

TITUS COUNTY, TEXAS
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2015

Titus County, Texas
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Year ended September 30, 2015

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INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and
County Commissioners
Titus County, Texas
Mount Pleasant, 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 Titus County, Texas as of and for the years ended September 30, 2015 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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, business-type activities each major fund, and the aggregate remaining fund information of the County, as of September 30, 2015, and the respective changes in financial position and cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I to the financial statements, in 2015, the County adopted new accounting guidance prescribed by GASB #68 for its pension plan a multiple-employer, cost-sharing, defined contribution plan that has a special funding situation. Because GASB #68 implements new measurement criteria and reporting provisions, significant information has been added to the financial statements. The statement of net position discloses the County's Net Pension Asset and some deferred resource outflows related to the County's pension plan. The statements of revenues, expenses, and changes in net position discloses the adjustment to the County's Beginning Net Position. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information on pages 3 through 11 and pages 43 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

January 11, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Titus, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities and performance for the year ended September 30, 2015. The information presented here should be read in conjunction with the independent auditor's report and the County's financial statements.

FINANCIAL HIGHLIGHTS

The County's total combined net position was \$49.3 million at September 30, 2015. This is an increase of \$7.4 million. Revenue is more because of Loop contributions from the Texas Department of Transportation (TxDot).

The total cost of all the County's activities was down by 5% or \$972 thousand, compared to the prior year. Most of the decrease is associated with the right of way fund and also decreased interest expense.

The general fund balance is \$6.19 million at September 30, 2015 which is an increase of \$32 thousand. Expenditures increased \$120 thousand or 1%. Most of this increase was in the area of public safety.

During the year, \$6.67 million of fixed assets were added. Most of the increase was related to the Loop construction project that is now complete.

Approximately \$158 million has been spent to date on the loop construction project and is now complete and has been accepted by TxDot and is now their property and is being maintained by them. This means that this Loop has now been removed from the County's financial statements and replaced by accounts receivable from TxDot for reimbursement revenue to be paid back over a maximum twenty year period to assist with paying off the related debt. The accounts receivable balance is approximately \$162 million at September 30, 2015.

There is \$4 million in debt service fund balances. Special revenue funds reflect fund balances of \$1.3 million. There is approximately \$5.1 million remaining in the capital projects funds for the purchase of right of way or for debt service reduction.

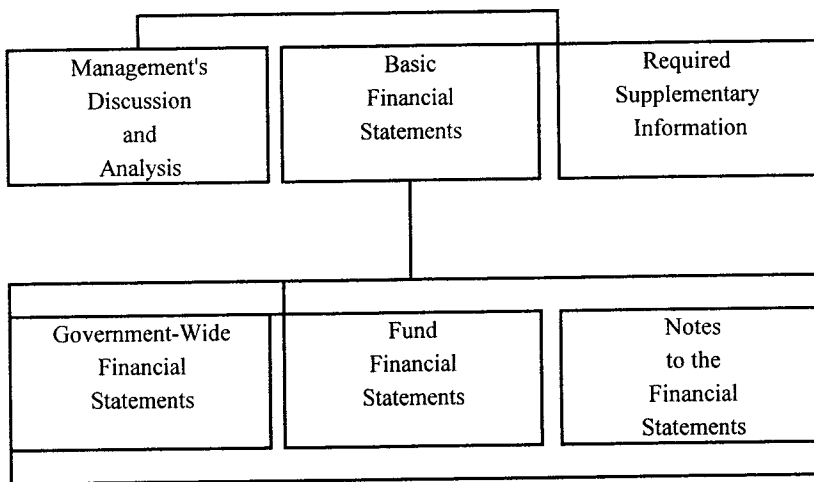
Approximately 98% of the taxes levied for 2014-15 were collected by September 30, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts--*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide information about the County's activities as a whole and present a longer-term view of the County's property and debt obligations. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as a commissary operation.
 - *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong. This fund contains District Court Clerk funds for pending cases.

Figure A-1. Required Components of the County's Annual Financial Report



Summary ↔ Detail

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the County's Government-wide Fund Financial Statements				
Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses: self insurance	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	*Statement of net position	*Balance sheet	*Statement of net position	*Statement of fiduciary net position
	*Statement of activities	*Statement of revenues, Expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net position *Statement of cash flows	*Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon after	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's *net position* and how they have changed. Net position-the difference between the County's assets and liabilities-is one way to measure the County's financial health or *position*.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, consideration should be given to additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as public safety, highways, streets and bridges, judicial and general administration. Property taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*-not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Commissioner's Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has three kinds of funds:

- *Governmental funds*-Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that explains the relationship (or differences) between them.
- *Proprietary funds*-Services for which the County charges customers a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both long-term and short-term financial information. *Internal service funds* are used to report activities that provide supplies and services for the County's other programs and activities-such as the County's Self Insurance Fund.
- *Fiduciary funds*-The County is the trustee, of *fiduciary*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position. The County's combined net position was approximately \$49.3 million at September 30, 2015.

Table A-1
The County's Net Position
(in thousands of dollars)

	Activities		Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	23,437	33,145	187	143	23,624	33,288
Capital and non-current assets	175,013	164,958	-	3	175,013	164,961
TOTAL ASSETS	198,450	198,103	187	146	198,637	198,249
Deferred outflow-pension plan	1,171	-	-	-	1,171	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,171	-	-	-	1,171	-
Long-term liabilities	143,453	148,390	-	-	143,453	148,390
Other liabilities	2,581	3,510	20	-	2,601	3,510
TOTAL LIABILITIES	146,034	151,900	20	-	146,054	151,900
Unavailable revenue-taxes, fines, & fees	4,430	4,420	-	-	4,430	4,158
TOTAL DEFERRED INFLOWS OF RESOURCES	4,430	4,420	-	-	4,430	4,158
Net position						
Invested in capital assets net of related debt	31,560	16,567	-	3	31,560	16,570
Restricted	10,445	18,230	-	-	10,445	18,230
Unrestricted	7,152	6,986	167	143	7,319	7,129
TOTAL NET POSITION	49,157	41,783	167	146	49,324	41,929

Net position invested in capital assets net of related debt reflects the book value of the County's capital assets in excess of the debt which financed those assets. The \$7.3 million of unrestricted net position represents resources available to fund the programs of the County for the next fiscal year.

The \$10.4 million is restricted as follows:

Restricted for debt service	4,011
Restricted for capital projects	5,114
Restricted for special revenue funds	1,320
	<u>10,445</u>

Net position of the County increased from \$41.9 million to \$49.3 million, or \$7.4 million. The County's governmental funds expenditures exceeded revenues by \$7.75 million. The loop construction fund reflected an \$8.46 million decrease to fund balance. Bond proceeds were received in prior years and the Loop construction has been ongoing and is now complete. \$6.67 million was expended on capital outlay this year. \$4.7 million was expended on debt principal. Depreciation expense of \$823 thousand was recorded.

Changes in net position.

The County's total revenues were \$25.75 million. 39% of this came from property taxes, 10% came from sales taxes and other taxes, and 9% came from charges for services. 40% or \$10.2 million was contributed by TxDot for Loop Construction debt reimbursement. Total revenues were \$4.2 million more than the prior year because there was additional receivable from TxDot that exceeds the fiscal total cost of the Loop construction.

The total cost of all programs was \$18.3 million. Approximately 28% of this was for public safety, 15% was for highways, streets and bridges, and 33% was for debt service costs.

Net position increased by \$7.4 million from the excess of revenues over expenses.

Table A-2
The County's Changes in Net Position
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
<u>Program Revenues</u>						
Charges for service	2,377	2,271	182	210	2,559	2,481
Operating Grants and Contributions	383	480	-	-	383	480
<u>General Revenues</u>						
Property taxes	9,857	9,430	-	-	9,857	9,430
Other taxes	2,426	2,318	-	-	2,426	2,318
Investment earnings	83	109	-	-	83	109
Contribution- Intergovernmental	10,225	6,320	-	-	10,225	6,320
Other	224	384	-	-	224	384
Total Revenues	25,575	21,312	182	210	25,757	21,522
Expenses						
General government	1,142	1,178	-	-	1,142	1,178
Judicial	987	972	-	-	987	972
Legal	432	430	-	-	432	430
Financial	990	967	-	-	990	967
Public facility	215	209	-	-	215	209
Public safety	5,057	4,976	77	69	5,134	5,045
Health and welfare	178	177	-	-	178	177
Highways, streets, and bridges	2,820	3,513	-	-	2,820	3,513
Cultural and recreational	26	24	-	-	26	24
County extension	88	87	-	-	88	87
Miscellaneous	100	105	-	-	100	105
Elections	-	-	219	237	219	237
Debt service	5,999	6,358	-	-	5,999	6,358
Total Expenses	18,034	18,996	296	306	18,330	19,302
Transfers in (out)	(135)	(140)	135	140	-	-
Increase (Decrease) in Net Position	7,406	2,176	21	44	7,427	2,220
Beginning Net Position	41,783	39,607	146	102	41,929	39,709
Prior Period Adjustment	(32)	-	-	-	(32)	-
Ending Net Position	49,157	41,783	167	146	49,324	41,929

The prior period adjustment is made to record the beginning net pension liability and the related deferred outflow.

Table A-3 presents the cost of each of the County's largest functions as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$18 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$9.86 million.
- Some of the cost was paid by those who directly benefited from the programs (\$2.38 million), or by grants and contributions (\$383 thousand).

Table A-3
Net Cost of Selected County Functions
(in thousands of dollars)

	Total Cost of Services		Net Costs of Services	
	2015	2014	2015	2014
General Government	1,142	1,178	675	705
Public Safety	5,057	4,976	4,691	4,672
Judicial	987	972	242	334
Highways, Streets, and Bridges	2,820	3,513	2,137	2,625

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reported fund balance in its governmental funds of approximately \$16.6 million at September 30, 2015. This balance is composed of the following in thousands

General	6,193
Special revenue	1,320
Debt service	4,011
Capital projects	5,115
	<u>16,639</u>

The general fund increased \$32 thousand. Reasons for this are discussed on page 4. The capital project fund balance decrease of \$8.45 million is because all debt proceeds to fund the Loop Construction had been received in previous years. The funds have been spent on the construction. The debt service fund balances increased \$672 thousand because of transfers in from the major capital project fund to assist in paying interest.

General Fund Budgetary Highlights

Several budget amendments were made during the year. Even with these amendments, actual expenditures were less than budgeted by \$514 thousand, or 5.5%. Actual revenues were \$246 thousand more than budgeted. \$1.6 million was budgeted as a decrease to fund balance. Actually, the fund balance increased \$32 thousand from the excess of expenditures over revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table A-4
County's Capital Assets
(in thousands of dollars)

	Governmental Activities		Business-Type Activities	
	2015	2014	2015	2014
Land	352	342	-	-
Construction in progress	248	151,921	-	-
Buildings and improvements	11,672	11,672	-	-
Machinery and equipment	5,950	5,830	331	331
Roads and bridges	14,945	14,945	-	-
Totals at historical cost	<u>33,167</u>	<u>184,710</u>	<u>331</u>	<u>331</u>
Total accumulated depreciation	20,436	19,752	331	328
Net capital assets	<u>12,731</u>	<u>164,958</u>	<u>-</u>	<u>3</u>

The Loop construction was completed during the current year and maintenance and ownership of the Loop has been assumed by the state.

Long-Term Debt

Table A-5
County's Long-Term Debt
(in thousands of dollars)

	Governmental Activities	
	2015	2014
Bonds payable	<u>143,453</u>	<u>148,391</u>
	<u>143,453</u>	<u>148,391</u>

The County has begun receiving a guaranteed \$8 million each year for a period of twenty years from the State to assist in paying off the debt obtained to build the Loop.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Valuation of the two local power plants, one owned by Luminant Generation LLC and the other by AEP Southwestern Electric, will continue to be an area of uncertainty over the next few years. Both companies have coal fired generation units which have been under close scrutiny by the Environmental Protection Agency. Proposed regulations, if unchanged, pose serious consequences to both plants and could even result in plant closures. The County will likely face further devaluation of one or both plants that could result in significant budget challenges requiring budget cuts and tax rate increases.

The General Fund fund balance at September 30, 2015 is expected to be approximately \$6,000,000. The 2016 Budget has been adopted with a tax decrease in I&S and an increase in M&O. The County expects to finish 2016 with expenditures and revenues balancing out. If there is a deficit it should be easily covered by the General Fund fund balance.

The M&O tax rate for 2015 was .2744; in 2016 the rate is .3246

The I & S tax rate for 2015 was .1438; in 2016 the rate is .1229

The overall tax rate for 2015 was .4182. In 2016 the overall rate is .4475. The rollback rate for 2016 is .5205.

In 2015, the Luminant Generation power plant rendered another significant devaluation. The final valuation for the year will be determined in state court. The county, for budgeting and property tax purposes, has used the lower rendered value of \$50 million resulting in an increase in the M&O tax rate for 2016. At the same time the "Loop Project" has been completed in the county, and the minimum estimated state payments are anticipated to begin in 2016, hence the decrease in the I&S tax rate for 2016.

In May of 2006, the citizens of Titus County passed an election to construct a loop around the southern end of Mt. Pleasant and Titus County. The total loop project is estimated to cost \$168 million. This Loop is a State of Texas TxDot Pass-Through Toll Project whereby the local taxing authorities provide the initial monies and the state reimburses at a pre-arranged percentage. The reimbursement occurs over twenty years once the project is completed. In Titus County's case, the state has agreed to pay back about 80% of the total cost of the project which includes administration, purchase of right of way, construction plus interest costs incurred during the construction and payback period. In September 2006, the County issued the first bonds for this project. At that time \$1.8 million was issued. These bonds were paid back in one year with the tax revenues received through the I&S rate. In September 2007 the County issued a second series of bonds for \$29,665,000. These funds were received in October 2007. In September of 2009 a third series of bonds for \$39,000,000 was issued. These funds were received in September 2009. In June 2012 the last of these bonds were issued. The Series 2012-A Pass thru Toll Revenue Bond was issued for \$36,680,000 and the Series 2012-B Pass thru Toll Revenue Bond was issued for \$44,345,000. These bonds will be paid back over a 20-25 year period. The project is estimated to be completed in 2015 at which time State reimbursement will begin.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Titus County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the County's Auditor's Office.

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE STATEMENTS

TITUS COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,529,489	\$ 181,699	\$ 7,711,188
Receivables (net of allowance for uncollectibles)	5,270,343	-	5,270,343
Inventories	-	4,476	4,476
Prepaid Items	266,427	269	266,696
Restricted Assets:			
Restricted Cash	10,371,178	-	10,371,178
Capital Assets:			
Land	351,512	-	351,512
Infrastructure, net	4,790,455	-	4,790,455
Buildings, net	6,589,877	-	6,589,877
Machinery and Equipment, net	751,420	3	751,423
Construction in Progress	247,693	-	247,693
Receivable-Texas Department of Transportation	162,281,599	-	162,281,599
Total Assets	<u>198,449,993</u>	<u>186,447</u>	<u>198,636,440</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflow Related to Pension Plan	\$ 1,170,877	\$ -	\$ 1,170,877
Total Deferred Outflows of Resources	<u>1,170,877</u>	<u>-</u>	<u>1,170,877</u>
LIABILITIES			
Accounts Payable	677,583	19,876	697,459
Due to Other Governments	731,743	-	731,743
Unearned Revenues	79,475	-	79,475
Noncurrent Liabilities			
Due Within One Year	5,114,514	-	5,114,514
Due in More Than One Year	138,338,575	-	138,338,575
Net Pension Liability	1,091,944	-	1,091,944
Total Liabilities	<u>146,033,834</u>	<u>19,876</u>	<u>146,053,710</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable Revenue - Taxes, Fines & Fees	4,430,167	-	4,430,167
Total Deferred Inflows of Resources	<u>4,430,167</u>	<u>-</u>	<u>4,430,167</u>
NET POSITION			
Net Investment in Capital Assets	31,559,467	-	31,559,467
Restricted for:			
Restricted for Debt Service	4,010,944	-	4,010,944
Restricted for Capital Projects	5,114,640	-	5,114,640
Restricted for Special Revenue Funds	1,319,897	-	1,319,897
Unrestricted Net Position	7,151,921	166,571	7,318,492
Total Net Position	<u>\$ 49,156,869</u>	<u>\$ 166,571</u>	<u>\$ 49,323,440</u>

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

TITUS COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	1,141,698	466,830	-
Judicial	987,616	745,391	-
Legal	432,096	139,711	-
Financial	990,832	268,396	-
Public Facility	215,149	39,000	-
Public Safety	5,056,555	37,719	327,549
Health & Welfare	177,760	15,600	25,173
Highways, Streets, & Bridges	2,819,701	652,815	30,365
Cultural and Recreational	25,895	12,113	-
County Extension	87,797	-	-
Miscellaneous	99,852	-	-
Bond Interest	5,995,872	-	-
Bond Fees	3,224	-	-
Total Governmental Activities:	18,034,047	2,377,575	383,087
BUSINESS-TYPE ACTIVITIES:			
Commissary	77,727	141,302	-
Election	218,980	40,423	-
Total Business-Type Activities:	296,707	181,725	-
TOTAL PRIMARY GOVERNMENT:	\$ 18,330,754	\$ 2,559,300	\$ 383,087

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Other Taxes

Intergovernment Contribution-Loop Construction

Miscellaneous Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position--Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
(674,868)	-	(674,868)
(242,225)	-	(242,225)
(292,385)	-	(292,385)
(722,436)	-	(722,436)
(176,149)	-	(176,149)
(4,691,287)	-	(4,691,287)
(136,987)	-	(136,987)
(2,136,521)	-	(2,136,521)
(13,782)	-	(13,782)
(87,797)	-	(87,797)
(99,852)	-	(99,852)
(5,995,872)	-	(5,995,872)
(3,224)	-	(3,224)
<u>(15,273,385)</u>	-	<u>(15,273,385)</u>
-	63,575	63,575
-	(178,557)	(178,557)
-	(114,982)	(114,982)
<u>(15,273,385)</u>	<u>(114,982)</u>	<u>(15,388,367)</u>
6,605,092	-	6,605,092
3,251,851	-	3,251,851
2,426,242	-	2,426,242
10,225,288	-	10,225,288
222,858	57	222,915
82,594	-	82,594
(135,000)	135,000	-
<u>22,678,925</u>	<u>135,057</u>	<u>22,813,982</u>
7,405,540	20,075	7,425,615
41,782,900	146,496	41,929,396
(31,571)	-	(31,571)
<u>\$ 49,156,869</u>	<u>\$ 166,571</u>	<u>\$ 49,323,440</u>

GOVERNMENTAL FUND FINANCIAL STATEMENTS

TITUS COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	General Fund	Texas Capital Fund Escrow	2012 "A" Debt Service Fund
ASSETS			
Cash and Cash Equivalents	\$ 5,847,369	\$ 731,743	\$ 958,522
Receivables (Net)	4,723,190	-	76,643
Due from Other Funds	-	-	-
Prepaid Items	255,196	-	-
Total Assets	<u>\$ 10,825,755</u>	<u>\$ 731,743</u>	<u>\$ 1,035,165</u>
LIABILITIES			
Accounts Payable	\$ 107,265	\$ -	\$ -
Due to Other Funds	23,078	-	-
Due to Other Governments	-	731,743	-
Unearned Revenues	17,358	-	-
Total Liabilities	<u>147,701</u>	<u>731,743</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Taxes, Fines & Fees	4,484,634	-	39,032
Total Deferred Inflows of Resources	<u>4,484,634</u>	<u>-</u>	<u>39,032</u>
FUND BALANCES			
Capital Projects	-	-	-
Retirement of Long-Term Debt Reported in Special Revenue Funds	-	-	996,133
Unassigned Fund Balance	6,193,420	-	-
Total Fund Balances	<u>6,193,420</u>	<u>-</u>	<u>996,133</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 10,825,755</u>	<u>\$ 731,743</u>	<u>\$ 1,035,165</u>

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

2009 Debt Service Fund	2012 "B" Debt Service Fund	2004 ROW Capital Projects	Loop Const. Capital Projects	Other Funds	Total Governmental Funds
\$ 909,668	\$ 804,941	\$ 3,462,017	\$ 1,651,418	\$ 2,873,781	\$ 17,239,459
60,714	68,575	-	-	269,592	5,198,714
-	-	-	-	23,078	23,078
-	-	-	-	11,231	266,427
<u>\$ 970,382</u>	<u>\$ 873,516</u>	<u>\$ 3,462,017</u>	<u>\$ 1,651,418</u>	<u>\$ 3,177,682</u>	<u>\$ 22,727,678</u>
\$ -	\$ -	\$ -	\$ 4,367	\$ 420,115	\$ 531,747
-	-	-	-	-	23,078
-	-	-	-	-	731,743
-	-	-	-	62,117	79,475
-	-	-	4,367	482,232	1,366,043
12,033	58,574	-	-	128,461	4,722,734
<u>12,033</u>	<u>58,574</u>	<u>-</u>	<u>-</u>	<u>128,461</u>	<u>4,722,734</u>
-	-	3,462,017	1,647,051	5,572	5,114,640
958,349	814,942	-	-	1,241,520	4,010,944
-	-	-	-	1,319,897	1,319,897
-	-	-	-	-	6,193,420
<u>958,349</u>	<u>814,942</u>	<u>3,462,017</u>	<u>1,647,051</u>	<u>2,566,989</u>	<u>16,638,901</u>
<u>\$ 970,382</u>	<u>\$ 873,516</u>	<u>\$ 3,462,017</u>	<u>\$ 1,651,418</u>	<u>\$ 3,177,682</u>	<u>\$ 22,727,678</u>

TITUS COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2015

Total Fund Balances - Governmental Funds	\$	16,638,901
<p>The County uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to Increase (decrease) net position.</p>		
		745,131
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$184,354,841 and the accumulated depreciation was \$19,558,079. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.</p>		
		16,406,159
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Also, the County completed the Loop Construction project and the state assumed possession in exchange for a receivable for reimbursement revenue. The net effect of including these items is to increase (decrease) net position.</p>		
		15,586,201
<p>The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(823,537)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.</p>		
		525,081
<p>Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$1,091,944 and a Deferred Resource Outflow related to TCDRS in the amount of \$1,170,877. This amounted to an increase in Net Position in the amount of \$78,933.</p>		
		78,933
Net Position of Governmental Activities	\$	49,156,869

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

TITUS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Texas Capital Fund Escrow	2012 "A" Debt Service Fund
REVENUES:			
Taxes	\$ 7,572,000	\$ -	\$ 864,965
Licenses and Permits	22,754	-	-
Intergovernmental Revenue and Grants	226,462	-	2,124,707
Charges for Services	1,343,815	-	-
Fines	-	-	-
Other Revenue	121,370	-	3,142
Total Revenues	9,286,401	-	2,992,814
EXPENDITURES:			
Current:			
General Government	1,024,195	-	-
Judicial	797,945	-	-
Legal	238,541	-	-
Financial	979,599	-	-
Public Facility	212,902	-	-
Public Safety	4,747,128	-	-
Health & Welfare	177,760	-	-
Highways, Streets, & Bridges	-	-	-
Cultural and Recreational	-	-	-
County Extension	85,549	-	-
Miscellaneous	-	-	-
Debt Service:			
Bond Principal	-	-	575,000
Bond Interest	-	-	1,752,575
Bond Fees	-	-	806
Capital Outlay:			
Capital Outlay	434,905	-	-
Total Expenditures	8,698,524	-	2,328,381
Excess (Deficiency) of Revenues Over (Under) Expenditures	587,877	-	664,433
OTHER FINANCING SOURCES (USES):			
Transfers In	40,048	-	-
Other Resources	-	-	-
Transfers Out (Use)	(595,512)	-	-
Total Other Financing Sources (Uses)	(555,464)	-	-
Net Change in Fund Balances	32,413	-	664,433
Fund Balance - October 1 (Beginning)	6,161,007	-	331,700
Fund Balance - September 30 (Ending)	\$ 6,193,420	\$ -	\$ 996,133

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

2009 Debt Service Fund	2012 "B" Debt Service Fund	2004 ROW Capital Projects	Loop Const. Capital Projects	Other Funds	Total Governmental Funds
\$ 1,124,224	\$ 230,002	\$ -	\$ -	2,479,792	\$ 12,270,983
-	-	-	-	652,815	675,569
1,460,000	1,460,000	-	-	1,172,357	6,443,526
-	-	-	-	237,231	1,581,046
-	-	-	-	131,648	131,648
4,057	1,537	12,010	19,046	43,174	204,336
<u>2,588,281</u>	<u>1,691,539</u>	<u>12,010</u>	<u>19,046</u>	<u>4,717,017</u>	<u>21,307,108</u>
-	-	-	-	-	1,024,195
-	-	-	-	183,998	981,943
-	-	-	-	202,323	440,864
-	-	-	-	-	979,599
-	-	-	-	-	212,902
-	-	-	-	39,901	4,787,029
-	-	-	-	-	177,760
-	-	-	18,643	2,263,018	2,281,661
-	-	-	-	25,895	25,895
-	-	-	-	-	85,549
-	-	-	-	99,852	99,852
1,355,000	1,520,000	-	-	1,255,000	4,705,000
1,634,238	1,699,213	-	-	1,142,360	6,228,386
806	806	-	-	806	3,224
-	-	-	6,133,823	105,192	6,673,920
<u>2,990,044</u>	<u>3,220,019</u>	<u>-</u>	<u>6,152,466</u>	<u>5,318,345</u>	<u>28,707,779</u>
<u>(401,763)</u>	<u>(1,528,480)</u>	<u>12,010</u>	<u>(6,133,420)</u>	<u>(601,328)</u>	<u>(7,400,671)</u>
-	2,332,562	-	-	202,512	2,575,122
-	-	-	-	47,996	47,996
-	-	-	(2,332,562)	(47,048)	(2,975,122)
-	2,332,562	-	(2,332,562)	203,460	(352,004)
<u>(401,763)</u>	<u>804,082</u>	<u>12,010</u>	<u>(8,465,982)</u>	<u>(397,868)</u>	<u>(7,752,675)</u>
<u>1,360,112</u>	<u>10,860</u>	<u>3,450,007</u>	<u>10,113,033</u>	<u>2,964,857</u>	<u>24,391,576</u>
<u>\$ 958,349</u>	<u>\$ 814,942</u>	<u>\$ 3,462,017</u>	<u>\$ 1,647,051</u>	<u>\$ 2,566,989</u>	<u>\$ 16,638,901</u>

TITUS COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

Total Net Change in Fund Balances - Governmental Funds	\$	(7,752,675)
The County uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) the change in net position.		40,331
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Also, the County completed the Loop Construction project and the state assumed possession in exchange for a receivable for reimbursement revenue. The net effect of including these items is to increase (decrease) net position.		15,586,201
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(823,537)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.		244,716
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2014 caused the change in the ending net position to increase in the amount of \$706,133. The County recorded their proportionate share of pension expense during the measurement period as part of the net pension liability. The amounts expensed for FY 2015 was \$595,629 for pension expense. This caused a net increase in the change in net position of \$110,504.		110,504
Change in Net Position of Governmental Activities	\$	7,405,540

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

TITUS COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 7,298,851	\$ 7,298,851	\$ 7,572,000	\$ 273,149
Licenses and Permits	12,000	12,000	22,754	10,754
Intergovernmental Revenue and Grants	171,000	185,094	226,462	41,368
Charges for Services	1,439,000	1,443,326	1,343,815	(99,511)
Other Revenue	94,000	100,697	121,370	20,673
Total Revenues	9,014,851	9,039,968	9,286,401	246,433
EXPENDITURES:				
Current:				
General Government	1,248,398	1,123,859	1,024,195	99,664
Judicial	902,638	918,902	797,945	120,957
Legal	237,563	239,917	238,541	1,376
Financial	982,619	1,010,290	979,599	30,691
Public Facility	200,744	206,744	212,902	(6,158)
Public Safety	4,705,307	4,900,308	4,747,128	153,180
Health & Welfare	176,464	179,509	177,760	1,749
County Extension	85,193	87,298	85,549	1,749
Capital Outlay:				
Capital Outlay	604,000	546,182	434,905	111,277
Total Expenditures	9,142,926	9,213,009	8,698,524	514,485
Excess (Deficiency) of Revenues Over (Under) Expenditures	(128,075)	(173,041)	587,877	760,918
OTHER FINANCING SOURCES (USES):				
Transfers In	40,048	40,048	40,048	-
Transfers Out (Use)	(482,500)	(1,515,512)	(595,512)	920,000
Total Other Financing Sources (Uses)	(442,452)	(1,475,464)	(555,464)	920,000
Net Change	(570,527)	(1,648,505)	32,413	1,680,918
Fund Balance - October 1 (Beginning)	6,161,007	6,161,007	6,161,007	-
Fund Balance - September 30 (Ending)	\$ 5,590,480	\$ 4,512,502	\$ 6,193,420	\$ 1,680,918

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

PROPRIETARY FUND FINANCIAL STATEMENTS

TITUS COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 181,699	\$ 661,208
Accounts Receivable-Net of Uncollectible Allowance	-	71,629
Inventories	4,476	-
Prepaid Items	269	-
Total Current Assets	186,444	732,837
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements	-	79,790
Buildings	-	151,858
Accumulated Depreciation - Buildings	-	(73,518)
Improvements other than Buildings	-	4,994
Accumulated Depreciation - Other Improvements	-	(4,994)
Machinery and Equipment	332,654	118,603
Accumulated Depreciation - Machinery & Equipment	(332,651)	(118,603)
Total Noncurrent Assets	3	158,130
Total Assets	186,447	890,967
LIABILITIES		
Current Liabilities:		
Accounts Payable	19,876	145,836
Total Liabilities	19,876	145,836
NET POSITION		
Unrestricted Net Position	166,571	745,131
Total Net Position	\$ 166,571	\$ 745,131

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

TITUS COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT D-2

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Charges for Services	\$ 181,725	\$ 1,502,842
Other Revenue	57	-
Total Operating Revenues	181,782	1,502,842
OPERATING EXPENSES:		
Highways, streets, and bridges	-	187,909
Insurance coverage and medical claims	-	1,529,734
Public Safety	77,727	-
Elections	216,092	-
Depreciation	2,888	3,035
Capital outlay	-	6,833
Total Operating Expenses	296,707	1,727,511
Income (Loss) Before Transfers	(114,925)	(224,669)
Transfer In	200,000	265,000
Transfers Out	(65,000)	-
Change in Net Position	20,075	40,331
Total Net Position -October 1 (Beginning)	146,496	704,800
Total Net Position September 30 (Ending)	\$ 166,571	\$ 745,131

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

TITUS COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 199,171	\$ 531,366
Cash Received from Assessments - Other Funds	-	1,155,050
Cash Payments for Payroll and Benefits	(166,443)	(127,074)
Cash Payments for Insurance Claims	-	(1,677,657)
Cash Payments for Suppliers	(108,618)	(66,823)
Net Cash Provided by (Used for) Operating Activities	<u>(75,890)</u>	<u>(185,138)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Transfer In	200,000	265,000
Transfer Out	(65,000)	-
Net Cash Provided by Non-Capital Financing Activities	<u>135,000</u>	<u>265,000</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Acquisition of Capital Assets	-	-
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investment Securities	-	-
Net Increase in Cash and Cash Equivalents	59,110	79,862
Cash and Cash Equivalents at Beginning of the Year:	122,589	581,346
Cash and Cash Equivalents at the End of the Year:	<u>\$ 181,699</u>	<u>\$ 661,208</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss):	\$ (114,925)	\$ (224,669)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	2,888	3,035
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	17,389	183,574
Decrease (increase) in Inventories	(858)	-
Decrease (increase) in Prepaid Expenses	-	-
Increase (decrease) in Accounts Payable	19,616	(147,078)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (75,890)</u>	<u>\$ (185,138)</u>

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

FIDUCIARY FUND FINANCIAL STATEMENTS

TITUS COUNTY, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2015

EXHIBIT E-1

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 1,089,786
Total Assets	<u>\$ 1,089,786</u>
LIABILITIES	
District Court cases payable/pending	\$ 586,721
County Clerk cash bonds	140,189
Bail Bond Board deposits	362,876
Total Liabilities	<u>\$ 1,089,786</u>

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Titus County, Texas is a county government operating under the applicable laws and regulations of the State of Texas. It is governed by a five member Commissioner's Court elected by registered voters of the County. The County prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

Pensions. The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCERS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. REPORTING ENTITY

The Commissioner's Court is elected by the public and it has the authority to make decisions and significantly influence operations. It has the primary accountability for fiscal matters. Therefore, the County is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of Titus County with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, charges for services, grants and other intergovernmental revenues. Business type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the County operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the County. Examples include fees of offices. The "grants and contributions" column includes amounts paid by organizations outside the County to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the County's functions. Taxes are always general revenues.

Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as inter-fund transfers. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The County considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The County considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the County to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. FUND ACCOUNTING

The County reports the following major governmental funds:

1. **The General Fund** -- The general fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Special Revenue Funds** -- One special revenue fund is a major fund. See the definition of this below.
3. **Debt Service Funds** -- Three debt service funds are major funds. See the definition of these funds below.
4. **Capital Projects Fund** -- Two capital project funds are major funds. See the definition of these funds below.

Additionally, the County reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** -- The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund.
2. **Debt Service Funds** -- The County accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Project Funds** -- The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Proprietary Funds:

1. **Enterprise Funds** -- The County's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The County's non-major Enterprise Funds and commissary store at the County Jail and on Election Funds.
2. **Internal Service Funds** -- Revenues and expenses related to services provided to organizations inside the County on a cost reimbursement basis are accounted for in an internal service fund. The County's Internal Service Fund are a maintenance facility and a health insurance fund.

Fiduciary Funds:

1. **Agency Funds** -- The County accounts for resources held for others in a custodial capacity in agency funds. The County's Agency Funds contains the District Court Clerk funds for pending cases, the County Clerk cash bond accounts and the Bail Bond Board fund.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the County considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
3. Capital assets, which include land, buildings, machinery and equipment and roads and bridges are reported in the applicable governmental activities column 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 two years. 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.

Buildings, machinery and equipment of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	15-50
Vehicles	4-7
Office Equipment	5-7
Computer Equipment	5-7
Machinery	7
Roads and Bridges	50

4. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the County as a whole.
5. Some cash and investments are restricted for future debt payments and for purchase of right of way.
6. The County has a self-insurance fund for health insurance.
7. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.
8. When the County incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
9. Investments are recorded at fair market value.
10. Deferred Outflows/Inflows of Resources—The County implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended September 30, 2013. The County implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions for the year ended September 30, 2015. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one type of item that qualifies for reporting in this category, deferred outflows related to TCDRS as per GASB 68 related to pension accounting. This will be recognized as an outflow of resources in the subsequent years as it is amortized.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item that qualifies for reporting in this category, property taxes, fines, and fees. These amounts will be recognized as an inflow of resources in the subsequent years as collected.

11. Fund balance measures the net financial resources available to finance expenditures of future periods. The County's Unassigned General Fund Balance will be maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund balance may only be appropriated by resolution of the County Commissioner's Court.

Fund balance of the County may be committed for a specific source by formal action of the County Commissioner's Court. Amendments or modifications of the committed fund balance must also be approved by formal action of the Commissioner's Court.

When it is appropriate for fund balance to be assigned, the Commissioner's Court delegates authority to the County Judge and Auditor. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	261,722	-	261,722	
Loop Construction in Progress	151,921,852	-	151,921,852	
Buildings and Improvements	11,514,692	4,743,900	6,770,792	
Machinery and Equipment	5,711,575	4,958,321	753,254	
County Roads & Bridges	14,945,000	9,855,858	5,089,142	
Change in Net Position	<u>184,354,841</u>	<u>19,558,079</u>	<u>164,796,762</u>	<u>164,796,762</u>

This does not include fixed assets of the internal service funds.

<u>Long-term liabilities at the Beginning of the year</u>	<u>Payable at the Beginning of the Year</u>	<u>Change in Net Position</u>
Bonds Payable	148,390,603	
Notes Payable	-	
Change in Net Position		<u>148,390,603</u>
Net Adjustment to Net Position		<u>16,406,159</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current year Capital Outlay</u>			
Loop construction	6,400,159	6,400,159	6,400,159
Land	10,000	10,000	10,000
Machinery and equipment	<u>263,761</u>	<u>263,761</u>	<u>263,761</u>
Total Capital Outlay	<u>6,673,920</u>	<u>6,673,920</u>	<u>6,673,920</u>
<u>Loop Completion</u>			
Completed Loop-TX Dot assumed ownership	(158,074,318)	(158,074,318)	(158,074,318)
Receivable from TX Dot for Loop Debt	<u>162,281,599</u>	<u>162,281,599</u>	<u>162,281,599</u>
Total Loop Completion Effect	<u>4,207,281</u>	<u>4,207,281</u>	<u>4,207,281</u>
<u>Debt Principal Payments</u>			
Bond Principal	<u>4,705,000</u>	<u>4,705,000</u>	<u>4,705,000</u>
Total Principal Payments	<u>4,705,000</u>	<u>4,705,000</u>	<u>4,705,000</u>
Total Adjustments to Net Position		<u>15,586,201</u>	<u>15,586,201</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	130,058	(130,058)	-
Uncollected taxes (assumed collectible) from Current Year Levy	146,596	146,596	146,596
Uncollected Taxes (assumed collectible) from Prior Year Levy	145,971	-	145,971
Effect of prior year tax entry	4,336	(4,336)	-
<u>Reclassify Proceeds of Bonds, Loans, and Capital Leases</u>			
Amortization of Bond Premium	<u>232,514</u>	<u>232,514</u>	<u>232,514</u>
Total		<u>244,716</u>	<u>525,081</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The County prepares its appropriated budget on a basis consistent with generally accepted accounting principles using the organization perspective, that is, the budget follows the formal, usually statutory, patterns of authority and responsibility granted to actually carry out the functions of the government. For example, the county judge's office has a separate budget from the county sheriff's office; although, various offices may be subsidized from revenues generated by maintenance and operation ad valorem taxes.

The county auditor and the county judge prepare an estimated budget based on recommendations and requests submitted by each department head. This estimated budget is presented to the commissioners, who then begin the process of reallocating specific items that, in their opinion, need to be modified. The final budget, when approved by the commissioner's court, is filed for public inspection with the county clerk. Public hearings are then held, if required, and the budget is adjusted, if necessary, and approved in its final form by commissioner's court. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Revisions to the budget were made throughout the year.

The County does not record encumbrances as part of its accounting records.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The county is in substantial compliance with the requirements of the Act and with local policies.

Additional contractual provisions governing deposits and investments for the County are as follows:

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy does address the following risks:

1. **Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is that the funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping in an amount sufficient to protect the County's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Deposits of the County are insured or collateralized with securities held by the pledging financial institution's trust department or agent in the name of the County.

At September 30, 2015, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$19,185,289 and the bank balance was \$20,650,998. The County's cash deposits at September 30, 2015 and during the year ended September 30, 2015 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

A. DEPOSITS AND INVESTMENTS (continued)

In addition, the following is disclosed regarding coverage of combined balances as of September 30, 2015:

- a. Depository: Guaranty Bank & Trust
 - b. The market value of securities pledged as of September 30, 2015 was \$20,796,187.
 - c. Total amount of FDIC coverage at September 30, 2015 was \$500,000.
2. Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Positions in external investment pools are not subject to custodial credit risk. The County has no investments exposed to custodial credit risk at the end of the period.
 3. Interest- rate Risk – Interest-rate risk occurs when potential purchases of debt securities do not agree to pay face value for these securities if interest rates rise. The County does not purchase investments where the face value is not guaranteed.
 4. Concentration Risk – Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investments in external investment pools are not subject to concentration risk. The County is not exposed to any amounts of concentration risk.
 5. Other Credit Risk Exposure – The County has no investments in external investment pools.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND TRANSFERS & BALANCES

Transfers between funds were as follows:

Transfers to Non-major Governmental Funds from:

General Fund	130,512
Major Capital Projects Fund	-
Enterprise Funds	65,000
Nonmajor Governmental Funds	7,000
Total	<u>202,512</u>

Transfers to Internal Service Funds from:

General Fund	265,000
Total	<u>265,000</u>

Transfers to Enterprise Funds from:

General Fund	200,000
Total	<u>200,000</u>

Transfers to General Fund from:

Non-major Governmental Funds	40,048
Total	<u>40,048</u>

Transfers to Major Debt Service Fund from:

Major Capital Projects Fund	2,332,562
Total	<u>2,332,562</u>

There was \$23,078 due to the general fund from non-major special revenue funds. This will be paid in the next fiscal year.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2015, were as follows:

	<u>Property Taxes</u>	<u>Fees of Office</u>	<u>Intergover- nmental</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	298,668	8,605,989	15,153	223,403	9,143,213
Major Debt Service Funds	121,821	-	-	96,294	218,115
Major Capital Project Funds	-	-	-	-	-
Non-major Governmental Funds	151,304	-	26,073	107,344	284,721
Internal Service Funds	-	-	-	71,629	71,629
Total-Governmental Activities	<u>571,793</u>	<u>8,605,989</u>	<u>41,226</u>	<u>498,670</u>	<u>9,717,678</u>
Amount not scheduled for collection during the subsequent year	<u>57,179</u>	<u>4,390,156</u>	<u>-</u>	<u>-</u>	<u>4,447,335</u>
Proprietary Activities:					
Non-major Proprietary Funds	-	-	-	-	-
Amount not scheduled for collection during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES (cont'd)

Payables at September 30, 2015, were as follows:

	<u>Accounts</u>	<u>Salaries and Benefits</u>	<u>Due to Other Governments</u>	<u>Other</u>	<u>Total Payables</u>
Governmental Activities:					
General Fund	51,576	-	-	55,689	107,265
Major Special Revenue Fund	-	-	731,743	-	731,743
Major Capital Project Fund	4,367	-	-	-	4,367
Non-major Governmental Funds	74,486	-	-	345,629	420,115
Internal Service Funds	-	145,836	-	-	145,836
Total-Governmental Activities	<u>130,429</u>	<u>145,836</u>	<u>731,743</u>	<u>401,318</u>	<u>1,409,326</u>
Amount not scheduled for collection during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Proprietary Activities:					
Non-major Proprietary Funds	-	-	-	-	-
Amount not scheduled for collection during the subsequent year	-	-	-	-	-

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the County for the year ended September 30, 2015, was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Additions	Retirements	Adjustments	
Governmental Activities:					
District:					
Land	341,512	10,000	-	-	351,512
Loop Construction in Progress	151,921,852	6,152,466	-	(158,074,318)	-
Buildings and Improvements	11,671,544	-	-	-	11,671,544
Construction in Progress	-	247,693	-	-	247,693
Machinery and Equipment	5,830,178	263,761	(143,115)	-	5,950,824
County Roads and Bridges	14,945,000	-	-	-	14,945,000
Totals at Historic Cost	<u>184,710,086</u>	<u>6,673,920</u>	<u>(143,115)</u>	<u>(158,074,318)</u>	<u>33,166,573</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(5,060,262)	(262,290)	-	-	(5,322,552)
Machinery and Equipment	(4,836,039)	(265,595)	143,115	-	(4,958,519)
Roads	(9,855,858)	(298,687)	-	-	(10,154,545)
Total Accumulated Depreciation	<u>(19,752,159)</u>	<u>(826,572)</u>	<u>143,115</u>	<u>-</u>	<u>(20,435,616)</u>
Governmental Activities Capital Assets, Net	<u>164,957,927</u>	<u>5,847,348</u>	<u>-</u>	<u>(158,074,318)</u>	<u>12,730,957</u>
Business-type Activities:					
Furniture and Equipment	331,169	-	-	-	331,169
Less Accumulated Depreciation					
Furniture and Equipment	(328,276)	(2,888)	-	-	(331,164)
Business-type Activities Capital Asstes, Net:	<u>2,893</u>	<u>(2,888)</u>	<u>-</u>	<u>-</u>	<u>5</u>

Depreciation expense was charged to proprietary activities functions as follows:

Elections	<u>\$2,888</u>
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Depreciation expense was charged to governmental functions as follows:

General government	130,653
Public Safety	268,688
Highways, streets, and bridges	427,231
Total Depreciation Expense	<u>826,572</u>

The above includes internal service funds depreciation of \$3,035.

G. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended September 30, 2015.

<u>Description</u>	<u>Interest Rate</u>	<u>Payable at 10/1/2014</u>	<u>Additions (Reductions)</u>	<u>Payable at 9/30/2015</u>	<u>Due within one year</u>
Unlimited Tax and Pass-Through	4.0%				
Toll Revenue Bonds--Series 2007	4-5%	25,060,000	(1,025,000)	24,035,000	1,070,000
Bond Premium--Series 2007		30,762	(1,809)	28,953	1,809
Unlimited Tax and Pass-Through	2.5%				
Toll Revenue Bonds--Series 2009	2.5-5%	36,450,000	(1,355,000)	35,095,000	1,425,000
Bond Premium--Series 2009		146,279	(8,127)	138,152	8,127
Limited Tax Refunding Bonds-					
Series 2011	3.24%	1,227,000	(230,000)	997,000	237,000
Unlimited Tax and Pass-Through					
Toll Revenue Bonds-Series 2012-A	3-5%	36,680,000	(575,000)	36,105,000	585,000
Bond Premium-Series 2012-A		3,309,204	(165,460)	3,143,744	165,460
Pass-Through Toll Revenue and					
Limited Tax Bonds-Series 2012-B	3-5%	44,345,000	(1,520,000)	42,825,000	1,565,000
Bond Premium-Series 2012-B		1,142,358	(57,118)	1,085,240	57,118
		<u>148,390,603</u>	<u>(4,937,514)</u>	<u>143,453,089</u>	<u>5,114,514</u>

The debt service fund long-term debt as of September 30, 2015, follows:

(A) Unlimited Tax and Pass-Through Toll Revenue Bonds Due in annual installments with interest at 4.00%-4.50%	24,035,000
(B) Unamortized Bond Premium	28,953
(C) Unlimited Tax and Pass-Through Toll Revenue Bonds Due in annual installments with interest at 2.5%-5.00%	35,095,000
(D) Unamortized Bond Premium	138,152
(E) Limited Tax Refunding Bond, Series 2011 Due in annual installments with interest at 3.24%	997,000
(F) Unlimited Tax and Pass-Through Toll Revenue Bonds Series 2012-A Due in annual installments with interest at 3-5%.	36,105,000
(G) Unamortized Bond Premium-Series 2012-A	3,143,744
(H) Pass-Through Toll Revenue and Limited Tax Bonds Series 2012-B Due in annual installments with interest at 3-5%.	42,825,000
(I) Unamortized Bond Premium- Series 2012-B	1,085,240
	<u>143,453,089</u>

G. CHANGES IN LONG-TERM DEBT (cont'd)

The annual requirements to amortize bonded debt and certificates of obligation as of September 30, 2015, follows:

Year Ended September 30	General Obligations		Total Requirements
	Principal	Interest	
2016	4,882,000	6,045,745	10,927,745
2017	5,070,000	5,859,561	10,929,561
2018	5,258,000	5,668,033	10,926,033
2019	5,477,000	5,452,299	10,929,299
2020	5,720,000	5,209,342	10,929,342
2021-2025	32,370,000	22,275,281	54,645,281
2026-2030	40,425,000	14,218,399	54,643,399
2031-2034	39,855,000	3,859,075	43,714,075
	<u>139,057,000</u>	<u>68,587,735</u>	<u>207,644,735</u>

In November, 2007, the County received \$29.665 million in Unlimited Tax and Pass-Through Toll Revenue Bonds, Series 2007, to be used for architectural, engineering, and right of way purchases for the loop project.

In September, 2009, the County received \$39 million in Unlimited Tax and Pass-Through Toll Revenue Bonds, to be used for construction of the loop project.

In June 2011, the County issued the Limited Tax Refunding Bonds, Series 2011. Proceeds were used to pay off the Certificates of Obligation Series 2004. This transaction resulted in a reduction in future debt service payments of \$114 thousand and an economic gain of \$63 thousand in present value. The principal balance of the refunded bonds at September 30, 2015 is \$1,007,000.

In July, 2012, the County received \$36.68 million in Unlimited Tax and Pass-Through Toll Revenue Bonds, Series 2012-A to be used for construction of the loop project.

In July, 2012, the County received \$44.345 million in Pass-Through Toll Revenue and Limited Tax Bonds-Series 2012-B to be used for construction of the loop project.

The state has now began repaying the \$168.62 million pass-through reimbursements to the County to assist in paying off the debt. The remaining balance to be received is \$162.28 million.

H. RECEIVABLE- TEXAS DEPARTMENT OF TRANSPORTAION

The Loop construction was completed this year. In exchange for assuming maintenance and ownership of the completed loop, the state has begun payments on the \$168.62 million pass through reimbursements. This is payable over a maximum of twenty years beginning this year at a minimum of \$8.431 million per year. Repayment could be quicker depending on the traffic count on the Loop. The balance is \$162.28 million at September 30, 2015.

I. DEFINED BENEFIT PENSION PLANS

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined contribution plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of over 600 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 Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years of service regardless of age or when the sum of their age and years of service equals 80 or more. A member is vested after 10 years of service but must leave his accumulated contributions in the plan to receive any employer-financed benefit. If a member withdraws his personal contributions in a lump-sum, he is not entitled to any amounts contributed by the employer.

All eligible employees of the District are required to participate in the TCDRS.

Benefits Provided

TCDRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS.

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 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 as if 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.

Employees covered by benefit terms.

At December 31, 2014 valuation and measurement date, there were 143 active employees covered by the benefit terms.

Contributions

The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 11.17% and 11.18% in calendar years 2014 and 2015, respectively. The County's contributions to TCDRS for the year ended September 30, 2015, were \$588,071, and were equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.5% per year
Investment Rate of Return	8.0% net of pension plan investment expenses, including inflation

Demographic and economic assumptions are used to estimate employer liabilities and to determine the amount of funding required from employer contributions as opposed to investment earnings. These assumptions reflect a long-term perspective of 30 years or more. Examples of key economic assumptions include long-term investment return, long-term inflation and annual payroll increase.

Demographic assumptions are the actuary's best estimate of what will happen to TCDRS members and retirees. Examples of demographic assumptions are employment termination rates, retirement rates and retiree mortality rates. A complete listing of all actuarial assumptions can be found in the annual system-wide valuation report.

I. DEFINED BENEFIT PENSION PLANS continued

The long-term expected rate of return on pension plan investments is 8.1%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Rate of Return
US Equity	16.5%	5.35%
International Equity	21.5%	5.35% - 6.35%
Various	25.0%	.55% - 7.20%
Hedge Funds	25.0%	5.15%
Private Equity	12.0%	8.35%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at December 31, 2013	\$ 23,955,607	\$ 23,251,737	\$ 703,870
Changes for the year:			
Service cost	775,708	-	775,708
Interest	1,930,792	-	1,930,792
Change of benefit terms	-	-	-
Difference between expected and actual experience	262,203	-	262,203
Changes of assumptions	-	-	-
Contributions - employer	-	608,019	(608,019)
Contributions - employee	-	374,877	(374,877)
Net investment income	-	1,566,641	(1,566,641)
Benefit payments, including refund of contributions	(1,017,764)	(1,017,764)	-
Administrative expense	-	(18,516)	18,516
Other changes	-	49,608	(49,608)
Net changes	\$ 1,950,939	\$ 1,562,865	\$ 388,074
Balance at December 31, 2014	\$ 25,906,546	\$ 24,814,602	\$ 1,091,944

I. DEFINED BENEFIT PENSION PLANS continued

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-point higher (9.1%) than the current rate:

	1% Decrease in Discount Rate 7.1%	Discount Rate 8.1%	1% Increase in Discount Rate 9.1%
County's net pension liability/(Asset)	\$ 4,363,892	\$ 1,091,944	\$ (1,611,063)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at www.tcdrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the County recognized pension expense of \$588,071.

At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	-	196,652
Changed is actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	268,092
Contributions subsequent to the measurement date	-	-
Total	-	464,744

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

Year ended September 30:	
2016	132,574
2017	132,574
2018	132,574
2019	67,022
2020	-
Thereafter	-

J. REVOLVING LOAN FUND

No new loans are expected to be made. \$732 thousand of cash is in this fund at September 30, 2015. It is anticipated that these remaining funds will be returned to the state grant agency in the future.

K. FEDERAL GRANTS

In the normal course of operations, the County receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

L. 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. During fiscal 2015, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

M. DEFERRED INFLOWS OF RESOURCES

In the government wide statements and the governmental fund financial statements the amount of property taxes receivable and fines expected to be collected in the future is reflected as a deferred inflow of resources and will be recognized as such each year as it is collected.

N. SELF INSURANCE FUNDS

During the year ended September 30, 2015, employees of the County were covered by the County’s medical self-insurance Plan (the “Plan”). The County contributed \$775 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay contributions for dependents or increased coverage. Claims were paid by a third party administrator acting on behalf of the County.

The administrative contract between the County and the Third party administrator is renewable annually and administrative fees and stop-loss premiums are included in the contractual provisions. In accordance with state statute, the County was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Sun Life, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance code. Stop loss coverage was in effect for individual claims exceeding \$50,000 and an aggregate loss limit of \$1,000,000.

Changes in the balances of claims liabilities during the past year for the medical plan are as follows:

	Year Ended September 30, 2014	Year Ended September 30, 2015
Unpaid claims, beginning of the year	-	-
Incurred claims (including IBNR's)	853,760	801,166
Claim Payments	853,760	801,166
Unpaid claims, end of fiscal year	<u>-</u>	<u>-</u>

O. COMMITMENTS AND CONTINGENCIES

The County has no significant commitments or contingencies at September 30, 2015.

P. LITIGATION

The County has no pending litigation at September 30, 2015.

Q. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 11, 2016, the financial statement issuance date.

R. PRIOR PERIOD ADJUSTMENT- NET PENSION LIABILITY

During fiscal year 2015, the County adopted GASB Statement No. 68 for Accounting and Reporting for Pensions. With GASB 68, the County must assume their proportionate share of the Net Pension Asset/Liability of the TCDRS. Adoption of GASB 68 require a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment for GASB 68 is \$31,571 which is a net pension asset as the County is overfunded. The restated beginning net position is \$41,897,825.

REQUIRED SUPPLEMENTAL INFORMATION

TITUS COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SEPTEMBER 30, 2015

EXHIBIT F-1

	2015
A. Total Pension Liability	
Service Cost	\$ 775,708
Interest (on the Total Pension Liability)	1,930,792
Changes of Benefit Terms	-0-
Difference between Expected and Actual Experience	262,203
Changes of Assumptions	-0-
Benefit Payments, including refunds of employee contributions	(1,017,764)
Net change in Total Pension Liability	\$ 1,950,939
Total Pension Liability - Beginning	23,955,607
Total Pension Liability - Ending	\$ 25,906,546
B. Total Fiduciary Net Position	
Contributions - Employer	\$ 608,019
Contributions - Employee	374,877
Net Investment Income	1,566,641
Benefit Payments, including refunds of employee contributions	(1,017,764)
Administrative Expense	(18,516)
Other	49,608
Net Change in Plan Fiduciary Net Position	\$ 1,562,865
Plan Fiduciary Net Position - Beginning	23,251,737
Plan Fiduciary Net Position - Ending	\$ 24,814,602
C. Net Pension Liability	\$ 1,091,944
D. Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.79%
E. Covered Employee Payroll	\$ 5,262,480
F. Net Pension Liability as a Percentage of Covered Employee Payroll	20.74%

Note: GASB 68, Paragraph 46, a and b requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

Note: Only one year of data is presented in accordance with GASBS #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

TITUS COUNTY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
SEPTEMBER 30, 2015

		2015
Actuarially Determined Contribution	\$	588,071
Contributions in Relation to the Actuarially Determined Contributions		588,071
Contribution Deficiency (Excess)	\$	-0-
Covered Employee Payroll	\$	5,262,480
Contributions as a Percentage of Covered Employee Payroll		11.17%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the governmental entity's current fiscal year as opposed to the time period covered by the measurement date.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

COMBINING SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

TITUS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

	Security Fees Fund	Jury Fund	Law Library Fund	Road & Bridge #1
ASSETS				
Cash and Cash Equivalents	\$ 89,362	\$ 80,879	\$ 34,130	\$ (14,189)
Receivables (Net)	-	13,465	-	29,098
Due from Other Funds	-	-	-	15,145
Prepaid Items	-	-	-	1,262
Total Assets	<u>\$ 89,362</u>	<u>\$ 94,344</u>	<u>\$ 34,130</u>	<u>\$ 31,316</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 6,842	\$ 573	\$ 2,217
Unearned Revenues	-	7,353	-	-
Total Liabilities	<u>-</u>	<u>14,195</u>	<u>573</u>	<u>2,217</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Taxes, Fines & Fees	-	-	-	15,891
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,891</u>
FUND BALANCES				
Capital Projects	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Reported in Special Revenue Funds	89,362	80,149	33,557	13,208
Total Fund Balances	<u>89,362</u>	<u>80,149</u>	<u>33,557</u>	<u>13,208</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 89,362</u>	<u>\$ 94,344</u>	<u>\$ 34,130</u>	<u>\$ 31,316</u>

Road & Bridge #2	Road & Bridge #3	Road & Bridge #4	Justice Court Tech JP#1	Justice Court Tech JP#2	Park Fund	District Clerk Tech Fund	Victim of Crime Fund
\$ 8,491	\$ 74,651	\$ 79,335	\$ 25,788	\$ 19,668	\$ 7,867	\$ 6,821	\$ 127,183
33,053	41,921	30,509	-	-	-	-	-
7,933	-	-	-	-	-	-	-
3,723	3,723	2,523	-	-	-	-	-
<u>\$ 53,200</u>	<u>\$ 120,295</u>	<u>\$ 112,367</u>	<u>\$ 25,788</u>	<u>\$ 19,668</u>	<u>\$ 7,867</u>	<u>\$ 6,821</u>	<u>\$ 127,183</u>
\$ 11,596	\$ 15,224	\$ 5,384	\$ -	\$ -	\$ 10	\$ -	\$ 72,419
-	-	-	-	-	-	-	54,764
<u>11,596</u>	<u>15,224</u>	<u>5,384</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>127,183</u>
18,051	18,051	16,661	-	-	-	-	-
<u>18,051</u>	<u>18,051</u>	<u>16,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
23,553	87,020	90,322	25,788	19,668	7,857	6,821	-
<u>23,553</u>	<u>87,020</u>	<u>90,322</u>	<u>25,788</u>	<u>19,668</u>	<u>7,857</u>	<u>6,821</u>	<u>-</u>
<u>\$ 53,200</u>	<u>\$ 120,295</u>	<u>\$ 112,367</u>	<u>\$ 25,788</u>	<u>\$ 19,668</u>	<u>\$ 7,867</u>	<u>\$ 6,821</u>	<u>\$ 127,183</u>

TITUS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

	County Clerk R&M	District Clerk R&M	District Attorney	County Attorney
ASSETS				
Cash and Cash Equivalents	\$ 118,004	\$ 9,822	\$ 2,057	\$ 6,616
Receivables (Net)	-	-	-	-
Due from Other Funds	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>\$ 118,004</u>	<u>\$ 9,822</u>	<u>\$ 2,057</u>	<u>\$ 6,616</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 6,259
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,259</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Taxes, Fines & Fees	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Capital Projects	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Reported in Special Revenue Funds	118,004	9,822	2,057	357
Total Fund Balances	<u>118,004</u>	<u>9,822</u>	<u>2,057</u>	<u>357</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 118,004</u>	<u>\$ 9,822</u>	<u>\$ 2,057</u>	<u>\$ 6,616</u>

District Clerk RPF	Vehicle Inventory Tax	Family & Protective Services	Sheriff Seized Account	Dist Attny Seized Account	Dist Attny Drug Forfeiture	Sheriff Forfeiture	State Criminal Alien Assist
\$ 11,259	\$ 193,042	\$ -	\$ 23,342	\$ 69,750	\$ 559,239	\$ 10,263	\$ 11,866
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 11,259</u>	<u>\$ 193,042</u>	<u>\$ -</u>	<u>\$ 23,342</u>	<u>\$ 69,750</u>	<u>\$ 559,239</u>	<u>\$ 10,263</u>	<u>\$ 11,866</u>
\$ -	\$ 183,534	\$ -	\$ 23,342	\$ 69,750	\$ 10,721	\$ -	\$ -
-	-	-	-	-	-	-	-
-	183,534	-	23,342	69,750	10,721	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,259	9,508	-	-	-	548,518	10,263	11,866
11,259	9,508	-	-	-	548,518	10,263	11,866
<u>\$ 11,259</u>	<u>\$ 193,042</u>	<u>\$ -</u>	<u>\$ 23,342</u>	<u>\$ 69,750</u>	<u>\$ 559,239</u>	<u>\$ 10,263</u>	<u>\$ 11,866</u>

TITUS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

	Sheriff Commissary	Juvenile Board	Pretrial Intervention	County & District Court Tech
ASSETS				
Cash and Cash Equivalents	\$ 34,044	\$ 19,797	\$ 3,686	\$ 6,752
Receivables (Net)	-	-	-	-
Due from Other Funds	-	-	-	-
Prepaid Items	-	-	-	-
Total Assets	<u><u>\$ 34,044</u></u>	<u><u>\$ 19,797</u></u>	<u><u>\$ 3,686</u></u>	<u><u>\$ 6,752</u></u>
LIABILITIES				
Accounts Payable	\$ 2,355	\$ -	\$ 123	\$ -
Unearned Revenues	-	-	-	-
Total Liabilities	<u>2,355</u>	<u>-</u>	<u>123</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Taxes, Fines & Fees	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Capital Projects	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Reported in Special Revenue Funds	31,689	19,797	3,563	6,752
Total Fund Balances	<u>31,689</u>	<u>19,797</u>	<u>3,563</u>	<u>6,752</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u><u>\$ 34,044</u></u>	<u><u>\$ 19,797</u></u>	<u><u>\$ 3,686</u></u>	<u><u>\$ 6,752</u></u>

Indigent Defense	Vital Statistics	County Clerk Archive	Justice Courthouse Security	CETRZ Grant Precinct#1	CETRZ Grant Prec #3	Total Nonmajor Special Revenue Funds	2004 ROW I&S/ 2011 Series
\$ 3,796	\$ 9,596	\$ 42,102	\$ 4,540	\$ -	\$ (8,335)	\$ 1,671,224	\$ 117,748
-	-	-	-	-	17,204	165,250	26,647
-	-	-	-	-	-	23,078	-
-	-	-	-	-	-	11,231	-
<u>\$ 3,796</u>	<u>\$ 9,596</u>	<u>\$ 42,102</u>	<u>\$ 4,540</u>	<u>\$ -</u>	<u>\$ 8,869</u>	<u>\$ 1,870,783</u>	<u>\$ 144,395</u>
\$ 897	\$ -	\$ -	\$ -	\$ -	\$ 8,869	\$ 420,115	\$ -
-	-	-	-	-	-	62,117	-
<u>897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,869</u>	<u>482,232</u>	<u>-</u>
-	-	-	-	-	-	68,654	14,552
-	-	-	-	-	-	68,654	14,552
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	129,843
<u>2,899</u>	<u>9,596</u>	<u>42,102</u>	<u>4,540</u>	<u>-</u>	<u>-</u>	<u>1,319,897</u>	<u>-</u>
<u>2,899</u>	<u>9,596</u>	<u>42,102</u>	<u>4,540</u>	<u>-</u>	<u>-</u>	<u>1,319,897</u>	<u>129,843</u>
<u>\$ 3,796</u>	<u>\$ 9,596</u>	<u>\$ 42,102</u>	<u>\$ 4,540</u>	<u>\$ -</u>	<u>\$ 8,869</u>	<u>\$ 1,870,783</u>	<u>\$ 144,395</u>

TITUS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2015

	2007 Loop Bond	Total Non-Major Debt Service Funds	Titus Co Bell Tower Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,079,237	\$ 1,196,985	\$ 5,572	\$ 2,873,781
Receivables (Net)	77,695	104,342	-	269,592
Due from Other Funds	-	-	-	23,078
Prepaid Items	-	-	-	11,231
Total Assets	<u>\$ 1,156,932</u>	<u>\$ 1,301,327</u>	<u>\$ 5,572</u>	<u>\$ 3,177,682</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 420,115
Unearned Revenues	-	-	-	62,117
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>482,232</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Taxes, Fines & Fees	45,255	59,807	-	128,461
Total Deferred Inflows of Resources	<u>45,255</u>	<u>59,807</u>	<u>-</u>	<u>128,461</u>
FUND BALANCES				
Capital Projects	-	-	5,572	5,572
Retirement of Long-Term Debt	1,111,677	1,241,520	-	1,241,520
Reported in Special Revenue Funds	-	-	-	1,319,897
Total Fund Balances	<u>1,111,677</u>	<u>1,241,520</u>	<u>5,572</u>	<u>2,566,989</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,156,932</u>	<u>\$ 1,301,327</u>	<u>\$ 5,572</u>	<u>\$ 3,177,682</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Security Fees Fund	Jury Fund	Law Library Fund	Road & Bridge #1
REVENUES:				
Taxes	\$ -	\$ 140,781	\$ -	\$ 304,267
Licenses and Permits	-	-	-	163,204
Intergovernmental Revenue and Grants	-	5,066	-	15,783
Charges for Services	12,883	6,360	16,384	-
Fines	-	-	-	-
Other Revenue	-	-	-	863
Total Revenues	<u>12,883</u>	<u>152,207</u>	<u>16,384</u>	<u>484,117</u>
EXPENDITURES:				
Current:				
Judicial	-	151,652	32,346	-
Legal	-	-	-	-
Public Safety	15,646	-	-	-
Highways, Streets, & Bridges	-	-	-	599,046
Cultural and Recreational	-	-	-	-
Miscellaneous	-	-	-	-
Debt Service:				
Bond Principal	-	-	-	-
Bond Interest	-	-	-	-
Bond Fees	-	-	-	-
Capital Outlay:				
Capital Outlay	463	-	-	15,000
Total Expenditures	<u>16,109</u>	<u>151,652</u>	<u>32,346</u>	<u>614,046</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,226)</u>	<u>555</u>	<u>(15,962)</u>	<u>(129,929)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	10,000	15,145
Other Resources	-	-	-	-
Transfers Out (Use)	-	-	-	(1,905)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>13,240</u>
Net Change in Fund Balance	(3,226)	555	(5,962)	(116,689)
Fund Balance - October 1 (Beginning)	<u>92,588</u>	<u>79,594</u>	<u>39,519</u>	<u>129,897</u>
Fund Balance - September 30 (Ending)	<u>\$ 89,362</u>	<u>\$ 80,149</u>	<u>\$ 33,557</u>	<u>\$ 13,208</u>

Road & Bridge #2	Road & Bridge #3	Road & Bridge #4	Justice Court Tech JP#1	Justice Court Tech JP#2	Park Fund	District Clerk Tech Fund	Victim of Crime Fund
\$ 345,549	\$ 345,549	\$ 319,010	\$ -	\$ -	\$ -	\$ -	\$ -
163,204	167,731	158,676	-	-	-	-	-
20,058	15,783	15,783	-	-	-	-	-
-	-	-	5,590	3,108	12,113	2,420	-
-	-	-	-	-	-	-	-
592	592	-	-	-	-	-	-
<u>529,403</u>	<u>529,655</u>	<u>493,469</u>	<u>5,590</u>	<u>3,108</u>	<u>12,113</u>	<u>2,420</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
559,788	511,314	488,881	-	-	-	-	-
-	-	-	-	-	25,895	-	-
-	-	-	5,966	2,564	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	9,500	77,709	-	-	-	-	-
<u>559,788</u>	<u>520,814</u>	<u>566,590</u>	<u>5,966</u>	<u>2,564</u>	<u>25,895</u>	<u>-</u>	<u>-</u>
<u>(30,385)</u>	<u>8,841</u>	<u>(73,121)</u>	<u>(376)</u>	<u>544</u>	<u>(13,782)</u>	<u>2,420</u>	<u>-</u>
7,933	-	75,934	-	-	21,500	-	-
-	-	47,996	-	-	-	-	-
-	(5,095)	-	-	-	-	-	-
<u>7,933</u>	<u>(5,095)</u>	<u>123,930</u>	<u>-</u>	<u>-</u>	<u>21,500</u>	<u>-</u>	<u>-</u>
(22,452)	3,746	50,809	(376)	544	7,718	2,420	-
<u>46,005</u>	<u>83,274</u>	<u>39,513</u>	<u>26,164</u>	<u>19,124</u>	<u>139</u>	<u>4,401</u>	<u>-</u>
<u>\$ 23,553</u>	<u>\$ 87,020</u>	<u>\$ 90,322</u>	<u>\$ 25,788</u>	<u>\$ 19,668</u>	<u>\$ 7,857</u>	<u>\$ 6,821</u>	<u>\$ -</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	County Clerk R&M	District Clerk R&M	District Attorney	County Attorney
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	48,462	2,950	75	12,940
Fines	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>48,462</u>	<u>2,950</u>	<u>75</u>	<u>12,940</u>
EXPENDITURES:				
Current:				
Judicial	-	-	-	-
Legal	-	-	350	825
Public Safety	-	-	-	-
Highways, Streets, & Bridges	-	-	-	-
Cultural and Recreational	-	-	-	-
Miscellaneous	31,399	-	-	-
Debt Service:				
Bond Principal	-	-	-	-
Bond Interest	-	-	-	-
Bond Fees	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>31,399</u>	<u>-</u>	<u>350</u>	<u>825</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,063</u>	<u>2,950</u>	<u>(275)</u>	<u>12,115</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Other Resources	-	-	-	-
Transfers Out (Use)	-	-	-	(11,048)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,048)</u>
Net Change in Fund Balance	17,063	2,950	(275)	1,067
Fund Balance - October 1 (Beginning)	<u>100,941</u>	<u>6,872</u>	<u>2,332</u>	<u>(710)</u>
Fund Balance - September 30 (Ending)	<u>\$ 118,004</u>	<u>\$ 9,822</u>	<u>\$ 2,057</u>	<u>\$ 357</u>

District Clerk RPF	Vehicle Inventory Tax	Family & Protective Services	Sheriff Seized Account	Dist Attny Seized Account	Dist Attny Drug Forfeiture	Sheriff Forfeiture	State Criminal Alien Assist
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	3,714	-	-	-	-	19,659
3,530	-	-	-	-	-	-	-
-	-	-	-	-	126,696	4,952	-
-	491	-	-	-	1,868	37	-
<u>3,530</u>	<u>491</u>	<u>3,714</u>	-	-	<u>128,564</u>	<u>4,989</u>	<u>19,659</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	111,349	-	-
-	-	3,714	-	-	-	-	20,433
-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,080	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,581	-
-	-	3,714	-	-	111,349	4,661	20,433
<u>3,530</u>	<u>491</u>	-	-	-	<u>17,215</u>	<u>328</u>	<u>(774)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(5,000)	-
-	-	-	-	-	-	(5,000)	-
<u>3,530</u>	<u>491</u>	-	-	-	<u>17,215</u>	<u>(4,672)</u>	<u>(774)</u>
<u>7,729</u>	<u>9,017</u>	-	-	-	<u>531,303</u>	<u>14,935</u>	<u>12,640</u>
<u>\$ 11,259</u>	<u>\$ 9,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,518</u>	<u>\$ 10,263</u>	<u>\$ 11,866</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Sheriff Commissary	Juvenile Board	Pretrial Intervention	County & District Court Tech
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	103,211	-	-
Charges for Services	-	-	26,940	2,429
Fines	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>-</u>	<u>103,211</u>	<u>26,940</u>	<u>2,429</u>
EXPENDITURES:				
Current:				
Judicial	-	-	-	-
Legal	-	89,799	-	-
Public Safety	-	-	-	-
Highways, Streets, & Bridges	-	-	5,362	-
Cultural and Recreational	-	-	-	-
Miscellaneous	54,016	-	-	2,218
Debt Service:				
Bond Principal	-	-	-	-
Bond Interest	-	-	-	-
Bond Fees	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	939	-
Total Expenditures	<u>54,016</u>	<u>89,799</u>	<u>6,301</u>	<u>2,218</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(54,016)</u>	<u>13,412</u>	<u>20,639</u>	<u>211</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	65,000	-	-	-
Other Resources	-	-	-	-
Transfers Out (Use)	-	-	(24,000)	-
Total Other Financing Sources (Uses)	<u>65,000</u>	<u>-</u>	<u>(24,000)</u>	<u>-</u>
Net Change in Fund Balance	10,984	13,412	(3,361)	211
Fund Balance - October 1 (Beginning)	<u>20,705</u>	<u>6,385</u>	<u>6,924</u>	<u>6,541</u>
Fund Balance - September 30 (Ending)	<u>\$ 31,689</u>	<u>\$ 19,797</u>	<u>\$ 3,563</u>	<u>\$ 6,752</u>

Indigent Defense	Vital Statistics	County Clerk Archive	Justice Courthouse Security	CETRZ Grant Prec#1	CETRZ Grant Prec #3	Total Nonmajor Special Revenue Funds	2004 ROW I&S/ 2011 Series
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,455,156	\$ 278,604
-	-	-	-	-	-	652,815	-
-	-	-	-	-	-	199,057	-
-	2,705	45,790	2,187	-	30,365	237,231	-
-	-	-	-	-	-	131,648	-
-	-	-	-	17,141	15,483	37,067	544
-	2,705	45,790	2,187	17,141	45,848	2,712,974	279,148
-	-	-	-	-	-	183,998	-
-	-	-	-	-	-	202,323	-
-	-	-	108	-	-	39,901	-
10,749	-	17,889	-	19,046	50,943	2,263,018	-
-	-	-	-	-	-	25,895	-
-	-	-	-	-	-	99,243	-
-	-	-	-	-	-	-	230,000
-	-	-	-	-	-	-	36,029
-	-	-	-	-	-	-	-
-	-	-	-	-	-	105,192	-
10,749	-	17,889	108	19,046	50,943	2,919,570	266,029
(10,749)	2,705	27,901	2,079	(1,905)	(5,095)	(206,596)	13,119
-	-	-	-	1,905	5,095	202,512	-
-	-	-	-	-	-	47,996	-
-	-	-	-	-	-	(47,048)	-
-	-	-	-	1,905	5,095	203,460	-
(10,749)	2,705	27,901	2,079	-	-	(3,136)	13,119
13,648	6,891	14,201	2,461	-	-	1,323,033	116,724
<u>\$ 2,899</u>	<u>\$ 9,596</u>	<u>\$ 42,102</u>	<u>\$ 4,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,319,897</u>	<u>\$ 129,843</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2007 Loop Bond	Total Non-Major Debt Service Funds	Titus Co Bell Tower Fund	Total Nonmajor Governmental Funds
REVENUES:				
Taxes	\$ 746,032	\$ 1,024,636	\$ -	\$ 2,479,792
Licenses and Permits	-	-	-	652,815
Intergovernmental Revenue and Grants	973,300	973,300	-	1,172,357
Charges for Services	-	-	-	237,231
Fines	-	-	-	131,648
Other Revenue	4,538	5,082	1,025	43,174
Total Revenues	<u>1,723,870</u>	<u>2,003,018</u>	<u>1,025</u>	<u>4,717,017</u>
EXPENDITURES:				
Current:				
Judicial	-	-	-	183,998
Legal	-	-	-	202,323
Public Safety	-	-	-	39,901
Highways, Streets, & Bridges	-	-	-	2,263,018
Cultural and Recreational	-	-	-	25,895
Miscellaneous	-	-	609	99,852
Debt Service:				
Bond Principal	1,025,000	1,255,000	-	1,255,000
Bond Interest	1,106,331	1,142,360	-	1,142,360
Bond Fees	806	806	-	806
Capital Outlay:				
Capital Outlay	-	-	-	105,192
Total Expenditures	<u>2,132,137</u>	<u>2,398,166</u>	<u>609</u>	<u>5,318,345</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(408,267)</u>	<u>(395,148)</u>	<u>416</u>	<u>(601,328)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	202,512
Other Resources	-	-	-	47,996
Transfers Out (Use)	-	-	-	(47,048)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,460</u>
Net Change in Fund Balance	<u>(408,267)</u>	<u>(395,148)</u>	<u>416</u>	<u>(397,868)</u>
Fund Balance - October 1 (Beginning)	<u>1,519,944</u>	<u>1,636,668</u>	<u>5,156</u>	<u>2,964,857</u>
Fund Balance - September 30 (Ending)	<u><u>\$ 1,111,677</u></u>	<u><u>\$ 1,241,520</u></u>	<u><u>\$ 5,572</u></u>	<u><u>\$ 2,566,989</u></u>

INTERNAL SERVICE FUNDS

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2015

	Maintenance Building	Insurance Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 10,100	\$ 651,108	\$ 661,208
Accounts Receivable-Net of Uncollectible Allowance	-	71,629	71,629
Total Current Assets	10,100	722,737	732,837
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements	79,790	-	79,790
Buildings	151,858	-	151,858
Accumulated Depreciation - Buildings	(73,518)	-	(73,518)
Improvements other than Buildings	4,994	-	4,994
Accumulated Depreciation - Other Improvements	(4,994)	-	(4,994)
Machinery and Equipment	118,603	-	118,603
Accumulated Depreciation - Machinery & Equipment	(118,603)	-	(118,603)
Total Noncurrent Assets	158,130	-	158,130
Total Assets	168,230	722,737	890,967
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,387	141,449	145,836
Total Liabilities	4,387	141,449	145,836
NET POSITION			
Unrestricted Net Position	163,843	581,288	745,131
Total Net Position	\$ 163,843	\$ 581,288	\$ 745,131

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Maintenance Building	Insurance Fund	Total Internal Service Funds
OPERATING REVENUES:			
Charges for Services	\$ 51,780	\$ 1,451,062	\$ 1,502,842
Total Operating Revenues	<u>51,780</u>	<u>1,451,062</u>	<u>1,502,842</u>
OPERATING EXPENSES:			
Highways, streets, and bridges	187,909	-	187,909
Insurance coverage and medical claims	-	1,529,734	1,529,734
Depreciation	3,035	-	3,035
Capital outlay	6,833	-	6,833
Total Operating Expenses	<u>197,777</u>	<u>1,529,734</u>	<u>1,727,511</u>
Income (Loss) Before Transfers	(145,997)	(78,672)	(224,669)
Transfer In	<u>140,000</u>	<u>125,000</u>	<u>265,000</u>
Change in Net Position	(5,997)	46,328	40,331
Total Net Position - October 1 (Beginning)	<u>169,840</u>	<u>534,960</u>	<u>704,800</u>
Total Net Position - September 30 (Ending)	<u>\$ 163,843</u>	<u>\$ 581,288</u>	<u>\$ 745,131</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Maintenance Building	Insurance Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 51,780	\$ 479,586	\$ 531,366
Cash Received from Assessments - Other Funds	-	1,155,050	1,155,050
Cash Payments for Payroll and Benefits	(127,074)	-	(127,074)
Cash Payments for Insurance Claims	-	(1,677,657)	(1,677,657)
Cash Payments for Suppliers	(66,823)	-	(66,823)
Net Cash Provided by (Used for) Operating Activities	<u>(142,117)</u>	<u>(43,021)</u>	<u>(185,138)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Transfer In	<u>140,000</u>	<u>125,000</u>	<u>265,000</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>			
Acquisition of Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investment Securities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase(Decrease) in Cash and Cash Equivalents	(2,117)	81,979	79,862
Cash and Cash Equivalents at Beginning of the Year:	<u>12,217</u>	<u>569,129</u>	<u>581,346</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 10,100</u>	<u>\$ 651,108</u>	<u>\$ 661,208</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided By (Used For) Operating Activities:</u>			
Operating Income (Loss):	\$ (145,997)	\$ (78,672)	\$ (224,669)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	3,035	-	3,035
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Receivables	-	183,574	183,574
Increase (decrease) in Accounts Payable	845	(147,923)	(147,078)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (142,117)</u>	<u>\$ (43,021)</u>	<u>\$ (185,138)</u>

ENTERPRISE FUNDS

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 SEPTEMBER 30, 2015

	Commissary Store	Election Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 23,069	\$ 158,630	\$ 181,699
Inventories	4,476	-	4,476
Prepaid Items	-	269	269
Total Current Assets	<u>27,545</u>	<u>158,899</u>	<u>186,444</u>
Noncurrent Assets:			
Capital Assets:			
Machinery and Equipment	1,486	331,168	332,654
Accumulated Depreciation - Machinery & Equipment	(1,486)	(331,165)	(332,651)
Total Noncurrent Assets	<u>-</u>	<u>3</u>	<u>3</u>
Total Assets	<u>27,545</u>	<u>158,902</u>	<u>186,447</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	19,876	19,876
Total Liabilities	<u>-</u>	<u>19,876</u>	<u>19,876</u>
NET POSITION			
Unrestricted Net Position	<u>27,545</u>	<u>139,026</u>	<u>166,571</u>
Total Net Position	<u>\$ 27,545</u>	<u>\$ 139,026</u>	<u>\$ 166,571</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Commissary Store	Election Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES:			
Charges for Services	\$ 141,302	\$ 40,423	\$ 181,725
Other Revenue	57	-	57
Total Operating Revenues	<u>141,359</u>	<u>40,423</u>	<u>181,782</u>
OPERATING EXPENSES:			
Public Safety	77,727	-	77,727
Elections	-	216,092	216,092
Depreciation	-	2,888	2,888
Total Operating Expenses	<u>77,727</u>	<u>218,980</u>	<u>296,707</u>
Income (Loss) Before Transfers	63,632	(178,557)	(114,925)
Transfer In	-	200,000	200,000
Transfers Out	<u>(65,000)</u>	<u>-</u>	<u>(65,000)</u>
Change in Net Position	(1,368)	21,443	20,075
Total Net Position - October 1 (Beginning)	<u>28,913</u>	<u>117,583</u>	<u>146,496</u>
Total Net Position - September 30 (Ending)	<u>\$ 27,545</u>	<u>\$ 139,026</u>	<u>\$ 166,571</u>

TITUS COUNTY, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Commissary Store	Election Fund	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 141,359	\$ 57,812	\$ 199,171
Cash Payments for Payroll and Benefits	-	(166,443)	(166,443)
Cash Payments for Suppliers	(78,585)	(30,033)	(108,618)
Net Cash Provided by (Used for) Operating Activities	<u>62,774</u>	<u>(138,664)</u>	<u>(75,890)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Transfer In	-	200,000	200,000
Transfer Out	(65,000)	-	(65,000)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(65,000)</u>	<u>200,000</u>	<u>135,000</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>			
Acquisition of Capital Assets	-	-	-
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investment Securities	-	-	-
Net Increase(Decrease) in Cash and Cash Equivalents	(2,226)	61,336	59,110
Cash and Cash Equivalents at Beginning of the Year:	<u>25,295</u>	<u>97,294</u>	<u>122,589</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 23,069</u>	<u>\$ 158,630</u>	<u>\$ 181,699</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>			
Operating Income (Loss):	\$ 63,632	\$ (178,557)	\$ (114,925)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	-	2,888	2,888
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Receivables	-	17,389	17,389
Decrease (increase) in Inventories	(858)	-	(858)
Decrease (increase) in Prepaid Expenses	-	-	-
Increase (decrease) in Accounts Payable	-	19,616	19,616
Net Cash Provided by (Used for) Operating Activities	<u>\$ 62,774</u>	<u>\$ (138,664)</u>	<u>\$ (75,890)</u>

SUPPLEMENTAL INFORMATION

Titus County, Texas
 BUDGETARY COMPARISON SCHEDULE
 2007 Loop Debt Service Fund
 for the year ended September 30, 2015

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes	713,838	713,838	746,032	32,194
Intergovernmental	1,000,000	973,300	973,300	
Miscellaneous	5,000	5,000	4,538	(462)
Total revenues	1,718,838	1,692,138	1,723,870	31,732
EXPENDITURES				
Debt service-principal	1,025,000	1,025,000	1,025,000	-
Debt service-interest	1,106,332	1,106,332	1,106,331	1
Bond fees	550	807	806	1
Total expenditures	2,131,882	2,132,139	2,132,137	2
Excess of revenues over (under) expenditures	(413,044)	(440,001)	(408,267)	(31,734)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	(413,044)	(440,001)	(408,267)	31,734
FUND BALANCE				
Beginning of year	1,519,944	1,519,944	1,519,944	-
End of year	1,106,900	1,079,943	1,111,677	31,734

Titus County, Texas
BUDGETARY COMPARISON SCHEDULE
2009 Bond Debt Service Fund
for the year ended September 30, 2015

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes	1,071,745	1,071,745	1,124,224	52,479
Intergovernmental	1,500,000	1,460,000	1,460,000	
Miscellaneous	6,000	6,000	4,057	(1,943)
Total revenues	2,577,745	2,537,745	2,588,281	50,536
EXPENDITURES				
Debt service-principal	1,355,000	1,355,000	1,355,000	-
Debt service-interest	1,634,239	1,634,239	1,634,238	1
Bond fees	550	807	806	1
Total expenditures	2,989,789	2,990,046	2,990,044	2
Excess of revenues over (under) expenditures	(412,044)	(452,301)	(401,763)	(50,538)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	30,000	-	(30,000)
Operating transfers out	-	-	-	-
Total other sources (uses)	-	30,000	-	(30,000)
Excess of revenues and other sources over (under) expenditures and other uses	(412,044)	(422,301)	(401,763)	20,538
FUND BALANCE				
Beginning of year	1,360,112	1,360,112	1,360,112	-
End of year	948,068	937,811	958,349	20,538

Titus County, Texas
BUDGETARY COMPARISON SCHEDULE
2011 Bond Debt Service Fund
for the year ended September 30, 2015

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes	266,529	266,529	278,604	12,075
Miscellaneous	500	500	544	44
Total revenues	<u>267,029</u>	<u>267,029</u>	<u>279,148</u>	<u>12,119</u>
EXPENDITURES				
Debt service-principal	230,000	230,000	230,000	-
Debt service-interest	36,029	36,029	36,029	-
Bond fees	500	807	-	807
Total expenditures	<u>266,529</u>	<u>266,836</u>	<u>266,029</u>	<u>807</u>
Excess of revenues over (under) expenditures	<u>500</u>	<u>193</u>	<u>13,119</u>	<u>(12,926)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>500</u>	<u>193</u>	<u>13,119</u>	<u>12,926</u>
FUND BALANCE				
Beginning of year	<u>116,724</u>	<u>116,724</u>	<u>116,724</u>	<u>-</u>
End of year	<u><u>117,224</u></u>	<u><u>116,917</u></u>	<u><u>129,843</u></u>	<u><u>12,926</u></u>

Titus County, Texas
BUDGETARY COMPARISON SCH0045DULE
2012-A Bond Debt Service Fund
for the year ended September 30, 2015

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes	828,125	828,125	864,965	36,840
Intergovernmental	1,500,000	2,124,708	2,124,707	(1)
Miscellaneous	1,000	1,000	3,142	2,142
Total revenues	2,329,125	2,953,833	2,992,814	38,981
EXPENDITURES				
Debt service-principal	575,000	575,000	575,000	-
Debt service-interest	1,752,575	1,752,575	1,752,575	-
Bond fees	550	807	806	1
Total expenditures	2,328,125	2,328,382	2,328,381	1
Excess of revenues over (under) expenditures	1,000	625,451	664,433	(38,982)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other sources (uses)	-	-	-	-
Excess of revenues and other sources over (under) expenditures and other uses	1,000	625,451	664,433	38,982
FUND BALANCE				
Beginning of year	331,700	331,700	331,700	-
End of year	332,700	957,151	996,133	38,982

Titus County, Texas
BUDGETARY COMPARISON SCHEDULE
2012-B Bond Debt Service Fund
for the year ended September 30, 2015

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
REVENUES				
Taxes	219,763	219,763	230,002	10,239
Intergovernmental	3,000,000	1,460,000	1,460,000	-
Miscellaneous	1,000	1,000	1,537	537
Total revenues	3,220,763	1,680,763	1,691,539	10,776
EXPENDITURES				
Debt service-principal	1,520,000	1,520,000	1,520,000	-
Debt service-interest	1,699,213	1,699,213	1,699,213	-
Bond fees	550	807	806	1
Total expenditures	3,219,763	3,220,020	3,220,019	1
Excess of revenues over (under) expenditures	1,000	(1,539,257)	(1,528,480)	(10,777)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	3,222,562	2,332,562	(890,000)
Operating transfers out	-	-	-	-
Total other sources (uses)	-	3,222,562	2,332,562	(890,000)
Excess of revenues and other sources over (under) expenditures and other uses	1,000	1,683,305	804,082	(879,223)
FUND BALANCE				
Beginning of year	10,860	10,860	10,860	-
End of year	11,860	1,694,165	814,942	(879,223)

INTERNAL CORRECTION SECTION



ARNOLD, WALKER, ARNOLD, & Co., P.C.

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INDEPENDENT AUDITOR'S 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*

The Honorable Judge and
County Commissioners
Titus County, Texas
Mount Pleasant, 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 Titus County, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 11, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 15-1 and 15-2 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Titus County's Response to Findings

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

Purpose of this Report

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

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

January 11, 2016

Titus County, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2015

I. Summary of the Auditor's Results:

The type of report issued on the financial statements of the County of Titus, Texas was an unmodified opinion.

- a. Where applicable, a statement that control deficiencies in internal control were disclosed by the audit of the financial statements and whether they were material weaknesses. See II below, no material weaknesses.
- b. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee.
NONE
- c. Where applicable, a statement that control deficiencies in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses. N/A
- d. The type of report the auditor issued on compliance for major programs. N/A
- e. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under Section ____ .510(a). These include: N/A
- f. An identification of major programs: N/A
- g. The dollar threshold used to distinguish between Type A and Type B programs. N/A
- h. A statement as to whether the auditee qualified as a low-risk auditee. N/A

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

2015-1 DISTRICT CLERK

Criteria- Internal controls would call for reconciling the bank balance and the subsidiary ledger monthly. Also, internal controls would call for entering receipts in the computer when they are received. Cross-training is needed so that all accounting processes are accomplished timely.

Deficiency and Context- The District Clerk's "main bank account" is still not being reconciled monthly to the subledger that should support the balance. This subledger is much smaller now than in previous years. This subledger is manually kept and has not been entered on the computer yet. In addition, receipts are not always entered into the computer when received. Hand written cash receipts are issued in many cases and then these are entered into the computer later. Cross-training is needed in the office so that all accounting processes can be done when personnel are absent from duty.

Effect- For a long period of time, the exact composition of the bank balance has not been known because it has not been reconciled with the subsidiary ledger. On the receipts, it would be possible that the hand written receipt not be posted against a receivable in the computer. Accounting processes might not be accomplished when personnel are absent from duty.

Cause- There have been a lot of old cases not listed in the ledger but the money was in the bank account. The subsidiary ledger has been really cumbersome to work with. Regarding the receipts, sometimes clerks find it easier to just quickly issue a hand written receipt.

Recommendation- The District Clerk should continue to try and close out old cases and continue to investigate the composition of the bank account so that the bank account agrees to a subsidiary ledger. All receipts should be entered on the as received rather than hand written receipts. Cross-training is needed in the office so that all accounting processes can be done when personnel are absent from duty.

Titus County, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont'd)
For the year ended September 30, 2015

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*. (cont'd)

2015-2 TAX OFFICE

Criteria- Internal controls call for all reconciled bank balances for tax office accounts that are not cleared to zero be supported by a subsidiary ledger that gives detail of the composition of the balance and where the reconciled balance of the account should be zero, then the accounts need to be cleared as soon as possible.

Deficiency and Context- The property tax collection account still has a balance in it that has not been cleared to zero. This amount has been decreased significantly in this year but an amount still remains. This needs to be cleared out.

Effect- There is money in this account that is owed to other parties that must be paid out.

Cause- There are either refunds that have not been paid back to taxpayers or there is money that has not been paid out to the County. There is no subsidiary ledger available that supports the uncleared balance.

Recommendation-The tax office needs to determine who these remaining funds need to be paid to and clear the account.

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above

NONE

Titus County, Texas
SCHEDULE OF STATUS OF PRIOR FINDINGS
For the year ended September 30, 2015

- 14-1 District Clerk--The District Clerk's "main bank account" is still not balanced to the subledger that gives the composition of the balance. However this subledger has been substantially decreased as many cases have been cleared out.
- 14-2 Tax Office--The majority of these funds have now been cleared to the County. However, there is still a remaining amount that needs to be cleared out.

Titus County, Texas
CORRECTIVE ACTION PLAN
For the year ended September 30, 2015

VIEWS AND PLANNED CORRECTIVE ACTIONS

15-1 The District Clerk agrees that these areas need improvement. The subledger for the "main bank account" will be reconciled to the bank balance in the near future. Old cases continue to be closed out. The account balance continues to be steadily paid out. Also, receipts will be entered into the computer upon receipt rather than hand writing some receipts. More cross-training on the computer will be accomplished. The District Clerk will continue to address these areas.

15-2 The Tax Office will get the rest of the money paid out to the proper parties.

