

ANGELINA COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
December 31, 2016

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INTRODUCTORY SECTION

ANGELINA COUNTY, TEXAS
PRINCIPAL OFFICIALS
December 31, 2016

GOVERNING BODY

Honorable Wes Suiter County Judge
Greg Harrison..... Commissioner, Precinct 1
Kenneth Timmons. Commissioner, Precinct 2
Robert Loggins Commissioner, Precinct 3
Bobby Cheshire Commissioner, 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 Fincher County Clerk
Deborah Huffman..... County Treasurer
Greg Sanches County 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, 2016, 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, 2016, 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, Schedule of changes in Net Pension Liability and Schedule of Contributions on pages 9 through 14 and 48 through 54 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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 27, 2017 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.

Lufkin, Texas
June 27, 2017


CERTIFIED PUBLIC ACCOUNTANTS

**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, 2016. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$43,187,906 (*net position*). Of this amount, \$11,031,868 (*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 \$12,588,156, an increase of \$323,216 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 \$9,717,436.

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, liabilities and deferred items, with the difference between 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. Budget and Required supplementary information can be found on pages 48-54 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 57-75 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 and deferred outflows exceeded liabilities and deferred inflows by \$43,187,906 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 (57.6 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 35 755	\$ 33 956	\$ 3 346	\$ 9 400	\$ 39 101	\$ 43 356
Capital assets	24 225	24 904	12 273	6 679	36 498	31 583
TOTAL ASSETS	59 980	58 860	15 619	16 079	75 599	74 939
Deferred outflows	6 486	2 262	-	-	6 486	2 262
Long-term liabilities	10 046	8 333	6 306	6 015	16 352	14 347
Other liabilities	4 600	3 023	187	263	4 787	3 286
TOTAL LIABILITIES	14 646	11 356	6 493	6 278	21 139	17 634
Deferred inflows	17 758	17 047	-	-	17 758	17 047
Net Position:						
Invested in capital assets, net of related debt	18 279	18 425	6 745	6 679	25 024	25 104
Restricted	1 604	2 698	5 528	4 946	7 132	7 644
Unrestricted	14 179	11 598	(3 147)	(1 825)	11 032	9 773
TOTAL NET POSITION	\$ 34 062	\$ 32 720	\$ 9 126	\$ 9 800	\$ 43 188	\$ 42 520

An additional portion of the County's net position (16.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$11,031,868 may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities. Governmental activities increased the County's net position by \$1,342,083. Key elements of this net increase are as follows:

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for service	\$ 7 210	\$ 4 440	\$ 3 303	\$ 3 093	\$ 10 513	\$ 7 533
Operating grants and contributions	3 244	4 674	-	-	3 244	4 674
Capital grants and contributions	441	901	-	-	441	901
General Revenues:						
Property taxes	17 745	18 414	-	-	17 745	18 414
Sales taxes	5 799	5 889	-	-	5 799	5 889
Other taxes	107	105	-	-	107	105
Investment earnings	98	98	14	17	112	115
Miscellaneous	220	123	17	64	237	187
TOTAL REVENUES	34 864	34 644	3 334	3 174	38 198	37 818
Expenses:						
Administrative	7 282	7 619	-	-	7 282	7 619
Judicial and law enforcement	19 388	18 732	-	-	19 388	18 732
Health, welfare and sanitation	1 778	1 115	-	-	1 778	1 115
Highways and streets	4 821	3 526	-	-	4 821	3 526
Extension service	146	140	-	-	146	140
Interest and fiscal charges	107	111	-	-	107	111
Landfill	-	-	2 290	2 845	2 290	2 845
Airport	-	-	1 718	1 598	1 718	1 598
TOTAL EXPENSES	33 522	31 243	4 008	4 444	37 530	35 688
(DECREASE) IN NET POSITION	1 342	3 401	(674)	(1 271)	668	2 131
Net position, beginning	32 720	29 319	9 800	11 070	42 520	40 389
NET POSITION, ENDING	\$ 34 062	\$ 32 720	\$ 9 126	\$ 9 800	\$ 43 188	\$ 42 520

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 \$12,588,156. The *unassigned fund balance* amounts to a surplus of \$9,717,436. The amount of fund balance that is restricted \$2,870,720 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 \$9,717,436. 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 \$432,921 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 \$983,093, all of which is restricted for the maintenance and construction of roads and bridges. The net decrease in fund balance during the current year in the road and bridge funds are \$(346,110).

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 \$(3,681,188), and those for the Airport amounted to \$482,079. Net position restricted for future landfill closure of the Landfill at the end of the year amounted to \$5,527,624. The total change in net position for both funds was \$115,318 and \$(789,784), 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 \$764,901. Expenditures were less than budgetary estimates by \$925,848.

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, 2016, amounts to \$30,969,803 (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	
	2016	2015	2016	2015	2016	2015
Land	\$ 700	\$ 700	\$ 2 169	\$ 2 169	\$ 2 869	\$ 2 869
Buildings	22 977	22 899	6 325	5 023	29 302	27 922
Machinery and equipment	15 300	14 621	5 687	5 676	20 987	20 297
Infrastructure	69 529	69 539	8 940	8 940	78 469	78 479
Construction in progress	9	175	255	1 295	264	1 470
Depreciation	(84 290)	(83 029)	(16 631)	(16 425)	(100 921)	(99 454)
TOTAL	\$ 24 225	\$ 24 904	\$ 6 745	\$ 6 679	\$ 30 970	\$ 31 583

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$4,180,000.

Angelina County's Outstanding Debt
Long Term Liabilities
(in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2016	2015	2016	2015	2016	2015
Refunding bonds	\$ 4 180	\$ 4 865	\$ -	\$ -	\$ 4 180	\$ 4 865
Tax notes	-	700	-	-	-	700
Capital leases	2 046	894	-	-	2 046	894
Landfill closure and postclosure	-	-	6 306	6 015	6 306	6 015
TOTAL	\$ 6 226	\$ 6 459	\$ 6 306	\$ 6 015	\$ 12 532	\$ 12 474

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

The County's total debt increased by \$58,046 (0.4 percent) during the current fiscal year. The key factor in this change was the repayment of \$1,385,000 and the addition of capital leases.

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 3.D on pages 34-36 of this report.

Economic Factors and Next Years' Budgets and Rates

- The County's unemployment rate for the current fiscal year was 6.0 percent, which was 5.6 percent in the previous year. This compares unfavorably to the state's unemployment rate of 4.8 percent.
- 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 2017 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, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalent	\$ (1 146 744)	\$ 1 891 427	\$ 744 683
Investments	24 431 564	1 152 529	25 584 093
Receivables (Net Allowance):			
Taxes	10 280 792	-	10 280 792
Miscellaneous	415 852	-	415 852
Intergovernmental	1 730 339	-	1 730 339
Accounts	-	247 940	247 940
Due from other funds	-	1 935	1 935
Inventory	43 000	52 363	95 363
TOTAL CURRENT ASSETS	35 754 803	3 346 194	39 100 997
Noncurrent Assets:			
Restricted Assets:			
Investments	-	5 527 624	5 527 624
Capital assets (net of depreciation)	24 224 726	6 745 077	30 969 803
TOTAL NONCURRENT ASSETS	24 224 726	12 272 701	36 497 427
TOTAL ASSETS	59 979 529	15 618 895	75 598 424
DEFERRED OUTFLOWS			
Prepaid expense	283 206	-	283 206
Subsequent pension contributions	1 502 615	-	1 502 615
Pension related deferred outflows	4 699 890	-	4 699 890
TOTAL DEFERRED OUTFLOWS	6 485 711	-	6 485 711
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 66 465 240	\$ 15 618 895	\$ 82 084 135
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 809 836	\$ 64 411	\$ 874 247
Accrued liabilities	2 696 734	122 531	2 819 265
Accrued interest	31 350	-	31 350
Due within one year	1 062 058	-	1 062 058
TOTAL CURRENT LIABILITIES	4 599 978	186 942	4 786 920
Noncurrent Liabilities:			
Bond Premium	118 163	-	118 163
Due in more than one year	4 735 239	6 305 998	11 041 237
Net pension liability	5 193 319	-	5 193 319
TOTAL NONCURRENT LIABILITIES	10 045 721	6 305 998	16 351 719
TOTAL LIABILITIES	14 645 699	6 492 940	21 138 639
DEFERRED INFLOWS			
Deferred pension inflow	770 013	-	770 013
Unearned revenues	16 987 577	-	16 987 577
TOTAL DEFERRED INFLOWS	17 757 590	-	17 757 590
NET POSITION			
Net investment in capital assets	18 278 916	6 745 077	25 023 993
Restricted:			
Construction	390 903	-	390 903
Debt service	334 808	-	334 808
Other	878 710	5 527 624	6 406 334
Unrestricted	14 178 614	(3 146 746)	11 031 868
TOTAL NET POSITION	34 061 951	9 125 955	43 187 906
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 66 465 240	\$ 15 618 895	\$ 82 084 135

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, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
Administrative	\$ 7 282 455	\$ 3 596 402	\$ 66 545	\$ -
Judicial and law enforcement	19 387 682	2 028 693	3 037 364	-
Health, welfare and sanitation	1 778 265	119 396	16 560	-
Highways and streets	4 820 653	1 466 001	123 397	441 298
Extension services	146 400	-	-	-
Interest and fiscal charges	107 024	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>33 522 479</u>	<u>7 210 492</u>	<u>3 243 866</u>	<u>441 298</u>
Business-Type Activities:				
Landfill	2 289 705	2 377 656	-	-
Airport	1 718 449	925 785	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>4 008 154</u>	<u>3 303 441</u>	<u>-</u>	<u>-</u>
TOTAL GOVERNMENT	\$ <u>37 530 633</u>	\$ <u>10 513 933</u>	\$ <u>3 243 866</u>	\$ <u>441 298</u>

General Revenues:
Property taxes
Sales taxes
Other taxes
Unrestricted investment earnings
Miscellaneous revenues

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

Net position - Beginning of year

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
\$ (3 619 508)	\$ -	\$ (3 619 508)
(14 321 625)	-	(14 321 625)
(1 642 309)	-	(1 642 309)
(2 789 957)	-	(2 789 957)
(146 400)	-	(146 400)
(107 024)	-	(107 024)
(22 626 823)	-	(22 626 823)
-	87 951	87 951
-	(792 664)	(792 664)
-	(704 713)	(704 713)
(22 626 823)	(704 713)	(23 331 536)
17 744 959	-	17 744 959
5 798 719	-	5 798 719
107 071	-	107 071
98 188	13 712	111 900
219 969	16 535	236 504
23 968 906	30 247	23 999 153
1 342 083	(674 466)	667 617
32 719 868	9 800 421	42 520 289
\$ 34 061 951	\$ 9 125 955	\$ 43 187 906

ANGELINA COUNTY, TEXAS
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	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	\$ (5 867 780)	\$ 304 675	\$ 310 671	\$ 419 580	\$ 233 242	\$ 1 125 204	\$ (3 474 408)
Investments	24 138 096	-	-	-	-	293 468	24 431 564
Receivables:							
Taxes	10 280 792	-	-	-	-	-	10 280 792
Miscellaneous	-	-	-	-	-	13 663	13 663
Intergovernmental	1 009 299	-	-	-	-	721 040	1 730 339
Other	402 189	-	-	-	-	-	402 189
Due from other funds	3 000	633 794	279 995	812 674	754 602	802 900	3 286 965
Inventory	-	-	-	43 000	-	-	43 000
TOTAL ASSETS	<u>29 965 596</u>	<u>938 469</u>	<u>590 666</u>	<u>1 275 254</u>	<u>987 844</u>	<u>2 956 275</u>	<u>36 714 104</u>
DEFERRED OUTFLOWS							
Prepaid expense	283 206	-	-	-	-	-	283 206
TOTAL DEFERRED OUTFLOWS	<u>283 206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283 206</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 30 248 802</u>	<u>\$ 938 469</u>	<u>\$ 590 666</u>	<u>\$ 1 275 254</u>	<u>\$ 987 844</u>	<u>\$ 2 956 275</u>	<u>\$ 36 997 310</u>
LIABILITIES							
Accounts payable	\$ 538 023	\$ 50 805	\$ 280	\$ 35 443	\$ 2 444	\$ 182 841	\$ 809 836
Accrued liabilities	1 376 076	26 533	10 656	54 599	64 705	137 301	1 669 870
Accrued compensated absences	521 591	26 791	8 410	-	-	45 418	602 210
Due to other funds	3 283 965	-	-	-	-	3 000	3 286 965
TOTAL LIABILITIES	<u>5 719 655</u>	<u>104 129</u>	<u>19 346</u>	<u>90 042</u>	<u>67 149</u>	<u>368 560</u>	<u>6 368 881</u>
DEFERRED INFLOWS							
Unearned revenue	14 528 505	646 028	282 251	829 952	770 243	983 294	18 040 273
TOTAL DEFERRED INFLOWS	<u>14 528 505</u>	<u>646 028</u>	<u>282 251</u>	<u>829 952</u>	<u>770 243</u>	<u>983 294</u>	<u>18 040 273</u>
FUND BALANCES							
Nonspendable	283 206	-	-	43 000	-	-	326 206
Restricted:							
Highways and streets	-	188 312	289 069	312 260	150 452	-	940 093
Construction	-	-	-	-	-	390 903	390 903
Debt service	-	-	-	-	-	334 808	334 808
Other	-	-	-	-	-	878 710	878 710
Unassigned	9 717 436	-	-	-	-	-	9 717 436
TOTAL FUND BALANCES	<u>10 000 642</u>	<u>188 312</u>	<u>289 069</u>	<u>355 260</u>	<u>150 452</u>	<u>1 604 421</u>	<u>12 588 156</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 30 248 802</u>	<u>\$ 938 469</u>	<u>\$ 590 666</u>	<u>\$ 1 275 254</u>	<u>\$ 987 844</u>	<u>\$ 2 956 275</u>	<u>\$ 36 997 310</u>

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

ANGELINA COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2016

Total fund balances - Governmental funds balance sheet		\$ 12 588 156
Amounts Reported for Governmental Activities in the Statement of Net Position are Different because:		
Capital assets used in governmental activities are not reported in the funds.		24 244 726
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1 052 696
Payables for debt principal, interest and bond premium which are not due in the current period are not reported in the funds.		(5 965 810)
Recognition of the County's net pension liability and related deferred outflows are not reported in the funds.		239 173
An internal service fund is used to charge the cost to individual funds. The funds assets and liabilities are included in governmental activities in the Statement of Net Position.		<u>1 903 010</u>
 NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION		 \$ <u><u>34 061 951</u></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, 2016

	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	\$ 14 007 083	\$ 504 770	\$ 256 203	\$ 630 445	\$ 589 647	\$ 1 548 100	\$ 17 536 248
Sales tax	5 770 063	7 380	1 368	10 440	9 468	-	5 798 719
Other taxes	107 071	-	-	-	-	-	107 071
Intergovernmental	604 413	204 598	7 992	102 699	70 333	4 241 731	5 231 766
Charges for services	906	-	-	-	-	-	906
Fines and fees	2 847 160	365 282	67 542	517 871	467 896	488 180	4 753 931
Interest income	64 933	1 770	1 740	2 800	2 531	17 169	90 943
Contributions and donations	-	-	-	-	-	3 500	3 500
Other revenue	190 878	520	-	10 303	17	18 251	219 969
TOTAL REVENUES	23 592 507	1 084 320	334 845	1 274 558	1 139 892	6 316 931	33 743 053
Expenditures:							
Administrative	6 730 229	-	-	-	-	271 037	7 001 266
Judicial and law enforcement	13 731 688	-	-	-	-	4 941 990	18 673 678
Health, welfare and sanitation	1 481 338	-	-	-	-	186 544	1 667 882
Highways and streets	-	1 202 829	310 768	1 258 447	1 271 831	218 347	4 262 222
Extension services	136 331	-	-	-	-	-	136 331
Capital outlays	-	101 272	-	29 597	4 981	61 408	197 258
Debt Service:							
Principal	-	-	-	-	-	1 385 000	1 385 000
Interest and other fees	-	-	-	-	-	96 200	96 200
TOTAL EXPENDITURES	22 079 586	1 304 101	310 768	1 288 044	1 276 812	7 160 526	33 419 837
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1 512 921	(219 781)	24 077	(13 486)	(136 920)	(843 595)	323 216
Other Financing Sources (Uses):							
Operating transfers in	-	-	-	-	-	1 080 000	1 080 000
Operating transfers out	(1 080 000)	-	-	-	-	-	(1 080 000)
TOTAL OTHER FINANCING SOURCES (USES)	(1 080 000)	-	-	-	-	1 080 000	-
NET CHANGE IN FUND BALANCE	432 921	(219 781)	24 077	(13 486)	(136 920)	236 405	323 216
Fund balance - Beginning	9 567 721	408 093	264 992	368 746	287 372	1 368 016	12 264 940
FUND BALANCE - ENDING	\$ 10 000 642	\$ 188 312	\$ 289 069	\$ 355 260	\$ 150 452	\$ 1 604 421	\$ 12 588 156

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, 2016

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

Net change in fund balances - Total governmental funds	\$	323 216
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.		(679 505)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		208 711
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.		533 345
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.		912 798
The net pension liability and the related deferred outflows and deferred inflows are reported in the government wide statements, while the fund level statements only recognize the amounts paid during the period.		<u>43 518</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>1 342 083</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, 2016

	<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>	
ASSETS				
Current Assets:				
Cash and cash equivalent	\$ 1 396 238	\$ 495 189	\$ 1 891 427	\$ 2 327 664
Investments	1 152 529	-	1 152 529	-
Receivables (Net Allowance):				
Accounts	184 107	63 833	247 940	-
Due from other funds	1 935	-	1 935	-
Inventory	-	52 363	52 363	-
TOTAL CURRENT ASSETS	<u>2 734 809</u>	<u>611 385</u>	<u>3 346 194</u>	<u>2 327 664</u>
Noncurrent Assets:				
Restricted Assets:				
Investments	5 527 624	-	5 527 624	-
TOTAL RESTRICTED ASSETS	<u>5 527 624</u>	<u>-</u>	<u>5 527 624</u>	<u>-</u>
Capital assets (net of depreciation)	4 788 596	1 956 481	6 745 077	-
TOTAL NONCURRENT ASSETS	<u>10 316 220</u>	<u>1 956 481</u>	<u>12 272 701</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 13 051 029</u>	<u>\$ 2 567 866</u>	<u>\$ 15 618 895</u>	<u>\$ 2 327 664</u>
LIABILITIES				
Current Liabilities:				
Accounts/claims payable	\$ 13 637	\$ 50 774	\$ 64 411	\$ 125
Due to other funds	-	294	294	-
Accrued liabilities	96 362	25 875	122 237	424 529
TOTAL CURRENT LIABILITIES	<u>109 999</u>	<u>76 943</u>	<u>186 942</u>	<u>424 654</u>
Noncurrent Liabilities:				
Landfill post closure cost - Noncurrent	6 305 998	-	6 305 998	-
TOTAL NONCURRENT LIABILITIES	<u>6 305 998</u>	<u>-</u>	<u>6 305 998</u>	<u>-</u>
TOTAL LIABILITIES	<u>6 415 997</u>	<u>76 943</u>	<u>6 492 940</u>	<u>424 654</u>
NET POSITION				
Non-spendable	-	52 363	52 363	-
Investment in capital assets, net of debt	4 788 596	1 956 481	6 745 077	-
Restricted for post closure liability	5 527 624	-	5 527 624	-
Unassigned	(3 681 188)	482 079	(3 199 109)	1 903 010
TOTAL NET POSITION	<u>6 635 032</u>	<u>2 490 923</u>	<u>9 125 955</u>	<u>1 903 010</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 13 051 029</u>	<u>\$ 2 567 866</u>	<u>\$ 15 618 895</u>	<u>\$ 2 327 664</u>

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, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND GROUP HEALTH INSURANCE FUND
	LANDFILL	AIRPORT	TOTAL	
Operating Revenues:				
Charges for services	\$ 2 368 906	\$ 123 476	\$ 2 492 382	\$ -
Fuel and oil sales	-	798 479	798 479	-
Employee premiums	-	-	-	378 789
Employer premiums	-	-	-	3 448 160
Other revenue	8 750	3 830	12 580	-
TOTAL OPERATING REVENUES	2 377 656	925 785	3 303 441	3 826 949
Operating Expenses:				
Salaries	892 398	415 531	1 307 929	-
Fuel	-	404 009	404 009	-
Repairs and supplies	457 559	71 070	528 629	-
Depreciation and amortization	339 120	631 613	970 733	-
Professional fees	26 438	-	26 438	-
Insurance claims and related expenses	-	-	-	2 921 396
Closure and post closure expense	291 115	-	291 115	-
Capital outlay	2 759	-	2 759	-
Other expenses	280 316	196 226	476 542	-
TOTAL OPERATING EXPENSES	2 289 705	1 718 449	4 008 154	2 921 396
OPERATING INCOME (LOSS)	87 951	(792 664)	(704 713)	905 553
Non-Operating Revenues:				
Interest earned	10 832	2 880	13 712	7 245
Trust income	16 535	-	16 535	-
TOTAL NON-OPERATING REVENUES	27 367	2 880	30 247	7 245
NET CHANGE IN NET POSITION	115 318	(789 784)	(674 466)	912 798
Net position - Beginning	6 519 714	3 280 707	9 800 421	990 212
NET POSITION - ENDING	\$ 6 635 032	\$ 2 490 923	\$ 9 125 955	\$ 1 903 010

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, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND GROUP HEALTH INSURANCE FUND
	LANDFILL	AIRPORT	TOTALS	
Cash Flows From Operating Activities:				
Receipts from customers	\$ 2 369 438	\$ 892 215	\$ 3 261 653	\$ -
Receipts from interfund services provided	-	-	-	3 932 649
Payments for interfund services used	-	-	-	(2 680 600)
Payments to suppliers	(798 822)	(681 415)	(1 480 237)	-
Payments to employees	(909 967)	(416 990)	(1 326 957)	-
NET CASH USED BY OPERATING ACTIVITIES	660 649	(206 190)	454 459	1 252 049
Cash Flows From Non-Capital Financing Activities:				
Borrowing (to) from other funds	(91)	(14 506)	(14 597)	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	(91)	(14 506)	(14 597)	-
Cash Flows From Capital and Related Financing Activities:				
Acquisition of capital assets	(780 197)	(211 155)	(991 352)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(780 197)	(211 155)	(991 352)	-
Cash Flows From Investing Activities:				
Purchase of investments	(585 672)	-	(585 672)	-
Interest received	10 832	2 880	13 712	7 245
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(574 840)	2 880	(571 960)	7 245
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(694 479)	(428 971)	(1 123 450)	1 259 294
Cash and cash equivalents - Beginning of year	2 090 717	924 160	3 014 877	1 068 370
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1 396 238	\$ 495 189	\$ 1 891 427	\$ 2 327 664
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 87 951	\$ (792 664)	\$ (704 713)	\$ 905 553
Adjustments:				
Depreciation	339 120	631 613	970 733	-
Decrease (increase) in accounts receivable	532	(33 570)	(33 038)	105 700
Decrease (increase) in inventory	-	6 964	6 964	-
Increase (decrease) in accounts/claims payable	(40 500)	(17 074)	(57 574)	-
Increase (decrease) in accrued liabilities	(17 569)	(1 459)	(19 028)	240 796
Increase (decrease) in landfill closure and post closure cost	291 115	-	291 115	-
TOTAL ADJUSTMENTS	572 698	586 474	1 159 172	346 496
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 660 649	\$ (206 190)	\$ 454 459	\$ 1 252 049

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

ANGELINA COUNTY, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
December 31, 2016

	<u>TOTAL AGENCY FUNDS</u>
ASSETS	
Cash and cash equivalents	\$ 9 231 490
Investments	<u>906 353</u>
TOTAL ASSETS	<u>\$ 10 137 843</u>
LIABILITIES	
Due to others	\$ <u>10 137 843</u>
TOTAL LIABILITIES	<u>\$ 10 137 843</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 funds* account 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.

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.

ANGELINA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

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.

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, 2016

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.

B. Excess of Expenditures Over Appropriations in Individual Funds

For the year ended December 31, 2016, expenditures exceeded appropriations (by significant amounts) in the following departments of the general fund:

Department	AMOUNT
Election/Voter Registration	\$ 26 701
County Court At Law II	32 722
County Public Health and Welfare	158 311

C. Deficit Fund Equity

SPECIAL REVENUE FUNDS	DEFICIT BALANCE
Cassels-Boykin Park	\$ 6 355
Juvenile Services	681 298
<hr style="border: 0.5px solid black;"/>	
CAPITAL PROJECT FUNDS	
Construction Fund	\$ 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 \$1,039,968 and the bank balance was \$1,784,444. 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, 2016

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	\$ 2 620 948	\$ -	\$ -	\$ 2 620 948
Tex Star	-	-	1 152 529	1 152 529
Certificates of Deposits	2 906 676	-	-	2 906 676
Investment Pools:				
Tex Star	-	-	2 021 389	2 021 389
Investors Cash Trust	-	-	2 122 666	2 122 666
Certificates of Deposits	3 000 000	-	-	3 000 000
Tex Pool	-	-	5 423 136	5 423 136
Money Market Funds	<u>11 570 905</u>	<u>-</u>	<u>-</u>	<u>11 570 905</u>
TOTAL INVESTMENTS	\$ <u>20 098 529</u>	\$ <u>-</u>	\$ <u>10 719 720</u>	\$ <u>30 818 249</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2016 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	174 760	51 365	(217 125)	9 000
TOTAL ASSETS NOT BEING DEPRECIATED	<u>874 623</u>	<u>51 365</u>	<u>(217 125)</u>	<u>708 863</u>
Capital Assets Being Depreciated:				
Buildings	22 898 905	77 711	-	22 976 616
Equipment	14 135 871	2 303 297	(1 139 450)	15 299 718
Infrastructure	69 538 531	26 889	(36 205)	69 529 215
TOTAL ASSETS BEING DEPRECIATED	<u>106 573 307</u>	<u>2 407 897</u>	<u>(1 175 655)</u>	<u>107 805 549</u>
Less Accumulated Depreciation For:				
Buildings	(10 469 759)	(603 218)	-	(11 072 977)
Equipment	(9 948 422)	(1 265 417)	1 091 296	(10 122 543)
Infrastructure	(62 611 102)	(519 270)	36 206	(63 094 166)
TOTAL ACCUMULATED DEPRECIATION	<u>(83 029 283)</u>	<u>(2 387 905)</u>	<u>1 127 502</u>	<u>(84 289 686)</u>
TOTAL ASSETS BEING DEPRECIATED, NET	<u>23 544 024</u>	<u>19 992</u>	<u>(48 153)</u>	<u>23 515 863</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 24 418 647</u>	<u>\$ 71 357</u>	<u>\$ (265 278)</u>	<u>\$ 24 224 726</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2 169 364	\$ -	\$ -	\$ 2 169 364
Construction in progress	1 295 456	261 445	(1 302 252)	254 649
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>3 464 820</u>	<u>261 445</u>	<u>(1 302 252)</u>	<u>2 424 013</u>
Capital Assets Being Depreciated:				
Buildings and improvements	5 022 982	1 302 253	-	6 325 235
Machinery and equipment	5 676 145	775 453	(764 524)	5 687 074
Infrastructure	8 939 668	-	-	8 939 668
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>19 638 795</u>	<u>2 077 706</u>	<u>(764 524)</u>	<u>20 951 977</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(4 565 481)	(288 328)	-	(4 853 809)
Machinery and equipment	(4 106 457)	(130 513)	764 524	(3 472 446)
Infrastructure	(7 752 766)	(551 892)	-	(8 304 658)
TOTAL ACCUMULATED DEPRECIATION	<u>(16 424 704)</u>	<u>(970 733)</u>	<u>764 524</u>	<u>(16 630 913)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>3 214 091</u>	<u>1 106 973</u>	<u>-</u>	<u>4 321 064</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 6 678 911</u>	<u>\$ 1 368 418</u>	<u>\$ (1 302 252)</u>	<u>\$ 6 745 077</u>

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2016

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. Depreciation policies were adopted to include useful lives and classifications by function.

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

Governmental Activities:	
Administration	\$ 526 706
Judicial and law enforcement	1 404 821
Health, welfare and sanitation	125 475
Streets and highways	320 647
Extension service	<u>10 256</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 2 387 905</u>
Business-Type Activities:	
Landfill	\$ 339 120
Airport	<u>631 613</u>
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 970 733</u>

D. Long-Term Debt

Refunding Bond:

Refunding bonds payable at December 31, 2016 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 \$745,000 and interest at 2%.	<u>\$ 4 180 000</u>
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The County expended \$90,450 for interest on Refunding Bonds for the year ended December 31, 2016.

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

YEAR ENDING DECEMBER 31,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2017	\$ 660 000	\$ 77 000	\$ 737 000
2018	685 000	63 550	748 550
2019	705 000	49 650	754 650
2020	675 000	35 850	710 850
2021	710 000	7 100	717 100
Thereafter	745 000	21 650	766 650
TOTAL	<u>\$ 4 180 000</u>	<u>\$ 254 800</u>	<u>\$ 4 434 800</u>

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

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2016

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

Tax Notes:

Tax notes payable at December 31, 2016 are comprised of the following individual issue:

\$1,450,000 Series 2015 Tax Notes, maturing serially
 through 2016 with principal payments from \$700,000
 to \$750,000 and interest ranging from 0.55% to 0.75% \$ _____ -

The County expended \$5,250 for interest on tax notes for the year ended December 31, 2016.

Leases:

The County has leased one tandem axle truck, four single axle trucks, and four motorgraders, seven dump trucks, a backhoe, tractor, and COPSync software for four years at 2.25 to 3.99%.

		<u>PRINCIPAL</u>		<u>INTEREST</u>		<u>TOTAL</u>
2017	\$	402 058	\$	42 136	\$	444 194
2018		139 876		32 980		172 856
2019		308 653		28 700		337 353
2020		765 710		11 307		777 017
	\$	<u>1 616 297</u>	\$	<u>115 123</u>	\$	<u>1 731 420</u>

Change in Long-Term Liabilities:

<u>GOVERNMENTAL ACTIVITIES</u>		<u>BEGINNING BALANCE</u>		<u>ADDITIONS</u>		<u>REDUCTIONS</u>		<u>ENDING BALANCE</u>		<u>DUE WITHIN ONE YEAR</u>
Tax notes payable	\$	700 000	\$	-	\$	700 000	\$	-	\$	-
Refunding bond		4 865 000		-		685 000		4 180 000		660 000
Capital lease		893 629		791 826		69 158		1 616 297		402 058
GOVERNMENTAL ACTIVITY LONG- TERM LIABILITIES	\$	<u>6 458 629</u>	\$	<u>791 826</u>	\$	<u>1 454 158</u>	\$	<u>5 796 297</u>	\$	<u>1 062 058</u>
BUSINESS-TYPE ACTIVITIES		<u>BEGINNING BALANCE</u>		<u>ADDITIONS</u>		<u>REDUCTIONS</u>		<u>ENDING BALANCE</u>		<u>DUE WITHIN ONE YEAR</u>
Landfill closure and post closure costs	\$	6 014 883	\$	291 115	\$	-	\$	6 305 998	\$	-
BUSINESS-TYPE ACTIVITY LONG- TERM LIABILITIES	\$	<u>6 014 883</u>	\$	<u>291 115</u>	\$	<u>-</u>	\$	<u>6 305 998</u>	\$	<u>-</u>

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 \$6,305,998 as of December 31, 2016, which was based on 47% usage (filled) of the landfill. It is estimated that an additional \$7,055,046 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 \$13,361,044 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, 2016. However, the actual cost of closure and postclosure may be higher due to inflation, change in technology or changes in landfill laws and regulations.

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

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, 2016, the balance in the landfill trust account was \$5,527,624. 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

Pension Plan

A. Plan Description

The 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.

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.

NOTE 4 - OTHER INFORMATION - CONTINUED

B. Actuarial Assumptions

Following are the key assumptions and methods used in this GASB analysis.

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal ⁽¹⁾
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation
Salary Increases	Same as funding valuation
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Same as funding valuation
Turnover	Same as funding valuation
Mortality	Same as funding valuation

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

Actuarial Methods and Assumptions Used for Funding Valuation:

Following is a description of the assumptions used in the December 31, 2015 actuarial valuation analysis for the Angelina County. This information may also be found in the Angelina County December 31, 2015 Summary Valuation Report.

Economic Assumptions:

TCDRS System-Wide Economic Assumptions:

Real rate of return	5.0%
Inflation	3.0%
Long-term investment return	8.0%

The long-term investment return of 8% is net of investment expenses and is expected to enable the system to credit interest at the nominal annual rates shown below to the following major funds:

Subdivision Accumulation Fund	9%
Employees Saving Fund	7%
Current Service Annuity Reserve Fund	7%

NOTE 4 - OTHER INFORMATION - CONTINUED

Assuming interest will be credited at these nominal annual rates to the various funds, we have then assumed the following:

- An annual rate of 9% for calculating the actuarial accrued liability and normal cost contributions rate for the retirement plan of each participating employer.
- An annual rate of 7% required under the TCDRS Act for: (1) accumulating current service credit and multiple matching credit after the valuation date; (2) accumulating prior service credit after the valuation date; (3) determining the amount of the monthly benefit at future dates of retirement or disability; and (4) calculating the actuarial accrued liability of the system-wide Current Service Annuity Reserve Fund.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee. (See Table 1 for Merit Salary Increases.)

Employer-Specific Economic Assumptions:

Growth in membership	0.0%
Payroll growth	3.5%

The payroll growth assumption is for the aggregate covered payroll of an employer.

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2016

NOTE 4 - OTHER INFORMATION - CONTINUED

**Table 1
 Merit Salary Increases***

Years of Service	Entry Age			
	Before 30	Ages 30-39	Ages 40-49	50 and Later
0	5.25%	4.75%	4.25%	3.75%
1	4.50%	4.00%	3.50%	3.00%
2	4.00%	3.50%	3.00%	2.50%
3	3.50%	3.00%	2.50%	2.00%
4	3.00%	2.50%	2.00%	1.50%
5	2.65%	2.15%	1.65%	1.15%
6	2.40%	1.90%	1.40%	0.90%
7	2.20%	1.70%	1.20%	0.70%
8	2.05%	1.55%	1.05%	0.55%
9	1.95%	1.45%	0.95%	0.45%
10	1.85%	1.35%	0.85%	0.40%
11	1.75%	1.25%	0.75%	0.40%
12	1.65%	1.15%	0.65%	0.40%
13	1.55%	1.05%	0.55%	0.40%
14	1.56%	0.95%	0.45%	0.40%
15	1.35%	0.90%	0.40%	0.40%
16	1.25%	0.85%	0.40%	0.40%
17	1.15%	0.80%	0.40%	0.40%
18	1.10%	0.75%	0.40%	0.40%
19	1.05%	0.70%	0.40%	0.40%
20	1.00%	0.65%	0.40%	0.40%
21	0.95%	0.60%	0.40%	0.40%
22	0.90%	0.55%	0.40%	0.40%
23	0.85%	0.50%	0.40%	0.40%
24	0.80%	0.45%	0.40%	0.40%
25	0.75%	0.40%	0.40%	0.40%
26	0.70%	0.40%	0.40%	0.40%
27	0.65%	0.40%	0.40%	0.40%
28	0.60%	0.40%	0.40%	0.40%
29	0.55%	0.40%	0.40%	0.40%
30 & Up	0.50%	0.40%	0.40%	0.40%

* These rates do not include the wage inflation rate of 3.5% per year. For example, a member who entered the system at age 20 and is in the first year of service is assumed to receive an 8.93% total annual increase in his salary. The 8.93% is a combination of the 5.25% merit increase and the 3.5% wage inflation. Note that the two components are compounded, so it is a slightly different result than just adding the two percentages.

Demographic Assumptions

TCDRS System-Wide Demographic Assumptions:

Replacement of Terminated Members - New employees are assumed to replace any terminated members and have similar entry ages.

Disability - The rates of disability used in this valuation are illustrated in Table 2. Members who become disabled are eligible to commence benefit payments regardless of age. Rates of disability are in a custom table based on TCDRS experience.

ANGELINA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE 4 - OTHER INFORMATION - CONTINUED

**Table 2
Annual Rates of Disability***

Age	Work Related	All Other Causes	Age	Work Related	All Other Causes
	Male and Female	Male and Female		Male and Female	Male and Female
less than 25	0.000%	0.000%	43	0.005%	0.072%
25	0.000%	0.000%	44	0.005%	0.079%
26	0.000%	0.000%	45	0.006%	0.086%
27	0.000%	0.000%	46	0.006%	0.095%
28	0.000%	0.010%	47	0.007%	0.105%
29	0.000%	0.010%	48	0.007%	0.119%
30	0.000%	0.011%	49	0.008%	0.136%
31	0.000%	0.012%	50	0.009%	0.156%
32	0.000%	0.012%	51	0.009%	0.178%
33	0.000%	0.014%	52	0.010%	0.203%
34	0.000%	0.018%	53	0.011%	0.229%
35	0.001%	0.023%	54	0.012%	0.254%
36	0.001%	0.028%	55	0.014%	0.278%
37	0.001%	0.035%	56	0.016%	0.297%
38	0.002%	0.041%	57	0.018%	0.312%
39	0.002%	0.047%	58	0.022%	0.325%
40	0.003%	0.053%	59	0.024%	0.337%
41	0.004%	0.059%	60 & Above	0.000%	0.000%
42	0.004%	0.066%			

* The probability of disablement from all other causes is applicable for members who are vested but not eligible for service retirement. Before a member is vested, only the work related disability provisions are applicable.

Mortality

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

Family Composition - For current retirees, beneficiary information is supplied by TCDRS. For purposes of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

Service Retirement - Members eligible for service retirement are assumed to retire at the rates shown in Table 3.

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2016

NOTE 4 - OTHER INFORMATION - CONTINUED

**Table 3
 Annual Rates of Service Retirement***

Age	Male	Female	Age	Male	Female
40-44	4.5%	4.5%	62	25.0%	25.0%
45-40	9.0%	9.0%	63	16.0%	16.0%
50	10.0%	10.0%	64	16.0%	16.0%
51	10.0%	10.0%	65	30.0%	30.0%
52	10.5%	10.5%	66	25.0%	25.0%
53	10.5%	10.5%	67	24.0%	24.0%
54	10.5%	10.5%	68	22.0%	22.0%
55	11.0%	11.0%	69	22.0%	22.0%
56	11.0%	11.0%	70	22.0%	22.0%
57	11.0%	11.0%	71	22.0%	22.0%
58	12.0%	12.0%	72	22.0%	22.0%
59	12.0%	12.0%	73	22.0%	22.0%
60	14.0%	14.0%	74**	22.0%	22.0%
61	12.0%	12.0%			

* Deferred members are assumed to retire (100% probability) at the later of:

- a) age 60
- b) earliest retirement eligibility.

** For all eligible members ages 75 and later, retirement is assumed to occur immediately.

**Table 4
 Annual Rates of Termination**

Years of Service	Entry Age 20		Entry Age 30		Entry Age 40		Entry Age 50	
	Male	Female	Male	Female	Male	Female	Male	Female
0	33.1%	35.9%	27.4%	29.6%	24.5%	26.5%	21.6%	23.4%
1	22.1%	23.9%	18.2%	19.8%	16.3%	17.7%	14.4%	15.6%
2	16.6%	17.9%	13.7%	14.8%	12.2%	13.3%	10.8%	11.7%
3	13.3%	14.4%	10.9%	11.9%	9.8%	10.6%	8.6%	9.4%
4	11.0%	12.0%	9.1%	9.9%	8.2%	8.8%	7.2%	7.8%
5	9.4%	10.2%	7.8%	8.4%	6.9%	7.5%	6.1%	6.6%
6	7.7%	8.4%	6.4%	6.9%	5.7%	6.2%	5.0%	5.5%
7	6.6%	7.2%	5.5%	5.9%	4.9%	5.3%	4.3%	4.7%
8	6.1%	6.6%	5.0%	5.4%	4.5%	4.9%	4.0%	4.3%
9	5.5%	6.0%	4.6%	4.9%	4.1%	4.4%	3.6%	3.9%
10	5.0%	5.4%	4.1%	4.5%	3.7%	4.0%	3.2%	3.5%
11	4.4%	4.8%	3.7%	4.0%	3.3%	3.5%	2.9%	3.1%
12	4.0%	4.3%	3.3%	3.6%	2.9%	3.2%	2.6%	2.8%
13	3.5%	3.8%	2.9%	3.2%	2.6%	2.8%	2.3%	2.5%
14	3.1%	3.4%	2.6%	2.8%	2.3%	2.5%	2.0%	2.2%
15	2.7%	2.9%	2.2%	2.4%	2.0%	2.1%	1.7%	1.9%
16	2.3%	2.5%	1.9%	2.1%	1.7%	1.9%	1.5%	1.6%
17	2.0%	2.2%	1.6%	1.8%	1.5%	1.6%	1.3%	1.4%
18	1.8%	1.9%	1.5%	1.6%	1.3%	1.4%	1.2%	1.3%
19	1.7%	1.8%	1.4%	1.5%	1.2%	1.3%	1.1%	1.2%
20	1.7%	1.8%	1.4%	1.5%	1.2%	1.3%	1.1%	1.2%
21	1.5%	1.6%	1.2%	1.3%	1.1%	1.2%	1.0%	1.1%
22	1.3%	1.4%	1.1%	1.2%	1.0%	1.1%	0.9%	0.9%
23	1.2%	1.3%	1.0%	1.0%	0.9%	0.9%	0.8%	0.8%
24	1.0%	1.1%	0.8%	0.9%	0.7%	0.8%	0.7%	0.7%
25	0.9%	1.0%	0.7%	0.8%	0.7%	0.7%	0.6%	0.6%
26	0.8%	0.8%	0.6%	0.7%	0.6%	0.6%	0.5%	0.5%
27	0.7%	0.7%	0.5%	0.6%	0.5%	0.5%	0.4%	0.5%
28	0.5%	0.6%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%
29	0.4%	0.5%	0.4%	0.4%	0.3%	0.4%	0.3%	0.3%
30 & Later	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

ANGELINA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE 4 - OTHER INFORMATION - CONTINUED

Withdrawals - Members who terminate may either elect to leave their account with TCDRS or withdraw their funds. The probability that a member elects a withdrawal varies by length of service and vesting schedule. Rates applied to your plan are shown in Table 5. For non-depositing members who are not vested, 100% are assumed to elect a withdrawal.

**Table 5
Probability of Withdrawal**

Years of Service	Probability	Years of Service	Probability
0	100%	15	40%
1	100%	16	38%
2	100%	17	36%
3	100%	18	34%
4	100%	19	32%
5	100%	20	30%
6	100%	21	28%
7	100%	22	26%
8	100%	23	24%
9	100%	24	22%
10	48%	25	20%
11	47%	26	15%
12	46%	27	10%
13	44%	28*	5%
14	42%		

** Members with more than 28 years of service are not assumed to refund.*

C. Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2016 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2009 - December 31, 2012 for more details.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾		
		14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	5.45%
International Equities - Emerging	MSCI World Ex USA (net)	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33 %FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

(1) Target asset allocation adopted at the April 2016 TCDRS Board meeting.

(2) Geometric real rates of return in addition to assumed inflation of 1.6%, per Cliffwater's 2016 capital market assumptions.

(3) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

NOTE 4 - OTHER INFORMATION - CONTINUED

D. Depletion of Plan Assets / GASB Discount Rate

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

ANGELINA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE 4 - OTHER INFORMATION - CONTINUED

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 8.10%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

E. Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total pension liability	\$ 67 067 127	\$ 59 199 834	\$ 52 687 377
Fiduciary net position	\$ 54 006 515	\$ 54 006 515	\$ 54 006 515
Net pension liability/(asset)	\$ 13 060 612	\$ 5 193 319	\$ (1 319 138)

F. Changes in Net Pension Liability

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Increase (Decrease) Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balances as of December 31, 2014	\$ 56 180 448	\$ 54 306 585	\$ 1 873 863
Changes for the Year:			
Service cost	1 850 583	-	1 850 583
Interest on total pension liability ⁽¹⁾	4 528 894	-	4 528 894
Effect of plan changes	(346 840)	-	(346 840)
Effect of economic/demographic gains or losses	(962 516)	-	(962 516)
Effect of assumptions changes or inputs	604 581	-	604 581
Refund of contributions	(296 330)	(296 330)	-
Benefit payments	(2 358 986)	(2 358 986)	-
Administrative expenses	-	(38 961)	38 961
Member contributions	-	1 059 228	(1 059 228)
Net investment income	-	(99 681)	99 681
Employer contributions	-	1 492 472	(1 492 472)
Other ⁽²⁾	-	(57 812)	57 812
Balances as of December 31, 2015	\$ 59 199 834	\$ 54 006 515	\$ 5 193 319

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

G. Pension Expense and Deferred Inflows/Outflows

As of December 31, 2015, the deferred inflows and outflows of resources are as follows:

DEFERRED INFLOWS/ OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES	DEFERRED OUTFLOWS OF RESOURCES
Differences between expected and actual experience	\$ 770 013	\$ 189 853
Change of assumptions	-	483 665
Net difference between projected and actual earnings	-	4 026 372
Contributions made subsequent to measurement date	-	1 502 615
	\$ 770 013	\$ 6 202 505

ANGELINA COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2016

NOTE 4 - OTHER INFORMATION - CONTINUED

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

YEAR ENDED DECEMBER 31,	
2016	\$ 1 031 854
2017	\$ 1 031 854
2018	\$ 1 031 854
2019	\$ 834 315
2020	\$ -
Thereafter	\$ -

H. 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 \$2,327,664 at December 31, 2016. The claims liability of \$424,529 reported in the Fund at December 31, 2016 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
2016	\$ 183 733	\$ 2 921 396	\$ (2 680 600)	\$ 424 529
2015	\$ 152 473	\$ 3 078 672	\$ (3 047 412)	\$ 183 733
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

I. 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 (DETWCF). 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.

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, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 13 632 356	\$ 13 632 356	\$ 14 007 083	\$ 374 727
Sales tax	5 700 000	5 700 000	5 770 063	70 063
Other taxes	90 000	90 000	107 071	17 071
Intergovernmental	564 250	564 250	604 413	40 163
Charges for services	-	-	906	906
Fines and fees	2 572 300	2 572 300	2 847 160	274 860
Interest income	100 000	100 000	64 933	(35 067)
Other revenues	168 700	168 700	190 878	22 178
TOTAL REVENUES	22 827 606	22 827 606	23 592 507	764 901
Expenditures:				
Administrative:				
County Commissioners	403 595	403 595	401 596	1 999
County Clerk	570 260	570 260	555 806	14 454
County Service Officer	11 783	11 783	-	11 783
County Judge	231 117	231 117	210 343	20 774
County Auditor	609 881	609 881	607 012	2 869
County Treasurer	197 364	197 364	189 266	8 098
County Tax Assessor-Collector	1 010 835	1 010 835	890 460	120 375
Election/Voter Registration	279 790	279 790	306 491	(26 701)
Emergency Management	97 073	97 073	84 439	12 634
Collections	115 771	115 771	113 556	2 215
Information Technology	805 562	805 562	794 856	10 706
Maintenance	697 959	697 959	643 323	54 636
General Administration	2 162 857	2 162 857	1 933 081	229 776
TOTAL ADMINISTRATIVE	7 193 847	7 193 847	6 730 229	463 618
Judicial and Law Enforcement:				
County Court-at-Law I	503 426	503 426	488 302	15 124
County Court-at-Law II	598 026	598 026	630 748	(32 722)
County Attorney	1 007 779	1 007 779	1 004 239	3 540
Constable Pct 1	96 824	96 824	95 767	1 057
Constable Pct 2	78 367	78 367	77 938	429
Constable Pct 3	76 497	76 497	75 668	829
Constable Pct 4	79 484	79 484	78 287	1 197
County Jail	3 944 714	3 944 714	3 742 207	202 507
County Sheriff	4 631 675	4 631 675	4 509 516	122 159
District Courts	895 218	895 218	856 709	38 509
District Clerk	610 462	610 462	580 251	30 211
District Attorney	948 895	948 895	865 905	82 990
Juvenile Judges	53 382	53 382	48 029	5 353
Justice of the Peace Pct 1	233 442	233 442	217 047	16 395
Justice of the Peace Pct 2	180 217	180 217	160 173	20 044
Justice of the Peace Pct 3	130 614	130 614	125 308	5 306
Justice of the Peace Pct 4	181 484	181 484	175 594	5 890
TOTAL JUDICIAL AND LAW ENFORCEMENT	14 250 506	14 250 506	13 731 688	518 818
Health, Welfare and Sanitation:				
County Public Health and Welfare	1 323 027	1 323 027	1 481 338	(158 311)
Extension Service:				
County Ag Extension Service	143 383	143 383	136 331	7 052
TOTAL EXPENDITURES	22 910 763	22 910 763	22 079 586	831 177
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(83 157)	(83 157)	1 512 921	1 596 078
Other Financing Sources (Uses):				
Operating transfers (out)	(1 080 000)	(1 080 000)	(1 080 000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1 080 000)	(1 080 000)	(1 080 000)	-
NET CHANGE IN FUND BALANCES	(1 163 157)	(1 163 157)	432 921	1 596 078
Beginning fund balance	9 567 721	9 567 721	9 567 721	-
ENDING FUND BALANCE	\$ 8 404 564	\$ 8 404 564	\$ 10 000 642	\$ 1 596 078

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, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 504 770	\$ 504 770	\$ 504 770	\$ -
Sales tax	12 375	12 375	7 380	(4 995)
Intergovernmental	56 775	56 775	204 598	147 823
Fines and fees	358 700	358 700	365 282	6 582
Interest	2 700	2 700	1 770	(930)
Other revenues	-	-	520	520
TOTAL REVENUES	<u>935 320</u>	<u>935 320</u>	<u>1 084 320</u>	<u>149 000</u>
Expenditures:				
Highways and streets	935 320	1 234 020	1 202 829	31 191
Capital outlay	-	101 300	101 272	28
TOTAL EXPENDITURES	<u>935 320</u>	<u>1 335 320</u>	<u>1 304 101</u>	<u>31 219</u>
NET CHANGE IN FUND BALANCES	-	(400 000)	(219 781)	180 219
Beginning fund balance	<u>408 093</u>	<u>408 093</u>	<u>408 093</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 408 093</u>	<u>\$ 8 093</u>	<u>\$ 188 312</u>	<u>\$ 180 219</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, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 256 203	\$ 256 203	\$ 256 203	\$ -
Sales tax	2 275	2 275	1 368	(907)
Intergovernmental	10 450	10 450	7 992	(2 458)
Fines and fees	66 125	66 125	67 542	1 417
Interest	1 500	1 500	1 740	240
TOTAL REVENUES	<u>336 553</u>	<u>336 553</u>	<u>334 845</u>	<u>(1 708)</u>
Expenditures:				
Highways and streets	437 802	452 802	310 768	142 034
Capital outlay	5 000	5 000	-	5 000
TOTAL EXPENDITURES	<u>442 802</u>	<u>457 802</u>	<u>310 768</u>	<u>147 034</u>
NET CHANGE IN FUND BALANCES	(106 249)	(121 249)	24 077	145 326
Beginning fund balance	<u>264 992</u>	<u>264 992</u>	<u>264 992</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 158 743</u>	<u>\$ 143 743</u>	<u>\$ 289 069</u>	<u>\$ 145 326</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, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 630 445	\$ 630 445	\$ 630 445	\$ -
Sales tax	17 500	17 500	10 440	(7 060)
Intergovernmental	80 175	80 175	102 699	22 524
Fines and fees	506 600	506 600	517 871	11 271
Interest	2 000	2 000	2 800	800
Other revenues	-	-	10 303	10 303
TOTAL REVENUES	<u>1 236 720</u>	<u>1 236 720</u>	<u>1 274 558</u>	<u>37 838</u>
Expenditures:				
Highways and streets	1 253 402	1 491 202	1 258 447	232 755
Capital outlay	-	40 000	29 597	10 403
TOTAL EXPENDITURES	<u>1 253 402</u>	<u>1 531 202</u>	<u>1 288 044</u>	<u>243 158</u>
NET CHANGE IN FUND BALANCES	(16 682)	(294 482)	(13 486)	280 996
Beginning fund balance	<u>368 746</u>	<u>368 746</u>	<u>368 746</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 352 064</u>	<u>\$ 74 264</u>	<u>\$ 355 260</u>	<u>\$ 280 996</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, 2016

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 589 647	\$ 589 647	\$ 589 647	\$ -
Sales tax	15 850	15 850	9 468	(6 382)
Intergovernmental	72 600	72 600	70 333	(2 267)
Fines and fees	458 575	458 575	467 896	9 321
Interest income	2 500	2 500	2 531	31
Other revenues	-	-	17	17
TOTAL REVENUES	<u>1 139 172</u>	<u>1 139 172</u>	<u>1 139 892</u>	<u>720</u>
Expenditures:				
Highways and streets	1 228 155	1 401 155	1 271 831	129 324
Capital outlay	41 517	21 517	4 981	16 536
TOTAL EXPENDITURES	<u>1 269 672</u>	<u>1 422 672</u>	<u>1 276 812</u>	<u>145 860</u>
NET CHANGE IN FUND BALANCES	(130 500)	(283 500)	(136 920)	146 580
Beginning fund balance	<u>287 372</u>	<u>287 372</u>	<u>287 372</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 156 872</u>	<u>\$ 3 872</u>	<u>\$ 150 452</u>	<u>\$ 146 580</u>

See independent auditors' report.

ANGELINA COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
December 31, 2016

	<u>2014</u>	<u>2015</u>
Total Pension Liability:		
Service cost	\$ 1 701 333	\$ 1 850 583
Interest on the total pension liability	4 214 714	4 528 894
Effect of plan changes	-	(346 840)
Effect of assumption changes or inputs	-	604 581
Effect of economic/demographic (gains) or losses	316 422	(962 516)
Benefit payments/refunds of contributions	<u>(2 455 039)</u>	<u>(2 655 316)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	3 777 430	3 019 386
Total pension liability - Beginning	<u>52 403 018</u>	<u>56 180 448</u>
TOTAL PENSION LIABILITY - ENDING	<u>56 180 448</u>	<u>59 199 834</u>
 Fiduciary Net Position:		
Employer contributions	1 404 794	1 492 472
Member contributions	978 499	1 059 228
Investment income net of investment expenses	3 490 567	(99 681)
Benefit payments/refunds of contributions	(2 455 039)	(2 655 316)
Administrative expenses	(40 538)	(38 961)
Other	<u>(13 537)</u>	<u>(57 812)</u>
NET CHANGE IN FIDUCIARY NET POSITION	3 364 746	(300 070)
Fiduciary net position - Beginning	<u>50 941 839</u>	<u>54 306 585</u>
FIDUCIARY NET POSITION, ENDING	<u>54 306 585</u>	<u>54 006 515</u>
 NET PENSION LIABILITY/(ASSET), ENDING	<u>\$ 1 873 863</u>	<u>\$ 5 193 319</u>
 Fiduciary net position as a percentage of total pension liability	96.66%	91.23%
Pensionable covered payroll	\$ 13 978 560	\$ 14 850 464
Net pension liability as a percentage of covered payroll	13.41%	34.97%

10 years data will be presented as it becomes available.

See independent auditors' report.

ANGELINA COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
December 31, 2016

YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINE CONTRIBUTION	ACTUAL EMPLOYER CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	PENSIONABLE COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2015	\$ 1 483 561	\$ 1 492 472	\$ (8 911)	\$ 14 850 464	10.1%
2014	\$ 1 404 794	\$ 1 404 794	\$ -	\$ 13 978 560	10.0%
2013	\$ 1 255 301	\$ 1 255 301	\$ -	\$ 13 170 155	9.5%
2012	\$ 1 260 623	\$ 1 260 623	\$ -	\$ 13 554 998	9.3%
2011	\$ 1 217 766	\$ 1 217 766	\$ -	\$ 13 560 838	9.0%
2010	\$ 1 203 406	\$ 1 203 406	\$ -	\$ 13 137 617	9.2%
2009	\$ 1 114 751	\$ 1 114 751	\$ -	\$ 13 114 719	8.5%
2008	\$ 1 089 927	\$ 1 089 927	\$ -	\$ 12 837 772	8.5%
2007	\$ 1 012 374	\$ 1 012 374	\$ -	\$ 11 349 487	8.9%
2006	\$ 942 550	\$ 942 550	\$ -	\$ 10 662 328	8.8%

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.

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

Capital Projects Funds

2015 Tax Notes - To account for expenditures financed by the 2014 Tax Notes.

Construction Fund - To account for various construction projects.

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2016

	<u>SPECIAL REVENUE FUNDS</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENT FUNDS</u>
ASSETS				
Cash and cash equivalent	\$ 894 293	\$ 334 808	\$ (103 897)	\$ 1 125 204
Investments	293 468	-	-	293 468
Receivables:				
Miscellaneous	13 663	-	-	13 663
Intergovernmental	226 240	-	494 800	721 040
Due from other funds	68 400	734 500	-	802 900
TOTAL ASSETS	<u>\$ 1 496 064</u>	<u>\$ 1 069 308</u>	<u>\$ 390 903</u>	<u>\$ 2 956 275</u>
 LIABILITIES				
Accounts payable	\$ 182 841	\$ -	\$ -	\$ 182 841
Accrued liabilities	137 301	-	-	137 301
Accrued compensated absences	45 418	-	-	45 418
Due to other funds	3 000	-	-	3 000
TOTAL LIABILITIES	<u>368 560</u>	<u>-</u>	<u>-</u>	<u>368 560</u>
 DEFERRED INFLOWS				
Unearned revenue	248 794	734 500	-	983 294
TOTAL DEFERRED INFLOWS	<u>248 794</u>	<u>734 500</u>	<u>-</u>	<u>983 294</u>
 FUND BALANCES				
Restricted:				
Construction	-	-	390 903	390 903
Debt service	-	334 808	-	334 808
Other	878 710	-	-	878 710
TOTAL FUND BALANCES	<u>878 710</u>	<u>334 808</u>	<u>390 903</u>	<u>1 604 421</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	 <u>\$ 1 496 064</u>	 <u>\$ 1 069 308</u>	 <u>\$ 390 903</u>	 <u>\$ 2 956 275</u>

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, 2016

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Ad valorem tax	\$ 68 400	\$ 1 479 700	\$ -	\$ 1 548 100
Intergovernmental	4 234 531	-	7 200	4 241 731
Interest income	11 676	3 693	1 800	17 169
Fines and fees	488 180	-	-	488 180
Contributions and donations	1 700	-	1 800	3 500
Other revenue	18 251	-	-	18 251
TOTAL REVENUES	4 822 738	1 483 393	10 800	6 316 931
Expenditures:				
Administrative	271 037	-	-	271 037
Judicial and law enforcement	4 941 990	-	-	4 941 990
Health, welfare and sanitation	177 544	-	9 000	186 544
Highways and streets	218 347	-	-	218 347
Capital outlay	4 806	-	56 602	61 408
Debt Service:				
Principal	-	1 385 000	-	1 385 000
Interest and other fees	-	96 200	-	96 200
TOTAL EXPENDITURES	5 613 724	1 481 200	65 602	7 160 526
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(790 986)	2 193	(54 802)	(843 595)
Other Financing Sources (Uses):				
Operating transfers in	1 080 000	-	-	1 080 000
TOTAL OTHER FINANCING SOURCES (USES)	1 080 000	-	-	1 080 000
NET CHANGE IN FUND BALANCES	289 014	2 193	(54 802)	236 405
Fund balances - Beginning	589 696	332 615	445 705	1 368 016
FUND BALANCES - ENDING	\$ 878 710	\$ 334 808	\$ 390 903	\$ 1 604 421

See independent auditors' report.

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2016

	MENTAL HEALTH FUND	JURY FUND	JUVENILE PROBATION FEES FUND	LAW LIBRARY FUND
ASSETS				
Cash and cash equivalent	\$ 79 219	\$ 108 069	\$ 50 537	\$ 24 489
Investments	-	-	-	-
Receivables:				
Miscellaneous	-	10 302	-	-
Intergovernmental	-	-	-	-
Due from other funds	-	68 400	-	-
TOTAL ASSETS	\$ 79 219	\$ 186 771	\$ 50 537	\$ 24 489
 LIABILITIES				
Accounts payable	\$ 1 022	\$ 16 446	\$ -	\$ 892
Accrued liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	1 022	16 446	-	892
 DEFERRED INFLOWS				
Deferred revenue	-	68 400	-	-
TOTAL DEFERRED INFLOWS	-	68 400	-	-
 FUND BALANCES				
Restricted:				
Other	78 197	101 925	50 537	23 597
TOTAL FUND BALANCES	78 197	101 925	50 537	23 597
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	 \$ 79 219	 \$ 186 771	 \$ 50 537	 \$ 24 489

See independent auditors' report.

CASSELS- BOYKIN PARK	ADULT PROBATION FUND	JUVENILE SERVICE FUND	COUNTY CLERK RECORDS MANAGEMENT	TEEN COURT FUND	SECURITY FUND	DISTRICT CLERK RECORDS MANAGEMENT
\$ 35 026	\$ 285 119	\$ (438 682)	\$ 180 785	\$ 5 124	\$ 116 438	\$ 12 257
-	293 468	-	-	-	-	-
455	2 471	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 35 481</u>	<u>\$ 581 058</u>	<u>\$ (438 682)</u>	<u>\$ 180 785</u>	<u>\$ 5 124</u>	<u>\$ 116 438</u>	<u>\$ 12 257</u>
\$ 34 791	\$ 57 703	\$ 61 724	\$ -	\$ -	\$ -	\$ -
2 963	65 328	62 224	2 633	-	1 668	324
4 082	-	38 102	904	-	2 027	165
-	-	-	-	-	-	-
<u>41 836</u>	<u>123 031</u>	<u>162 050</u>	<u>3 537</u>	<u>-</u>	<u>3 695</u>	<u>489</u>
-	-	80 566	-	-	-	-
-	-	80 566	-	-	-	-
(6 355)	458 027	(681 298)	177 248	5 124	112 743	11 768
<u>(6 355)</u>	<u>458 027</u>	<u>(681 298)</u>	<u>177 248</u>	<u>5 124</u>	<u>112 743</u>	<u>11 768</u>
<u>\$ 35 481</u>	<u>\$ 581 058</u>	<u>\$ (438 682)</u>	<u>\$ 180 785</u>	<u>\$ 5 124</u>	<u>\$ 116 438</u>	<u>\$ 12 257</u>

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2016

	<u>JUVENILE COMMUNITY SERVICE</u>	<u>DISTRICT CLERK TECH FUND</u>	<u>COUNTY RECORDS PRESERVATION</u>
ASSETS			
Cash and cash equivalent	\$ 26 533	\$ 48 847	\$ 238 499
Investments	-	-	-
Receivables:			
Miscellaneous	-	-	-
Intergovernmental	-	-	-
Due from intergovernmental	-	-	-
TOTAL ASSETS	<u>\$ 26 533</u>	<u>\$ 48 847</u>	<u>\$ 238 499</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Accrued compensated absences	-	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS			
Unearned revenue	-	-	-
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted:			
Other	<u>26 533</u>	<u>48 847</u>	<u>238 499</u>
TOTAL FUND BALANCES	<u>26 533</u>	<u>48 847</u>	<u>238 499</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 26 533</u>	<u>\$ 48 847</u>	<u>\$ 238 499</u>

See independent auditors' report.

CONSTABLES RADIO COMMUNICATIONS GRANT	SAFPF RE-ENTRY COURT	FAMILY CRISIS COURT	GRANTS FUND	DRUG COURT GRANT	CONSTABLE #1 FORFEITURE FUND
\$ 3 718	\$ 41 569	\$ 1 739	\$ (172 095)	\$ 11 882	\$ 6 503
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	226 240	-	-
-	-	-	-	-	-
<u>\$ 3 718</u>	<u>\$ 41 569</u>	<u>\$ 1 739</u>	<u>\$ 54 145</u>	<u>\$ 11 882</u>	<u>\$ 6 503</u>
\$ -	\$ 1 062	\$ -	\$ 1 905	\$ 5 848	\$ -
-	270	-	-	1 656	-
-	135	-	-	-	-
-	-	-	3 000	-	-
<u>-</u>	<u>1 467</u>	<u>-</u>	<u>4 905</u>	<u>7 504</u>	<u>-</u>
<u>3 703</u>	<u>40 103</u>	<u>1 739</u>	<u>49 240</u>	<u>4 378</u>	<u>-</u>
<u>3 703</u>	<u>40 103</u>	<u>1 739</u>	<u>49 240</u>	<u>4 378</u>	<u>-</u>
<u>15</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6 503</u>
<u>15</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6 503</u>
<u>\$ 3 718</u>	<u>\$ 41 569</u>	<u>\$ 1 739</u>	<u>\$ 54 145</u>	<u>\$ 11 882</u>	<u>\$ 6 503</u>

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2016

	SHERIFF FEDERAL FORFEITURE	SHERIFF FORFEITURE FUND	COUNTY ATTORNEY FORFEITURE
ASSETS			
Cash and cash equivalent	\$ 5 211	\$ 36 156	\$ 59 666
Investments	-	-	-
Receivables:			
Miscellaneous	-	-	-
Intergovernmental	-	-	-
Due from intergovernmental	-	-	-
TOTAL ASSETS	\$ 5 211	\$ 36 156	\$ 59 666
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Accrued compensated absences	-	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	-	-	-
DEFERRED INFLOWS			
Unearned revenue	-	-	-
TOTAL DEFERRED INFLOWS	-	-	-
FUND BALANCES			
Restricted:			
Other	5 211	36 156	59 666
TOTAL FUND BALANCES	5 211	36 156	59 666
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 5 211	\$ 36 156	\$ 59 666

See independent auditors' report.

DISTRICT ATTORNEY FORFEITURE	CONSTABLE #1 FEDERAL FORFEITURE	CONSTABLE #4 FORFEITURE FUND	COUNTY ATTORNEY HOT CHECK	DISTRICT ATTORNEY FUND	TOTAL
\$ 38 541	\$ -	\$ 728	\$ 86 184	\$ 2 231	\$ 894 293
-	-	-	-	-	293 468
-	-	-	435	-	13 663
-	-	-	-	-	226 240
-	-	-	-	-	68 400
<u>\$ 38 541</u>	<u>\$ -</u>	<u>\$ 728</u>	<u>\$ 86 619</u>	<u>\$ 2 231</u>	<u>\$ 1 496 064</u>
\$ -	\$ -	\$ -	\$ 1 439	\$ 9	\$ 182 841
-	-	-	235	-	137 301
-	-	-	3	-	45 418
-	-	-	-	-	3 000
<u>-</u>	<u>-</u>	<u>-</u>	<u>1 677</u>	<u>9</u>	<u>368 560</u>
-	-	-	-	665	248 794
-	-	-	-	665	248 794
<u>38 541</u>	<u>-</u>	<u>728</u>	<u>84 942</u>	<u>1 557</u>	<u>878 710</u>
<u>38 541</u>	<u>-</u>	<u>728</u>	<u>84 942</u>	<u>1 557</u>	<u>878 710</u>
<u>\$ 38 541</u>	<u>\$ -</u>	<u>\$ 728</u>	<u>\$ 86 619</u>	<u>\$ 2 231</u>	<u>\$ 1 496 064</u>

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2016

	MENTAL HEALTH FUND	JURY FUND	JUVENILE PROBATION FEES FUND	LAW LIBRARY FUND
Revenues:				
Ad valorem tax	\$ -	\$ 68 400	\$ -	\$ -
Intergovernmental	-	42 262	-	28 685
Interest income	322	574	203	106
Fines and fees	18 562	-	445	-
Contributions and donations	-	-	-	-
Other revenues	-	-	-	-
	18 884	111 236	648	28 791
TOTAL REVENUES				
Expenditures:				
Administrative	-	-	-	-
Judicial and law enforcement	-	123 442	-	28 313
Health, welfare and sanitation	25 239	-	-	-
Highways and streets	-	-	-	-
Capital outlays	-	-	-	-
	25 239	123 442	-	28 313
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(6 355)	(12 206)	648	478
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)				
	-	-	-	-
NET CHANGE IN FUND BALANCES				
	(6 355)	(12 206)	648	478
Fund balance - Beginning	84 552	114 131	49 889	23 119
FUND BALANCE - ENDING	\$ 78 197	\$ 101 925	\$ 50 537	\$ 23 597

See independent auditors' report.

CASSELS- BOYKIN PARK	ADULT PROBATION FUND	JUVENILE SERVICE FUND	COUNTY CLERK RECORDS MANAGEMENT	TEEN COURT FUND	SECURITY FUND	DISTRICT CLERK RECORDS MANAGEMENT
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	2 430 999	798 364	-	-	44 200	20 351
245	1 256	997	730	21	445	117
59 663	-	96 800	282 433	-	-	-
-	-	-	-	-	-	-
455	1 591	-	-	-	-	-
<u>60 363</u>	<u>2 433 846</u>	<u>896 161</u>	<u>283 163</u>	<u>21</u>	<u>44 645</u>	<u>20 468</u>
-	-	-	214 808	-	-	53 809
-	2 197 032	1 889 939	-	372	36 592	-
148 363	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>148 363</u>	<u>2 197 032</u>	<u>1 889 939</u>	<u>214 808</u>	<u>372</u>	<u>36 592</u>	<u>53 809</u>
<u>(88 000)</u>	<u>236 814</u>	<u>(993 778)</u>	<u>68 355</u>	<u>(351)</u>	<u>8 053</u>	<u>(33 341)</u>
<u>80 000</u>	<u>-</u>	<u>1 000 000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>80 000</u>	<u>-</u>	<u>1 000 000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(8 000)	236 814	6 222	68 355	(351)	8 053	(33 341)
<u>1 645</u>	<u>221 213</u>	<u>(687 520)</u>	<u>108 893</u>	<u>5 475</u>	<u>104 690</u>	<u>45 109</u>
<u>\$ (6 355)</u>	<u>\$ 458 027</u>	<u>\$ (681 298)</u>	<u>\$ 177 248</u>	<u>\$ 5 124</u>	<u>\$ 112 743</u>	<u>\$ 11 768</u>

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2016

	<u>JUVENILE COMMUNITY SERVICE</u>	<u>DISTRICT CLERK TECH FUND</u>	<u>COUNTY RECORDS PRESERVATION</u>
Revenues:			
Ad valorem tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	9 920
Interest income	107	173	940
Fines and fees	-	11 036	-
Contributions and donations	-	-	-
Other revenues	-	-	2 400
	<u>107</u>	<u>11 209</u>	<u>13 260</u>
 TOTAL REVENUES	 <u>107</u>	 <u>11 209</u>	 <u>13 260</u>
 Expenditures:			
Administrative	-	-	-
Judicial and law enforcement	-	-	-
Health, welfare and sanitation	-	-	-
Highways and streets	-	-	-
Capital outlays	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL EXPENDITURES	 <u>-</u>	 <u>-</u>	 <u>-</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>107</u>	 <u>11 209</u>	 <u>13 260</u>
 Other Financing Sources (Uses):			
Operating transfers in	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>-</u>	 <u>-</u>	 <u>-</u>
 NET CHANGE IN FUND BALANCES	 107	 11 209	 13 260
 Fund balance - Beginning	 <u>26 426</u>	 <u>37 638</u>	 <u>225 239</u>
 FUND BALANCE - ENDING	 <u>\$ 26 533</u>	 <u>\$ 48 847</u>	 <u>\$ 238 499</u>

See independent auditors' report.

	CONSTABLES RADIO COMMUNICATIONS GRANT	SAFPF RE-ENTRY COURT	FAMILY CRISIS COURT	GRANTS FUND	DRUG COURT GRANT	CONSTABLE #1 FORFEITURE FUND
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	16 719	-	719 975	123 056	-
	-	206	-	-	86	24
	15	3 424	-	-	3 424	-
	-	1 200	-	-	500	-
	-	-	-	-	-	2 104
	<u>15</u>	<u>21 549</u>	<u>-</u>	<u>719 975</u>	<u>127 066</u>	<u>2 128</u>
	-	-	-	2 420	-	-
	-	21 549	-	495 266	127 067	447
	-	-	-	3 942	-	-
	-	-	-	218 347	-	-
	-	-	-	-	-	-
	-	<u>21 549</u>	<u>-</u>	<u>719 975</u>	<u>127 067</u>	<u>447</u>
	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>1 681</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	15	-	-	-	(1)	1 681
	-	(1)	-	-	1	4 822
\$	<u>15</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6 503</u>

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2016

	<u>SHERIFF FEDERAL FORFEITURE</u>	<u>SHERIFF FORFEITURE FUND</u>	<u>COUNTY ATTORNEY FORFEITURE</u>
Revenues:			
Ad valorem tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Interest income	4 201	141	243
Fines and fees	-	-	-
Contributions and donations	-	-	-
Other revenues	<u>-</u>	<u>4 458</u>	<u>-</u>
 TOTAL REVENUES	 <u>4 201</u>	 <u>4 599</u>	 <u>243</u>
 Expenditures:			
Administrative	-	-	-
Judicial and law enforcement	-	1 172	501
Health, welfare and sanitation	-	-	-
Highway and streets	-	-	-
Capital outlays	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL EXPENDITURES	 <u>-</u>	 <u>1 172</u>	 <u>501</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 <u>4 201</u>	 <u>3 427</u>	 <u>(258)</u>
 Other Financing Sources (Uses):			
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>-</u>	 <u>-</u>	 <u>-</u>
 NET CHANGE IN FUND BALANCES	 4 201	 3 427	 (258)
 Fund balance - Beginning	 <u>1 010</u>	 <u>32 729</u>	 <u>59 924</u>
 FUND BALANCE - ENDING	 <u>\$ 5 211</u>	 <u>\$ 36 156</u>	 <u>\$ 59 666</u>

See independent auditors' report.

DISTRICT ATTORNEY FORFEITURE	CONSTABLE #1 FEDERAL FORFEITURE	CONSTABLE #4 FORFEITURE FUND	COUNTY ATTORNEY HOT CHECK	DISTRICT ATTORNEY FUND	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68 400
-	-	-	-	-	4 234 531
139	2	9	357	17	11 676
-	-	-	11 624	769	488 180
-	-	-	-	-	1 700
7 079	-	-	-	164	18 251
<u>7 218</u>	<u>2</u>	<u>9</u>	<u>11 981</u>	<u>950</u>	<u>4 822 738</u>
-	-	-	-	-	271 037
-	1 020	1 481	17 719	78	4 941 990
-	-	-	-	-	177 544
-	-	-	-	-	218 347
-	-	-	3 340	1 466	4 806
<u>-</u>	<u>1 020</u>	<u>1 481</u>	<u>21 059</u>	<u>1 544</u>	<u>5 613 724</u>
<u>7 218</u>	<u>(1 018)</u>	<u>(1 472)</u>	<u>(9 078)</u>	<u>(594)</u>	<u>(790 986)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 080 000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 080 000</u>
7 218	(1 018)	(1 472)	(9 078)	(594)	289 014
<u>31 323</u>	<u>1 018</u>	<u>2 200</u>	<u>94 020</u>	<u>2 151</u>	<u>589 696</u>
\$ <u>38 541</u>	\$ <u>-</u>	\$ <u>728</u>	\$ <u>84 942</u>	\$ <u>1 557</u>	\$ <u>878 710</u>

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2016

	<u>2014 TAX NOTE FUND</u>	<u>CONSTRUCTION FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalent	\$ 442 020	\$ (545 917)	\$ (103 897)
Receivables:			
Intergovernmental	-	494 800	494 800
TOTAL ASSETS	<u>\$ 442 020</u>	<u>\$ (51 117)</u>	<u>\$ 390 903</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted:			
Construction	<u>442 020</u>	<u>(51 117)</u>	<u>390 903</u>
TOTAL FUND BALANCES	<u>442 020</u>	<u>(51 117)</u>	<u>390 903</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 442 020</u>	<u>\$ (51 117)</u>	<u>\$ 390 903</u>

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, 2016

	2015 TAX NOTE FUND	CONSTRUCTION FUND	TOTAL
Revenues:			
Intergovernmental	\$ -	\$ 7 200	\$ 7 200
Interest income	1 800	-	1 800
Contributions and donations	-	1 800	1 800
TOTAL REVENUES	1 800	9 000	10 800
Expenditures:			
Health, welfare and sanitation	-	9 000	9 000
Capital outlays	56 602	-	56 602
TOTAL EXPENDITURES	56 602	9 000	65 602
NET CHANGE IN FUND BALANCE	(54 802)	-	(54 802)
Fund balance - Beginning	496 822	(51 117)	445 705
FUND BALANCE - ENDING	\$ 442 020	\$ (51 117)	\$ 390 903

See independent auditors' report.

AGENCY FUNDS

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 December 31, 2016

	DISTRICT CLERK	COUNTY CLERK	SHERIFF	JUSTICES OF THE PEACE
ASSETS				
Cash and cash equivalents	\$ 2 079 256	\$ 210 889	\$ 236 757	\$ 988
Investments	554 774	351 579	-	-
TOTAL ASSETS	\$ 2 634 030	\$ 562 468	\$ 236 757	\$ 988
LIABILITIES				
Due to others	\$ 2 634 030	\$ 562 468	\$ 236 757	\$ 988
TOTAL LIABILITIES	\$ 2 634 030	\$ 562 468	\$ 236 757	\$ 988

See independent auditors' report.

<u>TAX ASSESSOR COLLECTOR</u>	<u>DISTRICT ATTORNEY</u>	<u>COUNTY EMPLOYEE FUND</u>	<u>EXTENSION OFFICE</u>	<u>TOTAL</u>
\$ 6 689 627	\$ 4 696	\$ 8 359	\$ 918	\$ 9 231 490
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>906 353</u>
<u>\$ 6 689 627</u>	<u>\$ 4 696</u>	<u>\$ 8 359</u>	<u>\$ 918</u>	<u>\$ 10 137 843</u>
\$ <u>6 689 627</u>	\$ <u>4 696</u>	\$ <u>8 359</u>	\$ <u>918</u>	\$ <u>10 137 843</u>
\$ <u><u>6 689 627</u></u>	\$ <u><u>4 696</u></u>	\$ <u><u>8 359</u></u>	\$ <u><u>918</u></u>	\$ <u><u>10 137 843</u></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, 2016, 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 27, 2017.

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 27, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards, 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
June 27, 2017

ANGELINA COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

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 the Uniform Guidance? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.611	Joint Law Enforcement Operations

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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, 2016

None

ANGELINA COUNTY, TEXAS
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2016

None

ANGELINA COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

(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 Justice:			
State Criminal Alien Assistance Program Direct	16.606	2015-AP-BX-0814	\$ 5 412
Joint Law Enforcement Operations	16.611	N/A	<u>493 035</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>498 447</u>
U.S. Department of Homeland Security:			
Emergency Management Performance Grant:			
Disaster Grants - Public Assistance	97.036	N/A	<u>441 298</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>441 298</u>
U.S. Department of Agriculture:			
Schools and Roads - Grants to Counties	10.666	N/A	<u>123 397</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>123 397</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u><u>1 063 142</u></u>

* Indicates clustered program under OMB 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, 2016

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.