

RUSK COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

Prepared by:
County Auditor

Rusk County, Texas
Comprehensive Annual Financial Report
For the Year Ended December 31, 2016

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COUNTY AUDITOR
Ronald Moody



RUSK COUNTY COURTHOUSE
115 N. MAIN ST. SUITE 103
HENDERSON, TEXAS 75652
903-657-0307

June 20, 2017

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, 2016. 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 Morgan LaGrone, CPA, PLLC 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, 2016, 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 121-122 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 11-21 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 53,923. 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 Bridge Fund, and Airport Fund (the County's three (3) major funds), this comparison is on pages 35-37 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 71.

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), two (2) state prisons, and an intermediate sanction facility. New industries in surrounding counties have created job opportunities for Rusk County residents.

Six (6) of the school districts in the County have decreased average daily attendance (ADA), and two (2) have had an increase.

The County has a civilian labor force of 27,737, which has decreased 3.21% from 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 10% of the 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.

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.

Awards and Acknowledgements

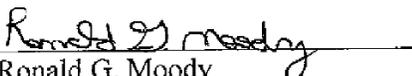
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rusk County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015. This was the twenty-sixth (26th) consecutive year that the County has 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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Rusk County
Texas

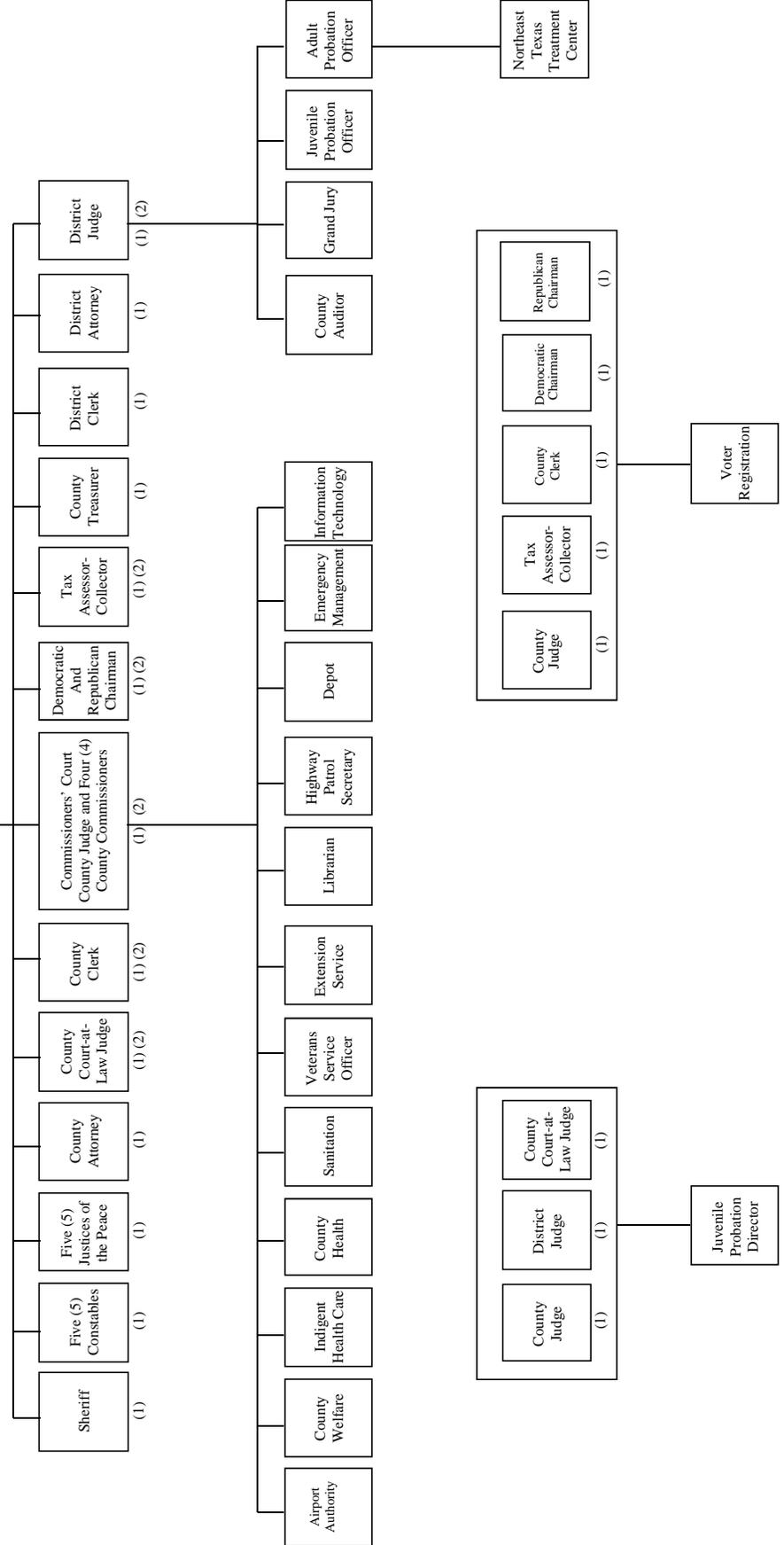
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

RUSK COUNTY, TEXAS ORGANIZATIONAL CHART

COUNTY VOTERS



(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, 2016

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 Tammy 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 | Michael Jimmerson |
| County Clerk | Trudy McGill |
| County Sheriff | Jeff Price |
| County Tax Assessor-Collector | Lanita Whitehead |
| County Treasurer | Andy Vinson |
| District Clerk | Terri Willard |
| Constable, Precinct #1 | Sammy Nichols |
| Constable, Precinct #2 | Chuck McDonald |
| Constable, Precinct #3 | Tim Barton |
| 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 |

Morgan LaGrone, CPA, PLLC

Certified Public Accountant

Telephone: 903.657.0240
Fax: 903.655.1324

116 S Marshall
Henderson TX 75654

INDEPENDENT AUDITOR'S REPORT

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, 2016, 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, 2016, 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, 2016, 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

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison schedules for the General Fund, the Road and Bridge Fund, and the Airport 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, 2016, 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 11 through 21 and the schedule of changes in net pension liability and schedule of contributions on pages 66-67, 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 for the General Fund, Road and Bridge Fund, Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Airport Fund, Juvenile Services Fund, and the Debt Service Fund; the Capital Assets Used in the Operation of Governmental Funds schedules; the statistical section; Schedule of Expenditures of Federal Awards; 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 Budgetary Comparison for the General Fund, Road and Bridge Fund, Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Airport Fund, Juvenile Services Fund, and the Debt Service Fund; 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 for the General Fund, Road and Bridge Fund, Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Airport Fund, Juvenile Services Fund, and the Debt Service Fund; 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 19, 2017, 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.



Morgan LaGrone, CPA, PLLC

Henderson, Texas
June 19, 2017

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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, 2016. 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 and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the year by \$35,284,272 (Net Position). Of this amount, \$19,687,992 (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 \$1,519,488.
- ◆ As of the close of the current year, the County's governmental funds reported combined ending fund balances of \$24,738,950 a decrease of \$1,887,367 in comparison with the prior year. \$13,077,681 of this amount is available for spending at the County's discretion (Unassigned Fund Balance). The principal reason for the decrease in fund balance is attributable to less than anticipated revenue from property taxes.
- ◆ At the end of the current year, Unassigned Fund Balance for the General Fund was \$13,077,681, or 81.55% of total General Fund expenditures.
- ◆ On August 8, 2016, the Commissioners' Court authorized the issuance of \$7,115,000 in general obligation refunding bonds to advance refund a portion of the County's Series 2008 certificates of obligation. The refunding resulted in an overall savings of \$816,462 over the next 7 years.

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, deferred outflows of resources, 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 27-28 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 ten (10) individual governmental funds. Each of the funds is described on pages 71-72 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, the Road and Bridge Fund and the Airport Fund, each of which are considered to be major funds. Data from the other seven (7) 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, the Road and Bridge Fund, and the Airport Fund, its three (3) 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 35-37 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, the Road and Bridge Fund, and the Airport Fund at the activity or departmental level to demonstrate legal compliance with the budget on pages 77-79, page 80, and page 84 respectively.

The County also adopts annual appropriated budgets for five (5) of its seven (7) nonmajor governmental funds (Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Juvenile Services Fund, and Debt Service 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 starting on page 81 of this report.

The basic Governmental Fund Financial Statements can be found on pages 31-37 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 38-40 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 41 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 42-64 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 73-95 of this report.

Government-wide Financial Analysis.

Net Position. As noted earlier, Net Position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$35,284,272 at the close of the most recent fiscal year.

A large portion of the County's Net Position (55.80%) 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.

Rusk County, Texas
Net Position of Governmental Activities
 (Table 1)

| | <u>2016</u> | <u>2015</u> |
|--|--------------------------|--------------------------|
| Current and Other Assets | \$ 48,471,578 | \$ 48,731,824 |
| Capital Assets | 23,380,937 | 21,910,288 |
| Total Assets | <u>\$ 71,852,515</u> | <u>\$ 70,642,112</u> |
| Total Deferred Outflows of Resources | <u>\$ 4,207,070</u> | <u>\$ 1,358,152</u> |
| Long-Term Liabilities Outstanding | \$ 20,150,543 | \$ 17,654,039 |
| Other Liabilities | 710,959 | 908,038 |
| Total Liabilities | <u>\$ 20,861,502</u> | <u>\$ 18,562,077</u> |
| Total Deferred Inflows of Resources | <u>\$ 19,913,811</u> | <u>\$ 19,673,403</u> |
| Net Position: | | |
| Net Investment in Capital Assets | \$ 19,687,992 | \$ 12,107,820 |
| Restricted | 1,146,193 | 1,174,870 |
| Unrestricted | 14,450,087 | 20,482,094 |
| Total Net Position | <u>\$ 35,284,272</u> | <u>\$ 33,764,784</u> |

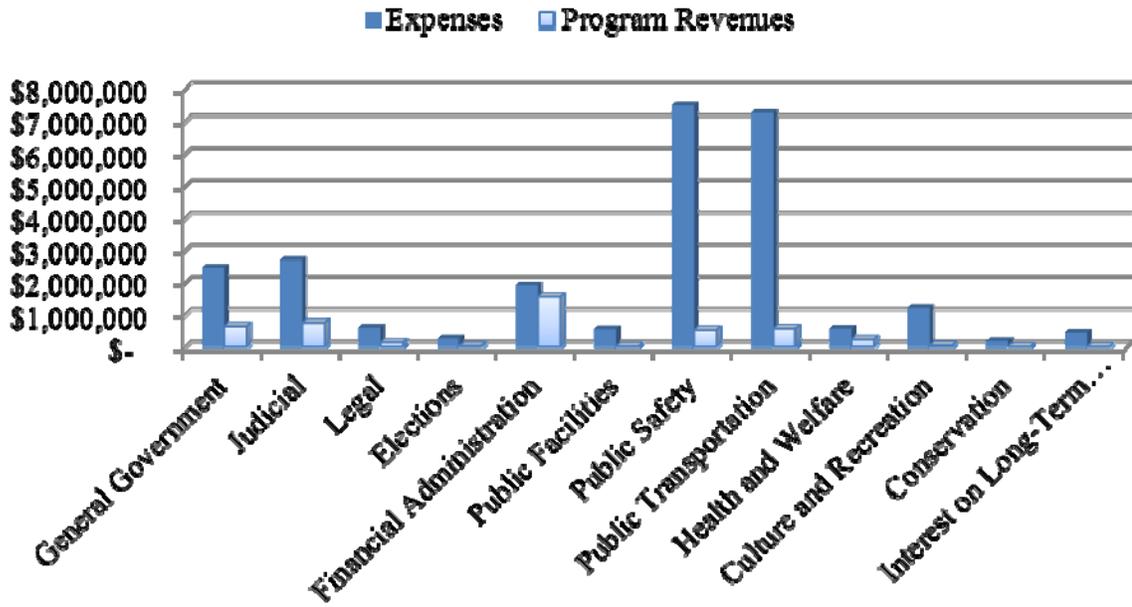
At the end of the current fiscal year, the County is able to report positive balances in all three (3) categories of Net Position. The same situation held true for the prior fiscal year.

Changes in Net Position. Net Position for the County increased \$1,519,488 in the 2016 fiscal year, which is \$914,624 less than the increase in the prior year. While spending remained relatively constant, revenue decreased \$770,686. The most significant of decreases was in the category of capital grants and contributions. Most of the County's road improvement grant was received in 2015 while the remaining portion was received in 2016. The economy in this part of the country is not as impacted by the overall slowdown as other parts of the country. The most significant County revenue source is Ad Valorem Taxes, which represented 73.89% of total revenue in the most recently completed fiscal year. Fees and fines charged and collected by County Officials generated another 12.56% of revenue. Grants received from the State and Federal government constituted 4.14% of revenue. The balance of the County's revenue (9.41%) came from other taxes, oil and gas royalties, interest, and other miscellaneous revenues.

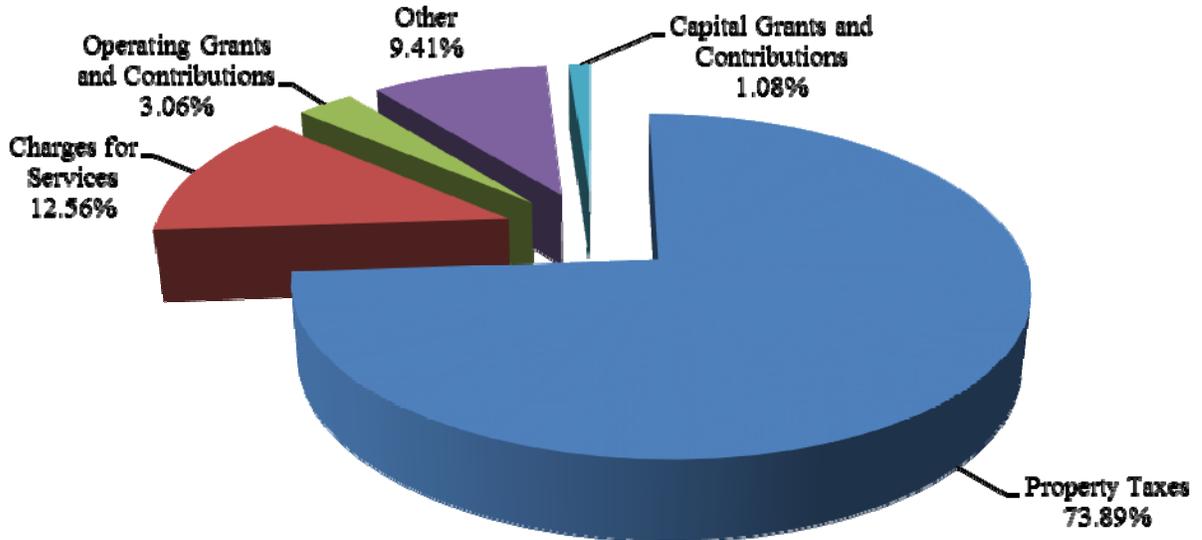
Rusk County, Texas
Changes in Net Position of Governmental Activities
(Table 2)

| Revenues: | <u>2016</u> | <u>2015</u> |
|---------------------------------------|----------------------|----------------------|
| Program Revenues: | | |
| Charges for Services | \$ 3,413,616 | \$ 3,606,880 |
| Operating Grants and Contributions | 831,974 | 682,323 |
| Capital Grants and Contributions | 292,842 | 716,590 |
| General Revenues: | | |
| Property Taxes | 20,082,905 | 20,296,606 |
| Other | 2,557,534 | 2,647,158 |
| Total Revenues | <u>\$ 27,178,871</u> | <u>\$ 27,949,557</u> |
| Expenses: | | |
| General Government | \$ 2,465,572 | \$ 2,396,679 |
| Judicial | 2,694,105 | 2,589,015 |
| Legal | 609,600 | 593,937 |
| Elections | 266,954 | 217,098 |
| Financial Administration | 1,905,182 | 1,851,062 |
| Public Facilities | 559,044 | 645,729 |
| Public Safety | 7,482,411 | 6,962,714 |
| Public Transportation | 7,246,701 | 7,954,065 |
| Health and Welfare | 579,082 | 549,584 |
| Culture and Recreation | 1,211,220 | 1,152,304 |
| Conservation | 184,975 | 174,090 |
| Interest on Long-Term Debt | 454,537 | 429,168 |
| Total Expenses | <u>\$ 25,659,383</u> | <u>\$ 25,515,445</u> |
| Increase in Net Position | \$ 1,519,488 | \$ 2,434,112 |
| Net Position - Beginning | 33,764,784 | 35,864,650 |
| Restatement - Pensions | - | (4,533,978) |
| Net Position - Beginning, as restated | <u>33,764,784</u> | <u>31,330,672</u> |
| Net Position - Ending | <u>\$ 35,284,272</u> | <u>\$ 33,764,784</u> |

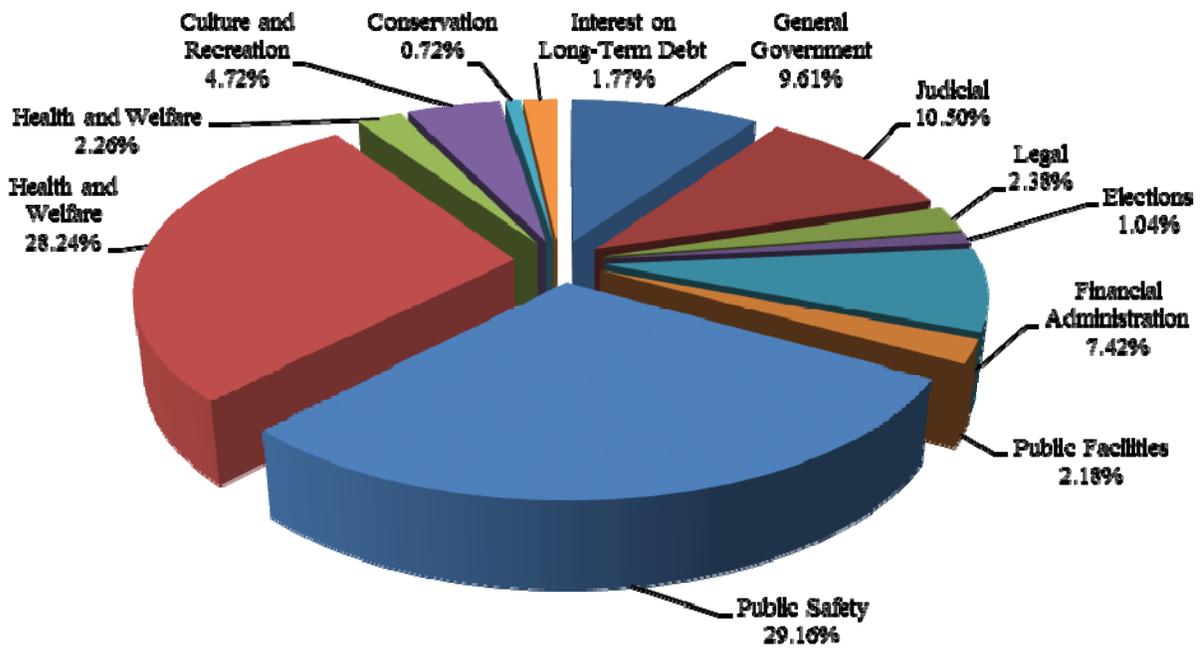
Rusk County, Texas
 Governmental Activities
 Expenses and Program Revenues
 2016
 (Chart 1)



Rusk County, Texas
 Governmental Activities
 Revenues by Source
 2016
 (Chart 2)



Rusk County, Texas
 Governmental Activities
 Expenses by Function
 2016
 (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 \$24,738,950, a decrease of \$1,887,367 in comparison with the prior year. 52.86% of this (\$13,077,681) 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 (\$237,932), or 2) restricted for particular purposes (\$11,423,337).

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 \$13,077,681, while total Fund Balance was \$13,198,526. 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 81.55% of total General Fund expenditures, while total Fund Balance represents 82.30% of that same amount.

The Fund Balance of the County's General Fund decreased by \$1,116,637 during the current fiscal year. One of the County's larger tax paying entities has not yet paid its taxes, resulting in much lower than expected revenues.

The Road and Bridge Fund has a total Fund Balance of \$3,141,950 all of which is Restricted Fund Balance (for County roads and bridges) and nonspendable. The net decrease in Fund Balance during the year was \$156,709, which is relatively unchanged (a decrease of only 4.8%) from the prior year.

The Airport Fund has a total Fund Balance of \$4,879,002, a decrease of \$433,493 from the prior year. At year end, construction projects were ongoing at the airport property.

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 \$874,386. 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 \$231,152. Significant among the increases were:

- ◆ \$209,915 in increases allocated to Capital Outlay/Sheriff.
- ◆ \$20,314 net increase in expenditures for Tax Assessor-Collector.

The increases were funded by maintaining other expenditures well below budgeted amounts.

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

Differences between the final amended budget and actual General Fund expenditures were a net positive variance of \$1,900,653. Significant among the net positive variances were:

- ◆ *\$249,000 in positive budget variances in Nondepartmental, due to less than anticipated costs for postage, accounting fees, and software and computer equipment.*
- ◆ *\$222,500 in positive budget variances in Judicial/All Courts, due to less than anticipated costs for capital murder trials.*
- ◆ *\$97,000 in positive budget variances in Public Facilities/Maintenance due to less than expected costs for minor repairs and maintenance.*
- ◆ *\$101,000 in positive budget variances in Legal/District Attorney due to less than anticipated special trial expenditures.*
- ◆ *\$72,000 in positive budget variances in Financial Administration/Tax Assessor-Collector due to less than anticipated expenditures for contracted services and personnel.*
- ◆ *\$135,937 in positive budget variances in Public Safety/Jail due to savings in insurance, medical fees, and utilities.*
- ◆ *\$153,000 in positive budget variances in Public Safety/Sheriff due mostly to savings in fuel costs, insurance, litigation, and deputy training.*
- ◆ *\$102,000 in positive budget variances in Health and Welfare/Ambulance and Sanitation due to less than anticipated expenditures in contracted services.*
- ◆ *\$400,000 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, 2016, amounts to \$23,380,937, net of accumulated depreciation. This investment in Governmental Activities Capital Assets includes Land, Construction in Progress, 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 additional rolling stock for several of the County's departments, including four (4) for the Sheriff's Department.*
- ◆ *Approximately \$821,496 of equipment purchased for the County's Road & Bridge Department.*

Rusk County, Texas
Capital Assets Used in Governmental Activities
(Net of Depreciation)

(Table 3)

| | <u>2016</u> | <u>2015</u> |
|--------------------------|----------------------|----------------------|
| Land | \$ 1,032,025 | \$ 1,032,025 |
| Construction in Progress | 1,491,182 | - |
| Buildings | 16,600,739 | 16,575,993 |
| Machinery and Equipment | 2,854,736 | 2,790,417 |
| Infrastructure | 1,402,255 | 1,511,853 |
| Total Capital Assets | <u>\$ 23,380,937</u> | <u>\$ 21,910,288</u> |

Additional information on the County's Capital Assets can be found in Note IV (C) on pages 54 of this report.

Long-Term Debt. At the end of the current fiscal year, the County had total debt of \$20,148,268.

Rusk County, Texas
Outstanding Long-Term Debt

(Table 4)

| | <u>2016</u> | <u>2015</u> |
|-----------------------------|----------------------|----------------------|
| Certificates of Obligation: | | |
| Principal Amount of Debt | \$ 8,195,000 | \$ 9,700,000 |
| Premium on Issuance of Debt | 735,850 | 102,470 |
| OPEB Liability | 2,093,835 | 1,952,483 |
| Net Pension Liability | 9,009,424 | 5,776,077 |
| Compensated Absences | 114,159 | 123,011 |
| Total Long-Term Debt | <u>\$ 20,148,268</u> | <u>\$ 17,654,041</u> |

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 \$966,449,000. The County presently has \$8,195,000 in general obligation bonded debt.

Additional information on the County's long-term debt can be found in Note IV (H) on pages 61-63 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 5.1%, compared with a rate of 4.7% a year ago.
- ◆ The County's assessed valuation of property for the 2015 property tax year (2016 fiscal year) has decreased approximately \$527,280,965 (12%) to approximately \$3,865,795,005.

- ◆ The County's property tax rate increased slightly from \$0.554758 per \$100 of assessed valuation to \$0.579315 per \$100 assessed valuation for the 2017 budget year (2016 property tax year).

All of these factors were considered in preparing the County's budget for the 2017 fiscal year.

During the current fiscal year, Unassigned Fund Balance in the General Fund decreased to \$13,077,681. That amount represents approximately ten months of General Fund operations, and the County believes that to be a reasonable reserve. As a result, the County utilized \$10,595,175 of fund balance to avoid fee increases when preparing the 2017 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
rmood@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, 2016

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| <u>Assets</u> | |
| Cash | \$ 31,661,871 |
| Investments | 1,338,540 |
| Receivables (net of allowances for uncollectibles) | |
| Property Taxes | 15,130,768 |
| Due from Other Governments | 67,696 |
| Accounts | 101,422 |
| Prepays | 171,281 |
| Capital Assets (not being depreciated) | |
| Land | 1,032,025 |
| Construction in Progress | 1,491,182 |
| Capital Assets (net of accumulated depreciation) | |
| Buildings | 16,600,739 |
| Machinery & Equipment | 2,854,736 |
| Infrastructure | <u>1,402,255</u> |
| Total Assets | <u>\$ 71,852,515</u> |
| <u>Deferred Outflows of Resources</u> | |
| Deferred Amount on Bond Refunding | \$ 70,563 |
| Deferred Outflows - Pensions | <u>4,136,507</u> |
| Total Deferred Outflows of Resources | <u>\$ 4,207,070</u> |
| <u>Liabilities</u> | |
| Accounts Payable and Accrued Expenses | \$ 608,267 |
| Due to Other Governments | 102,692 |
| Noncurrent Liabilities: | |
| Due Within One Year | 1,095,060 |
| Due in More than One Year | 10,046,059 |
| Net Pension Liability | <u>9,009,424</u> |
| Total Liabilities | <u>\$ 20,861,502</u> |
| <u>Deferred Inflows of Resources</u> | |
| Deferred Revenue - Advance Tax Collections | \$ 7,122,376 |
| Deferred Revenue | 12,505,010 |
| Deferred Inflows - Pensions | <u>286,425</u> |
| Total Deferred Inflows of Resources | <u>\$ 19,913,811</u> |
| <u>Net Position</u> | |
| Net Investment in Capital Assets | \$ 14,450,087 |
| Restricted for: | |
| Debt Service | 1,078,991 |
| Perpetual Care: | |
| Expendable | 551 |
| Nonexpendable | 15,000 |
| County Independent School Districts | |
| Expendable | - |
| Nonexpendable | 51,651 |
| Unrestricted | <u>19,687,992</u> |
| Total Net Position | <u><u>\$ 35,284,272</u></u> |

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, 2016

| | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Governmental Activities</u> | <u>Net (Expense)/ Revenue and Changes in Net Position</u> |
|-----------------------------------|----------------------|---------------------------------|---|--------------------------------|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | | |
| <u>Functions/Programs:</u> | | | | | |
| General Government | \$ 2,465,572 | \$ 474,601 | \$ 154,680 | \$ 20,705 | \$ (1,815,586) |
| Judicial | 2,694,105 | 759,768 | 467 | - | (1,933,870) |
| Legal | 609,600 | 47,759 | 93,672 | - | (468,169) |
| Elections | 266,954 | 22,998 | - | - | (243,956) |
| Financial Administration | 1,905,182 | 1,573,697 | - | - | (331,485) |
| Public Facilities | 559,044 | 8,462 | - | - | (550,582) |
| Public Safety | 7,482,411 | 135,473 | 394,216 | - | (6,952,722) |
| Public Transportation | 7,246,701 | 200,492 | 107,709 | 272,137 | (6,666,363) |
| Health and Welfare | 579,082 | 159,913 | 69,347 | - | (349,822) |
| Culture and Recreation | 1,211,220 | 30,453 | 11,883 | - | (1,168,884) |
| Conservation | 184,975 | - | - | - | (184,975) |
| Interest on Long-Term Debt | 454,537 | - | - | - | (454,537) |
| Net (Expense)/Revenue | <u>\$ 25,659,383</u> | <u>\$ 3,413,616</u> | <u>\$ 831,974</u> | <u>\$ 292,842</u> | <u>\$ (21,120,951)</u> |
| General Revenues: | | | | | |
| Property Taxes | | | | | \$ 20,082,905 |
| Other Taxes | | | | | 10,960 |
| Interest Earned | | | | | 113,803 |
| Gain on Sale of Capital Assets | | | | | 23,777 |
| Miscellaneous | | | | | <u>2,408,994</u> |
| Total General Revenues | | | | | <u>\$ 22,640,439</u> |
| Change in Net Position | | | | | \$ 1,519,488 |
| Net Position - Beginning | | | | | <u>33,764,784</u> |
| Net Position - Ending | | | | | <u>\$ 35,284,272</u> |

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, 2016

| | General Fund | Road & Bridge Fund | Airport Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|--------------------------|---------------------|--------------------------------|--------------------------------|
| <u>Assets</u> | | | | | |
| Cash | \$ 16,596,992 | \$ 5,091,621 | \$ 4,937,492 | \$ 4,139,857 | \$ 30,765,962 |
| Investments | 1,286,889 | - | - | 51,651 | 1,338,540 |
| Receivables (net of allowances for uncollectibles): | | | | | |
| Property Taxes | 9,869,168 | 4,043,054 | - | 1,218,546 | 15,130,768 |
| Due from Other Governments | 8,851 | 58,845 | - | - | 67,696 |
| Accounts | 33,162 | - | 68,215 | 45 | 101,422 |
| Prepays | 120,845 | 50,436 | - | - | 171,281 |
| Total Assets | \$ 27,915,907 | \$ 9,243,956 | \$ 5,005,707 | \$ 5,410,099 | \$ 47,575,669 |
| <u>Liabilities</u> | | | | | |
| Accounts Payable | \$ 169,375 | \$ 140,632 | \$ 124,555 | \$ 21,671 | \$ 456,233 |
| Due to Other Governments | 102,692 | - | - | - | 102,692 |
| Total Liabilities | \$ 272,067 | \$ 140,632 | \$ 124,555 | \$ 21,671 | \$ 558,925 |
| <u>Deferred Inflows of Resources</u> | | | | | |
| Unavailable Revenue - Advance Tax Collections | \$ 4,576,625 | \$ 1,918,602 | \$ - | \$ 627,149 | \$ 7,122,376 |
| Unavailable Revenue - Other | - | - | 2,150 | 23,222 | 25,372 |
| Unavailable Revenue - Tax Revenue | 9,868,689 | 4,042,772 | - | 1,218,585 | 15,130,046 |
| Total Deferred Inflows of Resources | \$ 14,445,314 | \$ 5,961,374 | \$ 2,150 | \$ 1,868,956 | \$ 22,277,794 |
| <u>Fund Balances</u> | | | | | |
| Nonspendable | \$ 120,845 | \$ 50,436 | \$ - | \$ 66,651 | \$ 237,932 |
| Restricted | - | 3,091,514 | 4,879,002 | 3,452,821 | 11,423,337 |
| Unassigned | 13,077,681 | - | - | - | 13,077,681 |
| Total Fund Balances | \$ 13,198,526 | \$ 3,141,950 | \$ 4,879,002 | \$ 3,519,472 | \$ 24,738,950 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 27,915,907 | \$ 9,243,956 | \$ 5,005,707 | \$ 5,410,099 | \$ 47,575,669 |

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, 2016

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

| | |
|--|-----------------------------|
| Total Fund Balances-Total Governmental Funds (Page 31) | \$ 24,738,950 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 23,380,937 |
| 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. | 874,386 |
| 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. | 2,625,034 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (See Note II.A.) | (11,175,693) |
| Net Pension Liability and the related deferred outflows and deferred inflows of resources are not reported in the funds. (See Note II.A.) | <u>(5,159,342)</u> |
| Net Position of Governmental Activites (page 27) | <u><u>\$ 35,284,272</u></u> |

Rusk County, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

| | General Fund | Road & Bridge Fund | Airport Fund | Other Governmental Funds | Total Governmental Funds |
|--|-----------------------|--------------------------|---------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Ad Valorem Taxes | \$ 12,295,656 | \$ 5,170,354 | \$ - | \$ 1,556,542 | \$ 19,022,552 |
| Other Taxes | 10,960 | - | - | - | 10,960 |
| Intergovernmental | 192,309 | 289,280 | 39,402 | 377,592 | 898,583 |
| Fees | 1,549,467 | 911,518 | 200,491 | 148,604 | 2,810,080 |
| Fines and Forfeitures | 413,978 | 207,449 | - | 17,640 | 639,067 |
| Miscellaneous | 457,180 | 762,364 | 1,214,359 | 25,063 | 2,458,966 |
| Total Revenues | \$ 14,919,550 | \$ 7,340,965 | \$ 1,454,252 | \$ 2,125,441 | \$ 25,840,208 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General Government | \$ 1,439,408 | \$ - | \$ - | \$ 139,820 | \$ 1,579,228 |
| Judicial | 2,577,066 | - | - | 59,016 | 2,636,082 |
| Legal | 579,217 | - | - | 24,255 | 603,472 |
| Elections | 262,470 | - | - | - | 262,470 |
| Financial Administration | 1,869,883 | - | - | 4,407 | 1,874,290 |
| Public Facilities | 491,230 | - | - | 220 | 491,450 |
| Public Safety | 5,739,632 | - | - | 502,323 | 6,241,955 |
| Public Transportation | - | 5,968,218 | 396,563 | - | 6,364,781 |
| Health and Welfare | 428,196 | - | - | 137,621 | 565,817 |
| Culture and Recreation | 1,173,513 | - | - | - | 1,173,513 |
| Conservation | 177,636 | - | - | - | 177,636 |
| Nondepartmental | 606,213 | - | - | - | 606,213 |
| Capital Outlay | 691,723 | 1,514,456 | 1,491,182 | - | 3,697,361 |
| Debt Service: | | | | | |
| Principal | - | - | - | 1,040,000 | 1,040,000 |
| Interest | - | - | - | 412,585 | 412,585 |
| Bond Issuance Costs | - | - | - | 156,015 | 156,015 |
| Total Expenditures | \$ 16,036,187 | \$ 7,482,674 | \$ 1,887,745 | \$ 2,476,262 | \$ 27,882,868 |
| Excess (Deficiency) of Revenues over Expenditures | \$ (1,116,637) | \$ (141,709) | \$ (433,493) | \$ (350,821) | \$ (2,042,660) |
| Other Financing Sources (Uses): | | | | | |
| Refunding Bonds Issued | \$ - | \$ - | \$ - | \$ 7,115,000 | \$ 7,115,000 |
| Premium on Refunding Bonds Issued | - | - | - | 785,570 | 785,570 |
| Payment to Refunded Bond Escrow Agent | - | - | - | (7,745,277) | (7,745,277) |
| Transfers in | 15,000 | - | - | 105,000 | 120,000 |
| Transfers out | (105,000) | (15,000) | - | - | (120,000) |
| Total Other Financing Sources (Uses) | \$ (90,000) | \$ (15,000) | \$ - | \$ 260,293 | \$ 155,293 |
| Net Change in Fund Balances | \$ (1,206,637) | \$ (156,709) | \$ (433,493) | \$ (90,528) | \$ (1,887,367) |
| Fund Balances - Beginning | 14,405,163 | 3,298,659 | 5,312,495 | 3,610,000 | 26,626,317 |
| Fund Balances - Ending | \$ 13,198,526 | \$ 3,141,950 | \$ 4,879,002 | \$ 3,519,472 | \$ 24,738,950 |

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, 2016

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

| | |
|---|----------------------------|
| Net Change in Fund Balances-Total Governmental Funds (Page 33) | \$ (1,887,367) |
| 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.) | 1,470,647 |
| The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. (See Note II.B) | 884,707 |
| Delinquent property tax collections provide current financial resources to the funds but has no effect on net position. | (460,899) |
| Delinquent property taxes receivable, which do not provide current financial resources, are not reported as revenue in the funds. | 1,796,252 |
| 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.) | (18,437) |
| Pension expense related to GASB 68 is recorded in the statement of activities but not in the funds. | (492,090) |
| 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>226,675</u> |
| Changes in Net Position of Governmental Activities (Page 28) | <u><u>\$ 1,519,488</u></u> |

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, 2016

| | General Fund | | | Variance with Final Budget Positive/ (Negative) |
|--|-----------------------|-----------------------|-----------------------|--|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| Revenues: | | | | |
| Ad Valorem Taxes | \$ 13,513,095 | \$ 13,513,095 | \$ 12,295,656 | \$ (1,217,439) |
| Other Taxes | 13,000 | 13,000 | 10,960 | (2,040) |
| Intergovernmental | 144,900 | 144,973 | 192,309 | 47,336 |
| Fees | 1,589,026 | 1,589,026 | 1,549,467 | (39,559) |
| Fines and Forfeitures | 400,000 | 400,000 | 413,978 | 13,978 |
| Miscellaneous | 217,200 | 464,670 | 457,180 | (7,490) |
| Total Revenues | \$ 15,877,221 | \$ 16,124,764 | \$ 14,919,550 | \$ (1,205,214) |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | \$ 1,546,320 | \$ 1,562,352 | \$ 1,439,408 | \$ 122,944 |
| Judicial | 2,889,058 | 2,897,157 | 2,577,066 | 320,091 |
| Legal | 679,815 | 680,510 | 579,217 | 101,293 |
| Elections | 265,345 | 273,945 | 262,470 | 11,475 |
| Financial Administration | 1,933,259 | 1,957,773 | 1,869,883 | 87,890 |
| Public Facilities | 579,088 | 589,088 | 491,230 | 97,858 |
| Public Safety | 6,048,287 | 6,041,158 | 5,739,632 | 301,526 |
| Health and Welfare | 579,682 | 581,333 | 428,196 | 153,137 |
| Culture and Recreation | 1,218,141 | 1,228,593 | 1,173,513 | 55,080 |
| Conservation | 176,728 | 177,928 | 177,636 | 292 |
| Nondepartmental | 921,900 | 855,276 | 606,213 | 249,063 |
| Capital Outlay | 868,065 | 1,091,727 | 691,723 | 400,004 |
| Total Expenditures | \$ 17,705,688 | \$ 17,936,840 | \$ 16,036,187 | \$ 1,900,653 |
| Excess (Deficiency) of Revenues over Expenditures | \$ (1,828,467) | \$ (1,812,076) | \$ (1,116,637) | \$ 695,439 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ - |
| Transfers out | (105,000) | (105,000) | (105,000) | - |
| Total Other Financing Sources (Uses) | \$ (90,000) | \$ (90,000) | \$ (90,000) | \$ - |
| Net Change in Fund Balances | \$ (1,918,467) | \$ (1,902,076) | \$ (1,206,637) | \$ 695,439 |
| Fund Balances - Beginning | 14,405,163 | 14,405,163 | 14,405,163 | - |
| Fund Balances - Ending | \$ 12,486,696 | \$ 12,503,087 | \$ 13,198,526 | \$ 695,439 |

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, 2016

| | <u>Major Special Revenue Funds</u> | | | Variance with Final Budget Positive/ (Negative) |
|--|------------------------------------|-----------------------|---------------------|--|
| | <u>Road & Bridge Fund</u> | | | |
| | <u>Budgeted Amounts</u> | | <u>Actual</u> | |
| <u>Original</u> | <u>Final</u> | | | |
| Revenues: | | | | |
| Ad Valorem Taxes | \$ 5,576,436 | \$ 5,576,436 | \$ 5,170,354 | \$ (406,082) |
| Intergovernmental | - | 289,281 | 289,280 | (1) |
| Fees | 900,000 | 900,000 | 911,518 | 11,518 |
| Fines and Forfeitures | 200,000 | 200,000 | 207,449 | 7,449 |
| Miscellaneous | 20,800 | 765,227 | 762,364 | (2,863) |
| Total Revenues | <u>\$ 6,697,236</u> | <u>\$ 7,730,944</u> | <u>\$ 7,340,965</u> | <u>\$ (389,979)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Transportation | \$ 6,138,297 | \$ 7,398,547 | \$ 5,968,218 | \$ 1,430,329 |
| Capital Outlay | 905,465 | 3,137,198 | 1,514,455 | 1,622,743 |
| Total Expenditures | <u>\$ 7,043,762</u> | <u>\$ 10,535,745</u> | <u>\$ 7,482,673</u> | <u>\$ 3,053,072</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>\$ (346,526)</u> | <u>\$ (2,804,801)</u> | <u>\$ (141,708)</u> | <u>\$ 2,663,093</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers out | \$ (15,000) | \$ (15,000) | \$ (15,000) | \$ - |
| Total Other Financing Sources (Uses) | <u>\$ (15,000)</u> | <u>\$ (15,000)</u> | <u>\$ (15,000)</u> | <u>\$ -</u> |
| Net Change in Fund Balances | \$ (361,526) | \$ (2,819,801) | \$ (156,708) | \$ 2,663,093 |
| Fund Balances - Beginning | <u>3,298,659</u> | <u>3,298,659</u> | <u>3,298,659</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 2,937,133</u> | <u>\$ 478,858</u> | <u>\$ 3,141,951</u> | <u>\$ 2,663,093</u> |

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, 2016

| | <u>Major Special Revenue Funds</u> | | | |
|-----------------------------|------------------------------------|-----------------------|---------------------|--|
| | <u>Airport Fund</u> | | | |
| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive/ (Negative) |
| <u>Original</u> | <u>Final</u> | | | |
| Revenues: | | | | |
| Ad Valorem Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 39,402 | 39,402 |
| Fees | 220,000 | 220,000 | 200,491 | (19,509) |
| Fines and Forfeitures | - | - | - | - |
| Miscellaneous | 75,000 | 109,620 | 1,214,359 | 1,104,739 |
| Total Revenues | <u>\$ 295,000</u> | <u>\$ 329,620</u> | <u>\$ 1,454,252</u> | <u>\$ 1,124,632</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Transportation | \$ 509,664 | \$ 520,014 | \$ 396,563 | \$ 123,451 |
| Capital Outlay | 150,000 | 1,563,680 | 1,491,182 | 72,498 |
| Total Expenditures | <u>\$ 659,664</u> | <u>\$ 2,083,694</u> | <u>\$ 1,887,745</u> | <u>\$ 195,949</u> |
| Net Change in Fund Balances | <u>\$ (364,664)</u> | <u>\$ (1,754,074)</u> | <u>\$ (433,493)</u> | <u>\$ 1,320,581</u> |
| Fund Balances - Beginning | 5,312,495 | 5,312,495 | 5,312,495 | - |
| Fund Balances - Ending | <u>\$ 4,947,831</u> | <u>\$ 3,558,421</u> | <u>\$ 4,879,002</u> | <u>\$ 1,320,581</u> |

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

Rusk County, Texas
Statement of Net Position
Proprietary Funds
December 31, 2016

| | <u>Governmental Activities Internal Service Fund</u> |
|----------------------------|--|
| <u>Assets</u> | |
| Current Assets: | |
| Cash | <u>\$ 895,909</u> |
| Total Current Assets | <u>\$ 895,909</u> |
| Total Assets | <u>\$ 895,909</u> |
| <u>Liabilities</u> | |
| Current Liabilities: | |
| Accounts Payable | <u>\$ 21,523</u> |
| Total Current Liabilities | <u>\$ 21,523</u> |
| Total Liabilities | <u>\$ 21,523</u> |
| <u>Net Position</u> | |
| Unrestricted | <u>\$ 874,386</u> |
| Total Net Position | <u><u>\$ 874,386</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, 2016

| | <u>Governmental Activities Internal Service Fund</u> |
|---|--|
| Operating Revenues: | |
| Charges for Services | \$ 3,192,050 |
| Total Operating Revenues | <u>\$ 3,192,050</u> |
| Operating Expenses: | |
| Benefits, Insurance & Administrative Cost | \$ 2,968,382 |
| Total Operating Expenses | <u>\$ 2,968,382</u> |
| Operating Income (Loss) | <u>\$ 223,668</u> |
| Nonoperating Revenues (Expenses): | |
| Interest Income | \$ 3,007 |
| Total Nonoperating Revenues (Expenses) | <u>\$ 3,007</u> |
| Income before Contributions and Transfers | \$ 226,675 |
| Transfers In | - |
| Change in Net Position | \$ 226,675 |
| Total Net Position - Beginning | <u>647,711</u> |
| Total Net Position - Ending | <u><u>\$ 874,386</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, 2016

| | <u>Governmental Activities Internal Service Fund</u> |
|--|--|
| Cash Flows from Operating Activities | |
| Receipts from Interfund Services Provided | \$ 3,192,050 |
| Payments to Suppliers and Providers | <u>(2,950,813)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 241,237</u> |
| Cash Flows from Investing Activities: | |
| Interest Income | <u>\$ 3,007</u> |
| Net Cash Provided (Used) by Investing Activities | <u>\$ 3,007</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | \$ 244,244 |
| Cash and Cash Equivalents, January 1 | <u>651,665</u> |
| Cash and Cash Equivalents, December 31 (See below) | <u><u>\$ 895,909</u></u> |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | |
| Operating Income (Loss) | <u>\$ 223,668</u> |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | |
| Increase/(Decrease) in Payables | <u>\$ 17,569</u> |
| Total Adjustments | <u>\$ 17,569</u> |
| Net Cash Provided (Used) by Operating Activities | <u><u>\$ 241,237</u></u> |
| Exhibit #6 - Page 38: | |
| Cash | \$ 895,909 |
| Investments | <u>-</u> |
| Total Cash and Cash Equivalents - Exhibit #6 | <u><u>\$ 895,909</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, 2016

| | <u>Agency Funds</u> |
|---------------------------|----------------------------|
| <u>Assets</u> | |
| Cash | \$ 7,424,632 |
| Investments | <u>1,018,192</u> |
| Total Assets | <u><u>\$ 8,442,824</u></u> |
| <u>Liabilities</u> | |
| Due to Other Governments | \$ 4,549,287 |
| Court Ordered Deposits | 770,076 |
| Inmate Trust Funds | 197,647 |
| Court Ordered Trust Funds | <u>2,925,814</u> |
| Total Liabilities | <u><u>\$ 8,442,824</u></u> |

The accompanying notes are an integral part of this statement.

RUSK COUNTY, TEXAS

Notes to the Financial Statements

December 31, 2016

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. 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.

The *Airport Fund (a Special Revenue Fund)* is used to account for revenues and operational expenditures of the Rusk County Airport.

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, 2016.

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 deferred outflows of resources related to pensions.

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 three items that qualify for reporting in

this category. Unearned Revenue and Unearned Deferred Revenue are reported in the government-wide Statement of Net Position. 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 in the Government-wide financial statements, since the tax revenue has not been earned as of December 31, 2016. The governmental funds report unavailable revenues for advance tax collections, property taxes receivable, and resources that have been received, but not earned for grant drawdowns and deposits. In addition, the County reports deferred inflows of resources related to pensions.

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 in spendable 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 ninety (90) days of compensated sick leave at a rate of 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.

F. New Accounting Standards Adopted

In fiscal year 2016, the County adopted a statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

--Statement No. 77, *Tax Abatement Disclosures*

Statement No. 77 establishes financial reporting standards for tax abatement agreements entered into by state and local governments.

This Statement's objective is to provide financial statement users with essential information regarding the nature and magnitude of the reduction of tax revenues through tax abatements. Prior to Statement No. 77, there was not comprehensive tax abatement information available to the public. These disclosures will make the transactions more transparent to financial statement users, thereby showing the tax abatements effect on a government's ability to raise funds and meet its obligations.

G. Pensions

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

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 32 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 \$11,175,693 difference are as follows:

| | |
|--|-------------------------------|
| Certificates of Obligation Payable | \$ (8,195,000) |
| Premium on Debt Issuance | (738,125) |
| Accrued Interest Payable | (105,137) |
| OPEB Liability | (2,093,835) |
| Deferred Resource Outflows - Bond Refunding | 70,563 |
| Compensated Absences | <u>(114,159)</u> |
| Net Adjustment to Reduce Total Fund Balances-Total Governmental Funds to Arrive at Net Position - Governmental Activities | <u><u>\$ (11,175,693)</u></u> |

Another element of that reconciliation states that “Net Pension Liability and the related deferred outflows and deferred inflows of resources are not reported in the funds.” The details of this \$5,159,342 difference are as follows:

| | |
|--|------------------------------|
| Net Pension Liability | \$ (9,009,424) |
| Deferred Resource Outflows - Related to Pensions | 4,136,507 |
| Deferred Resource Inflows - Related to Pensions | <u>(286,425)</u> |
| Net Adjustment to Reduce Total Fund Balances-Total Governmental Funds to Arrive at Net Position - Governmental Activities | <u><u>\$ (5,159,342)</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 34 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 \$1,470,647 difference are as follows:

| | |
|--|---------------------------|
| Capital Outlay | \$3,369,486 |
| Depreciation Expense | <u>(1,898,839)</u> |
| Net Adjustment to Increase Net Changes in Fund Balance- Total Governmental Funds to Arrive at Changes in Net Position- Governmental Activities | <u><u>\$1,470,647</u></u> |

Another element of that reconciliation states that “The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$884,707 difference are as follows:

| | |
|--|-------------------|
| Principal Payments on Certificates of Obligation | \$ 1,040,000 |
| Payment to Escrow Agent to Refund Certificates of Obligation | 7,745,277 |
| Issuance of Certificates of Obligation | (7,115,000) |
| Premium on Certificates of Obligation | (785,570) |
| | <hr/> |
| Net Adjustment to Decrease Net Changes in Fund Balance- | |
| Total Governmental Funds to Arrive at Changes in Net Position- | |
| Governmental Activities | <u>\$ 884,707</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 \$18,437 difference are as follows:

| | |
|--|--------------------|
| Decrease in Compensated Absences | \$ 8,852 |
| Decrease in Accrued Interest | 58,864 |
| Increase in OPEB Liability | (141,352) |
| Amortization of Deferred Amount on Refunding | (4,768) |
| Amortization of Premium on Certificates of Obligation | 59,967 |
| | <hr/> |
| Net Adjustment to Decrease Net Changes in Fund Balance- | |
| Total Governmental Funds to Arrive at Changes in Net Position- | |
| Governmental Activities | <u>\$ (18,437)</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, 2016.

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, 2016, and throughout the year ended December 31, 2016, 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, 2016, the County's only investments were in certificates of deposit with its depository bank. As of December 31, 2016, 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 | \$ 1,338,540 | N/A |
| Certificates of Deposit - Agency Funds | <u>1,018,192</u> | N/A |
| Total Investments | <u>\$ 2,356,732</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 (4th 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, 2016, 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, 2016 for the County's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectibles, are as follows:

| | General <u>Fund</u> | Road & Bridge <u>Fund</u> | Airport <u>Fund</u> | Nonmajor Governmental <u>Funds</u> | <u>Total</u> |
|---|------------------------|---------------------------------|------------------------|--|----------------------|
| Current Property Taxes | \$ 8,764,845 | \$ 3,597,063 | \$ - | \$ 1,138,048 | \$ 13,499,956 |
| Delinquent Property Taxes | 2,147,269 | 872,198 | - | 200,202 | 3,219,669 |
| Due from Other Governments | 8,851 | 58,845 | - | - | 67,696 |
| Accounts | 33,162 | - | 68,215 | 45 | 101,422 |
| Total Gross Receivables | \$ 10,954,127 | \$ 4,528,106 | \$ 68,215 | \$ 1,338,295 | \$ 16,888,743 |
| Less: Allowance for Uncollectible Taxes | (1,042,946) | (426,207) | - | (119,704) | (1,588,857) |
| Net Total Receivables | <u>\$ 9,911,181</u> | <u>\$ 4,101,899</u> | <u>\$ 68,215</u> | <u>\$ 1,218,591</u> | <u>\$ 15,299,886</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. Availability only affects the recognition of revenue in governmental funds. Therefore, all collections of current taxes during this period and all current taxes receivable as of December 31 are recorded as Unavailable Revenue and Deferred Revenue in the fund statements and the government-wide statements, respectively. Each of these reported amounts are listed in the Deferred Inflows section of their respective financial statements. Additionally, the County also reflects as deferred inflows of resources, monies that have been received, but not earned for grant drawdowns and deposits.

| | General <u>Fund</u> | Road & Bridge <u>Fund</u> | Airport <u>Fund</u> | Nonmajor Governmental <u>Funds</u> | <u>Total</u> |
|---|------------------------|---------------------------------|------------------------|--|----------------------|
| <u>Deferred Revenue</u> | | | | | |
| Advance Tax Collections | \$ 4,576,625 | \$ 1,918,602 | \$ - | \$ 627,149 | \$ 7,122,376 |
| Seized Funds | - | - | - | 14,859 | 14,859 |
| Grant Funds | - | - | - | 8,363 | 8,363 |
| Deposits | - | - | 2,150 | - | 2,150 |
| Total Unearned Revenue | <u>\$ 4,576,625</u> | <u>\$ 1,918,602</u> | <u>\$ 2,150</u> | <u>\$ 650,371</u> | <u>\$ 7,147,748</u> |
| <u>Unearned Deferred Revenue:</u> | | | | | |
| Current Property Taxes Receivable | \$ 8,764,845 | \$ 3,597,063 | \$ 1,138,048 | \$ 1,138,048 | \$ 14,638,004 |
| Less: Allowance for Uncollectible Taxes | (613,485) | (251,779) | (79,663) | (79,663) | (1,024,590) |
| Net Current Property Taxes Receivable | <u>\$ 8,151,360</u> | <u>\$ 3,345,284</u> | <u>\$ 1,058,385</u> | <u>\$ 1,058,385</u> | <u>\$ 13,613,414</u> |

C. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2016, was as follows:

| | Balance January 1, 2016 | Increases | Decreases | Balance December 31, 2016 |
|---|-------------------------------|----------------------------|--------------------|---------------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 1,032,025 | \$ - | \$ - | \$ 1,032,025 |
| Construction in Progress | - | 1,491,182 | - | 1,491,182 |
| Total Capital Assets Not Being Depreciated | <u>\$ 1,032,025</u> | <u>\$ 1,491,182</u> | <u>\$ -</u> | <u>\$ 2,523,207</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings | \$ 22,788,712 | \$ 765,640 | \$ - | \$ 23,554,352 |
| Machinery & Equipment | 13,186,831 | 1,112,664 | 700,654 | 13,598,841 |
| Infrastructure | 3,978,922 | - | - | 3,978,922 |
| Total Capital Assets Being Depreciated | <u>\$ 39,954,465</u> | <u>\$ 1,878,304</u> | <u>\$ 700,654</u> | <u>\$ 41,132,115</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | \$ 6,212,717 | \$ 740,896 | \$ - | \$ 6,953,613 |
| Machinery & Equipment | 10,396,416 | 1,048,343 | 700,654 | 10,744,105 |
| Infrastructure | 2,467,068 | 109,599 | - | 2,576,667 |
| Total Accumulated Depreciation | <u>\$ 19,076,201</u> | <u>\$ 1,898,838</u> | <u>\$ 700,654</u> | <u>\$ 20,274,385</u> |
| Total Capital Assets Being Depreciated, Net | <u>\$ 20,878,264</u> | <u>\$ (20,534)</u> | <u>\$ -</u> | <u>\$ 20,857,730</u> |
| Governmental Activities Capital Assets, Net | <u><u>\$ 21,910,289</u></u> | <u><u>\$ 1,470,648</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 23,380,937</u></u> |

Depreciation expense was charged to Functions/Programs as follows:

| | |
|----------------------------|----------------------------|
| General Government | \$ 94,508 |
| Judicial | 17,275 |
| Legal | 3,660 |
| Elections | 2,028 |
| Financial Administration | 7,897 |
| Public Facilities | 53,687 |
| Public Transportation | 979,374 |
| Public Safety | 709,139 |
| Health and Welfare | 8,344 |
| Culture and Recreation | 19,805 |
| Conservation | 3,121 |
| Total Depreciation Expense | <u><u>\$ 1,898,838</u></u> |

D. Pension Plan

Plan Description

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the Fiduciary Net Position of the Texas County and District Retirement System (the "TCDRS") and additions to/deductions from TCERS' Fiduciary Net Position have been determined on the same basis as they are reported to TCERS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCERS (TCERS 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 80 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 TCERS 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 TCERS Act.

Contributions

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCERS 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 TCERS Act, the contribution rate of the employer is actuarially determined annually.

It was 9.19% for calendar year 2016. 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 TCERS Act.

Annual Pension Cost

For the employer's accounting year ending December 31, 2016, the annual pension cost for the TCERS plan for its employees was \$990,225, and the actual contributions were \$990,225. 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, 2015, the basis for determining the contribution rate for calendar year 2016. The December 31, 2015 actuarial valuation is the most recent valuation.

Changes in Net Pension Liability.

At December 31, 2015 the County reported a net pension liability/(asset) of \$9,009,424. The changes in net pension liability (asset) were as follows:

| | Total Pension <u>Liability</u> (a) | Increase (Decrease) Plan Fiduciary <u>Net Position</u> (b) | Net Pension <u>Liability</u> (a) - (b) |
|--|--|---|--|
| Balance at 12/31/2014 | \$ 45,165,853 | \$ 39,389,776 | 5,776,077 |
| Changes for the year: | | | |
| Service Cost | 1,299,717 | - | 1,299,717 |
| Interest | 3,639,457 | - | 3,639,457 |
| Change in benefit terms | (163,823) | - | (163,823) |
| Diff between expected/actual experience | (160,279) | - | (160,279) |
| Changes of assumptions | 671,526 | - | 671,526 |
| Contributions - employer | - | 973,204 | (973,204) |
| Contributions - employee | - | 722,961 | (722,961) |
| Net investment income | - | 256,853 | (256,853) |
| Benefit payments, including refunds of employee contributions | (2,285,288) | (2,285,288) | - |
| Administrative expenses | - | (28,253) | 28,253 |
| Other charges | - | 128,486 | (128,486) |
| Net changes | <u>3,001,310</u> | <u>(232,037)</u> | <u>3,233,347</u> |
| Balance at 12/31/2015 | <u>\$ 48,167,163</u> | <u>\$ 39,157,739</u> | <u>\$ 9,009,424</u> |

Discount Rate

The discount rate used to measure the total pension liability was 8.1%. There was no change in discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contribution employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

The long term rate of return on pension plan investments is 8.1%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS’ investment consultant, Cliffwater LLC. The numbers shown below are based on January 2016 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013.

| Asset Class | Benchmark | Target Allocation ⁽¹⁾ | Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾ |
|--|---|----------------------------------|---|
| US Equities | Dow Jones U.S. Total Stock Market Index | 14.50% | 5.45% |
| Private Equity | Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾ | 14.00% | 8.45% |
| Global Equities | MSCI World (net) Index | 1.50% | 5.75% |
| International Equities-Developed | 50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index | 10.00% | 5.45% |
| International Equities-Emerging | 50% MSCI World EM Standard (net) Index + 50% 50% MSCI EM 100% Hedged to USD (net) Index | 8.00% | 6.45% |
| Investment-Grade Bonds | Barclays Capital Aggregate Bond Index | 3.00% | 1.00% |
| High-Yield Bonds | Citigroup High-Yield Cash-Pay Capped Index | 3.00% | 5.10% |
| Opportunistic Credit | Citigroup High-Yield Cash-Pay Capped Index | 5.00% | 5.09% |
| Direct Lending | Citigroup High-Yield Cash-Pay Capped Index | 2.00% | 6.40% |
| Distressed Debt | Citigroup High-Yield Cash-Pay Capped Index | 3.00% | 8.10% |
| REIT Equities | 67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index | 3.00% | 4.00% |
| Master Limited Partnerships (MLF Alerian MLP Index | | 3.00% | 6.80% |
| Private Real Estate Partnerships | Cambridge Associates Real Estate Index ⁽⁴⁾ | 5.00% | 6.90% |
| Hedge Funds | Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index | 25.00% | 5.25% |
| Total | | <u>100.00%</u> | |

⁽¹⁾ Target asset allocation adopted at the April 2016 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.6%, per Cliffwater's 2016 capital market assumptions.

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

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate Sensitivity Analysis.

The following presents the net pension liability of the County, calculated using the discount rate of 8.10%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---------------------------------|------------------------|----------------------------------|------------------------|
| | (7.10%) | (8.10%) | (9.10%) |
| Total Pension Liability | \$54,245,628 | \$48,167,162 | \$43,133,302 |
| Fiduciary net position | <u>39,157,737</u> | <u>39,157,737</u> | <u>39,157,737</u> |
| Net pension liability / (asset) | \$15,087,891 | \$9,009,425 | \$3,975,565 |

Deferred Outflows and Inflows of Resources Related to Pensions

As of December 31, 2015, the deferred inflows and outflows of resources are as follows:

| Deferred Inflows/Outflows of Resources | Deferred Inflows Of Resources | Deferred Outflows Of Resources |
|---|--|---|
| Differences between expected and actual experience | \$286,425 | \$0 |
| Changes of assumptions | 0 | 503,644 |
| Net difference between projected and actual earnings | 0 | 2,642,639 |
| Contributions made subsequent to measurement date (3) | N/A | 990,225 |

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

| Year ended December 31: | |
|-------------------------|-----------|
| 2015 | \$729,413 |
| 2016 | 729,413 |
| 2017 | 812,521 |
| 2018 | 588,512 |
| 2019 | - |
| Thereafter | - |

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 IV (D) 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 \$586 per month for 2016.

Premiums must be paid by the 20th 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 January 1, 2016, eleven (11) 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, 2016, expenses of \$44,028, 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 | \$ 253,167 |
| Interest on Net OPEB Obligation | 78,099 |
| Amortization of Prior Year Net OPEB Obligation | <u>(110,720)</u> |
| Annual OPEB Cost (Expense) | \$ 220,546 |
| Expected Net OPEB Costs ⁽¹⁾ | <u>(79,194)</u> |
| Change in OPEB Obligation | \$ 141,352 |
| Net OPEB Obligation (Asset) - Beginning of Year | <u>1,952,483</u> |
| Net OPEB Obligation (Asset) - End of Year | <u><u>\$ 2,093,835</u></u> |

⁽¹⁾ Including \$44,028 in direct employer paid contributions.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding two years were as follows:

| Fiscal <u>Year</u> | Annual OPEB <u>Cost</u> | of Annual OPEB Cost <u>Contributed</u> | Net OPEB <u>Obligation</u> |
|-----------------------|-------------------------------|--|----------------------------------|
| 2014 | \$ 270,783 | 37.95% | \$ 1,777,754 |
| 2015 | 277,503 | 37.04% | 1,952,483 |
| 2016 | 220,546 | 35.91% | 2,093,835 |

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 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 December 31, 2015, the projected unit 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 (1.00% real rate of return plus 3.00% inflation) and an annual healthcare cost trend of 7.50% initially, reduced by decrements to an ultimate rate of 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 an open basis at January 1, 2014, was 30 years.

Funding Status and Funding Progress

| Actuarial Valuation <u>Date</u> | Actuarial Value of Assets <u>(a)</u> | Actuarial Accrued Liabilities (AAL) <u>(b)</u> | Unfunded AAL (UAAL) <u>(b-a)</u> | Funded Ratio <u>(a/b)</u> | Annual Covered Payroll <u>(c)</u> | UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u> |
|---------------------------------------|---|---|---|---------------------------------|--|--|
| 01/01/11 | - | 2,334,739 | 2,334,739 | 0.00 | 9,663,596 | 24.16 |
| 01/01/14 | - | 2,474,865 | 2,474,865 | 0.00 | 10,262,074 | 24.12 |
| 01/01/16 | - | 2,312,793 | 2,312,793 | 0.00 | 9,655,894 | 23.95 |

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, 2016. 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 2016 have been reported as expenditures in the general fund and special revenue funds.

During the year ended December 31, 2016, employees of the County were covered by a fully insured health insurance plan (the Plan). The County contributed \$925 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, 2016.

| <u>Year Ending December 31</u> | <u>Governmental Activities</u> |
|------------------------------------|------------------------------------|
| 2017 | 70,745 |
| 2018 | 30,860 |
| Total minimum lease payments | <u><u>\$ 101,605</u></u> |

Total cost for these leases for the year ended December 31, 2016 was \$70,745.

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.

On August 8, 2016, the Commissioners' Court authorized the issuance of \$7,115,000 in general obligation refunding bonds to advance refund a portion of the County's Series 2008 certificates of obligation. The net proceeds of \$7,745,277 (including a premium of \$785,570 and after underwriting fees and other issuance costs of \$155,209) was deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 bonds. As a result, those bonds are considered to be defeased and the liability for those bonds has been removed from the County's Government-wide Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$75,331. This difference, reported in the accompanying financial statements as deferred outflows of resources as unamortized deferred amount on refunding is being charted to interest through the year 2023 on a straight-line basis. The County completed the advance refunding to reduce its total debt service payments over the next 7 years by \$816,462 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$722,186.

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> |
|------------------------------------|---------------------|---------------------|-------------------------------|
| 2017 | 1,080,000 | 282,483 | \$ 1,362,483 |
| 2018 | 1,065,000 | 263,300 | 1,328,300 |
| 2019 | 1,115,000 | 219,700 | 1,334,700 |
| 2020 | 1,160,000 | 174,200 | 1,334,200 |
| 2021 | 1,210,000 | 126,800 | 1,336,800 |
| 2022-2023 | 2,565,000 | 103,700 | 2,668,700 |
| Total | <u>\$ 8,195,000</u> | <u>\$ 1,170,183</u> | <u>\$ 9,365,183</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, 2016, the County had no arbitrage rebate liability.

GASB Statement No. 7, "Advance Refunding Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of December 31, 2016, outstanding balance of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

| <u>Bond Issue</u> | <u>Amount</u> |
|--------------------------------------|---------------|
| General Obligation Bonds Series 2008 | \$7,580,000 |

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2016, was as follows:

| | Balance January 1, <u>2016</u> | <u>Additions</u> | <u>Reductions</u> | Balance December 31, <u>2016</u> | <u>Due Within One Year</u> |
|--|--------------------------------------|----------------------|---------------------|--|--------------------------------|
| 2008 Certificates of Obligation | \$ 9,700,000 | \$ - | \$ 8,620,000 | \$ 1,080,000 | \$ 1,080,000 |
| Add: Premium on Issuance | 102,468 | - | 102,468 | - | - |
| 2016 Refunding Bonds | - | 7,115,000 | - | 7,115,000 | - |
| Add: Premium on Issuance | - | 785,570 | 49,720 | 735,850 | - |
| Net Certificates of Obligation | <u>\$ 9,802,468</u> | <u>7,900,570</u> | <u>\$ 8,772,188</u> | <u>\$ 8,930,850</u> | <u>\$ 1,080,000</u> |
| OPEB Liability | 1,952,483 | 220,546.00 | 79,194.00 | 2,093,835 | - |
| Net Pension Liability | 5,776,077 | 3,233,347 | - | 9,009,424 | - |
| Compensated Absences | 123,011 | 8,726 | 17,578 | 114,159 | 15,060 |
| Total Governmental Activity Long-Term Liabilities | <u>\$ 17,654,039</u> | <u>\$ 11,363,189</u> | <u>\$ 8,868,960</u> | <u>\$ 20,148,268</u> | <u>\$ 1,095,060</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, 2016 are as follows:

| | <u>Major Special Revenue Funds</u> | | | | <u>Total</u> |
|-------------------------------|------------------------------------|-----------------------------------|-------------------------|------------------------|----------------------|
| | <u>General Fund</u> | <u>Road & Bridge Fund</u> | <u>Airport Fund</u> | <u>Other Funds</u> | |
| Nonspendable: | | | | | |
| Prepaid Items | \$ 120,845 | \$ 50,436 | \$ - | \$ - | \$ 171,281 |
| Permanent Fund Principal | - | - | - | 66,651 | 66,651 |
| Restricted: | | | | | |
| County Roads & Bridges | - | 3,091,514 | - | - | 3,091,514 |
| Airport Property | - | - | 4,879,002 | - | 4,879,002 |
| Law Library | - | - | - | 26,295 | 26,295 |
| County Officials' Offices | - | - | - | 646,624 | 646,624 |
| Indigent Health Care Services | - | - | - | 1,732,840 | 1,732,840 |
| Juvenile Services | - | - | - | 19,045 | 19,045 |
| General Obligation Debt | - | - | - | 1,027,466 | 1,027,466 |
| Cemetery Maintenance | - | - | - | 551 | 551 |
| Unassigned | 13,077,681 | - | - | - | 13,077,681 |
| Total Fund Balances | <u>\$ 13,198,526</u> | <u>\$ 3,141,950</u> | <u>\$ 4,879,002</u> | <u>\$ 3,519,472</u> | <u>\$ 24,738,950</u> |

J. Interfund Transfers

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

The purpose of these transfers was to supplement revenue.

K. Tax Abatements

The County enters into property tax abatement agreements with local businesses through a reduction of assessed value. For each of the following tax abatement agreements, the Commissioners’ Court voted to approve the reduction in assessed value. For the fiscal year ended December 31, 2016, the County abated property taxes totaling \$10,069 including the following tax abatement agreements:

- An 18 percent property tax abatement to Tatum Lodging LLC. The abatement amounted to \$343.
- A 62 percent total property tax abatement to Eastern Fuels LLC. The abatement amounted to \$9,671
- A 14 percent property tax abatement to 101 South Marshall LP. The abatement amounted to \$55.

L. 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.

REQUIRED SUPPLEMENTARY INFORMATION

Rusk County, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended December 31, 2016

| | 2015 | 2014 |
|---|----------------------|----------------------|
| Total Pension Liability | | |
| Service cost | \$ 1,299,717 | \$ 1,265,726 |
| Interest (on the total pension liability) | 3,639,457 | 3,446,888 |
| Effect of plan changes | (163,823) | - |
| Effect of assumption changes or inputs | 671,526 | - |
| Effect of economic/demographic (gains) or losses | (160,279) | (332,432) |
| Benefit payments, including refunds of employee contributions | (2,285,289) | (2,252,086) |
| Net Change in Total Pension Liability | <u>3,001,309</u> | <u>2,128,097</u> |
| Total Pension Liability - Beginning | 45,165,853 | 43,037,756 |
| Total Pension Liability - Ending (a) | <u>\$ 48,167,162</u> | <u>\$ 45,165,853</u> |
| Plan Fiduciary Net Position | | |
| Contributions - employer | \$ 973,204 | \$ 929,203 |
| Contributions - employee | 722,961 | 719,526 |
| Net investment income | 256,853 | 2,562,436 |
| Benefit payments, including refunds of employee contributions | (2,285,289) | (2,252,086) |
| Administrative expense | (28,253) | (29,640) |
| Other | 128,486 | (112,261) |
| Net Change in Plan Fiduciary Net Position | <u>(232,038)</u> | <u>1,817,178</u> |
| Plan Fiduciary Net Position - Beginning | 39,389,776 | 37,572,597 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 39,157,738</u> | <u>\$ 39,389,775</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 9,009,424</u> | <u>\$ 5,776,077</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 81.30% | 87.21% |
| Covered Employee Payroll | \$ 10,328,011 | \$ 9,927,337 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 87.23% | 58.18% |

Rusk County, Texas
 Schedule of Contributions
 For the Year Ended December 31, 2016

| | 2016 | 2015 | 2014 |
|--|------------------|------------------|------------------|
| Actuarially determined contribution | \$ 990,225 | \$ 973,362 | \$ 929,203 |
| Contributions in relation to actuarially determined contribution | <u>(990,225)</u> | <u>(973,362)</u> | <u>(929,203)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered employee payroll | \$ 10,774,993 | \$ 10,329,745 | \$ 9,927,337 |
| Contributions as a percentage of covered employee payroll | 9.19% | 9.42% | 9.36% |

Rusk County, Texas
Notes to the Schedule of Contributions
For the Year Ended December 31, 2016

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry age |
| Amortization Method | Level percentage of payroll, closed |
| Remaining Amortization Period | 12.9 years |
| Asset Valuation Method | 5-yr smoothed market |
| Inflation | 3.0% |
| Salary Increases | Varies by age and service. 4.9% average over career including inflation |
| Investment Rate of Return | 0.00% |
| Retirement Age | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61. |
| Mortality | In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014. |

Other Information: Effective with the 2015 calendar year, employer contributions reflect that a 50% CPI COLA was adopted

**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*)

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

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.

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.

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 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, and attorney's fees 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.

Rusk County, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

| | <u>Permanent Funds</u> | | | | | Total Nonmajor Governmental Funds |
|---|-----------------------------|-------------------------|-----------------------------|---------------------------|-----------------------------|--|
| | Special Revenue Funds | Debt Service Fund | Available School Fund | Cemetery Trust Fund | Total Permanent Funds | |
| <u>Assets</u> | | | | | | |
| Cash | \$ 2,469,652 | \$ 1,654,654 | \$ - | \$ 15,551 | \$ 15,551 | \$ 4,139,857 |
| Investments | - | - | 51,651 | - | 51,651 | 51,651 |
| Receivables: (net of allowances for uncollectibles): | | | | | | |
| Property Taxes | - | 1,218,546 | - | - | - | 1,218,546 |
| Due from Other Governments | - | - | - | - | - | - |
| Accounts | 45 | - | - | - | - | 45 |
| Total Assets | \$ 2,469,697 | \$ 2,873,200 | \$ 51,651 | \$ 15,551 | \$ 67,202 | \$ 5,410,099 |
| <u>Liabilities</u> | | | | | | |
| Accounts Payable | \$ 21,671 | \$ - | \$ - | \$ - | \$ - | \$ 21,671 |
| Total Liabilities | \$ 21,671 | \$ - | \$ - | \$ - | \$ - | \$ 21,671 |
| <u>Deferred Inflows of Resources</u> | | | | | | |
| Unavailable Revenue - Advance Tax | \$ - | \$ 627,149 | \$ - | \$ - | \$ - | \$ 627,149 |
| Unavailable Revenue - Other | 23,222 | - | - | - | - | 23,222 |
| Unavailable Revenue - Tax Revenue | - | 1,218,585 | - | - | - | 1,218,585 |
| Total Deferred Inflows of Resources | \$ 23,222 | \$ 1,845,734 | \$ - | \$ - | \$ - | \$ 1,868,956 |
| <u>Fund Balances</u> | | | | | | |
| Nonspendable | \$ - | \$ - | \$ 51,651 | \$ 15,000 | \$ 66,651 | \$ 66,651 |
| Restricted | 2,424,804 | 1,027,466 | - | 551 | 551 | 3,452,821 |
| Total Fund Balances | \$ 2,424,804 | \$ 1,027,466 | \$ 51,651 | \$ 15,551 | \$ 67,202 | \$ 3,519,472 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 2,469,697 | \$ 2,873,200 | \$ 51,651 | \$ 15,551 | \$ 67,202 | \$ 5,410,099 |

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, 2016

| | Permanent Funds | | | | | Total Nonmajor Governmental Funds |
|--|-----------------------------|-------------------------|-----------------------------|---------------------------|-----------------------------|--|
| | Special Revenue Funds | Debt Service Fund | Available School Fund | Cemetery Trust Fund | Total Permanent Funds | |
| Revenues: | | | | | | |
| Ad Valorem Taxes | \$ 275,000 | \$ 1,281,542 | \$ - | \$ - | \$ - | \$ 1,556,542 |
| Intergovernmental | 377,592 | - | - | - | - | 377,592 |
| Fees | 148,604 | - | - | - | - | 148,604 |
| Fines and Forfeitures | 17,640 | - | - | - | - | 17,640 |
| Miscellaneous | 20,374 | 4,494 | 148 | 47 | 195 | 25,063 |
| Total Revenues | \$ 839,210 | \$ 1,286,036 | \$ 148 | \$ 47 | \$ 195 | \$ 2,125,441 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General Government | \$ 139,820 | \$ - | \$ - | \$ - | \$ - | \$ 139,820 |
| Judicial | 59,016 | - | - | - | - | 59,016 |
| Legal | 24,255 | - | - | - | - | 24,255 |
| Financial Administration | 4,407 | - | - | - | - | 4,407 |
| Public Facilities | - | - | - | 220 | 220 | 220 |
| Public Safety | 502,323 | - | - | - | - | 502,323 |
| Health and Welfare | 137,620 | - | - | - | - | 137,620 |
| Debt Service: | | | | | | |
| Principal | - | 1,040,000 | - | - | - | 1,040,000 |
| Interest | - | 412,585 | - | - | - | 412,585 |
| Bond Issuance Costs | - | 156,015 | - | - | - | 156,015 |
| Total Expenditures | \$ 867,441 | \$ 1,608,600 | \$ - | \$ 220 | \$ 220 | \$ 2,476,261 |
| Excess (Deficiency) of Revenues over Expenditures | \$ (28,231) | \$ (322,564) | \$ 148 | \$ (173) | \$ (25) | \$ (350,820) |
| Other Financing Sources (Uses): | | | | | | |
| Issuance of Bonds | \$ - | \$ 7,115,000 | \$ - | \$ - | \$ - | \$ 7,115,000 |
| Premium on Bonds | - | 785,570 | - | - | - | 785,570 |
| Deposit to Escrow Account | - | (7,745,277) | - | - | - | (7,745,277) |
| Transfers In | 105,000 | - | - | - | - | 105,000 |
| Total Other Financing Sources (Uses) | \$ 105,000 | \$ 155,293 | \$ - | \$ - | \$ - | \$ 260,293 |
| Net Change in Fund Balances | \$ 76,769 | \$ (167,271) | \$ 148 | \$ (173) | \$ (25) | \$ (90,527) |
| Fund Balances - Beginning | 2,348,035 | 1,194,738 | 51,503 | 15,724 | 67,227 | 3,610,000 |
| Fund Balances - Ending | \$ 2,424,804 | \$ 1,027,467 | \$ 51,651 | \$ 15,551 | \$ 67,202 | \$ 3,519,473 |

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, 2016

| | <u>Law Library Fund</u> | <u>Rusk County Officials' Fund</u> | <u>Human Services Fund</u> | <u>Juvenile Services Fund</u> | <u>Total</u> |
|---|---------------------------------|--|------------------------------------|---------------------------------------|---------------------|
| <u>Assets</u> | | | | | |
| Cash | \$ 26,295 | \$ 666,303 | \$ 1,749,520 | \$ 27,534 | \$ 2,469,652 |
| Investments | - | - | - | - | - |
| Receivables: | | | | | |
| Accounts | - | - | - | 45 | 45 |
| Total Assets | <u>\$ 26,295</u> | <u>\$ 666,303</u> | <u>\$ 1,749,520</u> | <u>\$ 27,579</u> | <u>\$ 2,469,697</u> |
| <u>Liabilities</u> | | | | | |
| Accounts Payable | - | \$ 4,820 | \$ 16,680 | \$ 171 | \$ 21,671 |
| Total Liabilities | <u>-</u> | <u>\$ 4,820</u> | <u>\$ 16,680</u> | <u>\$ 171</u> | <u>\$ 21,671</u> |
| <u>Deferred Inflows of Resources</u> | | | | | |
| Unavailable Revenue - Other | - | \$ 14,859 | - | \$ 8,363 | 23,222 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>\$ 14,859</u> | <u>-</u> | <u>\$ 8,363</u> | <u>23,222</u> |
| <u>Fund Balances</u> | | | | | |
| Restricted | \$ 26,295 | \$ 646,624 | \$ 1,732,840 | \$ 19,045 | \$ 2,424,804 |
| Total Fund Balances | <u>\$ 26,295</u> | <u>\$ 646,624</u> | <u>\$ 1,732,840</u> | <u>\$ 19,045</u> | <u>\$ 2,424,804</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 26,295</u> | <u>\$ 666,303</u> | <u>\$ 1,749,520</u> | <u>\$ 27,579</u> | <u>\$ 2,469,697</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, 2016

| | Law Library <u>Fund</u> | Rusk County Officials' <u>Fund</u> | Human Services <u>Fund</u> | Juvenile Services <u>Fund</u> | <u>Totals</u> |
|--|-------------------------------|--|----------------------------------|-------------------------------------|---------------------|
| Revenues: | | | | | |
| Ad Valorem Taxes | \$ - | \$ - | \$ 275,000 | \$ - | \$ 275,000 |
| Intergovernmental | - | 8,845 | - | 368,747 | 377,592 |
| Fees | 26,928 | 120,565 | - | 1,111 | 148,604 |
| Fines and Forfeitures | - | 17,640 | - | - | 17,640 |
| Miscellaneous | 67 | 14,775 | 5,343 | 189 | 20,374 |
| Total Revenues | <u>\$ 26,995</u> | <u>\$ 161,825</u> | <u>\$ 280,343</u> | <u>\$ 370,047</u> | <u>\$ 839,210</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General Government | \$ - | \$ 139,820 | \$ - | \$ - | \$ 139,820 |
| Judicial | - | 59,016 | - | - | 59,016 |
| Legal | 18,506 | 5,749 | - | - | 24,255 |
| Financial Administration | - | 4,407 | - | - | 4,407 |
| Public Facilities | - | - | - | - | - |
| Public Safety | - | 23,652 | - | 478,671 | 502,323 |
| Health and Welfare | - | - | 137,620 | - | 137,620 |
| Capital Outlay: | | | | | |
| Public Transportation | - | - | - | - | - |
| Total Expenditures | <u>\$ 18,506</u> | <u>\$ 232,644</u> | <u>\$ 137,620</u> | <u>\$ 478,671</u> | <u>\$ 867,441</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>\$ 8,489</u> | <u>\$ (70,819)</u> | <u>\$ 142,723</u> | <u>\$ (108,624)</u> | <u>\$ (28,231)</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | \$ - | \$ - | \$ - | \$ 105,000 | \$ 105,000 |
| Total Other Financing Sources (Uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 105,000</u> | <u>\$ 105,000</u> |
| Net Change in Fund Balances | \$ 8,489 | \$ (70,819) | \$ 142,723 | \$ (3,624) | \$ 76,769 |
| Fund Balances - Beginning | 17,806 | 717,443 | 1,590,117 | 22,669 | 2,348,035 |
| Fund Balances - Ending | <u>\$ 26,295</u> | <u>\$ 646,624</u> | <u>\$ 1,732,840</u> | <u>\$ 19,045</u> | <u>\$ 2,424,804</u> |

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, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive/ (Negative)</u> |
|----------------------------|-------------------------|----------------------|----------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Ad Valorem Taxes: | | | | |
| Current Taxes | \$ 13,063,095 | \$ 13,063,095 | \$ 11,795,158 | \$ (1,267,937) |
| Delinquent Taxes | 250,000 | 250,000 | 279,701 | 29,701 |
| Interest and Penalty | 200,000 | 200,000 | 220,797 | 20,797 |
| Other Taxes: | | | | |
| Liquor Drink Tax | 13,000 | 13,000 | 10,960 | (2,040) |
| Intergovernmental | 144,900 | 144,973 | 192,309 | 47,336 |
| Fees | 1,589,026 | 1,589,026 | 1,549,467 | (39,559) |
| Fines and Forfeitures | 400,000 | 400,000 | 413,978 | 13,978 |
| Miscellaneous: | | | | |
| Interest | 90,000 | 90,000 | 66,315 | (23,685) |
| Other | 127,200 | 374,670 | 390,865 | 16,195 |
| Total Revenues | \$ 15,877,221 | \$ 16,124,764 | \$ 14,919,550 | \$ (1,205,214) |
| Expenditures: | | | | |
| Current: | | | | |
| General Government: | | | | |
| County Judge | \$ 274,859 | \$ 273,138 | \$ 254,389 | \$ 18,749 |
| Commissioners' Court | 335,880 | 335,880 | 323,380 | 12,500 |
| County Clerk | 688,617 | 688,617 | 633,688 | 54,929 |
| Veterans' Service | 97,921 | 97,921 | 84,051 | 13,870 |
| Emergency Management | 21,919 | 35,119 | 13,703 | 21,416 |
| Information Technology | 127,124 | 131,677 | 130,197 | 1,480 |
| Judicial: | | | | |
| County Court-at-Law | 336,914 | 338,414 | 317,495 | 20,919 |
| District Court | 223,190 | 223,190 | 203,757 | 19,433 |
| Justice of the Peace Court | 100,200 | 106,199 | 102,421 | 3,778 |
| District Clerk | 574,276 | 574,876 | 549,512 | 25,364 |
| Justices of the Peace | 722,407 | 722,407 | 694,369 | 28,038 |
| All Courts | 932,071 | 932,071 | 709,512 | 222,559 |
| Legal: | | | | |
| District Attorney | 679,815 | 680,510 | 579,217 | 101,293 |
| Elections | 265,345 | 273,945 | 262,470 | 11,475 |
| Financial Administration: | | | | |
| County Auditor | 250,158 | 252,858 | 237,762 | 15,096 |
| County Treasurer | 191,191 | 192,691 | 191,734 | 957 |
| Tax Assessor-Collector | 1,491,910 | 1,512,224 | 1,440,387 | 71,837 |
| Public Facilities: | | | | |
| Maintenance | 579,088 | 589,088 | 491,230 | 97,858 |

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, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive/ (Negative)</u> |
|-----------------------------------|-------------------------|--------------|---------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Public Safety: | | | | |
| Jail | 2,370,833 | 2,376,933 | 2,240,996 | 135,937 |
| Constables | 304,661 | 304,661 | 299,812 | 4,849 |
| Sheriff | 3,196,294 | 3,181,565 | 3,028,656 | 152,909 |
| Juvenile Board | 62,749 | 62,749 | 61,812 | 937 |
| Highway Patrol | 113,750 | 115,250 | 108,356 | 6,894 |
| Health and Welfare: | | | | |
| County Health | 98,353 | 98,353 | 90,749 | 7,604 |
| Public Health | 51,800 | 52,951 | 52,494 | 457 |
| County Welfare | 36,717 | 36,717 | 13,155 | 23,562 |
| Ambulance and Sanitation | 332,812 | 333,312 | 231,179 | 102,133 |
| Mental Health | 18,000 | 18,000 | 2,540 | 15,460 |
| Juvenile Room and Board | 42,000 | 42,000 | 38,079 | 3,921 |
| Culture and Recreation: | | | | - |
| Library Complex | 1,016,887 | 1,027,339 | 1,001,824 | 25,515 |
| Depot/Children's Discovery Center | 201,254 | 201,254 | 171,689 | 29,565 |
| Conservation: | | | | |
| Agriculture and Home Demo | 176,728 | 177,928 | 177,636 | 292 |
| Nondepartmental | 921,900 | 855,276 | 606,213 | 249,063 |
| Capital Outlay: | | | | |
| General Government: | | | | |
| County Judge | 2,000 | 3,721 | 3,721 | - |
| County Clerk | 10,000 | 10,000 | - | 10,000 |
| Veterans' Service | 29,000 | 29,000 | - | 29,000 |
| Emergency Management | 14,500 | 1,300 | - | 1,300 |
| Information Technology | 10,000 | 5,447 | - | 5,447 |
| Judicial: | | | | |
| County Court-at-Law | 1,500 | - | - | - |
| District Court | 2,000 | 2,000 | - | 2,000 |
| District Clerk | 10,000 | 9,400 | 5,424 | 3,976 |
| Legal: | | | | |
| District Attorney | 10,000 | 9,305 | 1,144 | 8,161 |
| Elections | 32,000 | 23,400 | 23,400 | - |
| Financial Administration: | | | | |
| County Auditor | 6,000 | 3,300 | - | 3,300 |
| County Treasurer | 2,000 | 500 | - | 500 |
| Tax Assessor-Collector | 2,000 | 2,500 | 2,500 | - |
| Public Facilities: | | | | |
| Maintenance | 43,250 | 33,250 | 2,090 | 31,160 |

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, 2016

| | Budgeted Amounts | | <u>Actual</u> | Variance with Final Budget Positive/ (Negative) |
|--|------------------|----------------|----------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Public Safety: | | | | |
| Jail | 20,000 | 14,300 | | 14,300 |
| Sheriff | 130,000 | 339,915 | 293,895 | 46,020 |
| Highway Patrol | 1,500 | - | - | - |
| Health and Welfare: | | | | |
| County Welfare | 2,000 | 2,000 | 1,275 | 725 |
| Ambulance and Sanitation | 10,000 | 9,500 | - | 9,500 |
| Culture and Recreation: | | | | |
| Library Complex | 15,000 | 12,150 | 5,479 | 6,671 |
| Depot/Children's Discovery Center | 7,000 | 7,000 | - | 7,000 |
| Conservation: | | | | |
| Agriculture and Home Demo | 1,200 | - | - | - |
| Nondepartmental | 507,115 | 573,739 | 352,795 | 220,944 |
| Total Expenditures | \$ 17,705,688 | \$ 17,936,840 | \$ 16,036,187 | \$ 1,900,653 |
| Excess (Deficiency) of Revenues over Expenditures | \$ (1,828,467) | \$ (1,812,076) | \$ (1,116,637) | \$ 695,439 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | \$ 15,000 | \$ 15,000 | \$ 15,000 | \$ - |
| Transfers out | (105,000) | (105,000) | (105,000) | - |
| Total Other Financing Sources (Uses) | \$ (90,000) | \$ (90,000) | \$ (90,000) | \$ - |
| Net Change in Fund Balances | \$ (1,918,467) | \$ (1,902,076) | \$ (1,206,637) | \$ 695,439 |
| Fund Balances - Beginning | 14,405,163 | 14,405,163 | 14,405,163 | - |
| Fund Balances - Ending | \$ 12,486,696 | \$ 12,503,087 | \$ 13,198,526 | \$ 695,439 |

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, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive/ (Negative) |
|--|-------------------------|-----------------------|---------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Ad Valorem Taxes: | | | | |
| Current Taxes | \$ 5,391,436 | \$ 5,391,436 | \$ 4,962,965 | \$ (428,471) |
| Delinquent Taxes | 105,000 | 105,000 | 114,509 | 9,509 |
| Interest and Penalty | 80,000 | 80,000 | 92,880 | 12,880 |
| Intergovernmental | - | 289,281 | 289,280 | (1) |
| Fees | 900,000 | 900,000 | 911,518 | 11,518 |
| Fines and Forfeitures | 200,000 | 200,000 | 207,449 | 7,449 |
| Miscellaneous: | | | | |
| Interest | 20,000 | 20,000 | 17,694 | (2,306) |
| Other | 800 | 745,227 | 744,670 | (557) |
| Total Revenues | \$ 6,697,236 | \$ 7,730,944 | \$ 7,340,965 | \$ (389,979) |
| Expenditures: | | | | |
| Current: | | | | |
| Public Transportation: | | | | |
| Precinct #1 | \$ 1,214,734 | \$ 1,494,651 | \$ 1,423,863 | \$ 70,788 |
| Precinct #2 | 1,211,335 | 1,463,889 | 1,216,617 | 247,272 |
| Precinct #3 | 1,873,852 | 2,370,630 | 1,896,688 | 473,942 |
| Precinct #4 | 1,598,834 | 1,829,834 | 1,223,204 | 606,630 |
| Weight & License | 76,563 | 76,563 | 70,295 | 6,268 |
| Nondepartmental | 162,980 | 162,980 | 137,551 | 25,429 |
| Capital Outlay: | | | | |
| Public Transportation: | | | | |
| Precinct #1 | 266,938 | 292,689 | 197,790 | 94,899 |
| Precinct #2 | 245,214 | 654,479 | 568,029 | 86,450 |
| Precinct #3 | 216,372 | 1,241,087 | 537,202 | 703,885 |
| Precinct #4 | 146,340 | 918,343 | 211,434 | 706,909 |
| Weight & License | 30,600 | 30,600 | - | 30,600 |
| Total Expenditures | \$ 7,043,762 | \$ 10,535,745 | \$ 7,482,673 | \$ 3,053,072 |
| Excess (Deficiency) of Revenues over Expenditures | \$ (346,526) | \$ (2,804,801) | \$ (141,708) | \$ 2,663,093 |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | \$ (15,000) | \$ (15,000) | \$ (15,000) | \$ - |
| Total Other Financing Sources (Uses) | \$ (15,000) | \$ (15,000) | \$ (15,000) | \$ - |
| Net Change in Fund Balances | \$ (361,526) | \$ (2,819,801) | \$ (156,708) | \$ 2,663,093 |
| Fund Balances - Beginning | 3,298,659 | 3,298,659 | 3,298,659 | - |
| Fund Balances - Ending | \$ 2,937,133 | \$ 478,858 | \$ 3,141,951 | \$ 2,663,093 |

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, 2016

| | <u>Budgeted Amount:</u> | | <u>Actual</u> | Variance with Final Budget Positive/ <u>(Negative)</u> |
|-----------------------------|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Fees | \$ 32,000 | \$ 32,000 | \$ 26,928 | \$ (5,072) |
| Miscellaneous: | | | | |
| Interest | 30 | 30 | 67 | 37 |
| Total Revenues | <u>\$ 32,030</u> | <u>\$ 32,030</u> | <u>\$ 26,995</u> | <u>\$ (5,035)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Legal: | | | | |
| District Attorney | \$ 32,000 | \$ 32,000 | \$ 18,506 | \$ 13,494 |
| Total Expenditures | <u>\$ 32,000</u> | <u>\$ 32,000</u> | <u>\$ 18,506</u> | <u>\$ 13,494</u> |
| Net Change in Fund Balances | \$ 30 | \$ 30 | \$ 8,489 | \$ 8,459 |
| Fund Balances - Beginning | <u>17,806</u> | <u>17,806</u> | <u>17,806</u> | <u>-</u> |
| Fund Balances - Ending | <u><u>\$ 17,836</u></u> | <u><u>\$ 17,836</u></u> | <u><u>\$ 26,295</u></u> | <u><u>\$ 8,459</u></u> |

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, 2016

| | <u>Budgeted Amounts:</u> | | <u>Actual</u> | Variance with Final Budget Positive/ (Negative) |
|------------------------------|--------------------------|-------------------|-------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmenta | \$ 9,815 | \$ 9,815 | \$ 8,845 | \$ (970) |
| Fees | 124,821 | 124,821 | 120,565 | (4,256) |
| Fines and Forfeitures | 10,010 | 10,010 | 17,640 | 7,630 |
| Miscellaneous: | | | | |
| Other | 12,000 | 12,000 | 14,775 | 2,775 |
| Total Revenues | <u>\$ 156,646</u> | <u>\$ 156,646</u> | <u>\$ 161,826</u> | <u>\$ 5,180</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| County Judge | \$ 10 | \$ 10 | \$ - | \$ 10 |
| County Clerk | 71,700 | 149,481 | 139,820 | 9,661 |
| Judicial: | | | | |
| District Clerk | 3,000 | 3,000 | - | 3,000 |
| Justices of the Peace | 22,000 | 32,000 | 23,548 | 8,452 |
| All courts | 37,000 | 38,223 | 35,468 | 2,755 |
| Legal: | | | | |
| District Attorney | 5,670 | 6,349 | 5,749 | 600 |
| Financial Administration | | | | |
| Tax Assessor-Collector | 4,500 | 4,500 | 4,407 | 93 |
| Public Safety: | | | | |
| Constables | 2,665 | 3,755 | 1,742 | 2,013 |
| Sheriff | 11,501 | 22,442 | 21,911 | 531 |
| Total Expenditures | <u>\$ 158,046</u> | <u>\$ 259,760</u> | <u>\$ 232,646</u> | <u>\$ 27,114</u> |
| Net Change in Fund Balances: | \$ (1,400) | \$ (103,114) | \$ (70,820) | \$ 32,294 |
| Fund Balances - Beginning | <u>717,443</u> | <u>717,443</u> | <u>717,443</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 716,043</u> | <u>\$ 614,329</u> | <u>\$ 646,623</u> | <u>\$ 32,294</u> |

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, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive/ <u>(Negative)</u> |
|-----------------------------|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Ad Valorem Taxes | | | | |
| Current Taxes | \$ 275,000 | \$ 275,000 | \$ 275,000 | \$ - |
| Miscellaneous: | | | | |
| Interest | 6,000 | 6,000 | 5,343 | (657) |
| Total Revenues | <u>\$ 281,000</u> | <u>\$ 281,000</u> | <u>\$ 280,343</u> | <u>\$ (657)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Health and Welfare: | | | | |
| County Welfare | \$ 430,083 | \$ 430,083 | \$ 137,620 | \$ 292,463 |
| Total Expenditures | <u>\$ 430,083</u> | <u>\$ 430,083</u> | <u>\$ 137,620</u> | <u>\$ 292,463</u> |
| Net Change in Fund Balances | \$ (149,083) | \$ (149,083) | \$ 142,723 | \$ 291,806 |
| Fund Balances - Beginning | <u>1,590,117</u> | <u>1,590,117</u> | <u>1,590,117</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 1,441,034</u> | <u>\$ 1,441,034</u> | <u>\$ 1,732,840</u> | <u>\$ 291,806</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, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive/ (Negative) |
|-----------------------------|-------------------------|---------------------|---------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ - | \$ 39,402 | \$ 39,402 |
| Fees | 220,000 | 220,000 | 200,491 | (19,509) |
| Miscellaneous: | | | | |
| Interest | 20,000 | 20,000 | 16,499 | (3,501) |
| Sale of Assets | - | 31,770 | 31,770 | - |
| Donations | - | 2,850 | 3,315 | 465 |
| Timber Sale | - | - | - | - |
| Oil & Gas Royalties | 55,000 | 55,000 | 1,162,775 | 1,107,775 |
| Total Revenues | <u>\$ 295,000</u> | <u>\$ 329,620</u> | <u>\$ 1,454,252</u> | <u>\$ 1,124,632</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Transportation: | | | | |
| Airport | \$ 509,664 | \$ 520,014 | \$ 396,563 | \$ 123,451 |
| Capital Outlay: | | | | |
| Public Transportation: | | | | |
| Airport | 150,000 | 1,563,680 | 1,491,180 | 72,500 |
| Total Expenditures | <u>\$ 659,664</u> | <u>\$ 2,083,694</u> | <u>\$ 1,887,743</u> | <u>\$ 195,951</u> |
| Net Change in Fund Balances | \$ (364,664) | \$ (1,754,074) | \$ (433,491) | \$ 1,320,583 |
| Fund Balances - Beginning | 5,312,495 | 5,312,495 | 5,312,495 | - |
| Fund Balances - Ending | <u>\$ 4,947,831</u> | <u>\$ 3,558,421</u> | <u>\$ 4,879,004</u> | <u>\$ 1,320,583</u> |

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, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive/ (Negative) |
|--|-------------------------|-------------------------|-------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - |
| Fees | 1,100 | 1,100 | 1,111 | 11 |
| Miscellaneous: | | | | |
| Interest | 100 | 100 | 189 | 89 |
| Total Revenues | <u>\$ 1,200</u> | <u>\$ 1,200</u> | <u>\$ 1,300</u> | <u>\$ 100</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Safety: | | | | |
| Juvenile Services | \$ 106,200 | \$ 115,378 | \$ 114,843 | \$ 535 |
| Total Expenditures | <u>\$ 106,200</u> | <u>\$ 115,378</u> | <u>\$ 114,843</u> | <u>\$ 535</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>\$ (105,000)</u> | <u>\$ (114,178)</u> | <u>\$ (113,543)</u> | <u>\$ 635</u> |
| Other Financing Sources (Uses): | | | | |
| 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 | <u>\$ -</u> | <u>\$ (9,178)</u> | <u>\$ (8,543)</u> | <u>\$ 635</u> |
| Fund Balances - Beginning | 22,670 | 22,670 | 22,670 | - |
| Fund Balances - Ending | <u><u>\$ 22,670</u></u> | <u><u>\$ 13,492</u></u> | <u><u>\$ 14,127</u></u> | <u><u>\$ 635</u></u> |

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, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive/ (Negative) |
|--|-------------------------|---------------------|---------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Ad Valorem Taxes: | | | | |
| Current Taxes | \$ 1,303,499 | \$ 1,303,499 | \$ 1,227,824 | \$ (75,675) |
| Delinquent Taxes | 25,000 | 25,000 | 29,550 | 4,550 |
| Interest and Penalty | 20,000 | 20,000 | 24,167 | 4,167 |
| Miscellaneous | | | | |
| Interest | 2,550 | 2,550 | 4,494 | 1,944 |
| Total Revenues | <u>\$ 1,351,049</u> | <u>\$ 1,351,049</u> | <u>\$ 1,286,035</u> | <u>\$ (65,014)</u> |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal | \$ 1,040,000 | \$ 1,040,000 | \$ 1,040,000 | \$ - |
| Interest and Fees | 417,538 | 417,538 | 413,390 | 4,148 |
| Bond Issuance Costs | - | 155,209 | 155,209 | - |
| Total Expenditures | <u>\$ 1,457,538</u> | <u>\$ 1,612,747</u> | <u>\$ 1,608,599</u> | <u>\$ 4,148</u> |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (106,489) | \$ (261,698) | \$ (322,564) | \$ (60,866) |
| Other Financing Sources (Uses): | | | | |
| Refunding Bonds Issued | \$ - | \$ 7,115,000 | \$ 7,115,000 | \$ - |
| Premium on Refunding Bonds Issued | - | 785,570 | 785,570 | - |
| Payment to Refunded Bond Escrow Agent | - | (7,745,277) | (7,745,277) | - |
| Total Other Financing Sources (Uses) | <u>\$ -</u> | <u>\$ 155,293</u> | <u>\$ 155,293</u> | <u>\$ -</u> |
| Fund Balances - Beginning | <u>1,194,738</u> | <u>1,194,738</u> | <u>1,194,738</u> | <u>-</u> |
| Fund Balances - Ending | <u>\$ 1,088,249</u> | <u>\$ 1,243,626</u> | <u>\$ 1,182,760</u> | <u>\$ (60,866)</u> |

Rusk County, Texas
Agency Funds
Combining Statement of Assets and Liabilities
December 31, 2016

| | Tax Assessor- Collector Fund | County Clerk Fund | District Clerk Fund | Sheriff Fund | Justices of the Peace Fund | Library System Fund | Adult Probation Fund | Juvenile Probation Fund | Totals |
|---------------------------|------------------------------------|-------------------------|---------------------------|-------------------|----------------------------------|---------------------------|----------------------------|-------------------------------|---------------------|
| <u>Assets</u> | | | | | | | | | |
| Cash | \$ 4,333,676 | \$ 252,363 | \$ 2,385,712 | \$ 235,098 | \$ 553 | \$ 5 | \$ 217,225 | \$ - | \$ 7,424,632 |
| Investments | - | 345,073 | 673,119 | - | - | - | - | - | 1,018,192 |
| Total Assets | <u>\$ 4,333,676</u> | <u>\$ 597,436</u> | <u>\$ 3,058,831</u> | <u>\$ 235,098</u> | <u>\$ 553</u> | <u>\$ 5</u> | <u>\$ 217,225</u> | <u>\$ -</u> | <u>\$ 8,442,824</u> |
| <u>Liabilities</u> | | | | | | | | | |
| Due to Other Governments | \$ 4,333,676 | \$ - | \$ - | \$ - | \$ - | \$ 5 | \$ 215,606 | \$ - | \$ 4,549,287 |
| Court Ordered Deposits | - | 252,363 | 478,090 | 39,070 | 553 | - | - | - | 770,076 |
| Inmate Trust Funds | - | - | - | 196,028 | - | - | 1,619 | - | 197,647 |
| Court Ordered Trust Funds | - | 345,073 | 2,580,741 | - | - | - | - | - | 2,925,814 |
| Total Liabilities | <u>\$ 4,333,676</u> | <u>\$ 597,436</u> | <u>\$ 3,058,831</u> | <u>\$ 235,098</u> | <u>\$ 553</u> | <u>\$ 5</u> | <u>\$ 217,225</u> | <u>\$ -</u> | <u>\$ 8,442,824</u> |

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, 2016

| | Balance January 1, 2016 | Additions | Deductions | Balance December 31, 2016 |
|--|----------------------------|----------------------|----------------------|------------------------------|
| <u>Tax Assessor-Collector Fund:</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 7,728,849 | \$ 93,867,024 | \$ 97,262,196 | \$ 4,333,676 |
| Total Assets | <u>\$ 7,728,849</u> | <u>\$ 93,867,024</u> | <u>\$ 97,262,196</u> | <u>\$ 4,333,676</u> |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | \$ 7,728,849 | \$ 93,867,024 | \$ 97,262,196 | \$ 4,333,676 |
| Total Liabilities | <u>\$ 7,728,849</u> | <u>\$ 93,867,024</u> | <u>\$ 97,262,196</u> | <u>\$ 4,333,676</u> |
| <u>County Clerk Fund:</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 248,958 | \$ 633,130 | \$ 629,725 | \$ 252,363 |
| Investments | 341,671 | 3,401 | - | 345,073 |
| Total Assets | <u>\$ 590,629</u> | <u>\$ 636,531</u> | <u>\$ 629,725</u> | <u>\$ 597,436</u> |
| <u>Liabilities</u> | | | | |
| Court Ordered Deposits | \$ 248,958 | \$ 633,130 | \$ 629,725 | \$ 252,363 |
| Court Ordered Trust Funds | 341,671 | 3,401 | - | 345,073 |
| Total Liabilities | <u>\$ 590,630</u> | <u>\$ 636,531</u> | <u>\$ 629,725</u> | <u>\$ 597,436</u> |
| <u>District Clerk Fund:</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 2,473,734 | \$ 1,683,825 | \$ 1,771,847 | \$ 2,385,712 |
| Investments | 900,420 | 1,258,499 | 1,485,800 | 673,119 |
| Total Assets | <u>\$ 3,374,154</u> | <u>\$ 2,942,324</u> | <u>\$ 3,257,647</u> | <u>\$ 3,058,831</u> |
| <u>Liabilities</u> | | | | |
| Court Ordered Deposits | \$ 507,092 | \$ 529,638 | \$ 558,640 | \$ 478,090 |
| Court Ordered Trust Funds | 2,867,062 | 2,412,686 | 2,699,008 | 2,580,742 |
| Total Liabilities | <u>\$ 3,374,154</u> | <u>\$ 2,942,324</u> | <u>\$ 3,257,647</u> | <u>\$ 3,058,831</u> |

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, 2016

| | Balance January 1, 2016 | <u>Additions</u> | <u>Deductions</u> | Balance December 31, 2016 |
|---|----------------------------|------------------|-------------------|------------------------------|
| <i><u>Sheriff Fund:</u></i> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 240,930 | \$ 507,578 | \$ 513,410 | \$ 235,098 |
| Total Assets | \$ 240,930 | \$ 507,578 | \$ 513,410 | \$ 235,098 |
| <u>Liabilities</u> | | | | |
| Court Ordered Deposits | \$ 81,595 | \$ 116,747 | \$ 159,273 | \$ 39,070 |
| Inmate Trust Funds | 159,335 | 390,831 | 354,138 | 196,028 |
| Total Liabilities | \$ 240,930 | \$ 507,578 | \$ 513,411 | \$ 235,098 |
| <i><u>Justices of the Peace Fund:</u></i> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 577 | \$ 941,720 | \$ 941,744 | \$ 553 |
| Total Assets | \$ 577 | \$ 941,720 | \$ 941,744 | \$ 553 |
| <u>Liabilities</u> | | | | |
| Court Ordered Deposits | \$ 577 | \$ 941,720 | \$ 941,744 | \$ 553 |
| Total Liabilities | \$ 577 | \$ 941,720 | \$ 941,744 | \$ 553 |
| <i><u>Library System:</u></i> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 8 | \$ 25,983 | \$ 25,986 | \$ 5 |
| Total Assets | \$ 8 | \$ 25,983 | \$ 25,986 | \$ 5 |
| <u>Liabilities</u> | | | | |
| Due to Other Governments | \$ 8 | \$ 25,983 | \$ 25,986 | \$ 5 |
| Total Liabilities | \$ 8 | \$ 25,983 | \$ 25,986 | \$ 5 |

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, 2016

| | Balance January 1, 2016 | | Additions | Deductions | Balance December 31, 2016 | |
|--|----------------------------|------------|---------------|----------------|------------------------------|-----------|
| <u>Adult Probation:</u> | | | | | | |
| <u>Assets</u> | | | | | | |
| Cash | \$ | 417,450 | \$ 742,509 | \$ 942,733 | \$ | 217,225 |
| Investments | | 202,413 | - | 202,413 | | - |
| Total Assets | \$ | 619,862 | \$ 742,509 | \$ 1,145,146 | \$ | 217,225 |
| <u>Liabilities</u> | | | | | | |
| Due to Other Governments | \$ | 596,859 | \$ 653,837 | \$ 1,035,086 | \$ | 215,610 |
| Court Ordered Deposits | | 21,389 | 88,667 | 110,060 | | (4) |
| Inmate Trust | | 1,614 | 5 | - | | 1,619 |
| Total Liabilities | \$ | 619,862 | \$ 742,509 | \$ 1,145,146 | \$ | 217,225 |
| <u>Juvenile Probation Fund:</u> | | | | | | |
| <u>Assets</u> | | | | | | |
| Cash | \$ | - | \$ 2,351 | \$ 2,351 | \$ | - |
| Total Assets | \$ | - | \$ 2,351 | \$ 2,351 | \$ | - |
| <u>Liabilities</u> | | | | | | |
| Court Ordered Deposits | \$ | - | \$ 2,351 | \$ 2,351 | \$ | - |
| Total Liabilities | \$ | - | \$ 2,351 | \$ 2,351 | \$ | - |
| <u>Total All Agency Funds:</u> | | | | | | |
| <u>Assets</u> | | | | | | |
| Cash | \$ | 11,110,506 | \$ 98,404,120 | \$ 102,089,993 | \$ | 7,424,632 |
| Investments | | 1,444,504 | 1,261,900 | 1,688,213 | | 1,018,192 |
| Total Assets | \$ | 12,555,010 | \$ 99,666,021 | \$ 103,778,206 | \$ | 8,442,824 |
| <u>Liabilities</u> | | | | | | |
| Due to Other Governments | \$ | 8,325,716 | \$ 94,546,844 | \$ 98,323,269 | \$ | 4,549,291 |
| Court Ordered Deposits | | 859,611 | 2,312,253 | 2,401,793 | | 770,072 |
| Inmate Trust Funds | | 160,949 | 390,836 | 354,138 | | 197,647 |
| Court Ordered Trust Funds | | 3,208,733 | 2,416,088 | 2,699,008 | | 2,925,815 |
| Total Liabilities | \$ | 12,555,010 | \$ 99,666,021 | \$ 103,778,206 | \$ | 8,442,824 |

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, 2016

| | 2016 | 2015 |
|---|---------------|---------------|
| Governmental Funds Capital Assets: | | |
| Land | \$ 1,032,025 | \$ 1,032,025 |
| Construction in Progress | 1,491,182 | - |
| Buildings | 23,554,352 | 22,788,712 |
| Machinery and Equipment | 13,598,841 | 13,186,830 |
| Infrastructure | 3,978,922 | 3,978,922 |
| Total Governmental Funds Capital Assets | \$ 43,655,322 | \$ 40,986,489 |
| Investments in Governmental Funds Capital Assets by Source: | | |
| General Revenues | 23,835,027 | 21,166,194 |
| Certificates of Obligation | 19,103,202 | 19,103,202 |
| Donations | 673,965 | 673,965 |
| Drug Seizures | 43,128 | 43,128 |
| Total Governmental Funds Capital Assets | \$ 43,655,322 | \$ 40,986,489 |

Rusk County, Texas
 Capital Assets Used in the Operation of Governmental Funds
 Schedule By Function and Activity
 December 31, 2016

| <u>Function and Activity</u> | <u>Land</u> | <u>Construction in Progress</u> | <u>Buildings</u> | <u>Machinery and Equipment</u> | <u>Infrastructure</u> | <u>Total</u> |
|-----------------------------------|-------------|-------------------------------------|------------------|------------------------------------|-----------------------|---------------|
| General Government: | | | | | | |
| County Judge | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| County Clerk | - | - | - | 63,528 | - | 63,528 |
| Veteran's Service | - | - | - | 56,804 | - | 56,804 |
| Information Technology | - | - | - | 28,389 | - | 28,389 |
| Emergency Management | - | - | - | 367,868 | - | 367,868 |
| Total General Government | \$ - | \$ - | \$ - | \$ 516,589 | \$ - | \$ 516,589 |
| Judicial: | | | | | | |
| Justices of the Peace | \$ 1,060 | \$ - | \$ 243,927 | \$ 12,137 | \$ - | \$ 257,124 |
| District Court | - | - | - | - | - | - |
| Total Judicial | \$ 1,060 | \$ - | \$ 243,927 | \$ 12,137 | \$ - | \$ 257,124 |
| Legal: | | | | | | |
| District Attorney | \$ - | \$ - | \$ - | \$ 17,261 | \$ - | \$ 17,261 |
| Total District Attorney | \$ - | \$ - | \$ - | \$ 17,261 | \$ - | \$ 17,261 |
| Elections: | | | | | | |
| Elections | \$ 16,665 | \$ - | \$ - | \$ 91,741 | \$ - | \$ 108,406 |
| Total Elections | \$ 16,665 | \$ - | \$ - | \$ 91,741 | \$ - | \$ 108,406 |
| Financial Administration: | | | | | | |
| Tax Assessor-Collector | \$ - | \$ - | \$ 248,887 | \$ 5,362 | \$ - | \$ 254,249 |
| Treasurer | - | - | - | 5,000 | - | 5,000 |
| Total Financial Administration | \$ - | \$ - | \$ 248,887 | \$ 10,362 | \$ - | \$ 259,249 |
| Public Facilities: | | | | | | |
| Courthouse | \$ 191,486 | \$ - | \$ 1,166,870 | \$ 368,345 | \$ - | \$ 1,726,701 |
| Miscellaneous and Nondepartmental | 11,100 | - | - | 134,506 | - | 145,606 |
| Total Public Facilities | \$ 202,586 | \$ - | \$ 1,166,870 | \$ 502,851 | \$ - | \$ 1,872,307 |
| Public Safety: | | | | | | |
| Jail | \$ 225,000 | \$ - | \$ 19,433,216 | \$ 61,293 | \$ - | \$ 19,719,509 |
| Sheriff | 50,000 | - | 386,847 | 1,475,200 | - | 1,912,047 |
| Courthouse Security | - | - | - | 16,388 | - | 16,388 |
| Juvenile Probation | - | - | 137,493 | 25,029 | - | 162,522 |
| Total Public Safety | \$ 275,000 | \$ - | \$ 19,957,556 | \$ 1,577,910 | \$ - | \$ 21,810,466 |
| Public Transportation: | | | | | | |
| Road & Bridge-Precinct #1 | \$ 4,667 | \$ - | \$ - | \$ 2,349,452 | \$ 981,240 | \$ 3,335,359 |
| Road & Bridge-Precinct #2 | 6,268 | - | - | 2,066,265 | 1,487,698 | 3,560,231 |
| Road & Bridge-Precinct #3 | 8,050 | - | - | 2,549,223 | 1,173,944 | 3,731,217 |
| Road & Bridge-Precinct #4 | 17,624 | - | - | 3,184,195 | 336,040 | 3,537,859 |
| Road & Bridge-Miscellaneous | - | - | - | 31,597 | - | 31,597 |
| License & Weight | - | - | - | 72,675 | - | 72,675 |
| Airport | 346,420 | 1,491,182 | 680,393 | 357,020 | - | 2,875,015 |
| Total Public Transportation | \$ 383,029 | \$ 1,491,182 | \$ 680,393 | \$ 10,610,427 | \$ 3,978,922 | \$ 17,143,953 |
| Health and Welfare: | | | | | | |
| County Health | \$ - | \$ - | \$ - | \$ 29,506 | \$ - | \$ 29,506 |
| Sanitation | 12,165 | - | - | 46,672 | - | 58,837 |
| Total Health and Welfare | \$ 12,165 | \$ - | \$ - | \$ 76,178 | \$ - | \$ 88,343 |

Rusk County, Texas
 Capital Assets Used in the Operation of Governmental Funds
 Schedule By Function and Activity
 December 31, 2016

| <u>Function and Activity</u> | <u>Land</u> | <u>Construction in Progress</u> | <u>Buildings</u> | <u>Machinery and Equipment</u> | <u>Infrastructure</u> | <u>Total</u> |
|---|---------------------|-------------------------------------|----------------------|------------------------------------|-----------------------|----------------------|
| Culture and Recreation: | | | | | | |
| Library Complex | \$ 90,580 | \$ - | \$ 945,542 | \$ 159,230 | \$ - | \$ 1,195,352 |
| Depot/Children's Discovery Center | 40,440 | - | 173,684 | 9,450 | - | 223,574 |
| Community Center | 10,500 | - | - | - | - | 10,500 |
| Total Culture and Recreation | <u>\$ 141,520</u> | <u>\$ -</u> | <u>\$ 1,119,226</u> | <u>\$ 168,680</u> | <u>\$ -</u> | <u>\$ 1,429,426</u> |
| Conservation and Agriculture: | | | | | | |
| Agriculture & Home Demo | \$ - | \$ - | \$ 137,493 | \$ 14,705 | \$ - | \$ 152,198 |
| Total Conservation and Agriculture | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 137,493</u> | <u>\$ 14,705</u> | <u>\$ -</u> | <u>\$ 152,198</u> |
| Total Governmental Funds Capital Assets | <u>\$ 1,032,025</u> | <u>\$ 1,491,182</u> | <u>\$ 23,554,352</u> | <u>\$ 13,598,841</u> | <u>\$ 3,978,922</u> | <u>\$ 43,655,322</u> |

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, 2016

| <u>Function and Activity</u> | <u>Beginning Balance January 1, 2016</u> | <u>Additions</u> | <u>Deductions</u> | <u>Governmental Funds Capital Assets December 31, 2016</u> |
|-----------------------------------|--|---------------------|-------------------|--|
| General Government: | | | | |
| County Judge | \$ 6,389 | \$ - | \$ 6,389 | \$ - |
| County Clerk | 63,528 | - | - | 63,528 |
| Veteran's Service | 56,804 | - | - | 56,804 |
| Information Technology | 28,389 | - | - | 28,389 |
| Emergency Management | 367,868 | - | - | 367,868 |
| Total General Government | <u>\$ 522,978</u> | <u>\$ -</u> | <u>\$ 6,389</u> | <u>\$ 516,589</u> |
| Judicial: | | | | |
| Justices of the Peace | \$ 257,124 | - | - | \$ 257,124 |
| District Court | 74,790 | - | 74,790 | - |
| Total Judicial | <u>\$ 331,914</u> | <u>\$ -</u> | <u>\$ 74,790</u> | <u>\$ 257,124</u> |
| Legal: | | | | |
| District Attorney | \$ 17,261 | - | - | \$ 17,261 |
| Total Legal | <u>\$ 17,261</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,261</u> |
| Elections: | | | | |
| Elections | \$ 108,406 | - | - | \$ 108,406 |
| Total Elections | <u>\$ 108,406</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 108,406</u> |
| Financial Administration: | | | | |
| Tax Assessor-Collector | \$ 254,249 | - | - | \$ 254,249 |
| Treasurer | 5,000 | - | - | 5,000 |
| Total Financial Administration | <u>\$ 259,249</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 259,249</u> |
| Public Facilities: | | | | |
| Courthouse | \$ 969,878 | \$ 815,640 | \$ 58,817 | \$ 1,726,701 |
| Miscellaneous and Nondepartmental | 145,606 | - | - | 145,606 |
| Total Public Facilities | <u>\$ 1,115,484</u> | <u>\$ 815,640</u> | <u>\$ 58,817</u> | <u>\$ 1,872,307</u> |
| Public Safety: | | | | |
| Jail | \$ 19,714,139 | \$ 5,370 | - | \$ 19,719,509 |
| Sheriff | 1,796,962 | 235,798 | 120,713 | 1,912,047 |
| Courthouse Security | 16,388 | - | - | 16,388 |
| Juvenile Probation | 162,522 | - | - | 162,522 |
| Total Public Safety | <u>\$ 21,690,011</u> | <u>\$ 241,168</u> | <u>\$ 120,713</u> | <u>\$ 21,810,466</u> |
| Public Transportation: | | | | |
| Road & Bridge-Precinct #1 | \$ 3,221,463 | \$ 223,678 | \$ 109,782 | \$ 3,335,359 |
| Road & Bridge-Precinct #2 | 3,493,161 | 257,570 | 190,500 | 3,560,231 |
| Road & Bridge-Precinct #3 | 3,637,864 | 106,853 | 13,500 | 3,731,217 |
| Road & Bridge-Precinct #4 | 3,400,663 | 233,396 | 96,200 | 3,537,859 |
| Road & Bridge-Miscellaneous | 31,597 | - | - | 31,597 |
| License & Weight | 72,675 | - | - | 72,675 |
| Airport | 1,383,833 | 1,491,182 | - | 2,875,015 |
| Total Public Transportation | <u>\$ 15,241,256</u> | <u>\$ 2,312,679</u> | <u>\$ 409,982</u> | <u>\$ 17,143,953</u> |

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, 2016

| <u>Function and Activity</u> | <u>Beginning Balance January 1, 2016</u> | <u>Additions</u> | <u>Deductions</u> | <u>Governmental Funds Capital Assets December 31, 2016</u> |
|---|--|----------------------------|--------------------------|--|
| Health and Welfare: | | | | |
| County Health | \$ 59,469 | \$ - | \$ 29,963 | \$ 29,506 |
| Sanitation | 58,837 | - | - | 58,837 |
| Total Health and Welfare | <u>\$ 118,306</u> | <u>\$ -</u> | <u>\$ 29,963</u> | <u>\$ 88,343</u> |
| Culture and Recreation: | | | | |
| Library Complex | \$ 1,195,352 | \$ - | \$ - | \$ 1,195,352 |
| Depot/Children's Discovery Center | 223,574 | - | - | 223,574 |
| Community Center | 10,500 | - | - | 10,500 |
| Total Culture and Recreation | <u>\$ 1,429,426</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,429,426</u> |
| Conservation and Agriculture: | | | | |
| Agriculture & Home Demo | \$ 152,198 | \$ - | \$ - | \$ 152,198 |
| Total Conservation and Agriculture | <u>\$ 152,198</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 152,198</u> |
| Total Governmental Funds Capital Assets | <u><u>\$ 40,986,489</u></u> | <u><u>\$ 3,369,487</u></u> | <u><u>\$ 700,654</u></u> | <u><u>\$ 43,655,322</u></u> |

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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> |
|--|-------------|
| Financial Trends: | 99 |
| These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. | |
| Revenue Capacity: | 105 |
| These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax. | |
| Debt Capacity: | 112 |
| 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. | |
| Demographic and Economic Information: | 116 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place. | |
| Operating Information: | 118 |
| 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)

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Net Investment in Capital Assets | | | | | | | | | | |
| Restricted | \$ 14,450,087 | \$ 12,107,820 | \$ 12,116,832 | \$ 12,114,324 | \$ 11,939,360 | \$ 12,149,550 | \$ 11,710,141 | \$ 10,916,017 | \$ 9,633,246 | \$ 9,478,303 |
| Unrestricted | 1,146,193 | 1,174,870 | 961,706 | 923,225 | 787,396 | 207,659 | 120,834 | 66,838 | 67,419 | 67,523 |
| | 19,687,992 | 20,482,094 | 22,786,112 | 21,150,898 | 19,751,536 | 18,580,317 | 17,742,764 | 16,325,566 | 14,761,588 | 12,130,341 |
| Total | \$ 35,284,272 | \$ 33,764,784 | \$ 35,864,650 | \$ 34,188,447 | \$ 32,478,292 | \$ 30,937,526 | \$ 29,573,739 | \$ 27,308,421 | \$ 24,462,253 | \$ 21,676,167 |

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

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Expenses | | | | | | | | | | |
| General Government | \$ 2,465,572 | \$ 2,396,679 | \$ 2,391,322 | \$ 2,500,971 | \$ 2,569,722 | \$ 2,307,567 | \$ 2,506,904 | \$ 2,713,457 | \$ 2,629,527 | \$ 2,081,682 |
| Judicial | 2,694,105 | 2,589,015 | 2,431,208 | 2,308,514 | 2,278,032 | 2,386,602 | 2,866,978 | 2,386,349 | 2,338,133 | 2,368,101 |
| Legal | 609,600 | 593,937 | 602,142 | 597,931 | 584,071 | 605,541 | 531,893 | 451,559 | 436,245 | 417,726 |
| Elections | 266,954 | 217,098 | 249,122 | 188,382 | 238,372 | 172,758 | 203,611 | 193,749 | 179,431 | 97,937 |
| Financial Administration | 1,905,182 | 1,851,062 | 1,814,390 | 1,748,139 | 1,746,186 | 1,682,757 | 1,609,417 | 1,544,309 | 1,494,900 | 1,479,778 |
| Public Facilities | 559,044 | 645,729 | 761,845 | 863,205 | 756,369 | 725,521 | 621,606 | 700,669 | 723,640 | 661,780 |
| Public Safety | 7,482,411 | 6,962,714 | 6,885,164 | 6,582,485 | 6,244,736 | 5,828,528 | 5,494,159 | 5,574,435 | 5,003,927 | 4,657,335 |
| Public Transportation | 7,246,701 | 7,954,065 | 6,681,505 | 6,604,989 | 6,566,057 | 7,163,046 | 6,698,275 | 6,218,959 | 5,822,623 | 5,228,719 |
| Health and Welfare | 579,082 | 549,584 | 551,406 | 701,967 | 706,938 | 754,206 | 754,302 | 721,634 | 515,399 | 483,929 |
| Culture and Recreation | 1,211,220 | 1,152,304 | 1,106,036 | 1,029,227 | 1,075,540 | 1,042,855 | 1,007,038 | 1,015,949 | 949,957 | 844,282 |
| Conservation | 184,975 | 174,090 | 174,833 | 166,649 | 155,805 | 165,767 | 136,763 | 129,663 | 126,428 | 119,926 |
| Interest on Long-Term Debt | 454,537 | 429,168 | 478,600 | 486,853 | 534,224 | 583,919 | 633,361 | 664,495 | 492,486 | 12,308 |
| Total Expenses | \$ 25,659,383 | \$ 25,515,445 | \$ 24,127,573 | \$ 23,779,312 | \$ 23,456,052 | \$ 23,419,067 | \$ 23,064,307 | \$ 22,315,227 | \$ 20,712,696 | \$ 18,453,503 |
| Program Revenues | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | \$ 649,986 | \$ 599,619 | \$ 660,014 | \$ 778,666 | \$ 781,522 | \$ 589,945 | \$ 658,536 | \$ 861,162 | \$ 1,068,304 | \$ 1,021,768 |
| Judicial | 760,235 | 751,698 | 840,343 | 934,457 | 1,127,809 | 1,104,447 | 1,113,590 | 1,106,935 | 1,085,376 | 1,075,400 |
| Legal | 141,431 | 37,960 | 45,287 | 57,797 | 58,122 | 69,742 | 58,488 | 87,661 | 177,602 | 76,244 |
| Elections | 22,998 | 10,115 | 44,852 | 25,336 | 52,635 | 37,224 | 39,114 | 4,741 | 9,830 | 7,151 |
| Financial Administration | 1,573,697 | 1,669,286 | 1,642,443 | 1,608,048 | 1,551,377 | 1,512,021 | 1,495,621 | 1,521,080 | 1,511,674 | 1,473,250 |
| Public Facilities | 8,462 | 8,450 | 6,150 | 5,400 | 5,000 | 5,400 | 5,475 | 5,400 | 5,400 | 5,400 |
| Public Safety | 529,689 | 114,880 | 121,028 | 148,074 | 135,416 | 137,485 | 125,535 | 216,510 | 505,552 | 162,139 |
| Public Transportation | 580,338 | 230,316 | 271,467 | 222,748 | 264,019 | 256,426 | 188,516 | 122,550 | 80,443 | 56,913 |
| Health and Welfare | 229,260 | 150,756 | 136,772 | 153,723 | 144,323 | 154,083 | 138,677 | 142,840 | 137,676 | 120,596 |
| Culture and Recreation | 42,336 | 33,800 | 31,156 | 26,647 | 32,445 | 28,326 | 24,427 | 25,699 | 26,318 | 22,363 |
| Operating Grants and Contributions | - | 682,323 | 609,584 | 617,321 | 854,918 | 697,592 | 681,989 | 621,711 | 683,055 | 634,769 |
| Capital Grants and Contributions | - | 716,590 | 427,699 | 504,290 | 319,926 | 372,479 | 267,695 | 340,246 | 447,580 | 165,089 |
| Total Program Revenues | \$ 4,538,432 | \$ 5,005,793 | \$ 4,836,795 | \$ 5,082,507 | \$ 5,327,512 | \$ 4,965,170 | \$ 4,797,663 | \$ 5,056,535 | \$ 5,738,810 | \$ 4,821,082 |
| Net (Expense)/Revenue | \$ (21,120,951) | \$ (20,509,652) | \$ (19,290,778) | \$ (18,696,805) | \$ (18,128,540) | \$ (18,453,897) | \$ (18,266,644) | \$ (17,258,692) | \$ (14,973,886) | \$ (13,632,421) |

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

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Property Taxes | \$ 20,082,905 | \$ 20,296,606 | \$ 20,209,323 | \$ 19,696,484 | \$ 18,968,825 | \$ 19,071,911 | \$ 19,057,736 | \$ 18,535,575 | \$ 15,132,007 | \$ 14,080,905 |
| Other Taxes | 10,960 | 14,211 | 15,384 | 10,314 | 11,451 | 11,207 | 10,476 | 8,638 | 5,585 | 4,319 |
| Grants and Contributions not Restricted to Specific Programs | - | - | - | - | - | - | - | - | 9,170 | 11,567 |
| Miscellaneous | 2,522,797 | 2,489,004 | 690,504 | 412,759 | 583,411 | 967,619 | 1,463,750 | 1,560,647 | 2,613,210 | 2,334,946 |
| Gain (Loss) on Sales of Assets | 23,777 | 143,943 | 51,770 | 287,403 | 105,619 | - | - | - | - | 425,411 |
| Total General Revenues and Other Changes in Net Position | \$ 22,640,439 | \$ 22,943,764 | \$ 20,966,981 | \$ 20,406,960 | \$ 19,669,306 | \$ 20,050,737 | \$ 20,531,962 | \$ 20,104,860 | \$ 17,759,972 | \$ 16,857,148 |
| Change in Net Position | \$ 1,519,488 | \$ 2,434,112 | \$ 1,676,203 | \$ 1,710,155 | \$ 1,540,766 | \$ 1,596,840 | \$ 2,265,318 | \$ 2,846,168 | \$ 2,786,086 | \$ 3,224,727 |

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

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|---------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 120,845 | \$ 110,250 | \$ 104,793 | \$ 95,779 | \$ 86,895 | \$ 92,152 | \$ 73,843 | \$ 90,602 | \$ 79,820 | \$ 4,275 |
| Unassigned | 13,077,681 | 14,294,913 | 13,949,592 | 12,828,116 | 11,010,688 | 9,499,518 | 8,072,463 | 6,875,744 | 5,634,509 | 4,799,510 |
| Total General Fund | \$ 13,198,526 | \$ 14,405,163 | \$ 14,054,385 | \$ 12,923,895 | \$ 11,097,583 | \$ 9,591,670 | \$ 8,146,306 | \$ 6,966,346 | \$ 5,714,329 | \$ 4,803,785 |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable, Reported in: | | | | | | | | | | |
| Special Revenue Funds | \$ 50,436 | \$ 48,507 | \$ 42,186 | \$ 40,762 | \$ - | \$ 48,720 | \$ 12,260 | \$ 8,985 | \$ - | \$ - |
| Permanent Funds | 66,651 | 66,503 | 66,451 | 66,451 | 66,451 | 66,451 | 66,451 | 66,451 | 66,451 | 66,451 |
| Restricted, Reported in: | | | | | | | | | | |
| Special Revenue Funds | 10,395,320 | 10,910,683 | 8,882,723 | 7,947,885 | 8,083,003 | 7,769,821 | 7,813,776 | 7,549,788 | 7,384,782 | 5,563,834 |
| Debt Service Fund | 1,027,466 | 1,194,738 | 1,008,277 | 981,207 | 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 | 551 | 724 | 677 | 630 | 1,097 | 686 | 580 | 387 | 968 | 1,072 |
| Total All Other Governmental Funds | \$ 11,540,424 | \$ 12,221,155 | \$ 10,000,314 | \$ 9,036,935 | \$ 9,030,642 | \$ 9,308,770 | \$ 11,078,833 | \$ 19,705,165 | \$ 23,197,693 | \$ 5,631,357 |

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

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|
| Revenues | | | | | | | | | | |
| Ad Valorem Taxes | \$ 19,022,552 | \$ 20,182,741 | \$ 20,098,925 | \$ 19,620,948 | \$ 18,910,131 | \$ 19,023,149 | \$ 19,011,462 | \$ 18,483,518 | \$ 15,163,551 | \$ 13,977,056 |
| Other Taxes | 10,960 | 14,211 | 15,384 | 10,314 | 11,451 | 11,207 | 10,476 | 8,638 | 5,585 | 4,319 |
| Intergovernmental | 898,583 | 1,288,412 | 951,077 | 1,108,223 | 1,161,196 | 1,054,635 | 935,008 | 940,457 | 1,138,807 | 811,424 |
| Fees | 2,810,080 | 3,059,497 | 3,122,791 | 3,206,652 | 3,218,023 | 2,961,380 | 2,933,010 | 3,107,887 | 3,229,850 | 3,079,213 |
| Fines and Forfeitures | 639,067 | 448,113 | 693,184 | 739,720 | 895,756 | 911,127 | 890,196 | 981,638 | 1,363,094 | 929,460 |
| Miscellaneous | 2,458,966 | 2,837,623 | 820,265 | 760,937 | 780,753 | 1,227,452 | 1,454,803 | 1,540,018 | 2,735,338 | 2,281,376 |
| Total Revenues | \$ 25,840,208 | \$ 27,830,597 | \$ 25,701,626 | \$ 25,446,794 | \$ 24,977,310 | \$ 25,188,950 | \$ 25,234,955 | \$ 25,062,156 | \$ 23,636,225 | \$ 21,082,848 |
| Expenditures | | | | | | | | | | |
| General Government | \$ 1,579,228 | \$ 1,494,580 | \$ 1,387,736 | \$ 1,511,136 | \$ 1,366,604 | \$ 1,315,372 | \$ 1,320,775 | \$ 1,434,205 | \$ 1,269,771 | \$ 1,403,768 |
| Judicial | 2,636,082 | 2,528,118 | 2,371,495 | 2,278,410 | 2,217,680 | 2,356,730 | 2,856,259 | 2,368,772 | 2,324,660 | 2,325,883 |
| Legal | 603,472 | 590,379 | 588,047 | 590,146 | 571,069 | 598,231 | 541,061 | 448,985 | 432,977 | 413,165 |
| Elections | 262,470 | 213,089 | 245,758 | 186,285 | 228,494 | 166,254 | 198,470 | 187,089 | 167,604 | 87,272 |
| Financial Administration | 1,874,290 | 1,813,263 | 1,778,856 | 1,729,954 | 1,712,623 | 1,663,473 | 1,610,118 | 1,549,434 | 1,492,757 | 1,453,794 |
| Public Facilities | 491,450 | 609,813 | 720,180 | 805,138 | 737,373 | 707,359 | 608,590 | 685,269 | 706,639 | 436,613 |
| Public Safety | 6,241,955 | 6,049,767 | 5,892,912 | 5,691,604 | 5,628,597 | 5,453,515 | 5,227,551 | 5,379,212 | 4,830,771 | 4,438,630 |
| Public Transportation | 6,364,781 | 6,233,731 | 5,792,902 | 5,700,644 | 5,529,201 | 5,952,718 | 5,708,918 | 5,329,084 | 5,038,624 | 4,542,911 |
| Health and Welfare | 565,817 | 534,943 | 534,078 | 687,931 | 693,254 | 742,309 | 736,447 | 625,991 | 512,278 | 478,534 |
| Culture and Recreation | 1,173,513 | 1,102,586 | 1,053,569 | 1,000,726 | 1,003,019 | 981,557 | 972,016 | 950,790 | 882,939 | 762,599 |
| Conservation | 177,636 | 168,177 | 170,305 | 165,143 | 151,287 | 159,044 | 133,084 | 126,541 | 122,434 | 114,160 |
| Nondepartmental | 606,213 | 647,634 | 766,886 | 638,145 | 797,225 | 641,844 | 551,515 | 853,377 | 792,204 | 571,561 |
| Capital Outlay | 3,697,361 | 1,516,008 | 847,772 | 1,173,537 | 1,617,263 | 3,278,808 | 10,720,338 | 5,855,945 | 2,175,557 | 2,318,290 |
| Debt Service: | | | | | | | | | | |
| Principal | 1,040,000 | 1,000,000 | 965,000 | 930,000 | 936,202 | 904,018 | 871,948 | 852,935 | 79,327 | 123,929 |
| Interest | 412,585 | 456,894 | 492,263 | 525,388 | 559,634 | 592,417 | 624,237 | 655,038 | 232,311 | 12,308 |
| Debt Issuance Cost | 156,015 | - | - | - | - | - | - | - | 302,293 | - |
| Total Expenditures | \$ 27,882,868 | \$ 24,958,982 | \$ 23,607,759 | \$ 23,614,187 | \$ 23,749,525 | \$ 25,513,649 | \$ 32,681,327 | \$ 27,302,667 | \$ 21,363,146 | \$ 19,483,417 |
| Excess of Revenues Over/(Under) Expenditures | \$ (2,042,660) | \$ 2,871,615 | \$ 2,093,867 | \$ 1,832,607 | \$ 1,227,785 | \$ (324,699) | \$ (7,446,372) | \$ (2,240,511) | \$ 2,273,079 | \$ 1,599,431 |

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

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|----------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|---------------|--------------|
| Other Financing Sources/(Uses) | | | | | | | | | | |
| Transfers in | \$ 120,000 | \$ 120,000 | \$ 120,000 | \$ 120,000 | \$ 685,643 | \$ 115,000 | \$ 360,000 | \$ 355,000 | \$ 575,000 | \$ 345,000 |
| Transfers out | (120,000) | (420,000) | (120,000) | (120,000) | (685,643) | (115,000) | (360,000) | (355,000) | (575,000) | (345,000) |
| Certificates of Obligation Issued | 7,115,000 | - | - | - | - | - | - | - | 16,000,000 | - |
| Premium on Certificates of Obligation | 785,570 | - | - | - | - | - | - | - | 203,801 | - |
| Payment to Refunded Bond Escrow Agent | (7,745,277) | - | - | - | - | - | - | - | - | - |
| Capital Leases | - | - | - | - | - | - | - | - | - | - |
| Sale of Capital Assets | - | - | - | - | - | - | - | - | - | 802,573 |
| Total Other Financing Sources/(Uses) | \$ 155,293 | \$ (300,000) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 16,203,801 | \$ 802,573 |
| Net Changes in Fund Balances | \$ (1,887,367) | \$ 2,571,615 | \$ 2,093,867 | \$ 1,832,607 | \$ 1,227,785 | \$ (324,699) | \$ (7,446,372) | \$ (2,240,511) | \$ 18,476,880 | \$ 2,402,004 |
| Debt Service as a Percentage of Noncapital Expenditures | 5.93% | 5.99% | 6.42% | 6.47% | 6.75% | 6.70% | 6.75% | 6.91% | 1.60% | 0.78% |

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> |
|------------------------------|--------------------------|------------------------------|----------------------------|---------------------------|---------------------------------------|--|--|
| 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 |
| 2013 | 2,782,293 | 3,303,655 | 1,691,966 | 4,393,982 | 6,085,948 | 72.20 | 0.45492 |
| 2014 | 2,819,078 | 3,281,011 | 1,671,605 | 4,428,484 | 6,100,089 | 72.60 | 0.44711 |
| 2015 | 2,909,647 | 3,139,449 | 1,656,021 | 4,393,075 | 6,049,096 | 72.62 | 0.46576 |
| 2016 | 3,006,417 | 2,545,502 | 1,686,125 | 3,865,794 | 5,551,919 | 69.63 | 0.55476 |

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

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>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Rusk County, Texas | | | | | | | | | | |
| Operating | \$0.36247 | \$0.31627 | \$0.30611 | \$0.31492 | \$0.30600 | \$0.28810 | \$0.25780 | \$0.24020 | \$0.23400 | \$0.24850 |
| Debt Service | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.03468 | 0.03180 | 0.02980 | 0.02900 | 0.03080 | 0.00000 |
| County School | 0.02139 | 0.02139 | 0.02100 | 0.02100 | 0.02100 | 0.02100 | 0.01910 | 0.01780 | 0.01780 | 0.02040 |
| Farm to Market | 0.08562 | 0.07471 | 0.06800 | 0.06700 | 0.05640 | 0.05380 | 0.04880 | 0.04500 | 0.04500 | 0.05000 |
| Special Roads | <u>0.06119</u> | <u>0.05339</u> | <u>0.05200</u> | <u>0.05200</u> | <u>0.05100</u> | <u>0.04700</u> | <u>0.04200</u> | <u>0.04000</u> | <u>0.04000</u> | <u>0.04000</u> |
| Total Rate | <u>\$0.53067</u> | <u>\$0.46576</u> | <u>\$0.44711</u> | <u>\$0.45492</u> | <u>\$0.46908</u> | <u>\$0.44170</u> | <u>\$0.39750</u> | <u>\$0.37200</u> | <u>\$0.36760</u> | <u>\$0.35890</u> |
| City of Henderson, Texas | | | | | | | | | | |
| Operating | \$0.40710 | \$0.41570 | \$0.46100 | \$0.36510 | \$0.42960 | \$0.41540 | \$0.43860 | \$0.43690 | \$0.42900 | \$0.44550 |
| Debt Service | <u>0.11460</u> | <u>0.10600</u> | <u>0.05430</u> | <u>0.15660</u> | <u>0.09210</u> | <u>0.10630</u> | <u>0.08310</u> | <u>0.08480</u> | <u>0.09270</u> | <u>0.07620</u> |
| Total Rate | <u>\$0.52170</u> | <u>\$0.52170</u> | <u>\$0.51530</u> | <u>\$0.52170</u> |
| City of New London, Texas | | | | | | | | | | |
| Operating | <u>\$1.15000</u> | <u>\$0.90445</u> | <u>\$0.06500</u> | <u>\$0.60528</u> | <u>\$0.51095</u> | <u>\$0.63481</u> | <u>\$0.63481</u> | <u>\$0.75130</u> | <u>\$0.60523</u> | <u>\$0.71182</u> |
| Total Rate | <u>\$1.15000</u> | <u>\$0.90445</u> | <u>\$0.06500</u> | <u>\$0.60528</u> | <u>\$0.51095</u> | <u>\$0.63481</u> | <u>\$0.63481</u> | <u>\$0.75130</u> | <u>\$0.60523</u> | <u>\$0.71182</u> |
| City of Kilgore, Texas | | | | | | | | | | |
| Operating | \$0.46974 | \$0.41987 | \$0.40011 | \$0.37011 | \$0.34971 | \$0.34765 | \$0.33680 | \$0.33680 | \$0.34127 | \$0.42927 |
| Debt Service | <u>0.03598</u> | <u>0.04989</u> | <u>0.04989</u> | <u>0.04989</u> | <u>0.05029</u> | <u>0.05179</u> | <u>0.05557</u> | <u>0.05557</u> | <u>0.05873</u> | <u>0.03073</u> |
| Total Rate | <u>\$0.50572</u> | <u>\$0.46976</u> | <u>\$0.45000</u> | <u>\$0.42000</u> | <u>\$0.40000</u> | <u>\$0.39944</u> | <u>\$0.39237</u> | <u>\$0.39237</u> | <u>\$0.40000</u> | <u>\$0.46000</u> |
| City of Overton, Texas | | | | | | | | | | |
| Operating | \$0.17500 | \$0.41000 | \$0.41000 | \$0.40397 | \$0.41735 | \$0.39781 | \$0.38090 | \$0.38090 | \$0.38090 | \$0.38329 |
| Debt Service | <u>0.00000</u> | <u>0.21800</u> | <u>0.21800</u> | <u>0.14921</u> | <u>0.15415</u> | <u>0.17872</u> | <u>0.17500</u> | <u>0.17500</u> | <u>0.175</u> | <u>0.19710</u> |
| Total Rate | <u>\$0.17500</u> | <u>\$0.62800</u> | <u>\$0.62800</u> | <u>\$0.55318</u> | <u>\$0.57150</u> | <u>\$0.57653</u> | <u>\$0.55590</u> | <u>\$0.55590</u> | <u>\$0.55590</u> | <u>\$0.58039</u> |
| City of Tatum, Texas | | | | | | | | | | |
| Operating | \$0.32015 | \$0.33528 | \$0.31670 | \$0.31670 | \$0.30596 | \$0.31851 | \$0.31943 | \$0.33577 | \$0.33702 | \$0.34338 |
| Debt Service | <u>0.00000</u> | <u>0.02747</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>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Henderson ISD | | | | | | | | | | |
| Total Rate | <u>\$0.32015</u> | <u>\$0.33528</u> | <u>\$0.31670</u> | <u>\$0.31670</u> | <u>\$0.30596</u> | <u>\$0.31851</u> | <u>\$0.31943</u> | <u>\$0.33577</u> | <u>\$0.33702</u> | <u>\$0.34338</u> |
| Operating | <u>\$1.04000</u> |
| Debt Service | <u>0.23000</u> | <u>0.23000</u> | <u>0.14000</u> |
| Total Rate | <u>\$1.27000</u> | <u>\$1.27000</u> | <u>\$1.18000</u> |
| Laneville ISD | | | | | | | | | | |
| Operating | <u>\$1.17000</u> | <u>\$1.04000</u> | <u>\$1.04000</u> |
| Total Rate | <u>\$1.17000</u> | <u>\$1.04000</u> | <u>\$1.04000</u> |
| Leverett's Chapel ISD | | | | | | | | | | |
| Operating | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.22180</u> | <u>\$1.25180</u> | <u>\$1.25180</u> | <u>\$1.25180</u> | <u>\$1.25180</u> |
| Debt Service | <u>0.00000</u> |
| Total Rate | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.22180</u> | <u>\$1.25180</u> | <u>\$1.25180</u> | <u>\$1.25180</u> | <u>\$1.25180</u> |
| Mt. Enterprise ISD | | | | | | | | | | |
| Operating | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.04000</u> | <u>\$1.04000</u> | <u>\$1.04000</u> | <u>\$1.04000</u> | <u>\$1.04000</u> |
| Debt Service | <u>0.06360</u> | <u>0.06360</u> | <u>0.06360</u> | <u>0.04360</u> | <u>0.04360</u> | <u>0.17360</u> | <u>0.16270</u> | <u>0.09798</u> | <u>0.16650</u> | <u>0.16000</u> |
| Total Rate | <u>\$1.23360</u> | <u>\$1.23360</u> | <u>\$1.23360</u> | <u>\$1.21360</u> | <u>\$1.21360</u> | <u>\$1.21360</u> | <u>\$1.20270</u> | <u>\$1.13798</u> | <u>\$1.20650</u> | <u>\$1.20000</u> |
| Overton ISD | | | | | | | | | | |
| Operating | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.04000</u> |
| Debt Service | <u>0.31900</u> | <u>0.31900</u> | <u>0.44900</u> | <u>0.44900</u> | <u>0.44900</u> | <u>0.46430</u> | <u>0.44000</u> | <u>0.40000</u> | <u>0.141</u> | <u>0.15000</u> |
| Total Rate | <u>\$1.48900</u> | <u>\$1.48900</u> | <u>\$1.48900</u> | <u>\$1.48900</u> | <u>\$1.48900</u> | <u>\$1.50430</u> | <u>\$1.48000</u> | <u>\$1.44000</u> | <u>\$1.18100</u> | <u>\$1.19000</u> |
| Tatum ISD | | | | | | | | | | |
| Operating | <u>\$1.01070</u> | <u>\$0.94670</u> | <u>\$0.94670</u> | <u>\$0.88000</u> | <u>\$0.85500</u> | <u>\$0.76000</u> | <u>\$0.92890</u> | <u>\$0.76000</u> | <u>\$0.75000</u> | <u>\$0.75000</u> |
| Debt Service | <u>0.18930</u> | <u>0.22330</u> | <u>0.22330</u> | <u>0.29000</u> | <u>0.31500</u> | <u>0.28000</u> | <u>0.11110</u> | <u>0.28000</u> | <u>0.29</u> | <u>0.29000</u> |
| Total Rate | <u>\$1.20000</u> | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.17000</u> | <u>\$1.04000</u> | <u>\$1.04000</u> | <u>\$1.04000</u> | <u>\$1.04000</u> | <u>\$1.04000</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>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| West Rusk CISD | | | | | | | | | | |
| Operating | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 |
| Debt Service | \$0.32000 | \$0.32000 | \$0.32000 | \$0.32000 | \$0.32000 | \$0.08000 | \$0.08000 | \$0.08820 | \$0.09300 | \$0.11330 |
| Total Rate | <u>\$1.36000</u> | <u>\$1.36000</u> | <u>\$1.36000</u> | <u>\$1.36000</u> | <u>\$1.36000</u> | <u>\$1.12000</u> | <u>\$1.12000</u> | <u>\$1.12820</u> | <u>\$1.13300</u> | <u>\$1.15330</u> |
| Rusk ISD | | | | | | | | | | |
| Operating | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 |
| Debt Service | <u>0.11250</u> | <u>0.11250</u> | <u>0.11250</u> | <u>0.11250</u> | <u>0.11250</u> | <u>0.11750</u> | <u>0.11750</u> | <u>0.11750</u> | <u>0.11750</u> | <u>0.11750</u> |
| Total Rate | <u>\$1.15250</u> | <u>\$1.15250</u> | <u>\$1.15250</u> | <u>\$1.15250</u> | <u>\$1.15250</u> | <u>\$1.15750</u> | <u>\$1.15750</u> | <u>\$1.15750</u> | <u>\$1.15750</u> | <u>\$1.15750</u> |
| Kilgore ISD | | | | | | | | | | |
| Operating | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 |
| Debt Service | <u>0.26920</u> | <u>0.26920</u> | <u>0.26920</u> | <u>0.26920</u> | <u>0.26920</u> | <u>0.26920</u> | <u>0.06920</u> | <u>0.06920</u> | <u>0.08100</u> | <u>0.09310</u> |
| Total Rate | <u>\$1.30920</u> | <u>\$1.30920</u> | <u>\$1.30920</u> | <u>\$1.30920</u> | <u>\$1.30920</u> | <u>\$1.30920</u> | <u>\$1.10920</u> | <u>\$1.10920</u> | <u>\$1.12100</u> | <u>\$1.13310</u> |
| Carlisle ISD | | | | | | | | | | |
| Operating | \$1.17000 | \$1.17000 | \$1.17000 | \$1.17000 | \$1.17000 | \$1.17000 | \$1.17000 | \$1.17000 | \$1.17000 | \$1.37000 |
| Debt Service | <u>0.38000</u> | <u>0.38000</u> | <u>0.38000</u> | <u>0.38000</u> | <u>0.30000</u> | <u>0.33500</u> | <u>0.08200</u> | <u>0.10000</u> | <u>0.07000</u> | <u>0.13500</u> |
| Total Rate | <u>\$1.55000</u> | <u>\$1.55000</u> | <u>\$1.55000</u> | <u>\$1.55000</u> | <u>\$1.47000</u> | <u>\$1.50500</u> | <u>\$1.25200</u> | <u>\$1.27000</u> | <u>\$1.24000</u> | <u>\$1.50500</u> |
| Kilgore College | | | | | | | | | | |
| Operating | \$0.17500 | \$0.17500 | \$0.15400 | \$0.15400 | \$0.15400 | \$0.15400 | \$0.15400 | \$0.15400 | \$0.15400 | \$0.16400 |
| Total Rate | <u>\$0.17500</u> | <u>\$0.17500</u> | <u>\$0.15400</u> | <u>\$0.16400</u> |
| Gregg County ESD #1 | | | | | | | | | | |
| Operating | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 |
| Total Rate | <u>\$0.03000</u> |
| Rusk County ESD #1 | | | | | | | | | | |

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>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Operating | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 |
| Total Rate | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 | \$0.03000 |
| Garrison ISD | | | | | | | | | | |
| Operating | \$1.04000 | \$1.04000 | \$1.04000 | \$1.02200 | \$1.02200 | \$1.02200 | \$1.02200 | \$1.02200 | \$1.02200 | \$0.99378 |
| Debt Service | 0.06650 | 0.07090 | 0.06885 | 0.07510 | 0.07312 | 0.07340 | 0.06700 | 0.05044 | 0.04796 | 0.06196 |
| Total Rate | \$1.10650 | \$1.11090 | \$1.10885 | \$1.09710 | \$1.09512 | \$1.09540 | \$1.08900 | \$1.07244 | \$1.06996 | \$1.05574 |
| Cushing ISD | | | | | | | | | | |
| Operating | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 | \$1.04000 |
| Debt Service | 0.26000 | 0.26000 | 0.26000 | 0.26000 | 0.26000 | 0.26000 | 0.24000 | 0.24000 | 0.00000 | 0.00000 |
| Total Rate | \$1.30000 | \$1.30000 | \$1.30000 | \$1.30000 | \$1.30000 | \$1.30000 | \$1.28000 | \$1.28000 | \$1.04000 | \$1.04000 |
| Total | \$18.74904 | \$18.84515 | \$17.91926 | \$18.24718 | \$18.07261 | \$17.92349 | \$17.36791 | \$17.38016 | \$16.66221 | \$17.14663 |

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

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>Rank</u> | <u>2016 Assessed Valuation</u> | <u>Percentage of Total Assessed Valuation</u> | <u>Rank</u> | <u>2007 Assessed Valuation</u> | <u>Percentage of Total Assessed Valuation</u> |
|--------------------------------|-------------------------|-------------|--------------------------------|---|-------------|--------------------------------|---|
| Luminant Generation Co. LF | Electric Generating | 1 | \$ 615,491,870 | 15.92% | 1 | 1,262,416,320 | 28.41 |
| Tenaksa Gateway Partners LTD | Electric Generating | 2 | 127,461,830 | 3.30 | 3 | 122,992,760 | 2.77 |
| Luminant Mining Cc | Lease Equipment | 3 | 117,455,390 | 3.04 | 8 | 48,057,080 | 1.08 |
| Sabine Oil and Gas LLC | Minerals | 4 | 91,970,770 | 2.38 | | | |
| Energy Transfer Fuel Co | Utility | 5 | 35,678,890 | 0.92 | | | |
| Enbridge PL LP - Trnsmis | Pipeline | 6 | 34,310,960 | 0.89 | | | |
| Management & Training Corp | Real Estate | 7 | 31,887,660 | 0.82 | 5 | 60,067,680 | 1.35 |
| AEP Southwestern Elec Power Cc | Utility | 8 | 31,318,680 | 0.81 | | | |
| Enbridge PL LP - Hend | Pipeline | 9 | 30,002,450 | 0.78 | | | |
| Oncor Electric Delivery Co LLC | Utility | 10 | 29,183,320 | 0.75 | | | |
| Sampson Lone Star LP | Minerals | | | | 2 | 151,657,890 | 3.41 |
| Verado Energy, Inc | Minerals | | | | 4 | 85,260,090 | 1.92 |
| El Paso E&P Co. LP | Utility | | | | 6 | 54,257,870 | 1.22 |
| Chinn Exploration | Minerals | | | | 7 | 50,335,540 | 1.13 |
| BP America Inc. | Oil & Gas | | | | 9 | 41,487,260 | 0.93 |
| BASA Resources | Minerals | | | | 10 | 40,373,570 | 0.91 |
| Total | | | \$ 1,144,761,820 | 29.61% | | \$ 1,916,906,060 | 43.13% |

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> |
|----------------------|-------------------------|--------------------------------|---|-----------------------------------|------------------------------|---|---|--|
| 2007 | 15,044,447 | 14,603,202 | 97.07 | 397,110 | 15,000,312 | 99.71 | 44,135 | 0.29 |
| 2008 | 18,300,645 | 17,763,509 | 97.06 | 466,195 | 18,229,704 | 99.61 | 70,941 | 0.39 |
| 2009 | 18,750,333 | 18,183,297 | 96.98 | 501,749 | 18,685,046 | 99.65 | 65,287 | 0.35 |
| 2010 | 18,787,026 | 18,275,059 | 97.27 | 435,776 | 18,710,835 | 99.59 | 76,191 | 0.41 |
| 2011 | 18,948,333 | 18,014,651 | 95.07 | 844,173 | 18,858,824 | 99.53 | 89,509 | 0.47 |
| 2012 | 19,400,068 | 18,777,015 | 96.79 | 472,521 | 19,249,536 | 99.22 | 150,532 | 0.78 |
| 2013 | 20,022,006 | 18,240,172 | 91.10 | 1,589,105 | 19,829,277 | 99.04 | 192,729 | 0.96 |
| 2014 | 20,063,813 | 19,458,347 | 96.98 | 382,662 | 19,841,009 | 98.89 | 222,804 | 1.11 |
| 2015 | 20,336,201 | 18,259,598 | 89.79 | 571,593 | 18,259,598 | 89.79 | 1,505,010 | 7.40 |
| 2016 | 20,622,331 | 7,122,375 | 34.54 | N/A | 7,122,375 | 34.54 | N/A | N/A |

- (1) Years 2007 through 2015 represent adjusted tax levy and year 2016 represents original tax levy, as adjustments are not complete until the end of the tax roll year June 30, 2017, which will occur during the next fiscal year.
- (2) 2016 percentage of collections and total collections is lower than other years because the 2016 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, 2016.
- (4) 2016 uncollected taxes are not delinquent until July 1, 2017.

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

| <u>Fiscal Year</u> | <u>General Bonded Debt</u> General Obligation Bonds (1) | <u>Capital Leases</u> | <u>Total Outstanding Debt</u> | <u>Percentage of Personal Income</u> | <u>Population (3)</u> | <u>Debt Per Capita</u> |
|--------------------|--|-----------------------|-------------------------------|--------------------------------------|-----------------------|------------------------|
| 2007 | - | 239,430 | 239,430 | 0.02% | 48,450 | 5 |
| 2008 | 16,198,108 | 160,103 | 16,358,211 | 1.18% | 48,949 | 334 |
| 2009 | 15,374,446 | 117,168 | 15,491,614 | 1.00% | 49,180 | 315 |
| 2010 | 14,525,783 | 80,220 | 14,606,003 | 0.99% | 53,330 | 274 |
| 2011 | 13,647,120 | 41,202 | 13,688,322 | 0.88% | 53,689 | 255 |
| 2012 | 12,738,457 | - | 12,738,457 | 0.77% | 54,026 | 236 |
| 2013 | 11,794,794 | - | 11,794,794 | 0.66% | 53,622 | 220 |
| 2014 | 10,816,131 | - | 10,816,131 | 0.58% | 53,923 | 201 |
| 2015 | 9,802,468 | - | 9,802,468 | 0.51% | 53,923 | 182 |
| 2016 | 8,930,850 | - | 8,930,850 | 0.46% | 52,732 | 169 |

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

- (1) Presented net of original issuance discounts and premiums
- (2) Personal income is disclosed on Table 13
- (3) United States Census Bureau

Rusk County, Texas
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years
 (Unaudited)

| Fiscal Year | Certificates of Obligation (1) | Less: Amounts Avaliable in Debt Service Fund (2) | Total | Percentage of Estimated Actual Taxable Value of Property (3) | Per Capita (4) |
|----------------|-----------------------------------|--|------------|--|-------------------|
| 2007 | - | - | - | - | - |
| 2008 | 16,198,108 | - | 16,198,108 | 0.23% | 331 |
| 2009 | 15,374,446 | - | 15,374,446 | 0.22% | 313 |
| 2010 | 14,525,783 | 53,803 | 14,471,980 | 0.21% | 271 |
| 2011 | 13,647,120 | 140,522 | 13,506,598 | 0.21% | 252 |
| 2012 | 12,738,457 | 719,849 | 12,018,608 | 0.20% | 222 |
| 2013 | 11,794,794 | 856,191 | 10,938,603 | 0.18% | 204 |
| 2014 | 10,816,131 | 894,578 | 9,921,553 | 0.16% | 184 |
| 2015 | 9,802,468 | 1,107,643 | 8,694,825 | 0.14% | 164 |
| 2016 | 8,930,850 | 1,027,466 | 7,903,384 | 0.14% | 150 |

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
- (2) This is the amount restricted for debt service principal payments
- (3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on Table for property value data.
- (4) Population data can be found on Table 13.

Rusk County, Texas
Direct and Overlapping Governmental Activities Debt
December 31, 2016
(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 | \$ 3,791,476 | 100.00% | \$ 3,791,476 |
| City of Kilgore, Texas | 3,860,000 | 13.33 | 514,538 |
| City of Overton, Texas | 815,000 | 89.29 | 727,714 |
| Total Cities | | | <u>\$ 5,033,728</u> |
| Independent School Districts: | | | |
| Henderson | 64,008,426 | 100.00% | \$ 64,008,426 |
| Overton | 8,560,831 | 100.00 | 8,560,831 |
| Mt. Enterprise | 3,391,815 | 100.00 | 3,391,815 |
| Kilgore | 51,380,000 | 31.69 | 16,282,322 |
| Rusk | 9,155,000 | 3.92 | 358,876 |
| Tatum | 19,365,000 | 94.75 | 18,348,338 |
| West Rusk | 19,405,000 | 100.00 | 19,405,000 |
| Garrison | 1,680,000 | 12.06 | 202,608 |
| Carlisle | 8,810,000 | 78.15 | 6,885,015 |
| Total Independent School Districts | | | <u>\$ 137,443,231</u> |
| Subtotal, Overlapping Debt | | | \$ 142,476,958 |
| Total Direct Debt | | | <u>8,930,850</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 151,407,808</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)

| Property Tax Year | (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 |
|-------------------------|---|----------------------|---|-------------------------|--|
| 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% |
| 2013 | 4,393,981 | 1,098,495 | 11,665 | 1,086,830 | 1.06% |
| 2014 | 4,428,484 | 1,107,121 | 10,700 | 1,096,421 | 0.97% |
| 2015 | 4,393,075 | 1,098,269 | 9,700 | 1,088,569 | 0.88% |
| 2016 | 3,865,795 | 966,449 | 8,931 | 957,518 | 0.92% |

(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)

| Fiscal <u>Year</u> | (1) <u>Population</u> | (2) Personal Income <i>(thousands of dollars)</i> | (2) Per Capita <u>Income</u> | (3) Median <u>Age</u> | (4) School Average Daily <u>Attendance</u> | (5) Unemployment Rate <u>Percentage</u> |
|-----------------------|--------------------------|--|---------------------------------------|-----------------------------|--|--|
| 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 |
| 2013 | 53,622 | 1,789,175 | 33,117 | 38.0 | 7,466 | 6.1 |
| 2014 | 53,923 | 1,852,146 | 34,541 | 38.4 | 7,649 | 4.9 |
| 2015 | 53,070 | 1,921,424 | 35,633 | 38.3 | 7,740 | 4.7 |
| 2016 | 52,732 | 1,936,195 | 36,484 | 38.7 | 7,669 | 5.1 |

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>2016</u> | | | <u>2007</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 | 7.47% | 896 | 1 | 3.98% |
| Henderson ISD | 580 | 2 | 4.83% | 569 | 2 | 2.53% |
| East Texas ISF/MTC | 500 | 3 | 4.17% | 213 | 10 | 0.95% |
| ETMC of Henderson | 400 | 5 | 3.33% | | | |
| Wal-Mart Super Center | 350 | 6 | 2.92% | 350 | 5 | 1.55% |
| Sadler's Bar-B-Que Sales | 452 | 4 | 3.77% | 325 | 6 | 1.44% |
| Bradshaw State Jail | 307 | 7 | 2.56% | 307 | 7 | 1.36% |
| Rusk County | 250 | 8 | 2.08% | 250 | 8 | 1.11% |
| Panel Truss | 180 | 9 | 1.50% | | | |
| Capco | 165 | 10 | 1.38% | 240 | 9 | 1.07% |
| Henderson Health and Rehab | | | | 400 | 3 | 1.78% |
| Pioneer Drilling | | | | | | |
| Henderson Memorial Hospital | | | | 375 | 4 | 1.67% |
| Total | <u>4,080</u> | | <u>34.01%</u> | <u>3,925</u> | | <u>17.44%</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 nine Fiscal Years
 (Unaudited)

| <u>Function</u> | <u>As of December 31,</u> | | | | | | | | |
|--------------------------|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
| General Government | 21 | 20 | 20 | 18 | 18 | 19 | 18 | 20 | 18 |
| Judicial | 33 | 33 | 33 | 32 | 32 | 32 | 32 | 32 | 32 |
| Legal | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 6 | 6 |
| Elections | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Financial Administration | 19 | 19 | 19 | 19 | 19 | 19 | 18 | 19 | 18 |
| Public Facilities | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 4 |
| Public Safety | 80 | 80 | 80 | 83 | 83 | 83 | 79 | 71 | 75 |
| Public Transportation | 58 | 58 | 58 | 60 | 60 | 60 | 59 | 63 | 57 |
| Health and Welfare | 2 | 2 | 2 | 3 | 3 | 3 | 2 | 2 | 1 |
| Culture and Recreation | 15 | 15 | 15 | 14 | 14 | 14 | 14 | 14 | 14 |
| Conservation | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Total | 246 | 245 | 245 | 247 | 247 | 248 | 240 | 238 | 231 |

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 nine Fiscal Years
(Unaudited)

| <u>Function</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Judicial | | | | | | | | | |
| Cases Filed: | | | | | | | | | |
| District Court: | | | | | | | | | |
| Civil | 269 | 345 | 325 | 495 | 450 | 470 | 560 | 565 | 456 |
| Criminal | 392 | 339 | 517 | 406 | 370 | 397 | 439 | 452 | 512 |
| County Court-at-Law | 1,069 | 1,030 | 1,287 | 1,083 | 1,236 | 839 | 863 | 937 | 925 |
| Convictions: | | | | | | | | | |
| District Court | 191 | 189 | 330 | 223 | 222 | 204 | 204 | 235 | 246 |
| County Court-at-Law | 383 | 415 | 406 | 93 | 430 | 348 | 379 | 380 | 286 |
| Elections | | | | | | | | | |
| Registered Voters | 31,339 | 28,807 | 30,361 | 30,021 | 30,880 | 29,772 | 29,118 | 30,229 | 31,891 |
| Public Safety | | | | | | | | | |
| Arrests | 1,991 | 2,053 | 1,964 | 2,132 | 2,527 | 1,945 | 1,849 | 1,829 | 1,742 |
| Prisoner Days | 32,632 | 36,676 | 42,997 | 40,620 | 37,905 | 32,933 | 31,849 | 34,007 | 31,353 |
| Culture and Recreation | | | | | | | | | |
| Library Circulation | 118,690 | 113,928 | 107,068 | 172,248 | 280,155 | 129,018 | 118,071 | 391,770 | 318,406 |
| Library Attendance | 71,821 | 56,762 | 11,091 | 11,093 | 9,862 | 9,441 | 10,198 | 8,017 | 7,898 |
| Museum Attendance | 33,025 | 33,234 | 29,995 | 25,589 | 26,413 | 23,180 | 20,486 | 24,218 | 19,552 |

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 nine Fiscal Years
(Unaudited)

| <u>Function</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Judicial | | | | | | | | | |
| Number of Justices of the Peace offices | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Elections | | | | | | | | | |
| Number of voting boxes | 17 | 17 | 17 | 22 | 22 | 22 | 22 | 22 | 22 |
| Public Safety | | | | | | | | | |
| Number of Jails | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Jail Capacity | 292 | 292 | 292 | 292 | 292 | 292 | 96 | 96 | 96 |
| Public Transportation | | | | | | | | | |
| Number of Precincts | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 4 |
| Road Miles | 1,102 | 1,102 | 1,102 | 1,102 | 1,102 | 1,102 | 1,102 | 1,102 | 1,102 |
| Bridges | 109 | 109 | 109 | 109 | 109 | 109 | 109 | 109 | 109 |
| Number of Airports | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Runways | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Health and Welfare | | | | | | | | | |
| Number of Collection sites | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Culture and Recreation | | | | | | | | | |
| Number of Libraries | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Number of Museums | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Community Centers | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 |

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.

Morgan LaGrone, CPA, PLLC

Certified Public Accountant

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116 S Marshall
Henderson TX 75654

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*

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, 2016, 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 19, 2017.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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

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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.



Morgan LaGrone, CPA, PLLC

Henderson, Texas
June 19, 2017

Rusk County, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

| <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 Homeland Security:</u> | | | |
| Passed through Texas Division of Emergency Management: Disaster Assistance | 97.036 | FEMA-4029-DR-TX | \$ 54,546 |
| Passed through Texas Division of Emergency Management: Homeland Security Grant Program | 97.067 | HF2948401 | 10,000 |
| Total U.S. Department of Homeland Security | | | <u>\$ 64,546</u> |
| <u>U.S. Department of Transportation</u> | | | |
| Passed through Texas Department of Transportation: Airport Improvement Program | 20.106 | M1610HNDR | \$ 39,402 |
| Total U.S. Department of Transportation | | | <u>\$ 39,402</u> |
| <u>U.S. Department of Justice:</u> | | | |
| Direct Programs: State Criminal Alien Assistance Program | 16.606 | 2016APBX0661 | \$ 4,229 |
| Total U.S. Department of Justice | | | <u>\$ 4,229</u> |
| <u>U.S. Department of Health and Human Services:</u> | | | |
| Passed through Texas Department of Family and Protective Services: Title IV-E, Foster Care Assistance | 93.658 | None | \$ 3,071 |
| Total U.S. Department of Health and Human Services | | | <u>\$ 3,071</u> |
| <u>Institute of Museum and Library Services</u> | | | |
| Passed through the Texas State Library and Archives Commission Lending Reimbursement Program | 45.31 | LS-00-15-0044-15 | \$ 10,157 |
| | | | <u>\$ 10,157</u> |
| Total Federal Financial Assistance | | | <u>\$ 121,405</u> |

Rusk County, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

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, 2016

| <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-2016-201 | \$ 245,730 |
| Juvenile Probation Services-State Aid | TJPC-A-2017-201 | 118,099 |
| Total Texas Juvenile Probation Commission | | <u>\$ 363,829</u> |
| Texas Task Force on Indigent Defense: | | |
| Indigent Defense Services Grant | 212-16-201 | \$ 36,842 |
| Total Texas Task Force on Indigent Defense | | <u>\$ 36,842</u> |
| Texas Department of State Health Services | | |
| RLSS-Local Public Health System | 2016-001215-00 | \$ 52,494 |
| Total Texas Department of State Health Services | | <u>\$ 52,494</u> |
| Texas Department of Transportation | | |
| County Transportation Infrastructure Fund Grant | CTIF-01-201 | \$ 173,890 |
| | | <u>\$ 173,890</u> |
| Total State Financial Assistance | | <u><u>\$ 627,055</u></u> |

Rusk County, Texas
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2016

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, 2016

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 - N/A Single Audit Not Required

Internal control over major programs:

Material weaknesses identified? Yes X N/A

Significant deficiencies identified that are not considered to be material weaknesses? Yes X N/A

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular? Yes X N/A

Identification of major programs:

Name of State Program or Cluster

N/A

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

Auditee qualified as low-risk auditee? Yes X N/A

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

Rusk County, Texas
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2016

Finding

Current Status

Not Applicable for the year ended December 31, 2016.

Rusk County, Texas
Corrective Action Plan
For the Year Ended December 31, 2016

Not applicable.