 650 314)</u>	<u>(2 289 832)</u>	<u>466 930</u>	<u>(81 473 216)</u>
TOTAL ASSETS BEING DEPRECIATED, NET	<u>22 618 718</u>	<u>1 433 969</u>	<u>(25 645)</u>	<u>24 027 042</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 24 399 847</u>	<u>\$ 2 913 537</u>	<u>\$ (2 572 697)</u>	<u>\$ 24 740 687</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2 111 447	\$ 57 915	\$ -	\$ 2 169 362
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>2 111 447</u>	<u>57 915</u>	<u>-</u>	<u>2 169 362</u>
Capital Assets Being Depreciated:				
Buildings and improvements	5 022 982	-	-	5 022 982
Machinery and equipment	4 759 037	871 306	(388 064)	5 242 279
Infrastructure	8 939 669	-	-	8 939 669
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>18 721 688</u>	<u>871 306</u>	<u>(388 064)</u>	<u>19 204 930</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(4 301 533)	(138 361)	-	(4 439 894)
Machinery and equipment	(3 891 847)	(347 953)	371 849	(3 867 951)
Infrastructure	(6 553 523)	(647 351)	-	(7 200 874)
TOTAL ACCUMULATED DEPRECIATION	<u>(14 746 903)</u>	<u>(1 133 665)</u>	<u>371 849</u>	<u>(15 508 719)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>3 974 785</u>	<u>(262 359)</u>	<u>(16 215)</u>	<u>3 696 211</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 6 086 232</u>	<u>\$ (204 444)</u>	<u>\$ (16 215)</u>	<u>\$ 5 865 573</u>

ANGELINA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB Statement No. 34, depreciation policies were adopted to include useful lives and classifications by function.

In an ongoing attempt to accurately state infrastructure valuation in accordance with GASB Statement No. 34, it was noted that some County infrastructure was not recorded in the 2003 government-wide statement. Accordingly, increases were reported in the amount of \$116,949 to infrastructure and accumulated depreciation in the current year to record the previously unrecorded infrastructure.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Administration	\$ 895 016
Judicial and law enforcement	552 498
Streets and highways	836 535
Extension service	5 783
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	\$ 2 289 832
Business-Type Activities:	
Landfill	\$ 395 023
Airport	738 642
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	\$ 1 133 665

D. Long-Term Debt

Refunding Bond:

Refunding bonds payable at December 31, 2014 are comprised of the following individual issues:

\$8,195,000 Series 2012 Unlimited Tax Refunding Bond,
maturing serially through 2022 with principal payments
from \$135,000 to \$605,000 and interest at 2%.

\$ 5 470 000

The County expended \$123,150 for interest on Refunding Bonds for the year ended December 31, 2014.

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2014

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

The principal and interest requirements for Refunding Bonds are as follows:

YEAR ENDING DECEMBER 31,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2015	\$ 605 000	\$ 103 350	\$ 708 350
2016	685 000	90 450	775 450
2017	660 000	77 000	737 000
2018	685 000	63 550	748 550
2019	705 000	49 650	754 650
2020-2024	2 130 000	64 600	2 194 600
TOTAL	<u>\$ 5 470 000</u>	<u>\$ 448 600</u>	<u>\$ 5 918 600</u>

The principal and interest requirements for the above refunding bonds are payable from property taxes levied on taxable property within the County.

Tax Notes:

Tax notes payable at December 31, 2014 are comprised of the following individual issue:

\$1,450,000 Series 2014 Tax Notes, maturing serially through 2016 with principal payments from \$700,000 to \$750,000 and interest ranging from 0.55% to 0.75%	<u>\$ 1 450 000</u>
--	---------------------

The County expended \$-0- for interest on tax notes for the year ended December 31, 2014.

The principal and interest requirements for the tax notes are as follows:

YEAR ENDING DECEMBER 31,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2015	\$ 750 000	\$ 7 975	\$ 757 975
2016	700 000	5 250	705 250
TOTAL	<u>\$ 1 450 000</u>	<u>\$ 13 225</u>	<u>\$ 1 463 225</u>

The principal and interest requirements for the above tax notes are payable from property taxes levied on taxable property within the County.

Change in Long-Term Liabilities:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Tax notes payable	\$ -	\$ 1 450 000	\$ -	\$ 1 450 000	\$ 750 000
Refunding bond	6 845 000	-	1 375 000	5 470 000	605 000
Capital lease	33 788	-	33 788	-	-
GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	<u>\$ 6 878 788</u>	<u>\$ 1 450 000</u>	<u>\$ 1 408 788</u>	<u>\$ 6 920 000</u>	<u>\$ 1 355 000</u>
BUSINESS-TYPE ACTIVITIES	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Landfill closure and post closure costs	\$ 5 456 049	\$ 281 889	\$ -	\$ 5 737 938	\$ -
BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES	<u>\$ 5 456 049</u>	<u>\$ 281 889</u>	<u>\$ -</u>	<u>\$ 5 737 938</u>	<u>\$ -</u>

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Closure and Postclosure Costs:

State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to the current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure costs is based upon the amount of the landfill used during the current year. The estimated liability for the landfill closure and postclosure costs had a balance of \$5,737,938 as of December 31, 2014, which was based on 42% usage (filled) of the landfill. It is estimated that an additional \$7,321,050 will be recognized as closure and postclosure expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2042). The estimated total current cost of the landfill closure and postclosure of \$13,058,988 is based upon the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of December 31, 2014. However, the actual cost of closure and postclosure may be higher due to inflation, change in technology or changes in landfill laws and regulations.

The County was not required by state and federal laws and regulations to make annual contributions to finance closure and postclosure due to meeting the local government financial test and government guarantee. The County is in compliance with these requirements; however, the County has established a landfill trust account to finance closure and postclosure. At December 31, 2014, the balance in the landfill trust account was \$4,317,774. The future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers or both.

NOTE 4 - OTHER INFORMATION

A. Pension Plan

Plan Description

Angelina County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 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 8 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 their employer.

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2014

NOTE 4 - OTHER INFORMATION - CONTINUED

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

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 10.05% for calendar year 2014. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost

For the employer's accounting year ending December 31, 2014, the annual pension cost for the TCDRS plan for its employees was \$1,252,144, and the actual contributions were \$1,252,144.

Actuarial Valuation Information

	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>
Actuarial valuation date	entry age	entry age	entry age
Actuarial cost method	level percentage	level percentage	level percentage
Amortization method	of payroll, closed	of payroll, closed	of payroll, closed
Amortization period	20 years	20 years	20 years
Asset valuation method	10-year smoothed value	10-year smoothed value	5-year smoothed value
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.40%	5.40%	4.90%
Inflation	3.50%	3.50%	3.00%
Cost-of-living adjustment	0.00%	0.00%	0.00%

**Trend Information
 for the Retirement Plan for the Employees of Angelina County**

<u>ACCOUNTING YEAR ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
12/31/2014	\$ 1 252 144	100%	\$ -
12/31/2013	\$ 1 255 301	100%	\$ -
12/31/2012	\$ 1 260 623	100%	\$ -

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2014

NOTE 4 - OTHER INFORMATION - CONTINUED

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. Angelina County maintains commercial insurance coverage covering each of those risks of loss, except for workers' compensation insurance. The County has joined other governmental entities in the region to form the Deep East Texas Workers Compensation Insurance Fund (DETWCIF). The County pays an annual premium to the pool for its insurance coverage. The Agreement for Formation of the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a dollar amount for each insured.

Employee Benefit Fund

All funds participate in the County's health insurance program and make payments to the Employee Benefit Fund based on estimates of the amounts needed to pay prior and current claim-year claims and to establish a reserve for losses. That reserve was \$225,579 at December 31, 2014. The claims liability of \$152,473 reported in the Fund at December 31, 2014 is based on the requirements of Governmental Accounting Standards Board, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicate that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amounts were as follows:

	BEGINNING OF FISCAL YEAR LIABILITY	CURRENT-YEAR CLAIMS AND CHANGES IN ESTIMATES	CLAIM PAYMENTS	BALANCE AT FISCAL YEAR-END
2014	\$ 253 517	\$ 4 054 463	\$ (4 155 507)	\$ 152 473
2013	\$ 1 176 297	\$ 2 871 458	\$ (3 794 238)	\$ 253 517
2012	\$ 215 207	\$ 6 716 227	\$ (5 755 137)	\$ 1 176 297

OTHER FINANCIAL INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

ANGELINA COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 14 000 249	\$ 14 000 249	\$ 14 158 154	\$ 157 905
Sales tax	5 600 000	5 600 000	5 706 110	106 110
Other taxes	90 000	90 000	104 996	14 996
Intergovernmental	440 000	440 000	516 937	76 937
Charges for services	-	-	720	720
Fines and fees	2 083 000	2 083 000	1 930 607	(152 393)
Interest	35 000	35 000	104 333	69 333
Other revenues	319 700	319 700	214 634	(105 066)
TOTAL REVENUES	<u>22 567 949</u>	<u>22 567 949</u>	<u>22 736 491</u>	<u>168 542</u>
Expenditures:				
Administrative:				
County Commissioners	387 690	387 690	371 077	16 613
County Clerk	546 731	546 731	531 034	15 697
County Service Officer	11 783	11 783	-	11 783
County Judge	201 826	201 826	180 194	21 632
County Auditor	576 720	576 720	546 425	30 295
County Treasurer	197 016	197 016	177 682	19 334
County Tax Assessor-Collector	1 134 338	1 134 338	1 021 982	112 356
Emergency Management	93 546	93 546	91 514	2 032
Collections	111 602	111 602	109 235	2 367
Information Technology	728 162	728 162	700 315	27 847
Maintenance	623 619	623 619	589 560	34 059
General Administration	2 603 747	2 603 747	2 469 698	134 049
TOTAL ADMINISTRATIVE	<u>7 216 780</u>	<u>7 216 780</u>	<u>6 788 716</u>	<u>428 064</u>
Judicial and Law Enforcement:				
County Court-at-Law I	476 219	476 219	468 597	7 622
County Court-at-Law II	544 858	544 858	562 878	(18 020)
County Attorney	914 337	914 337	890 950	23 387
Constable Pct 1	93 738	93 738	92 258	1 480
Constable Pct 2	75 810	75 810	74 876	934
Constable Pct 3	73 955	73 955	72 152	1 803
Constable Pct 4	76 794	76 794	75 474	1 320
County Jail	3 751 803	3 751 803	3 568 221	183 582
County Sheriff	4 002 635	4 002 635	3 963 073	39 562
District Courts	853 504	853 504	789 949	63 555
District Clerk	587 574	587 574	530 420	57 154
District Attorney	880 839	880 839	808 399	72 440
Juvenile Judges	54 793	54 793	50 051	4 742
Justice of the Peace Pct 1	224 024	224 024	208 343	15 681
Justice of the Peace Pct 2	175 240	175 240	156 398	18 842
Justice of the Peace Pct 3A	122 300	122 300	113 352	8 948
Justice of the Peace Pct 3B	70 392	70 392	2 699	67 693
Justice of the Peace Pct 4	173 934	173 934	169 792	4 142
TOTAL JUDICIAL AND LAW ENFORCEMENT	<u>13 152 749</u>	<u>13 152 749</u>	<u>12 597 882</u>	<u>554 867</u>
Health, Welfare and Sanitation:				
County Public Health and Welfare	1 316 340	1 316 340	902 531	413 809
Extension Service:				
County Ag Extension Service	143 296	143 296	129 037	14 259
TOTAL EXPENDITURES	<u>21 829 165</u>	<u>21 829 165</u>	<u>20 418 166</u>	<u>1 410 999</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>738 784</u>	<u>738 784</u>	<u>2 318 325</u>	<u>1 579 541</u>
Other Financing Sources (Uses):				
Operating transfers (out)	(1 066 100)	(1 066 100)	(1 066 100)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1 066 100)</u>	<u>(1 066 100)</u>	<u>(1 066 100)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(327 316)</u>	<u>(327 316)</u>	<u>1 252 225</u>	<u>1 579 541</u>
Beginning fund balance	7 766 131	7 766 131	7 766 131	-
ENDING FUND BALANCE	<u>\$ 7 438 815</u>	<u>\$ 7 438 815</u>	<u>\$ 9 018 356</u>	<u>\$ 1 579 541</u>

See independent auditors' report.

ANGELINA COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ROAD AND BRIDGE FUND #1
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 516 449	\$ 516 449	\$ 516 449	\$ -
Sales tax	21 435	21 435	12 857	(8 578)
Intergovernmental	34 162	34 162	47 114	12 952
Fines and fees	388 507	388 507	391 939	3 432
Interest	1 100	1 100	2 789	1 689
Other revenues	-	-	954	954
TOTAL REVENUES	<u>961 653</u>	<u>961 653</u>	<u>972 102</u>	<u>10 449</u>
Expenditures:				
Highways and streets	961 653	961 653	845 905	115 748
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>961 653</u>	<u>961 653</u>	<u>845 905</u>	<u>115 748</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>126 197</u>	<u>126 197</u>
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
TOTAL FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	126 197	126 197
Beginning fund balance	<u>199 597</u>	<u>199 597</u>	<u>199 597</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 199 597</u>	<u>\$ 199 597</u>	<u>\$ 325 794</u>	<u>\$ 126 197</u>

See independent auditors' report.

ANGELINA COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ROAD AND BRIDGE FUND #2
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 255 463	\$ 255 463	\$ 255 463	\$ -
Sales tax	3 757	3 757	2 269	(1 488)
Intergovernmental	5 988	5 988	6 056	68
Fines and fees	68 093	68 093	68 744	651
Interest	2 900	2 900	1 544	(1 356)
Other revenues	-	-	-	-
TOTAL REVENUES	<u>336 201</u>	<u>336 201</u>	<u>334 076</u>	<u>(2 125)</u>
Expenditures:				
Highways and streets	409 283	409 283	313 545	95 738
Capital outlay	8 000	8 000	110	7 890
TOTAL EXPENDITURES	<u>417 283</u>	<u>417 283</u>	<u>313 655</u>	<u>103 628</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(81 082)</u>	<u>(81 082)</u>	<u>20 421</u>	<u>101 503</u>
Other Financing Sources (Uses):				
Operating transfers in	81 082	81 082	-	(81 082)
TOTAL FINANCING SOURCES (USES)	<u>81 082</u>	<u>81 082</u>	<u>-</u>	<u>(81 082)</u>
NET CHANGE IN FUND BALANCES	-	-	20 421	20 421
Beginning fund balance	<u>191 575</u>	<u>191 575</u>	<u>191 575</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 191 575</u>	<u>\$ 191 575</u>	<u>\$ 211 996</u>	<u>\$ 20 421</u>

See independent auditors' report.

ANGELINA COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ROAD AND BRIDGE FUND #3
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 625 112	\$ 625 112	\$ 625 122	\$ 10
Sales tax	28 795	28 795	17 269	(11 526)
Intergovernmental	45 892	45 892	62 852	16 960
Fines and fees	521 913	521 913	526 539	4 626
Interest	3 250	3 250	1 987	(1 263)
Other revenues	-	-	3 449	3 449
TOTAL REVENUES	<u>1 224 962</u>	<u>1 224 962</u>	<u>1 237 218</u>	<u>12 256</u>
Expenditures:				
Highways and streets	1 261 212	1 261 212	1 162 777	98 435
Capital outlay	30 000	30 000	-	30 000
TOTAL EXPENDITURES	<u>1 291 212</u>	<u>1 291 212</u>	<u>1 162 777</u>	<u>128 435</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(66 250)</u>	<u>(66 250)</u>	<u>74 441</u>	<u>140 691</u>
Other Financing Sources (Uses):				
Operating transfers in	66 250	66 250	-	(66 250)
TOTAL FINANCING SOURCES (USES)	<u>66 250</u>	<u>66 250</u>	<u>-</u>	<u>(66 250)</u>
NET CHANGE IN FUND BALANCES	-	-	74 441	74 441
Beginning fund balance	<u>19 111</u>	<u>19 111</u>	<u>19 111</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 19 111</u>	<u>\$ 19 111</u>	<u>\$ 93 552</u>	<u>\$ 74 441</u>

See independent auditors' report.

ANGELINA COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ROAD AND BRIDGE FUND #4
For the Year Ended December 31, 2014

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 584 040	\$ 584 040	\$ 584 040	\$ -
Sales tax	26 013	26 013	15 630	(10 383)
Intergovernmental	41 458	41 458	59 881	18 423
Fines and fees	471 488	471 488	475 740	4 252
Interest	4 500	4 500	2 584	(1 916)
Other revenues	-	-	2 459	2 459
TOTAL REVENUES	<u>1 127 499</u>	<u>1 127 499</u>	<u>1 140 334</u>	<u>12 835</u>
Expenditures:				
Highways and streets	1 105 587	1 105 587	1 008 734	96 853
Capital outlay	200 000	200 000	216 432	(16 432)
TOTAL EXPENDITURES	<u>1 305 587</u>	<u>1 305 587</u>	<u>1 225 166</u>	<u>80 421</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(178 088)</u>	<u>(178 088)</u>	<u>(84 832)</u>	<u>93 256</u>
Other Financing Sources (Uses):				
Operating transfers in	178 088	178 088	-	(178 088)
TOTAL FINANCING SOURCES (USES)	<u>178 088</u>	<u>178 088</u>	<u>-</u>	<u>(178 088)</u>
NET CHANGE IN FUND BALANCES	-	-	(84 832)	(84 832)
Beginning fund balance	<u>285 359</u>	<u>285 359</u>	<u>285 359</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 285 359</u>	<u>\$ 285 359</u>	<u>\$ 200 527</u>	<u>\$ (84 832)</u>

See independent auditors' report.

ANGELINA COUNTY, TEXAS
 SCHEDULE OF FUNDING PROGRESS OF PENSION PLAN
 December 31, 2014

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) (b)	UNFUNDED AAL (UAAL) (b - a)	FUNDED RATIO (a/b)	ANNUAL COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b - a)/c)
12/31/2011	\$ 32 037 076	\$ 37 276 150	\$ 5 239 074	85.95%	\$ 13 560 838	38.63%
12/31/2012	\$ 32 062 168	\$ 37 772 635	\$ 5 710 467	84.88%	\$ 13 554 998	42.13%
12/31/2013	\$ 33 793 112	\$ 38 933 427	\$ 5 140 315	86.80%	\$ 13 170 155	39.03%

See independent auditors' report.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Mental Health - To account for mental health commitment fees and their expenditures.

Jury - To account for jury costs for all of the county and district courts.

Juvenile Probation Fee - To account for juvenile probation fees collected.

Law Library - To account for court costs received for law library and their expenditures.

Cassels-Boykin Park - To account for admission fees and costs of maintenance and upkeep of park.

Juvenile Service - To account for grant funds and fees for juvenile probation program and their expenditures.

County Clerk Records Management - To account for court costs received for record management and their expenditures.

Teen Court - To account for fees and expenditures of operating teen court.

Security Fees - To account for court costs received for courthouse security and their expenditures.

District Clerk Records Management - To account for court costs received for record management and their expenditures.

Various Constable Forfeiture - To account for forfeiture funds received and their expenditures.

County Attorney Forfeiture - To account for forfeiture funds received and their expenditures.

County Attorney Hot Check - To account for hot check fees and their expenditures.

District Attorney's Forfeiture - To account for forfeiture funds received and their expenditures.

Adult Probation - To account for fees for adult probation and their expenditures.

Juvenile Community Service - To account for community service fees and expenditures.

District Clerk Technology - To account for court technology fees and expenditures.

County Records Preservation - To account for fees and expenditures to preserve records.

Constables' Radio/Communications Grant - To account for grant activity.

SAFPF Reentry Court - To account for fees and expenditures of the SAFPF program.

Family Crisis Court - To account for fees and expenditures of the family crisis court.

Grant - To account for various grant funds and activity.

Drug Court Grants - To account for fees and expenditures of the drug court.

Sheriff Forfeiture - To account for forfeiture funds received and expended.

Capital Projects Funds

Capital Projects - To account for various capital projects.

2014 Tax Notes - To account for expenditures financed by the 2013 Tax Notes.

Construction Fund - To account for various construction projects.

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2014

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENT FUNDS
ASSETS				
Cash and cash equivalent	\$ 522 099	\$ 301 257	\$ 864 116	\$ 1 687 472
Investments	292 484	-	-	292 484
Receivables:				
Intergovernmental	18 348	-	493 000	511 348
Miscellaneous	439 368	-	-	439 368
Due from other funds	72 900	1 494 750	-	1 567 650
TOTAL ASSETS	\$ 1 345 199	\$ 1 796 007	\$ 1 357 116	\$ 4 498 322
 LIABILITIES				
Accounts payable	\$ 200 016	\$ -	\$ -	\$ 200 016
Accrued liabilities	109 000	-	-	109 000
Accrued compensated absences	39 082	-	-	39 082
Due to other funds	3 000	-	-	3 000
TOTAL LIABILITIES	351 098	-	-	351 098
 DEFERRED INFLOWS				
Unearned revenue	333 079	1 494 750	-	1 827 829
TOTAL DEFERRED INFLOWS	333 079	1 494 750	-	1 827 829
 FUND BALANCES				
Restricted:				
Construction	-	-	1 357 116	1 357 116
Debt service	-	301 257	-	301 257
Other	661 022	-	-	661 022
TOTAL FUND BALANCES	661 022	301 257	1 357 116	2 319 395
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 1 345 199	\$ 1 796 007	\$ 1 357 116	\$ 4 498 322

See independent auditors' report.

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2014

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Ad valorem tax	\$ 82 900	\$ 1 494 750	\$ -	\$ 1 577 650
Intergovernmental	5 197 867	-	240	5 198 107
Interest income	7 099	1 533	1 914	10 546
Fines and fees	279 012	-	-	279 012
Contributions and donations	23 565	-	42 086	65 651
Other revenue	11 559	-	-	11 559
TOTAL REVENUES	5 602 002	1 496 283	44 240	7 142 525
Expenditures:				
Administrative	305 698	-	-	305 698
Judicial and law enforcement	4 722 062	-	-	4 722 062
Health, welfare and sanitation	242 314	-	300	242 614
Capital outlay	1 484 739	-	106 924	1 591 663
Debt Service:				
Principal	-	1 375 000	-	1 375 000
Interest and other fees	-	123 650	29 900	153 550
TOTAL EXPENDITURES	6 754 813	1 498 650	137 124	8 390 587
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1 152 811)	(2 367)	(92 884)	(1 248 062)
Other Financing Sources (Uses):				
Transfers in	1 067 150	-	-	1 067 150
Transfer (out)	(1 050)	-	-	(1 050)
Debt proceeds	-	-	1 450 000	1 450 000
TOTAL OTHER FINANCING SOURCES (USES)	1 066 100	-	1 450 000	2 516 100
NET CHANGE IN FUND BALANCES	(86 711)	(2 367)	1 357 116	1 268 038
Fund balances - Beginning	747 733	303 624	-	1 051 357
FUND BALANCES - ENDING	\$ 661 022	\$ 301 257	\$ 1 357 116	\$ 2 319 395

See independent auditors' report.

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2014

	MENTAL HEALTH FUND	JURY FUND	JUVENILE PROBATION FEES FUND	LAW LIBRARY FUND
ASSETS				
Cash and cash equivalent	\$ 104 223	\$ 114 103	\$ 49 347	\$ 39 736
Investments	-	-	-	-
Receivables:				
Miscellaneous	-	7 752	-	-
Intergovernmental	-	-	-	-
Due from intergovernmental	-	72 900	-	-
TOTAL ASSETS	\$ 104 223	\$ 194 755	\$ 49 347	\$ 39 736
 LIABILITIES				
Accounts payable	\$ -	\$ 7 516	\$ -	\$ 6 193
Accrued liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	-	7 516	-	6 193
 DEFERRED INFLOWS				
Unearned revenue	-	72 900	-	-
TOTAL DEFERRED INFLOWS	-	72 900	-	-
 FUND BALANCES				
Restricted:				
Other	104 223	114 339	49 347	33 543
TOTAL FUND BALANCES	104 223	114 339	49 347	33 543
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 104 223	\$ 194 755	\$ 49 347	\$ 39 736

CASSELS- BOYKIN PARK	ADULT PROBATION FUND	JUVENILE SERVICE FUND	COUNTY CLERK RECORDS MANAGEMENT	TEEN COURT FUND	SECURITY FUND	DISTRICT CLERK RECORDS MANAGEMENT
\$ (9 059)	\$ 92 875	\$ (452 312)	\$ 112 008	\$ 5 816	\$ 99 096	\$ 85 380
-	292 484	-	-	-	-	-
1 500	4 816	4 280	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ (7 559)</u>	<u>\$ 390 175</u>	<u>\$ (448 032)</u>	<u>\$ 112 008</u>	<u>\$ 5 816</u>	<u>\$ 99 096</u>	<u>\$ 85 380</u>
\$ 3 053	\$ 38 535	\$ 81 917	\$ 4 009	\$ -	\$ 450	\$ -
1 295	52 390	46 736	2 040	-	1 091	1 988
2 955	-	31 325	856	-	2 676	259
-	-	-	-	-	-	-
<u>7 303</u>	<u>90 925</u>	<u>159 978</u>	<u>6 905</u>	<u>-</u>	<u>4 217</u>	<u>2 247</u>
-	-	79 510	-	-	-	-
-	-	79 510	-	-	-	-
<u>(14 862)</u>	<u>299 250</u>	<u>(687 520)</u>	<u>105 103</u>	<u>5 816</u>	<u>94 879</u>	<u>83 133</u>
<u>(14 862)</u>	<u>299 250</u>	<u>(687 520)</u>	<u>105 103</u>	<u>5 816</u>	<u>94 879</u>	<u>83 133</u>
<u>\$ (7 559)</u>	<u>\$ 390 175</u>	<u>\$ (448 032)</u>	<u>\$ 112 008</u>	<u>\$ 5 816</u>	<u>\$ 99 096</u>	<u>\$ 85 380</u>

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2014

	JUvenile COMMUNITY SERVICE	DISTRICT CLERK TECH FUND	COUNTY RECORDS PRESERVATION
ASSETS			
Cash and cash equivalent	\$ 26 321	\$ 30 036	\$ 190 863
Investments	-	-	-
Receivables:			
Miscellaneous	-	-	-
Intergovernmental	-	-	-
Due from intergovernmental	-	-	-
TOTAL ASSETS	\$ 26 321	\$ 30 036	\$ 190 863
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 21 160
Accrued liabilities	-	-	-
Accrued compensated absences	-	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	-	-	21 160
DEFERRED INFLOWS			
Unearned revenue	-	-	-
TOTAL DEFERRED INFLOWS	-	-	-
FUND BALANCES			
Restricted:			
Other	26 321	30 036	169 703
TOTAL FUND BALANCES	26 321	30 036	169 703
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 26 321	\$ 30 036	\$ 190 863

CONSTABLES RADIO COMMUNICATIONS GRANT	SAFPF RE-ENTRY COURT	FAMILY CRISIS COURT	GRANTS FUND	DRUG COURT GRANT	CONSTABLE #1 FORFEITURE FUND
\$ 3 689	\$ 90 920	\$ 1 725	\$ (357 914)	\$ 40 773	\$ 7 396
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	439 368	-	-
-	-	-	-	-	-
<u>\$ 3 689</u>	<u>\$ 90 920</u>	<u>\$ 1 725</u>	<u>\$ 81 454</u>	<u>\$ 40 773</u>	<u>\$ 7 396</u>
\$ -	\$ 400	\$ -	\$ 30 841	\$ 5 296	\$ -
-	207	-	-	1 325	-
-	230	-	-	-	-
-	-	-	3 000	-	-
<u>-</u>	<u>837</u>	<u>-</u>	<u>33 841</u>	<u>6 621</u>	<u>-</u>
<u>3 689</u>	<u>90 083</u>	<u>1 725</u>	<u>47 614</u>	<u>34 152</u>	<u>2 812</u>
<u>3 689</u>	<u>90 083</u>	<u>1 725</u>	<u>47 614</u>	<u>34 152</u>	<u>2 812</u>
-	-	-	(1)	-	4 584
-	-	-	(1)	-	4 584
<u>\$ 3 689</u>	<u>\$ 90 920</u>	<u>\$ 1 725</u>	<u>\$ 81 454</u>	<u>\$ 40 773</u>	<u>\$ 7 396</u>

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2014

	<u>CONSTABLE #3</u> <u>FORFEITURE</u> <u>FUND</u>	<u>SHERIFF</u> <u>FEDERAL</u> <u>FORFEITURE</u>	<u>SHERIFF</u> <u>FORFEITURE</u> <u>FUND</u>	<u>COUNTY</u> <u>ATTORNEY</u> <u>FORFEITURE</u>
ASSETS				
Cash and cash equivalent	\$ 2 952	\$ 1 006	\$ 26 081	\$ 60 685
Investments	-	-	-	-
Receivables:				
Miscellaneous	-	-	-	-
Intergovernmental	-	-	-	-
Due from intergovernmental	-	-	-	-
TOTAL ASSETS	<u>\$ 2 952</u>	<u>\$ 1 006</u>	<u>\$ 26 081</u>	<u>\$ 60 685</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS				
Unearned revenue	-	-	-	-
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted:				
Other	<u>2 952</u>	<u>1 006</u>	<u>26 081</u>	<u>60 685</u>
TOTAL FUND BALANCES	<u>2 952</u>	<u>1 006</u>	<u>26 081</u>	<u>60 685</u>
TOTAL LIABILITIES, DEFERRED				
 INFLOWS AND FUND BALANCES	<u>\$ 2 952</u>	<u>\$ 1 006</u>	<u>\$ 26 081</u>	<u>\$ 60 685</u>

See independent auditors' report.

<u>DISTRICT ATTORNEY FORFEITURE</u>	<u>CONSTABLE #4 FORFEITURE FUND</u>	<u>COUNTY ATTORNEY HOT CHECK</u>	<u>DISTRICT ATTORNEY FUND</u>	<u>TOTAL</u>
\$ 26 537	\$ 2 191	\$ 130 409	\$ (2 784)	\$ 522 099
-	-	-	-	292 484
-	-	-	-	18 348
-	-	-	-	439 368
-	-	-	-	72 900
<u>\$ 26 537</u>	<u>\$ 2 191</u>	<u>\$ 130 409</u>	<u>\$ (2 784)</u>	<u>\$ 1 345 199</u>
\$ -	\$ -	\$ 646	\$ -	\$ 200 016
-	-	1 386	542	109 000
-	-	747	34	39 082
-	-	-	-	3 000
<u>-</u>	<u>-</u>	<u>2 779</u>	<u>576</u>	<u>351 098</u>
-	-	-	594	333 079
-	-	-	594	333 079
<u>26 537</u>	<u>2 191</u>	<u>127 630</u>	<u>(3 954)</u>	<u>661 022</u>
<u>26 537</u>	<u>2 191</u>	<u>127 630</u>	<u>(3 954)</u>	<u>661 022</u>
<u>\$ 26 537</u>	<u>\$ 2 191</u>	<u>\$ 130 409</u>	<u>\$ (2 784)</u>	<u>\$ 1 345 199</u>

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2014

	MENTAL HEALTH FUND	JURY FUND	JUVENILE PROBATION FEES FUND	LAW LIBRARY FUND
Revenues:				
Ad valorem tax	\$ -	\$ 82 900	\$ -	\$ -
Intergovernmental	-	32 334	-	15 999
Interest income	506	578	225	200
Fines and fees	5 177	-	715	-
Contributions and donations	-	-	-	-
Other revenues	-	-	-	-
	5 683	115 812	940	16 199
TOTAL REVENUES				
Expenditures:				
Administrative	-	-	-	-
Judicial and law enforcement	-	86 200	-	27 943
Health, welfare and sanitation	22 967	-	-	-
Capital outlays	-	-	-	-
	22 967	86 200	-	27 943
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17 284)	29 612	940	(11 744)
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	(1 050)	-
	-	-	(1 050)	-
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	(17 284)	29 612	(110)	(11 744)
Fund balance - Beginning	121 507	84 727	49 457	45 287
FUND BALANCE - ENDING	\$ 104 223	\$ 114 339	\$ 49 347	\$ 33 543

CASSELS- BOYKIN PARK	ADULT PROBATION FUND	JUVENILE SERVICE FUND	COUNTY CLERK RECORDS MANAGEMENT	TEEN COURT FUND	SECURITY FUND	DISTRICT CLERK RECORDS MANAGEMENT
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	2 278 725	850 155	-	-	42 564	17 432
72	698	587	434	25	445	461
44 854	31 693	10 365	146 342	-	-	-
-	-	-	-	250	-	-
-	1 224	-	-	100	-	-
<u>44 926</u>	<u>2 312 340</u>	<u>861 107</u>	<u>146 776</u>	<u>375</u>	<u>43 009</u>	<u>17 893</u>
-	-	-	105 505	-	35 388	40 052
-	2 357 284	1 942 778	-	-	-	-
99 727	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>99 727</u>	<u>2 357 284</u>	<u>1 942 778</u>	<u>105 505</u>	<u>-</u>	<u>35 388</u>	<u>40 052</u>
<u>(54 801)</u>	<u>(44 944)</u>	<u>(1 081 671)</u>	<u>41 271</u>	<u>375</u>	<u>7 621</u>	<u>(22 159)</u>
66 100	-	1 000 000	-	-	-	-
-	-	-	-	-	-	-
<u>66 100</u>	<u>-</u>	<u>1 000 000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
11 299	(44 944)	(81 671)	41 271	375	7 621	(22 159)
<u>(26 161)</u>	<u>344 194</u>	<u>(605 849)</u>	<u>63 832</u>	<u>5 441</u>	<u>87 258</u>	<u>105 292</u>
<u>\$ (14 862)</u>	<u>\$ 299 250</u>	<u>\$ (687 520)</u>	<u>\$ 105 103</u>	<u>\$ 5 816</u>	<u>\$ 94 879</u>	<u>\$ 83 133</u>

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2014

	JUvenile COMMUNITY SERVICE	DISTRICT CLERK TECH FUND	COUNTY RECORDS PRESERVATION
Revenues:			
Ad valorem tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	139 397
Interest income	120	117	942
Fines and fees	-	12 778	-
Contributions and donations	-	-	-
Other revenues	-	-	-
	<u>120</u>	<u>12 895</u>	<u>140 339</u>
TOTAL REVENUES			
Expenditures:			
Administrative	-	1 572	115 181
Judicial and law enforcement	-	-	-
Health, welfare and sanitation	-	-	-
Capital outlays	-	-	6 995
	<u>-</u>	<u>1 572</u>	<u>122 176</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>120</u>	<u>11 323</u>	<u>18 163</u>
Other Financing Sources (Uses):			
Operating transfers in	1 050	-	-
Operating transfers (out)	-	-	-
	<u>1 050</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	1 170	11 323	18 163
Fund balance - Beginning	<u>25 151</u>	<u>18 713</u>	<u>151 540</u>
FUND BALANCE - ENDING	<u>\$ 26 321</u>	<u>\$ 30 036</u>	<u>\$ 169 703</u>

	CONSTABLES RADIO COMMUNICATIONS GRANT	SAFPF RE-ENTRY COURT	FAMILY CRISIS COURT	GRANTS FUND	DRUG COURT GRANT	CONSTABLE #1 FORFEITURE FUND
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	21 926	-	1 660 569	116 266	-
	-	295	-	-	201	36
	-	3 822	-	-	3 822	-
	-	1 250	-	20 000	2 065	-
	-	-	-	-	-	-
	-	<u>27 293</u>	-	<u>1 680 569</u>	<u>122 354</u>	<u>36</u>
	-	-	-	8 000	-	-
	-	27 293	-	81 122	122 354	184
	-	-	-	118 620	-	-
	-	-	-	<u>1 472 828</u>	-	-
	-	<u>27 293</u>	-	<u>1 680 570</u>	<u>122 354</u>	<u>184</u>
	-	-	-	(1)	-	(148)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	(1)	-	(148)
	-	-	-	-	-	<u>4 732</u>
\$	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 4 584</u>

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2014

	CONSTABLE #3 FORFEITURE FUND	SHERIFF FEDERAL FORFEITURE	SHERIFF FORFEITURE FUND	COUNTY ATTORNEY FORFEITURE
Revenues:				
Ad valorem tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Interest income	12	4	109	281
Fines and fees	-	-	-	-
Contributions and donations	-	-	-	-
Other revenues	-	-	4 185	-
	12	4	4 294	281
TOTAL REVENUES	12	4	4 294	281
Expenditures:				
Administrative	-	-	-	-
Judicial and law enforcement	-	-	1 165	-
Health, welfare and sanitation	-	-	-	1 000
Capital outlays	-	-	-	110
	-	-	1 165	1 110
TOTAL EXPENDITURES	-	-	1 165	1 110
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12	4	3 129	(829)
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	12	4	3 129	(829)
Fund balance - Beginning	2 940	1 002	22 952	61 514
FUND BALANCE - ENDING	\$ 2 952	\$ 1 006	\$ 26 081	\$ 60 685

See independent auditors' report.

	DISTRICT ATTORNEY FORFEITURE	CONSTABLE #4 FORFEITURE FUND	COUNTY ATTORNEY HOT CHECK	DISTRICT ATTORNEY FUND	TOTAL
\$	-	\$ -	\$ -	\$ -	\$ 82 900
	-	-	-	22 500	5 197 867
	49	14	614	74	7 099
	-	-	19 186	258	279 012
	-	-	-	-	23 565
	<u>2 493</u>	<u>-</u>	<u>-</u>	<u>3 557</u>	<u>11 559</u>
	<u>2 542</u>	<u>14</u>	<u>19 800</u>	<u>26 389</u>	<u>5 602 002</u>
	-	-	-	-	305 698
	199	1 529	34 249	39 762	4 722 062
	-	-	-	-	242 314
	<u>-</u>	<u>-</u>	<u>3 340</u>	<u>1 466</u>	<u>1 484 739</u>
	<u>199</u>	<u>1 529</u>	<u>37 589</u>	<u>41 228</u>	<u>6 754 813</u>
	<u>2 343</u>	<u>(1 515)</u>	<u>(17 789)</u>	<u>(14 839)</u>	<u>(1 152 811)</u>
	-	-	-	-	1 067 150
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1 050)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 066 100</u>
	2 343	(1 515)	(17 789)	(14 839)	(86 711)
	<u>24 194</u>	<u>3 706</u>	<u>145 419</u>	<u>10 885</u>	<u>747 733</u>
\$	<u>26 537</u>	\$ <u>2 191</u>	\$ <u>127 630</u>	\$ <u>(3 954)</u>	\$ <u>661 022</u>

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2014

	2014 TAX NOTE FUND	CAPITAL PROJECTS FUND	CONSTRUCTION FUND	TOTAL
ASSETS				
Cash and cash equivalent	\$ 1 408 200	\$ 33	\$ (544 117)	\$ 864 116
Receivables:				
Intergovernmental	-	-	493 000	493 000
TOTAL ASSETS	\$ 1 408 200	\$ 33	\$ (51 117)	\$ 1 357 116
 LIABILITIES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
 FUND BALANCES				
Restricted:				
Construction	1 408 200	33	(51 117)	1 357 116
TOTAL FUND BALANCES	1 408 200	33	(51 117)	1 357 116
TOTAL LIABILITIES AND FUND BALANCES	\$ 1 408 200	\$ 33	\$ (51 117)	\$ 1 357 116

See independent auditors' report.

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For the Year Ended December 31, 2014

	2014 TAX NOTE FUND	CAPITAL PROJECTS FUND	CONSTRUCTION FUND	TOTAL
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 240	\$ 240
Interest income	1 881	33	-	1 914
Contributions and donations	-	-	42 086	42 086
TOTAL REVENUES	1 881	33	42 326	44 240
Expenditures:				
Health, welfare and sanitation	-	-	300	300
Capital outlays	13 781	-	93 143	106 924
Debt Service:				
Interest and other fees	29 900	-	-	29 900
TOTAL EXPENDITURES	43 681	-	93 443	137 124
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(41 800)	33	(51 117)	(92 884)
Other Financing Sources (Uses):				
Debt proceeds	1 450 000	-	-	1 450 000
TOTAL OTHER FINANCING SOURCES (USES)	1 450 000	-	-	1 450 000
NET CHANGE IN FUND BALANCES	1 408 200	33	(51 117)	1 357 116
Fund balance - Beginning	-	-	-	-
FUND BALANCE - ENDING	\$ 1 408 200	\$ 33	\$ (51 117)	\$ 1 357 116

See independent auditors' report.

AGENCY FUNDS

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 December 31, 2014

	DISTRICT CLERK	COUNTY CLERK	SHERIFF	JUSTICES OF THE PEACE
ASSETS				
Cash and cash equivalents	\$ 236 969	\$ 288 427	\$ 149 174	\$ 2 924
Investments	814 671	493 527	-	-
TOTAL ASSETS	\$ 1 051 640	\$ 781 954	\$ 149 174	\$ 2 924
LIABILITIES				
Due to others	\$ 1 051 640	\$ 781 954	\$ 149 174	\$ 2 924
TOTAL LIABILITIES	\$ 1 051 640	\$ 781 954	\$ 149 174	\$ 2 924

See independent auditors' report.

<u>TAX ASSESSOR COLLECTOR</u>	<u>DISTRICT ATTORNEY</u>	<u>TOTAL</u>
\$ 14 365 183 - <u> </u>	\$ 9 406 - <u> </u>	\$ 15 052 083 1 308 198 <u> </u>
<u>\$ 14 365 183</u>	<u>\$ 9 406</u>	<u>\$ 16 360 281</u>
\$ <u>14 365 183</u>	\$ <u>9 406</u>	\$ <u>16 360 281</u>
\$ <u>14 365 183</u>	\$ <u>9 406</u>	\$ <u>16 360 281</u>

SINGLE AUDIT 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
Angelina County
Lufkin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Angelina County, Texas (County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Angelina County, Texas' basic financial statements and have issued our report thereon dated June 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the auditing 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 Angelina County, Texas' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
June 23, 2015

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

Honorable County Judge and
Members of the Commissioners' Court
Angelina County
Lufkin, Texas

Report on Compliance for Each Major Federal Program

We have audited Angelina County, Texas' (County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Angelina County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

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

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

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

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


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
June 23, 2015

ANGELINA COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended December 31, 2014

A. Summary of the Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	CDBG - State Administered CDBG Cluster Community Development Block Grants/ State's Program and Non-entitlement Grants in Hawaii

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

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

ANGELINA COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2014

None

ANGELINA COUNTY, TEXAS
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2014

None

ANGELINA COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) FEDERAL CFDA NUMBER	(2A) PASS-THROUGH ENTITY IDENTIFYING NUMBER	(3) FEDERAL EXPENDITURES
U.S. Department of Housing and Urban Development: Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii *			
Passed through Texas General Land Office	14.228	12-619-000-7024	\$ <u>1 479 376</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>1 479 376</u>
U.S. Department of Justice:			
State Criminal Alien Assistance Program Direct	16.606	2013-AP-BX-0814	8 503
Bulletproof Vest Partnership Program	16.607	N/A	61 822
Law Enforcement Assistance - Narcotics and Dangerous Drug Training	16.604	N/A	<u>20 751</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>91 076</u>
U.S. Department of Health and Human Services:			
Foster Care - Title IV-E: Passed through the Texas Juvenile Justice Department	93.658	E-2013-003	<u>51 222</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>51 222</u>
U.S. Department of Homeland Security:			
Emergency Management Performance Grant: Passed through Texas Department of Public Safety - Division of Emergency Management	97.042	14TX-EMPG-0422	<u>40 882</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>40 882</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 \$ <u>1 662 556</u>

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

See independent auditors report and the accompanying notes are integral part of this schedule.

ANGELINA COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards of Angelina County, Texas (County). The County's reporting entity is defined in Note (1)(A) of the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is described in the notes to the basic financial statements. Federal grants considered to be earned to the extent of expenditures made under the provisions of the grant.

3. Relationship to Financial Statements

Federal award programs are reported in the County's basic financial statements in the General Fund, Road and Bridge Funds and Nonmajor Governmental Funds. Total federal awards per the accompanying Schedule of Expenditures of Federal Awards include all federal revenues.