

**TITUS COUNTY, TEXAS**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**SEPTEMBER 30, 2018**

Titus County, Texas  
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 Year ended September 30, 2018

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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 year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2018, and the respective changes in financial position, and where applicable, statement of 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.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and net pension liability and contributions to TCDRS on pages 3 through 11 and pages 43 through 45 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, 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.  
December 28, 2018

## 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, 2018. 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 \$40.7 million at September 30, 2018. This is a decrease of \$2.9 million as compared to \$3.3 million the prior year. Property taxes increased as the tax value increased about 4%. Operating grants were \$115 thousand more than the prior year. The net pension liability increased by \$121 thousand which caused an increase to expenses.

The total cost of all the County's activities was up by \$132 thousand, less than 1% as compared to the prior year.

The general fund balance is \$5.5 million at September 30, 2018 which is a decrease of \$116 thousand as compared to \$986 thousand the prior year. Transfers out to other funds decreased \$639 thousand. Revenue increased \$513 thousand or 5.3% as tax revenue increased. Expenditures increased only \$503 thousand or 5.6% as public safety expenditures increased.

During the year, \$259 thousand of fixed assets were added. Some minor building renovations were made. Some vehicles were purchased for the sheriff's department and equipment was purchased for use in road maintenance.

There is \$3.3 million in debt service fund balances. Special revenue funds reflect fund balances of \$1.91 million. There is approximately \$5.1 million remaining in the capital projects funds for the purchase of right of way, future road construction, or for debt service reduction. The governmental funds exclusive of the general fund increased about \$346 thousand or 3.4%.

Approximately 89% of the taxes levied for 2017-18 were collected by September 30, 2018. This is about 8% less than normal as a major taxpayer has filed bankruptcy, filed a suit over taxable values, and has not paid their current taxes.

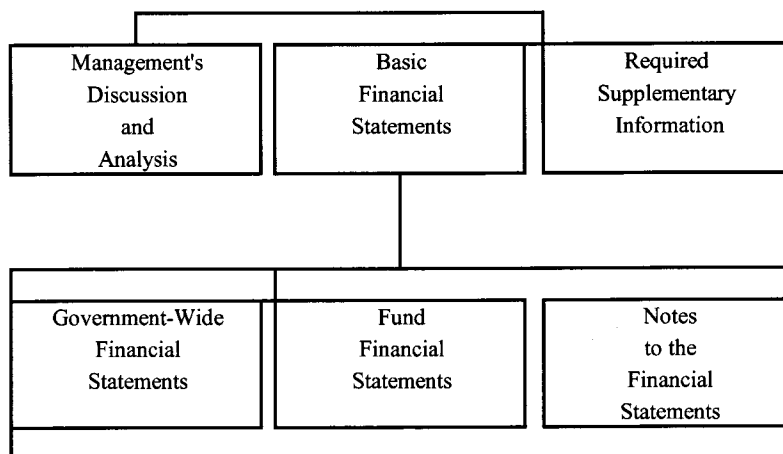
\$5.25 million of principal on debt was paid.

## 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				
<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	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
<i>Required financial statements</i>	*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
<i>Accounting basis and measurement focus</i>	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
<i>Type of asset/liability information</i>	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
<i>Type of inflow/outflow information</i>	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 \$40.7 million at September 30, 2018.

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

	Activities		Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	24,419	22,989	215	200	24,634	23,189
Capital and non-current assets	149,245	158,289	258	302	149,503	158,591
<b>TOTAL ASSETS</b>	<b>173,664</b>	<b>181,278</b>	<b>473</b>	<b>502</b>	<b>174,137</b>	<b>181,780</b>
Deferred outflow-pension plan	931	2,558	-	-	931	2,558
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>931</b>	<b>2,558</b>	<b>-</b>	<b>-</b>	<b>931</b>	<b>2,558</b>
Long-term liabilities	126,692	132,318	-	-	126,692	132,318
Other liabilities	2,295	3,563	4	3	2,299	3,566
<b>TOTAL LIABILITIES</b>	<b>128,987</b>	<b>135,881</b>	<b>4</b>	<b>3</b>	<b>128,991</b>	<b>135,884</b>
Unavailable revenue-taxes, fines, & fees	4,743	4,360	-	-	4,743	4,360
Deferred inflow-pension plan	620	517	-	-	620	517
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,363</b>	<b>4,877</b>	<b>-</b>	<b>-</b>	<b>5,363</b>	<b>4,877</b>
Net position						
Invested in capital assets						
net of related debt	22,552	25,972	258	302	22,810	26,274
Restricted	10,317	9,956	-	-	10,317	9,956
Unrestricted	7,376	7,149	211	197	7,587	7,346
<b>TOTAL NET POSITION</b>	<b>40,245</b>	<b>43,077</b>	<b>469</b>	<b>499</b>	<b>40,714</b>	<b>43,576</b>

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 \$7.6 million of unrestricted net position represents resources available to fund the programs of the County for the next fiscal year.

The \$10.3 million is restricted as follows:

Restricted for debt service	3,333
Restricted for capital projects	5,072
Restricted for special revenue funds	1,912
	<u>10,317</u>

Net position of the County decreased from \$43.6 million to \$40.7 million, or \$2.9 million. The County's governmental funds revenues exceeded expenditures by \$231 thousand. \$8.43 million of the amount receivable from the Texas Department of Transportation was collected this year. \$259 thousand was expended on capital outlay this year. \$5.26 million was expended on debt principal. Depreciation expense of \$863 thousand was recorded. The net pension liability recorded on the government wide statements as required by GASB 68 increased by \$121 thousand.

Changes in net position.

The County's total revenues were \$16 million. 63% of this came from property taxes, 14% came from sales taxes and other taxes, and 18% came from charges for services. Total revenues were more because of increases in operating grants and contributions and because the tax rate increased 4%.

The total cost of all programs was \$18.9 million. Approximately 32% of this was for public safety, 17% was for highways, streets and bridges, and 27% was for debt service costs.

Net position decreased by \$2.9 million from the excess of expenses over revenues.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
<u>Program Revenues</u>						
Charges for service	2,738	2,840	170	170	2,908	3,010
Operating Grants and Contributions	308	193	-	-	308	193
<u>General Revenues</u>						
Property taxes	10,012	9,398	-	-	10,012	9,398
Other taxes	2,257	2,310	-	-	2,257	2,310
Investment earnings	269	193	-	-	269	193
Other	259	289	-	-	259	289
<b>Total Revenues</b>	<b>15,843</b>	<b>15,223</b>	<b>170</b>	<b>170</b>	<b>16,013</b>	<b>15,393</b>
<b>Expenses</b>						
General government	1,243	1,308	-	-	1,243	1,308
Judicial	1,085	1,114	-	-	1,085	1,114
Legal	511	486	-	-	511	486
Financial	1,117	1,122	-	-	1,117	1,122
Public facility	207	230	-	-	207	230
Public safety	5,895	5,548	103	87	5,998	5,635
Health and welfare	201	193	-	-	201	193
Highways, streets, and bridges	3,122	3,325	-	-	3,122	3,325
Cultural and recreational	-	23	-	-	-	23
County extension	75	79	-	-	75	79
Miscellaneous	42	140	-	-	42	140
Elections	-	-	225	191	225	191
Debt service	5,062	4,910	-	-	5,062	4,910
<b>Total Expenses</b>	<b>18,560</b>	<b>18,478</b>	<b>328</b>	<b>278</b>	<b>18,888</b>	<b>18,756</b>
Transfers in (out)	(128)	(405)	128	405	-	-
<b>Increase (Decrease) in Net Position</b>	<b>(2,845)</b>	<b>(3,660)</b>	<b>(30)</b>	<b>297</b>	<b>(2,875)</b>	<b>(3,363)</b>
<b>Beginning Net Position</b>	<b>43,077</b>	<b>46,766</b>	<b>499</b>	<b>202</b>	<b>43,576</b>	<b>46,968</b>
<b>Prior Period Adjustment</b>	<b>13</b>	<b>(29)</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>(29)</b>
<b>Ending Net Position</b>	<b>40,245</b>	<b>43,077</b>	<b>469</b>	<b>499</b>	<b>40,714</b>	<b>43,576</b>

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 \$18.6 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$10 million.
- Some of the cost was paid by those who directly benefited from the programs (\$2.74 million), or by grants and contributions (\$308 thousand).

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

	Total Cost of Services		Net Costs of Services	
	2018	2017	2018	2017
General Government	1,243	1,307	805	866
Public Safety	5,895	5,548	5,212	4,907
Judicial	1,085	1,114	378	365
Highways, Streets, and Bridges	3,122	3,324	2,391	2,608

#### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reported fund balance in its governmental funds of approximately \$15.8 million at September 30, 2018. This balance is composed of the following in thousands

General	5,491
Special revenue	1,911
Debt service	3,333
Capital projects	5,072
	<u>15,807</u>

The general fund decreased \$115 thousand. Reasons for this are discussed on page 4. The capital project fund balance increased \$13 thousand. The debt service fund balances increased \$77 thousand. Special revenue fund balances increased \$271 thousand. This was mainly in the road and bridge fund.

General Fund Budgetary Highlights

Several budget amendments were made during the year. Even with these amendments, actual expenditures were less than budgeted by \$731 thousand, or 7%. Actual revenues were \$38 thousand more than budgeted. \$903 thousand was budgeted as a decrease to fund balance. Actually, the fund balance decreased \$116 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	
	2018	2017	2018	2017
Land	341	352	-	-
Construction in progress	-	-	-	-
Buildings and improvements	12,120	12,118	-	-
Machinery and equipment	6,157	6,378	641	641
Roads and bridges	14,945	14,945	-	-
Totals at historical cost	<u>33,563</u>	<u>33,793</u>	<u>641</u>	<u>641</u>
Total accumulated depreciation	<u>22,226</u>	<u>21,842</u>	<u>383</u>	<u>339</u>
Net capital assets	<u><u>11,337</u></u>	<u><u>11,951</u></u>	<u><u>258</u></u>	<u><u>302</u></u>

Some minor building improvements were done this year. New road construction equipment and Sheriff Department vehicles were purchased.

Long-Term Debt

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

	Governmental Activities	
	2018	2017
Bonds payable	<u>126,692</u>	<u>132,317</u>
	<u><u>126,692</u></u>	<u><u>132,317</u></u>

The County is receiving a guaranteed \$8.43 million each year over twenty years from the State to assist in paying off the debt obtained to build the Loop. \$5.25 million was paid on principal this year.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

After several years of steady devaluation, including 4 years of legal challenges, the County settled with the Luminant power plant to establish multi-year taxable values. With the power plant's closure at the end of 2017, the ongoing valuation will be virtually zero, and therefore provide no taxable value. The settlement resulted in the payment of approximately \$1.4 million to the County for back taxes, penalties and interest. This was returned to multiple funds including the General Fund and Interest and Sinking Fund. Because the County had been budgeting based on a rendered value of only \$50 million, the elimination of the Power Plant value will have minimal impact on future tax revenues.

The General Fund balance at September 30, 2018 is approximately \$5.5 million. The 2018 budget was adopted with a 2.9 cent overall increase. The County expects to finish 2019 with a lower fund balance reflecting a planned reduction. A higher than normal fund balance was built over the last decade to insure the County's ability to complete the 14 mile loop project, but that excess is no longer necessary. Certain non-recurring expenditures for capital items may be paid for out of fund balance.

The M & O Tax rate for 2019 is .3952; in 2018 the rate was .3582

The I & S Tax rate for 2019 is .1233; in 2018 the rate was .1208

The overall tax rate for 2019 is .5085; the 2018 rate was .4790. The rollback for 2019 is .5451.

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 cost was estimated to be \$168 million. This state highway 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 dollar amount. The reimbursement by TxDOT of \$168 million occurs over twenty years after completion, however the County bears the interest cost related to the bonds issued. Currently in the fifth year of reimbursement, the County receives \$4,215,500 every six months toward the \$168 million total reimbursement.

In December of 2018 the County settled an ongoing lawsuit involving four named defendants that provided services on the design, development and construction of the loop. This settlement resulted in a combined payment of \$950,000 to the County to offset approximately \$1.8 million in additional construction costs to correct a bridge error. The settlement funds were returned to the Interest and Sinking Fund and will be used to retire bonded indebtedness once the bonds are callable in 2022, thereby reducing interest costs.

In September 2006, the County issued the first \$1.8 million in bonds for this project. In September 2007, the County issued a second series of bonds for \$29,665,000. In September of 2009, a third series of bonds for \$39,000,000 was issued. In June 2012, the last two series were issued; Series 2012-A for \$36,680,000 and Series 2012-B for \$44,345,000. The bonds will be paid back over a 20-25 year period. In fiscal year 2016-17, the County refinanced \$48 million of the bonds at a lower interest rate.

## 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.

TITUS COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,851,729	\$ 208,384	\$ 8,060,113
Accounts Receivable (Net)	7,211,835	-	7,211,835
Inventories	-	6,349	6,349
Prepaid Items	127,388	269	127,657
Restricted Assets:			
Restricted Cash & Cash Equivalents	9,227,968	-	9,227,968
Capital Assets:			
Land Purchase and Improvements	341,512	-	341,512
Infrastructure, Net	3,893,575	-	3,893,575
Buildings, Net	6,341,100	-	6,341,100
Furniture and Equipment, Net	761,315	257,882	1,019,197
Receivable-Texas Department of Transportation	137,907,424	-	137,907,424
Total Assets	<u>173,663,846</u>	<u>472,884</u>	<u>174,136,730</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	931,098	-	931,098
Total Deferred Outflows of Resources	<u>931,098</u>	<u>-</u>	<u>931,098</u>
<b>LIABILITIES</b>			
Accounts Payable	1,088,640	3,522	1,092,162
Unearned Revenues	63,264	-	63,264
Noncurrent Liabilities:			
Debt Due Within One Year	5,812,347	-	5,812,347
Bonds Payable - Noncurrent	120,880,101	-	120,880,101
Net Pension Liability	1,142,267	-	1,142,267
Total Liabilities	<u>128,986,619</u>	<u>3,522</u>	<u>128,990,141</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	4,743,171	-	4,743,171
Deferred Inflow Related to Pension Plan	619,948	-	619,948
Total Deferred Inflows of Resources	<u>5,363,119</u>	<u>-</u>	<u>5,363,119</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	22,552,478	257,882	22,810,360
Restricted for:			
Restricted for Capital Acquisition	5,072,308	-	5,072,308
Restricted for Debt Service	3,332,674	-	3,332,674
Restricted for Other Purposes	1,911,520	-	1,911,520
Unrestricted Net Position	7,376,226	211,480	7,587,706
Total Net Position	<u>\$ 40,245,206</u>	<u>\$ 469,362</u>	<u>\$ 40,714,568</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, 2018

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
General Government	\$ 1,243,073	\$ 438,637	\$ -
Judicial	1,085,742	707,982	-
Legal	511,061	63,182	38,575
Financial	1,117,217	316,939	-
Public Facility	206,648	40,586	-
Public Safety	5,895,359	467,110	215,967
Health & Welfare	200,987	23,960	1,800
Highways, Streets, & Bridges	3,122,026	679,232	52,175
County Extension	74,608	-	-
Miscellaneous	42,399	-	-
Interest on Debt	5,062,286	-	-
Total Governmental Activities	18,561,406	2,737,628	308,517
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Commissary	102,923	165,561	-
Election	224,274	4,309	-
Total Business-Type Activities	327,197	169,870	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 18,888,603</b>	<b>\$ 2,907,498</b>	<b>\$ 308,517</b>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Other Taxes

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
\$ (804,436)	\$ -	\$ (804,436)
(377,760)	-	(377,760)
(409,304)	-	(409,304)
(800,278)	-	(800,278)
(166,062)	-	(166,062)
(5,212,282)	-	(5,212,282)
(175,227)	-	(175,227)
(2,390,619)	-	(2,390,619)
(74,608)	-	(74,608)
(42,399)	-	(42,399)
(5,062,286)	-	(5,062,286)
<u>(15,515,261)</u>	<u>-</u>	<u>(15,515,261)</u>
-	62,638	62,638
-	(219,965)	(219,965)
-	(157,327)	(157,327)
<u>(15,515,261)</u>	<u>(157,327)</u>	<u>(15,672,588)</u>
7,605,061	-	7,605,061
2,406,867	-	2,406,867
2,257,265	-	2,257,265
259,521	257	259,778
269,494	-	269,494
(128,121)	128,121	-
<u>12,670,087</u>	<u>128,378</u>	<u>12,798,465</u>
(2,845,174)	(28,949)	(2,874,123)
43,077,219	498,311	43,575,530
13,161	-	13,161
<u>\$ 40,245,206</u>	<u>\$ 469,362</u>	<u>\$ 40,714,568</u>



TITUS COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018

	General Fund	2012 A Bond I&S	2012 B Bond I&S
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,626,898	\$ 549,730	\$ 529,356
Accounts Receivable (Net)	5,907,074	164,857	82,428
Due from Other Funds	-	-	-
Prepaid Items	127,388	-	-
Total Assets	<u>\$ 11,661,360</u>	<u>\$ 714,587</u>	<u>\$ 611,784</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 281,968	\$ -	\$ -
Due to Other Funds	23,345	-	-
Unearned Revenues	8,500	-	-
Total Liabilities	<u>313,813</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue -Taxes, fines, & fees	5,856,563	164,857	82,428
Total Deferred Inflows of Resources	<u>5,856,563</u>	<u>164,857</u>	<u>82,428</u>
<b>FUND BALANCES</b>			
Capital Projects	-	-	-
Retirement of Long-Term Debt Reported in Special Revenue Funds	-	549,730	529,356
Unassigned Fund Balance	5,490,984	-	-
Total Fund Balances	<u>5,490,984</u>	<u>549,730</u>	<u>529,356</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 11,661,360</u>	<u>\$ 714,587</u>	<u>\$ 611,784</u>

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

2004 ROW/2011 Cap. Proj.	Other Funds	Total Governmental Funds
\$ 3,549,790	\$ 6,393,285	\$ 16,649,059
-	849,313	7,003,672
-	7,555	7,555
-	-	127,388
<u>\$ 3,549,790</u>	<u>\$ 7,250,153</u>	<u>\$ 23,787,674</u>
\$ -	\$ 755,508	\$ 1,037,476
-	7,555	30,900
-	54,764	63,264
<u>-</u>	<u>817,827</u>	<u>1,131,640</u>
-	744,700	6,848,548
<u>-</u>	<u>744,700</u>	<u>6,848,548</u>
3,549,790	1,522,518	5,072,308
-	2,253,588	3,332,674
-	1,911,520	1,911,520
-	-	5,490,984
<u>3,549,790</u>	<u>5,687,626</u>	<u>15,807,486</u>
<u>\$ 3,549,790</u>	<u>\$ 7,250,153</u>	<u>\$ 23,787,674</u>

TITUS COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

<b>Total Fund Balances - Governmental Funds</b>	\$	15,807,486
The County uses internal service funds to charge the costs of certain activities, such as self-insurance and equipment maintenance, 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.		760,007
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. 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. Also, a receivable from TxDOT to help pay debt payments is included.		25,819,428
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. The net effect of including the 2018 capital outlays and debt principal payments is to increase (decrease) net position.		5,507,991
Included in the items related to debt is the recognition of the County's proportionate share of the net pension was a Deferred Resource Outflow in the amount of \$931,098, a Deferred Resource Inflow in the amount of \$619,948 and a net pension liability in the amount of \$1,142,267. The impact of this on Net Position is (\$831,117). Changes from the current year reporting resulted in a decrease in net position in the amount of (\$121,058). The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of (\$831,117).		(831,117)
The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(863,257)
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.		(5,955,332)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>40,245,206</b>

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

TITUS COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	2012 A Bond I&S	2012 B Bond I&S
<b>REVENUES:</b>			
Taxes	\$ 8,249,945	\$ 354,029	\$ 339,591
Licenses and Permits	37,244	-	-
Intergovernmental Revenue and Grants	232,330	1,952,836	2,560,471
Charges for Services	1,316,937	-	-
Fines	-	-	-
Other Revenue	227,979	14,468	8,811
Total Revenues	<u>10,064,435</u>	<u>2,321,333</u>	<u>2,908,873</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	1,077,294	-	-
Judicial	875,692	-	-
Legal	267,928	-	-
Financial	1,102,928	-	-
Public Facility	204,539	-	-
Public Safety	5,393,376	-	-
Health & Welfare	200,987	-	-
Highways, Streets, & Bridges	-	-	-
Public Safety:			
County Extension	72,499	-	-
Miscellaneous	-	-	-
Debt Service:			
Principal on Debt	-	630,000	1,685,000
Interest and fees on Debt	-	1,690,206	1,531,769
Capital Outlay:			
Capital Outlay	185,251	-	-
Total Expenditures	<u>9,380,494</u>	<u>2,320,206</u>	<u>3,216,769</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>683,941</u>	<u>1,127</u>	<u>(307,896)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Sale of Assets	17,366	-	-
Transfers In	65,964	88,282	-
Transfers Out (Use)	(883,110)	-	-
Total Other Financing Sources (Uses)	<u>(799,780)</u>	<u>88,282</u>	<u>-</u>
Net Change in Fund Balances	(115,839)	89,409	(307,896)
Fund Balance - October 1 (Beginning)	5,606,823	460,321	837,252
Prior Period Adjustment	-	-	-
Fund Balance - September 30 (Ending)	<u>\$ 5,490,984</u>	<u>\$ 549,730</u>	<u>\$ 529,356</u>

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

2004 Cap. Proj.	Other Funds	Total Governmental Funds
\$ -	\$ 3,384,246	\$ 12,327,811
-	737,736	774,980
-	4,097,963	8,843,600
-	212,982	1,529,919
-	60,023	60,023
<u>50,284</u>	<u>55,921</u>	<u>357,463</u>
<u>50,284</u>	<u>8,548,871</u>	<u>23,893,796</u>
-	-	1,077,294
-	197,982	1,073,674
-	224,388	492,316
-	3,744	1,106,672
-	-	204,539
-	120,467	5,513,843
-	-	200,987
-	2,522,814	2,522,814
-	-	72,499
-	42,399	42,399
-	3,858,800	6,173,800
-	1,291,667	4,513,642
-	<u>64,740</u>	<u>249,991</u>
-	<u>8,327,001</u>	<u>23,244,470</u>
<u>50,284</u>	<u>221,870</u>	<u>649,326</u>
-	88,663	106,029
-	366,513	520,759
-	<u>(161,801)</u>	<u>(1,044,911)</u>
-	<u>293,375</u>	<u>(418,123)</u>
50,284	515,245	231,203
3,499,506	5,159,220	15,563,122
-	13,161	13,161
<u>\$ 3,549,790</u>	<u>\$ 5,687,626</u>	<u>\$ 15,807,486</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, 2018

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	231,203
The city 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.		185,128
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. The net effect of removing the 2018 capital outlays and debt principal payments is to increase (decrease) the change in net position.		5,507,991
The impact of adjusting the net pension liabilities as required by GASB 68 was to increase expense by (\$121,058).		(121,058)
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.		(863,257)
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.		(7,785,181)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>(2,845,174)</b>

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, 2018

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 8,228,970	\$ 8,228,970	\$ 8,249,945	\$ 20,975
Licenses and Permits	15,000	20,000	37,244	17,244
Intergovernmental Revenue and Grants	321,000	346,000	232,330	(113,670)
Charges for Services	1,313,600	1,313,600	1,316,937	3,337
Other Revenue	117,500	117,500	227,979	110,479
Total Revenues	9,996,070	10,026,070	10,064,435	38,365
<b>EXPENDITURES:</b>				
Current:				
General Government	1,461,162	1,387,670	1,077,294	310,376
Judicial	990,474	1,032,762	875,692	157,070
Legal	221,395	271,140	267,928	3,212
Financial	1,132,863	1,133,149	1,102,928	30,221
Public Facility	261,153	261,153	204,539	56,614
Public Safety	5,498,338	5,520,305	5,393,376	126,929
Health & Welfare	195,826	201,989	200,987	1,002
Public Safety:				
County Extension	91,375	91,375	72,499	18,876
Capital Outlay:				
Capital Outlay	205,243	212,748	185,251	27,497
Total Expenditures	10,057,829	10,112,291	9,380,494	731,797
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,759)	(86,221)	683,941	770,162
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Assets	-	-	17,366	17,366
Transfers In	9,922	65,964	65,964	-
Transfers Out (Use)	(1,091,500)	(883,110)	(883,110)	-
Total Other Financing Sources (Uses)	(1,081,578)	(817,146)	(799,780)	17,366
Net Change	(1,143,337)	(903,367)	(115,839)	787,528
Fund Balance - October 1 (Beginning)	5,606,823	5,606,823	5,606,823	-
Fund Balance - September 30 (Ending)	\$ 4,463,486	\$ 4,703,456	\$ 5,490,984	\$ 787,528

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

TITUS COUNTY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2018

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total	Total
	Enterprise	Internal
	Funds	Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 208,384	\$ 430,638
Accounts Receivable (Net)	-	208,163
Due from Other Funds	-	23,345
Inventories	6,349	-
Prepaid Items	269	-
Total Current Assets	215,002	662,146
Noncurrent Assets:		
Capital Assets:		
Land Purchase and Improvements	-	79,790
Buildings	-	151,858
Accumulated Depreciation - Buildings	-	(82,623)
Improvements other than Buildings	-	4,994
Accumulated Depreciation - Other Improvements	-	(4,994)
Furniture and Equipment	642,931	118,603
Accumulated Depreciation - Furniture & Equipment	(385,049)	(118,603)
Total Noncurrent Assets	257,882	149,025
Total Assets	472,884	811,171
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	3,522	51,164
Total Liabilities	3,522	51,164
<b>NET POSITION</b>		
Net Investment in Capital Assets	257,882	149,025
Unrestricted Net Position	211,480	610,982
Total Net Position	\$ 469,362	\$ 760,007

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, 2018

EXHIBIT D-2

	Business-Type Activities - Total Enterprise Funds	Governmental Activities - Total Internal Service Funds
<b>OPERATING REVENUES:</b>		
Charges for Services	\$ 169,870	\$ 1,744,501
Other Revenue	257	614
Total Operating Revenues	170,127	1,745,115
<b>OPERATING EXPENSES:</b>		
Public Safety	102,923	21,931
Elections	180,001	-
Highways, Streets, & Bridges	-	178,252
Insurance Coverage & Medical Claims	-	1,752,800
Depreciation	44,273	3,035
Total Operating Expenses	327,197	1,956,018
Income (Loss) Before Transfers	(157,070)	(210,903)
Transfers In/(Out)	128,121	396,031
Change in Net Position	(28,949)	185,128
Total Net Position -October 1 (Beginning)	498,311	574,879
 Total Net Position September 30 (Ending)	 \$ 469,362	 \$ 760,007

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, 2018

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total	Total
	Enterprise Funds	Internal Service Funds
<b><u>Cash Flows from Operating Activities:</u></b>		
Cash Received from User Charges	\$ 170,127	\$ 298,602
Cash Received from Assessments - Other Funds	-	1,271,601
Cash Payments to Employees for Services	(137,706)	(143,687)
Cash Payments for Insurance Claims	-	(1,766,837)
Cash Payments for Suppliers	(145,917)	(57,213)
Net Cash Provided by (Used for) Operating Activities	<u>(113,496)</u>	<u>(397,534)</u>
<b><u>Cash Flows from Non-Capital Financing Activities:</u></b>		
Operating Transfer In/(Out)	<u>128,121</u>	<u>396,031</u>
Net Increase (Decrease) in Cash and Cash Equivalents	14,625	(1,503)
Cash and Cash Equivalents at Beginning of the Year	<u>193,759</u>	<u>432,141</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 208,384</u>	<u>\$ 430,638</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash</u></b>		
<b><u>Provided By (Used For) Operating Activities:</u></b>		
Operating Income (Loss)	\$ (157,070)	\$ (210,903)
Adjustments to Reconcile Operating Income To Net Cash Provided by (Used For) Operating Activities:		
Depreciation	44,273	3,035
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (Increase) in Receivables	-	(151,567)
Decrease (Increase) in Inventories	(951)	-
Increase (Decrease) in Accounts Payable	252	(14,754)
(Increase) Decrease in due from other funds	<u>-</u>	<u>(23,345)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (113,496)</u>	<u>\$ (397,534)</u>

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

TITUS COUNTY, TEXAS  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2018

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	Agency Funds
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 941,625
Total Assets	<u>\$ 941,625</u>
<b>LIABILITIES</b>	
District Court cases payable/pending	\$ 537,836
County Clerk cash bonds	139,239
Bail Bond Board deposits	264,550
Total Liabilities	<u>\$ 941,625</u>

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

Titus County, Texas  
NOTES TO THE FINANCIAL STATEMENTS  
At September 30, 2018

**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 & County 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 TCDRS'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. 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. **Debt Service Funds** -- Three debt service funds are major funds. See the definition of these funds below.
3. **Capital Projects Fund** -- One capital project fund is a major fund. 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 County 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, as amended by GASB no. 71, Accounting and Financial Reporting for Pensions for the year ended September 30, 2016. 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. Also, a receivable from TxDot to make principal and interest payments on the Loop Construction completed in 2016 is not reflected in the governmental funds. Reimbursements from TxDot are to be received semi-annually as debt payments come due. The details of capital assets, the TxDot receivable, the net pension liability, 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	271,722	-	271,722	
Buildings and Improvements	11,960,708	5,496,519	6,464,189	
Machinery and Equipment	6,259,624	5,389,189	870,435	
County Roads & Bridges	<u>14,945,000</u>	<u>10,752,738</u>	<u>4,192,262</u>	
Change in Net Position	<u>33,437,054</u>	<u>21,638,446</u>	<u>11,798,608</u>	<u>11,798,608</u>
Receivable-TxDot--Balance at beginning of year				<u>146,338,424</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>	
Bonds Payable			<u>132,317,604</u>	
Change in Net Position				<u>(132,317,604)</u>
Net Adjustment to Net Position				<u>25,819,428</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>			
Buildings and improvements	12,773	12,773	12,773
Machinery and equipment	<u>247,218</u>	<u>247,218</u>	<u>247,218</u>
Total Capital Outlay	<u>259,991</u>	<u>259,991</u>	<u>259,991</u>
Book value of land donated	(10,000)	(10,000)	(10,000)
 <u>Debt Principal Payments</u>			
Bond Principal	<u>5,258,000</u>	<u>5,258,000</u>	<u>5,258,000</u>
Total Principal Payments	<u>5,258,000</u>	<u>5,258,000</u>	<u>5,258,000</u>
Total Adjustments to Net Position		<u><u>5,507,991</u></u>	<u><u>5,507,991</u></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	159,431	(159,431)	-
Uncollected taxes (assumed collectible) from Current Year Levy	697,502	697,502	697,502
Uncollected Taxes (assumed collectible) from Prior Year Levy	1,411,010	-	1,411,010
Effect of prior year tax entry	259,412	(259,412)	-
Collection on TxDot receivable	8,431,000	(8,431,000)	(8,431,000)
<u>Reclassify Proceeds of Bonds, Loans, and Capital Leases</u>			
Amortization of Bond Premium	<u>367,156</u>	<u>367,156</u>	<u>367,156</u>
Total		<u><u>(7,785,185)</u></u>	<u><u>(5,955,332)</u></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. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash and Cash Equivalents**

County Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the County complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The County limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not investing in foreign currencies.

As of September 30, 2018, the following are the County's cash and cash equivalents with respective maturities and credit rating:

Type of Deposit	Fair Value	Percent	Maturity in Less than 1 year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
Cash, Money Markets and FDIC Insured Accounts	18,229,706	100.0%	18,229,706	-	-	N/A
Total Cash and Cash Equivalents	<u>\$ 18,229,706</u>	100.0%	<u>\$ 18,229,706</u>	-	-	

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: Guaranty Bank and Trust
- b. The market value of securities pledged as of September 30, 2018 was \$20,114,028.
- c. The combined balances of cash, savings, and time deposit accounts amounted to \$19,788,937 as of September 30, 2018.
- d. Total amount of FDIC coverage at September 30, 2018 was \$500,000.

## Investments

### County Policies and Legal and Contractual Provisions Governing Investments

#### **Compliance with the Public Funds Investment Act**

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 a governmental entity 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 entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. TITUS COUNTY, TEXAS is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for TITUS COUNTY, TEXAS are specified below:

*Credit Risk* To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the County limits investments in commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of September 30, 2018, the County did not invest in commercial paper.

*Custodial Credit Risk for Investments* To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the County requires counterparties to register the securities in the name of the County and hand them over to the County or its designated agent. This includes securities in securities lending transactions.

*Concentration of Credit Risk* To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the County limits investments to less than 5% of its total investments. The County further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

*Interest Rate Risk* To limit the risk that changes in interest rates will adversely affect the fair value of investments, the County requires all of the investment portfolio to have maturities of less than one year.

*Foreign Currency Risk for Investments* The County limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not allowing foreign investments.

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

In this discussion and in the table below, investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment.

As of September 30, 2018, TITUS COUNTY, TEXAS had no investments subject to the fair value measurement. TITUS COUNTY, TEXAS has no investments other than at the depository bank.

**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	287,079
Enterprise Funds	71,829
Nonmajor Governmental Funds	95,837
Total	<u>454,745</u>

Transfers to Internal Service Funds from:

General Fund	396,031
Total	<u>396,031</u>

Transfers to Enterprise Funds from:

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

Transfers to General Fund from:

Non-major Governmental Funds	65,964
Total	<u>65,964</u>

Due to/from balances at September 30, 2018 are:

Due from non-major governmental funds to :

Other Non-major Governmental Funds	<u>7,555</u>
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Due from general fund to:

Internal service- insurance fund	<u>23,345</u>
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**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2018, were as follows:

	Property Taxes	Fees of Office	Intergover- nmental	Other	Total Receivables
<b>Governmental Activities:</b>					
General Fund	2,424,594	9,252,768	13,834	36,677	11,727,873
Major Debt Service Funds	435,525	-	-	-	435,525
Non-major Governmental Funds	1,311,585	-	39,268	72,898	1,423,751
Internal Service Funds	-	-	-	208,163	208,163
Total-Governmental Activities	<u>4,171,704</u>	<u>9,252,768</u>	<u>53,102</u>	<u>317,738</u>	<u>13,795,312</u>
Amount not scheduled for collection during the subsequent year	<u>1,803,062</u>	<u>4,772,860</u>	<u>-</u>	<u>-</u>	<u>6,575,922</u>
<b>Proprietary Activities:</b>					
Non-major Proprietary Funds	-	-	-	-	-
Amount not scheduled for collection during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Payables at September 30, 2018, were as follows:

	Accounts	Salaries and Benefits	Due to Other Governments	Other	Total Payables
<b>Governmental Activities:</b>					
General Fund	154,608	-	11,681	115,679	281,968
Non-major Governmental Funds	363,874	-	75,631	316,003	755,508
Internal Service Funds	6,021	45,143	-	-	51,164
Total-Governmental Activities	<u>524,503</u>	<u>45,143</u>	<u>87,312</u>	<u>431,682</u>	<u>1,088,640</u>
Amount not scheduled for collection during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Proprietary Activities:</b>					
Non-major Proprietary Funds	3,522	-	-	-	3,522
Amount not scheduled for collection during the subsequent year	<u>3,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,522</u>

**F. CAPITAL ASSET ACTIVITY**

Capital asset activity for the County for the year ended September 30, 2018, was as follows:

	Primary Government			
	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
Governmental Activities:				
District:				
Land	351,512	-	(10,000)	341,512
Buildings and Improvements	12,117,560	12,773	(10,709)	12,119,624
Machinery and Equipment	6,378,227	247,218	(468,308)	6,157,137
County Roads and Bridges	<u>14,945,000</u>	<u>-</u>	<u>-</u>	<u>14,945,000</u>
Totals at Historic Cost	<u>33,792,299</u>	<u>259,991</u>	<u>(489,017)</u>	<u>33,563,273</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,581,001)	(208,232)	10,709	(5,778,524)
Machinery and Equipment	(5,507,792)	(356,338)	468,308	(5,395,822)
Roads	<u>(10,752,738)</u>	<u>(298,687)</u>	<u>-</u>	<u>(11,051,425)</u>
Total Accumulated Depreciation	<u>(21,841,531)</u>	<u>(863,257)</u>	<u>479,017</u>	<u>(22,225,771)</u>
Governmental Activities Capital Assets, Net	<u>11,950,768</u>	<u>(603,266)</u>	<u>(10,000)</u>	<u>11,337,502</u>
Business-type Activities:				
Furniture and Equipment	641,445	-	-	641,445
Less Accumulated Depreciation				
Furniture and Equipment	<u>(339,290)</u>	<u>(44,273)</u>	<u>-</u>	<u>(383,563)</u>
Business-type Activities Capital Assets, Net:	<u>302,155</u>	<u>(44,273)</u>	<u>-</u>	<u>257,882</u>

Depreciation expense was charged to proprietary activities functions as follows:

Elections	<u>44,273</u>
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Depreciation expense was charged to governmental functions as follows:

General government	140,797
Public Safety	277,321
Highways, streets, and bridges	445,139
Total Depreciation Expense	<u>863,257</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, 2018.

<u>Description</u>	<u>Interest Rate</u>	<u>Payable at 10/1/2017</u>	<u>Additions (Reductions)</u>	<u>Payable at 9/30/2018</u>	<u>Due within one year</u>
Unlimited Tax and Pass-Through Toll Revenue Bonds--Series 2007	4.0%	1,160,000	(1,160,000)	-	-
Bond Premium--Series 2007		1,809	(1,809)	-	-
Unlimited Tax and Pass-Through Toll Revenue Bonds--Series 2009	2.5%	3,125,000	(1,530,000)	1,595,000	1,595,000
Bond Premium--Series 2009	2.5-5%	16,254	(8,127)	8,127	8,127
Limited Tax Refunding Bonds-Series 2011	3.24%	515,000	(253,000)	262,000	262,000
Unlimited Tax and Pass-Through Toll Revenue Bonds-Series 2012-A	3-5%	34,910,000	(630,000)	34,280,000	660,000
Bond Premium-Series 2012-A		2,812,824	(165,460)	2,647,364	165,460
Pass-Through Toll Revenue and Limited Tax Bonds-Series 2012-B	3-5%	39,640,000	(1,685,000)	37,955,000	1,755,000
Bond Premium-Series 2012-B		971,004	(57,118)	913,886	57,118
Unlimited Tax Refunding Bonds-Series 2016	2%-5.00%	28,310,000	-	28,310,000	1,175,000
Bond Premium--Series 2016		446,788	(37,232)	409,556	37,232
Unlimited Tax Refunding Bonds-Series 2017	2%-5.00%	19,240,000	-	19,240,000	-
Bond Premium--Series 2017		1,168,925	(97,410)	1,071,515	97,410
		-	-	-	-
		-	-	-	-
		<u>132,317,604</u>	<u>(5,625,156)</u>	<u>126,692,448</u>	<u>5,812,347</u>

The debt service fund long-term debt as of September 30, 2018, follows:

(A) Unlimited Tax and Pass-Through Toll Revenue Bonds Due in annual installments with interest at 2.5%-5.00%	1,595,000
(B) Unamortized Bond Premium	8,127
(C) Limited Tax Refunding Bond, Series 2011 Due in annual installments with interest at 3.24%	262,000
(D) Unlimited Tax and Pass-Through Toll Revenue Bonds Series 2012-A Due in annual installments with interest at 3-5%.	34,280,000
(E) Unamortized Bond Premium-Series 2012-A	2,647,364
(F) Pass-Through Toll Revenue and Limited Tax Bonds Series 2012-B Due in annual installments with interest at 3-5%.	37,955,000
(G) Unamortized Bond Premium- Series 2012-B	913,886
(H) Unlimited Tax Refunding Bonds-Series 2016 Due in annual installments with interest at 2-5%	28,310,000
(I) Unamortized Bond Premium-- Series 2016	409,556
(J) Unlimited Tax Refunding Bonds Series 2017 Due in annual installments with interest at 2-5%	19,240,000
(K) Unamortized Bond Premium--Series 2017	1,071,515
	<u>126,692,448</u>

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

The annual requirements to amortize bonded debt and certificates of obligation as of September 30, 2018, follows:

Year Ended <u>September 30</u>	General Obligations		Total
	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2019	5,447,000	5,213,907	10,660,907
2020	5,535,000	4,979,413	10,514,413
2021	5,785,000	4,729,238	10,514,238
2022	6,040,000	4,482,512	10,522,512
2023	6,290,000	4,224,363	10,514,363
2024-2028	36,085,000	16,479,307	52,564,307
2029-2033	45,780,000	7,712,775	53,492,775
2034	10,680,000	251,225	10,931,225
	<u>121,642,000</u>	<u>48,072,740</u>	<u>169,714,740</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, 2018 is \$269,000.

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.

In November 2016, the County issued the Unlimited Tax Refunding Bonds, Series 2016. Proceeds were used to refund a portion of the Series 2007 and Series 2009 bonds. This transaction resulted in a reduction in future debt service payments of approximately \$3.7 million and an economic gain of approximately \$2.91 million in present value. The principal balance of the refunded bonds at September 30, 2018 is, Series 2007, \$20.69 million and Series 2009, \$30.66 million.

In July 2018, the County issued the Tax Refunding Bonds, Series 2016. Proceeds were used to refund a portion of the Series 2009 bonds. This transaction resulted in a reduction in future debt service payments of approximately \$1.76 million and an economic gain of approximately \$1.49 million in present value. The principal balance of the refunded bonds at September 30, 2018 is \$30.66 million.

The state is 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 \$137.9 million.

## H. RECEIVABLE- TEXAS DEPARTMENT OF TRANSPORTATION

The Loop construction was completed in a prior 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 at a minimum of \$8.431 million per year. The balance is \$137.9 million at September 30, 2018.



## 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 benefit 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 County 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, 2016 and 2017 valuation and measurement date, the following employees were covered by the benefit terms:

	2016	2017
Inactive employees or beneficiaries currently receiving benefits	101	95
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	142	147
	<u>243</u>	<u>242</u>

### 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 9.43% and 10.19% in calendar years 2017 and 2018. The County's contributions to TCDRS for the year ended September 30, 2018 was \$607,742 and was equal to the required contributions.

### Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 actuarial valuations were determined using the following actuarial assumptions:	
Inflation	2.75% per year
Overall payroll growth	3.25% per year
Investment Rate of Return	8.0% per year

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.

The long-term expected rate of return on pension plan investments is 8.0% for 2016 and 8% for 2017 measurement dates. 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.

## I. DEFINED BENEFIT PENSION PLANS (continued)

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	11.5%	4.05%
International Equity	19.0%	4.55-5.55%
Various	35.5%	.60-8.15%
Hedge Funds	18.0%	4.10%
Private Equity	16.0%	7.55%
Total	100.0%	

### Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1% for 2016 and 2017. 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, 2016	\$ 28,319,783	\$ 25,568,833	\$ 2,750,950
Changes for the year:			
Service cost	741,116	-	741,116
Interest	2,291,246	-	2,291,246
Effects of plan changes	-	-	-
Effects of economic/demographic gains/losses	(147,937)	-	(147,937)
Changes of assumptions	119,741	-	119,741
Contributions - employer	-	544,966	(544,966)
Contributions - employee	-	374,365	(374,365)
Net investment income	-	3,721,554	(3,721,554)
Benefit payments, including refund of contributions	(1,578,557)	(1,578,557)	-
Administrative expense	-	(19,022)	19,022
Other changes	-	(9,014)	9,014
Net changes	\$ 1,425,609	\$ 3,034,292	\$ (1,608,683)
Balance at December 31, 2017	\$ 29,745,392	\$ 28,603,125	\$ 1,142,267

**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:

Measurement Date	1% Decrease in Discount Rate		Discount Rate		1% Increase in Discount Rate	
	7.1%		8.1%		9.1%	
12/31/2015 County's net pension liability/(Asset)	\$ 5,840,713		\$ 2,463,863		\$ (350,127)	
12/31/2016 County's net pension liability/(Asset)	\$ 6,267,969		\$ 2,750,950		\$ (184,333)	
12/31/2017 County's net pension liability/(Asset)	\$ 4,789,840		\$ 1,142,267		\$ (1,941,859)	

**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](http://www.tcdrs.com).

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

For the year ended September 30, 2018, the County recognized pension expense of \$607,742.

At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	-	373,382
Changed is actuarial assumptions	155,245	-
Difference between projected and actual investment earnings	-	246,566
Contributions subsequent to the measurement date	775,853	-
<b>Total</b>	<b>931,098</b>	<b>619,948</b>

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:	
2019	33,994
2020	148,595
2021	(311,738)
2022	(335,554)
Thereafter	-

**J. REVOLVING LOAN FUND**

The County returned the revolving loan funds to the state this year.

**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 2018, 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, 2018, employees of the County were covered by the County’s medical self-insurance Plan (the “Plan”). The County contributed \$850 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, 2017	Year Ended September 30, 2018
Unpaid claims, beginning of the year	-	-
Incurred claims (including IBNR's)	1,408,304	1,024,254
Claim Payments	1,408,304	1,024,254
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, 2018.

**P. LITIGATION**

The County has no pending litigation at September 30, 2018.

**Q. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 28, 2018, the financial statement issuance date.

## TITUS COUNTY, TEXAS

EXHIBIT F-1

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

## TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
<b>A. Total Pension Liability</b>				
Service Cost	\$ 741,116	\$ 803,722	\$ 773,990	\$ 775,708
Interest (on the Total Pension Liability)	2,291,246	2,143,517	2,086,698	1,930,792
Changes of Benefit Terms	-0-	-0-	(104,759)	-0-
Effects of economic/demographic gains/losses	(147,937)	(30,731)	(988,255)	262,203
Changes of Assumptions	119,741	-0-	261,759	-0-
Benefit Payments, including refunds of employee contributions	(1,578,557)	(1,306,278)	(1,226,425)	(1,017,764)
Net change in Total Pension Liability	\$ 1,425,609	\$ 1,610,230	\$ 803,008	\$ 1,950,939
Total Pension Liability - Beginning	28,319,783	26,709,553	25,906,546	23,955,607
Total Pension Liability - Ending	\$ 29,745,392	\$ 28,319,783	\$ 26,709,554	\$ 25,906,546
<b>B. Total Fiduciary Net Position</b>				
Contributions - Employer	\$ 544,966	\$ 488,096	\$ 568,251	\$ 608,019
Contributions - Employee	374,365	362,319	355,952	374,877
Net Investment Income	3,721,554	1,790,994	(322,243)	1,566,641
Benefit Payments, including refunds of employee contributions	(1,578,557)	(1,306,278)	(1,226,425)	(1,017,764)
Administrative Expense	(19,022)	(19,491)	(17,646)	(18,516)
Other	(9,014)	7,503	73,199	49,608
Net Change in Plan Fiduciary Net Position	\$ 3,034,292	\$ 1,323,143	\$ (568,912)	\$ 1,562,865
Plan Fiduciary Net Position - Beginning	25,568,833	24,245,690	24,814,602	23,251,737
Plan Fiduciary Net Position - Ending	\$ 28,603,125	\$ 25,568,833	\$ 24,245,690	\$ 24,814,602
<b>C. Net Pension Liability</b>				
	\$ 1,142,267	\$ 2,750,950	\$ 2,463,864	\$ 1,091,944
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>				
	97.00%	90.29%	90.77%	95.79%
<b>E. Covered Payroll</b>				
	\$ 5,533,682	\$ 5,287,521	\$ 5,161,280	\$ 5,262,480
<b>F. Net Pension Liability as a Percentage of Covered Payroll</b>				
	20.64%	52.02%	47.73%	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 four years of data are 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  
FOR THE FISCAL YEAR 2018

EXHIBIT F-2

	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 607,742	\$ 529,564	\$ 507,590	\$ 588,071
Contributions in Relation to the Actuarially Determined Contributions	(607,742)	(529,564)	(507,590)	(588,071)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Covered Employee Payroll	\$ 5,533,682	\$ 5,287,521	\$ 5,161,280	\$ 5,262,480
Contributions as a Percentage of Covered Employee Payroll	10.98%	10.01%	9.83%	11.17%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "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 AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

TITUS COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2018

	Security Fees	Jury Fund	Law Library	Special Proj. R&B
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 55,354	\$ 41,033	\$ 12,355	\$ 181,116
Accounts Receivable (Net)	-	33,162	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 55,354</u>	<u>\$ 74,195</u>	<u>\$ 12,355</u>	<u>\$ 181,116</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 7,534	\$ 1,534	\$ 108,558
Due to Other Funds	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>7,534</u>	<u>1,534</u>	<u>108,558</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue -Taxes, fines, & fees	-	33,161	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>33,161</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Capital Projects	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Reported in Special Revenue Funds	55,354	33,500	10,821	72,558
Total Fund Balances	<u>55,354</u>	<u>33,500</u>	<u>10,821</u>	<u>72,558</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 55,354</u>	<u>\$ 74,195</u>	<u>\$ 12,355</u>	<u>\$ 181,116</u>



R&B#1	R&B#2	R&B#3	R&B#4	Justice Court Tech.	Justice Court Tech JP#2	District Clerk Tech.	Victim of Crime
\$ 15,487	\$ 1,075	\$ 2,958	\$ 3,109	\$ 35,661	\$ 14,974	\$ 5,783	\$ 130,395
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 15,487</u>	<u>\$ 1,075</u>	<u>\$ 2,958</u>	<u>\$ 3,109</u>	<u>\$ 35,661</u>	<u>\$ 14,974</u>	<u>\$ 5,783</u>	<u>\$ 130,395</u>
\$ 10,340	\$ -	\$ -	\$ 463	\$ -	\$ -	\$ -	\$ 75,631
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	54,764
<u>10,340</u>	<u>-</u>	<u>-</u>	<u>463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,395</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,147	1,075	2,958	2,646	35,661	14,974	5,783	-
<u>5,147</u>	<u>1,075</u>	<u>2,958</u>	<u>2,646</u>	<u>35,661</u>	<u>14,974</u>	<u>5,783</u>	<u>-</u>
<u>\$ 15,487</u>	<u>\$ 1,075</u>	<u>\$ 2,958</u>	<u>\$ 3,109</u>	<u>\$ 35,661</u>	<u>\$ 14,974</u>	<u>\$ 5,783</u>	<u>\$ 130,395</u>

TITUS COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2018

	Homeland Security 2017	County Clerk R&M	District Clerk R&M	District Attorney
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 139,595	\$ 14,533	\$ 2,057
Accounts Receivable (Net)	-	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 139,595</u>	<u>\$ 14,533</u>	<u>\$ 2,057</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue -Taxes, fines, & fees	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Capital Projects	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Reported in Special Revenue Funds	-	139,595	14,533	2,057
Total Fund Balances	<u>-</u>	<u>139,595</u>	<u>14,533</u>	<u>2,057</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ -</u>	<u>\$ 139,595</u>	<u>\$ 14,533</u>	<u>\$ 2,057</u>

County Attorney	District Clerk RPF	Vehicle Inventory Tax	Family & Protective Services	2018 Rifle Plate Grant	Sheriff Seized	District Attorney Seized	District Attorney Drug Forf.
\$ 1,573	\$ 21,814	\$ 265,033	\$ -	\$ (13,505)	\$ 22,329	\$ 28,934	\$ 406,353
-	-	-	-	13,505	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,573</u>	<u>\$ 21,814</u>	<u>\$ 265,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,329</u>	<u>\$ 28,934</u>	<u>\$ 406,353</u>
\$ 1,573	\$ -	\$ 251,943	\$ -	\$ -	\$ 22,329	\$ 28,934	\$ 545
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,573</u>	<u>-</u>	<u>251,943</u>	<u>-</u>	<u>-</u>	<u>22,329</u>	<u>28,934</u>	<u>545</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	21,814	13,090	-	-	-	-	405,808
-	21,814	13,090	-	-	-	-	405,808
<u>\$ 1,573</u>	<u>\$ 21,814</u>	<u>\$ 265,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,329</u>	<u>\$ 28,934</u>	<u>\$ 406,353</u>

TITUS COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2018

	Sheriff Forfeiture	Capital Murder Fund	Sheriff Commissary	Juvenile Board
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 20,273	\$ 48,000	\$ 66,504	\$ (1,392)
Accounts Receivable (Net)	2,557	-	-	1,392
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 22,830</u>	<u>\$ 48,000</u>	<u>\$ 66,504</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 7,939	\$ -
Due to Other Funds	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>7,939</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue -Taxes, fines, & fees	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Capital Projects	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-
Reported in Special Revenue Funds	22,830	48,000	58,565	-
Total Fund Balances	<u>22,830</u>	<u>48,000</u>	<u>58,565</u>	<u>-</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 22,830</u>	<u>\$ 48,000</u>	<u>\$ 66,504</u>	<u>\$ -</u>

Pre-Trial Intervention	Co. & Dist. Court Tech.	Pre-Trial Class C. Misd.	Vital Statistics	County Clerk Archive	Justice Courthouse Security	Road & Bridge	FEMA Pct#2 2015-2016
\$ 11,320	\$ 10,974	\$ 11,924	\$ 12,361	\$ 107,727	\$ 10,704	\$ 940,030	\$ (9,262)
-	-	-	-	-	-	473,011	16,817
-	-	-	-	-	-	7,555	-
<u>\$ 11,320</u>	<u>\$ 10,974</u>	<u>\$ 11,924</u>	<u>\$ 12,361</u>	<u>\$ 107,727</u>	<u>\$ 10,704</u>	<u>\$ 1,420,596</u>	<u>\$ 7,555</u>
\$ 6,320	\$ -	\$ 11,924	\$ -	\$ 17,370	\$ -	\$ 202,571	\$ -
-	-	-	-	-	-	-	7,555
-	-	-	-	-	-	-	-
<u>6,320</u>	<u>-</u>	<u>11,924</u>	<u>-</u>	<u>17,370</u>	<u>-</u>	<u>202,571</u>	<u>7,555</u>
-	-	-	-	-	-	402,670	-
-	-	-	-	-	-	402,670	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,000	10,974	-	12,361	90,357	10,704	815,355	-
<u>5,000</u>	<u>10,974</u>	<u>-</u>	<u>12,361</u>	<u>90,357</u>	<u>10,704</u>	<u>815,355</u>	<u>-</u>
<u>\$ 11,320</u>	<u>\$ 10,974</u>	<u>\$ 11,924</u>	<u>\$ 12,361</u>	<u>\$ 107,727</u>	<u>\$ 10,704</u>	<u>\$ 1,420,596</u>	<u>\$ 7,555</u>

TITUS COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2018

	Total Nonmajor Special Revenue Funds	2017 I&S	2004 ROW 2011 Series	2007 Loop Bond
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,617,179	\$ 511,780	\$ 107,014	\$ -
Accounts Receivable (Net)	540,444	82,428	61,585	-
Due from Other Funds	7,555	-	-	-
Total Assets	<u>\$ 3,165,178</u>	<u>\$ 594,208</u>	<u>\$ 168,599</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 755,508	\$ -	\$ -	\$ -
Due to Other Funds	7,555	-	-	-
Unearned Revenues	54,764	-	-	-
Total Liabilities	<u>817,827</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue -Taxes, fines, & fees	435,831	82,428	61,585	-
Total Deferred Inflows of Resources	<u>435,831</u>	<u>82,428</u>	<u>61,585</u>	<u>-</u>
<b>FUND BALANCES</b>				
Capital Projects	-	-	-	-
Retirement of Long-Term Debt	-	511,780	107,014	-
Reported in Special Revenue Funds	1,911,520	-	-	-
Total Fund Balances	<u>1,911,520</u>	<u>511,780</u>	<u>107,014</u>	<u>-</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,165,178</u>	<u>\$ 594,208</u>	<u>\$ 168,599</u>	<u>\$ -</u>

2009 Bond I&S	2016 I&S	Total Nonmajor Debt Service Funds	Bell Tower Cap. Proj.	Loop Construction	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 1,237,496	\$ 397,298	\$ 2,253,588	\$ 5,874	\$ 1,516,644	\$ 1,522,518	\$ 6,393,285
82,428	82,428	308,869	-	-	-	849,313
-	-	-	-	-	-	7,555
<u>\$ 1,319,924</u>	<u>\$ 479,726</u>	<u>\$ 2,562,457</u>	<u>\$ 5,874</u>	<u>\$ 1,516,644</u>	<u>\$ 1,522,518</u>	<u>\$ 7,250,153</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 755,508
-	-	-	-	-	-	7,555
-	-	-	-	-	-	54,764
-	-	-	-	-	-	817,827
82,428	82,428	308,869	-	-	-	744,700
<u>82,428</u>	<u>82,428</u>	<u>308,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>744,700</u>
-	-	-	5,874	1,516,644	1,522,518	1,522,518
1,237,496	397,298	2,253,588	-	-	-	2,253,588
-	-	-	-	-	-	1,911,520
<u>1,237,496</u>	<u>397,298</u>	<u>2,253,588</u>	<u>5,874</u>	<u>1,516,644</u>	<u>1,522,518</u>	<u>5,687,626</u>
<u>\$ 1,319,924</u>	<u>\$ 479,726</u>	<u>\$ 2,562,457</u>	<u>\$ 5,874</u>	<u>\$ 1,516,644</u>	<u>\$ 1,522,518</u>	<u>\$ 7,250,153</u>

TITUS COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Security Fees	Jury Fund	Law Library	Special Proj. R&B
<b>REVENUES:</b>				
Taxes:				
Taxes	\$ -	\$ 136,291	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	5,678	-	-
Charges for Services	12,392	7,288	18,841	-
Fines	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>12,392</u>	<u>149,257</u>	<u>18,841</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
Judicial	-	164,732	33,250	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Safety	28,069	-	-	-
Highways, Streets, & Bridges	-	-	-	464,483
Public Safety:				
Miscellaneous	-	-	-	-
Debt Service:				
Principal on Debt	-	-	-	-
Interest and fees on Debt	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	48,000
Total Expenditures	<u>28,069</u>	<u>164,732</u>	<u>33,250</u>	<u>512,483</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,677)</u>	<u>(15,475)</u>	<u>(14,409)</u>	<u>(512,483)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Assets	-	-	-	22,220
Transfers In	-	1,696	23,000	250,000
Transfers Out (Use)	<u>(4,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(4,800)</u>	<u>1,696</u>	<u>23,000</u>	<u>272,220</u>
Net Change in Fund Balance	(20,477)	(13,779)	8,591	(240,263)
Fund Balance - October 1 (Beginning)	75,831	47,279	2,230	312,821
Prior Period Adjustment	-	-	-	-
Fund Balance - September 30 (Ending)	<u>\$ 55,354</u>	<u>\$ 33,500</u>	<u>\$ 10,821</u>	<u>\$ 72,558</u>



R&B#1	R&B#2	R&B#3	R&B#4	Justice Court Tech.	Justice Court Tech JP#2	District Clerk Tech.	Victim of Crime
\$ 84,445	\$ 84,445	\$ 84,445	\$ 84,444	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	5,468	2,281	2,659	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>84,445</u>	<u>84,445</u>	<u>84,445</u>	<u>84,444</u>	<u>5,468</u>	<u>2,281</u>	<u>2,659</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
79,298	83,370	81,487	81,798	-	-	-	-
-	-	-	-	571	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>79,298</u>	<u>83,370</u>	<u>81,487</u>	<u>81,798</u>	<u>571</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,147</u>	<u>1,075</u>	<u>2,958</u>	<u>2,646</u>	<u>4,897</u>	<u>2,281</u>	<u>2,659</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,147	1,075	2,958	2,646	4,897	2,281	2,659	-
-	-	-	-	30,764	12,693	3,124	-
-	-	-	-	-	-	-	-
<u>\$ 5,147</u>	<u>\$ 1,075</u>	<u>\$ 2,958</u>	<u>\$ 2,646</u>	<u>\$ 35,661</u>	<u>\$ 14,974</u>	<u>\$ 5,783</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, 2018

	Homeland Security 2017	County Clerk R&M	District Clerk R&M	District Attorney
<b>REVENUES:</b>				
Taxes:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	10,857	-	-	-
Charges for Services	-	50,678	2,992	-
Fines	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>10,857</u>	<u>50,678</u>	<u>2,992</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
Judicial	-	-	-	-
Legal	-	-	-	-
Financial	-	-	-	-
Public Safety	11,240	-	-	-
Highways, Streets, & Bridges	-	-	-	-
Public Safety:				
Miscellaneous	-	21,849	-	-
Debt Service:				
Principal on Debt	-	-	-	-
Interest and fees on Debt	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>11,240</u>	<u>21,849</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(383)</u>	<u>28,829</u>	<u>2,992</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Assets	-	-	-	-
Transfers In	383	-	-	-
Transfers Out (Use)	-	(9,921)	(1,486)	-
Total Other Financing Sources (Uses)	<u>383</u>	<u>(9,921)</u>	<u>(1,486)</u>	<u>-</u>
Net Change in Fund Balance	-	18,908	1,506	-
Fund Balance - October 1 (Beginning)	-	120,687	13,027	2,057
Prior Period Adjustment	-	-	-	-
Fund Balance - September 30 (Ending)	<u>\$ -</u>	<u>\$ 139,595</u>	<u>\$ 14,533</u>	<u>\$ 2,057</u>

County Attorney	District Clerk RPF	Vehicle Inventory Tax	Family & Protective Services	2018 Rifle Plate Grant	Sheriff Seized	District Attorney Seized	District Attorney Drug Forf.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
3,147	3,860	-	2,674	13,505	-	-	-
-	-	-	-	-	-	-	57,466
-	-	3,649	-	-	-	-	6,231
<u>3,147</u>	<u>3,860</u>	<u>3,649</u>	<u>2,674</u>	<u>13,505</u>	-	-	<u>63,697</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	127,337
-	-	3,744	-	-	-	-	-
-	-	-	2,674	13,505	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	3,744	2,674	13,505	-	-	127,337
<u>3,147</u>	<u>3,860</u>	<u>(95)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,640)</u>
-	-	-	-	-	-	-	-
(3,297)	-	-	-	-	-	-	-
<u>(3,297)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(150)	3,860	(95)	-	-	-	-	(63,640)
150	17,954	13,185	-	-	-	-	469,448
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 21,814</u>	<u>\$ 13,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,808</u>

TITUS COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Sheriff Forfeiture	Capital Murder Fund	Sheriff Commissary	Juvenile Board
<b>REVENUES:</b>				
Taxes:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue and Grants	-	-	33,688	97,051
Charges for Services	-	-	-	-
Fines	2,557	-	-	-
Other Revenue	235	-	-	-
Total Revenues	<u>2,792</u>	<u>-</u>	<u>33,688</u>	<u>97,051</u>
<b>EXPENDITURES:</b>				
Current:				
Judicial	-	-	-	-
Legal	-	-	-	97,051
Financial	-	-	-	-
Public Safety	780	-	64,199	-
Highways, Streets, & Bridges	-	-	-	-
Public Safety:				
Miscellaneous	-	-	-	-
Debt Service:				
Principal on Debt	-	-	-	-
Interest and fees on Debt	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>780</u>	<u>-</u>	<u>64,199</u>	<u>97,051</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,012</u>	<u>-</u>	<u>(30,511)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Assets	-	-	-	-
Transfers In	-	12,000	71,879	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>12,000</u>	<u>71,879</u>	<u>-</u>
Net Change in Fund Balance	2,012	12,000	41,368	-
Fund Balance - October 1 (Beginning)	20,818	36,000	17,197	-
Prior Period Adjustment	-	-	-	-
Fund Balance - September 30 (Ending)	<u>\$ 22,830</u>	<u>\$ 48,000</u>	<u>\$ 58,565</u>	<u>\$ -</u>

Pre-Trial Intervention	Co. & Dist. Court Tech.	Pre-Trial Class C. Misd.	Vital Statistics	County Clerk Archive	Justice Courthouse Security	Road & Bridge	FEMA Pct#2 2015-2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,316,704	\$ -
-	-	-	-	-	-	737,736	-
-	-	-	-	-	-	-	16,817
15,430	2,234	33,230	2,818	47,730	1,934	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>15,430</u>	<u>2,234</u>	<u>33,230</u>	<u>2,818</u>	<u>47,730</u>	<u>1,934</u>	<u>2,054,440</u>	<u>16,817</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,649,069	22,423
-	-	-	2,609	17,370	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	16,740	-
-	-	-	2,609	17,370	-	1,665,809	22,423
<u>15,430</u>	<u>2,234</u>	<u>33,230</u>	<u>209</u>	<u>30,360</u>	<u>1,934</u>	<u>388,631</u>	<u>(5,606)</u>
-	-	-	-	-	-	66,443	-
-	-	-	-	-	-	7,555	-
<u>(10,430)</u>	<u>-</u>	<u>(36,030)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,555)</u>
<u>(10,430)</u>	<u>-</u>	<u>(36,030)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,998</u>	<u>(7,555)</u>
5,000	2,234	(2,800)	209	30,360	1,934	462,629	(13,161)
-	8,740	2,800	12,152	59,997	8,770	352,726	-
-	-	-	-	-	-	-	13,161
<u>\$ 5,000</u>	<u>\$ 10,974</u>	<u>\$ -</u>	<u>\$ 12,361</u>	<u>\$ 90,357</u>	<u>\$ 10,704</u>	<u>\$ 815,355</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, 2018

	Total Nonmajor Special Revenue Funds	2017 I&S	2004 ROW 2011 Series	2007 Loop Bond
<b>REVENUES:</b>				
Taxes:				
Taxes	\$ 1,790,774	\$ 337,780	\$ 253,169	\$ 325,153
Licenses and Permits	737,736	-	-	-
Intergovernmental Revenue and Grants	180,270	928,363	-	491,366
Charges for Services	212,982	-	-	-
Fines	60,023	-	-	-
Other Revenue	10,115	3,495	1,855	2,655
Total Revenues	<u>2,991,900</u>	<u>1,269,638</u>	<u>255,024</u>	<u>819,174</u>
<b>EXPENDITURES:</b>				
Current:				
Judicial	197,982	-	-	-
Legal	224,388	-	-	-
Financial	3,744	-	-	-
Public Safety	120,467	-	-	-
Highways, Streets, & Bridges	2,461,928	-	-	-
Public Safety:				
Miscellaneous	42,399	-	-	-
Debt Service:				
Principal on Debt	-	915,800	253,000	1,160,000
Interest and fees on Debt	-	806	12,587	23,200
Capital Outlay:				
Capital Outlay	64,740	-	-	-
Total Expenditures	<u>3,115,648</u>	<u>916,606</u>	<u>265,587</u>	<u>1,183,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(123,748)</u>	<u>353,032</u>	<u>(10,563)</u>	<u>(364,026)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Assets	88,663	-	-	-
Transfers In	366,513	-	-	-
Transfers Out (Use)	<u>(73,519)</u>	<u>-</u>	<u>-</u>	<u>(88,282)</u>
Total Other Financing Sources (Uses)	<u>381,657</u>	<u>-</u>	<u>-</u>	<u>(88,282)</u>
Net Change in Fund Balance	257,909	353,032	(10,563)	(452,308)
Fund Balance - October 1 (Beginning)	1,640,450	158,748	117,577	452,308
Prior Period Adjustment	13,161	-	-	-
Fund Balance - September 30 (Ending)	<u>\$ 1,911,520</u>	<u>\$ 511,780</u>	<u>\$ 107,014</u>	<u>\$ -</u>

2009 Bond I&S	2016 I&S	Total Nonmajor Debt Service Funds	Bell Tower Cap. Proj.	Loop Construction	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 339,590	\$ 337,780	\$ 1,593,472	\$ -	\$ -	\$ -	\$ 3,384,246
-	-	-	-	-	-	737,736
1,493,744	1,004,220	3,917,693	-	-	-	4,097,963
-	-	-	-	-	-	212,982
-	-	-	-	-	-	60,023
11,097	3,328	22,430	-	23,376	23,376	55,921
<u>1,844,431</u>	<u>1,345,328</u>	<u>5,533,595</u>	<u>-</u>	<u>23,376</u>	<u>23,376</u>	<u>8,548,871</u>
-	-	-	-	-	-	197,982
-	-	-	-	-	-	224,388
-	-	-	-	-	-	3,744
-	-	-	-	-	-	120,467
-	-	-	-	60,886	60,886	2,522,814
-	-	-	-	-	-	42,399
1,530,000	-	3,858,800	-	-	-	3,858,800
105,418	1,149,656	1,291,667	-	-	-	1,291,667
-	-	-	-	-	-	64,740
<u>1,635,418</u>	<u>1,149,656</u>	<u>5,150,467</u>	<u>-</u>	<u>60,886</u>	<u>60,886</u>	<u>8,327,001</u>
<u>209,013</u>	<u>195,672</u>	<u>383,128</u>	<u>-</u>	<u>(37,510)</u>	<u>(37,510)</u>	<u>221,870</u>
-	-	-	-	-	-	88,663
-	-	-	-	-	-	366,513
-	-	(88,282)	-	-	-	(161,801)
-	-	(88,282)	-	-	-	293,375
209,013	195,672	294,846	-	(37,510)	(37,510)	515,245
1,028,483	201,626	1,958,742	5,874	1,554,154	1,560,028	5,159,220
-	-	-	-	-	-	13,161
<u>\$ 1,237,496</u>	<u>\$ 397,298</u>	<u>\$ 2,253,588</u>	<u>\$ 5,874</u>	<u>\$ 1,516,644</u>	<u>\$ 1,522,518</u>	<u>\$ 5,687,626</u>

TITUS COUNTY, TEXAS  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2018

	Maintenance Building	Insurance Fund	Total Internal Service Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 72,654	\$ 357,984	\$ 430,638
Accounts Receivable (Net)	-	208,163	208,163
Due from Other Funds	-	23,345	23,345
Total Current Assets	<u>72,654</u>	<u>589,492</u>	<u>662,146</u>
Noncurrent Assets:			
Capital Assets:			
Land Purchase and Improvements	79,790	-	79,790
Buildings	151,858	-	151,858
Accumulated Depreciation - Buildings	(82,623)	-	(82,623)
Improvements other than Buildings	4,994	-	4,994
Accumulated Depreciation - Other Improvements	(4,994)	-	(4,994)
Furniture and Equipment	118,603	-	118,603
Accumulated Depreciation - Furniture & Equipment	(118,603)	-	(118,603)
Total Noncurrent Assets	<u>149,025</u>	<u>-</u>	<u>149,025</u>
Total Assets	<u>221,679</u>	<u>589,492</u>	<u>811,171</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	6,020	45,144	51,164
Total Liabilities	<u>6,020</u>	<u>45,144</u>	<u>51,164</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	149,025	-	149,025
Unrestricted Net Position	66,634	544,348	610,982
Total Net Position	<u>\$ 215,659</u>	<u>\$ 544,348</u>	<u>\$ 760,007</u>



TITUS COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT H-2

	Maintenance Building	Insurance Fund	Total Internal Service Funds
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 50,151	\$ 1,694,350	\$ 1,744,501
Other Revenue	-	614	614
Total Operating Revenues	<u>50,151</u>	<u>1,694,964</u>	<u>1,745,115</u>
<b>OPERATING EXPENSES:</b>			
Public Safety	21,931	-	21,931
Highways, Streets, & Bridges	178,252	-	178,252
Insurance Coverage & Medical Claims	-	1,752,800	1,752,800
Depreciation	3,035	-	3,035
Total Operating Expenses	<u>203,218</u>	<u>1,752,800</u>	<u>1,956,018</u>
Income (Loss) Before Transfers	(153,067)	(57,836)	(210,903)
Transfers In/(Out)	<u>178,186</u>	<u>217,845</u>	<u>396,031</u>
Change in Net Position	25,119	160,009	185,128
Total Net Position - October 1 (Beginning)	<u>190,540</u>	<u>384,339</u>	<u>574,879</u>
Total Net Position - September 30 (Ending)	<u>\$ 215,659</u>	<u>\$ 544,348</u>	<u>\$ 760,007</u>

TITUS COUNTY, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Maintenance Building	Insurance Fund	Total Internal Service Funds
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from User Charges	\$ 50,151	\$ 248,451	\$ 298,602
Cash Received from Assessments - Other Funds	-	1,271,601	1,271,601
Cash Payments to Employees for Services	(143,687)	-	(143,687)
Cash Payments for Insurance Claims	-	(1,766,837)	(1,766,837)
Cash Payments for Suppliers	(57,213)	-	(57,213)
Net Cash Provided by (Used for) Operating Activities	<u>(150,749)</u>	<u>(246,785)</u>	<u>(397,534)</u>
<b><u>Cash Flows from Non-Capital Financing Activities:</u></b>			
Operating Transfer In/(Out)	178,186	217,845	396,031
Net Increase (Decrease) in Cash and Cash Equivalents	27,437	(28,940)	(1,503)
Cash and Cash Equivalents at the Beginning of the Year	45,217	386,924	432,141
Cash and Cash Equivalents at the End of the Year	<u>\$ 72,654</u>	<u>\$ 357,984</u>	<u>\$ 430,638</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u></b>			
Operating Income (Loss)	\$ (153,067)	\$ (57,836)	\$ (210,903)
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	-	(151,567)	(151,567)
Increase (Decrease) in Accounts Payable	(717)	(14,037)	(14,754)
(Increase) Decrease in due from other funds	-	(23,345)	(23,345)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (150,749)</u>	<u>\$ (246,785)</u>	<u>\$ (397,534)</u>

TITUS COUNTY, TEXAS  
 COMBINING STATEMENT OF NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 SEPTEMBER 30, 2018

	Commissary Store	Election Fund	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 9,553	\$ 198,831	\$ 208,384
Inventories	6,349	-	6,349
Prepaid Items	-	269	269
Total Current Assets	<u>15,902</u>	<u>199,100</u>	<u>215,002</u>
Noncurrent Assets:			
Capital Assets:			
Furniture and Equipment	1,486	641,445	642,931
Accumulated Depreciation - Furniture & Equipment	(1,486)	(383,563)	(385,049)
Total Noncurrent Assets	<u>-</u>	<u>257,882</u>	<u>257,882</u>
Total Assets	<u>15,902</u>	<u>456,982</u>	<u>472,884</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	-	3,522	3,522
Total Liabilities	<u>-</u>	<u>3,522</u>	<u>3,522</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	257,882	257,882
Unrestricted Net Position	15,902	195,578	211,480
Total Net Position	<u>\$ 15,902</u>	<u>\$ 453,460</u>	<u>\$ 469,362</u>

TITUS COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Commissary Store	Election Fund	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>			
Charges for Services	\$ 165,561	\$ 4,309	\$ 169,870
Other Revenue	257	-	257
Total Operating Revenues	<u>165,818</u>	<u>4,309</u>	<u>170,127</u>
<b>OPERATING EXPENSES:</b>			
Public Safety	102,923	-	102,923
Elections	-	180,001	180,001
Depreciation	-	44,273	44,273
Total Operating Expenses	<u>102,923</u>	<u>224,274</u>	<u>327,197</u>
Income (Loss) Before Transfers	62,895	(219,965)	(157,070)
Transfers In/(Out)	<u>(71,879)</u>	<u>200,000</u>	<u>128,121</u>
Change in Net Position	(8,984)	(19,965)	(28,949)
Total Net Position - October 1 (Beginning)	<u>24,886</u>	<u>473,425</u>	<u>498,311</u>
Total Net Position - September 30 (Ending)	<u>\$ 15,902</u>	<u>\$ 453,460</u>	<u>\$ 469,362</u>

TITUS COUNTY, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Commissary Store	Election Fund	Total Nonmajor Enterprise Funds
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from User Charges	\$ 165,818	\$ 4,309	\$ 170,127
Cash Payments to Employees for Services	-	(137,706)	(137,706)
Cash Payments for Suppliers	(103,874)	(42,043)	(145,917)
Net Cash Provided by (Used for) Operating Activities	<u>61,944</u>	<u>(175,440)</u>	<u>(113,496)</u>
<b><u>Cash Flows from Non-Capital Financing Activities:</u></b>			
Operating Transfer In/(Out)	(71,879)	200,000	128,121
Net Increase (Decrease) in Cash and Cash Equivalents	(9,935)	24,560	14,625
Cash and Cash Equivalents at the Beginning of the Year	<u>19,488</u>	<u>174,271</u>	<u>193,759</u>
Cash and Cash Equivalents at the End of the Year	<u>\$ 9,553</u>	<u>\$ 198,831</u>	<u>\$ 208,384</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash</u></b>			
<b><u>Provided By (Used For) Operating Activities:</u></b>			
Operating Income (Loss)	\$ 62,895	\$ (219,965)	\$ (157,070)
Adjustments to Reconcile Operating Income To Net Cash Provided by (Used For) Operating Activities:			
Depreciation	-	44,273	44,273
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (Increase) in Inventories	(951)	-	(951)
Increase (Decrease) in Accounts Payable	-	252	252
Net Cash Provided by (Used for) Operating Activities	<u>\$ 61,944</u>	<u>\$ (175,440)</u>	<u>\$ (113,496)</u>

Titus County, Texas  
 BUDGETARY COMPARISON SCHEDULE  
 2007 Loop Debt Service Fund  
 for the year ended September 30, 2018

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	335,000	335,000	325,153	(9,847)
Intergovernmental	402,749	491,366	491,366	-
Miscellaneous	4,000	4,000	2,655	(1,345)
Total revenues	<u>741,749</u>	<u>830,366</u>	<u>819,174</u>	<u>(11,192)</u>
<b>EXPENDITURES</b>				
Debt service-principal	1,160,000	1,160,000	1,160,000	-
Debt service-interest	232,000	23,200	23,200	-
Bond fees	1,000	1,000	-	1,000
Total expenditures	<u>1,393,000</u>	<u>1,184,200</u>	<u>1,183,200</u>	<u>1,000</u>
Excess of revenues over (under) expenditures	<u>(651,251)</u>	<u>(353,834)</u>	<u>(364,026)</u>	<u>(10,192)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	(88,282)	(88,282)	-
Total other sources (uses)	<u>-</u>	<u>(88,282)</u>	<u>(88,282)</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(651,251)</u>	<u>(442,116)</u>	<u>(452,308)</u>	<u>(10,192)</u>
<b>FUND BALANCE</b>				
Beginning of year	452,308	452,308	452,308	-
End of year	<u>(198,943)</u>	<u>10,192</u>	<u>-</u>	<u>(10,192)</u>

Titus County, Texas  
BUDGETARY COMPARISON SCHEDULE  
2009 Bond Debt Service Fund  
for the year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts GAAP Basis	Final Budget Positive or (Negative)
<b>REVENUES</b>				
Taxes	335,000	335,000	339,590	4,590
Intergovernmental	1,383,134	1,493,744	1,493,744	-
Miscellaneous	4,000	4,000	11,097	7,097
<b>Total revenues</b>	<b>1,722,134</b>	<b>1,832,744</b>	<b>1,844,431</b>	<b>11,687</b>
<b>EXPENDITURES</b>				
Debt service-principal	1,530,000	1,530,000	1,530,000	-
Debt service-interest	104,613	104,613	105,418	(805)
Bond fees	1,000	1,000	-	1,000
<b>Total expenditures</b>	<b>1,635,613</b>	<b>1,635,613</b>	<b>1,635,418</b>	<b>195</b>
Excess of revenues over (under) expenditures	86,521	197,131	209,013	11,882
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total other sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues and other sources over (under) expenditures and other uses	86,521	197,131	209,013	11,882
<b>FUND BALANCE</b>				
Beginning of year	1,028,483	1,028,483	1,028,483	-
End of year	1,115,004	1,225,614	1,237,496	11,882

Titus County, Texas  
**BUDGETARY COMPARISON SCHEDULE**  
 2011 Bond Debt Service Fund  
 for the year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts GAAP Basis	Final Budget Positive or (Negative)
<b>REVENUES</b>				
Taxes	250,000	250,000	253,169	3,169
Miscellaneous	500	500	1,855	1,355
Total revenues	<u>250,500</u>	<u>250,500</u>	<u>255,024</u>	<u>4,524</u>
<b>EXPENDITURES</b>				
Debt service-principal	253,000	253,000	253,000	-
Debt service-interest	12,587	12,587	12,587	-
Bond fees	1,000	1,000	-	1,000
Total expenditures	<u>266,587</u>	<u>266,587</u>	<u>265,587</u>	<u>1,000</u>
Excess of revenues over (under) expenditures	<u>(16,087)</u>	<u>(16,087)</u>	<u>(10,563)</u>	<u>(5,524)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
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>(16,087)</u>	<u>(16,087)</u>	<u>(10,563)</u>	<u>5,524</u>
<b>FUND BALANCE</b>				
Beginning of year	<u>117,577</u>	<u>117,577</u>	<u>117,577</u>	<u>-</u>
End of year	<u>101,490</u>	<u>101,490</u>	<u>107,014</u>	<u>5,524</u>



Titus County, Texas  
BUDGETARY COMPARISON SCHEDULE  
2012-A Bond Debt Service Fund  
for the year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts GAAP Basis	Final Budget Positive or (Negative)
<b>REVENUES</b>				
Taxes	335,000	335,000	354,029	19,029
Intergovernmental	1,605,450	1,952,836	1,952,836	-
Miscellaneous	2,000	2,000	14,468	12,468
<b>Total revenues</b>	<b>1,942,450</b>	<b>2,289,836</b>	<b>2,321,333</b>	<b>31,497</b>
<b>EXPENDITURES</b>				
Debt service-principal	630,000	630,000	630,000	-
Debt service-interest	1,689,400	1,689,400	1,690,206	(806)
Bond fees	1,000	1,000	-	1,000
<b>Total expenditures</b>	<b>2,320,400</b>	<b>2,320,400</b>	<b>2,320,206</b>	<b>194</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(377,950)</b>	<b>(30,564)</b>	<b>1,127</b>	<b>31,691</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	88,282	88,282	-
Operating transfers out	-	-	-	-
<b>Total other sources (uses)</b>	<b>-</b>	<b>88,282</b>	<b>88,282</b>	<b>-</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(377,950)</b>	<b>57,718</b>	<b>89,409</b>	<b>31,691</b>
<b>FUND BALANCE</b>				
Beginning of year	460,321	460,321	460,321	-
End of year	82,371	518,039	549,730	31,691

Titus County, Texas  
BUDGETARY COMPARISON SCHEDULE  
2012-B Bond Debt Service Fund  
for the year ended September 30, 2018

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	335,000	335,000	339,591	4,591
Intergovernmental	3,197,633	2,560,471	2,560,471	-
Miscellaneous	2,000	2,000	8,811	6,811
<b>Total revenues</b>	<b>3,534,633</b>	<b>2,897,471</b>	<b>2,908,873</b>	<b>11,402</b>
<b>EXPENDITURES</b>				
Debt service-principal	1,685,000	1,685,000	1,685,000	-
Debt service-interest	1,530,962	1,530,962	1,531,769	(807)
Bond fees	1,000	1,000	-	1,000
<b>Total expenditures</b>	<b>3,216,962</b>	<b>3,216,962</b>	<b>3,216,769</b>	<b>193</b>
Excess of revenues over (under) expenditures	317,671	(319,491)	(307,896)	11,595
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total other sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues and other sources over (under) expenditures and other uses	317,671	(319,491)	(307,896)	11,595
<b>FUND BALANCE</b>				
Beginning of year	837,252	837,252	837,252	-
End of year	1,154,923	517,761	529,356	11,595

Titus County, Texas  
BUDGETARY COMPARISON SCHEDULE  
2017 Bond Debt Service Fund  
for the year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts GAAP Basis	Final Budget Positive or (Negative)
<b>REVENUES</b>				
Taxes	335,000	335,000	337,780	2,780
Intergovernmental	457,900	928,363	928,363	-
Miscellaneous	2,000	2,800	3,495	695
<b>Total revenues</b>	<b>794,900</b>	<b>1,266,163</b>	<b>1,269,638</b>	<b>3,475</b>
<b>EXPENDITURES</b>				
Debt service-principal	-	-	-	-
Debt service-interest	915,000	915,800	915,800	-
Bond fees	1,000	1,000	806	194
<b>Total expenditures</b>	<b>916,000</b>	<b>916,800</b>	<b>916,606</b>	<b>194</b>
Excess of revenues over (under) expenditures	(121,100)	349,363	353,032	3,669
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total other sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues and other sources over (under) expenditures and other uses	(121,100)	349,363	353,032	3,669
<b>FUND BALANCE</b>				
Beginning of year	158,748	158,748	158,748	-
End of year	37,648	508,111	511,780	3,669

Titus County, Texas  
BUDGETARY COMPARISON SCHEDULE  
2016 Bond Debt Service Fund  
for the year ended September 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts GAAP Basis	Final Budget Positive or (Negative)
<b>REVENUES</b>				
Taxes	335,000	337,781	337,780	(1)
Intergovernmental	1,383,134	1,004,220	1,004,220	-
Miscellaneous	2,000	2,029	3,328	1,299
<b>Total revenues</b>	<b>1,720,134</b>	<b>1,344,030</b>	<b>1,345,328</b>	<b>1,298</b>
<b>EXPENDITURES</b>				
Debt service-principal	-	-	-	-
Debt service-interest	1,145,850	1,145,850	1,149,656	(3,806)
Bond fees	1,000	1,000	-	1,000
<b>Total expenditures</b>	<b>1,146,850</b>	<b>1,146,850</b>	<b>1,149,656</b>	<b>(2,806)</b>
Excess of revenues over (under) expenditures	573,284	197,180	195,672	(1,508)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total other sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of revenues and other sources over (under) expenditures and other uses	573,284	197,180	195,672	(1,508)
<b>FUND BALANCE</b>				
Beginning of year	201,626	201,626	201,626	-
End of year	774,910	398,806	397,298	(1,508)

**REPORTS ON INTERNAL CONTROL, COMPLIANCE,  
& FEDERAL AWARDS**



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, 2018 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 28, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the 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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 18-1 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.

December 28, 2018



CPAs & Advisors

Bob J. Arnold, CPA, PFS  
Lanny G. Walker, CPA, PFS  
Kris Arnold, CPA, PFS  
Andrew Arnold, CPA  
Melissa J. Godfrey, CPA

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

The Honorable Judge and  
County Commissioners  
Titus County, Texas  
Mount Pleasant, Texas

**Report on Compliance for Each Major Federal Program**

We have audited Titus County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

**Report on Internal Control over Compliance**

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

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

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

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

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

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

December 28, 2018

Titus County, Texas  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the year ended September 30, 2018

**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 "Uniform Guidance under section 200.516 Audit Findings paragraph (a)" as required by Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). : NONE
- f. An identification of major programs: Federal Highway Administration CFDA#20.205
- g. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- h. A statement as to whether the auditee qualified as a low-risk auditee. Yes

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

**2018-1 DISTRICT CLERK**

**Criteria-** Internal controls would call for reconciling the bank balance and the subsidiary ledger monthly.

**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.

**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.

**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.

**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.

**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, 2018

- 17-1 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.

Titus County, Texas  
CORRECTIVE ACTION PLAN  
For the year ended September 30, 2018

VIEWS AND PLANNED CORRECTIVE ACTIONS

- 18-1 The District Clerk agrees that this area needs 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.

The contact person for the County is Carl Johnson, County Auditor at (903)-572-8101.

Titus County, Texas  
 SCHEDULE OF EXPENDITURES OF FEDERAL/STATE AWARDS  
 For the year ended September 30, 2018

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>FEDERAL HIGHWAY ADMINISTRATION</b>			
<u>Passed Through Texas Department of Transportation</u>			
Pass through Toll Reimbursement	20.205	2006-004-01	8,431,000
Total Passed Through TXDOT			8,431,000
TOTAL FEDERAL HIGHWAY ADMINISTRATION			8,431,000
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
<u>Passed through Texas Department of Public Safety (DPS)</u>			
FEMA PA-06-TX-4255-PW-0043(o)	97.036	TX4255	29,978
Homeland Security Grant	97.067	3361001	10,857
Total Passed Through Texas DPS			40,835
TOTAL DEPARTMENT OF HOMELAND SECURITY			40,835
<b>DEPARTMENT OF JUSTICE</b>			
<u>Passed Through Texas Office of Attorney General</u>			
Texas VINE (SAVNS)	N/A	1877810	6,389
Rifle-Resistant Body Armor Grant	N/A	34698-01	13,505
Indigent Defense	N/A	212-17-235	38,575
Total Passed Through Texas OAG			58,469
TOTAL DEPARTMENT OF JUSTICE			58,469
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
<u>Passed Through Texas Department of Family &amp; Protective Services</u>			
Title IV-E Child Welfare Services	93.658	23938990	2,674
Total Passed Through DFPS			2,674
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES			2,674
TOTAL EXPENDITURES OF FEDERAL AWARDS			8,532,978

Titus County, Texas  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2018

1. Special revenue funds are normally used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. The sewer grant was accounted for in the proprietary fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. Some federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on Long-Term Debt, which is recognized when due.

The Proprietary Fund Type is accounted for on a flow of economic resources measurement focus and utilizes 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. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.