

ANGELINA COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
December 31, 2018

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INTRODUCTORY SECTION

ANGELINA COUNTY, TEXAS
PRINCIPAL OFFICIALS
December 31, 2018

GOVERNING BODY

Honorable Don Lymbery County Judge
Greg Harrison..... Commissioner, Precinct 1
Kermit Kennedy..... 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
Jill BrewerCounty 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 as of and for the year ended December 31, 2018, 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, 2018, 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 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, combining fund statements and schedule of expenditures of federal awards as required by Uniform Guidance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining fund statements, and schedule of expenditures of federal awards as required by Uniform Guidance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the introductory section, combining fund statements, and schedule of expenditures of federal awards as required by Uniform Guidance 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 July 9, 2019 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.


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
July 9, 2019

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

As management of Angelina 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, 2018. 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 \$44,724,979 (*net position*). Of this amount, \$9,315,941 (*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 \$14,886,283, an increase of \$1,592,911 in comparison with the prior year, before the prior period adjustments of \$94,961.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,110,800.

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, an airport and an internal service fund.

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 in 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 in 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 \$44,724,979 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 (54.0 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 37 708	\$ 36 223	\$ 3 040	\$ 3 011	\$ 40 748	\$ 39 244
Capital assets	22 385	22 951	14 715	12 388	37 100	35 339
TOTAL ASSETS	60 093	59 173	17 755	15 399	77 848	74 572
Deferred outflows	5 149	5 849	-	-	5 149	5 849
Long-term liabilities	4 487	9 339	6 927	6 602	11 414	15 941
Other liabilities	5 423	4 480	209	220	5 632	4 700
TOTAL LIABILITIES	9 911	13 819	7 135	6 822	17 046	20 641
Deferred inflows	21 227	17 958	-	-	21 227	17 958
Net Position:						
Net invest in capital assets,	17 871	17 818	7 747	6 154	25 618	23 972
Restricted	2 824	2 332	6 968	6 234	9 792	8 566
Unrestricted	13 410	13 095	(4 095)	(3 811)	9 315	9 284
TOTAL NET POSITION	\$ 34 105	\$ 33 244	\$ 10 620	\$ 8 577	\$ 44 725	\$ 41 821

An additional portion of the County's net position (26.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$9,315,941 may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities. Governmental activities increased the County's net position by \$765,228. Key elements of this net increase are as follows:

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for service	\$ 9 368	\$ 9 508	\$ 4 193	\$ 3 490	\$ 13 562	\$ 12 998
Operating grants and contributions	3 849	3 633	-	-	5 849	3 633
Capital grants and contributions	654	144	2 241	-	2 897	144
General Revenues:						
Property taxes	17 793	17 836	-	-	17 793	17 836
Sales taxes	6 483	5 868	-	-	6 483	5 868
Other taxes	117	109	-	-	117	109
Investment earnings	434	176	42	20	476	196
Miscellaneous	906	379	69	92	975	471
TOTAL REVENUES	39 632	37 654	6 546	3 602	46 178	41 256
Expenses:						
Administrative	9 225	8 616	-	-	9 225	8 616
Judicial and law enforcement	23 145	22 797	-	-	23 145	22 797
Health, welfare and sanitation	1 909	1 996	-	-	1 909	1 996
Highways and streets	4 322	4 817	-	-	4 322	4 817
Extension service	172	202	-	-	172	202
Interest and fiscal charges	66	46	-	-	66	46
Landfill	-	-	2 687	2 644	2 687	2 644
Airport	-	-	1 816	1 508	1 816	1 508
TOTAL EXPENSES	38 839	38 474	4 503	4 152	43 342	42 626
CHANGE IN NET POSITION	765	(820)	2 044	(550)	2 809	(1 369)
Net position, beginning (restated)	33 339	34 065	8 576	9 126	41 915	43 191
NET POSITION, ENDING	\$ 34 105	\$ 33 245	\$ 10 620	\$ 8 576	\$ 44 725	\$ 41 821

**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 \$14,886,283. The *unassigned fund balance* amounts to a surplus of \$11,110,800. The amount of fund balance that is restricted \$3,023,059 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 \$11,110,800. 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 48 percent of total general fund expenditures.

The fund balance of the County's general fund increased by \$995,773 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 \$971,675, all of which is restricted for the maintenance and construction of roads and bridges. The net increase in fund balance during the current year in the road and bridge funds are \$364,947.

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 \$(4,601,741), and those for the Airport amounted to \$467,935. Net position restricted for future landfill closure of the Landfill at the end of the year amounted to \$6,967,783. The total change in net position for both funds was \$54,303 and \$1,989,508, 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 \$1,302,368. Expenditures were less than budgetary estimates by \$770,115.

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, 2018, amounts to \$30,132,095 (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	
	2018	2017	2018	2017	2018	2017
Land	\$ 700	\$ 700	\$ 2 181	\$ 2 169	\$ 2 881	\$ 2 869
Buildings	23 314	22 982	6 346	6 333	29 660	29 315
Machinery and equipment	16 017	15 350	6 299	6 049	22 316	21 399
Infrastructure	70 008	69 496	11 375	8 940	81 383	78 436
Construction in progress	168	192	4	257	172	449
Depreciation	(87 823)	(85 769)	(18 458)	(17 594)	(106 281)	(103 363)
TOTAL	\$ 22 385	\$ 22 951	\$ 7 747	\$ 6 154	\$ 30 132	\$ 29 105

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$2,835,000.

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTALS	
	2018	2017	2018	2017	2018	2017
Refunding bonds	\$ 2 835	\$ 3 520	\$ -	\$ -	\$ 2 835	\$ 3 520
Notes	68	119	-	-	68	119
Capital leases	1 610	1 494	-	-	1 610	1 494
Landfill closure and postclosure	-	-	6 927	6 602	6 927	6 602
TOTAL	\$ 4 514	\$ 5 133	\$ 6 927	\$ 6 602	\$ 11 441	\$ 11 735

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 of this report.

Economic Factors and Next Years' Budgets and Rates

- The County's unemployment rate for the current fiscal year was 4.4 percent, which was 5.1 percent in the previous year. This compares unfavorably to the state's unemployment rate of 3.9 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 2019 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, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalent	\$ 130 609	\$ 1 011 521	\$ 1 142 130
Investments	22 484 532	1 694 162	24 178 694
Receivables (Net Allowance):			
Taxes	12 318 221	-	12 318 221
Miscellaneous	573 251	-	573 251
Intergovernmental	1 719 466	-	1 719 466
Accounts	439 179	261 547	700 726
Due from others	-	34 153	34 153
Inventory	43 000	39 021	82 021
TOTAL CURRENT ASSETS	37 708 276	3 040 404	40 748 680
Noncurrent Assets:			
Restricted Assets:			
Investments	-	6 967 783	6 967 783
Capital assets (net of depreciation)	22 384 854	7 747 241	30 132 095
TOTAL NONCURRENT ASSETS	22 384 854	14 715 024	37 099 878
TOTAL ASSETS	60 093 130	17 755 428	77 848 558
DEFERRED OUTFLOWS			
Prepaid expense	752 424	-	752 424
Subsequent pension contributions	1 553 459	-	1 553 459
Pension related deferred outflows	2 843 441	-	2 843 441
TOTAL DEFERRED OUTFLOWS	5 149 324	-	5 149 324
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 65 242 454	\$ 17 755 428	\$ 82 997 882
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 911 036	\$ 66 024	\$ 977 060
Accrued liabilities	2 385 789	142 622	2 528 411
Accrued interest	51 404	-	51 404
Due within one year	2 074 564	-	2 074 564
TOTAL CURRENT LIABILITIES	5 422 793	208 646	5 631 439
Noncurrent Liabilities:			
Bond Premium	72 049	-	72 049
Due in more than one year	3 260 494	6 926 543	10 187 037
Net pension liability	1 155 204	-	1 155 204
TOTAL NONCURRENT LIABILITIES	4 487 747	6 926 543	11 414 290
TOTAL LIABILITIES	9 910 540	7 135 189	17 045 729
DEFERRED INFLOWS			
Deferred pension inflow	4 078 591	-	4 078 591
Unavailable revenues	17 148 582	-	17 148 582
TOTAL DEFERRED INFLOWS	21 227 173	-	21 227 173
NET POSITION			
Net investment in capital assets	17 870 956	7 747 241	25 618 197
Restricted:			
Construction	154 083	-	154 083
Debt service	325 879	-	325 879
Other	2 343 097	6 967 783	9 310 880
Unrestricted	13 410 726	(4 094 785)	9 315 941
TOTAL NET POSITION	34 104 741	10 620 239	44 724 980
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 65 242 454	\$ 17 755 428	\$ 82 997 882

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, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
Administrative	\$ 9 224 618	\$ 5 961 014	\$ 71 505	\$ -
Judicial and law enforcement	23 144 757	2 138 226	3 597 992	-
Health, welfare and sanitation	1 909 634	4 627	132 387	240 383
Highways and streets	4 321 910	1 264 307	47 410	413 804
Extension services	171 778	-	-	-
Interest and fiscal charges	65 997	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>38 838 693</u>	<u>9 368 174</u>	<u>3 849 294</u>	<u>654 187</u>
Business-Type Activities:				
Landfill	2 686 686	2 633 786	-	-
Airport	1 815 866	1 559 608	-	2 241 097
TOTAL BUSINESS-TYPE ACTIVITIES	<u>4 502 552</u>	<u>4 193 394</u>	<u>-</u>	<u>2 241 097</u>
TOTAL GOVERNMENT	\$ <u>43 341 245</u>	\$ <u>13 561 568</u>	\$ <u>3 849 294</u>	\$ <u>2 895 284</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
\$ (3 192 099)	\$ -	\$ (3 192 099)
(17 408 539)	-	(17 408 539)
(1 532 237)	-	(1 532 237)
(2 596 389)	-	(2 596 389)
(171 778)	-	(171 778)
<u>(65 997)</u>	<u>-</u>	<u>(65 997)</u>
<u>(24 967 039)</u>	<u>-</u>	<u>(24 967 039)</u>
-	(52 900)	(52 900)
<u>-</u>	<u>1 984 839</u>	<u>1 984 839</u>
-	1 931 939	1 931 939
<u>(24 967 039)</u>	<u>1 931 939</u>	<u>(23 035 100)</u>
17 792 644	-	17 792 644
6 482 981	-	6 482 981
117 025	-	117 025
434 042	42 414	501 039
<u>905 575</u>	<u>69 458</u>	<u>975 033</u>
<u>25 732 267</u>	<u>111 872</u>	<u>25 844 139</u>
<u>765 228</u>	<u>2 043 811</u>	<u>2 809 039</u>
33 244 551	8 576 689	41 821 240
<u>94 961</u>	<u>(261)</u>	<u>94 700</u>
<u>33 339 512</u>	<u>8 576 428</u>	<u>41 915 940</u>
\$ <u>34 104 741</u>	\$ <u>10 620 239</u>	\$ <u>44 724 979</u>

ANGELINA COUNTY, TEXAS
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	<u>GENERAL FUND</u>	<u>ROAD AND BRIDGE #1 FUND</u>	<u>ROAD AND BRIDGE #2 FUND</u>
ASSETS			
Cash and cash equivalent	\$ (3 312 391)	\$ 141 258	\$ 409 121
Investments	20 952 892	-	-
Receivables:			
Taxes	12 318 221	-	-
Miscellaneous	-	87 665	-
Intergovernmental	1 495 307	-	-
Other	439 179	-	-
Due from other funds	3 000	633 659	279 970
Inventory	-	-	-
TOTAL ASSETS	<u>31 896 208</u>	<u>862 582</u>	<u>689 091</u>
DEFERRED OUTFLOWS			
Prepaid expense	<u>752 424</u>	-	-
TOTAL DEFERRED OUTFLOWS	<u>752 424</u>	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 32 648 632</u>	<u>\$ 862 582</u>	<u>\$ 689 091</u>
LIABILITIES			
Accounts payable	\$ 594 804	\$ 33 890	\$ 6 082
Accrued liabilities	1 404 895	22 387	10 510
Accrued compensated absences	619 174	30 490	10 318
Due to other funds	<u>3 308 543</u>	-	-
TOTAL LIABILITIES	<u>5 927 416</u>	<u>86 767</u>	<u>26 910</u>
DEFERRED INFLOWS			
Unavailable revenue	<u>14 857 992</u>	<u>645 824</u>	<u>282 225</u>
TOTAL DEFERRED INFLOWS	<u>14 857 992</u>	<u>645 824</u>	<u>282 225</u>
FUND BALANCES			
Nonspendable	752 424	-	-
Restricted:			
Highways and streets	-	129 991	379 956
Construction	-	-	-
Debt service	-	-	-
Other	-	-	-
Unassigned	<u>11 110 800</u>	-	-
TOTAL FUND BALANCES	<u>11 863 224</u>	<u>129 991</u>	<u>379 956</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 32 648 632</u>	<u>\$ 862 582</u>	<u>\$ 689 081</u>

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

ROAD AND BRIDGE #3 FUND	ROAD AND BRIDGE #4 FUND	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 322 337	\$ 245 546	\$ 1 896 088	\$ (298 041)
-	-	300 981	21 253 873
-	-	-	12 318 221
-	21 400	464 186	573 251
-	-	224 159	1 719 466
-	-	-	439 179
811 552	754 430	828 950	3 311 561
43 000	-	-	43 000
<u>1 176 889</u>	<u>1 021 376</u>	<u>3 714 364</u>	<u>39 360 510</u>
-	-	-	752 424
-	-	-	752 424
<u>\$ 1 176 889</u>	<u>\$ 1 021 376</u>	<u>\$ 3 714 364</u>	<u>\$ 40 112 934</u>
\$ 14 392	\$ 7 996	\$ 253 614	\$ 910 778
65 233	50 412	208 682	1 762 119
-	-	52 252	712 234
-	-	3 000	3 311 543
<u>79 625</u>	<u>58 408</u>	<u>517 548</u>	<u>6 696 674</u>
<u>828 438</u>	<u>770 066</u>	<u>1 145 432</u>	<u>18 529 977</u>
<u>828 438</u>	<u>770 066</u>	<u>1 145 432</u>	<u>18 529 977</u>
-	-	-	752 424
268 826	192 902	-	971 675
-	-	154 083	154 083
-	-	325 879	325 879
-	-	1 571 422	1 571 422
-	-	-	11 110 800
<u>268 826</u>	<u>192 902</u>	<u>2 051 384</u>	<u>14 886 283</u>
<u>\$ 1 176 889</u>	<u>\$ 1 021 376</u>	<u>\$ 3 714 364</u>	<u>\$ 40 112 934</u>

ANGELINA COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2018

Total fund balances - Governmental funds balance sheet	\$	14 886 283
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.		22 384 854
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1 381 395
Payables for debt principal, interest and bond premium which are not due in the current period are not reported in the funds.		(5 458 511)
Recognition of the County's net pension liability and related deferred outflows are not reported in the funds.		(4 606 855)
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>5 517 575</u>
 NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	 \$	 <u><u>34 104 741</u></u>

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

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 December 31, 2018

	<u>GENERAL FUND</u>	<u>ROAD AND BRIDGE #1 FUND</u>	<u>ROAD AND BRIDGE #2 FUND</u>
Revenues:			
Ad valorem taxes	\$ 14 440 928	\$ 634 034	\$ 280 040
Sales tax	6 450 524	8 370	1 547
Other taxes	117 025	-	-
Intergovernmental	566 943	56 264	10 373
Charges for services	2 125	-	-
Fines and fees	3 044 656	326 418	60 180
Interest income	325 754	5 263	7 876
Contributions and donations	-	-	-
Other revenue	203 779	51 245	-
TOTAL REVENUES	<u>25 151 734</u>	<u>1 081 594</u>	<u>360 016</u>
Expenditures:			
Administrative	7 461 689	-	-
Judicial and law enforcement	13 880 523	-	-
Health, welfare and sanitation	1 500 931	-	-
Highways and streets	-	927 665	328 006
Extension services	140 168	-	-
Capital outlays	-	52 892	-
Debt Service:	-	-	-
Principal	-	-	-
Interest and other fees	-	-	-
TOTAL EXPENDITURES	<u>22 983 311</u>	<u>980 557</u>	<u>328 006</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2 168 423</u>	<u>101 037</u>	<u>32 010</u>
Other Financing Sources (Uses):			
Operating transfers in	-	-	-
Operating transfers out	(1 172 650)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1 172 650)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>995 773</u>	<u>101 037</u>	<u>32 010</u>
Fund balance - Beginning	10 867 451	28 954	347 946
Prior period adjustment	-	-	-
FUND BALANCE - BEGINNING (RESTATED)	<u>10 867 451</u>	<u>28 954</u>	<u>347 946</u>
FUND BALANCE - ENDING	<u>\$ 11 863 224</u>	<u>\$ 129 991</u>	<u>\$ 379 956</u>

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

	ROAD AND BRIDGE #3 FUND	ROAD AND BRIDGE #4 FUND	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$	812 081	\$ 754 910	\$ 812 200	\$ 17 734 193
	11 825	10 715	-	6 482 981
	-	-	-	117 025
	78 960	71 916	4 626 103	5 410 559
	-	-	-	2 125
	460 363	417 346	582 037	4 891 000
	10 207	6 800	44 714	400 614
	-	-	63 032	63 032
	-	6 556	18 875	280 455
	<u>1 373 436</u>	<u>1 268 243</u>	<u>6 146 961</u>	<u>35 381 984</u>
	-	-	162 435	7 624 124
	-	-	5 277 736	19 158 259
	-	-	372 820	1 873 751
	1 276 845	1 118 123	415 474	4 066 113
	-	-	-	140 168
	-	14 811	109 904	177 607
	-	-	685 000	685 000
	-	-	64 051	64 051
	<u>1 276 845</u>	<u>1 132 934</u>	<u>7 087 420</u>	<u>33 789 073</u>
	<u>96 591</u>	<u>135 309</u>	<u>(940 459)</u>	<u>1 592 911</u>
	-	-	1 172 650	1 172 650
	-	-	-	(1 172 650)
	-	-	1 172 650	-
	<u>96 591</u>	<u>135 309</u>	<u>232 191</u>	<u>1 592 911</u>
	172 235	57 593	1 724 232	13 198 411
	-	-	94 961	94 961
	<u>172 235</u>	<u>57 593</u>	<u>1 819 193</u>	<u>13 293 372</u>
\$	<u>268 826</u>	<u>192 902</u>	<u>2 051 384</u>	<u>14 886 283</u>

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, 2018

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

Net change in fund balances - Total governmental funds	\$ 1 592 911
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.	(565 983)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	58 451
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.	508 036
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.	(754 887)
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>(73 299)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 765 229</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, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND GROUP HEALTH INSURANCE FUND
	LANDFILL	AIRPORT	TOTAL	
ASSETS				
Current Assets:				
Cash and cash equivalent	\$ 594 799	\$ 416 722	\$ 1 011 521	\$ 428 650
Investments	1 694 162	-	1 694 162	1 230 659
Receivables (Net Allowance):				
Accounts	194 942	66 605	261 547	-
Due from others	1 161	32 992	34 153	-
Inventory	-	39 021	39 021	-
TOTAL CURRENT ASSETS	2 485 064	555 340	3 040 404	1 659 309
Noncurrent Assets:				
Restricted Assets:				
Investments	6 967 783	-	6 967 783	-
TOTAL RESTRICTED ASSETS	6 967 783	-	6 967 783	-
Capital assets (net of depreciation)	4 217 190	3 530 051	7 747 241	-
TOTAL NONCURRENT ASSETS	11 184 973	3 530 051	14 715 024	-
TOTAL ASSETS	\$ 13 670 037	\$ 4 085 391	\$ 17 755 428	\$ 1 659 309
LIABILITIES				
Current Liabilities:				
Accounts/claims payable	\$ 58 087	\$ 7 937	\$ 66 024	\$ 258
Accrued liabilities	102 175	40 447	142 622	623 670
TOTAL CURRENT LIABILITIES	160 262	48 384	208 646	623 928
Noncurrent Liabilities:				
Landfill post closure cost - Noncurrent	6 926 543	-	6 926 543	-
TOTAL NONCURRENT LIABILITIES	6 926 543	-	6 926 543	-
TOTAL LIABILITIES	7 086 805	48 384	7 135 189	623 928
NET POSITION				
Non-spendable	-	39 021	39 021	-
Net investment in capital assets	4 217 190	3 530 051	7 747 241	-
Restricted for post closure liability	6 967 783	-	6 967 783	-
Unrestricted	(4 601 741)	467 935	(4 133 806)	1 035 381
TOTAL NET POSITION	6 583 232	4 037 007	10 620 239	1 035 381
TOTAL LIABILITIES AND NET POSITION	\$ 13 670 037	\$ 4 085 391	\$ 17 755 428	\$ 1 659 309

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, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND GROUP HEALTH INSURANCE FUND</u>
	<u>LANDFILL</u>	<u>AIRPORT</u>	<u>TOTAL</u>	
Operating Revenues:				
Charges for services	\$ 2 596 013	\$ 127 081	\$ 2 723 094	\$ -
Fuel and oil sales	-	1 021 938	1 021 938	-
Café sales	-	147 652	147 652	-
Employee premiums	-	-	-	469 659
Employer premiums	-	-	-	2 968 000
Stop-loss reimbursements	-	-	-	692 400
Contributions and donations	-	2 241 097	2 241 097	-
Other revenue	37 773	262 937	300 710	-
TOTAL OPERATING REVENUES	<u>2 633 786</u>	<u>3 800 705</u>	<u>6 434 491</u>	<u>4 130 059</u>
Operating Expenses:				
Salaries	895 403	344 229	1 239 632	-
Fuel	-	728 359	728 359	-
Repairs and supplies	519 614	45 721	565 335	-
Café cost	-	191 008	191 008	-
Depreciation and amortization	706 911	409 769	1 116 680	-
Professional fees	98 923	-	98 923	-
Insurance claims and related expenses	-	-	-	4 918 375
Closure and post closure expense	324 627	-	324 627	-
Capital outlay	61 079	1 571	62 650	-
Other expenses	80 129	95 209	175 338	-
TOTAL OPERATING EXPENSES	<u>2 686 686</u>	<u>1 815 866</u>	<u>4 502 552</u>	<u>4 918 375</u>
OPERATING INCOME (LOSS)	<u>(52 900)</u>	<u>1 984 839</u>	<u>1 931 939</u>	<u>(788 316)</u>
Non-Operating Revenues:				
Interest earned	37 745	4 669	42 414	33 428
Trust income	69 458	-	69 458	-
TOTAL NON-OPERATING REVENUES	<u>107 203</u>	<u>4 669</u>	<u>111 872</u>	<u>33 428</u>
NET CHANGE IN NET POSITION	<u>54 303</u>	<u>1 989 508</u>	<u>2 043 811</u>	<u>(754 888)</u>
Net position - Beginning	6 528 929	2 047 760	8 576 689	1 790 269
Prior period adjustment	-	(261)	(261)	-
NET POSITION - BEGINNING, RESTATED	<u>6 528 929</u>	<u>2 047 499</u>	<u>8 576 428</u>	<u>1 790 269</u>
NET POSITION - ENDING	<u>\$ 6 583 232</u>	<u>\$ 4 037 007</u>	<u>\$ 10 620 239</u>	<u>\$ 1 035 381</u>

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

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL
	LANDFILL	AIRPORT	TOTALS	SERVICE FUND GROUP HEALTH INSURANCE FUND
Cash Flows From Operating Activities:				
Receipts from customers	\$ 2 642 187	\$ 3 785 600	\$ 6 427 787	\$ -
Receipts from interfund services provided	-	-	-	4 130 059
Payments for interfund services used	-	-	-	(4 872 742)
Payments to suppliers	(748 559)	(961 313)	(1 709 872)	-
Payments to employees	(887 560)	(442 988)	(1 330 548)	-
NET CASH USED BY OPERATING ACTIVITIES	<u>1 006 068</u>	<u>2 381 299</u>	<u>3 387 367</u>	<u>(742 683)</u>
Cash Flows From Non-Capital Financing Activities:				
Borrowing (to) from other funds	1 098	14 644	15 742	-
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>1 098</u>	<u>14 644</u>	<u>15 742</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:				
Sale of assets	-	241 305	241 305	-
Acquisition of capital assets	(460 057)	(2 491 377)	(2 951 434)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(460 057)</u>	<u>(2 250 072)</u>	<u>(2 710 129)</u>	<u>-</u>
Cash Flows From Investing Activities:				
Purchase of investments	(695 227)	-	(695 227)	770 623
Interest received	37 745	4 669	42 414	33 428
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(657 482)</u>	<u>4 669</u>	<u>(652 813)</u>	<u>804 051</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(110 373)	150 540	40 167	61 368
Cash and cash equivalents - Beginning of year	705 172	266 182	971 354	367 282
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 594 799</u>	<u>\$ 416 722</u>	<u>\$ 1 011 521</u>	<u>\$ 428 650</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (52 900)	\$ 1 984 839	\$ 1 931 939	\$ (788 316)
Adjustments:				
Depreciation	706 911	409 769	1 116 680	-
Decrease (increase) in accounts receivable	8 401	(15 105)	(6 704)	-
Decrease (increase) in inventory	-	32 644	32 644	-
Increase (decrease) in accounts/claims payable	11 186	(39 269)	(28 083)	8
Increase (decrease) in accrued liabilities	7 843	8 421	16 264	45 625
Increase (decrease) in landfill closure and post closure cost	324 627	-	324 627	-
TOTAL ADJUSTMENTS	<u>1 058 968</u>	<u>396 460</u>	<u>1 455 428</u>	<u>45 633</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1 006 068</u>	<u>\$ 2 381 299</u>	<u>\$ 3 387 367</u>	<u>\$ (742 683)</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, 2018

	<u>TOTAL AGENCY FUNDS</u>
ASSETS	
Cash and cash equivalents	\$ 15 510 312
Investments	<u>964 041</u>
TOTAL ASSETS	<u>\$ 16 474 353</u>
LIABILITIES	
Due to others	\$ <u>16 474 353</u>
TOTAL LIABILITIES	<u>\$ 16 474 353</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Angelina 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 and airport enterprise funds, and the County's internal service funds are charges to customers and the County departments for sales and services. Operating expenses for the enterprise funds and internal service fund 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, 2018, expenditures exceeded appropriations (by significant amounts) in the following funds and departments:

DEPARTMENT/FUND	AMOUNT
General - County Public Health and Welfare	\$ 174 944
General - Election/Voter Registration	\$ 32 304

C. Deficit Fund Equity

SPECIAL REVENUE FUNDS	DEFICIT BALANCE
Juvenile Services	\$ 616 294
District Attorney	\$ 503
SAFPF Re-Entry Court	\$ 22 193
Grant Fund	\$ 1 513
<hr style="border: 0.5px solid black;"/>	
CAPITAL PROJECT FUNDS	
Construction Fund	\$ 51 117

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

At year end, the County's carrying amount of deposits was \$16,652,442 and the bank balance was \$12,633,024. 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, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

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

	1	2	3	REPORTED AMOUNT/ FAIR VALUE
Waste Management Center Trust:				
U.S. Government Securities	\$ 2 544 641	\$ -	\$ -	\$ 2 544 641
Tex Star	-	-	1 694 162	1 694 162
Certificates of Deposits	4 423 142	-	-	4 423 142
Investment Pools:				
Tex Star	-	-	6 438 182	6 438 182
Investors Cash Trust	-	-	1 948 610	1 948 610
Certificates of Deposits	3 884 311	-	-	3 884 311
Tex Pool	-	-	8 280 298	8 280 298
Money Market Funds	2 897 172	-	-	2 897 172
TOTAL INVESTMENTS	\$ 13 749 266	\$ -	\$ 18 361 252	\$ 32 110 518

C. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	BEGINNING BALANCE	ADDITIONS	TRANSFERS	DELETIONS	ENDING BALANCE
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 699 863	\$ -	\$ -	\$ -	\$ 699 863
Construction in progress	192 403	595 174	(619 118)	-	168 459
TOTAL ASSETS NOT BEING DEPRECIATED	892 266	595 174	(619 118)	-	868 322
Capital Assets Being Depreciated:					
Buildings	22 982 316	332 105	-	-	23 314 421
Equipment	15 349 569	828 859	1 160	(162 203)	16 017 385
Infrastructure	69 495 755	512 318	-	-	70 008 073
TOTAL ASSETS BEING DEPRECIATED	107 827 640	1 673 282	1 160	(162 203)	109 339 879
Less Accumulated Depreciation For:					
Buildings	(11 663 332)	(598 708)	-	-	(12 262 040)
Equipment	(10 536 736)	(1 190 937)	(1 160)	242 855	(11 485 978)
Infrastructure	(63 569 002)	(506 327)	-	-	(64 075 329)
TOTAL ACCUMULATED DEPRECIATION	(85 769 070)	(2 295 972)	(1 160)	242 855	(87 823 347)
TOTAL ASSETS BEING DEPRECIATED, NET	22 058 570	(622 690)	-	80 652	21 516 532
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 22 950 836	\$ (27 516)	\$ (619 118)	\$ 80 652	\$ 22 384 854
Business-Type Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 2 169 233	\$ 21 487	\$ -	\$ (10 000)	\$ 2 180 720
Construction in progress	257 145	2 213 436	-	(2 466 581)	4 000
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	2 426 378	2 234 923	-	(2 476 581)	2 184 720
Capital Assets Being Depreciated:					
Buildings and improvements	6 333 463	13 201	-	-	6 346 664
Machinery and equipment	6 048 638	502 814	(1 160)	(251 543)	6 298 749
Infrastructure	8 939 669	2 435 510	-	-	11 375 179
TOTAL CAPITAL ASSETS BEING DEPRECIATED	21 321 770	2 951 525	(1 160)	(251 543)	24 020 592
Less Accumulated Depreciation For:					
Buildings and improvements	(5 131 968)	(282 722)	-	-	(5 414 690)
Machinery and equipment	(3 852 379)	(470 791)	1 160	251 543	(4 070 467)
Infrastructure	(8 609 748)	(363 168)	-	-	(8 972 916)
TOTAL ACCUMULATED DEPRECIATION	(17 594 095)	(1 116 681)	1 160	251 543	(18 458 073)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	3 727 675	1 834 844	-	-	5 562 519
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 6 154 053	\$ 4 069 767	\$ -	\$ (2 476 581)	\$ 7 747 241

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2018

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	\$ 536 862
Judicial and law enforcement	1 371 670
Health, welfare and sanitation	111 855
Streets and highways	265 266
Extension service	<u>10 319</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 2 295 972</u>
Business-Type Activities:	
Landfill	\$ 706 912
Airport	<u>409 769</u>
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 1 116 681</u>

D. Long-Term Debt

Refunding Bond:

Refunding bonds payable at December 31, 2018 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>\$ 2 835 000</u>
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The County expended \$63,550 for interest on Refunding Bonds for the year ended December 31, 2018.

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

YEAR ENDING DECEMBER 31,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
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>\$ 2 835 000</u>	<u>\$ 114 250</u>	<u>\$ 2 949 240</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, 2018 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%	\$ 34 235
\$51,515 maturing through 2020, with principal payments from \$16,838 to \$17,520 with interest at 2.75%	<u>33 995</u>
	<u>\$ 68 230</u>

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2018

NOTE 3 - DETAILED NOTES ON ALL FUNDS - CONTINUED

YEAR ENDING DECEMBER 31,	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2019	\$ 51 073	\$ 1 784	\$ 52 857
2020	17 157	472	17 629
	<u>\$ 68 230</u>	<u>\$ 2 256</u>	<u>\$ 70 486</u>

Leases:

The County has leased two tandem axle trucks, two single axle trucks, and four motorgraders, two backhoes, tractor, a reclaimer, and COPSync software for four years at 2.25 to 3.99%.

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2019	\$ 1 318 491	\$ 49 389	\$ 1 367 880
2020	113 599	9 576	123 175
2021	120 519	4 484	125 003
2022	58 059	2 003	60 062
	<u>\$ 1 610 668</u>	<u>\$ 65 452</u>	<u>\$ 1 676 120</u>

Change in Long-Term Liabilities:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Notes payable	\$ 119 084	\$ -	\$ 50 854	\$ 68 230	\$ 51 073
Refunding bond	3 520 000	-	685 000	2 835 000	705 000
Capital leases	1 493 722	225 250	108 304	1 610 668	1 318 491
<u>GOVERNMENTAL ACTIVITY LONG- TERM LIABILITIES</u>	<u>\$ 5 132 806</u>	<u>\$ 225 250</u>	<u>\$ 844 158</u>	<u>\$ 4 513 898</u>	<u>\$ 2 074 564</u>
<u>BUSINESS-TYPE ACTIVITIES</u>	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>DUE WITHIN ONE YEAR</u>
Landfill closure and post closure costs	\$ 6 601 916	\$ 324 627	\$ -	\$ 6 926 543	\$ -
<u>BUSINESS-TYPE ACTIVITY LONG- TERM LIABILITIES</u>	<u>\$ 6 601 916</u>	<u>\$ 324 627</u>	<u>\$ -</u>	<u>\$ 6 926 543</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 \$6,926,543 as of December 31, 2018, which was based on 50% usage (filled) of the landfill. It is estimated that an additional \$6,987,835 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 \$13,914,378 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, 2018. 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, 2018

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, 2018, the balance in the landfill trust account was \$6,967,783. 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, 2018, the County abated property taxes totaling \$115,036 under this program, the amount of property valuation abated in the current and future years is as follows:

2018	\$	26 316 745
2019		20 195 337
2020		13 831 920
2021		9 272 154
2022		5 550 412
2023		2 275 461
2024		1 516 974
TOTAL	\$	<u>78 959 003</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	2.75%
Salary Increases	Varies by age and service, 4.9% average over career including inflation.
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, 2017 actuarial valuation analysis for the Angelina County. This information may also be found in the Angelina County December 31, 2017 Summary Valuation Report.

NOTE 4 - OTHER INFORMATION - CONTINUED

Economic Assumptions:

TCDRS System-Wide Economic Assumptions:

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%

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	9.00%
Employees Saving Fund	7.00%
Current Service Annuity Reserve Fund	7.00%

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	0.00%
Payroll growth	3.25%

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

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2018

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	5.00%	4.50%	4.00%	3.50%
1	4.25%	3.75%	3.25%	2.75%
2	3.85%	3.35%	2.85%	2.35%
3	3.50%	3.00%	2.50%	2.00%
4	3.15%	2.65%	2.25%	1.85%
5	2.90%	2.55%	2.15%	1.70%
6	2.65%	2.30%	1.95%	1.55%
7	2.45%	2.10%	1.75%	1.40%
8	2.30%	1.95%	1.60%	1.25%
9	2.15%	1.80%	1.45%	1.10%
10	2.00%	1.70%	1.40%	1.05%
11	1.90%	1.60%	1.25%	1.00%
12	1.80%	1.50%	1.15%	0.95%
13	1.70%	1.40%	1.05%	0.90%
14	1.60%	1.30%	0.95%	0.85%
15	1.50%	1.23%	0.90%	0.80%
16	1.40%	1.15%	0.85%	0.75%
17	1.30%	1.05%	0.80%	0.70%
18	1.23%	0.97%	0.75%	0.65%
19	1.15%	0.90%	0.70%	0.60%
20	1.10%	0.85%	0.65%	0.55%
21	1.05%	0.80%	0.60%	0.50%
22	1.00%	0.75%	0.55%	0.50%
23	0.95%	0.70%	0.50%	0.50%
24	0.90%	0.65%	0.50%	0.50%
25	0.85%	0.60%	0.50%	0.50%
26	0.80%	0.60%	0.50%	0.50%
27	0.75%	0.60%	0.50%	0.50%
28	0.70%	0.60%	0.50%	0.50%
29	0.65%	0.60%	0.50%	0.50%
30 & Up	0.60%	0.60%	0.50%	0.50%

* These rates do not include the wage inflation rate of 3.25% 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 8.41% total annual increase in his salary. The 8.41% is a combination of the 5.00% merit increase and the 3.25% 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, 2018

NOTE 4 - OTHER INFORMATION - CONTINUED

**Table 2
Annual Rates of Disability***

Age	Work Related	All Other Causes	Age	Work Related	All Other Causes
	Male and Female	Male and Female		Male and Female	Male and Female
less than 25	0.000%	0.000%	43	0.004%	0.058%
25	0.000%	0.000%	44	0.004%	0.063%
26	0.000%	0.000%	45	0.004%	0.069%
27	0.000%	0.000%	46	0.005%	0.076%
28	0.000%	0.008%	47	0.006%	0.084%
29	0.000%	0.008%	48	0.007%	0.095%
30	0.000%	0.009%	49	0.009%	0.109%
31	0.000%	0.010%	50	0.010%	0.125%
32	0.000%	0.010%	51	0.012%	0.142%
33	0.000%	0.011%	52	0.013%	0.162%
34	0.000%	0.014%	53	0.015%	0.183%
35	0.001%	0.018%	54	0.018%	0.203%
36	0.001%	0.022%	55	0.018%	0.222%
37	0.002%	0.028%	56	0.018%	0.238%
38	0.002%	0.033%	57	0.018%	0.250%
39	0.002%	0.038%	58	0.018%	0.259%
40	0.002%	0.042%	59	0.018%	0.270%
41	0.003%	0.047%	60 & Above	0.018%	0.000%
42	0.003%	0.053%			

* 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	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, projected with 110% of the MP-14 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

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, 2018

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	20.0%	20.0%
45-40	9.0%	9.0%	63	15.0%	15.0%
50	10.0%	10.0%	64	15.0%	15.0%
51	9.0%	10.0%	65	25.0%	25.0%
52	9.5%	10.5%	66	25.0%	25.0%
53	9.5%	10.5%	67	22.0%	22.0%
54	10.0%	10.5%	68	20.0%	20.0%
55	10.0%	11.0%	69	20.0%	20.0%
56	10.0%	11.0%	70	22.0%	22.0%
57	10.0%	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	12.0%	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	33.4%	36.2%	27.8%	30.2%	23.7%	25.6%	22.3%	24.1%
1	22.8%	24.8%	19.2%	20.8%	16.3%	17.7%	15.4%	16.6%
2	17.0%	18.4%	14.4%	15.6%	12.2%	13.3%	11.5%	12.5%
3	13.5%	14.6%	11.5%	12.5%	9.8%	10.6%	9.2%	10.0%
4	11.1%	12.1%	9.6%	10.4%	8.2%	8.8%	7.7%	8.3%
5	9.9%	10.8%	8.6%	9.4%	7.3%	8.0%	6.9%	7.5%
6	8.8%	9.5%	7.7%	8.3%	6.5%	7.1%	6.1%	6.7%
7	7.8%	8.5%	6.9%	7.5%	5.9%	6.4%	5.5%	6.0%
8	6.5%	7.0%	5.8%	6.2%	4.9%	5.3%	4.6%	5.0%
9	6.2%	6.7%	5.6%	6.0%	4.7%	5.1%	4.5%	4.8%
10	5.5%	5.9%	5.0%	5.4%	4.2%	4.6%	4.0%	4.3%
11	4.8%	5.2%	4.4%	4.8%	3.8%	4.1%	3.5%	3.8%
12	4.4%	4.7%	4.0%	4.4%	3.4%	3.7%	3.2%	3.5%
13	3.9%	4.2%	3.6%	4.0%	3.1%	3.4%	2.9%	3.2%
14	3.5%	3.7%	3.3%	3.5%	2.8%	3.0%	2.6%	2.8%
15	3.0%	3.3%	2.9%	3.1%	2.4%	2.7%	2.3%	2.5%
16	2.6%	2.8%	2.5%	2.7%	2.1%	2.3%	2.0%	2.2%
17	2.3%	2.5%	2.2%	2.4%	1.9%	2.0%	1.8%	1.9%
18	2.0%	2.1%	1.9%	2.1%	1.6%	1.8%	1.5%	1.7%
19	1.7%	1.9%	1.7%	1.9%	1.5%	1.6%	1.4%	1.5%
20	1.6%	1.8%	1.6%	1.8%	1.4%	1.5%	1.3%	1.4%
21	1.4%	1.6%	1.4%	1.6%	1.2%	1.3%	1.2%	1.3%
22	1.3%	1.5%	1.3%	1.5%	1.1%	1.2%	1.1%	1.2%
23	1.2%	1.4%	1.2%	1.4%	1.0%	1.1%	1.0%	1.1%
24	1.2%	1.3%	1.2%	1.3%	1.0%	1.1%	1.0%	1.0%
25	1.1%	1.2%	1.1%	1.2%	0.9%	1.0%	0.9%	1.0%
26	1.1%	1.1%	1.1%	1.1%	0.9%	1.0%	0.9%	0.9%
27	1.0%	1.0%	1.0%	1.0%	0.8%	0.9%	0.8%	0.8%
28	0.9%	0.9%	0.9%	0.9%	0.7%	0.8%	0.7%	0.7%
29	0.9%	0.8%	0.9%	0.8%	0.7%	0.8%	0.7%	0.6%
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, 2018

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	33%
4	100%	19	30%
5	100%	20	28%
6	100%	21	26%
7	100%	22	24%
8	47%	23	22%
9	46%	24	20%
10	45%	25	18%
11	44%	26	16%
12	43%	27	14%
13	42%	28	12%
14	41%	29*	10%

* Members with more than 29 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 2018 information for a 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 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 - December 31, 2016 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	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
International Equities - Developed Markets	MSCI World Ex USA (net)	11.00%	4.55%
International Equities - Emerging Markets	MSCI EM Standard (net) Index	8.00%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

(1) Target asset allocation adopted at the April 2018 TCDRS Board meeting.

(2) Geometric real rates of return in addition to assumed inflation of 1.6%, per Cliffwater's 2018 capital market assumptions.

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

(4) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(5) 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, 2018

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	\$ 75 365 128	\$ 66 489 248	\$ 59 072 058
Fiduciary net position	\$ 65 334 044	\$ 65 334 044	\$ 65 334 044
Net pension liability/(asset)	\$ 10 031 084	\$ 1 155 204	\$ (6 261 986)

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, 2016	\$ 62 869 728	\$ 57 644 356	\$ 5 225 372
Changes for the Year:			
Service cost	1 947 950	-	1 947 950
Interest on total pension liability ⁽¹⁾	5 118 739	-	5 118 739
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(593 800)	-	(593 800)
Effect of assumptions changes or inputs	457 843	-	457 843
Refund of contributions	(342 347)	(342 347)	-
Benefit payments	(2 968 865)	(2 968 865)	-
Administrative expenses	-	(43 449)	43 449
Member contributions	-	1 088 055	(1 088 055)
Net investment income	-	8 403 432	(8 403 432)
Employer contributions	-	1 562 130	(1 562 130)
Other ⁽²⁾	-	(9 268)	9 268
Balances as of December 31, 2017	\$ 66 498 248	\$ 65 334 044	\$ 1 155 204

(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, 2018, 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	\$ 1 068 525	\$ 63 285
Change of assumptions	-	608 107
Net difference between projected and actual earnings	3 010 066	2 172 049
Contributions made subsequent to measurement date	-	1 553 459
	\$ 4 078 591	\$ 4 396 900

ANGELINA COUNTY, TEXAS
 NOTES TO FINANCIAL STATEMENTS - CONTINUED
 December 31, 2018

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,		
2019	\$	257 983
2020	\$	60 446
2021	\$	(773 871)
2022	\$	(779 707)
Thereafter	\$	-

H. Employee Benefit Fund

All funds with employees 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 \$1,659,309 at December 31, 2018. The claims liability of \$623,670 reported in the Fund at December 31, 2018 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
2018	\$ 578 045	\$ 4 918 375	\$ (4 872 750)	\$ 623 670
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

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 (DETCWIF). 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, capital assets were sold and not removed from the capital asset listing for the Airport fund, this correction resulted in a decrease in fund balance of \$(261). In the Juvenile service fund, prior period grants that should have been recognized were deferred, the adjustment resulted in an increase of fund balance of \$136,969. The Security fund had previously recognized security fees that should have been deferred, the adjustment resulted in a decrease in fund balance of (\$42,008).

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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 14 414 966	\$ 14 414 966	\$ 14 440 928	\$ 25 962
Sales tax	5 700 000	5 700 000	6 450 524	750 524
Other taxes	100 000	100 000	117 025	17 025
Intergovernmental	591 200	591 200	566 943	(24 257)
Charges for services	-	-	2 125	2 125
Fines and fees	2 817 000	2 817 000	3 044 656	227 656
Interest income	65 000	65 000	325 754	260 754
Other revenues	161 200	161 200	203 779	42 579
TOTAL REVENUES	23 849 366	23 849 366	25 151 734	1 302 368
Expenditures:				
Administrative:				
County Commissioners	409 812	409 812	403 027	6 785
County Clerk	570 232	570 232	560 294	9 938
County Service Officer	11 784	11 784	-	11 784
County Judge	246 730	246 730	230 220	16 510
County Auditor	618 074	618 074	577 407	40 667
County Treasurer	195 914	195 914	187 240	8 674
County Tax Assessor-Collector	1 021 244	1 021 244	987 296	33 948
Election/Voter Registration	308 587	308 587	340 891	(32 304)
Emergency Management	102 583	102 583	101 258	1 325
Collections	116 158	116 158	110 937	5 221
Information Technology	922 351	922 351	913 160	9 191
Maintenance	684 685	684 685	643 809	40 876
General Administration	2 668 418	2 542 418	2 406 150	136 268
TOTAL ADMINISTRATIVE	7 876 572	7 750 572	7 461 689	288 883
Judicial and Law Enforcement:				
County Court-at-Law I	518 779	518 779	484 269	34 510
County Court-at-Law II	630 431	630 431	633 899	(3 468)
County Attorney	1 011 828	1 011 828	1 001 065	10 763
Constable Pct 1	97 975	97 975	95 170	2 805
Constable Pct 2	79 054	79 054	78 340	714
Constable Pct 3	77 168	77 168	74 533	2 635
Constable Pct 4	80 280	80 280	78 683	1 597
County Jail	4 020 180	4 106 716	4 009 385	97 331
County Sheriff	4 626 447	4 626 447	4 413 797	212 650
District Courts	946 767	946 767	828 755	118 012
District Clerk	612 479	612 479	537 256	75 223
District Attorney	957 266	957 266	915 463	41 803
Juvenile Judges	55 197	55 197	49 227	5 970
Justice of the Peace Pct 1	235 475	235 475	219 265	16 210
Justice of the Peace Pct 2	180 954	180 954	164 108	16 846
Justice of the Peace Pct 3	133 979	133 979	127 299	6 680
Justice of the Peace Pct 4	182 824	182 824	170 009	12 815
TOTAL JUDICIAL AND LAW ENFORCEMENT	14 447 083	14 533 619	13 880 523	653 096
Health, Welfare and Sanitation:				
County Public Health and Welfare	1 325 987	1 325 987	1 500 931	(174 944)
Extension Service:				
County Ag Extension Service	143 248	143 248	140 168	3 080
TOTAL EXPENDITURES	23 792 890	23 753 426	22 983 311	770 115
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	56 476	95 940	2 168 423	2 072 483
Other Financing Sources (Uses):				
Operating transfers (out)	(1 172 650)	(1 172 650)	(1 172 650)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1 172 650)	(1 172 650)	(1 172 650)	-
NET CHANGE IN FUND BALANCES	(1 116 174)	(1 076 710)	995 773	2 072 483
Beginning fund balance	10 867 451	10 867 451	10 867 451	-
ENDING FUND BALANCE	\$ 9 751 277	\$ 9 790 741	\$ 11 863 224	\$ 2 072 483

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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 634 034	\$ 634 034	\$ 634 034	\$ -
Sales tax	7 397	7 397	8 370	973
Intergovernmental	29 253	29 253	56 264	27 011
Fines and fees	366 346	366 346	326 418	(39 928)
Interest	2 000	2 000	5 263	3 263
Other revenues	-	-	51 245	51 245
TOTAL REVENUES	<u>1 039 030</u>	<u>1 039 030</u>	<u>1 081 594</u>	<u>42 564</u>
Expenditures:				
Highways and streets	1 003 902	986 138	927 665	58 473
Capital outlay	35 128	52 892	52 892	-
TOTAL EXPENDITURES	<u>1 039 030</u>	<u>1 039 030</u>	<u>980 557</u>	<u>58 473</u>
NET CHANGE IN FUND BALANCES	-	-	101 037	101 037
Beginning fund balance	<u>28 954</u>	<u>28 954</u>	<u>28 954</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 28 954</u>	<u>\$ 28 954</u>	<u>\$ 129 991</u>	<u>\$ 101 037</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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 280 040	\$ 280 040	\$ 280 040	\$ -
Sales tax	1 364	1 364	1 547	183
Intergovernmental	5 395	5 395	10 373	4 978
Fines and fees	67 557	67 557	60 180	(7 377)
Interest	1 700	1 700	7 876	6 176
TOTAL REVENUES	<u>356 056</u>	<u>356 056</u>	<u>360 016</u>	<u>3 960</u>
Expenditures:				
Highways and streets	441 208	441 208	328 006	113 202
Capital outlay	5 000	5 000	-	5 000
TOTAL EXPENDITURES	<u>446 208</u>	<u>446 208</u>	<u>328 006</u>	<u>118 202</u>
NET CHANGE IN FUND BALANCES	(90 152)	(90 152)	32 010	122 162
Beginning fund balance	<u>347 946</u>	<u>347 946</u>	<u>347 946</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 257 794</u>	<u>\$ 257 794</u>	<u>\$ 379 956</u>	<u>\$ 122 162</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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 812 081	\$ 812 081	\$ 812 081	\$ -
Sales tax	10 432	10 432	11 825	1 393
Intergovernmental	41 253	41 253	78 960	37 707
Fines and fees	516 626	516 626	460 363	(56 263)
Interest	2 500	2 500	10 207	7 707
TOTAL REVENUES	<u>1 382 892</u>	<u>1 382 892</u>	<u>1 373 436</u>	<u>(9 456)</u>
Expenditures:				
Highways and streets	1 391 759	1 391 759	1 276 845	114 914
Capital outlay	20 000	60 000	-	60 000
TOTAL EXPENDITURES	<u>1 411 759</u>	<u>1 451 759</u>	<u>1 276 845</u>	<u>174 914</u>
NET CHANGE IN FUND BALANCES	(28 867)	(68 867)	96 591	165 458
Beginning fund balance	<u>172 235</u>	<u>172 235</u>	<u>172 235</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 143 368</u>	<u>\$ 103 368</u>	<u>\$ 268 826</u>	<u>\$ 165 458</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, 2018

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Ad valorem tax	\$ 754 910	\$ 754 910	\$ 754 910	\$ -
Sales tax	9 457	9 457	10 715	1 258
Intergovernmental	37 399	37 399	71 916	34 517
Fines and fees	468 371	468 371	417 346	(51 025)
Interest income	2 500	2 500	6 800	4 300
Other revenues	-	-	6 556	6 556
TOTAL REVENUES	<u>1 272 637</u>	<u>1 272 637</u>	<u>1 268 243</u>	<u>(4 394)</u>
Expenditures:				
Highways and streets	1 272 637	1 257 637	1 118 123	139 514
Capital outlay	-	15 000	14 811	189
TOTAL EXPENDITURES	<u>1 272 637</u>	<u>1 272 637</u>	<u>1 132 934</u>	<u>139 703</u>
NET CHANGE IN FUND BALANCES	-	-	135 309	135 309
Beginning fund balance	<u>57 593</u>	<u>57 593</u>	<u>57 593</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 57 593</u>	<u>\$ 57 593</u>	<u>\$ 192 902</u>	<u>\$ 135 309</u>

See independent auditors' report.

ANGELINA COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
December 31, 2018

	2014	2015	2016	2017
Total Pension Liability:				
Service cost	\$ 1 701 333	\$ 1 850 583	\$ 2 044 993	\$ 1 947 950
Interest on the total pension liability	4 214 714	4 528 894	4 765 478	5 118 739
Effect of plan changes	-	(346 840)	-	-
Effect of assumption changes or inputs	-	604 581	-	457 843
Effect of economic/demographic (gains) or losses	316 422	(962 516)	(347 464)	(593 800)
Benefit payments/refunds of contributions	(2 455 039)	(2 655 316)	(2 793 113)	(3 311 212)
NET CHANGE IN TOTAL PENSION LIABILITY	3 777 430	3 019 386	3 669 894	3 619 520
Total pension liability - Beginning	52 403 018	56 180 448	59 199 834	62 869 728
TOTAL PENSION LIABILITY - ENDING	56 180 448	59 199 834	62 869 728	66 489 248
 Fiduciary Net Position:				
Employer contributions	1 404 794	1 492 472	1 502 752	1 562 130
Member contributions	978 499	1 059 228	1 060 101	1 088 055
Investment income net of investment expenses	3 490 567	(99 681)	3 984 127	8 403 432
Benefit payments/refunds of contributions	(2 455 039)	(2 655 316)	(2 793 113)	(3 311 212)
Administrative expenses	(40 538)	(38 961)	(43 425)	(43 449)
Other	(13 537)	(57 812)	(72 601)	(9 268)
NET CHANGE IN FIDUCIARY NET POSITION	3 364 746	(300 070)	3 637 841	7 689 688
Fiduciary net position - Beginning	50 941 839	54 306 585	54 006 514	57 644 356
FIDUCIARY NET POSITION, ENDING	54 306 585	54 006 514	57 644 355	65 334 044
 NET PENSION LIABILITY/(ASSET), ENDING	\$ 1 873 863	\$ 5 193 320	\$ 5 225 371	\$ 1 155 204
 Fiduciary net position as a percentage of total pension liability	96.66%	91.23%	91.69%	98.26%
Pensionable covered payroll	\$ 13 978 560	\$ 14 850 464	\$ 14 952 736	\$ 15 543 644
Net pension liability as a percentage of covered payroll	13.41%	34.97%	34.95%	7.43%

10 years data will be presented as it becomes available.

See independent auditors' report.

ANGELINA COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
December 31, 2018

YEAR ENDING DECEMBER 31,	ACTUARIALLY DETERMINE CONTRIBUTION	ACTUAL EMPLOYER CONTRIBUTION	CONTRIBUTION DEFICIENCY (EXCESS)	PENSIONABLE COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
2017	\$ 1 453 331	\$ 1 562 130	\$ (108 799)	\$ 15 543 644	10.0%
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%
2006	\$ 942 550	\$ 942 550	\$ -	\$ 10 662 328	8.8%

See independent auditors' report.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Grant - To account for various grant funds and activity.

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

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

Abandoned Property - To account for sale of abandoned property.

Capital Projects Funds

2014 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, 2018

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENT FUNDS
ASSETS				
Cash and cash equivalent	\$ 1 457 412	\$ 325 879	\$ 112 797	\$ 1 896 088
Investments	300 981	-	-	300 981
Receivables:				
Miscellaneous	464 186	-	-	464 186
Intergovernmental	130 990	-	93 169	224 159
Due from other funds	76 800	752 150	-	828 950
TOTAL ASSETS	\$ 2 430 369	\$ 1 078 029	\$ 205 966	\$ 3 714 364
 LIABILITIES				
Accounts payable	\$ 201 731	\$ -	\$ 51 883	\$ 253 614
Accrued liabilities	208 682	-	-	208 682
Accrued compensated absences	52 252	-	-	52 252
Due to other funds	3 000	-	-	3 000
TOTAL LIABILITIES	465 665	-	51 883	517 548
 DEFERRED INFLOWS				
Unavailable revenue	393 282	752 150	-	1 145 432
TOTAL DEFERRED INFLOWS	393 282	752 150	-	1 145 432
 FUND BALANCES				
Restricted:				
Construction	-	-	154 083	154 083
Debt service	-	325 879	-	325 879
Other	1 571 422	-	-	1 571 422
TOTAL FUND BALANCES	1 571 422	325 879	154 083	2 051 384
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 2 430 369	\$ 1 078 029	\$ 205 966	\$ 3 714 364

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, 2018

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Ad valorem tax	\$ 77 700	\$ 734 500	\$ -	\$ 812 200
Intergovernmental	4 626 103	-	-	4 623 103
Interest income	34 913	5 749	4 052	44 714
Fines and fees	582 037	-	-	582 037
Contributions and donations	55 440	-	7 592	63 032
Other revenue	18 875	-	-	18 875
TOTAL REVENUES	5 395 068	740 249	11 644	6 146 961
Expenditures:				
Administrative	162 435	-	-	162 435
Judicial and law enforcement	5 277 736	-	-	5 277 736
Health, welfare and sanitation	365 228	-	7 592	372 820
Highways and streets	415 474	-	-	415 474
Capital outlay	-	-	109 904	109 904
Debt Service:				
Principal	-	685 000	-	685 000
Interest and other fees	-	64 051	-	64 051
TOTAL EXPENDITURES	6 220 873	749 051	117 496	7 087 420
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(825 805)	(8 802)	(105 852)	(940 459)
Other Financing Sources (Uses):				
Operating transfers in	1 172 650	-	-	1 172 650
TOTAL OTHER FINANCING SOURCES (USES)	1 172 650	-	-	1 172 650
NET CHANGE IN FUND BALANCES	346 845	(8 802)	(105 852)	232 191
Fund balances - Beginning	1 129 616	334 681	259 935	1 724 232
Prior period adjustment	94 961	-	-	94 961
FUND BALANCES - BEGINNING (RESTATED)	1 224 577	334 681	259 935	1 819 193
FUND BALANCES - ENDING	\$ 1 571 422	\$ 325 879	\$ 154 083	\$ 2 051 384

See independent auditors' report.

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2018

	MENTAL HEALTH FUND	JURY FUND	JUVENILE PROBATION FEES FUND	LAW LIBRARY FUND
ASSETS				
Cash and cash equivalent	\$ 59 702	\$ 154 350	\$ 52 287	\$ 27 122
Investments	-	-	-	-
Receivables:				
Miscellaneous	-	7 786	-	-
Intergovernmental	-	-	-	-
Due from other funds	-	76 800	-	-
TOTAL ASSETS	\$ 59 702	\$ 238 936	\$ 52 287	\$ 27 122
 LIABILITIES				
Accounts payable	\$ 1 000	\$ 4 277	\$ -	\$ 5 799
Accrued liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	1 000	4 277	-	5 799
 DEFERRED INFLOWS				
Unavailable revenue	-	76 800	-	-
TOTAL DEFERRED INFLOWS	-	76 800	-	-
 FUND BALANCES				
Restricted:				
Other	58 702	157 859	52 287	21 323
TOTAL FUND BALANCES	58 702	157 859	52 287	21 323
 TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 59 702	\$ 238 936	\$ 52 287	\$ 27 122

See independent auditors' report.

CASSELS- BOYKIN PARK	ADULT PROBATION FUND	JUVENILE SERVICE FUND	COUNTY CLERK RECORDS MANAGEMENT	TEEN COURT FUND	SECURITY FUND
\$ 65 242	\$ 352 740	\$ (736 181)	\$ 514 260	\$ 4 833	\$ 171 223
-	300 981	-	-	-	-
(706)	9 263	418 420	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 64 536</u>	<u>\$ 662 984</u>	<u>\$ (317 761)</u>	<u>\$ 514 260</u>	<u>\$ 4 833</u>	<u>\$ 171 223</u>
\$ 4 804	\$ 87 167	\$ 77 005	\$ 5 405	\$ -	\$ -
2 168	56 924	56 931	2 564	-	323
4 575	-	46 345	949	-	-
-	-	-	-	-	-
<u>11 547</u>	<u>144 091</u>	<u>180 281</u>	<u>8 918</u>	<u>-</u>	<u>323</u>
-	-	118 252	-	-	46 139
-	-	118 252	-	-	46 139
52 989	518 893	(616 294)	505 342	4 833	124 761
<u>52 989</u>	<u>518 893</u>	<u>(616 294)</u>	<u>505 342</u>	<u>4 833</u>	<u>124 761</u>
<u>\$ 64 536</u>	<u>\$ 662 984</u>	<u>\$ (317 761)</u>	<u>\$ 514 260</u>	<u>\$ 4 833</u>	<u>\$ 171 223</u>

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2018

	DISTRICT CLERK RECORDS MANAGEMENT	JUVENILE COMMUNITY SERVICE	DISTRICT CLERK TECH FUND	COUNTY RECORDS PRESERVATION
ASSETS				
Cash and cash equivalent	\$ 14 248	\$ 27 137	\$ 71 685	\$ 240 715
Investments	-	-	-	-
Receivables:				
Miscellaneous	-	-	-	-
Intergovernmental	-	-	-	-
Due from intergovernmental	-	-	-	-
TOTAL ASSETS	\$ 14 248	\$ 27 137	\$ 71 685	\$ 240 715
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	259	-	-	-
Accrued compensated absences	165	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	424	-	-	-
DEFERRED INFLOWS				
Unavailable revenue	-	-	-	-
TOTAL DEFERRED INFLOWS	-	-	-	-
FUND BALANCES				
Restricted:				
Other	13 824	27 137	71 685	240 715
TOTAL FUND BALANCES	13 824	27 137	71 685	240 715
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND	\$ 14 248	\$ 27 137	\$ 71 685	\$ 240 715

See independent auditors' report.

CONSTABLES RADIO COMMUNICATIONS GRANT	SAFPF RE-ENTRY COURT	FAMILY CRISIS COURT	GRANTS FUND	DRUG COURT GRANT	CONSTABLE #1 FORFEITURE FUND
\$ 3 803	\$ 66 767	\$ 1 778	\$ 13 989	\$ (5 445)	\$ 8 265
-	-	-	-	-	-
-	-	-	-	29 423	-
-	-	-	130 990	-	-
-	-	-	-	-	-
<u>\$ 3 803</u>	<u>\$ 66 767</u>	<u>\$ 1 778</u>	<u>\$ 144 979</u>	<u>\$ 23 978</u>	<u>\$ 8 265</u>
\$ -	\$ 1 056	\$ -	\$ 5 545	\$ 6 665	\$ 2 690
-	254	-	88 028	1 163	-
-	201	-	-	-	-
-	-	-	3 000	-	-
<u>-</u>	<u>1 511</u>	<u>-</u>	<u>96 573</u>	<u>7 828</u>	<u>2 690</u>
<u>3 703</u>	<u>87 449</u>	<u>1 739</u>	<u>49 919</u>	<u>9 281</u>	<u>-</u>
<u>3 703</u>	<u>87 449</u>	<u>1 739</u>	<u>49 919</u>	<u>9 281</u>	<u>-</u>
<u>100</u>	<u>(22 193)</u>	<u>39</u>	<u>(1 513)</u>	<u>6 869</u>	<u>5 575</u>
<u>100</u>	<u>(22 193)</u>	<u>39</u>	<u>(1 513)</u>	<u>6 869</u>	<u>5 575</u>
<u>\$ 3 803</u>	<u>\$ 66 767</u>	<u>\$ 1 778</u>	<u>\$ 144 979</u>	<u>\$ 23 978</u>	<u>\$ 8 265</u>

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2018

	<u>SHERIFF FEDERAL FORFEITURE</u>	<u>SHERIFF FORFEITURE FUND</u>	<u>COUNTY ATTORNEY FORFEITURE</u>
ASSETS			
Cash and cash equivalent	\$ 5 330	\$ 39 770	\$ 132 356
Investments	-	-	-
Receivables:			
Miscellaneous	-	-	-
Intergovernmental	-	-	-
Due from intergovernmental	-	-	-
TOTAL ASSETS	<u>\$ 5 330</u>	<u>\$ 39 770</u>	<u>\$ 132 356</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Accrued compensated absences	-	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS			
Unavailable revenue	-	-	-
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted:			
Other	5 330	39 770	132 356
TOTAL FUND BALANCES	<u>5 330</u>	<u>39 770</u>	<u>132 356</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 5 330</u>	<u>\$ 39 770</u>	<u>\$ 132 356</u>

See independent auditors' report.

DISTRICT ATTORNEY FORFEITURE	ABANDONED PROPERTY FUND	CONSTABLE #4 FORFEITURE FUND	COUNTY ATTORNEY HOT CHECK	DISTRICT ATTORNEY FUND	TOTAL
\$ 93 935	\$ 43	\$ 745	\$ 77 216	\$ (503)	\$ 1 457 412
-	-	-	-	-	300 981
-	-	-	-	-	464 186
-	-	-	-	-	130 990
-	-	-	-	-	76 800
<u>\$ 93 935</u>	<u>\$ 43</u>	<u>\$ 745</u>	<u>\$ 77 216</u>	<u>\$ (503)</u>	<u>\$ 2 430 369</u>
\$ 259	\$ -	\$ -	\$ 59	\$ -	\$ 201 731
-	-	-	68	-	208 682
-	-	-	17	-	52 252
-	-	-	-	-	3 000
<u>259</u>	<u>-</u>	<u>-</u>	<u>144</u>	<u>-</u>	<u>465 665</u>
-	-	-	-	-	393 282
-	-	-	-	-	393 282
<u>93 676</u>	<u>43</u>	<u>745</u>	<u>77 072</u>	<u>(503)</u>	<u>1 571 422</u>
<u>93 676</u>	<u>43</u>	<u>745</u>	<u>77 072</u>	<u>(503)</u>	<u>1 571 422</u>
<u>\$ 93 935</u>	<u>\$ 43</u>	<u>\$ 745</u>	<u>\$ 77 216</u>	<u>\$ (503)</u>	<u>\$ 2 430 369</u>

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2018

	MENTAL HEALTH FUND	JURY FUND	JUVENILE PROBATION FEES FUND	LAW LIBRARY FUND
Revenues:				
Ad valorem tax	\$ -	\$ 77 700	\$ -	\$ -
Intergovernmental	-	40 664	-	-
Interest income	942	2 571	789	416
Fines and fees	17 165	-	205	30 499
Contributions and donations	-	-	-	-
Other revenues	-	-	-	-
	<u>18 107</u>	<u>120 935</u>	<u>994</u>	<u>30 915</u>
TOTAL REVENUES				
Expenditures:				
Administrative	-	102 448	-	33 439
Judicial and law enforcement	-	-	-	-
Health, welfare and sanitation	31 457	-	-	-
Highways and streets	-	-	-	-
	<u>31 457</u>	<u>102 448</u>	<u>-</u>	<u>33 439</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13 350)</u>	<u>18 487</u>	<u>994</u>	<u>(2 524)</u>
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	<u>(13 350)</u>	<u>18 487</u>	<u>994</u>	<u>(2 524)</u>
Fund balance - Beginning	72 052	139 372	51 293	23 847
Prior period adjustment	-	-	-	-
FUND BALANCE - BEGINNING (RESTATED)	<u>72 052</u>	<u>139 372</u>	<u>51 293</u>	<u>23 847</u>
FUND BALANCE - ENDING	<u>\$ 58 702</u>	<u>\$ 157 859</u>	<u>\$ 52 287</u>	<u>\$ 21 323</u>

See independent auditors' report.

CASSELS- BOYKIN PARK	ADULT PROBATION FUND	JUVENILE SERVICE FUND	COUNTY CLERK RECORDS MANAGEMENT	TEEN COURT FUND	SECURITY FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	2 405 640	916 523	-	-	39 168
798	8 121	139	6 683	74	2 398
65 477	-	58 455	353 623	-	-
-	-	-	-	-	-
-	8 453	-	-	-	-
<u>66 275</u>	<u>2 422 214</u>	<u>975 117</u>	<u>360 306</u>	<u>74</u>	<u>41 566</u>
-	-	-	124 670	-	-
-	2 305 357	2 147 082	-	100	10 769
103 571	-	-	-	-	-
-	-	-	-	-	-
<u>103 571</u>	<u>2 305 357</u>	<u>2 147 082</u>	<u>124 670</u>	<u>100</u>	<u>10 769</u>
<u>(37 296)</u>	<u>116 857</u>	<u>(1 171 965)</u>	<u>235 636</u>	<u>(26)</u>	<u>30 797</u>
72 650	-	1 100 000	-	-	-
-	-	-	-	-	-
<u>72 650</u>	<u>-</u>	<u>1 100 000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>35 354</u>	<u>116 857</u>	<u>(71 965)</u>	<u>235 636</u>	<u>(26)</u>	<u>30 797</u>
17 635	402 036	(681 298)	269 706	4 859	135 972
-	-	136 969	-	-	(42 008)
<u>17 635</u>	<u>402 036</u>	<u>(544 329)</u>	<u>269 706</u>	<u>4 859</u>	<u>93 964</u>
<u>\$ 52 989</u>	<u>\$ 518 893</u>	<u>\$ (616 294)</u>	<u>\$ 505 342</u>	<u>\$ 4 833</u>	<u>\$ 124 761</u>

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2018

	DISTRICT CLERK RECORDS MANAGEMENT	JUVENILE COMMUNITY SERVICE	DISTRICT CLERK TECH FUND	COUNTY RECORDS PRESERVATION
Revenues:				
Ad valorem tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Interest income	247	409	1 016	3 607
Fines and fees	19 256	-	10 703	10 590
Contributions and donations	-	-	-	-
Other revenues	-	-	-	-
	19 503	409	11 719	14 197
TOTAL REVENUES				
Expenditures:				
Administrative	26 731	-	-	3 034
Judicial and law enforcement	-	-	-	-
Health, welfare and sanitation	-	-	-	-
Highways and streets	-	-	-	-
	26 731	-	-	3 034
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7 228)	409	11 719	11 163
Other Financing Sources (Uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	(7 228)	409	11 719	11 163
Fund balance - Beginning	21 052	26 728	59 966	229 552
Prior period adjustment	-	-	-	-
FUND BALANCE - BEGINNING (RESTATED)	21 052	26 728	59 966	229 552
FUND BALANCE - ENDING	\$ 13 824	\$ 27 137	\$ 71 685	\$ 240 715

See independent auditors' report.

	CONSTABLES RADIO COMMUNICATIONS GRANT	SAFPF RE-ENTRY COURT	FAMILY CRISIS COURT	GRANTS FUND	DRUG COURT GRANT	CONSTABLE #1 FORFEITURE FUND
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	1 124 753	99 355	-
	57	1 132	27	-	39	144
	-	3 656	-	-	3 656	-
	-	30 000	-	-	25 440	-
	-	-	-	-	-	-
	<u>57</u>	<u>34 788</u>	<u>27</u>	<u>1 124 753</u>	<u>128 490</u>	<u>144</u>
	-	-	-	8 000	-	-
	-	56 981	-	472 592	121 621	3 516
	-	-	-	230 200	-	-
	-	-	-	415 474	-	-
	-	<u>56 981</u>	-	<u>1 126 266</u>	<u>121 621</u>	<u>3 516</u>
	<u>57</u>	<u>(22 193)</u>	<u>27</u>	<u>(1 153)</u>	<u>6 869</u>	<u>(3 372)</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>57</u>	<u>(22 193)</u>	<u>27</u>	<u>(1 513)</u>	<u>6 869</u>	<u>(3 372)</u>
	43	-	12	-	-	8 947
	-	-	-	-	-	-
	<u>43</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>	<u>8 947</u>
\$	<u>100</u>	\$ <u>(22 193)</u>	\$ <u>39</u>	\$ <u>(1 513)</u>	\$ <u>6 869</u>	\$ <u>5 575</u>

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - CONTINUED
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2018

	SHERIFF FEDERAL FORFEITURE	SHERIFF FORFEITURE FUND	COUNTY ATTORNEY FORFEITURE
Revenues:			
Ad valorem tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Interest income	80	554	1 994
Fines and fees	-	-	-
Contributions and donations	-	-	-
Other revenues	-	6 139	334
	80	6 693	2 328
TOTAL REVENUES			
Expenditures:			
Administrative	-	-	-
Judicial and law enforcement	-	3 526	-
Health, welfare and sanitation	-	-	-
Highway and streets	-	-	-
	-	3 526	-
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	80	3 167	2 328
Other Financing Sources (Uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	80	3 167	2 328
Fund balance - Beginning	5 250	36 603	130 028
Prior period adjustment	-	-	-
FUND BALANCE - BEGINNING (RESTATED)	5 250	36 603	130 028
FUND BALANCE - ENDING	\$ 5 330	\$ 39 770	\$ 132 356

See independent auditors' report.

DISTRICT ATTORNEY FORFEITURE	ABANDONED PROPERTY FUND	CONSTABLE #4 FORFEITURE FUND	COUNTY ATTORNEY HOT CHECK	DISTRICT ATTORNEY FUND	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77 700
-	-	-	-	-	4 626 103
1 492	34	11	1 138	1	34 913
-	-	-	8 330	422	582 037
-	-	-	-	-	55 440
3 949	-	-	-	-	18 875
<u>5 441</u>	<u>34</u>	<u>11</u>	<u>9 468</u>	<u>423</u>	<u>5 395 068</u>
-	-	-	-	-	162 435
12 075	2 772	-	4 993	465	5 277 736
-	-	-	-	-	365 228
-	-	-	-	-	415 474
<u>12 075</u>	<u>2 772</u>	<u>-</u>	<u>4 993</u>	<u>465</u>	<u>6 220 873</u>
<u>(6 634)</u>	<u>(2 738)</u>	<u>11</u>	<u>4 475</u>	<u>(42)</u>	<u>(825 805)</u>
-	-	-	-	-	1 172 650
-	-	-	-	-	-
-	-	-	-	-	1 172 650
<u>(6 634)</u>	<u>(2 738)</u>	<u>11</u>	<u>4 475</u>	<u>(42)</u>	<u>346 845</u>
100 310	2 781	734	72 597	(461)	1 129 616
-	-	-	-	-	94 961
<u>100 310</u>	<u>2 781</u>	<u>734</u>	<u>72 597</u>	<u>(461)</u>	<u>1 224 577</u>
\$ <u>93 676</u>	\$ <u>43</u>	\$ <u>745</u>	\$ <u>77 072</u>	\$ <u>(503)</u>	\$ <u>1 571 422</u>

ANGELINA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2018

	<u>2014 TAX NOTE FUND</u>	<u>CONSTRUCTION FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalent	\$ 257 083	\$ (144 286)	\$ 112 797
Receivables:			
Intergovernmental	-	93 169	93 169
TOTAL ASSETS	<u>\$ 257 083</u>	<u>\$ (51 117)</u>	<u>\$ 205 966</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 51 883	\$ -	\$ 51 883
TOTAL LIABILITIES	<u>51 883</u>	<u>-</u>	<u>51 883</u>
FUND BALANCES			
Restricted:			
Construction	<u>205 200</u>	<u>(51 117)</u>	<u>154 083</u>
TOTAL FUND BALANCES	<u>205 200</u>	<u>(51 117)</u>	<u>154 083</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 257 083</u>	<u>\$ (51 117)</u>	<u>\$ 205 966</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, 2018

	<u>2014 TAX NOTE FUND</u>	<u>CONSTRUCTION FUND</u>	<u>TOTAL</u>
Revenues:			
Interest income	\$ 4 052	\$ -	\$ 4 052
Contributions and donations	-	7 592	7 592
TOTAL REVENUES	<u>4 052</u>	<u>7 592</u>	<u>11 644</u>
Expenditures:			
Health, welfare and sanitation	-	7 592	7 592
Capital outlays	109 904	-	109 904
TOTAL EXPENDITURES	<u>109 904</u>	<u>7 592</u>	<u>117 496</u>
NET CHANGE IN FUND BALANCE	(105 852)	-	(105 852)
Fund balance - Beginning	<u>311 052</u>	<u>(51 117)</u>	<u>259 935</u>
FUND BALANCE - ENDING	<u>\$ 205 200</u>	<u>\$ (51 117)</u>	<u>\$ 154 083</u>

See independent auditors' report.

AGENCY FUNDS

ANGELINA COUNTY, TEXAS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 December 31, 2018

	<u>LOCAL PROVIDER PARTICIPATION FUND</u>	<u>DISTRICT CLERK</u>	<u>COUNTY CLERK</u>	<u>SHERIFF</u>	<u>JUSTICES OF THE PEACE</u>
ASSETS					
Cash and cash equivalents	\$ 2 603 980	\$ 1 755 694	\$ 216 087	\$ 423 723	\$ 14 748
Investments	<u>-</u>	<u>608 173</u>	<u>355 868</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2 603 980</u>	<u>\$ 2 363 867</u>	<u>\$ 571 955</u>	<u>\$ 423 723</u>	<u>\$ 14 748</u>
LIABILITIES					
Due to others	<u>\$ 2 603 980</u>	<u>\$ 2 363 867</u>	<u>\$ 571 955</u>	<u>\$ 423 723</u>	<u>\$ 14 748</u>
TOTAL LIABILITIES	<u>\$ 2 603 980</u>	<u>\$ 2 363 867</u>	<u>\$ 571 955</u>	<u>\$ 423 723</u>	<u>\$ 14 748</u>

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>
\$ 10 486 102	\$ 3 477	\$ 5 433	\$ 1 068	\$ 15 510 312
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>964 041</u>
<u>\$ 10 486 102</u>	<u>\$ 3 477</u>	<u>\$ 5 433</u>	<u>\$ 1 068</u>	<u>\$ 16 474 353</u>
\$ 10 486 102	\$ 3 477	\$ 5 433	\$ 1 068	\$ 16 474 353
<u>\$ 10 486 102</u>	<u>\$ 3 477</u>	<u>\$ 5 433</u>	<u>\$ 1 068</u>	<u>\$ 16 474 353</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, 2018, and the related notes to the financial statements, which collectively comprise Angelina County, Texas' basic financial statements and have issued our report thereon dated July 9, 2019.

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
July 9, 2019


CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited Angelina County, Texas' (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards, applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Angelina County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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


CERTIFIED PUBLIC ACCOUNTANTS

Lufkin, Texas
July 9, 2019

ANGELINA COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

A. Summary of the Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

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

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

ANGELINA COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2018

None

ANGELINA COUNTY, TEXAS
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2018

None

ANGELINA COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) FEDERAL CFDA NUMBER	(2A) PASS-THROUGH ENTITY IDENTIFYING NUMBER	(3) FEDERAL EXPENDITURES
U.S. Department of Justice:			
State Criminal Alien Assistance Program Direct	16.606	2015-AP-BX-0814	\$ 6 450
Bulletproof Vest Partnership Program	16.607	N/A	20 090
Public Safety Partnership and Community Policing Grant	16.710	N/A	<u>361 972</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>388 512</u>
U.S. Department of Homeland Security:			
Emergency Management Performance Grant:			
Disaster Grants - Public Assistance	97.036	N/A	34 856
Flood Mitigation Assistance Grant	97.029	N/A	<u>411 778</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>446 634</u>
U.S. Department of Transportation:			
Airport Improvement Program	20.106	N/A	<u>1 968 305</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>1 968 305</u>
U.S. Department of Agriculture:			
Schools and Roads - Grants to Counties	10.666	N/A	<u>169 090</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>169 090</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u><u>2 972 541</u></u>

* Indicates clustered program under OMB Compliance Supplement

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

ANGELINA COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

1. General

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

2. Basis of Accounting

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

3. Relationship to Financial Statements

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

4. Other Notes

The period of availability of federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the project period extended 30 days beyond the project period ending date, in accordance with provisions in *Section H, Period of Availability of Federal Funds, Part 3*, Uniform Guidance.

The County does not utilize an indirect cost rate on federal programs.