

**RUSK COUNTY, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Prepared by:**  
**County Auditor**



**Rusk County, Texas  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2012**

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COUNTY AUDITOR:  
Ronald Moody



RUSK COUNTY COURTHOUSE  
115 N. MAIN ST. SUITE 103  
HENDERSON, TEXAS 75652  
903/657-0304

June 10, 2013

Honorable County Judge Joel Hale  
Honorable County Commissioners,  
Taxpayers and Citizens of Rusk County  
Henderson, Texas

Conforming to statutory requirements of the duties of the County Auditor, submitted herewith is the Comprehensive Annual Financial Report (CAFR) for Rusk County for the year ended December 31, 2012. The report was prepared by the County Auditor's Office. This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Texas State law requires the County's financial statements be audited by a licensed independent certified public accountant. The Commissioners' Court selected Richard P. Loughlin, CPA to perform the audit for the current fiscal year. The auditors have issued an unqualified opinion on Rusk County's financial statements for the year ended December 31, 2012, and their report may be found on pages 7-9 in the Financial Section of this report.

In addition to meeting the requirement set forth by statute, the audit was also designed to meet the requirements of the standards set forth in the Government Accountability Office's *Government Auditing Standards*. The 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* is on pages 107-108 of this report. As a result of the amount of federal financial assistance received by the County during 2012, a "Single Audit" was required to be performed by our independent auditor, in accordance with the Office of Management and Budget (OMB) Circular A-133, and the auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133 is on pages 109-110 of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found on pages 10-20 immediately following the independent auditor's report.

### **Profile of the Government**

Rusk County, Texas, created in 1843, is located in the northeast part of the State. The County occupies a land area of 932 square miles and serves a population of 54,026. The County is empowered to levy a property tax on both real and personal property located within its boundaries.

The financial statements present information on the financial position and operations of County government as a single comprehensive reporting entity. The various agencies, departments and accounts of the County that constitute the County reporting entity are included in this report in accordance with criteria established by the GASB. The reporting entity consists of all the funds of the primary government (Rusk County).

The County operates under the policy and legislative authority of the Commissioners' Court, consisting of a County Judge, elected at-large and four (4) County Commissioners, each elected from a designated precinct. The Commissioners' Court's primary function is the administration of the affairs of the County, which includes the adopting of the County budget. The County Judge and the Commissioners all serve four year terms.

The County provides the full range of County services contemplated by statute or charter. This includes general administration, judicial, legal, elections, financial administration, public facilities, public safety, environmental protection, conservation, public transportation, health and welfare care, and recreation.

The County Judge is by statute the Budget Officer of the County and is responsible for presenting a prepared County budget to the Commissioners' Court for approval.

The Commissioners' Court invites any interested citizen to appear for a budget hearing concerning the County's budget prior to adoption. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts as proposed in the budget. Expenditure amounts finally budgeted may not exceed the estimated revenues and available fund balance. A tax rate is then set which will generate the estimated ad valorem tax revenues in the budget.

When the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budget appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts.

Funds are budgeted on an annual basis with no carryovers into the next year. If a fund(s) has or shows a balance at the end of the year, the balance is included in making computation of funds available for the next year's budget.

Budget to actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the General Fund and the Road and Bridge Fund (the County's two (2) major funds), this comparison is on pages 30-31 as part of the Basic Financial Statements. For other governmental funds, this comparison is presented in the Combining and Individual Fund Financial Statements and Schedules section of this report, starting on page 68.

The Capital Projects Fund, the Permanent Funds, the Internal Service Fund, and the Fiduciary Funds (Agency Funds) are not budgeted.

### **Local Economy**

The economy of the County is fairly well diversified with timber, oil and gas, mining, two (2) power plants, light industry, agriculture, medical (hospital, several nursing homes, and a drug rehabilitation center), two (2) state prisons, and an intermediate sanction facility. New industries in surrounding counties have created job opportunities for Rusk County residents.

Most of the school districts in the County have increased average daily attendance (ADA); while three (3) have had a decrease.

The County has a civilian labor force of 26,747, which has grown 0.51% over the prior year.

## **Long-term Financial Planning**

The Commissioners' Court continues to be very active in budgeting financial resources to rehabilitate all County maintained infrastructure over a number of years in the most economical way. Various capital outlays for road and bridge equipment have been made and are planned to ensure that the department stays updated to meet future repair needs.

Tobacco funds received from the State are being accumulated to cover future health costs.

The State of Texas has indicated to the County that if the County will fund right of way acquisition from US 79 to US 259, the State will move the Loop 571 project to a higher priority for funding purposes.

Various costs associated with increased health care premiums for active and retired employees had a significant effect on the financial statements in 2012. The County continues to participate in the insurance program provided through the Texas Association of Counties. This insurance pool allows the County to limit increases in premiums at an amount less than the national average.

## **Major Initiatives**

The Veteran's Memorial on the Courthouse grounds was dedicated on November 12, 2012.

Four (4) hangars were added at the Rusk County Airport.

## **AWARDS AND ACKNOWLEDGEMENTS**

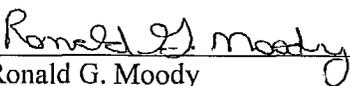
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rusk County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. This was the twenty-second (22<sup>nd</sup>) consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of all County Departments. I would like to especially thank the entire staff of the County Auditor's office for their assistance and contribution to the preparation of this report.

In closing, without the leadership and support of the Honorable J. Clay Gossett, 4th Judicial District of Texas Judge and the County Judge and Commissioners' Court, preparation of this report would not have been possible.

Respectfully submitted,



Ronald G. Moody  
County Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Rusk County  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



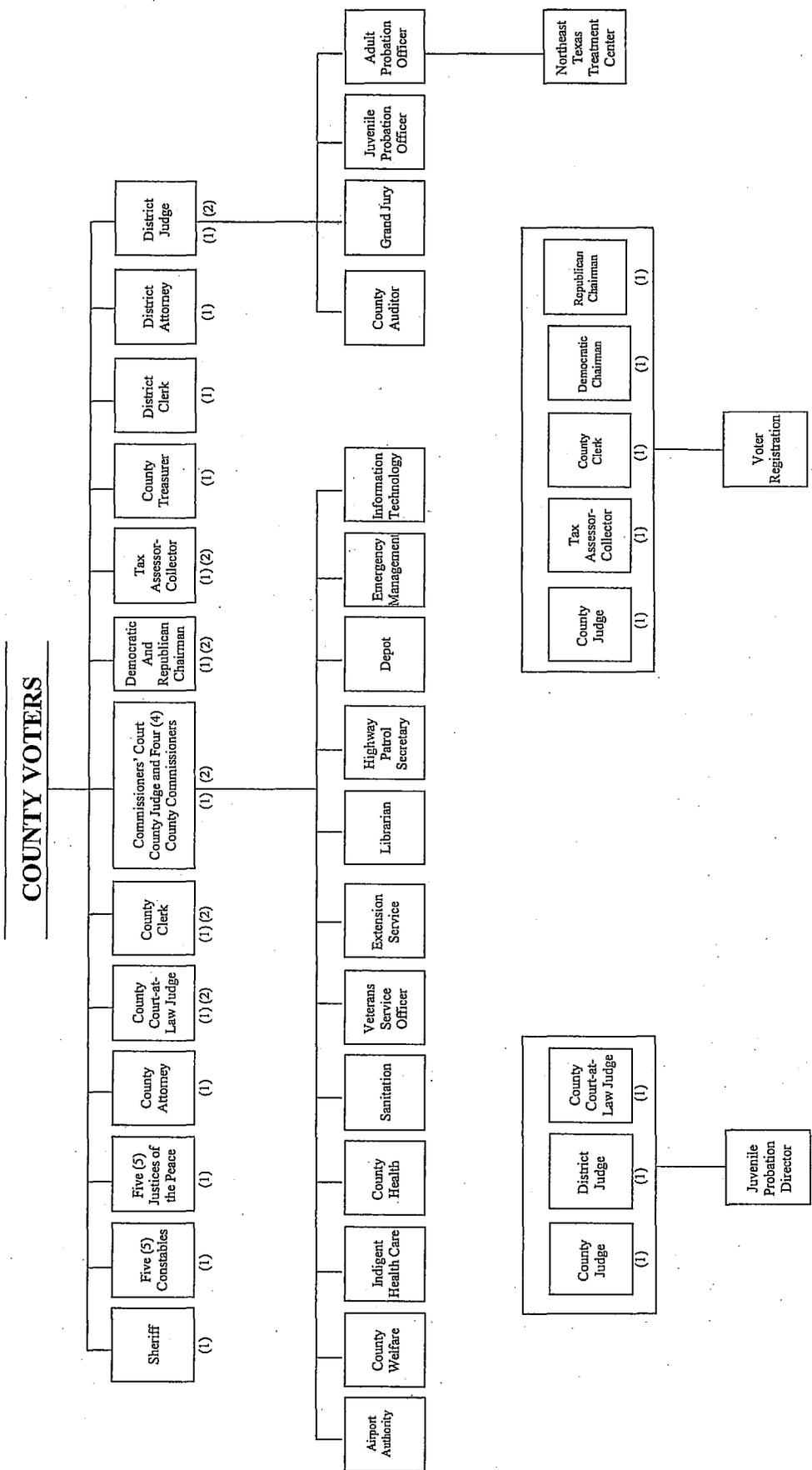
*Christopher P. Moirill*

President

*Jeffrey R. Enner*

Executive Director

# RUSK COUNTY, TEXAS ORGANIZATIONAL CHART



(1) Denotes elected officials. All others are appointed.  
 (2) Denotes joint and overlapping responsibilities.

**Rusk County, Texas**  
**List of Elected and Appointed Officials**  
**December 31, 2012**

Elected Officials

4th Judicial District Judge	Honorable J. Clay Gossett
County Judge	Honorable Joel Hale
County Commissioner, Precinct #1	Honorable W.D. Bill Hale
County Commissioner, Precinct #2	Honorable Mike Pepper
County Commissioner, Precinct #3	Honorable Freddy Swann
County Commissioner, Precinct #4	Honorable Harold Howell
County Court-at-Law Judge	Honorable Chad Dean
County Attorney	Micheal Jimerson
County Clerk	Joyce Lewis-Kugle
County Sheriff	Danny Pirtle
County Tax Assessor-Collector	Matt Gabriel
County Treasurer	Karen Vaughn
District Clerk	Jean Hodges
Constable, Precinct #1	Sammy Nichols
Constable, Precinct #2	Elton Brock
Constable, Precinct #3	Kenneth Miley
Constable, Precinct #4	David Guy
Constable, Precinct #5	Jimmy Skinner
Justice of the Peace, Precinct #1	Jerdy Wolverton
Justice of the Peace, Precinct #2	Bonnie Miller
Justice of the Peace, Precinct #3	Jackie Risinger
Justice of the Peace, Precinct #4	Darlene Childress
Justice of the Peace, Precinct #5	Joe Sorrells

Appointed Officials

County Auditor	Ronald G. Moody
Chief, Adult Probation Officer	Mark Hogberg
Chief, Juvenile Probation Officer	Fay Terry
County Surveyor	Unfilled



Telephone: 903.657.0240  
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## **INDEPENDENT AUDITOR'S REPORT**

June 6, 2013

Rusk County Commissioners' Court  
Rusk County, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas, ("County") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the internal service fund type of Rusk County, Texas, as of and for the year ended December 31, 2012, as displayed in the County's basic financial statements. We also have audited the financial statements of each of the County's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2012, 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 County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**MEMBER**

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, each major fund, and the aggregate remaining fund information of Rusk County, Texas, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, and the Road and Bridge Fund (major special revenue funds) for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of Rusk County, Texas, as of December 31, 2012, and the respective changes in financial position, for the year then ended in conformity 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 on pages 10 through 20, 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 comprise Rusk County, Texas', basic and combining and individual fund financial statements. The introductory section, the Budgetary Comparison Schedules, the Capital Assets Used in the Operation of Governmental Funds schedules, the statistical section, and the Schedule of Expenditures of State Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Budgetary Comparison Schedules, the Capital Assets Used in the Operation of Governmental Funds schedules, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of State 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 and combining and individual fund financial statements

and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules, the Capital Assets Used in the Operation of Governmental Funds schedules, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of State Awards are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2013, on our consideration of Rusk County, Texas, internal control over financial reporting and 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 the 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.

  
Richard P. Loughlin  
Certified Public Accountant

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## Management's Discussion and Analysis

As management of Rusk County, Texas, (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-3 of this report.

### Financial Highlights

- ◆ The assets of the County exceeded its liabilities and deferred inflows of resources at the close of the year by \$32,478,292 (Net Position). Of this amount, \$19,751,536 (Unrestricted Net Position) may be used to meet the County's ongoing obligations to citizens and creditors.
- ◆ The County's total net position increased by \$1,540,766. The increase in net position is primarily attributable to revenues exceeding anticipated amounts and expenditures well within the County's budget.
- ◆ As of the close of the current year, the County's governmental funds reported combined ending fund balances of \$20,128,225, an increase of \$1,227,785 in comparison with the prior year. \$11,010,688 of this amount is available for spending at the County's discretion (Unassigned Fund Balance). The principal reason for the increase in fund balance is attributable to greater than anticipated revenue from fees and maintaining all departmental expenditures well within budget.
- ◆ At the end of the current year, Unrestricted Fund Balance for the General Fund was \$11,010,688, or 76.96% of total General Fund expenditures.
- ◆ The County issued no new debt during the year.

### Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to the County's Basic Financial Statements. The County's Basic Financial Statements comprise three components: (1) Government-wide Financial Statements; (2) Fund Financial Statements; and (3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the Basic Financial Statements themselves.

**Government-wide Financial Statements.** The Government-wide Financial Statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and

expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensatory time).

Both of the Government-wide Financial Statements are designed to distinguish functions of the County that are principally supported by taxes, intergovernmental revenues, fees, and fines (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial, legal, elections, financial administration, public facilities, public safety, public transportation, health and welfare, culture and recreation, and conservation. Rusk County has no business-type activities.

The Government-wide Financial Statements contain financial information only for the County. Rusk County has no component units as defined by generally accepted accounting principles (GAAP).

The Government-wide Financial Statements can be found on pages 23-24 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

**Governmental Funds.** Governmental Funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains twelve (12) individual governmental funds. Each of the funds is described on pages 57-59 of this report. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Road and Bridge Fund, each of which are considered to be major funds. Data from the other ten (10) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of Combining Statements elsewhere in this report.

The County adopts annual appropriated budgets for the General Fund and the Road and Bridge Fund, its two (2) major funds. A Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual is presented at the functional level of detail for each of these funds on pages 30-31 of this report. In addition, a Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual is presented for the General Fund and the Road and

Bridge Fund at the activity or departmental level to demonstrate legal compliance with the budget on pages 64-66, and page 67, respectively.

The County also adopts annual appropriated budgets for seven (7) of its ten (10) nonmajor governmental funds (Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Juvenile Services Fund, Debt Service, Airport Fund, and Water Supply Grant Fund). A Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual is presented for each of these funds to demonstrate compliance with their budgets on pages 68-74 of this report.

The basic Governmental Fund Financial Statements can be found on pages 26-31 of this report.

**Proprietary Funds.** The County maintains an Internal Service Fund, which is an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses the Internal Service Fund to account for its health insurance activities (the collection of payments by the County and its employees for health insurance and the payment of premiums to the County's health insurance provider). This service benefits the governmental functions of the County, and therefore has been included within governmental activities in the Government-wide Financial Statements.

Proprietary Funds provide the same type of information as the Government-wide Financial Statements, only in more detail.

The basic Proprietary Fund Financial Statements can be found on pages 32-34 of this report.

**Fiduciary Funds.** Fiduciary Funds are used to account for resources held for the benefit of parties outside the County. Fiduciary Funds are not reflected in the Government-wide Financial Statements because the resources of those funds are not available to support the County's programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

The County's basic Fiduciary Fund Financial Statement can be found on page 35 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The Notes to the Financial Statements can be found on pages 36-55 of this report.

**Other Information.** In addition to the Basic Financial Statements and accompanying Notes, this report also presents Combining and Individual Fund Financial Statements and Schedules. These statements and schedules provide greater detail in connection with Governmental Funds, Fiduciary Funds, and Capital Assets Used in the Operation of Governmental Funds. The Combining and Individual Fund Financial Statements and Schedules may be found on pages 60-84 of this report.

#### **Single Audit.**

The County expended in excess of \$500,000 in federal financial assistance during the year ended December 31, 2012. As a result, a single audit in accordance with Office of Management and Budget (OMB) Circular A-133 was required. The Compliance and State and Federal Financial Assistance section of this report begins on page 107.

**Government-wide Financial Analysis.**

**Net Position.** As noted earlier, Net Assets may serve over time as a useful indicator of the County’s financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$32,478,292 at the close of the most recent fiscal year.

A large portion of the County’s Net Position (36.76%) reflects its investment in capital assets (e.g., Land, Buildings, Machinery and Equipment, and Infrastructure), less the related outstanding debt to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

<b>Rusk County, Texas</b>				
<b>Net Position of Governmental Activities</b>				
(Table 1)				
		<u>2012</u>		<u>2011</u>
				(As restated)
Current and Other Assets		\$	41,596,029	\$ 39,955,443
Capital Assets			24,677,817	24,727,650
Total Assets		\$	66,273,846	\$ 64,683,093
Long-Term Liabilities Outstanding		\$	14,176,264	\$ 14,824,454
Other Liabilities			781,314	895,519
Total Liabilities		\$	14,957,578	\$ 15,719,973
Total Deferred Inflows of Resources		\$	18,837,976	\$ 18,025,594
Net Position:				
Net Investment in Capital Assets		\$	11,939,360	\$ 12,149,550
Restricted			787,396	207,659
Unrestricted			19,751,536	18,580,317
Total Net Position		\$	32,478,292	\$ 30,937,526

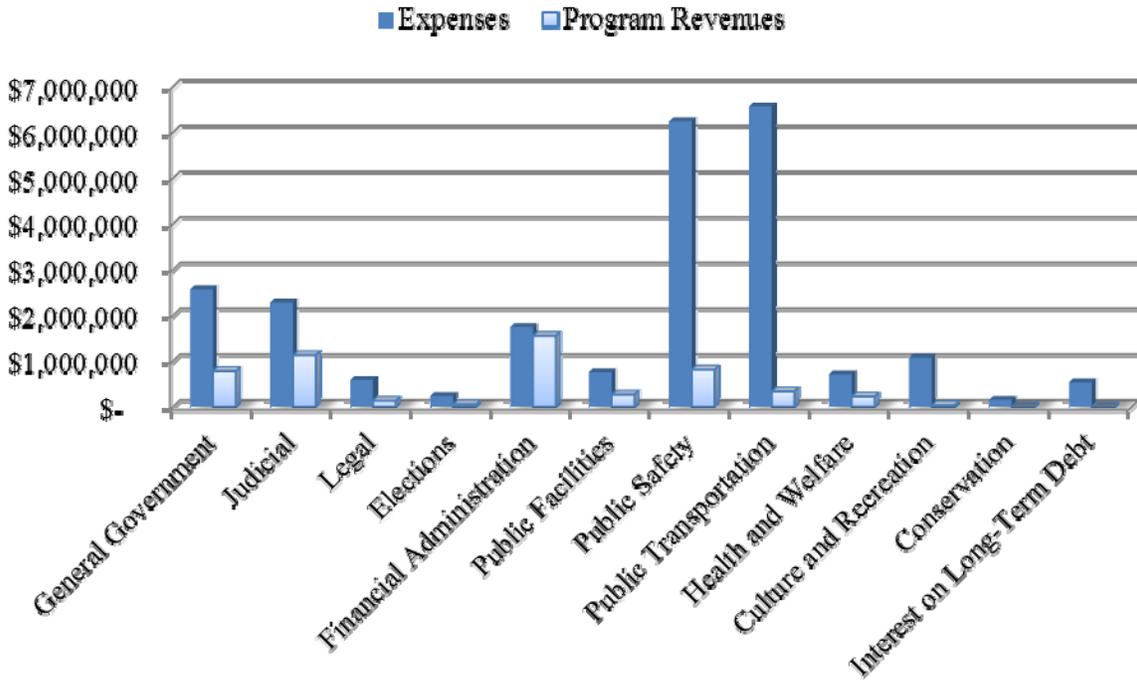
At the end of the current fiscal year, the County is able to report positive balances in all three (3) categories of Net Position. The same situation held true for the prior fiscal year.

**Changes in Net Position.** Net Position for the County increased \$1,540,766 from the prior year, which is consistent with the prior year’s increase. The economy in this part of the country is not as impacted by the overall slowdown as other parts of the country. However, the County generally maintained overall spending levels with that of the prior year as revenues declined slightly. The most significant County revenue source is Ad Valorem Taxes, which represented 75.88% of total revenue in the most recently completed fiscal year. Fees and fines charged and collected by County Officials generated another

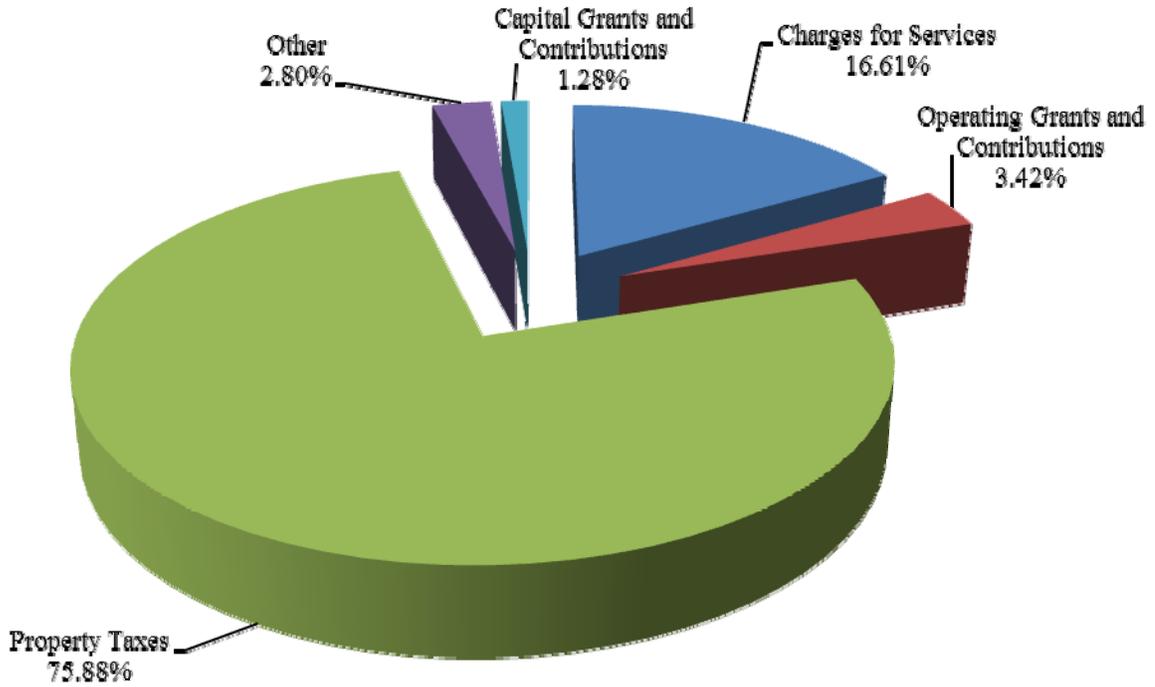
16.61% of revenue. Grants received from the State and Federal government constituted 4.70% of revenue. The balance of the County's revenue (2.81%) came from other taxes, oil and gas royalties, interest, and other miscellaneous revenues.

<b>Rusk County, Texas</b>			
<b>Changes in Net Position of Governmental Activities</b>			
(Table 2)			
		2012	2011
		<u>2012</u>	<u>(As restated)</u>
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for Services		\$ 4,152,668	\$ 3,895,099
Operating Grants and Contributions		854,918	697,592
Capital Grants and Contributions		319,926	372,479
<b>General Revenues:</b>			
Property Taxes		18,968,825	19,071,911
Other		700,481	978,826
	<b>Total Revenues</b>	<b>\$ 24,996,818</b>	<b>\$ 25,015,907</b>
<b>Expenses:</b>			
General Government		\$ 2,569,722	\$ 2,307,567
Judicial		2,278,032	2,386,602
Legal		584,071	605,541
Elections		238,372	172,758
Financial Administration		1,746,186	1,682,757
Public Facilities		756,369	725,521
Public Safety		6,244,736	5,828,528
Public Transportation		6,566,057	7,163,046
Health and Welfare		706,938	754,206
Culture and Recreation		1,075,540	1,042,855
Conservation		155,805	165,767
Interest on Long-Term Debt		534,224	563,654
	<b>Total Expenses</b>	<b>\$ 23,456,052</b>	<b>\$ 23,398,802</b>
<b>Increase in Net Position</b>		<b>\$ 1,540,766</b>	<b>\$ 1,617,105</b>
<b>Net Position - Beginning (As restated)</b>		<b>30,937,526</b>	<b>29,320,421</b>
<b>Net Position - Ending</b>		<b>\$ 32,478,292</b>	<b>\$ 30,937,526</b>

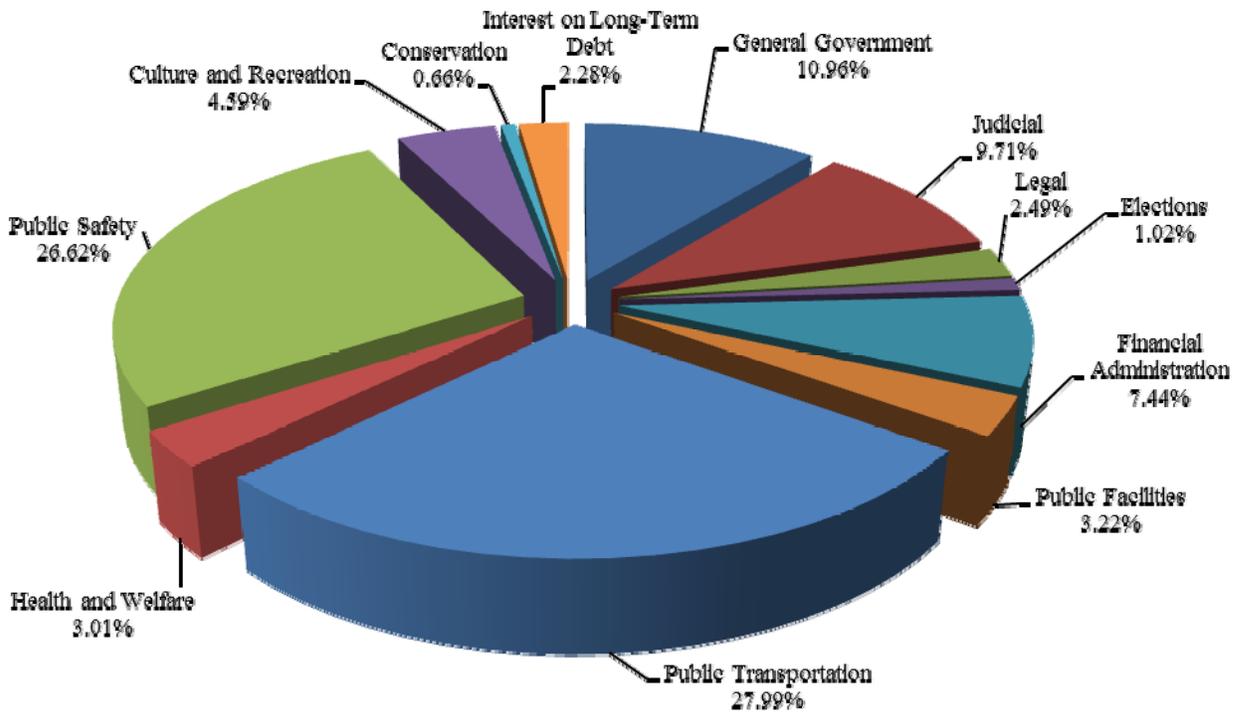
**Rusk County, Texas**  
**Governmental Activities**  
**Expenses and Program Revenues**  
**2012**  
 (Chart 1)



**Rusk County, Texas  
Governmental Activities  
Revenues by Source  
2012  
(Chart 2)**



**Rusk County, Texas  
Governmental Activities  
Expenses by Function  
2012  
(Chart 3)**



## **Financial Analysis of the County's Funds.**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the County's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, Unreserved Fund Balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's Governmental Funds reported combined ending Fund Balances of \$20,128,225, an increase of \$1,227,785 in comparison with the prior year. 54.70% of this (\$11,010,688) constitutes Unassigned Fund Balance, which is available for spending at the County's discretion. The remainder of Fund Balance is nonspendable or restricted to indicate that it is 1) not in spendable form (\$153,346), or 2) restricted for particular purposes (\$8,964,191).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, Unassigned Fund Balance of the General Fund was \$11,010,688, while total Fund Balance was \$11,097,583. As a measure of the General Fund's liquidity, it may be useful to compare Fund Balance to total fund expenditures. Unassigned Fund Balance represents 76.96% of total General Fund expenditures, while total Fund Balance represents 77.57% of that same amount.

The Fund Balance of the County's General Fund increased by \$1,505,913 during the current fiscal year. Key factors in this increase are:

- ◆ *A decrease in overall spending responding to the weak economy.*
- ◆ *Less expenditures than budgeted, in general, in all County departments.*

The Road and Bridge Fund has a total Fund Balance of \$1,998,464, all of which is Restricted Fund Balance (for County roads and bridges). The net increase in Fund Balance during the year was \$329,305. Generally, the net increase resulted from:

- ◆ *Maintaining expenditures well below budget in all four precincts.*
- ◆ *The purchase of less road and bridge heavy equipment.*

**Proprietary Funds.** The County's Proprietary Funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The County's only Proprietary Fund is the Insurance Internal Service Fund. Unrestricted Net Position at the end of the current year amounted to \$1,061,565. The County provides employees and retirees' health and life insurance through traditional insurance.

## **General Fund Budgetary Highlights.**

Differences between the original budget and the final amended budget were a net increase in appropriations of \$588,878. Significant among the increases were:

- ◆ *\$15,600 in increases allocated to General Government/County Clerk for additional records archiving.*
- ◆ *\$22,000 in increases allocated to Judicial/Justice of the Peace Court as a result of increased cost for autopsies.*

- ◆ \$29,000 in increases allocated to Financial Administration/Tax Assessor-Collector as a result of increased costs for appraisal fees and delinquent tax rolls.
- ◆ \$22,000 in increases allocated to General Government/Information Technology for equipment.
- ◆ \$111,000 in increases allocated to Public Safety/Jail to provide for increased costs of medical care and feeding of prisoners.
- ◆ \$83,000 as a result of adding a new department in the General Fund for Health and Welfare/Public Health.
- ◆ \$250,000 in net increases allocated to Nondepartmental.

The increases were funded by greater than anticipated revenues from fees and maintaining other expenditures well below budgeted amounts.

As a result of the favorable budget variances in both revenues and expenditures, it was unnecessary to draw upon existing Fund Balance, as was originally anticipated.

Differences between the final amended budget and actual General Fund expenditures were a net positive variance of \$2,327,108. Significant among the net positive variances were:

- ◆ \$134,000 in positive budget variances in Nondepartmental, due to less than expected costs for insurance.
- ◆ \$690,000 in positive budget variances in Judicial/All Courts, due to less than anticipated costs for capital murder trials.
- ◆ \$44,000 in positive budget variances in Financial Administration/Tax Assessor-Collector due to less than anticipated expenditures for contracted services and personnel.
- ◆ \$83,000 in positive budget variances in Public Facilities/Maintenance due to less than expected costs for utilities.
- ◆ \$33,000 in positive budget variances in Public Safety/Jail due to savings in insurance and utilities.
- ◆ \$91,000 in positive budget variances in Public Safety/Sheriff due mostly to savings in fuel costs, maintenance and capital outlay.
- ◆ \$108,000 in positive budget variances in Health and Welfare/Ambulance and Sanitation due to less than anticipated expenditures in contracted services.
- ◆ \$578,000 in positive budget variances in Capital Outlay due to less than anticipated major renovations and other capital improvements.
- ◆ The balance of the positive variance resulted from a general cost savings in all departments within the County.

### **Governmental Activities Capital Asset and Debt Administration.**

**Governmental Activities Capital Assets.** The County's investment in Governmental Activities Capital Assets as of December 31, 2012, amounts to \$24,677,817, net of accumulated depreciation. This investment in Governmental Activities Capital Assets includes Land, Buildings, Machinery and Equipment, and Infrastructure (e.g., roads and bridges).

Major Capital Asset events during the current fiscal year included the following:

- ◆ Purchase of two (2) generators at the County airport.
- ◆ Purchase of additional rolling stock for several of the County's departments, including five (5) for the Sheriff's Department.

- ◆ Approximately \$646,500 of equipment purchased for the County's Road & Bridge Department.

<b>Rusk County, Texas</b>		
<b>Capital Assets Used in Governmental Activities</b>		
<b>(Net of Depreciation)</b>		
<b>(Table 3)</b>		
	<u>2012</u>	<u>2011</u>
Land	\$ 1,032,025	\$ 1,032,025
Buildings	18,425,050	18,203,676
Machinery and Equipment	3,485,276	3,640,871
Infrastructure	1,735,466	1,851,078
<b>Total Capital Assets</b>	<b>\$ 24,677,817</b>	<b>\$ 24,727,650</b>

Additional information on the County's Capital Assets can be found in Note IV (C) on pages 46-47 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the County had total debt of \$14,176,264.

<b>Rusk County, Texas</b>		
<b>Outstanding Long-Term Debt</b>		
<b>(Table 4)</b>		
	<u>2012</u>	<u>2011</u>
Certificates of Obligation:		
Principal Amount of Debt	\$ 12,595,000	\$ 13,490,000
Premium on Issuance of Debt	143,457	157,120
OPEB Liability	1,314,910	1,016,569
Capital Leases	-	41,202
Compensated Absences	122,897	119,563
<b>Total Long-Term Debt</b>	<b>\$ 14,176,264</b>	<b>\$ 14,824,454</b>

The Texas State Constitution limits the amount of general obligation bonded debt the County may issue to 25% of the assessed value of the real property in the County. The current debt limit for the County is \$1,108,674,000. The County presently has \$12,595,000 in general obligation bonded debt.

Additional information on the County's long-term debt can be found in Note IV (H) on pages 53-54 of this report.

**Economic Factors and Next Year's Budgets and Rates.**

- ◆ The unemployment rate for the County as of the end of the fiscal year was 5.5%, compared with a rate of 6.0% a year ago.
- ◆ The County's assessed valuation of property for the 2012 property tax year (2013 fiscal year) has decreased approximately \$166,743,000 (3.62%) to approximately \$4,434,694,000.
- ◆ The County's property tax rate was increased from \$0.4207 per \$100 of assessed valuation to \$0.44808 per \$100 assessed valuation for the 2013 budget year (2012 property tax year).

All of these factors were considered in preparing the County's budget for the 2013 fiscal year.

During the current fiscal year, Unassigned Fund Balance in the General Fund increased to \$11,010,688. That amount represents approximately nine months of General Fund operations, and the County believes that to be a reasonable reserve. As a result, the County utilized \$6,922,365 of fund balance to avoid fee increases when preparing the 2013 budget.

**Requests for Information.**

This report is designed to provide a general overview of the 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 addressed to:

Ronald G. Moody  
County Auditor  
Rusk County Courthouse  
115 N. Main Street Suite 103  
Henderson, TX 75652  
(903) 657-0306  
[ronald.moody@co.rusk.tx.us](mailto:ronald.moody@co.rusk.tx.us)

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

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Rusk County, Texas  
Statement of Net Position  
December 31, 2012

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Cash	\$ 15,104,426
Investments	16,520,973
Receivables (net of allowances for uncollectibles):	
Property Taxes	9,822,793
Due from Other Governments	36,926
Accounts	24,016
Prepays	86,895
Capital Assets (not being depreciated)	
Land	1,032,025
Capital Assets (net of accumulated depreciation):	
Buildings	18,425,050
Machinery & Equipment	3,485,276
Infrastructure	<u>1,735,466</u>
<b>Total Assets</b>	<b><u>\$ 66,273,846</u></b>
<b><u>Liabilities</u></b>	
Accounts Payable and Accrued Expenses	\$ 625,084
Due to Other Governments	156,230
Noncurrent Liabilities:	
Due Within One Year	930,000
Due in More than One Year	<u>13,246,264</u>
<b>Total Liabilities</b>	<b><u>\$ 14,957,578</u></b>
<b><u>Deferred Inflows of Resources</u></b>	
Unearned Revenue	\$ 10,058,872
Unearned Deferred Revenue	<u>8,779,104</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 18,837,976</u></b>
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	\$ 11,939,360
Restricted for:	
Debt Service	719,849
Perpetual Care:	
Expendable	583
Nonexpendable	15,000
County Independent School Districts:	
Expendable	513
Nonexpendable	51,451
Unrestricted	<u>19,751,536</u>
<b>Total Net Position</b>	<b><u>\$ 32,478,292</u></b>

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

Rusk County, Texas  
Statement of Activities  
For the Year Ended December 31, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense)/ Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
<b><u>Functions/Programs:</u></b>					
General Government	\$ 2,569,722	\$ 781,522	\$ 658	\$ -	\$ (1,787,542)
Judicial	2,278,032	1,127,809	998	-	(1,149,225)
Legal	584,071	58,122	73,835	-	(452,114)
Elections	238,372	52,635	-	-	(185,737)
Financial Administration	1,746,186	1,551,377	-	-	(194,809)
Public Facilities	756,369	5,000	-	263,188	(488,181)
Public Safety	6,244,736	135,416	639,778	39,536	(5,430,006)
Public Transportation	6,566,057	264,019	55,207	17,202	(6,229,629)
Health and Welfare	706,938	144,323	81,800	-	(480,815)
Culture and Recreation	1,075,540	32,445	2,642	-	(1,040,453)
Conservation	155,805	-	-	-	(155,805)
Interest on Long-Term Debt	534,224	-	-	-	(534,224)
Net (Expense)/Revenue	\$ 23,456,052	\$ 4,152,668	\$ 854,918	\$ 319,926	\$ (18,128,540)
<b>General Revenues:</b>					
Property Taxes					\$ 18,968,825
Other Taxes					11,451
Interest Earned					230,602
Gain on Sale of Capital Assets					105,619
Miscellaneous					352,809
Total General Revenues					\$ 19,669,306
Change in Net Position					\$ 1,540,766
Net Position - Beginning (As restated)					30,937,526
Net Position - Ending					\$ 32,478,292

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

## **FUND FINANCIAL STATEMENTS**

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Rusk County, Texas  
Balance Sheet  
Governmental Funds  
December 31, 2012

	General Fund	Road & Bridge Fund	Other Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>				
Cash	\$ 9,307,915	\$ 3,161,091	\$ 2,338,777	\$ 14,807,783
Investments	8,814,352	1,311,222	5,624,107	15,749,681
Receivables (net of allowances for uncollectibles):				
Property Taxes	6,712,215	2,369,670	740,908	9,822,793
Due from Other Governments	29,801	-	7,125	36,926
Accounts	23,884	-	132	24,016
Prepays	86,895	-	-	86,895
<b>Total Assets</b>	<b>\$ 24,975,062</b>	<b>\$ 6,841,983</b>	<b>\$ 8,711,049</b>	<b>\$ 40,528,094</b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 281,130	\$ 82,246	\$ 52,402	\$ 415,778
Due to Other Governments	156,230	-	-	156,230
<b>Total Liabilities</b>	<b>\$ 437,360</b>	<b>\$ 82,246</b>	<b>\$ 52,402</b>	<b>\$ 572,008</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unearned Revenue	\$ 6,765,067	\$ 2,404,551	\$ 889,254	\$ 10,058,872
Unearned Deferred Revenue	6,675,052	2,356,722	737,215	9,768,989
<b>Total Deferred Inflows of Resources</b>	<b>\$ 13,440,119</b>	<b>\$ 4,761,273</b>	<b>\$ 1,626,469</b>	<b>\$ 19,827,861</b>
<b><u>Fund Balances</u></b>				
Nonspendable	\$ 86,895	\$ -	\$ 66,451	\$ 153,346
Restricted	-	1,998,464	6,965,727	8,964,191
Unassigned	11,010,688	-	-	11,010,688
<b>Total Fund Balances</b>	<b>\$ 11,097,583</b>	<b>\$ 1,998,464</b>	<b>\$ 7,032,178</b>	<b>\$ 20,128,225</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 24,975,062</b>	<b>\$ 6,841,983</b>	<b>\$ 8,711,049</b>	<b>\$ 40,528,094</b>

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

Rusk County, Texas  
Reconciliation of the Balance Sheet-Governmental Funds  
to the Statement of Net Position  
December 31, 2012

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

Total Fund Balances-Total Governmental Funds (Page 26)	\$ 20,128,225
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,677,817
The Internal Service Fund is used to charge the costs of health insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	1,061,565
Net Delinquent Property Taxes Receivable is a "long-term asset" and not available to pay for current period expenditures and therefore is deferred in the funds.	989,885
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (See Note II.A.)	<u>(14,379,200)</u>
Net Position of Governmental Activites (page 23)	<u>\$ 32,478,292</u>

Rusk County, Texas  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2012

	General <u>Fund</u>	Road & Bridge <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 12,652,350	\$ 4,556,000	\$ 1,701,781	\$ 18,910,131
Other Taxes	11,451	-	-	11,451
Intergovernmental	440,640	55,207	665,349	1,161,196
Fees	1,809,630	944,739	463,654	3,218,023
Fines and Forfeitures	609,635	260,031	26,090	895,756
Miscellaneous	379,534	102,518	298,701	780,753
Total Revenues	<u>\$ 15,903,240</u>	<u>\$ 5,918,495</u>	<u>\$ 3,155,575</u>	<u>\$ 24,977,310</u>
<b>Expenditures:</b>				
Current:				
General Government	\$ 1,318,532	\$ -	\$ 48,072	\$ 1,366,604
Judicial	2,146,284	-	71,396	2,217,680
Legal	473,853	-	97,216	571,069
Elections	228,494	-	-	228,494
Financial Administration	1,709,532	-	3,091	1,712,623
Public Facilities	474,186	-	263,187	737,373
Public Safety	5,137,895	-	490,702	5,628,597
Public Transportation	-	5,088,715	440,486	5,529,201
Health and Welfare	497,374	-	195,880	693,254
Culture and Recreation	1,003,019	-	-	1,003,019
Conservation	151,287	-	-	151,287
Nondepartmental	797,225	-	-	797,225
Capital Outlay	369,646	441,964	805,653	1,617,263
Debt Service:				
Principal	-	41,202	895,000	936,202
Interest	-	2,309	557,325	559,634
Total Expenditures	<u>\$ 14,307,327</u>	<u>\$ 5,574,190</u>	<u>\$ 3,868,008</u>	<u>\$ 23,749,525</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 1,595,913</u>	<u>\$ 344,305</u>	<u>\$ (712,433)</u>	<u>\$ 1,227,785</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	\$ 15,000	\$ -	\$ 670,643	\$ 685,643
Transfers out	(105,000)	(15,000)	(565,643)	(685,643)
Total Other Financing Sources (Uses)	<u>\$ (90,000)</u>	<u>\$ (15,000)</u>	<u>\$ 105,000</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 1,505,913	\$ 329,305	\$ (607,433)	\$ 1,227,785
Fund Balances - Beginning	9,591,670	1,669,159	7,639,611	18,900,440
Fund Balances - Ending	<u>\$ 11,097,583</u>	<u>\$ 1,998,464</u>	<u>\$ 7,032,178</u>	<u>\$ 20,128,225</u>

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

Rusk County, Texas  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances-Governmental Funds  
To the Statement of Activities  
For the Year Ended December 31, 2012

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

Net Change in Fund Balances-Total Governmental Funds (Page 28)	\$ 1,227,785
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (See Note II.B.)	987
The repayment of long-term debt (e.g. certificates of obligation and capital leases) consumes current financial resources of governmental funds, but the transaction has no effect on net position.	936,202
Delinquent property tax collections provide current financial resources to the funds but has no effect on net position.	(467,357)
Delinquent property taxes receivable, which do not provide current financial resources, are not reported as revenue in the funds.	526,051
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (See Note II.B.)	(327,085)
The Internal Service Fund is used to charge the costs of health insurance to individual funds. The net revenue (expense) of the activity of the Internal Service Fund is reported with governmental activities.	<u>(355,817)</u>
Changes in Net Position of Governmental Activities (Page 24)	<u>\$ 1,540,766</u>

Rusk County, Texas  
 Statement of Revenues, Expenditures, and Changes in Fund Balances-  
 Budget (GAAP Basis) and Actual-General Fund and Major Special Revenue Funds  
 For the Year Ended December 31, 2012

	General Fund			Variance with Final Budget Positive/ (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 12,886,471	\$ 12,886,471	\$ 12,652,350	\$ (234,121)
Other Taxes	12,000	12,000	11,451	(549)
Intergovernmental	83,180	388,946	440,640	51,694
Fees	1,496,984	1,486,984	1,809,630	322,646
Fines and Forfeitures	550,000	550,000	609,635	59,635
Miscellaneous	325,400	338,322	379,534	41,212
<b>Total Revenues</b>	<b>\$ 15,354,035</b>	<b>\$ 15,662,723</b>	<b>\$ 15,903,240</b>	<b>\$ 240,517</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	\$ 1,359,272	\$ 1,392,305	\$ 1,318,532	\$ 73,773
Judicial	2,906,400	2,941,047	2,146,284	794,763
Legal	573,544	581,549	473,853	107,696
Elections	231,212	245,012	228,494	16,518
Financial Administration	1,726,576	1,758,881	1,709,532	49,349
Public Facilities	549,469	554,192	474,186	80,006
Public Safety	5,154,027	5,274,755	5,137,895	136,860
Health and Welfare	576,778	663,971	497,374	166,597
Culture and Recreation	1,020,531	1,029,326	1,003,019	26,307
Conservation	163,148	159,133	151,287	7,846
Nondepartmental	829,864	1,086,237	797,225	289,012
Capital Outlay	954,736	948,027	369,646	578,381
<b>Total Expenditures</b>	<b>\$ 16,045,557</b>	<b>\$ 16,634,435</b>	<b>\$ 14,307,327</b>	<b>\$ 2,327,108</b>
Excess (Deficiency) of Revenues over Expenditures	\$ (691,522)	\$ (971,712)	\$ 1,595,913	\$ 2,567,625
<b>Other Financing Sources (Uses):</b>				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Transfers out	(105,000)	(105,000)	(105,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (90,000)</b>	<b>\$ (90,000)</b>	<b>\$ (90,000)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (781,522)</b>	<b>\$ (1,061,712)</b>	<b>\$ 1,505,913</b>	<b>\$ 2,567,625</b>
Fund Balances - Beginning	9,591,670	9,591,670	9,591,670	-
<b>Fund Balances - Ending</b>	<b>\$ 8,810,148</b>	<b>\$ 8,529,958</b>	<b>\$ 11,097,583</b>	<b>\$ 2,567,625</b>

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

Rusk County, Texas  
 Statement of Revenues, Expenditures, and Changes in Fund Balances-  
 Budget (GAAP Basis) and Actual-General Fund and Major Special Revenue Funds  
 For the Year Ended December 31, 2012

	Major Special Revenue Funds			
	Road & Bridge Fund			Variance with Final Budget Positive/ (Negative)
	Budgeted Amounts		Actual	
Original	Final			
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 4,587,921	\$ 4,587,921	\$ 4,556,000	\$ (31,921)
Intergovernmental	50,000	53,898	55,207	1,309
Fees	900,000	900,000	944,739	44,739
Fines and Forfeitures	250,000	250,000	260,031	10,031
Miscellaneous	50,800	123,362	102,517	(20,845)
<b>Total Revenues</b>	<b>\$ 5,838,721</b>	<b>\$ 5,915,181</b>	<b>\$ 5,918,494</b>	<b>\$ 3,313</b>
<b>Expenditures:</b>				
Current:				
Public Transportation	\$ 5,440,985	\$ 5,670,984	\$ 5,088,715	\$ 582,269
Capital Outlay	374,281	823,191	441,964	381,227
Debt Service:				
Principal	41,202	41,202	41,202	-
Interest	2,309	2,309	2,309	-
<b>Total Expenditures</b>	<b>\$ 5,858,777</b>	<b>\$ 6,537,686</b>	<b>\$ 5,574,190</b>	<b>\$ 963,496</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ (20,056)</b>	<b>\$ (622,505)</b>	<b>\$ 344,304</b>	<b>\$ 966,809</b>
<b>Other Financing Sources (Uses):</b>				
Transfers out	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ -
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (15,000)</b>	<b>\$ (15,000)</b>	<b>\$ (15,000)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (35,056)</b>	<b>\$ (637,505)</b>	<b>\$ 329,304</b>	<b>\$ 966,809</b>
<b>Fund Balances - Beginning</b>	<b>1,669,159</b>	<b>1,669,159</b>	<b>1,669,159</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,634,103</b>	<b>\$ 1,031,654</b>	<b>\$ 1,998,463</b>	<b>\$ 966,809</b>

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

Rusk County, Texas  
Statement of Net Position  
Proprietary Funds  
December 31, 2012

	<u>Governmental Activities Internal Service Fund</u>
<b><u>Assets</u></b>	
Current Assets:	
Cash	\$ 296,643
Investments	<u>771,292</u>
Total Current Assets	<u>\$ 1,067,935</u>
Total Assets	<u>\$ 1,067,935</u>
<b><u>Liabilities</u></b>	
Current Liabilities:	
Accounts Payable	<u>\$ 6,370</u>
Total Current Liabilities	<u>\$ 6,370</u>
Total Liabilities	<u>\$ 6,370</u>
<b><u>Net Position</u></b>	
Unrestricted	<u>\$ 1,061,565</u>
Total Net Position	<u><u>\$ 1,061,565</u></u>

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

Rusk County, Texas  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2012

	<u>Governmental Activities Internal Service Fund</u>
<b>Operating Revenues:</b>	
Charges for Services	\$ 2,540,637
Total Operating Revenues	<u>\$ 2,540,637</u>
<b>Operating Expenses:</b>	
Benefits, Insurance & Administrative Cost	\$ 2,908,088
Total Operating Expenses	<u>\$ 2,908,088</u>
Operating Income (Loss)	<u>\$ (367,451)</u>
<b>Nonoperating Revenues (Expenses):</b>	
Interest Income	\$ 11,634
Total Nonoperating Revenues (Expenses)	<u>\$ 11,634</u>
Change in Net Position	\$ (355,817)
Total Net Position - Beginning	<u>1,417,382</u>
Total Net Position - Ending	<u><u>\$ 1,061,565</u></u>

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

Rusk County, Texas  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2012

	<u>Governmental Activities Internal Service Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Receipts from Interfund Services Provided	\$ 2,540,637
Payments to Suppliers and Providers	<u>(2,902,161)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (361,524)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Income	<u>\$ 11,634</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 11,634</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (349,890)
Cash and Cash Equivalents, January 1	<u>1,417,825</u>
Cash and Cash Equivalents, December 31 (See below)	<u><u>\$ 1,067,935</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	<u>\$ (367,451)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Increase/(Decrease) in Payables	<u>\$ 5,927</u>
Total Adjustments	<u>\$ 5,927</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (361,524)</u></u>
Exhibit #6 - Page 32:	
Cash	\$ 296,643
Investments	<u>771,292</u>
Total Cash and Cash Equivalents - Exhibit #6	<u><u>\$ 1,067,935</u></u>

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

Rusk County, Texas  
Statement of Net Position  
Fiduciary Funds  
December 31, 2012

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	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash	\$ 5,992,251
Investments	<u>1,661,423</u>
Total Assets	<u>\$ 7,653,674</u>
<b><u>Liabilities</u></b>	
Due to Other Governments	\$ 3,789,417
Court Ordered Deposits	498,561
Inmate Trust Funds	89,415
Court Ordered Trust Funds	<u>3,276,281</u>
Total Liabilities	<u>\$ 7,653,674</u>

The accompanying notes are an integral part of this statement.

# **RUSK COUNTY, TEXAS**

Notes to the Financial Statements

December 31, 2012

## **I. Summary of Significant Accounting Policies**

The financial statements of Rusk County, Texas have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. For the fiscal year ended December 31, 2012, the County implemented the new reporting requirements of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements, GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and early implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. The more significant of the government's accounting policies are described below.

### **A. Reporting Entity**

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units for which the County may be financially accountable and, as such, should be included within the County's financial statements. The County is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial burden on the County. Additionally, the County is required to consider other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

Based upon the application of the above criteria, the County has no component units.

### **B. Government-wide and Fund Financial Statements**

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the County. Governmental activities, which normally are supported by taxes, intergovernmental, fee, and fine revenues, are to be reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Rusk County has no business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers, citizens, or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the Fund Financial Statements.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The County's only Fiduciary Funds are Agency Funds, which have no measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major Governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Road and Bridge Fund (a Special Revenue Fund)* is used to account for monies designated for use in road and bridge work of the County. Primary sources of revenues include ad valorem taxes, automobile registration fees, County and District Court Clerk fees, Justice of the Peace Court Fines, and State allotments of road funds. Revenues are used for public transportation maintenance and construction purposes.

Additionally, the County reports the following fund types:

The *Internal Service Fund* is used to account for the collection of payments by the County and its employees for health insurance premiums and the payment of health insurance claims of County employees.

*Agency Funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency Funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that County officials collect pending disbursement to the County Treasurer, as well as other governmental jurisdictions or individuals. The funds collected by the officials include ad valorem taxes, fines and fees, and court ordered trust funds and deposits.

As a general rule, the effect of interfund activity has been eliminated from the Government-wide financial statements.

The Internal Service Fund provides services to other funds of the County. The financial statements of the

Internal Service Fund are consolidated into the governmental activities column when presented at the Government wide level. The cost benefit of these services is reflected in the appropriate functional activity.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

## **D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

### ***1. Deposits and Investments***

Cash includes not only currency on hand, but also demand deposits with banks or other financial institutions. Cash equivalents are defined as short-term, certificates of deposit that are both readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

State statutes and the County's investment policy authorize the County to invest in certificates of deposit with the County's depository bank and the public funds investment pool "TexPool." TexPool is a "public funds investment pool" as defined by the Public Funds Investment Act ("Act") Section 2256.016-2256.019, and the portfolio normally consists of U.S. T-Bills, T-Notes, collateralized certificates of deposit, and repurchase agreements. The Comptroller of Public Accounts (the Comptroller) is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. The Comptroller maintains oversight of the services provided to TexPool by Federated Investors, Inc. The reported value of the pool is the same as the fair value of the pool shares.

Investments are stated at fair value.

### ***2. Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either "Due to/from Other Funds" (i.e., the current portion of the interfund loan) or "Advances to/from Other Funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "Due to/from Other Funds."

Property Taxes Receivable are shown net of an allowance for uncollectibles. The allowance is equal to seven (7) percent of current property taxes receivable plus twenty (20) percent of delinquent taxes receivable at December 31, 2012.

By policy, any current taxes levied and collected between October 1 and December 31 are not available for use until January 1, the beginning of the next fiscal year. Therefore, all collections of current taxes during this period and all current taxes receivable as of December 31 are recorded as Unearned Revenue and Unearned Deferred Revenue, respectively.

### ***3. Inventories and Prepaid Items***

The County records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as

prepaid items in both Government-wide and Fund Financial Statements, utilizing the consumption method of accounting.

#### **4. Capital Assets**

Capital assets include property, plant, equipment, and infrastructure assets (roads and bridges), and are reported in the governmental activities of the Government-wide financial statements.

In the case of initial capitalization of infrastructure, the County chose to include all general infrastructure assets that were acquired or significantly re-constructed in fiscal years ending after June 30, 1980. The County estimated the historical cost through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.)

Capital assets other than buildings and infrastructure 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 three years. Buildings are capitalized if their purchase or construction cost exceeds \$100,000. General Infrastructure Assets are capitalized if their construction cost exceeds \$500,000. Such assets are recorded at historical cost where records are available or at an estimated fair market value at date of acquisition where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The County maintains many items and buildings of historical significance. The County does not capitalize historical treasures or works of art. The County has made this election because (1) the collection is held for reasons other than financial gain; (2) the collection is protected, kept unencumbered, cared for, and preserved; and (3) proceeds from the sale of collection items are used to acquire other items for collections.

Property, plant, and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Public Domain Infrastructure	25-30
Machinery & Equipment	3-7

#### **5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial 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 no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items that qualify for reporting in

this category. Unavailable Revenue and Unavailable Deferred Revenue are reported both in the government-wide Statement of Net Position and the governmental fund Balance Sheet. Any current taxes levied and collected between October 1 and December 31 are not available for use until January 1, the beginning of the next fiscal year. Therefore, all collections of current taxes during this period and all current taxes receivable as of December 31 are recorded as Unearned Revenue and Unearned Deferred Revenue, respectively. These liabilities are reflected both in the Government-wide financial statements and the Fund Financial Statements, since the tax revenue has not been earned as of December 31, 2012. Additionally, the County also reflects as unearned revenue, resources that have been received, but not earned for grant drawdowns and deposits.

#### **6. *Net Position Flow Assumption***

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### **7. *Long-term Obligations***

In the Government-wide financial statements, long-term debt and other long-term obligations of the governmental funds are reported as liabilities in the governmental activities Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **8. *Fund Balances – Governmental Funds***

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not expendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the Commissioners’ Court. Committed amounts cannot be used for any other purpose unless the Commissioners’ Court removes those constraints by taking the same type of formal action. The Commissioners’ Court is the highest level of decision-making authority for the County that can, by adoption of an order prior to the end of the fiscal year, commit fund balance.

Assigned Fund Balance - represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Commissioners' Court or by an official or body to which the Commissioners' Court delegates the authority. The Court, by order, has authorized the County Judge to assign fund balance. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the fund itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

### ***9. Statement of Cash Flows***

For the purposes of the Statement of Cash Flows, the proprietary fund considers all cash and certificates of deposit to be cash equivalents.

## **E. Revenues and Expenditures/Expenses**

### ***1. Program Revenues***

Amounts reported as program revenues include (1) charges to customers, citizens, or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

### ***2. Property Taxes***

The County's ad valorem taxes are levied on October 1 but do not become due until January 1 of the following year. Taxes become past due February 1 and become delinquent June 30. The County's taxes become a lien on real property on the due date of January 1. This lien is effective until the taxes are paid. Since delinquent taxes were due on January 1 of the fiscal and budget year, any unpaid taxes are recorded as a receivable, net of allowance for uncollectibles.

### ***3. Compensated Absences***

Compensated vacations are granted to all full-time permanent employees of the County. The number of days range from one (1) week to four (4) weeks, depending upon length of continuous service. Vacations do not accumulate from year to year. All days not used within the calendar year are forfeited at year-end. Therefore, no accrual has been provided for in the financial statements.

All permanent employees of the County are eligible to accrue up to a maximum of fifteen (15) to thirty (30) days of compensated sick leave at a rate of one-half (1/2) to one (1) day per month. Employees are

not entitled to payment for unused sick leave upon termination.

Compensatory time off is allowed in various departments of the County. Unused leave is paid upon termination of employment. Compensatory time pay is accrued when incurred in the Government-wide financial statements.

**4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

The Health Insurance Internal Service Fund, the County’s only proprietary fund, distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services in connection with the operation of the County’s health insurance program.

**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 3-A on page 27 is a reconciliation between Total Fund Balances-Total Governmental Funds and Net Position-Governmental Activities. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$14,379,200 difference are as follows:

Certificates of Obligation Payable	\$ 12,595,000
Premium on Debt Issuance	143,457
Accrued Interest Payable	202,936
OPEB Liability	1,314,910
Compensated Absences	<u>122,897</u>
Net Adjustment to Reduce Total Fund Balances-Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u><u>\$ 14,379,200</u></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 4-A on page 29 is a reconciliation between Net Changes in Fund Balances-Total Governmental Funds and Changes in Net Position of Governmental Activities as reported in the Government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$987 difference are as follows:

Capital Outlay	\$1,591,483
Depreciation Expense	<u>(1,590,496)</u>
Net Adjustment to Increase Net Changes in Fund Balance- Total Governmental Funds to Arrive at Changes in Net Position- Governmental Activities	<u><u>\$987</u></u>

Another element of that reconciliation states that “Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$327,085 difference are as follows:

Increase in Compensated Absences	\$ (3,334)
Increase in OPEB Liability	(298,341)
Change in Accrued Interest Payable	11,747
Disposition of Capital Assets	(50,820)
Amortization of Premium on Certificates of Obligation	<u>13,663</u>
Net Adjustment to Decrease Net Changes in Fund Balance-	
Total Governmental Funds to Arrive at Changes in Net Position-	
Governmental Activities	<u>\$ (327,085)</u>

### III. Stewardship, Compliance, and Accountability

#### Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects fund, which adopts a project-length budget. Additionally, the permanent funds are not budgeted. All annual appropriations lapse at fiscal year end.

During the seventh month of the fiscal year, the County Judge prepares a budget to cover all proposed expenditures of the County government for the succeeding fiscal year. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. In preparing the budget, the Judge may require any County officer to furnish information necessary for the Judge to properly prepare the budget.

The Commissioners' Court shall hold a public hearing on the proposed budget. The Commissioners' Court shall set the hearing for a date after the 15th day of the eighth month of the fiscal year but before the date on which the Court levies taxes. At the conclusion of the public hearing, the Commissioners' Court shall take action on the proposed budget.

After final approval of the budget, the Commissioners' Court may spend County funds only in strict compliance with the budget, except in an emergency. The Commissioners' Court may authorize an emergency expenditure as an amendment to the original budget only in a case of grave public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget through the use of reasonably diligent thought and attention. If the Court amends the original budget to meet an emergency, the Court shall file a copy of its order amending the budget with the County Clerk, and the Clerk shall attach the copy to the original budget. Management may not amend the budget without approval from the Commissioners' Court.

Expenditures may not legally exceed budgeted appropriations at the activity or departmental level (County Judge, County Clerk, District Clerk, County Auditor, etc.). The budget is amended only by approval of the Commissioners' Court. Proposed amendments are presented to the Commissioners' Court in a public meeting, and each amendment must have Commissioners' Court approval. As required by law, such amendments are made before the fact, and are reflected in the minutes of the Commissioners' Court meetings. During the year the budget was amended as necessary.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders,

contracts) outstanding at year-end are canceled, consequently there are none as of December 31, 2012.

#### IV. Detailed Notes on All Funds

##### A. Deposits and Investments

*Deposits.* The County's funds are required to be deposited and invested under the terms of a depository contract pursuant to Texas State Law. The depository bank deposits for safekeeping and trust with the County's agent bank, approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance. At December 31, 2012, and throughout the year ended December 31, 2012, the County's bank balances were fully covered by federal depository insurance or collateral held by the pledging financial institution's agent in the County's name.

*Investments.* The County is required by The Public Funds Investment Act ("Act") 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, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

During the year ended December 31, 2012, the County's only investments were in certificates of deposit with its depository bank. As of December 31, 2012, the County's investments were as indicated below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Certificates of Deposit - County Funds	\$ 16,520,973	N/A
Certificates of Deposit - Agency Funds	1,661,423	N/A
Total Investments	<u>\$ 18,182,396</u>	

The amounts held by the Agency Funds generally relate to pending lawsuits and probate cases, as well as funds held for minor children, and the Community Supervision and Corrections Department (4<sup>th</sup> Judicial District).

*Analysis of Specific Deposit and Investment Risks.* GASB Statement No. 40 requires a determination as to whether the County was exposed to the following specific deposit and investment risks at year end and if so, the reporting of certain related disclosures:

- *Interest rate risk.* This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the County manages its exposure to interest rate risk by limiting the term of all certificates of deposit purchased to less than one year.
- *Credit risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The County's investment policy limits its investments to certificates of deposit in its depository bank, banks domiciled in the State of Texas, or the public funds investment pool, "TexPool."

At December 31, 2012, the County's only investments were certificates of deposit and was not exposed to credit risk.

- *Concentration of credit risk.* This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As discussed above, the County's investment policy limits its investments to certificates of deposit in its depository bank, banks domiciled in the State of Texas, or the public funds investment pool "TexPool." The County was not exposed to concentration of credit risk.
- *Custodial credit risk.* Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the County's name, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

The County was not exposed to custodial credit risk.

- *Foreign currency risk.* This is the risk that exchange rates will adversely affect the fair value of an investment. The County does not engage in foreign currency transactions. The County was not exposed to foreign currency risk.

## **B. Receivables**

Receivables at December 31, 2012 for the County's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectibles, are as follows:

	General Fund	Road & Bridge Fund	Nonmajor Governmental Funds	Total
Current Property Taxes	\$ 6,417,203	\$ 2,275,412	\$ 746,797	\$ 9,439,412
Delinquent Property Taxes	930,270	316,921	57,983	1,305,174
Due from Other Governments	29,801	-	7,125	36,926
Accounts	23,884	-	132	24,016
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Gross Receivables	\$ 7,401,158	\$ 2,592,333	\$ 812,037	\$ 10,805,528
Less: Allowance for Uncollectible Taxes	(635,258)	(222,663)	(63,872)	(921,793)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Total Receivables	<u>\$ 6,765,900</u>	<u>\$ 2,369,670</u>	<u>\$ 748,165</u>	<u>\$ 9,883,735</u>

There are no significant receivables that are not scheduled for collection within one year of year-end.

Any current taxes levied and collected between October 1 and December 31 are not available for use until January 1, the beginning of the next fiscal year. Therefore, all collections of current taxes during this period and all current taxes receivable as of December 31 are recorded as Unearned Revenue and Unearned Deferred Revenue, respectively. These deferred inflows of resources are reflected both in the Government-wide financial statements and the Fund Financial Statements, since the tax revenue has not been earned as of December 31, 2012. Additionally, the County also reflects as deferred inflows of resources, monies that have been received, but not earned for grant drawdowns and deposits.

	General Fund	Road & Bridge Fund	Nonmajor Governmental Funds	Total
<u>Unearned Revenue:</u>				
Advance Tax Collections	\$ 6,765,067	\$ 2,404,551	\$ 791,038	\$ 9,960,656
Seized Funds	-	-	71,621	71,621
Grant Funds	-	-	26,370	26,370
Deposits	-	-	225	225
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Unearned Revenue	<u>\$ 6,765,067</u>	<u>\$ 2,404,551</u>	<u>\$ 889,254</u>	<u>\$ 10,058,872</u>
<u>Unearned Deferred Revenue:</u>				
Current Property Taxes Receivable	\$ 6,417,654	\$ 2,275,412	\$ 746,797	\$ 9,439,863
Less: Allowance for Uncollectible Taxes	(449,204)	(159,279)	(52,276)	(660,759)
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Current Property Taxes Receivable	<u>\$ 5,968,450</u>	<u>\$ 2,116,133</u>	<u>\$ 694,521</u>	<u>\$ 8,779,104</u>

### C. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2012, was as follows:

	Balance January 1, 2012	Increases	Decreases	Balance December 31, 2012
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 1,032,025	\$ -	\$ -	\$ 1,032,025
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 1,032,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,032,025</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings	\$21,851,213	\$ 607,884	\$ -	\$22,459,097
Machinery & Equipment	11,535,463	983,599	319,815	12,199,247
Infrastructure	3,978,922	-	-	3,978,922
<b>Total Capital Assets Being Depreciated</b>	<u>\$37,365,598</u>	<u>\$ 1,591,483</u>	<u>\$ 319,815</u>	<u>\$38,637,266</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	\$ 3,647,537	\$ 386,509	\$ -	\$ 4,034,046
Machinery & Equipment	7,894,592	1,088,375	268,995	8,713,972
Infrastructure	2,127,844	115,612	-	2,243,456
<b>Total Accumulated Depreciation</b>	<u>\$13,669,973</u>	<u>\$ 1,590,496</u>	<u>\$ 268,995</u>	<u>\$14,991,474</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>\$23,695,625</u>	<u>\$ 987</u>	<u>\$ 50,820</u>	<u>\$23,645,792</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$24,727,650</u>	<u>\$ 987</u>	<u>\$ 50,820</u>	<u>\$24,677,817</u>

Depreciation expense was charged to Functions/Programs as follows:

General Government	\$ 75,806
Judicial	10,443
Legal	2,916
Elections	5,072
Financial Administration	7,897
Public Facilities	12,546
Public Safety	480,677
Public Transportation	934,335
Health and Welfare	9,412
Culture and Recreation	50,825
Conservation	567
<b>Total Depreciation Expense</b>	<u>\$ 1,590,496</u>

## D. Pension Plan

### Plan Description

The County provides retirement and disability benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System

(TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 624 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

#### **Funding Policy**

The employer has elected the annually determined contribution rate (ADCR) 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. It was 8.34% for calendar year 2012. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

#### **Annual Pension Cost**

For the employer's accounting year ending December 31, 2012, the annual pension cost for the TCDRS plan for its employees was \$808,235, and the actual contributions were \$808,235. The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2010, the basis for determining the contribution rate for calendar year 2012. The December 31, 2011 actuarial valuation is the most recent valuation.

**Actuarial Valuation Information**

Actuarial Valuation Date	12/31/09	12/31/10	12/31/11
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Amortization Period in Years	20	20	20
Asset Valuation Method	SAF: 10-yr Smoothed Value ESF: Fund value	SAF: 10-yr Smoothed Value ESF: Fund value	SAF: 10-yr Smoothed Value ESF: Fund value
<b>Assumptions:</b>			
Investment Return (**)	8%	8%	8%
Projected Salary Increases (**)	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-Living Adjustments	0%	0%	0%

(\*\*) Includes inflation at the stated rate

**Trend Information for the Retirement Plan for the Employees of Rusk County, Texas**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/10	\$747,136	100%	\$ -
12/31/11	\$775,989	100%	\$ -
12/31/12	\$808,235	100%	\$ -

**Transition Disclosure**

It was determined in accordance with GASB Statement No. 27 that the pension liability was zero at the transition to that statement effective January 1, 1998 because all actuarially required contributions for the accounting years for the period January 1, 1987 through December 31, 1997 have been paid. There was no previously reported pension liability before the transition. Therefore, the difference between the pension liability at transition and the previously reported pension liability is zero.

**Schedule of Funding Progress for the Retirement Plan for the Employees of Rusk County, Texas**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/09	\$19,911,353	\$ 22,867,136	\$2,955,783	87.07%	\$9,095,834	32.50%
12/31/10	21,435,460	24,678,626	3,243,166	86.86%	9,386,119	34.55%
12/31/11	22,266,107	25,821,324	3,555,217	86.23%	9,663,596	36.79%
12/31/12	(*)	(*)	(*)	(*)	9,691,067	(*)

(\*) Information is not available at this time.

### **E. Post-retirement Healthcare Benefits**

Effective for fiscal year 2008, the County implemented GASB Statement No. 45 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)” prospectively (no beginning Net OPEB Obligation).

#### **Plan Description**

In addition to the pension benefits described in Note V (C) above, the County provides post-retirement healthcare benefits, in accordance with County policy, to all employees hired prior to September 1, 2012, who retire on or after January 1, 1997 through a single-employer defined benefit healthcare plan. Employees must have eight (8) or more years of service and elect to begin receiving their annuity pension from TCDRS. Coverage terminates for both the employee and their covered dependents at age 65, when eligible for Medicare, or when covered by another group health insurance plan. Benefit provisions are established by the Commissioners’ Court.

Cost to the retiree is the full amount of the current cost for dependents and 25% of the employee premium, if the individual retired prior to January 1, 2004. For individuals that retire on or after January 1, 2004, the cost is the full amount of the current cost for dependents and (a) 50% of the employee premium, if the individual retired with less than fifteen (15) years’ service; (b) 35% of the employee premium, if the individual retired with fifteen (15) years but less than twenty (20) years of service; and (c) 25% of the employee premium, if the individual retired with twenty (20) years or more of service. The retiree premium was \$578.00 per month for 2012.

Premiums must be paid by the 20<sup>th</sup> day of each month preceding the month of coverage, or coverage is lost permanently. The plan does not issue a separate report. For financial reporting purposes, the retiree health plan is accounted for in the County’s Health Insurance Internal Service Fund. As of December 31, 2012, eight (8) retirees were receiving benefits.

#### **Funding Policy**

The County is funding the plan on a “pay as you go” basis. During the year ended December 31, 2012, expenses of \$30,518, net of premiums received from retirees, were recognized for post-retirement healthcare.

#### **Annual OPEB Cost and Net OPEB Obligation**

The County’s annual other postemployment benefit (OPEB) cost (expense) for the retiree health plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years.

The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation.

Annual Required Contribution	\$	349,354
Interest on Net OPEB Obligation		40,663
Adjustment to Annual Required Contribution		(61,158)
Annual OPEB Cost (Expense)	\$	328,859
Contributions Made		(30,518)
Change in OPEB Obligation	\$	298,341
Net OPEB Obligation (Asset) - Beginning of Year		1,016,569
Net OPEB Obligation (Asset) - End of Year	\$	1,314,910

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the preceding two years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 277,946	4.30%	\$ 758,194
2011	\$ 273,142	5.41%	\$ 1,016,569
2012	\$ 328,859	9.28%	\$ 1,314,910

#### Actuarial Valuation Information

Actuarial valuation of the plan involves estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the program and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below, presents multiyear trend information (only one year presented in this year of implementation) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the latest actuarial valuation, as of January 1, 2012, the projected unit credit actuarial cost method was used. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. If experience is in accordance with the assumptions used, ARC will increase at approximately the same rate as active member payroll, and the ARC as a percentage of payroll will remain basically level on a year-to-year basis. The actuarial assumptions include a 4% discount rate and an annual healthcare cost trend of 10% initially, reduced by decrements to an ultimate rate of 5%. Inflation was

assumed to be 2.5%. The investment rate of return was assumed to be 0%, because the plan has no assets. There are no planned post-retirement benefit increases. The remaining amortization period on a closed basis at January 1, 2012, was 26 years.

**Funding Status and Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liabilities (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/01/08	\$ -	\$ 3,782,735	\$3,782,735	0.00%	\$8,531,991	44.34%
01/01/10	-	4,039,859	4,039,859	0.00	9,386,132	43.04
01/01/12	-	4,838,354	4,838,354	0.00	9,663,596	50.07

**F. Risk Management**

Rusk 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 for which the County carries commercial insurance. There have been no significant reductions in insurance coverages during the year ended December 31, 2012. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three (3) years.

Rusk County is a member of the Texas Association of Counties (TAC) Risk Management Pool, a public entity risk pool participating in Public Official and Law Enforcement Liability coverages. The pool is authorized by Chapter 119, Local Government Code, and provides coverage through an interlocal agreement (The Interlocal Cooperation Act - Chapter 791, Texas Government Code). The interlocal agreement provides that the TAC pool will be self-sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$500,000 for each insured event. Premiums paid to the pool during 2012 have been reported as expenditures in the general fund and special revenue funds.

During the year ended December 31, 2012, employees of the County were covered by a fully insured health insurance plan (the Plan). The County contributed \$725.00 per month per employee to the Plan, and employees, at their option, authorized payroll withholding to pay contributions for their dependents. All contributions were paid to an internal service fund maintained by the County. The internal service fund paid premiums to the Texas Association of Counties to provide for health insurance coverage for employees, dependents, and retirees.

**G. Leases**

*Operating Leases.* Rusk County is obligated under certain leases for equipment accounted for as operating leases. General revenues of the General Fund will be used to pay these leases. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one (1) year as of December 31, 2012.

<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2013	\$ 78,278
2014	42,444
2015	184
Total minimum lease payments	<u>\$ 120,906</u>

Total cost for these leases for the year ended December 31, 2012 was \$133,630.

## H. Long-term debt

### Certificates of Obligation

On March 10, 2008, the Commissioners' Court authorized the issuance of \$16,000,000 in certificates of obligation to finance a 196 bed expansion of the County jail. The certificates were issued on March 15, 2008 and dated April 15, 2008. Interest rates on the certificates range from 3.5%-5.0%. The certificates are direct obligations and pledge the full faith and credit of the County.

Annual debt service requirements to maturity for the certificates of obligation are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2013	\$ 930,000	\$ 524,887	\$ 1,454,887
2014	965,000	491,725	1,456,725
2015	1,000,000	456,088	1,456,088
2016	1,040,000	416,538	1,456,538
2017	1,080,000	330,038	1,410,038
2018-2022	6,160,000	1,156,106	7,316,106
2023	1,420,000	35,500	1,455,500
Total	<u>\$ 12,595,000</u>	<u>\$ 3,410,882</u>	<u>\$ 16,005,882</u>

The Tax Reform Act of 1986 ("Act") substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt. The County is required to calculate and remit any rebatable arbitrage earnings attributable to the 2008 certificates of obligation to the Internal Revenue Service. As of December 31, 2012, the County had no arbitrage rebate liability.

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2012, was as follows:

	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2012</u>	<u>Due Within One Year</u>
Certificates of Obligation	\$13,490,000	\$ -	\$ 895,000	\$12,595,000	\$ 930,000
Add: Premium on Issuance	157,120	-	13,663	143,457	-
Net Certificates of Obligation	<u>\$13,647,120</u>	<u>\$ -</u>	<u>\$ 908,663</u>	<u>\$12,738,457</u>	<u>\$ 930,000</u>
OPEB Liability	1,016,569	298,341	-	1,314,910	-
Capital Leases	41,202	-	41,202	-	41,202
Compensated Absences	<u>119,563</u>	<u>10,422</u>	<u>7,088</u>	<u>122,897</u>	<u>11,890</u>
Total Governmental Activity Long-Term Liabilities	<u>\$14,824,454</u>	<u>\$ 308,763</u>	<u>\$ 956,953</u>	<u>\$14,176,264</u>	<u>\$ 983,092</u>

Compensated absences and the OPEB liability are liquidated by the General Fund or the Road & Bridge Fund, depending upon which fund records the employee's salary.

**I. Governmental Fund Balances**

Components of nonspendable fund balance and specific purposes for restricted fund balances as of December 31, 2012 are as follows:

	<u>Major Special Revenue Funds</u>			
	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Other Funds</u>	<u>Total</u>
Nonspendable:				
Prepaid Items	\$ 86,895	\$ -	\$ -	\$ 86,895
Permanent Fund Principal	-	-	66,451	66,451
Restricted:				
County Roads & Bridges	-	1,998,464	-	1,998,464
Airport Property	-	-	3,952,087	3,952,087
Law Library	-	-	25,725	25,725
County Officials'	-	-	922,562	922,562
Human Services	-	-	1,163,128	1,163,128
Juvenile Services	-	-	21,037	21,037
Debt Service	-	-	880,091	880,091
Permanent Funds	-	-	1,097	1,097
Unassigned	<u>11,010,688</u>	-	-	<u>11,010,688</u>
Total Fund Balances	<u>\$ 11,097,583</u>	<u>\$ 1,998,464</u>	<u>\$ 7,032,178</u>	<u>\$ 20,128,225</u>

**J. Interfund Transfers**

	<u>Transfer In:</u>		
	General	Nonmajor Governmental	Overall
	<u>Fund</u>	<u>Funds</u>	<u>Totals</u>
<u>Transfer Out:</u>			
General Fund	\$ -	\$105,000	\$105,000
Road & Bridge Fund	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total	<u>\$ 15,000</u>	<u>\$ 105,000</u>	<u>\$ 120,000</u>

The purpose of these transfers was to supplement revenue.

**K. Contingencies and Commitments**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

**L. Restatement of Net Position**

The County early implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. As a result of the implementation of the new standard, it was necessary to reduce Net Position as of December 31, 2011 by \$233,053 to \$30,937,526. The restatement was as a result of Unamortized Bond Issue. Bond Issue Costs are now to be recorded in the year incurred in the Statement of Activities.

**COMBINING AND INDIVIDUAL  
FUND FINANCIAL STATEMENTS  
AND SCHEDULES**

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## **Governmental Funds**

### **General Fund**

*General Fund*-This fund is used to account for resources traditionally associated with government, which are not required to be accounted for in another fund. (*Major Fund*)

### **Special Revenue Funds**

To account for specific revenues that are legally restricted to expenditures for particular purposes.

*Road and Bridge Fund*-This fund is used to account for monies designated for use in road and bridge work of the County. Primary sources of revenues include ad valorem taxes, automobile registration fees, County and District Court Clerk fees, Justice of the Peace Court Fines, and State allotments of road funds. Revenues are used for public transportation maintenance and construction purposes. (*Major Fund*)

*Law Library Fund*-A portion of fines levied by the courts are specifically designated for law library purchases. This fund is used to account for those revenues and expenditures.

*Rusk County Officials' Fund*- This fund is utilized to account for fees, fines, and seizures that are restricted as to their expenditure. Funds may only be used for certain specific expenditures in County Officials' offices.

*Human Services Fund*-Indigent health care revenue and expenditures are accounted for in this fund. State law requires up to 8% of a County's general revenue tax levy be made available for mandatory health care services for eligible, indigent County residents.

*Airport Fund*-Revenues and operational expenditures of the Rusk County Airport are accounted for in this fund.

*Juvenile Services Fund*-4th Judicial District-This fund is used to account for the revenues and expenditures associated with the supervision and administration of juvenile probationers reportable to the 4th Judicial District jurisdiction. Financing is provided by the State. The County provides fiscal services.

*Water Supply Grant Fund*- This fund is used to account for the proceeds of U.S. Department of Housing and Urban Development grants passed through the Texas Department of Rural Community Affairs. The grant funds are utilized to drill new wells for County Water Supply Corporations.

### **Debt Service Fund**

*Debt Service Fund*-This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

### **Capital Projects Fund**

To account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

*Jail Construction Fund*-This fund is used to account for the construction and expansion of the County's jail.

## **Permanent Funds**

To report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the County's programs - that is, for the benefit of the County or its citizenry.

*Available School Fund*-This fund is used to account for investment earnings on a fixed investment. Expenditures are made periodically to County Independent School Districts on a per capita basis.

*Cemetery Trust Fund*-This fund is used to account for the investment earnings on a fixed investment. The fund was established by donations from private citizens. Expenditures are made to maintain the McNeil and Irwin Cemeteries in the County.

## **Proprietary Funds**

### **Internal Service Fund**

To account for the financing of services provided by one department to other departments of the County on a cost reimbursement basis.

*Health Insurance Fund*-This fund is used to account for the collection of payments by the County and its employees for health insurance premiums and the payment of premiums to the County's health insurance provider.

## **Fiduciary Funds**

### **Agency Funds**

*Tax Assessor-Collector Fund*-This fund is used to account for assets held by the Tax Assessor-Collector related to ad valorem taxes and automobile registration collections. The portion of these collections designated for Rusk County flow through to the General or Special Revenue Funds as the character of the collections dictate. Collections for other local governments or the State are remitted to them.

*County Clerk Fund*-This fund is used to account for assets held by the County Clerk related to fees, court costs, and probate. Fees are disbursed to the County's General or Special Revenue Funds as appropriate. Court costs are held pending final disposition by the Court. Probate assets are held until ordered disbursed by the Court.

*District Attorney Fund*-The District Attorney collects "hot checks" for merchants in the County. This fund accounts for the funds received from subjects to cover the checks written and the payment of restitution to the merchant. The fund also accounts for the processing fees collected by the District Attorney. These fees are remitted to the General Fund.

*District Clerk Fund*-The District Clerk receives three (3) types of funds. The District Court orders funds placed into the registry of the Court pending final disposition of matters in litigation. The District Clerk also receives court costs, which are held until final disposition of cases in District Court. The third type of fund received by the District Clerk is child support payments. When the Court orders child support payments, its payment is sometimes ordered to be made to the District Clerk, who in turn remits it to the recipient. This fund accounts for these receipts and disbursements.

*Sheriff Fund*-The Sheriff collects monies for other County jurisdictions, other local governments, and fees of office. Fees of office are remitted to the General or Special Revenue Fund as appropriate. Monies collected for other jurisdictions or governments are remitted directly to those entities.

*Justices of the Peace Fund*-Each Justice Court maintains a fund for collection of fines and fees of office, along with monies due other local governments, or the State. Fines and fees of office are remitted to the General or Special Revenue Funds as appropriate. Monies collected for other jurisdictions are remitted directly to those entities.

*Adult Probation Fund*-Probationers' fees, fines, restitution payments, attorney's fees, and the Northeast Texas Regional Drug Abuse Treatment Center are accounted for in this fund. Fees and fines are remitted to the General or Special Revenue Funds as appropriate. Monies collected for others are remitted directly to them as intended.

*Juvenile Probation Fund*-This fund is used to account for restitution payments by juvenile probationers and remits those collections to the damaged party.

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Rusk County, Texas  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2012

	<u>Permanent Funds</u>						Total
	Special Revenue Funds	Debt Service Fund	Jail Construction Fund	Available School Fund	Cemetery Trust Fund	Total Permanent Funds	Nonmajor Governmental Funds
<b><u>Assets</u></b>							
Cash	\$ 655,244	\$ 1,667,436	\$ -	\$ 514	\$ 15,583	\$ 16,097	\$ 2,338,777
Investments	5,572,656	-	-	51,451	-	51,451	5,624,107
Receivables: (net of allowances for uncollectibles):						-	-
Property Taxes	-	740,908	-	-	-	-	740,908
Due from Other Governments	7,125	-	-	-	-	-	7,125
Accounts	132	-	-	-	-	-	132
<b>Total Assets</b>	<b>\$ 6,235,157</b>	<b>\$ 2,408,344</b>	<b>\$ -</b>	<b>\$ 51,965</b>	<b>\$ 15,583</b>	<b>\$ 67,548</b>	<b>\$ 8,711,049</b>
<b><u>Liabilities</u></b>							
Accounts Payable	\$ 52,402	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,402
<b>Total Liabilities</b>	<b>\$ 52,402</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 52,402</b>
<b><u>Deferred Inflows of Resources</u></b>							
Unearned Revenue	\$ 98,216	\$ 791,038	\$ -	\$ -	\$ -	\$ -	\$ 889,254
Unearned Deferred Revenue	-	737,215	-	-	-	-	737,215
<b>Total Deferred Inflows of Resources</b>	<b>\$ 98,216</b>	<b>\$ 1,528,253</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,626,469</b>
<b><u>Fund Balances</u></b>							
Nonspendable	\$ -	\$ -	\$ -	\$ 51,451	\$ 15,000	\$ 66,451	\$ 66,451
Restricted	6,084,539	880,091	-	514	583	1,097	6,965,727
<b>Total Fund Balances</b>	<b>\$ 6,084,539</b>	<b>\$ 880,091</b>	<b>\$ -</b>	<b>\$ 51,965</b>	<b>\$ 15,583</b>	<b>\$ 67,548</b>	<b>\$ 7,032,178</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 6,235,157</b>	<b>\$ 2,408,344</b>	<b>\$ -</b>	<b>\$ 51,965</b>	<b>\$ 15,583</b>	<b>\$ 67,548</b>	<b>\$ 8,711,049</b>

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

Rusk County, Texas  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2012

	Permanent Funds						Total Nonmajor Governmental Funds
	Special Revenue Funds	Debt Service Fund	Jail Construction Fund	Available School Fund	Cemetery Trust Fund	Total Permanent Funds	
<b>Revenues:</b>							
Ad Valorem Taxes	\$ 250,000	\$ 1,451,781	\$ -	\$ -	\$ -	\$ -	\$ 1,701,781
Intergovernmental	665,349	-	-	-	-	-	665,349
Fees	463,654	-	-	-	-	-	463,654
Fines and Forfeitures	26,090	-	-	-	-	-	26,090
Miscellaneous	293,101	2,122	2,917	514	47	561	298,701
<b>Total Revenues</b>	<b>\$ 1,698,194</b>	<b>\$ 1,453,903</b>	<b>\$ 2,917</b>	<b>\$ 514</b>	<b>\$ 47</b>	<b>\$ 561</b>	<b>\$ 3,155,575</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General Government	\$ 47,922	\$ -	\$ -	\$ -	\$ 150	\$ 150	\$ 48,072
Judicial	71,396	-	-	-	-	-	71,396
Legal	97,216	-	-	-	-	-	97,216
Financial Administration	3,091	-	-	-	-	-	3,091
Public Facilities	263,187	-	-	-	-	-	263,187
Public Safety	490,702	-	-	-	-	-	490,702
Public Transportation	440,486	-	-	-	-	-	440,486
Health and Welfare	195,880	-	-	-	-	-	195,880
<b>Capital Outlay:</b>							
Public Safety	-	-	547,495	-	-	-	547,495
Public Transportation	258,158	-	-	-	-	-	258,158
<b>Debt Service:</b>							
Principal	-	895,000	-	-	-	-	895,000
Interest	-	557,325	-	-	-	-	557,325
<b>Total Expenditures</b>	<b>\$ 1,868,038</b>	<b>\$ 1,452,325</b>	<b>\$ 547,495</b>	<b>\$ -</b>	<b>\$ 150</b>	<b>\$ 150</b>	<b>\$ 3,868,008</b>
Excess (Deficiency) of Revenues over Expenditures	\$ (169,844)	\$ 1,578	\$ (544,578)	\$ 514	\$ (103)	\$ 411	\$ (712,433)
<b>Other Financing Sources (Uses):</b>							
Transfers In	\$ 105,000	\$ 565,643	\$ -	\$ -	\$ -	\$ -	\$ 670,643
Transfers Out	-	-	(565,643)	-	-	-	(565,643)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 105,000</b>	<b>\$ 565,643</b>	<b>\$ (565,643)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 105,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ (64,844)</b>	<b>\$ 567,221</b>	<b>\$ (1,110,221)</b>	<b>\$ 514</b>	<b>\$ (103)</b>	<b>\$ 411</b>	<b>\$ (607,433)</b>
Fund Balances - Beginning	6,149,383	312,870	1,110,221	51,451	15,686	67,137	7,639,611
<b>Fund Balances - Ending</b>	<b>\$ 6,084,539</b>	<b>\$ 880,091</b>	<b>\$ -</b>	<b>\$ 51,965</b>	<b>\$ 15,583</b>	<b>\$ 67,548</b>	<b>\$ 7,032,178</b>

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

Rusk County, Texas  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2012

	Law Library <u>Fund</u>	Rusk County Officials' <u>Fund</u>	Human Services <u>Fund</u>	Airport <u>Fund</u>	Juvenile Services <u>Fund</u>	Water Supply Grant <u>Fund</u>	Total
<b><u>Assets</u></b>							
Cash	\$ 25,725	\$ 191,809	\$ 133,842	\$ 247,119	\$ 56,749	\$ -	\$ 655,244
Investments	-	802,912	1,033,692	3,736,052	-	-	5,572,656
Receivables:							
Due from Other Governments	-	-	-	-	-	7,125	7,125
Accounts	-	-	-	132	-	-	132
Total Assets	<u>\$ 25,725</u>	<u>\$ 994,721</u>	<u>\$ 1,167,534</u>	<u>\$ 3,983,303</u>	<u>\$ 56,749</u>	<u>\$ 7,125</u>	<u>\$ 6,235,157</u>
<b><u>Liabilities</u></b>							
Accounts Payable	\$ -	\$ 538	\$ 4,406	\$ 30,991	\$ 9,342	\$ 7,125	\$ 52,402
Total Liabilities	<u>\$ -</u>	<u>\$ 538</u>	<u>\$ 4,406</u>	<u>\$ 30,991</u>	<u>\$ 9,342</u>	<u>\$ 7,125</u>	<u>\$ 52,402</u>
<b><u>Deferred Inflows of Resources</u></b>							
Unearned Revenue	\$ -	\$ 71,621	\$ -	\$ 225	\$ 26,370	\$ -	\$ 98,216
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 71,621</u>	<u>\$ -</u>	<u>\$ 225</u>	<u>\$ 26,370</u>	<u>\$ -</u>	<u>\$ 98,216</u>
<b><u>Fund Balances</u></b>							
Restricted	\$ 25,725	\$ 922,562	\$ 1,163,128	\$ 3,952,087	\$ 21,037	\$ -	\$ 6,084,539
Total Fund Balances	<u>\$ 25,725</u>	<u>\$ 922,562</u>	<u>\$ 1,163,128</u>	<u>\$ 3,952,087</u>	<u>\$ 21,037</u>	<u>\$ -</u>	<u>\$ 6,084,539</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 25,725</u>	<u>\$ 994,721</u>	<u>\$ 1,167,534</u>	<u>\$ 3,983,303</u>	<u>\$ 56,749</u>	<u>\$ 7,125</u>	<u>\$ 6,235,157</u>

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

Rusk County, Texas  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012

	Law Library <u>Fund</u>	Rusk County Officials' <u>Fund</u>	Human Services <u>Fund</u>	Airport <u>Fund</u>	Juvenile Services <u>Fund</u>	Water Supply Grant <u>Fund</u>	<u>Totals</u>
<b>Revenues:</b>							
Ad Valorem Taxes	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000
Intergovernmental	-	309	-	17,203	384,650	263,187	665,349
Fees	31,488	166,378	-	264,019	1,769	-	463,654
Fines and Forfeitures	-	26,090	-	-	-	-	26,090
Miscellaneous	71	85,656	11,176	195,907	291	-	293,101
<b>Total Revenues</b>	<b>\$ 31,559</b>	<b>\$ 278,433</b>	<b>\$ 261,176</b>	<b>\$ 477,129</b>	<b>\$ 386,710</b>	<b>\$ 263,187</b>	<b>\$ 1,698,194</b>
<b>Expenditures:</b>							
Current:							
General Government	\$ -	\$ 47,922	\$ -	\$ -	\$ -	\$ -	\$ 47,922
Judicial	-	71,396	-	-	-	-	71,396
Legal	31,167	66,049	-	-	-	-	97,216
Financial Administration	-	3,091	-	-	-	-	3,091
Public Facilities	-	-	-	-	-	263,187	263,187
Public Safety	-	13,437	-	-	477,265	-	490,702
Public Transportation	-	-	-	440,486	-	-	440,486
Health and Welfare	-	-	195,880	-	-	-	195,880
Capital Outlay:							
Public Transportation	-	-	-	258,158	-	-	258,158
<b>Total Expenditures</b>	<b>\$ 31,167</b>	<b>\$ 201,895</b>	<b>\$ 195,880</b>	<b>\$ 698,644</b>	<b>\$ 477,265</b>	<b>\$ 263,187</b>	<b>\$ 1,868,038</b>
Excess (Deficiency) of Revenues over Expenditures	\$ 392	\$ 76,538	\$ 65,296	\$ (221,515)	\$ (90,555)	\$ -	\$ (169,844)
<b>Other Financing Sources (Uses):</b>							
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ 105,000	\$ -	\$ 105,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 105,000</b>	<b>\$ -</b>	<b>\$ 105,000</b>
Net Change in Fund Balances	\$ 392	\$ 76,538	\$ 65,296	\$ (221,515)	\$ 14,445	\$ -	\$ (64,844)
Fund Balances - Beginning	25,333	846,024	1,097,832	4,173,602	6,592	-	6,149,383
Fund Balances - Ending	<b>\$ 25,725</b>	<b>\$ 922,562</b>	<b>\$ 1,163,128</b>	<b>\$ 3,952,087</b>	<b>\$ 21,037</b>	<b>\$ -</b>	<b>\$ 6,084,539</b>

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

Rusk County, Texas  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget (GAAP Basis) and Actual  
 For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad Valorem Taxes:				
Current Taxes	\$ 12,476,471	\$ 12,476,471	\$ 12,035,653	\$ (440,818)
Delinquent Taxes	250,000	250,000	324,667	74,667
Interest and Penalty	160,000	160,000	292,030	132,030
Other Taxes:				
Liquor Drink Tax	12,000	12,000	11,451	(549)
Intergovernmental	83,180	388,946	440,640	51,694
Fees	1,496,984	1,486,984	1,809,630	322,646
Fines and Forfeitures	550,000	550,000	609,635	59,635
Miscellaneous:				
Interest	150,000	150,000	131,748	(18,252)
Other	175,400	188,322	247,786	59,464
<b>Total Revenues</b>	<b>\$ 15,354,035</b>	<b>\$ 15,662,723</b>	<b>\$ 15,903,240</b>	<b>\$ 240,517</b>
<b>Expenditures:</b>				
Current:				
General Government:				
County Judge	\$ 246,657	\$ 246,907	\$ 235,557	\$ 11,350
Commissioners' Court	296,403	296,403	291,200	5,203
County Clerk	641,903	658,590	622,776	35,814
Veterans' Service	89,480	95,580	93,229	2,351
Emergency Management	14,196	22,592	9,046	13,546
Information Technology	70,633	72,233	66,724	5,509
Judicial:				
County Court-at-Law	297,972	297,972	276,203	21,769
District Court	205,015	207,015	184,481	22,534
Justice of the Peace Court	71,500	93,547	89,610	3,937
District Clerk	520,076	525,076	482,886	42,190
Justices of the Peace	601,857	607,457	594,457	13,000
All Courts	1,209,980	1,209,980	518,647	691,333
Legal:				
District Attorney	573,544	581,549	473,853	107,696
Elections	231,212	245,012	228,494	16,518
Financial Administration:				
County Auditor	217,699	220,811	216,116	4,695
County Treasurer	167,474	167,474	164,922	2,552
Tax Assessor-Collector	1,341,403	1,370,596	1,328,494	42,102
Public Facilities:				
Maintenance	549,469	554,192	474,186	80,006

Rusk County, Texas  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Public Safety:</b>				
Jail	1,974,694	2,085,141	2,051,425	33,716
Constables	273,160	273,160	268,740	4,420
Sheriff	2,772,244	2,781,025	2,689,555	91,470
Juvenile Board	52,770	52,770	52,143	627
Highway Patrol	81,159	82,659	76,032	6,627
<b>Health and Welfare:</b>				
County Health	82,205	85,705	80,769	4,936
Public Health	-	83,693	49,937	33,756
County Welfare	75,493	75,493	68,097	7,396
Ambulance and Sanitation	380,080	380,080	271,782	108,298
Mental Health	18,000	18,000	5,882	12,118
Juvenile Room and Board	21,000	21,000	20,907	93
<b>Culture and Recreation:</b>				
Library Complex	881,466	884,631	861,299	23,332
Depot/Children's Discovery Center	139,065	144,695	141,720	2,975
<b>Conservation:</b>				
Agriculture and Home Demo	163,148	159,133	151,287	7,846
<b>Nondepartmental</b>	<b>829,864</b>	<b>1,086,237</b>	<b>797,225</b>	<b>289,012</b>
<b>Capital Outlay:</b>				
<b>General Government:</b>				
County Judge	2,000	2,000	-	2,000
County Clerk	1,000	-	-	-
Veterans' Service	29,000	22,900	-	22,900
Emergency Management	14,500	11,500	11,320	180
Information Technology	10,000	31,344	31,344	-
<b>Judicial:</b>				
County Court-at-Law	1,500	1,500	-	1,500
District Court	2,000	-	-	-
District Clerk	10,000	5,000	-	5,000
<b>Legal:</b>				
District Attorney	10,000	1,995	-	1,995
Elections	32,000	18,200	16,841	1,359
<b>Financial Administration:</b>				
County Auditor	2,500	-	-	-
County Treasurer	2,000	2,000	-	2,000
Tax Assessor-Collector	2,000	2,000	-	2,000
<b>Public Facilities:</b>				
Maintenance	30,000	37,699	34,686	3,013
<b>Public Safety:</b>				

Rusk County, Texas  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget (GAAP Basis) and Actual  
 For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Jail	20,000	20,553	20,542	11
Sheriff	120,000	125,200	125,193	7
Highway Patrol	1,500	-	-	-
Health and Welfare:				
County Health	-	758	758	-
County Welfare	2,000	2,000	-	2,000
Culture and Recreation:				
Library Complex	15,000	14,477	14,460	17
Depot/Children's Discovery Center	7,000	4,150	-	4,150
Conservation:				
Agriculture and Home Demo	1,200	5,215	5,215	-
Nondepartmental	639,536	639,536	109,287	530,249
<b>Total Expenditures</b>	<b>\$ 16,045,557</b>	<b>\$ 16,634,435</b>	<b>\$ 14,307,327</b>	<b>\$ 2,327,108</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ (691,522)</b>	<b>\$ (971,712)</b>	<b>\$ 1,595,913</b>	<b>\$ 2,567,625</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Transfers out	(105,000)	(105,000)	(105,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (90,000)</b>	<b>\$ (90,000)</b>	<b>\$ (90,000)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (781,522)</b>	<b>\$ (1,061,712)</b>	<b>\$ 1,505,913</b>	<b>\$ 2,567,625</b>
<b>Fund Balances - Beginning</b>	<b>9,591,670</b>	<b>9,591,670</b>	<b>9,591,670</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 8,810,148</b>	<b>\$ 8,529,958</b>	<b>\$ 11,097,583</b>	<b>\$ 2,567,625</b>

Rusk County, Texas  
Road and Bridge Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad Valorem Taxes:				
Current Taxes	\$ 4,442,921	\$ 4,442,921	\$ 4,341,152	\$ (101,769)
Delinquent Taxes	85,000	85,000	110,890	25,890
Interest and Penalty	60,000	60,000	103,958	43,958
Intergovernmental	50,000	53,898	55,207	1,309
Fees	900,000	900,000	944,739	44,739
Fines and Forfeitures	250,000	250,000	260,031	10,031
Miscellaneous:				
Interest	50,000	50,000	29,766	(20,234)
Other	800	73,362	72,751	(611)
<b>Total Revenues</b>	<b>\$ 5,838,721</b>	<b>\$ 5,915,181</b>	<b>\$ 5,918,494</b>	<b>\$ 3,313</b>
<b>Expenditures:</b>				
Current:				
Public Transportation:				
Precinct #1	\$ 1,054,808	\$ 1,125,158	\$ 1,074,114	\$ 51,044
Precinct #2	1,107,835	1,179,184	1,125,422	53,762
Precinct #3	1,646,631	1,717,431	1,495,287	222,144
Precinct #4	1,346,960	1,364,460	1,139,250	225,210
Weight & License	67,832	67,832	63,920	3,912
Nondepartmental	216,919	216,919	190,722	26,197
Capital Outlay:				
Public Transportation:				
Precinct #1	58,789	53,692	53,669	23
Precinct #2	45,214	60,536	60,494	42
Precinct #3	116,332	158,323	122,093	36,230
Precinct #4	93,346	490,040	179,361	310,679
Weight & License	30,600	30,600	-	30,600
Nondepartmental	30,000	30,000	26,347	3,653
Debt Service:				
Principal	41,202	41,202	41,202	-
Interest	2,309	2,309	2,309	-
<b>Total Expenditures</b>	<b>\$ 5,858,777</b>	<b>\$ 6,537,686</b>	<b>\$ 5,574,190</b>	<b>\$ 963,496</b>
Excess (Deficiency) of Revenues over Expenditures	\$ (20,056)	\$ (622,505)	\$ 344,304	\$ 966,809
<b>Other Financing Sources (Uses):</b>				
Transfers Out	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ -
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (15,000)</b>	<b>\$ (15,000)</b>	<b>\$ (15,000)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (35,056)</b>	<b>\$ (637,505)</b>	<b>\$ 329,304</b>	<b>\$ 966,809</b>
Fund Balances - Beginning	1,669,159	1,669,159	1,669,159	-
<b>Fund Balances - Ending</b>	<b>\$ 1,634,103</b>	<b>\$ 1,031,654</b>	<b>\$ 1,998,463</b>	<b>\$ 966,809</b>

Rusk County, Texas  
Law Library Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fees	\$ 28,000	\$ 28,000	\$ 31,488	\$ 3,488
Miscellaneous:				
Interest	200	200	71	(129)
<b>Total Revenues</b>	<b>\$ 28,200</b>	<b>\$ 28,200</b>	<b>\$ 31,559</b>	<b>\$ 3,359</b>
<b>Expenditures:</b>				
Current:				
Legal:				
District Attorney	\$ 38,000	\$ 38,000	\$ 31,167	\$ 6,833
<b>Total Expenditures</b>	<b>\$ 38,000</b>	<b>\$ 38,000</b>	<b>\$ 31,167</b>	<b>\$ 6,833</b>
<b>Net Change in Fund Balances</b>	<b>\$ (9,800)</b>	<b>\$ (9,800)</b>	<b>\$ 392</b>	<b>\$ 10,192</b>
<b>Fund Balances - Beginning</b>	<b>25,333</b>	<b>25,333</b>	<b>25,333</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 15,533</b>	<b>\$ 15,533</b>	<b>\$ 25,725</b>	<b>\$ 10,192</b>

Rusk County, Texas  
Rusk County Officials' Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental	\$ 7,885	\$ 7,885	\$ 309	\$ (7,576)
Fees	147,002	147,002	166,378	19,376
Fines and Forfeitures	70,010	70,010	26,090	(43,920)
Miscellaneous:				
Sale of Assets	-	-	62,773	62,773
Other	20,000	20,000	22,883	2,883
<b>Total Revenues</b>	<b>\$ 244,897</b>	<b>\$ 244,897</b>	<b>\$ 278,433</b>	<b>\$ 33,536</b>
<b>Expenditures:</b>				
Current:				
General Government:				
County Judge	\$ 10	\$ 10	\$ -	\$ 10
County Clerk	68,000	68,500	47,922	20,578
Judicial:				
District Clerk	3,000	3,000		3,000
Justices of the Peace	25,000	40,000	26,976	13,024
All courts	45,000	56,916	44,420	12,496
Legal:				
District Attorney	30,675	74,875	66,049	8,826
Financial Administration:				
Tax Assessor-Collector	3,500	3,500	3,091	409
Public Safety:				
Constables	2,710	2,710	175	2,535
Sheriff	54,502	54,502	13,262	41,240
<b>Total Expenditures</b>	<b>\$ 232,397</b>	<b>\$ 304,013</b>	<b>\$ 201,895</b>	<b>\$ 102,118</b>
<b>Net Change in Fund Balances</b>	<b>\$ 12,500</b>	<b>\$ (59,116)</b>	<b>\$ 76,538</b>	<b>\$ 135,654</b>
<b>Fund Balances - Beginning</b>	<b>846,024</b>	<b>846,024</b>	<b>846,024</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 858,524</b>	<b>\$ 786,908</b>	<b>\$ 922,562</b>	<b>\$ 135,654</b>

Rusk County, Texas  
Human Services Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad Valorem Taxes				
Current Taxes	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Miscellaneous:				
Interest	10,000	10,000	11,176	1,176
Total Revenues	<u>\$ 260,000</u>	<u>\$ 260,000</u>	<u>\$ 261,176</u>	<u>\$ 1,176</u>
<b>Expenditures:</b>				
Current:				
Health and Welfare:				
County Welfare	\$ 429,705	\$ 429,705	\$ 195,880	\$ 233,825
Total Expenditures	<u>\$ 429,705</u>	<u>\$ 429,705</u>	<u>\$ 195,880</u>	<u>\$ 233,825</u>
Net Change in Fund Balances	\$ (169,705)	\$ (169,705)	\$ 65,296	\$ 235,001
Fund Balances - Beginning	<u>1,097,832</u>	<u>1,097,832</u>	<u>1,097,832</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 928,127</u>	<u>\$ 928,127</u>	<u>\$ 1,163,128</u>	<u>\$ 235,001</u>

Rusk County, Texas  
Airport Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 17,203	\$ 17,203
Fees	120,000	120,000	264,019	144,019
Miscellaneous:				
Interest	25,000	25,000	40,316	15,316
Sale of Assets	-	8,683	8,683	-
Oil & Gas Royalties	350,000	350,000	146,908	(203,092)
Total Revenues	\$ 495,000	\$ 503,683	\$ 477,129	\$ (26,554)
<b>Expenditures:</b>				
Current:				
Public Transportation:				
Airport	\$ 412,833	\$ 484,071	\$ 440,486	\$ 43,585
Capital Outlay:				
Public Transportation:				
Airport	20,000	258,182	258,158	24
Total Expenditures	\$ 432,833	\$ 742,253	\$ 698,644	\$ 43,609
Net Change in Fund Balances	\$ 62,167	\$ (238,570)	\$ (221,515)	\$ 17,055
Fund Balances - Beginning	4,173,602	4,173,602	4,173,602	
Fund Balances - Ending	\$ 4,235,769	\$ 3,935,032	\$ 3,952,087	\$ 17,055

Rusk County, Texas  
Juvenile Services Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 393,614	\$ 393,614	\$ 384,650	\$ (8,964)
Fees	1,100	1,100	1,769	669
Miscellaneous:				
Interest	500	500	291	(209)
Total Revenues	<u>\$ 395,214</u>	<u>\$ 395,214</u>	<u>\$ 386,710</u>	<u>\$ (8,504)</u>
<b>Expenditures:</b>				
Current:				
Public Safety:				
Juvenile Services	\$ 500,214	\$ 500,214	\$ 477,265	\$ 22,949
Total Expenditures	<u>\$ 500,214</u>	<u>\$ 500,214</u>	<u>\$ 477,265</u>	<u>\$ 22,949</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (105,000)</u>	<u>\$ (105,000)</u>	<u>\$ (90,555)</u>	<u>\$ 14,445</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	\$ 105,000	\$ 105,000	\$ 105,000	\$ -
Total Other Financing Sources (Uses)	<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ -	\$ -	\$ 14,445	\$ 14,445
Fund Balances - Beginning	<u>6,592</u>	<u>6,592</u>	<u>6,592</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 6,592</u>	<u>\$ 6,592</u>	<u>\$ 21,037</u>	<u>\$ 14,445</u>

Rusk County, Texas  
Water Supply Grant Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 531,426	\$ 263,187	\$ (268,239)
Total Revenues	\$ -	\$ 531,426	\$ 263,187	\$ (268,239)
<b>Expenditures:</b>				
Current:				
Public Facilities				
Water Improvements	\$ -	\$ 531,426	\$ 263,187	\$ 268,239
Total Expenditures	\$ -	\$ 531,426	\$ 263,187	\$ 268,239
Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ -
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

Rusk County, Texas  
Debt Service Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad Valorem Taxes:				
Current Taxes	\$ 1,404,727	\$ 1,404,727	\$ 1,390,611	\$ (14,116)
Delinquent Taxes	10,000	10,000	31,799	21,799
Interest and Penalty	15,000	15,000	29,370	14,370
Miscellaneous				
Interest	2,500	2,500	2,123	(377)
Total Revenues	\$ 1,432,227	\$ 1,432,227	\$ 1,453,903	\$ 21,676
<b>Expenditures:</b>				
Debt Service:				
Principal	\$ 895,000	\$ 895,000	\$ 895,000	\$ -
Interest and Fees	557,825	557,825	557,325	500
Total Expenditures	\$ 1,452,825	\$ 1,452,825	\$ 1,452,325	\$ 500
Excess (Deficiency) of Revenues over Expenditures	\$ (20,598)	\$ (20,598)	\$ 1,578	\$ 22,176
<b>Other Financing Sources (Uses):</b>				
Transfers in	\$ -	\$ -	\$ 565,643	\$ 565,643
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 565,643	\$ 565,643
Net Change in Fund Balances	\$ (20,598)	\$ (20,598)	\$ 567,221	\$ 587,819
Fund Balances - Beginning	312,870	312,870	312,870	-
Fund Balances - Ending	\$ 292,272	\$ 292,272	\$ 880,091	\$ 587,819

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Rusk County, Texas  
Agency Funds  
Combining Statement of Assets and Liabilities  
December 31, 2012

	Tax Assessor- Collector Fund	County Clerk Fund	District Attorney Fund	District Clerk Fund	Sheriff Fund	Justices of the Peace Fund	Library System Fund	Adult Probation Fund	Juvenile Probation Fund	Totals
<b><u>Assets</u></b>										
Cash	\$ 2,990,329	\$ 159,864	\$ 2,170	\$ 2,065,835	\$ 148,324	\$ 3,729	\$ -	\$ 622,000	\$ -	\$ 5,992,251
Investments	-	369,947	-	1,093,986	-	-	-	197,490	-	1,661,423
<b>Total Assets</b>	<b>\$ 2,990,329</b>	<b>\$ 529,811</b>	<b>\$ 2,170</b>	<b>\$ 3,159,821</b>	<b>\$ 148,324</b>	<b>\$ 3,729</b>	<b>\$ -</b>	<b>\$ 819,490</b>	<b>\$ -</b>	<b>\$ 7,653,674</b>
<b><u>Liabilities</u></b>										
Due to Other Governments	\$ 2,990,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 799,088	\$ -	\$ 3,789,417
Court Ordered Deposits	-	159,864	2,170	253,487	79,310	3,729	-	1	-	498,561
Inmate Trust Funds	-	-	-	-	69,014	-	-	20,401	-	89,415
Court Ordered Trust Funds	-	369,947	-	2,906,334	-	-	-	-	-	3,276,281
<b>Total Liabilities</b>	<b>\$ 2,990,329</b>	<b>\$ 529,811</b>	<b>\$ 2,170</b>	<b>\$ 3,159,821</b>	<b>\$ 148,324</b>	<b>\$ 3,729</b>	<b>\$ -</b>	<b>\$ 819,490</b>	<b>\$ -</b>	<b>\$ 7,653,674</b>

The accompanying notes are an integral part of this statement.

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Rusk County, Texas  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended December 31, 2012

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
<b><u>Tax Assessor-Collector Fund:</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 4,942,984	\$ 107,210,924	\$ 109,163,579	\$ 2,990,329
Total Assets	\$ 4,942,984	\$ 107,210,924	\$ 109,163,579	\$ 2,990,329
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 4,942,984	\$ 107,210,924	\$ 109,163,579	\$ 2,990,329
Total Liabilities	\$ 4,942,984	\$ 107,210,924	\$ 109,163,579	\$ 2,990,329
<b><u>County Clerk Fund:</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 162,735	\$ 996,295	\$ 999,166	\$ 159,864
Investments	380,392	7,582	18,027	369,947
Total Assets	\$ 466,122	\$ 1,003,877	\$ 1,017,193	\$ 529,811
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 162,735	\$ 996,295	\$ 999,166	\$ 159,864
Court Ordered Trust Funds	380,392	7,582	18,027	369,947
Total Liabilities	\$ 466,122	\$ 1,003,877	\$ 1,017,193	\$ 529,811
<b><u>District Attorney Fund:</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 1,068	\$ 37,395	\$ 36,293	\$ 2,170
Total Assets	\$ 1,068	\$ 37,395	\$ 36,293	\$ 2,170
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 1,068	\$ 37,395	\$ 36,293	\$ 2,170
Total Liabilities	\$ 1,068	\$ 37,395	\$ 36,293	\$ 2,170

The accompanying notes are an integral part of this statement.

Rusk County, Texas  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended December 31, 2012

	Balance		Balance	
	January 1, 2012	Additions	Deductions	December 31, 2012
<b><u>District Clerk Fund:</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 1,589,068	\$ 1,752,655	\$ 1,275,888	\$ 2,065,835
Investments	880,394	286,637	73,045	1,093,986
<b>Total Assets</b>	<b>\$ 2,469,462</b>	<b>\$ 2,039,292</b>	<b>\$ 1,348,933</b>	<b>\$ 3,159,821</b>
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 98,256	\$ 1,052,931	\$ 897,700	\$ 253,487
Court Ordered Trust Funds	2,371,206	986,361	451,233	2,906,334
<b>Total Liabilities</b>	<b>\$ 2,469,462</b>	<b>\$ 2,039,292</b>	<b>\$ 1,348,933</b>	<b>\$ 3,159,821</b>
<b><u>Sheriff Fund:</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 104,932	\$ 415,554	\$ 372,162	\$ 148,324
<b>Total Assets</b>	<b>\$ 104,932</b>	<b>\$ 415,554</b>	<b>\$ 372,162</b>	<b>\$ 148,324</b>
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 56,313	\$ 174,157	\$ 151,160	\$ 79,310
Inmate Trust Funds	48,619	241,397	221,002	69,014
<b>Total Liabilities</b>	<b>\$ 104,932</b>	<b>\$ 415,554</b>	<b>\$ 372,162</b>	<b>\$ 148,324</b>
<b><u>Justices of the Peace Fund:</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 1,955	\$ 1,584,069	\$ 1,582,295	\$ 3,729
<b>Total Assets</b>	<b>\$ 1,955</b>	<b>\$ 1,584,069</b>	<b>\$ 1,582,295</b>	<b>\$ 3,729</b>
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 1,955	\$ 1,584,069	\$ 1,582,295	\$ 3,729
<b>Total Liabilities</b>	<b>\$ 1,955</b>	<b>\$ 1,584,069</b>	<b>\$ 1,582,295</b>	<b>\$ 3,729</b>

The accompanying notes are an integral part of this statement.

Rusk County, Texas  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended December 31, 2012

	Balance				Balance	
	January 1, 2012	Additions	Deductions		December 31, 2012	
<i>Library System:</i>						
<b><u>Assets</u></b>						
Cash	\$ -	\$ 23,049	\$ 23,049	\$	\$	-
Total Assets	\$ -	\$ 23,049	\$ 23,049	\$	\$	-
<b><u>Liabilities</u></b>						
Due to Other Governments	\$ -	\$ 23,049	\$ 23,049	\$	\$	-
Total Liabilities	\$ -	\$ 23,049	\$ 23,049	\$	\$	-
<i>Adult Probation:</i>						
<b><u>Assets</u></b>						
Cash	\$ 493,311	\$ 4,928,949	\$ 4,800,260	\$	\$	622,000
Investments	195,555	1,935	-			197,490
Total Assets	\$ 688,866	\$ 4,930,884	\$ 4,800,260	\$	\$	819,490
<b><u>Liabilities</u></b>						
Due to Other Governments	\$ 681,974	\$ 4,742,469	\$ 4,625,355	\$	\$	799,088
Court Ordered Deposits	1	79,373	79,373			1
Inmate Trust	6,891	109,042	95,532			20,401
Total Liabilities	\$ 688,866	\$ 4,930,884	\$ 4,800,260	\$	\$	819,490
<i>Juvenile Probation Fund:</i>						
<b><u>Assets</u></b>						
Cash	\$ -	\$ 5,932	\$ 5,932	\$	\$	-
Total Assets	\$ -	\$ 5,932	\$ 5,932	\$	\$	-
<b><u>Liabilities</u></b>						
Court Ordered Deposits	\$ -	\$ 5,932	\$ 5,932	\$	\$	-
Total Liabilities	\$ -	\$ 5,932	\$ 5,932	\$	\$	-

The accompanying notes are an integral part of this statement.

Rusk County, Texas  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended December 31, 2012

	Balance <u>January 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>December 31, 2012</u>
<b><u>Total All Agency Funds:</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 7,296,053	\$ 116,954,822	\$ 118,258,624	\$ 5,992,251
Investments	1,456,341	296,154	91,072	1,661,423
Total Assets	<u>\$ 8,752,394</u>	<u>\$ 117,250,976</u>	<u>\$ 118,349,696</u>	<u>\$ 7,653,674</u>
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 5,624,958	\$ 111,976,442	\$ 113,811,983	\$ 3,789,417
Court Ordered Deposits	320,328	3,930,152	3,751,919	498,561
Inmate Trust Funds	55,510	350,439	316,534	89,415
Court Ordered Trust Funds	2,751,598	993,943	469,260	3,276,281
Total Liabilities	<u>\$ 8,752,394</u>	<u>\$ 117,250,976</u>	<u>\$ 118,349,696</u>	<u>\$ 7,653,674</u>

The accompanying notes are an integral part of this statement.

Rusk County, Texas  
Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedules By Source  
December 31, 2012

	2012	2011
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 1,032,025	\$ 1,032,025
Construction in Progress	-	-
Buildings	22,459,097	21,851,213
Machinery and Equipment	12,199,247	11,535,462
Infrastructure	3,978,922	3,978,922
	<u>\$ 39,669,291</u>	<u>\$ 38,397,622</u>
<b>Investments in Governmental Funds Capital Assets by Source:</b>		
Investment in Governmental Funds Capital Assets acquired prior to 1/1/88	\$ 468,944	\$ 468,944
<b>Investment in Governmental Funds Capital Assets acquired on or after 1/1/88:</b>		
General Revenues	19,367,312	18,703,527
Certificates of Obligation	19,103,202	18,495,318
Donations	673,965	673,965
Drug Seizures	55,868	55,868
	<u>\$ 39,669,291</u>	<u>\$ 38,397,622</u>

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Rusk County, Texas  
Capital Assets Used in the Operation of Governmental Funds  
Schedule By Function and Activity  
December 31, 2012

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
<b>General Government:</b>					
County Judge	\$ -	\$ -	\$ 6,389	\$ -	\$ 6,389
County Clerk	-	-	63,528	-	63,528
Veteran's Service	-	-	48,683	-	48,683
Information Technology	-	-	28,389	-	28,389
Emergency Management	-	-	367,868	-	367,868
Total General Government	\$ -	\$ -	\$ 514,857	\$ -	\$ 514,857
<b>Judicial:</b>					
Justices of the Peace	\$ 1,060	\$ 243,927	\$ 6,519	\$ -	\$ 251,506
District Court	-	-	74,790	-	74,790
Total Judicial	\$ 1,060	\$ 243,927	\$ 81,309	\$ -	\$ 326,296
<b>Legal:</b>					
District Attorney	\$ -	\$ -	\$ 17,261	\$ -	\$ 17,261
Total District Attorney	\$ -	\$ -	\$ 17,261	\$ -	\$ 17,261
<b>Elections:</b>					
Elections	\$ 16,665	\$ -	\$ 91,741	\$ -	\$ 108,406
Total Elections	\$ 16,665	\$ -	\$ 91,741	\$ -	\$ 108,406
<b>Financial Administration:</b>					
Tax Assessor-Collector	\$ -	\$ 248,887	\$ 5,362	\$ -	\$ 254,249
Total Financial Administration	\$ -	\$ 248,887	\$ 5,362	\$ -	\$ 254,249
<b>Public Facilities:</b>					
Courthouse	\$ 191,486	\$ 401,231	\$ 377,161	\$ -	\$ 969,878
Miscellaneous and Nondepartmental	11,100	-	50,923	-	62,023
Total Public Facilities	\$ 202,586	\$ 401,231	\$ 428,084	\$ -	\$ 1,031,901
<b>Public Safety:</b>					
Jail	\$ 225,000	\$ 19,433,216	\$ 75,362	\$ -	\$ 19,733,578
Sheriff	50,000	386,846	1,340,354	-	1,777,200
Juvenile Probation	-	137,493	25,029	-	162,522
Total Public Safety	\$ 275,000	\$ 19,957,555	\$ 1,440,745	\$ -	\$ 21,673,300
<b>Public Transportation:</b>					
Road & Bridge-Precinct #1	\$ 4,667	\$ -	\$ 2,128,826	\$ 981,240	\$ 3,114,733
Road & Bridge-Precinct #2	6,268	-	2,007,863	1,487,698	3,501,829
Road & Bridge-Precinct #3	8,050	-	2,339,903	1,173,944	3,521,897
Road & Bridge-Precinct #4	17,624	-	2,486,299	336,040	2,839,963
Road & Bridge-Miscellaneous	-	-	31,597	-	31,597
License & Weight	-	-	34,706	-	34,706
Airport	346,420	380,512	346,695	-	1,073,627
Total Public Transportation	\$ 383,029	\$ 380,512	\$ 9,375,889	\$ 3,978,922	\$ 14,118,352

Rusk County, Texas  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule By Function and Activity  
 December 31, 2012

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Health and Welfare:					
County Health	\$ -	\$ -	\$ 59,469	\$ -	\$ 59,469
Sanitation	12,165	-	15,872	-	28,037
Total Health and Welfare	\$ 12,165	\$ -	\$ 75,341	\$ -	\$ 87,506
Culture and Recreation:					
Library Complex	\$ 90,580	\$ 915,808	\$ 152,571	\$ -	\$ 1,158,959
Depot/Children's Discovery Center	40,440	173,684	9,450	-	223,574
Community Center	10,500	-	-	-	10,500
Total Culture and Recreation	\$ 141,520	\$ 1,089,492	\$ 162,021	\$ -	\$ 1,393,033
Conservation and Agriculture:					
Agriculture & Home Demo	\$ -	\$ 137,493	\$ 6,637	\$ -	\$ 144,130
Total Conservation and Agriculture	\$ -	\$ 137,493	\$ 6,637	\$ -	\$ 144,130
Total Governmental Funds Capital Assets	\$ 1,032,025	\$ 22,459,097	\$ 12,199,247	\$ 3,978,922	\$ 39,669,291

Rusk County, Texas  
Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes By Function and Activity  
For the Year Ended December 31, 2012

Function and Activity	Beginning Balance			Deductions	Governmental Funds Capital Assets December 31, 2012
	January 1, 2012	Additions			
<b>General Government:</b>					
County Judge	\$ 6,389	\$ -	\$ -	\$ -	\$ 6,389
County Clerk	63,528	-	-	-	63,528
Veteran's Service	42,925	5,758	-	-	48,683
Information Technology	-	28,389	-	-	28,389
Emergency Management	367,868	-	-	-	367,868
Total General Government	\$ 480,710	\$ 34,147	\$ -	\$ -	\$ 514,857
<b>Judicial:</b>					
Justices of the Peace	\$ 251,506	\$ -	\$ -	\$ -	\$ 251,506
District Court	74,790	-	-	-	74,790
Total Judicial	\$ 326,296	\$ -	\$ -	\$ -	\$ 326,296
<b>Legal:</b>					
District Attorney	\$ 17,261	\$ -	\$ -	\$ -	\$ 17,261
Total Legal	\$ 17,261	\$ -	\$ -	\$ -	\$ 17,261
<b>Elections:</b>					
Elections	\$ 103,165	\$ 5,241	\$ -	\$ -	\$ 108,406
Total Elections	\$ 103,165	\$ 5,241	\$ -	\$ -	\$ 108,406
<b>Financial Administration:</b>					
Tax Assessor-Collector	\$ 254,249	\$ -	\$ -	\$ -	\$ 254,249
Total Financial Administration	\$ 254,249	\$ -	\$ -	\$ -	\$ 254,249
<b>Public Facilities:</b>					
Courthouse	\$ 969,878	\$ -	\$ -	\$ -	\$ 969,878
Miscellaneous and Nondepartmental	47,009	30,886	15,872	-	62,023
Total Public Facilities	\$ 1,016,887	\$ 30,886	\$ 15,872	\$ -	\$ 1,031,901
<b>Public Safety:</b>					
Jail	\$ 19,125,694	\$ 607,884	\$ -	\$ -	\$ 19,733,578
Sheriff	1,683,945	135,624	42,369	-	1,777,200
Juvenile Probation	162,522	-	-	-	162,522
Total Public Safety	\$ 20,972,161	\$ 743,508	\$ 42,369	\$ -	\$ 21,673,300
<b>Public Transportation:</b>					
Road & Bridge-Precinct #1	\$ 3,036,062	\$ 78,671	\$ -	\$ -	\$ 3,114,733
Road & Bridge-Precinct #2	3,392,700	264,600	155,471	-	3,501,829
Road & Bridge-Precinct #3	3,396,346	146,038	20,487	-	3,521,897
Road & Bridge-Precinct #4	2,700,730	198,572	59,339	-	2,839,963
Road & Bridge-Miscellaneous	32,063	26,347	26,813	-	31,597
License & Weight	34,706	-	-	-	34,706
Airport	1,009,617	90,287	26,277	-	1,073,627
Total Public Transportation	\$ 13,602,224	\$ 804,515	\$ 288,387	\$ -	\$ 14,118,352

Rusk County, Texas  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes By Function and Activity  
 For the Year Ended December 31, 2012

<u>Function and Activity</u>	<u>Beginning Balance January 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets December 31, 2012</u>
<b>Health and Welfare:</b>				
County Health	\$ 59,469	\$ -	\$ -	\$ 59,469
Sanitation	28,037	-	-	28,037
Total Health and Welfare	<u>\$ 87,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,506</u>
<b>Culture and Recreation:</b>				
Library Complex	\$ 1,158,959	\$ -	\$ -	\$ 1,158,959
Depot/Children's Discovery Center	223,574	-	-	223,574
Community Center	10,500	-	-	10,500
Total Culture and Recreation	<u>\$ 1,393,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,393,033</u>
<b>Conservation and Agriculture:</b>				
Agriculture & Home Demo	\$ 144,130	\$ -	\$ -	\$ 144,130
Total Conservation and Agriculture	<u>\$ 144,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,130</u>
<b>Total Governmental Funds Capital Assets</b>	<u><u>\$ 38,397,622</u></u>	<u><u>\$ 1,618,297</u></u>	<u><u>\$ 346,628</u></u>	<u><u>\$ 39,669,291</u></u>

## Statistical Section

This part of the Rusk County, Texas comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends:</b>	86
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
<b>Revenue Capacity:</b>	92
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	
<b>Debt Capacity:</b>	99
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	
<b>Demographic and Economic Information:</b>	102
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
<b>Operating Information:</b>	104
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Rusk County, Texas  
Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Unaudited)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net Investment in Capital Assets										
Restricted	\$ 11,939,360	\$ 12,149,550	\$ 11,710,141	\$ 10,916,017	\$ 9,633,246	\$ 9,478,303	\$ 8,741,412	\$ 8,572,155	\$ 8,338,723	\$ 8,421,395
Unrestricted	787,396	207,659	120,834	66,838	67,419	67,523	67,855	67,364	67,104	67,274
	19,751,536	18,580,317	17,742,764	16,325,566	14,761,588	12,130,341	9,642,173	6,171,963	4,671,573	3,270,624
Total	\$ 32,478,292	\$ 30,937,526	\$ 29,573,739	\$ 27,308,421	\$ 24,462,253	\$ 21,676,167	\$ 18,451,440	\$ 14,811,482	\$ 13,077,400	\$ 11,759,293

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Rusk County, Texas  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Unaudited)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>										
General Government	\$ 2,569,722	\$ 2,307,567	\$ 2,506,904	\$ 2,713,457	\$ 2,629,527	\$ 2,081,682	\$ 1,826,288	\$ 1,952,106	\$ 1,802,993	\$ 1,480,435
Judicial	2,278,032	2,386,602	2,866,978	2,386,349	2,338,133	2,368,101	1,896,567	1,676,424	1,447,458	1,506,011
Legal	584,071	605,541	531,893	451,559	436,245	417,726	455,225	406,438	395,801	486,624
Elections	238,372	172,758	203,611	193,749	179,431	97,937	80,560	334,280	70,435	18,991
Financial Administration	1,746,186	1,682,757	1,609,417	1,544,309	1,494,900	1,479,778	1,340,043	1,257,994	1,269,395	1,149,264
Public Facilities	756,369	725,521	621,606	700,669	723,640	661,780	568,027	486,702	312,407	371,702
Public Safety	6,244,736	5,828,528	5,494,159	5,574,435	5,003,927	4,657,335	4,288,700	3,918,436	3,814,133	3,844,203
Public Transportation	6,566,057	7,163,046	6,698,275	6,218,959	5,822,623	5,228,719	5,114,677	5,045,892	4,574,982	4,608,024
Health and Welfare	706,938	754,206	754,302	721,634	515,399	483,929	494,215	513,942	561,980	475,535
Culture and Recreation	1,075,540	1,042,855	1,007,038	1,015,949	949,957	844,282	808,096	747,402	715,399	730,653
Conservation	155,805	165,767	136,763	129,663	126,428	119,926	112,891	111,119	103,029	123,681
Interest on Long-Term Debt	534,224	583,919	633,361	664,495	492,486	12,308	10,161	14,199	14,359	21,421
<b>Total Expenses</b>	<b>\$ 23,456,052</b>	<b>\$ 23,419,067</b>	<b>\$ 23,064,307</b>	<b>\$ 22,315,227</b>	<b>\$ 20,712,696</b>	<b>\$ 18,453,503</b>	<b>\$ 16,995,450</b>	<b>\$ 16,464,934</b>	<b>\$ 15,082,371</b>	<b>\$ 14,816,544</b>
<b>Program Revenues</b>										
Charges for Services:										
General Government	\$ 781,522	\$ 589,945	\$ 658,536	\$ 861,162	\$ 1,068,304	\$ 1,021,768	\$ 990,976	\$ 711,924	\$ 502,563	\$ 364,222
Judicial	1,127,809	1,104,447	1,113,590	1,106,935	1,085,376	1,075,400	1,152,629	992,707	988,114	888,810
Legal	58,122	69,742	58,488	87,661	177,602	76,244	111,585	86,883	62,694	31,213
Elections	52,635	37,224	39,114	4,741	9,830	7,151	9,751	-	2,240	590
Financial Administration	1,551,377	1,512,021	1,495,621	1,521,080	1,511,674	1,473,250	1,408,953	1,331,840	1,316,701	1,269,698
Public Facilities	5,000	5,400	5,475	5,400	5,400	5,400	6,290	10,200	10,550	15,028
Public Safety	135,416	137,485	125,535	216,510	505,552	162,139	422,573	219,149	128,075	154,707
Public Transportation	264,019	256,426	188,516	122,550	80,443	56,913	58,480	58,357	35,976	27,497
Health and Welfare	144,323	154,083	138,677	142,840	137,676	120,596	129,823	109,225	114,747	120,209
Culture and Recreation	32,445	28,326	24,427	25,699	26,318	22,363	23,213	13,833	10,134	36,244
Operating Grants and Contributions	854,918	697,592	681,989	621,711	683,055	634,769	586,293	597,317	543,495	626,767
Capital Grants and Contributions	319,926	372,479	267,695	340,246	447,580	165,089	238,182	849,423	359,146	-
<b>Total Program Revenues</b>	<b>\$ 5,327,512</b>	<b>\$ 4,965,170</b>	<b>\$ 4,797,663</b>	<b>\$ 5,056,535</b>	<b>\$ 5,738,810</b>	<b>\$ 4,821,082</b>	<b>\$ 5,138,748</b>	<b>\$ 4,980,858</b>	<b>\$ 4,074,435</b>	<b>\$ 3,534,985</b>
<b>Net (Expense)/Revenue</b>	<b>\$ (18,128,540)</b>	<b>\$ (18,453,897)</b>	<b>\$ (18,266,644)</b>	<b>\$ (17,258,692)</b>	<b>\$ (14,973,886)</b>	<b>\$ (13,632,421)</b>	<b>\$ (11,856,702)</b>	<b>\$ (11,484,076)</b>	<b>\$ (11,007,936)</b>	<b>\$ (11,281,559)</b>

Rusk County, Texas  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Unaudited)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>General Revenues and Other Changes in Net Position</b>										
Property Taxes	\$ 18,968,825	\$ 19,071,911	\$ 19,057,736	\$ 18,535,575	\$ 15,132,007	\$ 14,080,905	\$ 13,335,898	\$ 12,302,091	\$ 11,622,416	\$ 10,462,873
Other Taxes	11,451	11,207	10,476	8,638	5,585	4,319	3,356	3,591	4,396	3,208
Grants and Contributions not Restricted to Specific Programs	-	-	-	-	9,170	11,567	28,602	20,922	15,902	39,143
Miscellaneous	583,411	967,619	1,463,750	1,560,647	2,613,210	2,334,946	1,901,890	827,948	514,001	275,775
Gain (Loss) on Sales of Assets	105,619	-	-	-	-	425,411	226,914	63,606	169,328	51,645
<b>Total General Revenues and Other Changes in Net Position</b>	<b>\$ 19,669,306</b>	<b>\$ 20,050,737</b>	<b>\$ 20,531,962</b>	<b>\$ 20,104,860</b>	<b>\$ 17,759,972</b>	<b>\$ 16,857,148</b>	<b>\$ 15,496,660</b>	<b>\$ 13,218,158</b>	<b>\$ 12,326,043</b>	<b>\$ 10,832,644</b>
<b>Change in Net Position</b>	<b>\$ 1,540,766</b>	<b>\$ 1,596,840</b>	<b>\$ 2,265,318</b>	<b>\$ 2,846,168</b>	<b>\$ 2,786,086</b>	<b>\$ 3,224,727</b>	<b>\$ 3,639,958</b>	<b>\$ 1,734,082</b>	<b>\$ 1,318,107</b>	<b>\$ (448,915)</b>

Rusk County, Texas  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>General Fund</b>										
Nonspendable	\$ 86,895	\$ 92,152	\$ 73,843	\$ 90,602	\$ 79,820	\$ 4,275	\$ 16,623	\$ 240	\$ 302,650	\$ 140,500
Unassigned	11,010,688	9,499,518	8,072,463	6,875,744	5,634,509	4,799,510	3,943,171	3,273,291	2,504,893	1,800,189
<b>Total General Fund</b>	<b>\$11,097,583</b>	<b>\$ 9,591,670</b>	<b>\$ 8,146,306</b>	<b>\$ 6,966,346</b>	<b>\$ 5,714,329</b>	<b>\$ 4,803,785</b>	<b>\$ 3,959,794</b>	<b>\$ 3,273,531</b>	<b>\$ 2,807,543</b>	<b>\$ 1,940,689</b>
<b>All Other Governmental Funds</b>										
Nonspendable, Reported in:										
Special Revenue Funds	\$ -	\$ 48,720	\$ 12,260	\$ 8,985	\$ -	\$ -	\$ -	\$ -	\$ 115,000	\$ 115,000
Permanent Funds	66,451	66,451	66,451	66,451	66,451	66,451	66,451	66,451	66,451	66,451
Restricted, Reported in:										
Special Revenue Funds	8,083,003	7,769,821	7,813,776	7,549,788	7,384,782	5,563,834	4,005,489	1,627,775	1,400,428	1,167,089
Debt Service Fund	880,091	312,870	251,165	142,908	884	-	-	-	-	-
Capital Projects Funds	-	1,110,222	2,934,601	11,936,646	15,744,608	-	-	-	-	-
Permanent Funds	1,097	686	580	387	968	1,072	1,404	1,913	653	823
<b>Total All Other Governmental Funds</b>	<b>\$ 9,030,642</b>	<b>\$ 9,308,770</b>	<b>\$11,078,833</b>	<b>\$19,705,165</b>	<b>\$23,197,693</b>	<b>\$ 5,631,357</b>	<b>\$ 4,073,344</b>	<b>\$ 1,696,139</b>	<b>\$ 1,582,532</b>	<b>\$ 1,349,363</b>

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Rusk County, Texas  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues</b>										
Ad Valorem Taxes	\$18,910,131	\$19,023,149	\$19,011,462	\$18,483,518	\$15,163,551	\$13,977,056	\$13,315,559	\$12,309,066	\$11,593,630	\$10,502,080
Other Taxes	11,451	11,207	10,476	8,638	5,585	4,319	3,356	3,591	4,396	3,208
Intergovernmental	1,161,196	1,054,635	935,008	940,457	1,138,807	811,424	827,526	1,454,162	908,352	637,453
Fees	3,218,023	2,961,380	2,933,010	3,107,887	3,229,850	3,079,213	3,016,242	2,631,281	2,378,869	2,168,816
Fines and Forfeitures	895,756	911,127	890,196	981,638	1,363,094	929,460	1,281,991	892,637	772,195	700,921
Miscellaneous	780,753	1,227,452	1,454,803	1,540,018	2,735,338	2,281,376	1,908,193	828,158	532,897	364,294
<b>Total Revenues</b>	<b>\$24,977,310</b>	<b>\$25,188,950</b>	<b>\$25,234,955</b>	<b>\$25,062,156</b>	<b>\$23,636,225</b>	<b>\$21,082,848</b>	<b>\$20,352,867</b>	<b>\$18,118,895</b>	<b>\$16,190,339</b>	<b>\$14,376,772</b>
<b>Expenditures</b>										
General Government	\$ 1,366,604	\$ 1,315,372	\$ 1,320,775	\$ 1,434,205	\$ 1,269,771	\$ 1,403,768	\$ 1,179,689	\$ 1,205,227	\$ 1,047,391	\$ 995,298
Judicial	2,217,680	2,356,730	2,856,259	2,368,772	2,324,660	2,325,883	1,919,442	1,729,395	1,473,119	1,484,271
Legal	571,069	598,231	541,061	448,985	432,977	413,165	456,772	423,476	404,533	480,528
Elections	228,494	166,254	198,470	187,089	167,604	87,272	54,858	22,054	70,694	18,753
Financial Administration	1,712,623	1,663,473	1,610,118	1,549,434	1,492,757	1,453,794	1,355,470	1,286,558	1,272,837	1,127,698
Public Facilities	737,373	707,359	608,590	685,269	706,639	436,613	570,130	466,374	286,237	341,882
Public Safety	5,628,597	5,453,515	5,227,551	5,379,212	4,830,771	4,438,630	4,141,149	3,861,775	3,708,318	3,566,604
Public Transportation	5,529,201	5,952,718	5,708,918	5,329,084	5,038,624	4,542,911	4,347,018	4,402,660	3,936,295	3,874,593
Health and Welfare	693,254	742,309	736,447	625,991	512,278	478,534	497,290	520,599	565,095	464,114
Culture and Recreation	1,003,019	981,557	972,016	950,790	882,939	762,599	757,843	711,579	677,729	644,597
Conservation	151,287	159,044	133,084	126,541	122,434	114,160	111,077	104,305	96,905	114,006
Nondepartmental	797,225	641,844	551,515	853,377	792,204	571,561	589,550	527,348	502,085	465,920
Capital Outlay	1,617,263	3,278,808	10,720,338	5,855,945	2,175,557	2,318,290	1,812,285	1,912,819	1,381,416	893,167
Debt Service:										
Principal	936,202	904,018	871,948	852,935	79,327	123,929	83,249	79,977	220,775	93,649
Interest	559,634	592,417	624,237	655,038	232,311	12,308	10,161	14,199	21,190	23,354
Debt Issuance Cost	-	-	-	-	302,293	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$23,749,525</b>	<b>\$25,513,649</b>	<b>\$32,681,327</b>	<b>\$27,302,667</b>	<b>\$21,363,146</b>	<b>\$19,483,417</b>	<b>\$17,885,983</b>	<b>\$17,268,345</b>	<b>\$15,664,619</b>	<b>\$14,588,434</b>

Rusk County, Texas  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Excess of Revenues Over/(Under) Expenditures</b>	\$ 1,227,785	\$ (324,699)	\$ (7,446,372)	\$ (2,240,511)	\$ 2,273,079	\$ 1,599,431	\$ 2,466,884	\$ 850,550	\$ 525,720	\$ (211,662)
<b>Other Financing Sources/(Uses)</b>										
Transfers in	\$ 685,643	\$ 115,000	\$ 360,000	\$ 355,000	\$ 575,000	\$ 345,000	\$ 495,000	\$ 227,000	\$ 307,358	\$ 157,358
Transfers out	(685,643)	(115,000)	(360,000)	(355,000)	(575,000)	(345,000)	(495,000)	(644,500)	(307,358)	(157,358)
Certificates of Obligation Issued	-	-	-	-	16,000,000	-	-	-	-	-
Premium on Certificates of Obligation	-	-	-	-	203,801	-	222,570	-	123,528	73,080
Capital Leases	-	-	-	-	-	-	375,014	145,545	450,775	-
Sale of Capital Assets	-	-	-	-	-	802,573	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	\$ -	\$ -	\$ -	\$ -	\$ 16,203,801	\$ 802,573	\$ 597,584	\$ (271,955)	\$ 574,303	\$ 73,080
<b>Net Changes in Fund Balances</b>	\$ 1,227,785	\$ (324,699)	\$ (7,446,372)	\$ (2,240,511)	\$ 18,476,880	\$ 2,402,004	\$ 3,064,468	\$ 578,595	\$ 1,100,023	\$ (138,582)
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	6.75%	6.70%	6.75%	6.91%	1.60%	0.78%	0.57%	0.59%	1.66%	0.84%

Rusk County, Texas  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Tax Roll Years  
(amounts expressed in thousands)  
(Unaudited)

<u>Tax Roll Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less Exemptions</u>	<u>Total Assessed</u>	<u>Estimated Actual Value</u>	<u>Ratio of Assessed Value to Total Estimated Actual Value</u>	<u>Total Direct Tax Rate</u>
2003	\$ 1,614,564	\$ 1,892,965	\$ 986,405	\$ 2,521,124	\$ 3,507,529	71.88%	\$ 0.48240
2004	1,752,399	2,198,331	1,087,782	2,862,948	3,950,730	72.47	0.45000
2005	1,918,480	2,521,813	1,157,626	3,282,667	4,440,293	73.93	0.42250
2006	1,850,212	3,316,673	1,205,890	3,960,995	5,166,885	76.66	0.36700
2007	2,083,209	3,721,462	1,360,681	4,443,990	5,804,671	76.56	0.35890
2008	2,592,739	4,412,925	1,854,401	5,151,263	7,005,664	73.53	0.36760
2009	2,583,800	4,493,701	1,788,132	5,289,369	7,077,501	74.73	0.37200
2010	2,617,946	4,205,464	1,797,793	5,025,617	6,823,410	73.65	0.39750
2011	2,650,132	3,637,093	1,685,788	4,601,437	6,287,225	73.19	0.44170
2012	2,674,978	3,398,576	1,638,860	4,434,694	6,073,554	73.02	0.46908

Notes: Exemptions from tax are provided for:

- Residential Homesteads: Regular, Over 65 and Disabled
- Disabled Veterans
- Homestead Cap Loss
- Special Valuations: Ag, Timber, Wildlife Use
- TCEQ: Pollution Control
- Abatements
- Freeport

Tax Rates are per \$100 of assessed valuation and levied on October 1 of the year indicated.

Source: Rusk County Appraisal District

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Rusk County, Texas  
Direct and Overlapping Property Tax Rates  
Last Ten Tax Roll Years  
(Amounts expressed per \$100 of Assessed Valuation)  
(Unaudited)

<u>Name of Government</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Rusk County, Texas										
Operating	\$0.30600	\$0.28810	\$0.25780	\$0.24020	\$0.23400	\$0.24850	\$0.24600	\$0.28300	\$0.30000	\$0.33130
Debt Service	0.03468	0.03180	0.02980	0.02900	0.03080	0.00000	0.00000	0.00000	0.00000	0.00000
County School	0.02100	0.02100	0.01910	0.01780	0.01780	0.02040	0.02240	0.02650	0.03000	0.03000
Farm to Market	0.05640	0.05380	0.04880	0.04500	0.04500	0.05000	0.05860	0.07300	0.04000	0.04000
Special Roads	0.05100	0.04700	0.04200	0.04000	0.04000	0.04000	0.04000	0.04000	0.08000	0.08110
Total Rate	<u>\$0.46908</u>	<u>\$0.44170</u>	<u>\$0.39750</u>	<u>\$0.37200</u>	<u>\$0.36760</u>	<u>\$0.35890</u>	<u>\$0.36700</u>	<u>\$0.42250</u>	<u>\$0.45000</u>	<u>\$0.48240</u>
City of Henderson, Texas										
Operating	\$0.42960	\$0.41540	\$0.43860	\$0.43690	\$0.42900	\$0.44550	\$0.39040	\$0.40670	\$0.35770	\$0.37720
Debt Service	0.09210	0.10630	0.08310	0.08480	0.09270	0.07620	0.13130	0.11500	0.16400	0.14450
Total Rate	<u>\$0.52170</u>									
City of New London, Texas										
Operating	\$0.51095	\$0.63481	\$0.63481	\$0.75130	\$0.60523	\$0.71182	\$0.71795	\$0.76000	\$0.87293	\$0.88406
Total Rate	<u>\$0.51095</u>	<u>\$0.63481</u>	<u>\$0.63481</u>	<u>\$0.75130</u>	<u>\$0.60523</u>	<u>\$0.71182</u>	<u>\$0.71795</u>	<u>\$0.76000</u>	<u>\$0.87293</u>	<u>\$0.88406</u>
City of Kilgore, Texas										
Operating	\$0.34971	\$0.34765	\$0.33680	\$0.33680	\$0.34127	\$0.42927	\$0.47170	\$0.49133	\$0.47965	\$0.47770
Debt Service	0.05029	0.05179	0.05557	0.05557	0.05873	0.03073	0.03573	0.03360	0.04528	0.04723
Total Rate	<u>\$0.40000</u>	<u>\$0.39944</u>	<u>\$0.39237</u>	<u>\$0.39237</u>	<u>\$0.40000</u>	<u>\$0.46000</u>	<u>\$0.50743</u>	<u>\$0.52493</u>	<u>\$0.52493</u>	<u>\$0.52493</u>
City of Overton, Texas										
Operating	\$0.41735	\$0.39781	\$0.38090	\$0.38090	\$0.38090	\$0.38329	\$0.37770	\$0.41020	\$0.41472	\$0.49425
Debt Service	0.15415	0.17872	0.17500	0.17500	0.17500	0.19710	0.21990	0.20170	0.21780	0.16984
Total Rate	<u>\$0.57150</u>	<u>\$0.57653</u>	<u>\$0.55590</u>	<u>\$0.55590</u>	<u>\$0.55590</u>	<u>\$0.58039</u>	<u>\$0.59760</u>	<u>\$0.61190</u>	<u>\$0.63252</u>	<u>\$0.66409</u>
City of Tatum, Texas										
Operating	\$0.30596	\$0.31851	\$0.31943	\$0.33577	\$0.33702	\$0.34338	\$0.36144	\$0.41870	\$0.41360	\$0.42780
Debt Service	0.00000	0.00000	0.00000	0.00000	0.00000	0.02747	0.00000	0.00000	0.00000	0.00000
Total Rate	<u>\$0.30596</u>	<u>\$0.31851</u>	<u>\$0.31943</u>	<u>\$0.33577</u>	<u>\$0.33702</u>	<u>\$0.37085</u>	<u>\$0.36144</u>	<u>\$0.41870</u>	<u>\$0.41360</u>	<u>\$0.42780</u>

Rusk County, Texas  
Direct and Overlapping Property Tax Rates  
Last Ten Tax Roll Years  
(Amounts expressed per \$100 of Assessed Valuation)  
(Unaudited)

<u>Name of Government</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Henderson ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.37000	\$1.50000	\$1.50000	\$1.50000
Debt Service	0.14000	0.14000	0.14000	0.14000	0.14000	0.14000	0.09100	0.10000	0.10000	0.10000
Total Rate	\$1.18000	\$1.18000	\$1.18000	\$1.18000	\$1.18000	\$1.18000	\$1.46100	\$1.60000	\$1.60000	\$1.60000
Laneville ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.04000	\$1.04000	\$1.37000	\$1.50000	\$1.50000	\$1.50000
Total Rate	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.04000	\$1.04000	\$1.37000	\$1.50000	\$1.50000	\$1.50000
Leverett's Chapel ISD										
Operating	\$1.17000	\$1.22180	\$1.25180	\$1.25180	\$1.25180	\$1.25180	\$1.47880	\$1.50000	\$1.64470	\$1.65190
Debt Service	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.12270	0.00000	0.00000
Total Rate	\$1.17000	\$1.22180	\$1.25180	\$1.25180	\$1.25180	\$1.25180	\$1.47880	\$1.62270	\$1.64470	\$1.65190
Mt. Enterprise ISD										
Operating	\$1.17000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.37000	\$1.50000	\$1.50000	\$1.30000
Debt Service	0.04360	0.17360	0.16270	0.09798	0.16650	0.16000	0.00000	0.00000	0.00000	0.15000
Total Rate	\$1.21360	\$1.21360	\$1.20270	\$1.13798	\$1.20650	\$1.20000	\$1.37000	\$1.50000	\$1.50000	\$1.45000
Overton ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.37000	\$1.50000	\$1.50000	\$1.50000
Debt Service	0.44900	0.46430	0.44000	0.40000	0.14100	0.15000	0.15000	0.09000	0.09000	0.11000
Total Rate	\$1.48900	\$1.50430	\$1.48000	\$1.44000	\$1.18100	\$1.19000	\$1.52000	\$1.59000	\$1.59000	\$1.61000
Tatum ISD										
Operating	\$0.85500	\$0.76000	\$0.92890	\$0.76000	\$0.75000	\$0.75000	\$1.21900	\$1.33000	\$1.30000	\$1.47000
Debt Service	0.31500	0.28000	0.11110	0.28000	0.29000	0.29000	0.15100	0.23840	0.26800	0.00000
Total Rate	\$1.17000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.37000	\$1.56840	\$1.56800	\$1.47000



Rusk County, Texas  
Direct and Overlapping Property Tax Rates  
Last Ten Tax Roll Years  
(Amounts expressed per \$100 of Assessed Valuation)  
(Unaudited)

<u>Name of Government</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Garrison ISD										
Operating	\$1.02200	\$1.02200	\$1.02200	\$1.02200	\$1.02200	\$0.99378	\$1.25477	\$1.37000	\$1.37000	\$1.36620
Debt Service	<u>0.07312</u>	<u>0.07340</u>	<u>0.06700</u>	<u>0.05044</u>	<u>0.04796</u>	<u>0.06196</u>	<u>0.05416</u>	<u>0.05180</u>	<u>0.06000</u>	<u>0.06580</u>
Total Rate	\$1.09512	\$1.09540	\$1.08900	\$1.07244	\$1.06996	\$1.05574	\$1.30893	\$1.42180	\$1.43000	\$1.43200
Cushing ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.50000	\$1.50000	\$1.50000	\$1.50000
Debt Service	<u>0.26000</u>	<u>0.26000</u>	<u>0.24000</u>	<u>0.24000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Total Rate	\$1.30000	\$1.30000	\$1.28000	\$1.28000	\$1.04000	\$1.04000	\$1.50000	\$1.50000	\$1.50000	\$1.50000
Total	<u>\$18.07261</u>	<u>\$17.92349</u>	<u>\$17.36791</u>	<u>\$17.38016</u>	<u>\$16.66221</u>	<u>\$17.17410</u>	<u>\$20.67915</u>	<u>\$22.24223</u>	<u>\$22.19978</u>	<u>\$22.86718</u>

Rusk County, Texas  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)

Taxpayer	Type of Business	2012 Assessed		2003 Assessed		Percentage of Total Assessed Valuation
		Rank	Valuation	Rank	Valuation	
Luminant Generation Co. LP	Electric Generating	1	\$ 921,695,500	1	\$ 840,962,160	33.36%
Tenaska Gateway Partners	Electric Generating	2	118,291,440	3	44,947,200	1.78
NFR Energy, LLC	Pipelines	3	99,087,850			
Luminant Mining Co.	Lease Equipment	4	83,023,990	6	25,032,770	0.99
Basa Resources	Minerals	5	70,302,440			-
Energy Transfer Fuel Company	Utility	6	57,197,930			-
Cabot Oil & Gas Corp	Minerals	7	54,492,170			-
Houston Pipe Line Company	Utility	8	52,529,640			-
Sampson Lone Star LP	Minerals	9	46,721,100	2	81,151,620	3.22
Anadarko E&P Co. LP	Utility	10	41,410,260	5	32,792,310	-
Verado Energy	Minerals		-	4	35,893,910	1.42
Oncor Electric Delivery Company	Transmission Lines		-	7	22,166,640	0.88
E Exxon Corporation	Oil & Gas		-	8	19,521,200	0.77
AEP Southwestern Electric	Generating Plant		-	9	19,219,360	0.76
Boral Bricks - Henderson Div	Brick Plant		-	10	17,843,390	0.71
<b>Total</b>			<b>\$1,544,752,320</b>		<b>\$1,139,530,560</b>	<b>45.82%</b>

Source: Rusk County Appraisal District

Rusk County, Texas  
Property Tax Levies and Collections  
Last Ten Tax Roll Years  
(Unaudited)

<u>Tax Roll Year</u>	<u>(1) Tax Levy</u>	<u>Current Tax Collections</u>	<u>(2) Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>(2) Ratio of Total Tax Collections To Total Tax Levy</u>	<u>(3)/(4) Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Tax Levy</u>
2003	\$ 11,425,969	\$ 11,000,087	96.27%	\$ 387,282	\$ 11,387,369	99.66%	\$ 38,600	0.34%
2004	12,090,828	11,726,513	96.99	321,164	12,047,677	99.64	43,151	0.36
2005	13,160,269	12,751,042	96.89	356,902	13,107,944	99.60	52,325	0.40
2006	13,839,701	13,359,094	96.53	419,268	13,778,362	99.56	61,339	0.44
2007	15,044,447	14,603,202	97.07	357,223	14,960,425	99.44	84,022	0.56
2008	18,300,645	17,763,509	97.06	403,420	18,166,929	99.27	133,716	0.73
2009	18,750,333	18,183,297	96.98	406,978	18,590,275	99.15	160,058	0.85
2010	18,787,026	18,275,059	97.27	306,992	18,582,051	98.91	204,975	1.09
2011	18,948,333	18,014,651	95.07	589,287	18,603,938	98.18	344,395	1.82
2012	19,400,068	9,960,655	51.34	N/A	9,960,655	51.34	N/A	N/A

- (1) Years 2003 through 2011 represent adjusted tax levy and year 2012 represents original tax levy, as adjustments are not complete until the end of the tax roll year June 30, 2013, which will occur during the next fiscal year.
- (2) 2012 percentage of collections and total collections is lower than other years because the 2012 tax roll is still in process of being collected.
- (3) Outstanding delinquent taxes represent the balance of each tax roll year as of December 31, 2012.
- (4) 2012 uncollected taxes are not delinquent until July 1, 2013.

Rusk County, Texas  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	General Bonded Debt			(2)			Other Governmental Activities Debt			(3)
	(1) Certificates of Obligation	Less: Resources held which are Restricted to Paying Principal	Net Certificates of Obligation	Percentage of Assessed Value of Taxable Property	(3) Per Capita	(1) Capital Leases	Total Governmental Activities	Percentage of Personal Income	(3) Per Capita	
2003	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 401,262	\$ 401,262	0.04%	\$ 8	
2004	-	-	-	0.00%	-	304,015	304,015	0.03%	6	
2005	-	-	-	0.00%	-	224,038	224,038	0.02%	5	
2006	-	-	-	0.00%	-	363,359	363,359	0.03%	8	
2007	-	-	-	0.00%	-	239,430	239,430	0.02%	5	
2008	16,000,000	-	16,000,000	0.31%	327	160,103	16,160,103	1.17%	330	
2009	15,190,000	-	15,190,000	0.29%	309	117,168	15,307,168	0.99%	311	
2010	14,355,000	53,803	14,301,197	0.28%	268	80,220	14,381,417	0.97%	270	
2011	13,490,000	140,522	13,349,478	0.29%	249	41,202	13,390,680	0.86%	249	
2012	12,595,000	719,849	11,875,151	0.27%	220	-	11,875,151	0.72%	220	

Note: Details about the County's outstanding debt can be found in the Notes to the Financial Statements.

- (1) The County issued \$16,000,000 of certificates of obligation in 2008.
- (2) Assessed valuation of taxable property can be found on Table 5.
- (3) Population and personal income data can be found on Table 12.

Rusk County, Texas  
Direct and Overlapping Governmental Activities Debt  
December 31, 2012  
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Cities:			
City of Henderson, Texas	\$ 4,536,650	100.00%	\$ 4,536,650
City of Kilgore, Texas	5,950,000	13.33	793,135
City of Overton, Texas	262,945	89.29	234,784
Total Cities			<u>\$ 5,564,569</u>
Independent School Districts:			
Henderson	25,014,543	100.00%	\$ 25,014,543
Overton	9,255,267	100.00	9,255,267
Mt. Enterprise	2,775,000	100.00	2,775,000
Kilgore	50,650,000	31.69	16,050,985
Rusk	4,235,000	3.92	166,012
Tatum	31,295,375	94.75	29,652,368
West Rusk	20,365,000	100.00	20,365,000
Garrison	2,010,000	12.06	242,406
Carlisle	10,368,712	78.15	8,103,148
Total Independent School Districts			<u>\$ 111,624,729</u>
Subtotal, Overlapping Debt			\$ 117,189,298
Total Direct Debt			<u>12,595,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 129,784,298</u></u>

Note: Percentage of overlap is based on each entity's respective land area located within Rusk County.

Sources:

- (1) Respective entities and independent auditors of respective entities.
- (2) Texas Municipal Reports

Rusk County, Texas  
 Legal Debt Margin Information  
 Last Ten Property Tax Years  
 (amounts expressed in thousands)  
 (Unaudited)

<u>Property Tax Year</u>	(1) Assessed Value of Taxable Property	(2) Debt Limit	(3) Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2003	\$ 2,521,124	\$ 630,281	\$ 401	\$ 629,880	6.37%
2004	2,862,948	715,737	304	715,433	0.04
2005	3,282,667	820,667	224	820,443	0.03
2006	3,960,995	990,249	363	989,885	0.04
2007	4,443,990	1,110,998	239	1,110,758	0.02
2008	5,151,263	1,287,816	16,160	1,271,656	1.25
2009	5,289,369	1,322,342	15,307	1,307,035	1.16
2010	5,025,617	1,256,404	14,435	1,241,969	1.15
2011	4,601,437	1,150,359	13,531	1,136,828	1.18
2012	4,434,694	1,108,674	12,595	1,096,079	1.14

(1) Assessed valuation of taxable property can be found on Table 5.

(2) 25% of assessed value of real property (Article 3, Section 52, Constitution of the State of Texas)

(3) Debt outstanding can be found on Table 9

Rusk County, Texas  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Personal Income (thousands of dollars)</u>	<u>(2) Per Capita Income</u>	<u>(3) Median Age</u>	<u>(4) School Average Daily Attendance</u>	<u>(5) Unemployment Rate Percentage</u>
2003	47,302	\$ 1,051,632	\$ 21,798	38.1	6,873	6.8%
2004	47,537	1,081,972	22,290	38.1	6,905	5.7
2005	47,666	1,109,935	22,578	38.3	6,876	5.2
2006	47,974	1,171,251	23,565	38.4	6,974	4.7
2007	48,450	1,261,128	25,015	38.4	7,046	4.2
2008	48,949	1,385,771	27,025	38.4	7,083	4.4
2009	49,180	1,541,594	29,535	38.4	7,118	8.6
2010	53,330	1,480,892	28,048	38.1	7,144	7.3
2011	53,689	1,550,169	29,033	38.1	7,296	6.0
2012	54,026	1,656,894	30,821	38.1	7,369	5.5

Sources:

- (1) U.S. Census Bureau
- (2) Bureau of Economic Analysis, U.S. Department of Commerce. Figures are for the prior calendar year.
- (3) U.S. Census Bureau Fact Sheet
- (4) All Independent School Districts - Rusk County
- (5) www.tracer2.com - Labor Force Statistics for Texas Counties

Rusk County, Texas  
Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)

<u>Employer</u>	<u>2012</u>			<u>2003 (*)</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Luminant Generation Co. LP	896	1	3.55%	(*)	(*)	(*)
Henderson ISD	580	2	2.29%	(*)	(*)	(*)
East Texas ISF/MTC	500	3	1.98%	(*)	(*)	(*)
ETMC of Henderson	400	4	1.58%	(*)	(*)	(*)
Wal-Mart Super Center	350	5	1.38%	(*)	(*)	(*)
Sadler's Bar-B-Que Sales	325	6	1.29%	(*)	(*)	(*)
Bradshaw State Jail	307	7	1.21%	(*)	(*)	(*)
Rusk County	250	8	0.99%	(*)	(*)	(*)
Pioneer Drilling	240	9	0.95%	(*)	(*)	(*)
Panel Truss	180	10	0.71%	(*)	(*)	(*)
Total	<u>4,028</u>		<u>15.94%</u>	<u>(*)</u>		<u>(*)</u>

(\*) - Indicates that the information is not presently available.

Source: Henderson Area Chamber of Commerce

Rusk County, Texas  
Full-time County Governmental Employees by Function  
Last seven Fiscal Years  
(Unaudited)

<u>Function</u>	<u>As of December 31,</u>						
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government	18	19	18	20	18	17	17
Judicial	32	32	32	32	32	29	29
Legal	8	8	7	6	6	6	6
Elections	2	2	2	2	2	1	-
Financial Administration	19	19	18	19	18	18	18
Public Facilities	4	4	5	5	4	4	3
Public Safety	83	83	79	71	75	73	73
Public Transportation	60	60	59	63	57	56	55
Health and Welfare	3	3	2	2	1	2	2
Culture and Recreation	14	14	14	14	14	12	12
Conservation	4	4	4	4	4	4	4
Total	247	248	240	238	231	222	219

Source: County employment records.

Notes:

Prior to the implementation of GASB Statement No. 44, this information was not presented by the County. The County elects not to report the information retroactively.

Rusk County, Texas  
Operating Indicators by Function  
Last seven Fiscal Years  
(Unaudited)

<u>Function</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Judicial</b>							
Cases Filed:							
District Court:							
Civil	450	470	560	565	456	798	602
Criminal	370	397	439	452	512	537	326
County Court-at-Law	1,236	839	863	937	925	666	665
Convictions:							
District Court	222	204	204	235	246	275	471
County Court-at-Law	430	348	379	380	286	261	169
<b>Elections</b>							
Registered Voters	30,880	29,772	29,118	30,229	31,891	30,026	29,618
<b>Public Safety</b>							
Arrests	2,527	1,945	1,849	1,829	1,742	1,745	1,849
Prisoner Days	37,905	32,933	31,849	34,007	31,353	30,753	25,140
<b>Culture and Recreation</b>							
Library Circulation	280,155	129,018	118,071	391,770	318,406	273,220	157,777
Library Attendance	9,862	9,441	10,198	8,017	7,898	7,190	5,639
Museum Attendance	26,413	23,180	20,486	24,218	19,552	17,486	16,343

**Note:**

Prior to the implementation of GASB Statement No. 44, this information was not presented by the County. The County elects not to report the information retroactively.

Rusk County, Texas  
Capital Asset Statistics by Function  
Last seven Fiscal Years  
(Unaudited)

<u>Function</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Judicial</b>							
Number of Justices of the Peace offices	5	5	5	5	5	5	5
<b>Elections</b>							
Number of voting boxes	22	22	22	22	22	22	22
<b>Public Safety</b>							
Number of Jails	1	1	1	1	1	1	1
Jail Capacity	292	292	96	96	96	96	96
<b>Public Transportation</b>							
Number of Precincts	4	4	4	4	4	4	4
Road Miles	1,102	1,102	1,102	1,102	1,102	1,102	1,102
Bridges	109	109	109	109	109	109	109
Number of Airports	1	1	1	1	1	1	1
Number of Runways	2	2	2	2	2	2	2
<b>Health and Welfare</b>							
Number of Collection sites	6	6	6	6	6	6	6
<b>Culture and Recreation</b>							
Number of Libraries	4	4	4	4	4	4	4
Number of Museums	1	1	1	1	1	1	1
Number of Community Centers	2	2	2	2	2	2	2

Note:

Prior to the implementation of GASB Statement No. 44, this information was not presented by the County. The County elects not to report the information retroactively.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

June 6, 2013

Rusk County Commissioners' Court  
Rusk County, Texas

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas, ("County") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 6, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit, 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

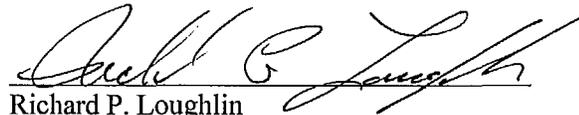
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

MEMBER

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Richard P. Loughlin  
Certified Public Accountant



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

June 6, 2013

Rusk County Commissioners' Court  
Rusk County, Texas

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

We have audited Rusk County, Texas' ("County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 December 31, 2012.

**MEMBER**

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item F2012-1. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

## 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 a major federal program in order 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Richard P. Loughlin  
Certified Public Accountant

Rusk County, Texas  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2012

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Passed through Texas Department of Agriculture:			
Community Development Block Grant	14.228	711056	\$ 39,125
Community Development Block Grant	14.228	712026	10,300
Community Development Block Grant	14.228	710629	209,512
Total U.S. Department of Housing and Urban Development			<u>\$ 258,937</u>
<u>U.S. Department of Homeland Security:</u>			
Passed through Texas Division of Emergency Management:			
2010 Homeland Security Grant Program (SHSP)	97.073	10-SR-48401-01	\$ 8,142
2010 Homeland Security Grant Program (CCP)	97.053	10-SR-48401-01	4,715
2011 Homeland Security Grant Program (SHSP)	97.073	11-SR-48401-01	24,990
2011 Homeland Security Grant Program (CCP)	97.053	11-SR-48401-02	1,689
Disaster Assistance	97.036	FEMA-4029-DR-TX	257,486
Total U.S. Department of Homeland Security			<u>\$ 297,022</u>
<u>U.S. Department of Transportation</u>			
Passed through Texas Department of Transportation:			
Airport Improvement Program	20.106	M010HNDRS	\$ 17,202
Total U.S. Department of Transportation			<u>\$ 17,202</u>
Total Federal Financial Assistance			<u>\$ 573,161</u>

Rusk County, Texas  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2012

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**Notes to Schedule of Expenditures of Federal Awards:**

The Schedule of Expenditures of Federal Awards is a summary of the activity of the County's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

The modified accrual basis of accounting is used for the Governmental Fund Types. The County uses Governmental Fund Types (General Fund and Special Revenue Funds) to account for federal grant awards received. The modified accrual 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Rusk County, Texas  
 Schedule of Expenditures of State Awards  
 For the Year Ended December 31, 2012

<u>Grantor/Program Title</u>	<u>Grantor's Number</u>	<u>Program Expenditures</u>
Texas Juvenile Probation Commission:		
Juvenile Probation Services-State Aid	TJPC-A-2012-201	\$ 229,533
Juvenile Probation Services-State Aid	TJPC-A-2013-201	134,656
Juvenile Probation Services-Commitment Reduction	TJPC-C-2012-201	17,480
Juvenile Probation Services-Commitment Reduction	TJPC-C-2013-201	2,981
Total Texas Juvenile Probation Commission		<u>\$ 384,650</u>
Texas Task Force on Indigent Defense:		
Indigent Defense Services Grant	212-12-201	\$ 40,723
Total Texas Task Force on Indigent Defense		<u>\$ 40,723</u>
Texas Department of State Health Services		
RLSS-Local Public Health System	2011-036593-001	\$ 9,000
RLSS-Local Public Health System	2012-039500-001	33,693
RLSS-Local Public Health System	2013-041473-001	16,244
Total Texas Department of State Health Services		<u>\$ 58,937</u>
Total State Financial Assistance		<u>\$ 484,310</u>

Rusk County, Texas  
Schedule of Expenditures of State Awards  
For the Year Ended December 31, 2012

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**Notes to Schedule of Expenditures of State Awards:**

The Schedule of Expenditures of State Awards is a summary of the activity of the County's State award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

The modified accrual basis of accounting is used for the Governmental Fund Types. The County uses Governmental Fund Types (General Fund and Special Revenue Funds) to account for State grant awards received. The modified accrual 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Rusk County, Texas  
 Summary of Auditor's Results and  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2012

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?        Yes   X   No

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

Noncompliance material to financial statements noted?        Yes   X   No

2. Federal Awards

Internal control over major programs:

Material weaknesses identified?        Yes   X   No

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?   X   Yes        No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant
97.053/97.073	Homeland Security Grant Cluster

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?        Yes   X   No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

F2012-1 - Cash Management

Criteria: OMB's Compliance Supplement requires grantees that receive advance payments expend those funds as soon as possible after receipt.

Rusk County, Texas  
Summary of Auditor's Results and  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2012

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Condition: The County received an advance payment from the State of Texas for its Community Development Block Grant Program Contract #712026 on November 21, 2012 and the funds were not paid to the vendor until December 26, 2012.

Cause: The County was unaware that the direct deposit was made to its bank account on November 21, 2012 until the November statement was reconciled in mid-December.

Effect or Possible Effect: Noncompliance with the provisions of the OMB Compliance Supplement.

Rusk County, Texas  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2012

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Not applicable for the year ended December 31, 2012.

Rusk County, Texas  
Corrective Action Plan  
For the Year Ended December 31, 2012

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F2012-1 - Cash Management

The County will be more diligent when monitoring direct deposits of its federal financial assistance to insure funds are disbursed to vendors on a timely basis.