

ANGELINA COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
December 31, 2017

C O N T E N T S

INTRODUCTORY SECTION

Principal Officials 5

FINANCIAL SECTION

Independent Auditors' Report..... 7

Management's Discussion and Analysis..... 9

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position 15

Statement of Activities 16

Fund Financial Statements:

Combining Balance Sheet - Governmental Funds 18

Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position 19

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds 20

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities 21

Combining Statement of Net Position - Proprietary Funds 22

Combining Statement of Revenues, Expenses, and Changes in Fund
Net Position - Proprietary Funds 23

Combining Statement of Cash Flows - Proprietary Funds 24

Statement of Fiduciary Assets and Liabilities - Agency Funds..... 25

Notes to Financial Statements 26

Required Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - General Fund 46

Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual - Road and Bridge Funds..... 47

Schedule of Changes in the Net Pension Liability and Related Ratios 51

Schedule of Employer Contributions 52

Supplementary Information:

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet - Nonmajor Governmental Funds 55

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds 56

Combining Balance Sheet - Nonmajor Special Revenue Funds 57

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Special Revenue Funds 63

C O N T E N T S - C O N T I N U E D

Combining Balance Sheet - Nonmajor Capital Projects Funds 69

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Capital Projects Funds 70

Agency Funds:

 Combining Statement of Fiduciary Assets and Liabilities - Agency Funds..... 72

Compliance 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* 75

INTRODUCTORY SECTION

ANGELINA COUNTY, TEXAS
PRINCIPAL OFFICIALS
December 31, 2017

GOVERNING BODY

Honorable Wes Suiter County Judge
Greg Harrison..... Commissioner, Precinct 1
Kenneth Timmons. Commissioner, Precinct 2
Terry Pitts Commissioner, Precinct 3
Bobby Cheshire Commissioner, Precinct 4

OTHER PRINCIPAL OFFICIALS

Billie Page..... Tax Assessor-Collector
Janice Cordray County Auditor
Cary KirbyCounty Attorney
Joe Martin..... District Attorney
Reba Squyres District Clerk
Amy Fincher County Clerk
Deborah Huffman.....County Treasurer
Greg SanchesCounty Sheriff

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Angelina County, Texas (County) as of and for the year ended December 31, 2017, 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, 2017, 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 13 and 46 through 52 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 introductory section and combining fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the introductory section and combining fund statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018 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 and compliance.

Lufkin, Texas
June 26, 2018


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, 2017. 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 \$41,821,240 (*net position*). Of this amount, \$9,284,535 (*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 \$13,198,411, an increase of \$610,255 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 \$10,336,187.

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 46-52 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 55-73 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 \$41,821,240 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 (57.3 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 36 223	\$ 35 755	\$ 3 011	\$ 3 346	\$ 39 244	\$ 39 101
Capital assets	22 951	24 225	12 388	12 273	35 339	36 498
TOTAL ASSETS	59 173	59 980	15 399	15 619	74 572	75 599
Deferred outflows	5 849	6 486	-	-	5 849	6 486
Long-term liabilities	9 339	10 046	6 602	6 306	15 941	16 352
Other liabilities	4 480	4 600	220	187	4 700	4 787
TOTAL LIABILITIES	13 819	14 646	6 822	6 493	20 641	21 139
Deferred inflows	17 958	17 758	-	-	17 958	17 758
Net Position:						
Net invest in capital assets,	17 818	18 279	6 154	6 745	23 972	25 024
Restricted	2 332	1 604	6 234	5 528	8 566	7 132
Unrestricted	13 095	14 179	(3 811)	(3 147)	9 284	11 032
TOTAL NET POSITION	\$ 33 244	\$ 34 062	\$ 8 577	\$ 9 126	\$ 41 821	\$ 43 188

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* \$9,284,535 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities. Governmental activities decreased the County's net position by \$820,162. Key elements of this net increase are as follows:

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for service	\$ 9 508	\$ 7 210	\$ 3 490	\$ 3 303	\$ 12 998	\$ 10 513
Operating grants and contributions	3 633	3 244	-	-	3 633	3 244
Capital grants and contributions	144	441	-	-	144	441
General Revenues:						
Property taxes	17 836	17 745	-	-	17 836	17 745
Sales taxes	5 868	5 799	-	-	5 868	5 799
Other taxes	109	107	-	-	109	107
Investment earnings	176	98	20	14	196	112
Miscellaneous	379	220	92	17	471	237
TOTAL REVENUES	37 654	34 864	3 602	3 334	41 256	38 198
Expenses:						
Administrative	8 616	7 282	-	-	8 616	7 282
Judicial and law enforcement	22 797	19 388	-	-	22 797	19 388
Health, welfare and sanitation	1 996	1 778	-	-	1 996	1 778
Highways and streets	4 817	4 821	-	-	4 817	4 821
Extension service	202	146	-	-	202	146
Interest and fiscal charges	46	107	-	-	46	107
Landfill	-	-	2 644	2 290	2 644	2 290
Airport	-	-	1 508	1 718	1 508	1 718
TOTAL EXPENSES	38 474	33 522	4 152	4 008	42 626	37 530
(DECREASE) IN NET POSITION	(820)	1 342	(550)	(674)	(1 369)	668
Net position, beginning (restated)	34 065	32 720	9 126	9 800	43 191	42 520
NET POSITION, ENDING	\$ 33 245	\$ 34 062	\$ 8 576	\$ 9 126	\$ 41 821	\$ 43 188

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

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 \$13,198,411. The *unassigned fund balance* amounts to a surplus of \$10,336,187. The amount of fund balance that is restricted \$2,287,960 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 \$10,336,187. 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 \$866,809 during the current fiscal year. The increase is the result of general fund revenue exceeding expected projections.

The road and bridge funds have a total fund balance of \$606,728, 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 \$(376,365).

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 \$(4,168,777), and those for the Airport amounted to \$286,086. Net position restricted for future landfill closure of the Landfill at the end of the year amounted to \$6,233,662. The total change in net position for both funds was \$(106,103) and \$(443,163), 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 \$932,292. Expenditures were less than budgetary estimates by \$762,525.

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, 2017, amounts to \$29,104,889 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, roads, and bridges.

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

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2017	2016	2017	2016	2017	2016
Land	\$ 700	\$ 700	\$ 2 169	\$ 2 169	\$ 2 869	\$ 2 869
Buildings	22 982	22 977	6 333	6 325	29 315	29 302
Machinery and equipment	15 350	15 300	6 049	5 687	21 399	20 987
Infrastructure	69 496	69 529	8 940	8 940	78 436	78 469
Construction in progress	192	9	257	255	449	264
Depreciation	(85 769)	(84 290)	(17 594)	(16 631)	(103 363)	(100 921)
TOTAL	\$ 22 951	\$ 24 225	\$ 6 154	\$ 6 745	\$ 29 105	\$ 30 970

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$3,520,000.

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2017	2016	2017	2016	2017	2016
Refunding bonds	\$ 3 520	\$ 4 180	\$ -	\$ -	\$ 3 520	\$ 4 180
Notes	119	-	-	-	119	-
Capital leases	1 494	2 046	-	-	1 494	2 046
Landfill closure and postclosure	-	-	6 602	6 306	6 602	6 306
TOTAL	\$ 5 133	\$ 6 226	\$ 6 602	\$ 6 306	\$ 11 735	\$ 12 532

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 5.1 percent, which was 6.0 percent in the previous year. This compares unfavorably to the state's unemployment rate of 4.3 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 2018 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, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalent	\$ (744 103)	\$ 971 354	\$ 227 251
Investments	24 239 407	1 663 598	25 903 005
Receivables (Net Allowance):			
Taxes	9 575 894	-	9 575 894
Miscellaneous	553 238	-	553 238
Intergovernmental	2 555 243	-	2 555 243
Accounts	-	254 843	254 843
Due from other funds	-	49 895	49 895
Inventory	43 000	71 665	114 665
TOTAL CURRENT ASSETS	36 222 679	3 011 355	39 234 034
Noncurrent Assets:			
Restricted Assets:			
Investments	-	6 233 662	6 233 662
Capital assets (net of depreciation)	22 950 836	6 154 053	29 104 889
TOTAL NONCURRENT ASSETS	22 950 836	12 387 715	35 338 551
TOTAL ASSETS	59 173 515	15 399 070	74 572 585
DEFERRED OUTFLOWS			
Prepaid expense	531 264	-	531 264
Subsequent pension contributions	1 540 403	-	1 540 403
Pension related deferred outflows	3 776 853	-	3 776 853
TOTAL DEFERRED OUTFLOWS	5 848 520	-	5 848 520
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 65 022 035	\$ 15 399 070	\$ 80 421 105
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 606 690	\$ 94 107	\$ 700 797
Accrued liabilities	2 733 069	126 358	2 859 427
Accrued interest	26 400	-	26 400
Due within one year	1 113 774	-	1 113 774
TOTAL CURRENT LIABILITIES	4 479 933	220 465	4 700 398
Noncurrent Liabilities:			
Bond Premium	95 107	-	95 107
Due in more than one year	4 019 032	6 601 916	10 620 948
Net pension liability	5 225 371	-	5 225 371
TOTAL NONCURRENT LIABILITIES	9 339 510	6 601 916	15 941 426
TOTAL LIABILITIES	13 819 443	6 822 381	20 641 824
DEFERRED INFLOWS			
Deferred pension inflow	855 481	-	855 481
Unearned revenues	17 102 559	-	17 102 559
TOTAL DEFERRED INFLOWS	17 958 040	-	17 958 040
NET POSITION			
Net investment in capital assets	17 818 030	6 154 053	23 972 083
Restricted:			
Construction	866 663	-	866 663
Debt service	334 681	-	334 681
Other	1 129 616	6 233 662	7 363 278
Unrestricted	13 095 561	(3 811 026)	9 284 535
TOTAL NET POSITION	33 244 551	8 576 689	41 821 240
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 65 022 035	\$ 15 399 070	\$ 80 421 105

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, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
Administrative	\$ 8 616 292	\$ 6 015 411	\$ 167 038	\$ -
Judicial and law enforcement	22 796 687	1 945 467	3 316 227	-
Health, welfare and sanitation	1 996 289	128 767	19 455	87 277
Highways and streets	4 816 615	1 418 902	129 996	56 991
Extension services	202 237	-	-	-
Interest and fiscal charges	46 003	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>38 474 091</u>	<u>9 508 547</u>	<u>3 632 716</u>	<u>144 268</u>
Business-Type Activities:				
Landfill	2 643 977	2 427 611	-	-
Airport	1 507 671	1 062 128	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>4 151 648</u>	<u>3 489 739</u>	<u>-</u>	<u>-</u>
TOTAL GOVERNMENT	\$ <u>42 625 739</u>	\$ <u>12 998 286</u>	\$ <u>3 632 716</u>	\$ <u>144 268</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
Prior period adjustment
Net position - Beginning (Restated)

NET POSITION - ENDING

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

NET (EXPENSE) REVENUE AND CHANGE
IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (2 433 843)	\$ -	\$ (2 433 843)
(17 534 993)	-	(17 534 993)
(1 760 788)	-	(1 760 788)
(3 210 726)	-	(3 210 726)
(202 237)	-	(202 237)
<u>(46 003)</u>	<u>-</u>	<u>(46 003)</u>
 <u>(25 188 560)</u>	 <u>-</u>	 <u>(25 188 560)</u>
 -	(216 366)	(216 366)
<u>-</u>	<u>(445 543)</u>	<u>(445 543)</u>
 -	(661 909)	(661 909)
<u>(25 188 560)</u>	<u>(661 909)</u>	<u>(25 850 469)</u>
 17 835 802	-	17 835 802
5 868 122	-	5 868 122
108 954	-	108 954
176 317	20 419	196 736
<u>379 203</u>	<u>92 224</u>	<u>471 427</u>
<u>24 368 398</u>	<u>112 643</u>	<u>24 481 041</u>
(820 162)	(549 266)	(1 369 428)
34 061 951	9 125 955	43 187 906
<u>2 762</u>	<u>-</u>	<u>2 762</u>
<u>34 064 713</u>	<u>9 125 955</u>	<u>43 190 668</u>
 \$ <u>33 244 551</u>	 \$ <u>8 576 689</u>	 \$ <u>41 821 240</u>

ANGELINA COUNTY, TEXAS
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	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	\$ (3 793 175)	\$ 70 884	\$ 369 584	\$ 249 778	\$ 118 472	\$ 1 873 072	\$ (1 111 385)
Investments	21 942 329	-	-	-	-	295 796	22 238 125
Receivables:							
Taxes	9 575 894	-	-	-	-	-	9 575 894
Miscellaneous	-	37 665	-	-	29 904	50 149	117 718
Intergovernmental	2 325 090	-	-	-	-	230 153	2 555 243
Other	435 520	-	-	-	-	-	435 520
Due from other funds	3 100	634 034	280 040	812 081	754 910	812 200	3 296 365
Inventory	-	-	-	43 000	-	-	43 000
TOTAL ASSETS	<u>30 488 758</u>	<u>742 583</u>	<u>649 624</u>	<u>1 104 859</u>	<u>903 286</u>	<u>3 261 370</u>	<u>37 150 480</u>
DEFERRED OUTFLOWS							
Prepaid expense	531 264	-	-	-	-	-	531 264
TOTAL DEFERRED OUTFLOWS	<u>531 264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>531 264</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 31 020 022</u>	<u>\$ 742 583</u>	<u>\$ 649 624</u>	<u>\$ 1 104 859</u>	<u>\$ 903 286</u>	<u>\$ 3 261 370</u>	<u>\$ 37 681 744</u>
LIABILITIES							
Accounts payable	\$ 438 515	\$ 12 591	\$ 1 141	\$ 41 402	\$ 5 635	\$ 107 156	\$ 606 440
Accrued liabilities	1 196 669	25 749	10 386	62 116	69 382	157 708	1 522 010
Accrued compensated absences	556 832	28 910	7 837	-	-	39 436	633 015
Due to other funds	3 293 265	-	-	-	-	3 100	3 296 365
TOTAL LIABILITIES	<u>5 485 281</u>	<u>67 250</u>	<u>19 364</u>	<u>103 518</u>	<u>75 017</u>	<u>307 400</u>	<u>6 057 830</u>
DEFERRED INFLOWS							
Unearned revenue	14 667 290	646 379	282 314	829 106	770 676	1 229 738	18 425 503
TOTAL DEFERRED INFLOWS	<u>14 667 290</u>	<u>646 379</u>	<u>282 314</u>	<u>829 106</u>	<u>770 676</u>	<u>1 229 738</u>	<u>18 425 503</u>
FUND BALANCES							
Nonspendable	531 264	-	-	43 000	-	-	574 264
Restricted:							
Highways and streets	-	28 954	347 946	129 235	57 593	-	563 728
Construction	-	-	-	-	-	259 935	259 935
Debt service	-	-	-	-	-	334 681	334 681
Other	-	-	-	-	-	1 129 616	1 129 616
Unassigned	10 336 187	-	-	-	-	-	10 336 187
TOTAL FUND BALANCES	<u>10 867 451</u>	<u>28 954</u>	<u>347 946</u>	<u>172 235</u>	<u>57 593</u>	<u>1 724 232</u>	<u>13 198 411</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 31 020 022</u>	<u>\$ 742 583</u>	<u>\$ 649 624</u>	<u>\$ 1 104 859</u>	<u>\$ 903 286</u>	<u>\$ 3 261 370</u>	<u>\$ 37 681 744</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, 2017

Total fund balances - Governmental funds balance sheet	\$ 13 198 411
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.	22 950 836
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1 322 944
Payables for debt principal, interest and bond premium which are not due in the current period are not reported in the funds.	(5 254 313)
Recognition of the County's net pension liability and related deferred outflows are not reported in the funds.	(763 596)
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>1 790 269</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	<u>\$ 33 244 551</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, 2017

	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	\$ 14 281 589	\$ 633 794	\$ 279 995	\$ 812 674	\$ 754 602	\$ 802 900	\$ 17 565 554
Sales tax	5 840 942	7 020	1 296	9 900	8 964	-	5 868 122
Other taxes	108 954	-	-	-	-	-	108 954
Intergovernmental	595 727	31 167	5 747	100 645	39 846	4 035 557	4 808 689
Charges for services	1 980	-	-	-	-	-	1 980
Fines and fees	3 124 375	321 848	59 454	454 335	411 409	441 953	4 813 374
Interest income	122 405	2 895	3 423	5 697	3 822	21 074	159 316
Contributions and donations	-	-	-	-	-	17 355	17 355
Other revenue	323 346	1 750	470	36 085	3 980	151 765	517 396
TOTAL REVENUES	24 399 318	998 474	350 385	1 419 336	1 222 623	5 470 604	33 860 740
Expenditures:							
Administrative	6 826 690	-	-	-	-	304 333	7 131 023
Judicial and law enforcement	13 836 929	-	-	-	-	5 074 682	18 911 611
Health, welfare and sanitation	1 537 118	-	-	-	-	236 082	1 773 200
Highways and streets	-	1 031 410	291 508	1 349 281	1 218 784	56 991	3 947 974
Extension services	138 772	-	-	-	-	-	138 772
Capital outlays	-	103 388	-	225 740	26 811	136 967	492 906
Debt Service:							
Principal	-	13 082	-	20 809	53 485	660 000	747 376
Interest and other fees	-	9 952	-	6 534	16 402	77 500	110 388
TOTAL EXPENDITURES	22 339 509	1 157 832	291 508	1 602 361	1 315 482	6 546 555	33 253 247
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2 059 809	(159 358)	58 877	(183 025)	(92 859)	(1 075 951)	607 493
Other Financing Sources (Uses):							
Operating transfers in	-	-	-	-	-	1 193 000	1 193 000
Operating transfers out	(1 193 000)	-	-	-	-	-	(1 193 000)
TOTAL OTHER FINANCING SOURCES (USES)	(1 193 000)	-	-	-	-	1 193 000	-
NET CHANGE IN FUND BALANCE	866 809	(159 358)	58 877	(183 025)	(92 859)	117 049	607 493
Fund balance - Beginning	10 000 642	188 312	289 069	355 260	150 452	1 607 183	12 590 918
FUND BALANCE - ENDING	\$ 10 867 451	\$ 28 954	\$ 347 946	\$ 172 235	\$ 57 593	\$ 1 724 232	\$ 13 198 411

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, 2017

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

Net change in fund balances - Total governmental funds	\$ 607 493
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 depreciation exceeded outlays in the current period.	(1 273 891)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	270 248
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.	691 497
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.	(112 740)
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>(1 002 769)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>(820 162)</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, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND GROUP HEALTH INSURANCE FUND
	LANDFILL	AIRPORT	TOTAL	
ASSETS				
Current Assets:				
Cash and cash equivalent	\$ 705 172	\$ 266 182	\$ 971 354	\$ 367 282
Investments	1 663 598	-	1 663 598	2 001 282
Receivables (Net Allowance):				
Accounts	203 343	51 500	254 843	-
Due from other funds	2 259	47 636	49 895	-
Inventory	-	71 665	71 665	-
TOTAL CURRENT ASSETS	2 574 372	436 983	3 011 355	2 368 564
Noncurrent Assets:				
Restricted Assets:				
Investments	6 233 662	-	6 233 662	-
TOTAL RESTRICTED ASSETS	6 233 662	-	6 233 662	-
Capital assets (net of depreciation)	4 464 044	1 690 009	6 154 053	-
TOTAL NONCURRENT ASSETS	10 697 706	1 690 009	12 387 715	-
TOTAL ASSETS	\$ 13 272 078	\$ 2 126 992	\$ 15 399 070	\$ 2 368 564
LIABILITIES				
Current Liabilities:				
Accounts/claims payable	\$ 46 901	\$ 47 206	\$ 94 107	\$ 250
Accrued liabilities	94 332	32 026	126 358	578 045
TOTAL CURRENT LIABILITIES	141 233	79 232	220 465	578 295
Noncurrent Liabilities:				
Landfill post closure cost - Noncurrent	6 601 916	-	6 601 916	-
TOTAL NONCURRENT LIABILITIES	6 601 916	-	6 601 916	-
TOTAL LIABILITIES	6 743 149	79 232	6 822 381	578 295
NET POSITION				
Non-spendable	-	71 665	71 665	-
Net investment in capital assets	4 464 044	1 690 009	6 154 053	-
Restricted for post closure liability	6 233 662	-	6 233 662	-
Unrestricted	(4 168 777)	286 086	(3 882 691)	1 790 269
TOTAL NET POSITION	6 528 929	2 047 760	8 576 689	1 790 269
TOTAL LIABILITIES AND NET POSITION	\$ 13 272 078	\$ 2 126 992	\$ 15 399 070	\$ 2 368 564

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, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND GROUP HEALTH INSURANCE FUND
	LANDFILL	AIRPORT	TOTAL	
Operating Revenues:				
Charges for services	\$ 2 403 264	\$ 126 501	\$ 2 529 765	\$ -
Fuel and oil sales	-	926 959	926 959	-
Employee premiums	-	-	-	416 307
Employer premiums	-	-	-	3 089 633
Other revenue	24 347	8 668	33 015	-
TOTAL OPERATING REVENUES	2 427 611	1 062 128	3 489 739	3 505 940
Operating Expenses:				
Salaries	858 105	422 047	1 280 152	-
Fuel	-	492 085	492 085	-
Repairs and supplies	370 259	41 226	411 485	-
Depreciation and amortization	859 975	352 869	1 212 844	-
Professional fees	32 955	-	32 955	-
Insurance claims and related expenses	-	-	-	3 635 682
Closure and post closure expense	295 918	-	295 918	-
Capital outlay	28 106	287	28 393	-
Other expenses	198 659	199 157	397 816	-
TOTAL OPERATING EXPENSES	2 643 977	1 507 671	4 151 648	3 635 682
OPERATING INCOME (LOSS)	(216 366)	(445 543)	(661 909)	(129 742)
Non-Operating Revenues:				
Interest earned	18 039	2 380	20 419	17 001
Trust income	92 224	-	92 224	-
TOTAL NON-OPERATING REVENUES	110 263	2 380	112 643	17 001
NET CHANGE IN NET POSITION	(106 103)	(443 163)	(549 266)	(112 741)
Net position - Beginning	6 635 032	2 490 923	9 125 955	1 903 010
NET POSITION - ENDING	\$ 6 528 929	\$ 2 047 760	\$ 8 576 689	\$ 1 790 269

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, 2017

	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	\$ 2 384 028	\$ 1 074 592	\$ 3 458 620	\$ -
Receipts from interfund services provided	-	-	-	3 505 940
Payments for interfund services used	-	-	-	(3 482 041)
Payments to suppliers	(572 368)	(762 120)	(1 334 488)	-
Payments to employees	(860 135)	(409 401)	(1 269 536)	-
NET CASH USED BY OPERATING ACTIVITIES	<u>951 525</u>	<u>(96 929)</u>	<u>854 596</u>	<u>23 899</u>
Cash Flows From Non-Capital Financing Activities:				
Borrowing (to) from other funds	(324)	(47 342)	(47 666)	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>(324)</u>	<u>(47 342)</u>	<u>(47 666)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition of capital assets	(1 137 678)	(516 087)	(1 653 765)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1 137 678)</u>	<u>(516 087)</u>	<u>(1 653 765)</u>	<u>-</u>
Cash Flows From Investing Activities:				
Purchase of investments	(1 217 107)	-	(1 217 107)	(2 001 282)
Interest received	18 039	2 380	20 419	17 001
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(1 199 068)</u>	<u>2 380</u>	<u>(1 196 688)</u>	<u>(1 984 281)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1 385 545)	(657 978)	(2 043 523)	(1 960 382)
Cash and cash equivalents - Beginning of year	2 090 717	924 160	3 014 877	2 327 664
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 705 172</u>	<u>\$ 266 182</u>	<u>\$ 971 354</u>	<u>\$ 367 282</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (216 366)	\$ (445 412)	\$ (661 778)	\$ (129 742)
Adjustments:				
Depreciation	859 975	352 869	1 212 844	-
Decrease (increase) in accounts receivable	(19 236)	12 333	(6 903)	-
Decrease (increase) in inventory	-	(19 302)	(19 302)	-
Increase (decrease) in accounts/claims payable	33 264	(3 568)	29 696	125
Increase (decrease) in accrued liabilities	(2 030)	6 151	4 121	153 516
Increase (decrease) in landfill closure and post closure cost	295 918	-	295 918	-
TOTAL ADJUSTMENTS	<u>1 167 891</u>	<u>348 483</u>	<u>1 516 374</u>	<u>153 641</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 951 525</u>	<u>\$ (96 929)</u>	<u>\$ 854 596</u>	<u>\$ 23 899</u>

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, 2017

	<u>TOTAL AGENCY FUNDS</u>
ASSETS	
Cash and cash equivalents	\$ 8 095 022
Investments	941 474
TOTAL ASSETS	<u>\$ 9 036 496</u>
LIABILITIES	
Due to others	\$ 9 036 496
TOTAL LIABILITIES	<u>\$ 9 036 496</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 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.

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:

ASSETS	YEARS
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.

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, 2017, expenditures exceeded appropriations (by significant amounts) in the following funds and departments:

DEPARTMENT/FUND	AMOUNT
Road and Bridge #1	\$ 14 646
General - County Public Health and Welfare	211 713

C. Deficit Fund Equity

SPECIAL REVENUE FUNDS	DEFICIT BALANCE
Juvenile Services	\$ 681 298
District Attorney	461
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 \$521,681 and the bank balance was \$1,340,494. 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, 2017

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>	REPORTED AMOUNT/ FAIR VALUE
Waste Management Center Trust:				
U.S. Government Securities	\$ 2 480 264	\$ -	\$ -	\$ 2 480 264
Tex Star	-	-	1 663 598	1 663 598
Certificates of Deposits	3 753 398	-	-	3 753 398
Investment Pools:				
Tex Star	-	-	8 821 269	8 821 269
Investors Cash Trust	-	-	1 728 308	1 728 308
Certificates of Deposits	3 501 823	-	-	3 501 823
Tex Pool	-	-	9 234 019	9 234 019
Money Market Funds	658 192	-	-	658 192
TOTAL INVESTMENTS	\$ 10 393 677	\$ -	\$ 21 447 194	\$ 31 840 871

C. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 699 863	\$ -	\$ -	\$ 699 863
Construction in progress	9 000	183 403	-	192 403
TOTAL ASSETS NOT BEING DEPRECIATED	<u>708 863</u>	<u>183 403</u>	<u>-</u>	<u>892 266</u>
Capital Assets Being Depreciated:				
Buildings	22 976 616	12 200	(6 500)	22 982 316
Equipment	15 299 718	1 278 304	(1 228 453)	15 349 569
Infrastructure	69 529 215	13 951	(47 411)	69 495 755
TOTAL ASSETS BEING DEPRECIATED	<u>107 805 549</u>	<u>1 304 455</u>	<u>(1 282 364)</u>	<u>107 827 640</u>
Less Accumulated Depreciation For:				
Buildings	(11 072 977)	(596 855)	6 500	(11 663 332)
Equipment	(10 122 543)	(1 217 249)	803 056	(10 536 736)
Infrastructure	(63 094 166)	(511 448)	36 612	(63 569 002)
TOTAL ACCUMULATED DEPRECIATION	<u>(84 289 686)</u>	<u>(2 325 552)</u>	<u>846 168</u>	<u>(85 769 070)</u>
TOTAL ASSETS BEING DEPRECIATED, NET	<u>23 515 863</u>	<u>(1 021 097)</u>	<u>(436 196)</u>	<u>22 058 570</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 24 224 726</u>	<u>\$ (837 694)</u>	<u>\$ (436 196)</u>	<u>\$ 22 950 836</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2 169 364	\$ -	\$ (131)	\$ 2 169 233
Construction in progress	254 649	169 166	(166 670)	257 145
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>2 424 013</u>	<u>169 166</u>	<u>(166 801)</u>	<u>2 426 378</u>
Capital Assets Being Depreciated:				
Buildings and improvements	6 325 235	8 228	-	6 333 463
Machinery and equipment	5 687 074	611 228	(249 663)	6 048 638
Infrastructure	8 939 668	-	-	8 939 669
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>20 951 977</u>	<u>619 456</u>	<u>(249 663)</u>	<u>21 321 770</u>
Less Accumulated Depreciation For:				
Buildings and improvements	(4 853 809)	(278 159)	-	(5 131 968)
Machinery and equipment	(3 472 446)	(629 596)	249 663	(3 852 379)
Infrastructure	(8 304 658)	(305 090)	-	(8 609 748)
TOTAL ACCUMULATED DEPRECIATION	<u>(16 630 913)</u>	<u>(1 212 845)</u>	<u>249 663</u>	<u>(17 594 095)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>4 321 064</u>	<u>(593 389)</u>	<u>-</u>	<u>3 727 675</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 6 745 077</u>	<u>\$ (424 223)</u>	<u>\$ (166 801)</u>	<u>\$ 6 154 053</u>

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2017

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	\$ 517 883
Judicial and law enforcement	1 373 362
Health, welfare and sanitation	128 777
Streets and highways	293 466
Extension service	<u>12 064</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 2 325 552</u>
Business-Type Activities:	
Landfill	\$ 859 975
Airport	<u>352 870</u>
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 1 212 845</u>

D. Long-Term Debt

Refunding Bond:

Refunding bonds payable at December 31, 2017 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>\$ 3 520 000</u>
---	---------------------

The County expended \$77,000 for interest on Refunding Bonds for the year ended December 31, 2017.

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

YEAR ENDING DECEMBER 31,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2018	\$ 685 000	\$ 63 550	\$ 748 550
2019	705 000	49 650	754 650
2020	675 000	35 850	710 850
2021	745 000	21 650	766 650
2022	710 000	7 100	717 100
TOTAL	<u>\$ 3 520 000</u>	<u>\$ 177 800</u>	<u>\$ 3 697 800</u>

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

Notes:

Notes payable at December 31, 2017 are comprised of the following individual issue:

\$101,472 maturing serially through 2019 with principal payments from \$33,783 to \$34,254 and interest at 2.5%	\$ 67 689
\$51,515 maturing through 2020, with principal payments from \$16,838 to \$17,520 with interest at 2.75%	<u>51 395</u>
	<u>\$ 119 084</u>

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2017

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

YEAR ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2018	\$ 50 955	\$ 2 057	\$ 53 012
2019	51 092	1 784	52 876
2020	17 037	472	17 509
	<u>\$ 119 084</u>	<u>\$ 4 313</u>	<u>\$ 123 397</u>

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%.

	PRINCIPAL	INTEREST	TOTAL
2018	\$ 377 819	\$ 39 713	\$ 417 532
2019	997 181	39 155	1 036 336
2020	118 722	4 310	123 032
	<u>\$ 1 493 722</u>	<u>\$ 83 178</u>	<u>\$ 1 576 900</u>

Change in Long-Term Liabilities:

GOVERNMENTAL ACTIVITIES	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Notes payable	\$ 101 472	\$ 51 515	\$ 33 903	\$ 119 084	\$ 50 955
Refunding bond	4 180 000	-	660 000	3 520 000	685 000
Capital lease	1 514 825	348 590	369 693	1 493 722	377 819
GOVERNMENTAL ACTIVITY LONG- TERM LIABILITIES	<u>\$ 5 796 297</u>	<u>\$ 400 105</u>	<u>\$ 1 063 596</u>	<u>\$ 5 132 806</u>	<u>\$ 1 113 774</u>
BUSINESS-TYPE ACTIVITIES	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Landfill closure and post closure costs	\$ 6 305 998	\$ 295 918	-	\$ 6 601 916	-
BUSINESS-TYPE ACTIVITY LONG- TERM LIABILITIES	<u>\$ 6 305 998</u>	<u>\$ 295 918</u>	<u>-</u>	<u>\$ 6 601 916</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 \$6,601,916 as of December 31, 2017, which was based on 49% usage (filled) of the landfill. It is estimated that an additional \$6,999,625 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 \$13,601,541 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, 2017. However, the actual cost of closure and postclosure may be higher due to inflation, change in technology or changes in landfill laws and regulations.

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2017

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, 2017, the balance in the landfill trust account was \$6,233,662. 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.

E. Tax Abatements

The County individually negotiates property tax abatement agreements with local businesses under the authority of Chapter 312 of the Texas Tax Code and the County's local guidelines and criteria for tax abatement for reinvestment zones.

For the fiscal year ended December 31, 2017, the County abated property taxes totaling \$117,626 under this program, the amount of property valuation abated in the current and future years is as follows:

2017	\$	25 637 772
2018		22 076 166
2019		17 194 480
2020		11 462 787
2021		7 435 071
2022		4 471 491
2023		1 793 886
2024		<u>1 195 924</u>
TOTAL	\$	<u>91 267 577</u>

A provision exists within each of these agreements that, should the recipient entities violate the conditions of the agreements or become delinquent in the payment of their property taxes, the County is entitled to recapture any property tax that has been abated as a result of the agreements within 30 days of the agreement's termination. Compliance with the agreements is monitored by the Lufkin Economic Development Corporation, a component unit of the City of Lufkin, Texas.

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.

NOTE 4 - OTHER INFORMATION - CONTINUED

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.

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, 2016 actuarial valuation analysis for the Angelina County. This information may also be found in the Angelina County December 31, 2016 Summary Valuation Report.

NOTE 4 - OTHER INFORMATION - CONTINUED

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%

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, 2017

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, 2017

NOTE 4 - OTHER INFORMATION - CONTINUED

**Table 2
 Annual Rates of Disability***

Age	Work Related Male and Female	All Other Causes Male and Female	Age	Work Related Male and Female	All Other Causes 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 projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

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, 2017

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, 2017

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 2017 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	13.5%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	16.00%	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)	7.00%	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	Sep/LSTA Leveraged Loan Index	10.00%	6.40%
Distressed Debt	Cambridge Associates Distressed Securities Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33 %FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	5.25%

(1) Target asset allocation adopted at the April 2017 TCDRS Board meeting.

(2) Geometric real rates of return in addition to assumed inflation of 1.6%, per Cliffwater's 2017 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, 2017

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	\$ 71 174 093	\$ 62 869 728	\$ 56 001 768
Fiduciary net position	\$ 57 644 357	\$ 57 644 357	\$ 57 644 357
Net pension liability/(asset)	\$ 13 529 736	\$ 5 225 371	\$ (1 642 589)

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, 2015	\$ 59 199 834	\$ 54 006 514	\$ 5 193 320
Changes for the Year:			
Service cost	2 044 993	-	2 044 993
Interest on total pension liability ⁽¹⁾	4 765 478	-	4 765 478
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(347 464)	-	(347 464)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(245 163)	(245 163)	-
Benefit payments	(2 547 950)	(2 547 950)	-
Administrative expenses	-	(43 425)	43 425
Member contributions	-	1 060 101	(1 060 101)
Net investment income	-	3 984 127	(3 984 127)
Employer contributions	-	1 502 752	(1 502 752)
Other ⁽²⁾	-	(72 601)	72 601
Balances as of December 31, 2016	\$ 62 869 728	\$ 57 644 356	\$ 5 225 371

(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, 2016, 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	\$ 855 481	\$ 126 569
Change of assumptions	-	362 749
Net difference between projected and actual earnings	-	3 287 535
Contributions made subsequent to measurement date	-	1 540 403
	\$ 855 481	\$ 5 317 256

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2017

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,	
2018	\$ 1 037 691
2019	\$ 1 037 691
2020	\$ 840 154
2021	\$ 5 836
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 \$2,368,564 at December 31, 2017. The claims liability of \$578,045 reported in the Fund at December 31, 2017 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
2017	\$ 424 529	\$ 3 635 682	\$ (3 482 166)	\$ 578 045
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 (DETWCIF). The County pays an annual premium to the pool for its insurance coverage. The Agreement for Formation of the pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a dollar amount for each insured.

J. Prior Period Adjustment

In the prior period, the activity of the Abandoned Property Fund was not included in the Non Major Special Revenue funds, the correction increased the beginning fund balance by \$2,762.

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, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 14 078 826	\$ 14 078 826	\$ 14 281 589	\$ 202 763
Sales tax	5 700 000	5 700 000	5 840 942	140 942
Other taxes	100 000	100 000	108 954	8 954
Intergovernmental	635 700	635 700	595 727	(39 973)
Charges for services	-	-	1 980	1 980
Fines and fees	2 714 300	2 714 300	3 124 375	410 075
Interest income	75 000	75 000	122 405	47 405
Other revenues	163 200	163 200	323 346	160 146
TOTAL REVENUES	23 467 026	23 467 026	24 399 318	932 292
Expenditures:				
Administrative:				
County Commissioners	407 493	407 493	406 092	1 401
County Clerk	570 335	570 335	560 931	9 404
County Service Officer	11 782	11 782	-	11 782
County Judge	233 918	233 918	232 847	1 071
County Auditor	615 711	615 711	592 752	22 959
County Treasurer	198 342	198 342	187 753	10 589
County Tax Assessor-Collector	1 010 631	1 010 631	955 339	55 292
Election/Voter Registration	286 117	286 117	257 260	28 857
Emergency Management	81 262	81 262	77 697	3 565
Collections	115 846	115 846	113 221	2 625
Information Technology	808 692	808 692	801 044	7 648
Maintenance	696 751	696 751	644 979	51 772
General Administration	2 239 034	2 239 034	1 996 775	242 259
TOTAL ADMINISTRATIVE	7 275 914	7 275 914	6 826 690	449 224
Judicial and Law Enforcement:				
County Court-at-Law I	514 552	514 552	464 331	50 221
County Court-at-Law II	616 405	616 405	611 197	5 208
County Attorney	1 008 069	1 008 069	984 653	23 416
Constable Pct 1	97 665	97 665	95 424	2 241
Constable Pct 2	78 773	78 773	78 613	160
Constable Pct 3	76 849	76 849	75 626	1 223
Constable Pct 4	80 000	80 000	79 577	423
County Jail	3 967 819	3 967 819	3 878 932	88 887
County Sheriff	4 617 675	4 617 675	4 575 766	41 909
District Courts	943 218	943 218	776 846	166 372
District Clerk	611 786	611 786	540 811	70 975
District Attorney	956 936	956 936	929 523	27 413
Juvenile Judges	55 188	55 188	49 487	5 701
Justice of the Peace Pct 1	233 196	233 196	223 005	10 191
Justice of the Peace Pct 2	180 485	180 485	168 187	12 298
Justice of the Peace Pct 3	133 665	133 665	127 859	5 806
Justice of the Peace Pct 4	182 355	182 355	177 092	5 263
TOTAL JUDICIAL AND LAW ENFORCEMENT	14 354 636	14 354 636	13 836 929	517 707
Health, Welfare and Sanitation:				
County Public Health and Welfare	1 325 405	1 325 405	1 537 118	(211 713)
Extension Service:				
County Ag Extension Service	146 079	146 079	138 772	7 307
TOTAL EXPENDITURES	23 102 034	23 102 034	22 339 509	762 525
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	364 992	364 992	2 059 809	1 694 817
Other Financing Sources (Uses):				
Operating transfers (out)	(1 193 000)	(1 193 000)	(1 193 000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1 193 000)	(1 193 000)	(1 193 000)	-
NET CHANGE IN FUND BALANCES	(828 008)	(828 008)	866 809	1 694 817
Beginning fund balance	10 000 642	10 000 642	10 000 642	-
ENDING FUND BALANCE	\$ 9 172 634	\$ 9 172 634	\$ 10 867 451	\$ 1 694 817

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, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 633 794	\$ 633 794	\$ 633 794	\$ -
Sales tax	11 612	11 612	7 020	(4 592)
Intergovernmental	43 094	43 094	31 167	(11 927)
Fines and fees	365 136	365 136	321 848	(43 288)
Interest	2 000	2 000	2 895	895
Other revenues	-	-	1 750	1 750
TOTAL REVENUES	<u>1 055 636</u>	<u>1 055 636</u>	<u>998 474</u>	<u>(57 162)</u>
Expenditures:				
Highways and streets	1 055 636	1 143 186	1 054 444	88 742
Capital outlay	-	-	103 388	(103 388)
TOTAL EXPENDITURES	<u>1 055 636</u>	<u>1 143 186</u>	<u>1 157 832</u>	<u>(14 646)</u>
NET CHANGE IN FUND BALANCES	-	(87 550)	(159 358)	(71 808)
Beginning fund balance	<u>188 312</u>	<u>188 312</u>	<u>188 312</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 188 312</u>	<u>\$ 100 762</u>	<u>\$ 28 954</u>	<u>\$ (71 808)</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, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 279 995	\$ 279 995	\$ 279 995	\$ -
Sales tax	2 141	2 141	1 296	(845)
Intergovernmental	7 947	7 947	5 747	(2 200)
Fines and fees	67 334	67 334	59 454	(7 880)
Interest	1 500	1 500	3 423	1 923
Other revenues	-	-	470	470
TOTAL REVENUES	<u>358 917</u>	<u>358 917</u>	<u>350 385</u>	<u>(8 532)</u>
Expenditures:				
Highways and streets	439 068	439 068	291 508	147 560
Capital outlay	5 000	5 000	-	5 000
TOTAL EXPENDITURES	<u>444 068</u>	<u>444 068</u>	<u>291 508</u>	<u>152 560</u>
NET CHANGE IN FUND BALANCES	(85 151)	(85 151)	58 877	144 028
Beginning fund balance	<u>289 069</u>	<u>289 069</u>	<u>289 069</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 203 918</u>	<u>\$ 203 918</u>	<u>\$ 347 946</u>	<u>\$ 144 028</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, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 812 674	\$ 812 674	\$ 812 674	\$ -
Sales tax	16 401	16 401	9 900	(6 501)
Intergovernmental	60 864	60 864	100 645	39 781
Fines and fees	515 705	515 705	454 335	(61 370)
Interest	2 000	2 000	5 697	3 697
Other revenues	-	-	36 085	36 085
TOTAL REVENUES	<u>1 407 644</u>	<u>1 407 644</u>	<u>1 419 336</u>	<u>11 692</u>
Expenditures:				
Highways and streets	1 387 644	1 602 644	1 349 281	253 363
Debt service	-	-	27 340	(27 340)
Capital outlay	20 000	20 000	225 740	(205 740)
TOTAL EXPENDITURES	<u>1 407 644</u>	<u>1 622 644</u>	<u>1 602 361</u>	<u>20 283</u>
NET CHANGE IN FUND BALANCES	-	(215 000)	(183 025)	31 975
Beginning fund balance	<u>355 260</u>	<u>355 260</u>	<u>355 260</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 355 260</u>	<u>\$ 140 260</u>	<u>\$ 172 235</u>	<u>\$ 31 975</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, 2017

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 754 602	\$ 754 602	\$ 754 602	\$ -
Sales tax	14 846	14 846	8 964	(5 882)
Intergovernmental	55 095	55 095	39 846	(15 249)
Fines and fees	466 825	466 825	411 409	(55 416)
Interest income	2 000	2 000	3 822	1 822
Other revenues	-	-	3 980	3 980
TOTAL REVENUES	<u>1 293 368</u>	<u>1 293 368</u>	<u>1 222 623</u>	<u>(70 745)</u>
Expenditures:				
Highways and streets	1 293 368	1 372 718	1 288 671	84 047
Capital outlay	-	-	26 811	(26 811)
TOTAL EXPENDITURES	<u>1 293 368</u>	<u>1 372 718</u>	<u>1 315 482</u>	<u>57 236</u>
NET CHANGE IN FUND BALANCES	150 452	(79 350)	(92 859)	(13 509)
Beginning fund balance	-	150 452	150 452	-
ENDING FUND BALANCE	<u>\$ 150 452</u>	<u>\$ 71 102</u>	<u>\$ 57 593</u>	<u>\$ (13 509)</u>

See independent auditors' report.

ANGELINA COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
December 31, 2017

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Pension Liability:			
Service cost	\$ 1 701 333	\$ 1 850 583	\$ 2 044 993
Interest on the total pension liability	4 214 714	4 528 894	4 765 478
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)	(347 464)
Benefit payments/refunds of contributions	<u>(2 455 039)</u>	<u>(2 655 316)</u>	<u>(2 793 113)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	3 777 430	3 019 386	3 669 894
Total pension liability - Beginning	<u>52 403 018</u>	<u>56 180 448</u>	<u>59 199 834</u>
TOTAL PENSION LIABILITY - ENDING	<u>56 180 448</u>	<u>59 199 834</u>	<u>62 869 728</u>
 Fiduciary Net Position:			
Employer contributions	1 404 794	1 492 472	1 502 752
Member contributions	978 499	1 059 228	1 060 101
Investment income net of investment expenses	3 490 567	(99 681)	3 984 127
Benefit payments/refunds of contributions	(2 455 039)	(2 655 316)	(2 793 113)
Administrative expenses	(40 538)	(38 961)	(43 425)
Other	<u>(13 537)</u>	<u>(57 812)</u>	<u>(72 601)</u>
NET CHANGE IN FIDUCIARY NET POSITION	3 364 746	(300 070)	3 637 841
Fiduciary net position - Beginning	<u>50 941 839</u>	<u>54 306 585</u>	<u>54 006 514</u>
FIDUCIARY NET POSITION, ENDING	<u>54 306 585</u>	<u>54 006 514</u>	<u>57 644 355</u>
 NET PENSION LIABILITY/(ASSET), ENDING	 <u>\$ 1 873 863</u>	 <u>\$ 5 193 320</u>	 <u>\$ 5 225 371</u>
 Fiduciary net position as a percentage of total pension liability	 96.66%	 91.23%	 91.69%
Pensionable covered payroll	\$ 13 978 560	\$ 14 850 464	\$ 14 952 736
Net pension liability as a percentage of covered payroll	13.41%	34.97%	34.95%

10 years data will be presented as it becomes available.

See independent auditors' report.

ANGELINA COUNTY, TEXAS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 December 31, 2017

YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINE CONTRIBUTION	ACTUAL EMPLOYER CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	PENSIONABLE COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2016	\$ 1 448 920	\$ 1 502 752	\$ (53 832)	\$ 14 952 736	10.1%
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%

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.

Local Provider Participation - To account for local participation.

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.

Abandoned Property - To account for sale of abandoned property.

Capital Projects Funds

2016 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, 2017

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENT FUNDS
ASSETS				
Cash and cash equivalent	\$ 1 364 033	\$ 334 681	\$ 174 358	\$ 1 873 072
Investments	295 796	-	-	295 796
Receivables:				
Miscellaneous	50 149	-	-	50 149
Intergovernmental	144 576	-	85 577	230 153
Due from other funds	77 700	734 500	-	812 200
TOTAL ASSETS	\$ 1 932 254	\$ 1 069 181	\$ 259 935	\$ 3 261 370
 LIABILITIES				
Accounts payable	\$ 107 156	\$ -	\$ -	\$ 107 156
Accrued liabilities	157 708	-	-	157 708
Accrued compensated absences	39 436	-	-	39 436
Due to other funds	3 100	-	-	3 100
TOTAL LIABILITIES	307 400	-	-	307 400
 DEFERRED INFLOWS				
Unearned revenue	495 238	734 500	-	1 229 738
TOTAL DEFERRED INFLOWS	495 238	734 500	-	1 229 738
 FUND BALANCES				
Restricted:				
Construction	-	-	259 935	259 935
Debt service	-	334 681	-	334 681
Other	1 129 616	-	-	1 129 616
TOTAL FUND BALANCES	1 129 616	334 681	259 935	1 724 232
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 1 932 254	\$ 1 069 181	\$ 259 935	\$ 3 261 370

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, 2017

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Ad valorem tax	\$ 68 400	\$ 734 500	\$ -	\$ 802 900
Intergovernmental	3 965 035	-	70 522	4 035 557
Interest income	15 702	2 873	2 499	21 074
Fines and fees	441 953	-	-	441 953
Contributions and donations	600	-	16 755	17 355
Other revenue	151 765	-	-	151 765
TOTAL REVENUES	4 643 455	737 373	89 776	5 470 604
Expenditures:				
Administrative	304 333	-	-	304 333
Judicial and law enforcement	5 074 682	-	-	5 074 682
Health, welfare and sanitation	152 305	-	83 777	236 082
Highways and streets	56 991	-	-	56 991
Capital outlay	-	-	136 967	136 967
Debt Service:				
Principal	-	660 000	-	660 000
Interest and other fees	-	77 500	-	77 500
TOTAL EXPENDITURES	5 588 311	737 500	220 744	6 546 555
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(944 856)	(127)	(130 968)	(1 075 951)
Other Financing Sources (Uses):				
Operating transfers in	1 193 000	-	-	1 193 000
TOTAL OTHER FINANCING SOURCES (USES)	1 193 000	-	-	1 193 000
NET CHANGE IN FUND BALANCES	248 144	(127)	(130 968)	117 049
Fund balances - Beginning	881 472	334 808	390 903	1 607 183
FUND BALANCES - ENDING	\$ 1 129 616	\$ 334 681	\$ 259 935	\$ 1 724 232

See independent auditors' report.

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2017

	MENTAL HEALTH FUND	JURY FUND	LOCAL PROVIDER PARTICIPATION FUND	JUVENILE PROBATION FEES FUND
ASSETS				
Cash and cash equivalent	\$ 72 989	\$ 137 367	\$ 85	\$ 51 293
Investments	-	-	-	-
Receivables:				
Miscellaneous	-	3 536	15	-
Intergovernmental	-	-	-	-
Due from other funds	-	77 700	-	-
TOTAL ASSETS	\$ 72 989	\$ 218 603	\$ 100	\$ 51 293
 LIABILITIES				
Accounts payable	\$ 937	\$ 1 531	\$ -	\$ -
Accrued liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Due to other funds	-	-	100	-
TOTAL LIABILITIES	937	1 531	100	-
 DEFERRED INFLOWS				
Unearned revenue	-	77 700	-	-
TOTAL DEFERRED INFLOWS	-	77 700	-	-
 FUND BALANCES				
Restricted:				
Other	72 052	139 372	-	51 293
TOTAL FUND BALANCES	72 052	139 372	-	51 293
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 72 989	\$ 218 603	\$ 100	\$ 51 293

See independent auditors' report.

LAW LIBRARY FUND	CASSELS- BOYKIN PARK	ADULT PROBATION FUND	JUVENILE SERVICE FUND	COUNTY CLERK RECORDS MANAGEMENT	TEEN COURT FUND	SECURITY FUND
\$ 26 483	\$ 27 163	\$ 208 972	\$ (280 882)	\$ 275 671	\$ 4 859	\$ 136 133
-	-	295 796	-	-	-	-
-	(126)	6 344	263	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 26 483</u>	<u>\$ 27 037</u>	<u>\$ 511 112</u>	<u>\$ (280 619)</u>	<u>\$ 275 671</u>	<u>\$ 4 859</u>	<u>\$ 136 133</u>
\$ 2 636	\$ 2 930	\$ 34 742	\$ 47 763	\$ 2 569	\$ -	\$ -
-	3 753	74 334	55 265	2 564	-	161
-	2 719	-	35 347	832	-	-
-	-	-	-	-	-	-
<u>2 636</u>	<u>9 402</u>	<u>109 076</u>	<u>138 375</u>	<u>5 965</u>	<u>-</u>	<u>161</u>
-	-	-	262 304	-	-	-
-	-	-	262 304	-	-	-
<u>23 847</u>	<u>17 635</u>	<u>402 036</u>	<u>(681 298)</u>	<u>269 706</u>	<u>4 859</u>	<u>135 972</u>
<u>23 847</u>	<u>17 635</u>	<u>402 036</u>	<u>(681 298)</u>	<u>269 706</u>	<u>4 859</u>	<u>135 972</u>
<u>\$ 26 483</u>	<u>\$ 27 037</u>	<u>\$ 511 112</u>	<u>\$ (280 619)</u>	<u>\$ 275 671</u>	<u>\$ 4 859</u>	<u>\$ 136 133</u>

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2017

	DISTRICT CLERK RECORDS MANAGEMENT	JUVENILE COMMUNITY SERVICE	DISTRICT CLERK TECH FUND	COUNTY RECORDS PRESERVATION
ASSETS				
Cash and cash equivalent	\$ 21 217	\$ 26 728	\$ 59 966	\$ 229 552
Investments	-	-	-	-
Receivables:				
Miscellaneous	-	-	-	-
Intergovernmental	-	-	-	-
Due from intergovernmental	-	-	-	-
TOTAL ASSETS	\$ 21 217	\$ 26 728	\$ 59 966	\$ 229 552
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Accrued compensated absences	165	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	165	-	-	-
DEFERRED INFLOWS				
Unearned revenue	-	-	-	-
TOTAL DEFERRED INFLOWS	-	-	-	-
FUND BALANCES				
Restricted:				
Other	21 052	26 728	59 966	229 552
TOTAL FUND BALANCES	21 052	26 728	59 966	229 552
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND	\$ 21 217	\$ 26 728	\$ 59 966	\$ 229 552

See independent auditors' report.

CONSTABLES RADIO COMMUNICATIONS GRANT	SAFPF RE-ENTRY COURT	FAMILY CRISIS COURT	GRANTS FUND	DRUG COURT GRANT	CONSTABLE #1 FORFEITURE FUND
\$ 3 746	\$ 90 690	\$ 1 751	\$ (69 478)	\$ (19 790)	\$ 8 947
-	-	-	-	-	-
-	-	-	270	39 412	-
-	-	-	144 576	-	-
-	-	-	-	-	-
<u>\$ 3 746</u>	<u>\$ 90 690</u>	<u>\$ 1 751</u>	<u>\$ 75 368</u>	<u>\$ 19 622</u>	<u>\$ 8 947</u>
\$ -	\$ 2 807	\$ -	\$ -	\$ 8 685	\$ -
-	254	-	19 406	1 656	-
-	180	-	-	-	-
-	-	-	3 000	-	-
<u>-</u>	<u>3 241</u>	<u>-</u>	<u>22 406</u>	<u>10 341</u>	<u>-</u>
<u>3 703</u>	<u>87 449</u>	<u>1 739</u>	<u>52 962</u>	<u>9 281</u>	<u>-</u>
<u>3 703</u>	<u>87 449</u>	<u>1 739</u>	<u>52 962</u>	<u>9 281</u>	<u>-</u>
<u>43</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>8 947</u>
<u>43</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>8 947</u>
<u>\$ 3 746</u>	<u>\$ 90 690</u>	<u>\$ 1 751</u>	<u>\$ 75 368</u>	<u>\$ 19 622</u>	<u>\$ 8 947</u>

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2017

	SHERIFF FEDERAL FORFEITURE	SHERIFF FORFEITURE FUND	COUNTY ATTORNEY FORFEITURE
ASSETS			
Cash and cash equivalent	\$ 5 250	\$ 36 603	\$ 130 028
Investments	-	-	-
Receivables:			
Miscellaneous	-	-	-
Intergovernmental	-	-	-
Due from intergovernmental	-	-	-
TOTAL ASSETS	\$ 5 250	\$ 36 603	\$ 130 028
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	5 250	36 603	130 028
TOTAL FUND BALANCES	5 250	36 603	130 028
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 5 250	\$ 36 603	\$ 130 028

See independent auditors' report.

DISTRICT ATTORNEY FORFEITURE	ABANDONED PROPERTY FUND	CONSTABLE #4 FORFEITURE FUND	COUNTY ATTORNEY HOT CHECK	DISTRICT ATTORNEY FUND	TOTAL
\$ 100 310	\$ 2 781	\$ 734	\$ 74 335	\$ 410	\$ 1 364 033
-	-	-	-	-	295 796
-	-	-	435	-	50 149
-	-	-	-	-	144 576
-	-	-	-	-	77 700
<u>\$ 100 310</u>	<u>\$ 2 781</u>	<u>\$ 734</u>	<u>\$ 74 770</u>	<u>\$ 410</u>	<u>\$ 1 932 254</u>
\$ -	\$ -	\$ -	\$ 1 665	\$ 771	\$ 107 156
-	-	-	315	-	157 708
-	-	-	193	-	39 436
-	-	-	-	-	3 100
<u>-</u>	<u>-</u>	<u>-</u>	<u>2 173</u>	<u>771</u>	<u>307 400</u>
-	-	-	-	100	495 238
-	-	-	-	100	495 238
<u>100 310</u>	<u>2 781</u>	<u>734</u>	<u>72 597</u>	<u>(461)</u>	<u>1 129 616</u>
<u>100 310</u>	<u>2 781</u>	<u>734</u>	<u>72 597</u>	<u>(461)</u>	<u>1 129 616</u>
<u>\$ 100 310</u>	<u>\$ 2 781</u>	<u>\$ 734</u>	<u>\$ 74 770</u>	<u>\$ 410</u>	<u>\$ 1 932 254</u>

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2017

	MENTAL HEALTH FUND	JURY FUND	LOCAL PROVIDER PARTICIPATION FUND	JUVENILE PROBATION FEES FUND
Revenues:				
Ad valorem tax	\$ -	\$ 68 400	\$ -	\$ -
Intergovernmental	-	28 560	-	-
Interest income	559	1 048	-	373
Fines and fees	12 552	-	-	383
Contributions and donations	-	-	-	-
Other revenues	-	-	-	-
	<u>13 111</u>	<u>98 008</u>	<u>-</u>	<u>756</u>
TOTAL REVENUES				
Expenditures:				
Administrative	-	60 561	-	-
Judicial and law enforcement	-	-	-	-
Health, welfare and sanitation	19 256	-	-	-
Highways and streets	-	-	-	-
	<u>19 256</u>	<u>60 561</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6 145)</u>	<u>37 447</u>	<u>-</u>	<u>756</u>
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(6 145)</u>	<u>37 447</u>	<u>-</u>	<u>756</u>
Fund balance - Beginning	<u>78 197</u>	<u>101 925</u>	<u>-</u>	<u>50 537</u>
FUND BALANCE - ENDING	<u>\$ 72 052</u>	<u>\$ 139 372</u>	<u>\$ -</u>	<u>\$ 51 293</u>

See independent auditors' report.

LAW LIBRARY FUND	CASSELS- BOYKIN PARK	ADULT PROBATION FUND	JUVENILE SERVICE FUND	COUNTY CLERK RECORDS MANAGEMENT	TEEN COURT FUND	SECURITY FUND
\$ 28 876	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
203	-	2 396 552	751 515	-	-	44 153
-	305	3 690	959	1 983	36	941
-	44 279	-	63 600	294 897	-	-
-	-	-	-	-	100	-
-	-	2 613	-	-	-	-
<u>29 079</u>	<u>44 584</u>	<u>2 402 855</u>	<u>816 074</u>	<u>296 880</u>	<u>136</u>	<u>45 094</u>
-	-	-	-	204 422	-	-
28 829	-	2 458 846	1 916 074	-	401	21 865
-	-	-	-	-	-	-
-	113 594	-	-	-	-	-
<u>28 829</u>	<u>113 594</u>	<u>2 458 846</u>	<u>1 916 074</u>	<u>204 422</u>	<u>401</u>	<u>21 865</u>
250	(69 010)	(55 991)	(1 100 000)	92 458	(265)	23 229
-	93 000	-	1 100 000	-	-	-
-	93 000	-	1 100 000	-	-	-
250	23 990	(55 991)	-	92 458	(265)	23 229
23 597	(6 355)	458 027	(681 298)	177 248	5 124	112 743
<u>\$ 23 847</u>	<u>\$ 17 635</u>	<u>\$ 402 036</u>	<u>\$ (681 298)</u>	<u>\$ 269 706</u>	<u>\$ 4 859</u>	<u>\$ 135 972</u>

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2017

	DISTRICT CLERK RECORDS MANAGEMENT	JUVENILE COMMUNITY SERVICE	DISTRICT CLERK TECH FUND	COUNTY RECORDS PRESERVATION
Revenues:				
Ad valorem tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	18 496	-	-	9 894
Interest income	136	195	407	1 722
Fines and fees	-	-	10 712	-
Contributions and donations	-	-	-	-
Other revenues	-	-	-	-
	18 632	195	11 119	11 616
TOTAL REVENUES				
Expenditures:				
Administrative	9 348	-	-	20 563
Judicial and law enforcement	-	-	-	-
Health, welfare and sanitation	-	-	-	-
Highways and streets	-	-	-	-
	9 348	-	-	20 563
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9 284	195	11 119	(8 947)
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	9 284	195	11 119	(8 947)
Fund balance - Beginning	11 768	26 533	48 847	238 499
FUND BALANCE - ENDING	\$ 21 052	\$ 26 728	\$ 59 966	\$ 229 552

See independent auditors' report.

	CONSTABLES RADIO COMMUNICATIONS GRANT	SAFPF RE-ENTRY COURT	FAMILY CRISIS COURT	GRANTS FUND	DRUG COURT GRANT	CONSTABLE #1 FORFEITURE FUND
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	38 654	-	513 367	134 968	-
	28	590	12	-	92	61
	-	3 132	-	-	3 132	-
	-	-	-	-	500	-
	-	-	-	-	-	2 473
	<u>28</u>	<u>42 376</u>	<u>12</u>	<u>513 367</u>	<u>138 692</u>	<u>2 534</u>
	-	-	-	70 000	-	-
	-	42 376	-	366 921	138 691	90
	-	-	-	19 455	-	-
	-	-	-	56 991	-	-
	-	42 376	-	513 367	138 691	90
	<u>28</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>1</u>	<u>2 444</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	28	-	12	-	1	2 444
	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>6 503</u>
\$	<u><u>43</u></u>	<u><u>-</u></u>	<u><u>12</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>8 947</u></u>

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2017

	SHERIFF FEDERAL FORFEITURE	SHERIFF FORFEITURE FUND	COUNTY ATTORNEY FORFEITURE
Revenues:			
Ad valorem tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Interest income	39	282	825
Fines and fees	-	-	-
Contributions and donations	-	-	-
Other revenues	-	14 403	70 436
	39	14 685	71 261
Expenditures:			
Administrative	-	-	-
Judicial and law enforcement	-	14 238	899
Health, welfare and sanitation	-	-	-
Highway and streets	-	-	-
	-	14 238	899
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	39	447	70 362
Other Financing Sources (Uses):			
Operating transfers in	-	-	-
	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	39	447	70 362
Fund balance - Beginning	5 211	36 156	59 666
FUND BALANCE - ENDING	\$ 5 250	\$ 36 603	\$ 130 028

See independent auditors' report.

DISTRICT ATTORNEY FORFEITURE	ABANDONED PROPERTY FUND	CONSTABLE #4 FORFEITURE FUND	COUNTY ATTORNEY HOT CHECK	DISTRICT ATTORNEY FUND	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68 400
-	-	-	-	-	3 965 035
599	19	6	583	9	15 702
-	-	-	9 148	118	441 953
-	-	-	-	-	600
<u>61 840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151 765</u>
<u>62 439</u>	<u>19</u>	<u>6</u>	<u>9 731</u>	<u>127</u>	<u>4 643 455</u>
-	-	-	-	-	304 333
670	-	-	22 076	2 145	5 074 682
-	-	-	-	-	152 305
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56 991</u>
<u>670</u>	<u>-</u>	<u>-</u>	<u>22 076</u>	<u>2 145</u>	<u>5 588 311</u>
<u>61 769</u>	<u>19</u>	<u>6</u>	<u>(12 345)</u>	<u>(2 018)</u>	<u>(944 856)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 193 000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1 193 000</u>
61 769	19	6	(12 345)	(2 018)	248 144
<u>38 541</u>	<u>2 762</u>	<u>728</u>	<u>84 942</u>	<u>1 557</u>	<u>881 472</u>
<u>\$ 100 310</u>	<u>\$ 2 781</u>	<u>\$ 734</u>	<u>\$ 72 597</u>	<u>\$ (461)</u>	<u>\$ 1 129 616</u>

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2017

	<u>2014 TAX NOTE FUND</u>	<u>CONSTRUCTION FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalent	\$ 311 052	\$ (136 694)	\$ 174 358
Receivables:			
Intergovernmental	-	85 577	85 577
TOTAL ASSETS	<u>\$ 311 052</u>	<u>\$ (51 117)</u>	<u>\$ 259 935</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted:			
Construction	<u>311 052</u>	<u>(51 117)</u>	<u>259 935</u>
TOTAL FUND BALANCES	<u>311 052</u>	<u>(51 117)</u>	<u>259 935</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 311 052</u>	<u>\$ (51 117)</u>	<u>\$ 259 935</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, 2017

	2014 TAX NOTE FUND	CONSTRUCTION FUND	TOTAL
Revenues:			
Intergovernmental	\$ -	\$ 70 522	\$ 70 522
Interest income	2 499	-	2 499
Contributions and donations	-	16 755	16 755
TOTAL REVENUES	2 499	87 277	89 776
Expenditures:			
Health, welfare and sanitation	-	83 777	83 777
Capital outlays	133 467	3 500	136 967
TOTAL EXPENDITURES	133 467	87 277	220 744
NET CHANGE IN FUND BALANCE	(130 968)	-	(130 968)
Fund balance - Beginning	442 020	(51 117)	390 903
FUND BALANCE - ENDING	\$ 311 052	\$ (51 117)	\$ 259 935

See independent auditors' report.

AGENCY FUNDS

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 December 31, 2017

	DISTRICT CLERK	COUNTY CLERK	SHERIFF	JUSTICES OF THE PEACE
ASSETS				
Cash and cash equivalents	\$ 1 764 633	\$ 272 035	\$ 341 748	\$ 988
Investments	598 509	342 965	-	-
TOTAL ASSETS	\$ 2 363 142	\$ 615 000	\$ 341 748	\$ 988
LIABILITIES				
Due to others	\$ 2 363 142	\$ 615 000	\$ 341 748	\$ 988
TOTAL LIABILITIES	\$ 2 363 142	\$ 615 000	\$ 341 748	\$ 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>
\$ 5 704 332	\$ 4 309	\$ 5 909	\$ 1 068	\$ 8 095 022
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>941 474</u>
<u>\$ 5 704 332</u>	<u>\$ 4 309</u>	<u>\$ 5 909</u>	<u>\$ 1 068</u>	<u>\$ 9 036 496</u>
\$ 5 704 332	\$ 4 309	\$ 5 909	\$ 1 068	\$ 9 036 496
<u>\$ 5 704 332</u>	<u>\$ 4 309</u>	<u>\$ 5 909</u>	<u>\$ 1 068</u>	<u>\$ 9 036 496</u>

COMPLIANCE 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, 2017, 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 26, 2018.

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.

Lufkin, Texas
June 26, 2018


CERTIFIED PUBLIC ACCOUNTANTS