

RUSK COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

Prepared by:

County Auditor

Rusk County, Texas
Comprehensive Annual Financial Report
For the Year Ended December 31, 2015

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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, 2016

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, 2015. The report was prepared by the County Auditor's Office. This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Texas State law requires the County's financial statements be audited by a licensed independent certified public accountant. The Commissioners' Court selected Richard P. Loughlin, CPA to perform the audit for the current fiscal year. The auditors have issued an unqualified opinion on Rusk County's financial statements for the year ended December 31, 2015, 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 53,070. 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 (4) of the school districts in the County have increased average daily attendance (ADA), and two (4) have had a decrease.

The County has a civilian labor force of 28,658, which has decreased 9.14% 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.

Various costs associated with increased health care premiums for active and retired employees had a significant effect on the financial statements in 2015. The County continues to participate in the insurance program provided through the Texas Association of Counties. This insurance pool allows the County to limit increases in premiums at an amount less than the national average.

Major Initiatives

On January 12, 2015, the Friends of the Mt. Enterprise Library donated a new building to relocate the Mt. Enterprise branch library. On February 9, 2015, with help from the County, the library was open to the public.

Awards and Acknowledgements

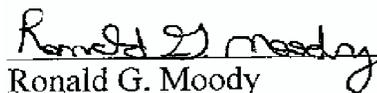
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rusk County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2014. This was the twenty-fifth (25th) consecutive year that the County has 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

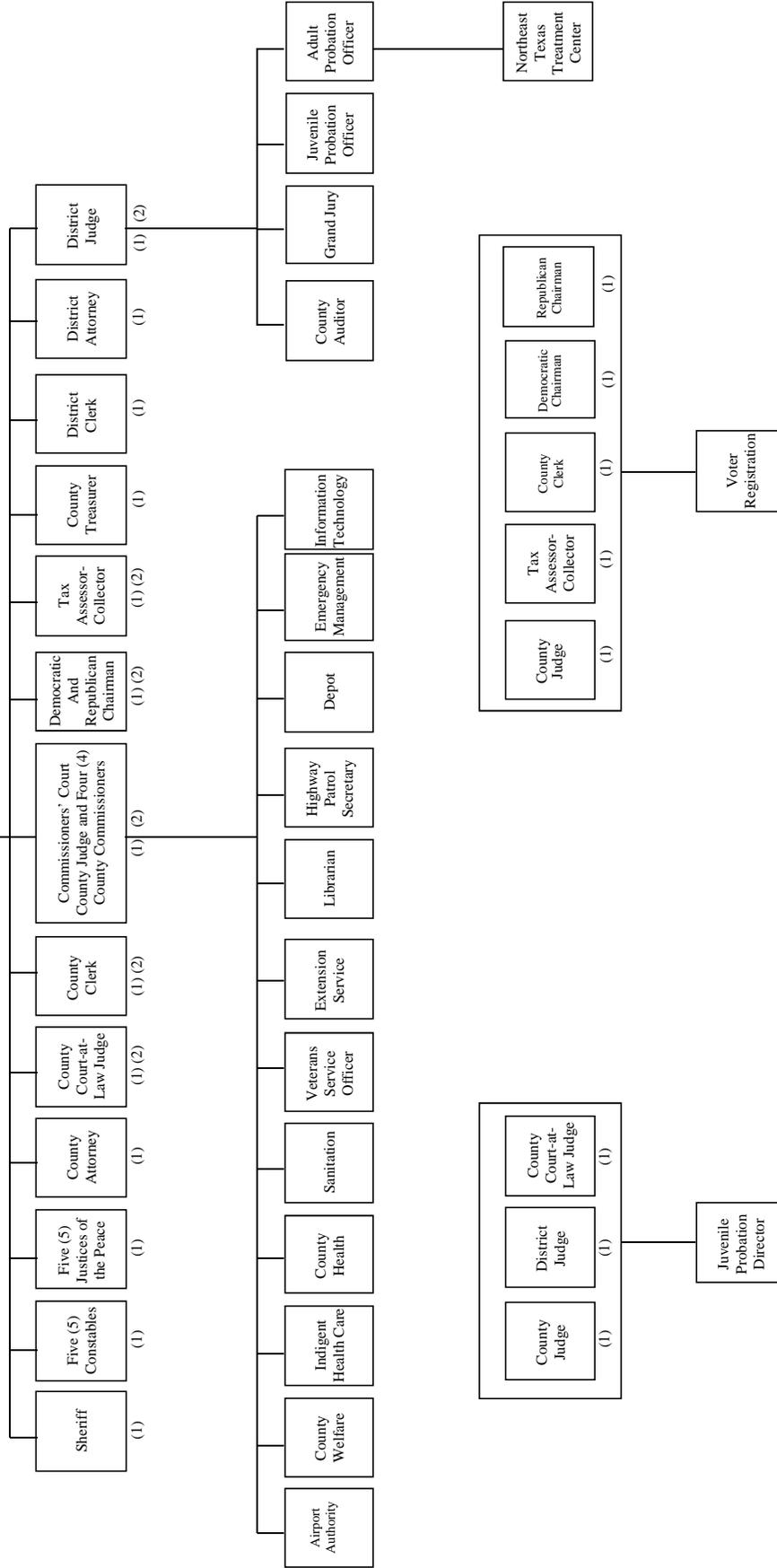
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

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, 2015

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	Micheal Jimerson
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



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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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the internal service fund type of Rusk County, Texas, as of and for the year ended December 31, 2015, 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, 2015, 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, 2015, 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, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2015, the County adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

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 10-12, 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, Water Supply Grant 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, Water Supply Grant 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, Water Supply Grant 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 17, 2016, on our consideration of Rusk County, Texas, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Richard P. Loughlin
Certified Public Accountant

Henderson, Texas
June 17, 2016

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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, 2015. 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 \$33,764,784 (Net Position). Of this amount, \$20,482,094 (Unrestricted Net Position) may be used to meet the County's ongoing obligations to citizens and creditors.
- ◆ The County's total net position decreased by \$2,099,866. The decrease in net position is attributable to the restatement of the County's beginning net position to account for the net pension liability at December 31, 2014.
- ◆ As of the close of the current year, the County's governmental funds reported combined ending fund balances of \$26,626,314 an increase of \$2,571,615 in comparison with the prior year. \$14,294,913 of this amount is available for spending at the County's discretion (Unassigned Fund Balance). The principal reason for the increase in fund balance is attributable to greater than anticipated revenue from fees and maintaining all departmental expenditures well within budget.
- ◆ At the end of the current year, Unassigned Fund Balance for the General Fund was \$14,294,913, or 94.53% of total General Fund expenditures.
- ◆ The County issued no new debt during the year.

Overview of the Financial Statements

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

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

The Statement of Net Position presents information on all of the County's assets, 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 eleven (11) 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 nine (8) 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 six (6) of its nine (8) nonmajor governmental funds (Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Juvenile Services Fund, Debt Service, and Water Supply Grant Fund). A Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual is presented for each of these funds to demonstrate compliance with their budgets 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 73-96 of this report.

Single Audit. The County expended in excess of \$750,000 in state financial assistance during the year ended December 31, 2015. As a result, a single audit in accordance with the State of Texas *Single Audit Circular* was required. The Compliance and State and Federal Financial Assistance section of this report begins on page 121.

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 \$33,764,784 at the close of the most recent fiscal year.

A large portion of the County's Net Position (35.86%) 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>2015</u>	<u>2014</u> (Restated)
Current and Other Assets	\$ 48,731,824	\$ 45,334,672
Capital Assets	21,910,288	22,932,963
Total Assets	<u>\$ 70,642,112</u>	<u>\$ 68,267,635</u>
 Total Deferred Outflows of Resources	 <u>\$ 1,358,152</u>	 <u>\$ 931,181</u>
 Long-Term Liabilities Outstanding	 \$ 17,654,039	 \$ 18,173,445
Other Liabilities	908,038	612,321
Total Liabilities	<u>\$ 18,562,077</u>	<u>\$ 18,785,766</u>
 Total Deferred Inflows of Resources	 <u>\$ 19,673,403</u>	 <u>\$ 19,082,378</u>
 Net Position:		
Net Investment in Capital Assets	\$ 12,107,820	\$ 12,116,832
Restricted	1,174,870	961,706
Unrestricted	20,482,094	18,252,134
Total Net Position	<u>\$ 33,764,784</u>	<u>\$ 31,330,672</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.

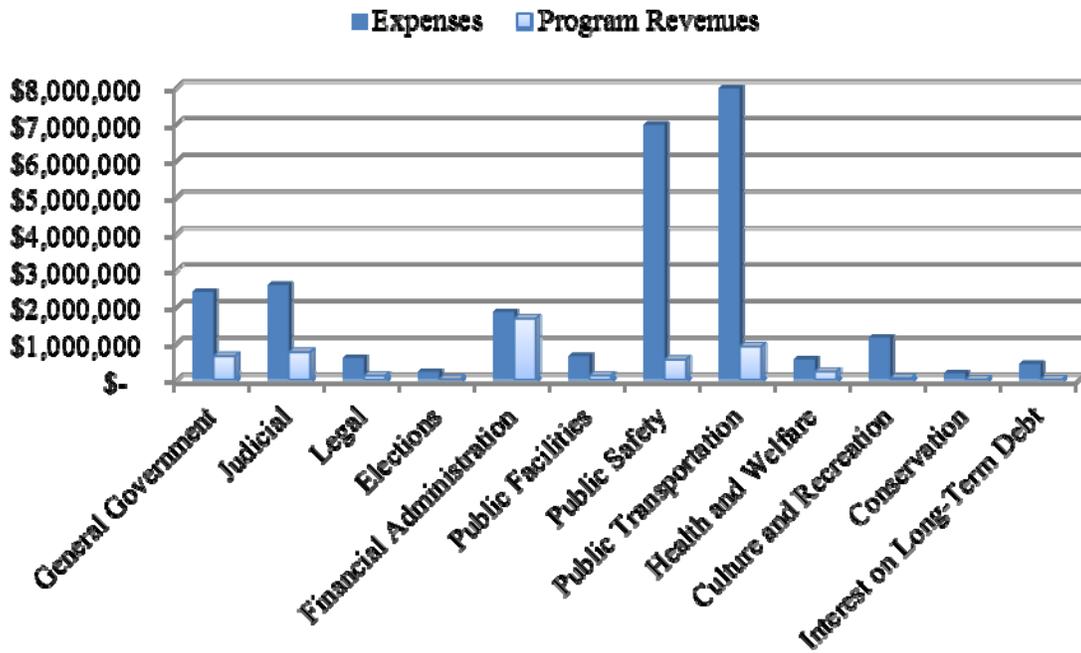
Changes in Net Position. Net Position for the County decreased \$2,099,866 from the prior year. The amount that revenues exceeded expenses was \$2,434,112, but that increase combined with the restatement of \$4,533,978 for implementation of GASB 68 resulted in an overall decrease of net position of \$2,099,866. The economy in this part of the country is not as impacted by the overall slowdown as other parts of the country. However, the County generally maintained overall spending levels with that of the prior year as revenues increased slightly. The most significant County revenue

source is Ad Valorem Taxes, which represented 72.62% of total revenue in the most recently completed fiscal year. Fees and fines charged and collected by County Officials generated another 12.91% of revenue. Grants received from the State and Federal government constituted 5.01% of revenue. The balance of the County's revenue (9.47%) came from other taxes, oil and gas royalties, interest, and other miscellaneous revenues.

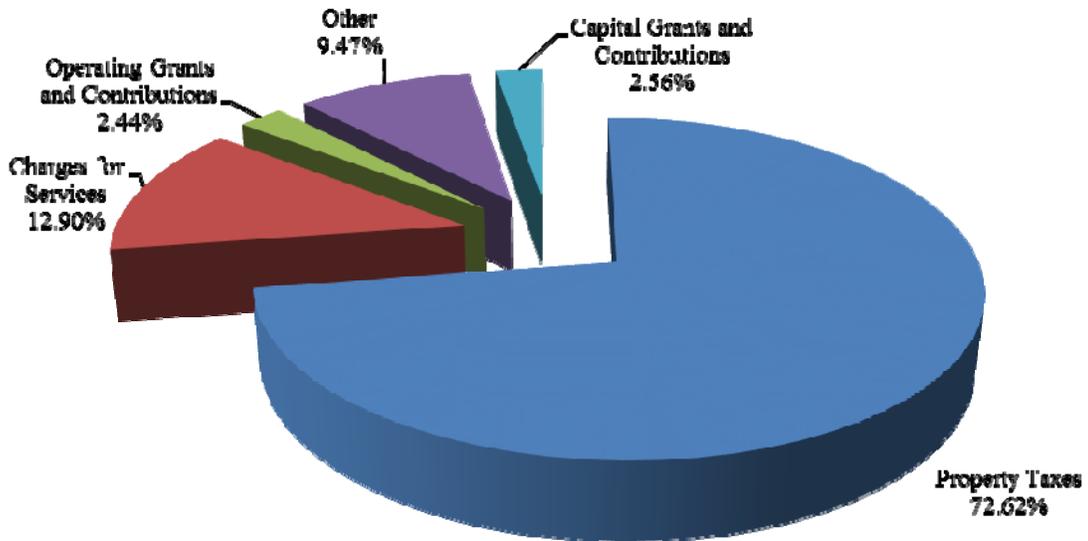
Rusk County, Texas
Changes in Net Position of Governmental Activities
 (Table 2)

Revenues:	<u>2015</u>	<u>2014</u>
Program Revenues:		
Charges for Services	\$ 3,606,880	\$ 3,799,512
Operating Grants and Contributions	682,323	609,584
Capital Grants and Contributions	716,590	427,699
General Revenues:		
Property Taxes	20,296,606	20,209,323
Other	2,647,158	757,658
Total Revenues	<u>\$ 27,949,557</u>	<u>\$ 25,803,776</u>
Expenses:		
General Government	\$ 2,396,679	\$ 2,391,322
Judicial	2,589,015	2,431,208
Legal	593,937	602,142
Elections	217,098	249,122
Financial Administration	1,851,062	1,814,390
Public Facilities	645,729	761,845
Public Safety	6,962,714	6,885,164
Public Transportation	7,954,065	6,681,505
Health and Welfare	549,584	551,406
Culture and Recreation	1,152,304	1,106,036
Conservation	174,090	174,833
Interest on Long-Term Debt	429,168	478,600
Total Expenses	<u>\$ 25,515,445</u>	<u>\$ 24,127,573</u>
Increase in Net Position	\$ 2,434,112	\$ 1,676,203
Net Position - Beginning	35,864,650	34,188,447
Restatement - Pensions	(4,533,978)	-
Net Position - Beginning, as restated	<u>31,330,672</u>	<u>34,188,447</u>
Net Position - Ending	<u>\$ 33,764,784</u>	<u>\$ 35,864,650</u>

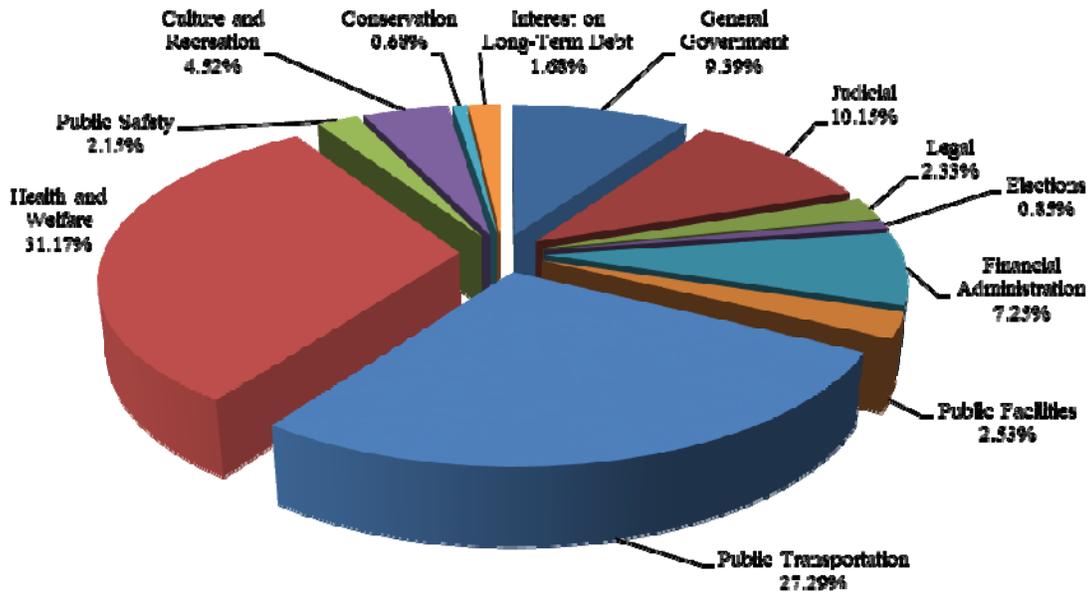
Rusk County, Texas
Governmental Activities
Expenses and Program Revenues
2015
 (Chart 1)



Rusk County, Texas
 Governmental Activities
 Revenues by Source
 2015
 (Chart 2)



Rusk County, Texas
 Governmental Activities
 Expenses by Function
 2015
 (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 \$26,626,314, an increase of \$2,571,615 in comparison with the prior year. 53.69% of this (\$14,294,913) 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 (\$225,260), or 2) restricted for particular purposes (\$12,106,141).

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 \$14,405,163, while total Fund Balance was \$14,294,913. 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 95.43% of total General Fund expenditures, while total Fund Balance represents 96.16% of that same amount.

The Fund Balance of the County's General Fund increased by \$350,778 during the current fiscal year. Key factors in this increase are:

- ◆ *Revenue realized approximated final budgeted amounts.*
- ◆ *Less expenditures than budgeted, in general, in all County departments.*

The Road and Bridge Fund has a total Fund Balance of \$3,298,659 all of which is Restricted Fund Balance (for County roads and bridges) and nonspendable. The net increase in Fund Balance during the year was \$494,168. Generally, the net increase resulted from:

- ◆ *Maintaining total expenditures well below budget in all four precincts.*
- ◆ *Revenue increased \$998,501 over the prior year due to additional oil and gas royalty revenue.*

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 \$647,711. 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 \$251,188. Significant among the increases were:

- ◆ *\$81,105 in increases allocated to Capital Outlay/Sheriff.*
- ◆ *\$52,079 net increase in expenditures for public health.*
- ◆ *\$71,463 net increase in expenditures for the county clerk department.*
- ◆ *\$19,692 in net increases allocated to Capital Outlay/Nondepartmental.*

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

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

Differences between the final amended budget and actual General Fund expenditures were a net positive variance of \$2,011,588. Significant among the net positive variances were:

- ◆ *\$265,000 in positive budget variances in Nondepartmental, due to less than anticipated costs for postage, accounting fees, and software and computer equipment.*
- ◆ *\$255,000 in positive budget variances in Judicial/All Courts, due to less than anticipated costs for capital murder trials.*
- ◆ *\$55,000 in positive budget variances in General Government/County Clerk due to less than expected records archive expenditures and office supplies.*
- ◆ *\$110,000 in positive budget variances in Legal/District Attorney due to less than anticipated special trial expenditures.*
- ◆ *\$68,000 in positive budget variances in Financial Administration/Tax Assessor-Collector due to less than anticipated expenditures for contracted services and personnel.*
- ◆ *\$86,000 in positive budget variances in Public Safety/Jail due to savings in insurance, medical fees, and utilities.*
- ◆ *\$136,000 in positive budget variances in Public Safety/Sheriff due mostly to savings in fuel costs, insurance, litigation, and deputy training.*
- ◆ *\$116,000 in positive budget variances in Health and Welfare/Ambulance and Sanitation due to less than anticipated expenditures in contracted services.*
- ◆ *\$528,000 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, 2015, amounts to \$21,910,288, net of accumulated depreciation. This investment in Governmental Activities Capital Assets includes Land, Buildings, Machinery and Equipment, and Infrastructure (e.g., roads and bridges).

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

- ◆ *Purchase of additional rolling stock for several of the County's departments, including five (5) for the Sheriff's Department.*
- ◆ *Approximately \$427,936 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>2015</u>	<u>2014</u>
Land	\$ 1,032,025	\$ 1,032,025
Buildings	16,575,993	17,298,955
Machinery and Equipment	2,790,417	2,980,517
Infrastructure	1,511,853	1,621,466
Total Capital Assets	<u>\$ 21,910,288</u>	<u>\$ 22,932,963</u>

Additional information on the County's Capital Assets can be found in Note IV (C) on pages 53 of this report.

Long-Term Debt. At the end of the current fiscal year, the County had total debt of \$17,654,041.

Rusk County, Texas
Outstanding Long-Term Debt
 (Table 4)

	<u>2015</u>	<u>2014</u> <u>(Restated)</u>
Certificates of Obligation:		
Principal Amount of Debt	\$ 9,700,000	\$ 10,700,000
Premium on Issuance of Debt	102,470	116,131
OPEB Liability	1,952,483	1,777,754
Net Pension Liability	5,776,077	5,465,159
Compensated Absences	123,011	114,401
Total Long-Term Debt	<u>\$ 17,654,041</u>	<u>\$ 18,173,445</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 \$1,107,121,000. The County presently has \$9,700,000 in general obligation bonded debt.

Additional information on the County's long-term debt can be found in Note IV (H) on pages 62-63 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 4.7%, compared with a rate of 4.9% a year ago.
- ◆ The County's assessed valuation of property for the 2015 property tax year (2016 fiscal year) has decreased approximately \$35,409,000 (.79%) to approximately \$4,393,075.

- ◆ The County's property tax rate increased slightly from \$0.462784 per \$100 of assessed valuation to \$0.475271 per \$100 assessed valuation for the 2016 budget year (2015 property tax year).

All of these factors were considered in preparing the County's budget for the 2016 fiscal year.

During the current fiscal year, Unassigned Fund Balance in the General Fund increased to \$14,294,913. That amount represents approximately eleven months of General Fund operations, and the County believes that to be a reasonable reserve. As a result, the County utilized \$10,723,837 of fund balance to avoid fee increases when preparing the 2016 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, 2015

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash	\$ 32,384,642
Investments	1,331,331
Receivables (net of allowances for uncollectibles):	
Property Taxes	14,663,584
Due from Other Governments	66,486
Accounts	127,024
Prepays	158,757
Capital Assets (not being depreciated)	
Land	1,032,025
Capital Assets (net of accumulated depreciation):	
Buildings	16,575,993
Machinery & Equipment	2,790,417
Infrastructure	<u>1,511,853</u>
Total Assets	<u>\$ 70,642,112</u>
<u>Deferred Outflows of Resources</u>	
Deferred Outflows - Pensions	<u>1,358,152</u>
Total Deferred Outflows of Resources	<u>\$ 1,358,152</u>
<u>Liabilities</u>	
Accounts Payable and Accrued Expenses	\$ 795,844
Due to Other Governments	112,194
Noncurrent Liabilities:	
Due Within One Year	1,040,000
Due in More than One Year	10,837,962
Net Pension Liability	<u>5,776,077</u>
Total Liabilities	<u>\$ 18,562,077</u>
<u>Deferred Inflows of Resources</u>	
Deferred Revenue - Advance Tax Collections	\$ 6,098,910
Unearned Deferred Revenue	13,325,169
Deferred Inflows - Pensions	<u>249,324</u>
Total Deferred Inflows of Resources	<u>\$ 19,673,403</u>
<u>Net Position</u>	
Net Investment in Capital Assets	\$ 12,107,820
Restricted for:	
Debt Service	1,107,643
Perpetual Care:	
Expendable	724
Nonexpendable	15,000
County Independent School Districts:	
Expendable	-
Nonexpendable	51,503
Unrestricted	<u>20,482,094</u>
Total Net Position	<u>\$ 33,764,784</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, 2015

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)/ Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>Functions/Programs:</u>					
General Government	\$ 2,396,679	\$ 599,619	\$ 41,889	\$ -	\$ (1,755,171)
Judicial	2,589,015	751,698	719	-	(1,836,598)
Legal	593,937	37,960	72,047	-	(483,930)
Elections	217,098	10,115	-	-	(206,983)
Financial Administration	1,851,062	1,669,286	-	-	(181,776)
Public Facilities	645,729	8,450	-	102,617	(534,662)
Public Safety	6,962,714	114,880	430,322	-	(6,417,512)
Public Transportation	7,954,065	230,316	61,361	613,973	(7,048,415)
Health and Welfare	549,584	150,756	68,407	-	(330,421)
Culture and Recreation	1,152,304	33,800	7,578	-	(1,110,926)
Conservation	174,090	-	-	-	(174,090)
Interest on Long-Term Debt	429,168	-	-	-	(429,168)
Net (Expense)/Revenue	<u>\$ 25,515,445</u>	<u>\$ 3,606,880</u>	<u>\$ 682,323</u>	<u>\$ 716,590</u>	<u>\$ (20,509,652)</u>
General Revenues:					
Property Taxes					\$ 20,296,606
Other Taxes					14,211
Interest Earned					245,268
Gain on Sale of Capital Assets					143,943
Miscellaneous					<u>2,243,736</u>
Total General Revenues					<u>\$ 22,943,764</u>
Change in Net Position					\$ 2,434,112
Net Position - Beginning					35,864,650
Restatement - Pensions (See Note IV. L)					<u>(4,533,978)</u>
Net Position - Beginning, as restated					31,330,672
Net Position - Ending					<u>\$ 33,764,784</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, 2015

	General Fund	Road & Bridge Fund	Airport Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 17,314,699	\$ 5,133,398	\$ 5,195,696	\$ 4,089,184	\$ 31,732,977
Investments	1,279,828	-	-	51,503	1,331,331
Receivables (net of allowances for uncollectibles):					
Property Taxes	9,727,677	3,971,596	-	964,311	14,663,584
Due from Other Governments	21,269	39,418	5,799	-	66,486
Accounts	10,334	-	116,584	106	127,024
Prepays	110,250	48,507	-	-	158,757
Total Assets	\$ 28,464,057	\$ 9,192,919	\$ 5,318,079	\$ 5,105,104	\$ 48,080,159
<u>Liabilities</u>					
Accounts Payable	\$ 303,736	\$ 290,808	\$ 5,534	\$ 27,811	\$ 627,889
Due to Other Governments	112,194	-	-	-	112,194
Total Liabilities	\$ 415,930	\$ 290,808	\$ 5,534	\$ 27,811	\$ 740,083
<u>Deferred Inflows of Resources</u>					
Unavailable Revenue - Advance Tax Collections	\$ 3,948,093	\$ 1,644,244	\$ -	\$ 414,896	\$ 6,007,233
Unavailable Revenue - Other	-	-	50	91,627	91,677
Unavailable Revenue - Tax Revenue	9,694,871	3,959,208	-	960,773	14,614,852
Total Deferred Inflows of Resources	\$ 13,642,964	\$ 5,603,452	\$ 50	\$ 1,467,296	\$ 20,713,762
<u>Fund Balances</u>					
Nonspendable	\$ 110,250	\$ 48,507	\$ -	\$ 66,503	\$ 225,260
Restricted	-	3,250,152	5,312,495	3,543,494	12,106,141
Unassigned	14,294,913	-	-	-	14,294,913
Total Fund Balances	\$ 14,405,163	\$ 3,298,659	\$ 5,312,495	\$ 3,609,997	\$ 26,626,314
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,464,057	\$ 9,192,919	\$ 5,318,079	\$ 5,105,104	\$ 48,080,159

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, 2015

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

Total Fund Balances-Total Governmental Funds (Page 31)	\$ 26,626,314
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,910,288
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.	647,711
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.	1,289,683
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (See Note II.A.)	(12,041,963)
Net Pension Liability and the related deferred outflows and deferred inflows of resources are not reported in the funds. (See Note II.A.)	<u>(4,667,249)</u>
Net Position of Governmental Activites (page 27)	<u><u>\$ 33,764,784</u></u>

Rusk County, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General Fund	Road & Bridge Fund	Airport Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad Valorem Taxes	\$ 13,002,397	\$ 5,268,849	\$ -	\$ 1,911,495	\$ 20,182,741
Other Taxes	14,211	-	-	-	14,211
Intergovernmental	156,923	595,042	18,932	517,515	1,288,412
Fees	1,732,587	925,490	230,316	171,104	3,059,497
Fines and Forfeitures	393,762	51,163	-	3,188	448,113
Miscellaneous	420,984	805,225	1,571,845	39,569	2,837,623
Total Revenues	\$ 15,720,864	\$ 7,645,769	\$ 1,821,093	\$ 2,642,871	\$ 27,830,597
Expenditures:					
Current:					
General Government	\$ 1,379,528	\$ -	\$ -	\$ 115,052	\$ 1,494,580
Judicial	2,452,250	-	-	75,868	2,528,118
Legal	556,172	-	-	34,207	590,379
Elections	213,089	-	-	-	213,089
Financial Administration	1,804,432	-	-	8,831	1,813,263
Public Facilities	507,196	-	-	102,617	609,813
Public Safety	5,517,497	-	-	532,270	6,049,767
Public Transportation	-	5,828,799	404,932	-	6,233,731
Health and Welfare	423,319	-	-	111,624	534,943
Culture and Recreation	1,102,586	-	-	-	1,102,586
Conservation	168,177	-	-	-	168,177
Nondepartmental	647,634	-	-	-	647,634
Capital Outlay	208,206	1,307,802	-	-	1,516,008
Debt Service:					
Principal	-	-	-	1,000,000	1,000,000
Interest	-	-	-	456,894	456,894
Total Expenditures	\$ 14,980,086	\$ 7,136,601	\$ 404,932	\$ 2,437,363	\$ 24,958,982
Excess (Deficiency) of Revenues over Expenditures	\$ 740,778	\$ 509,168	\$ 1,416,161	\$ 205,508	\$ 2,871,615
Other Financing Sources (Uses):					
Transfers in	\$ 15,000	\$ -	\$ -	\$ 105,000	\$ 120,000
Transfers out	(405,000)	(15,000)	-	-	(420,000)
Total Other Financing Sources (Uses)	\$ (390,000)	\$ (15,000)	\$ -	\$ 105,000	\$ (300,000)
Net Change in Fund Balances	\$ 350,778	\$ 494,168	\$ 1,416,161	\$ 310,508	\$ 2,571,615
Fund Balances - Beginning	14,054,385	2,804,491	3,896,334	3,299,489	24,054,699
Fund Balances - Ending	\$ 14,405,163	\$ 3,298,659	\$ 5,312,495	\$ 3,609,997	\$ 26,626,314

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, 2015

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

Net Change in Fund Balances-Total Governmental Funds (Page 33)	\$ 2,571,615
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.)	(1,022,675)
The repayment of long-term debt (e.g. certificates of obligation and capital leases) consumes current financial resources of governmental funds, but the transaction has no effect on net position.	1,000,000
Delinquent property tax collections provide current financial resources to the funds but has no effect on net position.	(424,419)
Delinquent property taxes receivable, which do not provide current financial resources, are not reported as revenue in the funds.	538,284
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.)	(155,613)
Pension expense related to GASB 68 is recorded in the statement of activities but not in the funds.	(133,271)
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>60,191</u>
Changes in Net Position of Governmental Activities (Page 28)	<u><u>\$ 2,434,112</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, 2015

	General Fund			Variance with Final Budget Positive/ (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad Valorem Taxes	\$ 13,208,664	\$ 13,208,664	\$ 13,002,397	\$ (206,267)
Other Taxes	11,000	11,000	14,211	3,211
Intergovernmental	83,700	95,323	156,923	61,600
Fees	1,665,807	1,735,807	1,732,587	(3,220)
Fines and Forfeitures	500,000	500,000	393,762	(106,238)
Miscellaneous	275,400	388,842	420,984	32,142
Total Revenues	\$ 15,744,571	\$ 15,939,636	\$ 15,720,864	\$ (218,772)
Expenditures:				
Current:				
General Government	\$ 1,410,804	\$ 1,501,518	\$ 1,379,528	\$ 121,990
Judicial	2,794,028	2,798,648	2,452,250	346,398
Legal	659,295	665,720	556,172	109,548
Elections	244,556	250,556	213,089	37,467
Financial Administration	1,880,031	1,878,067	1,804,432	73,635
Public Facilities	565,438	568,438	507,196	61,242
Public Safety	5,791,507	5,765,528	5,517,497	248,031
Health and Welfare	528,957	581,036	423,319	157,717
Culture and Recreation	1,140,712	1,164,906	1,102,586	62,320
Conservation	170,558	171,758	168,177	3,581
Nondepartmental	916,900	912,728	647,634	265,094
Capital Outlay	637,700	736,429	208,206	528,223
Total Expenditures	\$ 16,740,486	\$ 16,995,330	\$ 14,980,086	\$ 2,015,244
Excess (Deficiency) of Revenues over Expenditures	\$ (995,915)	\$ (1,055,694)	\$ 740,778	\$ 1,796,472
Other Financing Sources (Uses):				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Transfers out	(105,000)	(405,000)	(405,000)	-
Total Other Financing Sources (Uses)	\$ (90,000)	\$ (390,000)	\$ (390,000)	\$ -
Net Change in Fund Balances	\$ (1,085,915)	\$ (1,445,694)	\$ 350,778	\$ 1,796,472
Fund Balances - Beginning	14,054,385	14,054,385	14,054,385	-
Fund Balances - Ending	\$ 12,968,470	\$ 12,608,691	\$ 14,405,163	\$ 1,796,472

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, 2015

	<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	\$ 5,275,942	\$ 5,275,942	\$ 5,268,849	\$ (7,093)
Intergovernmental	-	595,042	595,042	0
Fees	900,000	900,000	925,490	25,490
Fines and Forfeitures	50,000	50,000	51,163	1,163
Miscellaneous	260,800	878,915	805,225	(73,690)
Total Revenues	<u>\$ 6,486,742</u>	<u>\$ 7,699,898</u>	<u>\$ 7,645,769</u>	<u>\$ (54,129)</u>
Expenditures:				
Current:				
Public Transportation	\$ 5,965,930	\$ 7,293,725	\$ 6,708,665	\$ 585,060
Capital Outlay	505,424	2,356,903	427,936	1,928,967
Total Expenditures	<u>\$ 6,471,354</u>	<u>\$ 9,650,628</u>	<u>\$ 7,136,601</u>	<u>\$ 2,514,027</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 15,388</u>	<u>\$ (1,950,730)</u>	<u>\$ 509,168</u>	<u>\$ 2,459,898</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	\$ 388	\$ (1,965,730)	\$ 494,168	\$ 2,459,898
Fund Balances - Beginning	<u>2,804,491</u>	<u>2,804,491</u>	<u>2,804,491</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,804,879</u>	<u>\$ 838,761</u>	<u>\$ 3,298,659</u>	<u>\$ 2,459,898</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, 2015

	<u>Major Special Revenue Funds</u>			
	<u>Airport Fund</u>			Variance with Final Budget Positive/ (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	18,932	18,932
Fees	220,000	220,000	230,316	10,316
Fines and Forfeitures	-	-	-	-
Miscellaneous	180,000	401,913	1,571,845	1,169,932
Total Revenues	<u>\$ 400,000</u>	<u>\$ 621,913</u>	<u>\$ 1,821,093</u>	<u>\$ 1,199,180</u>
Expenditures:				
Current:				
Public Transportation	\$ 468,396	\$ 718,609	\$ 404,932	\$ 313,677
Capital Outlay	150,000	131,700	-	131,700
Total Expenditures	<u>\$ 618,396</u>	<u>\$ 850,309</u>	<u>\$ 404,932</u>	<u>\$ 445,377</u>
Net Change in Fund Balances	<u>\$ (218,396)</u>	<u>\$ (228,396)</u>	<u>\$ 1,416,161</u>	<u>\$ 1,644,557</u>
Fund Balances - Beginning	3,896,334	3,896,334	3,896,334	-
Fund Balances - Ending	<u>\$ 3,677,938</u>	<u>\$ 3,667,938</u>	<u>\$ 5,312,495</u>	<u>\$ 1,644,557</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, 2015

	Governmental <u>Activities</u> Internal Service <u>Fund</u>
<u>Assets</u>	
Current Assets:	
Cash	\$ 651,665
Total Current Assets	\$ 651,665
Total Assets	\$ 651,665
<u>Liabilities</u>	
Current Liabilities:	
Accounts Payable	\$ 3,954
Total Current Liabilities	\$ 3,954
Total Liabilities	\$ 3,954
<u>Net Position</u>	
Unrestricted	\$ 647,711
Total Net Position	\$ 647,711

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, 2015

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues:	
Charges for Services	<u>\$ 2,875,322</u>
Total Operating Revenues	<u>\$ 2,875,322</u>
Operating Expenses:	
Benefits, Insurance & Administrative Cost	<u>\$ 3,120,226</u>
Total Operating Expenses	<u>\$ 3,120,226</u>
Operating Income (Loss)	<u>\$ (244,904)</u>
Nonoperating Revenues (Expenses):	
Interest Income	<u>\$ 5,095</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 5,095</u>
Income before Contributions and Transfers	\$ (239,809)
Transfers In	300,000
Change in Net Position	\$ 60,191
Total Net Position - Beginning	<u>587,520</u>
Total Net Position - Ending	<u><u>\$ 647,711</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, 2015

	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities	
Receipts from Interfund Services Provided	\$ 3,175,322
Payments to Suppliers and Providers	<u>(3,117,038)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 58,284</u>
Cash Flows from Investing Activities:	
Interest Income	<u>\$ 5,095</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 5,095</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 63,379
Cash and Cash Equivalents, January 1	<u>588,286</u>
Cash and Cash Equivalents, December 31 (See below)	<u><u>\$ 651,665</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	<u>\$ 55,096</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Increase/(Decrease) in Payables	<u>\$ 3,188</u>
Total Adjustments	<u>\$ 3,188</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 58,284</u></u>
Exhibit #6 - Page 38:	
Cash	\$ 651,665
Investments	<u>-</u>
Total Cash and Cash Equivalents - Exhibit #6	<u><u>\$ 651,665</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, 2015

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	\$ 11,110,505
Investments	1,444,504
	1,444,504
Total Assets	\$ 12,555,010
<u>Liabilities</u>	
Due to Other Governments	\$ 8,325,716
Court Ordered Deposits	859,611
Inmate Trust Funds	160,949
Court Ordered Trust Funds	3,208,733
	3,208,733
Total Liabilities	\$ 12,555,010

The accompanying notes are an integral part of this statement.

RUSK COUNTY, TEXAS

Notes to the Financial Statements

December 31, 2015

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, 2015.

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, 2015. 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 2015, the County adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

1. Statement No. 68 establishes standards of accounting and financial reporting, but no funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local government employers through pension plans that are administered through trusts or equivalent arrangements criteria detailed above in the description of Statement No 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts or equivalent arrangements as described above, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the County's governmental fund financial statements, which continue to report expenditures in the contribution amount determined legislatively for the TCDRS plan. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the County's beginning net position of the fiscal year 2014 government-wide financial statements to reflect the reporting of net pension liability and deferred inflows of resources and deferred outflows of resources for its qualified pension plan and the recognition of pension expense in accordance with the provisions of the Statement.

2. Statement No. 71 amends Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Since the measurement date of the pension

plan was different than the County’s final year-end, the effects from the County’s reported contributions to the plan subsequent to the respective measurement date of the plan as an increase in deferred outflow of resources and an increase in net position.

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 TCERS’ 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 27 is a reconciliation between Total Fund Balances-Total Governmental Funds and Net Position-Governmental Activities. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$12,041,963 difference are as follows:

Certificates of Obligation Payable	\$ (9,700,000)
Premium on Debt Issuance	(102,468)
Accrued Interest Payable	(164,001)
OPEB Liability	(1,952,483)
Compensated Absences	<u>(123,011)</u>
Net Adjustment to Reduce Total Fund Balances-Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ (12,041,963)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

Exhibit 4-A on page 29 is a reconciliation between Net Changes in Fund Balances-Total Governmental Funds and Changes in Net Position of Governmental Activities as reported in the Government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,022,675 difference are as follows:

Capital Outlay	\$636,141
Depreciation Expense	<u>(1,658,816)</u>
Net Adjustment to Increase Net Changes in Fund Balance-	
Total Governmental Funds to Arrive at Changes in Net Position-	
Governmental Activities	<u><u>(\$1,022,675)</u></u>

Another element of that reconciliation states that “Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$155,613 difference are as follows:

Increase in Compensated Absences	\$ (8,610)
Decrease in Accrued Interest	14,063
Increase in OPEB Liability	(174,729)
Amortization of Premium on Certificates of Obligation	<u>13,663</u>
Net Adjustment to Decrease Net Changes in Fund Balance-	
Total Governmental Funds to Arrive at Changes in Net Position-	
Governmental Activities	<u><u>\$ (155,613)</u></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, 2015.

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, 2015, and throughout the year ended December 31, 2015, 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, 2015, the County's only investments were in certificates of deposit with its depository bank. As of December 31, 2015, 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	\$ 1,331,331	N/A
Certificates of Deposit - Agency Funds	1,444,504	N/A
Total Investments	<u>\$ 2,775,835</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, 2015, 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, 2015 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>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Current Property Taxes	\$ 9,498,548	\$ 3,880,026	\$ 950,394	\$ 14,328,968
Delinquent Property Taxes	1,117,534	453,965	100,556	1,672,055
Due from Other Governments	21,269	39,418	5,799	66,486
Accounts	10,334	-	116,694	127,028
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Gross Receivables	\$ 10,647,685	\$ 4,373,409	\$ 1,173,443	\$ 16,194,537
Less: Allowance for Uncollectible Taxes	(888,405)	(362,395)	(86,639)	(1,337,439)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Total Receivables	<u>\$ 9,759,280</u>	<u>\$ 4,011,014</u>	<u>\$ 1,086,804</u>	<u>\$ 14,857,098</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>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
<u>Deferred Revenue</u>				
Advance Tax Collections	\$ 3,948,093	\$ 1,644,244	\$ 414,896	\$ 6,007,233
Seized Funds	-	-	72,404	72,404
Grant Funds	-	-	19,223	19,223
Deposits	-	-	50	50
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Unearned Revenue	<u>\$ 3,948,093</u>	<u>\$ 1,644,244</u>	<u>\$ 506,573</u>	<u>\$ 6,098,910</u>
<u>Unearned Deferred Revenue:</u>				
Current Property Taxes Receivable	\$ 9,498,548	\$ 3,880,026	\$ 950,394	\$ 14,328,968
Less: Allowance for Uncollectible Taxes	(664,898)	(271,602)	(66,528)	(1,003,028)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Current Property Taxes Receivable	<u>\$ 8,833,650</u>	<u>\$ 3,608,424</u>	<u>\$ 883,866</u>	<u>\$ 13,325,940</u>

C. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2015, was as follows:

	Balance January 1, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2015</u>
Capital Assets Not Being Depreciated:				
Land	\$ 1,032,025	\$ -	\$ -	\$ 1,032,025
Total Capital Assets Not Being Depreciated	<u>\$ 1,032,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,032,025</u>
Capital Assets Being Depreciated:				
Buildings	\$22,788,712	\$ -	\$ -	\$22,788,712
Machinery & Equipment	13,030,189	636,141	479,499	13,186,831
Infrastructure	3,978,922	-	-	3,978,922
Total Capital Assets Being Depreciated	<u>\$39,797,823</u>	<u>\$ 636,141</u>	<u>\$ 479,499</u>	<u>\$39,954,465</u>
Less Accumulated Depreciation for:				
Buildings	\$ 5,489,755	\$ 722,962	\$ -	\$ 6,212,717
Machinery & Equipment	10,049,674	826,241	479,499	10,396,416
Infrastructure	2,357,455	109,613	-	2,467,068
Total Accumulated Depreciation	<u>\$17,896,884</u>	<u>\$ 1,658,816</u>	<u>\$ 479,499</u>	<u>\$19,076,201</u>
Total Capital Assets Being Depreciated, Net	<u>\$21,900,939</u>	<u>\$ (1,022,675)</u>	<u>\$ -</u>	<u>\$20,878,264</u>
Governmental Activities Capital Assets, Net	<u>\$22,932,964</u>	<u>\$ (1,022,675)</u>	<u>\$ -</u>	<u>\$21,910,289</u>

Depreciation expense was charged to Functions/Programs as follows:

General Government	\$ 34,036
Judicial	10,415
Legal	1,892
Elections	748
Financial Administration	7,876
Public Facilities	30,369
Public Transportation	764,026
Public Safety	773,414
Health and Welfare	9,312
Culture and Recreation	25,577
Conservation	1,151
Total Depreciation Expense	<u>\$ 1,658,816</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 9.42% for calendar year 2015. 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, 2015, the annual pension cost for the TCERS plan for its employees was \$973,362, and the actual contributions were \$973,362. 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, 2014, the basis for determining the contribution rate for calendar year 2015. The December 31, 2014 actuarial valuation is the most recent valuation.

Changes in Net Pension Liability.

At December 31,2014 the County reported a net pension liability/(asset) of \$5,776,077. The changes in net pension liability (asset) were as follows:

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Liability</u>
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 43,037,756	\$ 37,572,597	5,465,159
Changes for the year:			
Service Cost	1,265,726	-	1,265,726
Interest	3,446,888	-	3,446,888
Change in benefit terms	-	-	-
Diff between expected/actual experience	(332,432)	-	(332,432)
Changes of assumptions	-	-	-
Contributions - employer	-	929,203	(929,203)
Contributions - employee	-	719,526	(719,526)
Net investment income	-	2,562,436	(2,562,436)
Benefit payments, including refunds of employee contributions	(2,252,086)	(2,252,086)	-
Administrative expenses	-	(29,640)	29,640
Other charges	-	(112,261)	112,261
Net changes	<u>2,128,096</u>	<u>1,817,178</u>	<u>310,918</u>
Balance at 12/31/2014	<u>\$ 45,165,852</u>	<u>\$ 39,389,775</u>	<u>\$ 5,776,077</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.

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 2015 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 year, 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	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities-Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities-Emerging	50% MSCI World EM Standard (net) Index + 50% 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	3.75%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLP)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%
Total		100.00%	

⁽¹⁾ Target asset allocation adopted at the April 2015 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 1.7%, per Cliffwater's 2015 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	\$50,285,523	\$45,165,852	\$40,918,030
Fiduciary net position	<u>39,389,776</u>	<u>39,389,775</u>	<u>39,389,776</u>
Net pension liability / (asset)	\$10,895,747	\$5,776,077	\$1,528,254

Deferred Outflows and Inflows of Resources Related to Pensions

As of December 31, 2014, 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	\$498,648	\$0
Changes of assumptions	0	0
Net difference between projected and actual earnings	0	769,581
Contributions made subsequent to measurement date (3)	N/A	\$973,362

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	\$13,090
2016	13,090
2017	13,090
2018	96,198
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 \$615 per month for 2015.

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 December 31, 2015, thirteen (13) 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, 2015, expenses of \$54,700, 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	\$	297,677
Interest on Net OPEB Obligation		71,110
Adjustment to Annual Required Contribution		(91,284)
Annual OPEB Cost (Expense)	\$	277,503
Expected Net OPEB Costs ⁽¹⁾		(102,774)
Change in OPEB Obligation	\$	174,729
Net OPEB Obligation (Asset) - Beginning of Year		1,777,754
Net OPEB Obligation (Asset) - End of Year	\$	<u>1,952,483</u>

⁽¹⁾ Including \$54,700 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 2015 and the preceding two years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 340,792	13.49%	\$ 1,609,745
2014	\$ 270,783	37.95%	\$ 1,777,754
2015	\$ 277,503	37.04%	\$ 1,952,483

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, 2014, 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 8% discount rate (5.00% 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 Date	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/10	-	4,039,859	4,039,859	0.00	9,386,132	43.04
01/01/12	-	4,838,354	4,838,354	0.00	9,663,596	50.07
01/01/14	-	2,474,865	2,474,865	0.00	10,262,074	24.12

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, 2015. 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 2015 have been reported as expenditures in the general fund and special revenue funds.

During the year ended December 31, 2015, employees of the County were covered by a fully insured health insurance plan (the Plan). The County contributed \$825.00 per month per employee to the Plan, and employees, at their option, authorized payroll withholding to pay contributions for their dependents. All contributions were paid to an internal service fund maintained by the County. The internal service fund paid premiums to the Texas Association of Counties to provide for health insurance coverage for employees, dependents, and retirees.

G. Leases

Operating Leases. Rusk County is obligated under certain leases for equipment accounted for as operating leases. General revenues of the General Fund will be used to pay these leases. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one (1) year as of December 31, 2015.

<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2016	56,028
2017	56,028
2018	28,014
Total minimum lease payments	<u><u>\$ 140,070</u></u>

Total cost for these leases for the year ended December 31, 2015 was \$56,212.

H. Long-term debt

Certificates of Obligation

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

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2016	1,040,000	416,537	\$ 1,456,537
2017	1,080,000	374,138	1,454,138
2018	1,125,000	330,038	1,455,038
2019	1,175,000	281,100	1,456,100
2020	1,225,000	227,100	1,452,100
2021-2023	4,055,000	309,269	4,364,269
Total	<u><u>\$ 9,700,000</u></u>	<u><u>\$ 1,938,182</u></u>	<u><u>\$ 11,638,182</u></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, 2015, the County had no arbitrage rebate liability.

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Balance January 1, <u>2015</u> (Restated)	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2015</u>	<u>Due Within One Year</u>
Certificates of Obligation	\$10,700,000	\$ -	\$ 1,000,000	\$ 9,700,000	\$ 1,040,000
Add: Premium on Issuance	116,131	-	13,663	102,468	-
Net Certificates of Obligation	<u>\$10,816,131</u>	<u>\$ -</u>	<u>\$ 1,013,663</u>	<u>\$ 9,802,468</u>	<u>\$ 1,040,000</u>
OPEB Liability	1,777,754	174,729	-	1,952,483	-
Net Pension Liability	5,465,159	310,918	-	5,776,077	-
Compensated Absences	114,401	21,158	12,548	123,011	14,941
Total Governmental Activity					
Long-Term Liabilities	<u>\$18,173,445</u>	<u>\$ 506,805</u>	<u>\$ 1,026,211</u>	<u>\$17,654,039</u>	<u>\$ 1,054,941</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, 2015 are as follows:

	General <u>Fund</u>	<u>Major Special Revenue Fund</u> Road & Bridge <u>Fund</u>	Other <u>Funds</u>	<u>Total</u>
Nonspendable:				
Prepaid Items	\$ 110,250	\$ 48,507	\$ -	\$ 158,757
Permanent Fund Principal	-	-	66,503	66,503
Restricted:				
County Roads & Bridges	-	3,250,152	-	3,250,152
Airport Property	-	-	5,312,495	5,312,495
Law Library	-	-	17,806	17,806
County Officials' Offices	-	-	717,443	717,443
Indigent Health Care Services	-	-	1,590,117	1,590,117
Juvenile Services	-	-	22,670	22,670
General Obligation Debt	-	-	1,194,738	1,194,738
Cemetery Maintenance	-	-	724	724
Unassigned	14,294,913	-	-	14,294,913
Total Fund Balances	<u>\$ 14,405,163</u>	<u>\$ 3,298,659</u>	<u>\$ 8,922,496</u>	<u>\$ 26,626,318</u>

J. Interfund Transfers

Transfer In:				
	General Fund	Nonmajor Governmental Funds (Juvenile)	Internal Service Fund	Overall Totals
<u>Transfer Out:</u>				
General Fund	\$ -	\$105,000	\$300,000	\$405,000
Road & Bridge Fund	15,000	-	-	15,000
Total	\$ 15,000	\$ 105,000	\$ 300,000	\$ 420,000

The purpose of these transfers was to supplement revenue.

K. Contingencies and Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial. The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

L. Restatement

During the year ended December 31, 2015, the County adopted GASB Statement No. 68 for Accounting and Reporting Pensions. With GASB 68, the County must report the net pension liability, pension expense, and related deferred inflows and outflows of resources associated with providing retirement benefits to their employees (and former employees) in their basic financial statements. The implementation must occur retroactively. A net pension liability of \$5,465,159 and deferred resource outflows of \$931,181 is required to be restated as of December 31, 2014. The total amount of the prior period adjustment is a reduction of net position in the amount of \$4,533,978.

REQUIRED SUPPLEMENTARY INFORMATION

Rusk County, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended December 31, 2015

	2014
Total Pension Liability	
Service cost	\$ 1,265,726
Interest (on the total pension liability)	3,446,888
Changes of benefit terms	-
Difference between expected and actual experience	(332,432)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(2,252,086)
Net Change in Total Pension Liability	2,128,096
Total Pension Liability - Beginning	43,037,756
Total Pension Liability - Ending (a)	\$ 45,165,852
 Plan Fiduciary Net Position	
Contributions - employer	\$ 929,203
Contributions - employee	719,526
Net investment income	2,562,436
Benefit payments, including refunds of employee contributions	(2,252,086)
Administrative expense	(29,640)
Other	(112,261)
Net Change in Plan Fiduciary Net Position	1,817,178
Plan Fiduciary Net Position - Beginning	37,572,597
Plan Fiduciary Net Position - Ending (b)	\$ 39,389,775
 Net Pension Liability - Ending (a) - (b)	\$ 5,776,077
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.21%
 Covered Employee Payroll	\$ 9,927,337
 Net Pension Liability as a Percentage of Covered Employee Payroll	58.18%

Rusk County, Texas
 Schedule of Contributions
 For the Year Ended December 31, 2015

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

Rusk County, Texas
Notes to the Schedule of Contributions
For the Year Ended December 31, 2015

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
 Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	2.6 years
Asset Valuation Method	5-yr smoothed value; Non-asumptotic, none
Inflation	3.0%
Salary Increases	3.5%
Investment Rate of Return	8.10%
Retirement Age	Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan to receive any employer-financed benefit.
Mortality	The RP2000 Active Employee Mortality Table for males with a two-year set-forward and a four-year setback for females with the projection scale AA.
 Other Information:	 There were no benefit changes during the year.

**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.

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

Debt Service Fund

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

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

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

Rusk County, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	<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	\$ 2,467,364	\$ 1,606,096	\$ -	\$ 15,724	\$ 15,724	\$ 4,089,184
Investments	-	-	51,503	-	51,503	51,503
Receivables: (net of allowances for uncollectibles):						
Property Taxes	-	964,311	-	-	-	964,311
Due from Other Governments	-	-	-	-	-	-
Accounts	110	-	-	-	-	110
Total Assets	\$ 2,467,474	\$ 2,570,407	\$ 51,503	\$ 15,724	\$ 67,227	\$ 5,105,108
<u>Liabilities</u>						
Accounts Payable	\$ 27,811	\$ -	\$ -	\$ -	\$ -	\$ 27,811
Total Liabilities	\$ 27,811	\$ -	\$ -	\$ -	\$ -	\$ 27,811
<u>Deferred Inflows of Resources</u>						
Unavailable Revenue - Advance Tax	\$ -	\$ 414,896	\$ -	\$ -	\$ -	\$ 414,896
Unavailable Revenue - Other	91,627	-	-	-	-	91,627
Unavailable Revenue - Tax Revenue	-	960,773	-	-	-	960,773
Total Deferred Inflows of Resources	\$ 91,627	\$ 1,375,669	\$ -	\$ -	\$ -	\$ 1,467,296
<u>Fund Balances</u>						
Nonspendable	\$ -	\$ -	\$ 51,503	\$ 15,000	\$ 66,503	\$ 66,503
Restricted	2,348,036	1,194,738	-	724	724	3,543,498
Total Fund Balances	\$ 2,348,036	\$ 1,194,738	\$ 51,503	\$ 15,724	\$ 67,227	\$ 3,610,001
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,467,474	\$ 2,570,407	\$ 51,503	\$ 15,724	\$ 67,227	\$ 5,105,108

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, 2015

	<u>Permanent Funds</u>					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	\$ 1,636,495	\$ -	\$ -	\$ -	\$ 1,911,495
Intergovernmental	517,515	-	-	-	-	517,515
Fees	171,104	-	-	-	-	171,104
Fines and Forfeitures	3,188	-	-	-	-	3,188
Miscellaneous	31,906	6,860	756	47	803	39,569
Total Revenues	\$ 998,713	\$ 1,643,355	\$ 756	\$ 47	\$ 803	\$ 2,642,871
Expenditures:						
Current:						
General Government	\$ 114,348	\$ -	\$ 704	\$ -	\$ 704	\$ 115,052
Judicial	75,868	-	-	-	-	75,868
Legal	34,207	-	-	-	-	34,207
Financial Administration	8,831	-	-	-	-	8,831
Public Facilities	102,617	-	-	-	-	102,617
Public Safety	532,270	-	-	-	-	532,270
Health and Welfare	111,624	-	-	-	-	111,624
Debt Service:						
Principal	-	1,000,000	-	-	-	1,000,000
Interest	-	456,894	-	-	-	456,894
Total Expenditures	\$ 979,765	\$ 1,456,894	\$ 704	\$ -	\$ 704	\$ 2,437,363
Excess (Deficiency) of Revenues over Expenditures	\$ 18,948	\$ 186,461	\$ 52	\$ 47	\$ 99	\$ 205,508
Other Financing Sources (Uses):						
Transfers In	\$ 105,000	\$ -	\$ -	\$ -	\$ -	\$ 105,000
Total Other Financing Sources (Uses)	\$ 105,000	\$ -	\$ -	\$ -	\$ -	\$ 105,000
Net Change in Fund Balances	\$ 123,948	\$ 186,461	\$ 52	\$ 47	\$ 99	\$ 310,508
Fund Balances - Beginning	2,224,088	1,008,277	51,451	15,677	67,128	3,299,493
Fund Balances - Ending	\$ 2,348,036	\$ 1,194,738	\$ 51,503	\$ 15,724	\$ 67,227	\$ 3,610,001

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, 2015

	Law Library <u>Fund</u>	Rusk County Officials' <u>Fund</u>	Human Services <u>Fund</u>	Juvenile Services <u>Fund</u>	Water Supply Grant <u>Fund</u>	<u>Total</u>
<u>Assets</u>						
Cash	\$ 20,846	\$ 794,224	\$ 1,597,904	\$ 54,390	\$ -	\$ 2,467,364
Investments	-	-	-	-	-	-
Receivables:						
Accounts	-	-	-	106	-	106
Total Assets	<u>\$ 20,846</u>	<u>\$ 794,224</u>	<u>\$ 1,597,904</u>	<u>\$ 54,496</u>	<u>\$ -</u>	<u>\$ 2,467,470</u>
<u>Liabilities</u>						
Accounts Payable	\$ 3,040	\$ 4,377	\$ 7,787	\$ 12,607	\$ -	\$ 27,811
Total Liabilities	<u>\$ 3,040</u>	<u>\$ 4,377</u>	<u>\$ 7,787</u>	<u>\$ 12,607</u>	<u>\$ -</u>	<u>\$ 27,811</u>
<u>Deferred Inflows of Resources</u>						
Unavailable Revenue - Other	\$ -	\$ 72,404	\$ -	\$ 19,223	\$ -	\$ 91,627
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 72,404</u>	<u>\$ -</u>	<u>\$ 19,223</u>	<u>\$ -</u>	<u>\$ 91,627</u>
<u>Fund Balances</u>						
Restricted	\$ 17,806	\$ 717,443	\$ 1,590,117	\$ 22,666	\$ -	\$ 2,348,032
Total Fund Balances	<u>\$ 17,806</u>	<u>\$ 717,443</u>	<u>\$ 1,590,117</u>	<u>\$ 22,666</u>	<u>\$ -</u>	<u>\$ 2,348,032</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 20,846</u>	<u>\$ 794,224</u>	<u>\$ 1,597,904</u>	<u>\$ 54,496</u>	<u>\$ -</u>	<u>\$ 2,467,470</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, 2015

	Law Library <u>Fund</u>	Rusk County Officials' <u>Fund</u>	Human Services <u>Fund</u>	Juvenile Services <u>Fund</u>	Water Supply Grant <u>Fund</u>	<u>Totals</u>
Revenues:						
Ad Valorem Taxes	\$ -	\$ -	\$ 275,000	\$ -	\$ -	\$ 275,000
Intergovernmental	-	10,167	-	404,731	102,617	517,515
Fees	29,589	139,769	-	1,746	-	171,104
Fines and Forfeitures	-	3,188	-	-	-	3,188
Miscellaneous	49	18,490	13,012	355	-	31,906
Total Revenues	\$ 29,638	\$ 171,614	\$ 288,012	\$ 406,832	\$ 102,617	\$ 998,713
Expenditures:						
Current:						
General Government	\$ -	\$ 114,348	\$ -	\$ -	\$ -	\$ 114,348
Judicial	-	75,868	-	-	-	75,868
Legal	23,400	10,807	-	-	-	34,207
Financial Administration	-	8,831	-	-	-	8,831
Public Facilities	-	-	-	-	102,617	102,617
Public Safety	-	26,650	-	505,620	-	532,270
Health and Welfare	-	-	111,624	-	-	111,624
Capital Outlay:						
Public Transportation	-	-	-	-	-	-
Total Expenditures	\$ 23,400	\$ 236,504	\$ 111,624	\$ 505,620	\$ 102,617	\$ 979,765
Excess (Deficiency) of Revenues over Expenditures	\$ 6,238	\$ (64,890)	\$ 176,388	\$ (98,788)	\$ -	\$ 18,948
Other Financing Sources (Uses):						
Transfers In	\$ -	\$ -	\$ -	\$ 105,000	\$ -	\$ 105,000
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ 105,000	\$ -	\$ 105,000
Net Change in Fund Balances	\$ 6,238	\$ (64,890)	\$ 176,388	\$ 6,212	\$ -	\$ 123,948
Fund Balances - Beginning	11,568	782,333	1,413,729	16,458	-	2,224,088
Fund Balances - Ending	\$ 17,806	\$ 717,443	\$ 1,590,117	\$ 22,670	\$ -	\$ 2,348,036

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, 2015

	<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	\$ 12,738,664	\$ 12,738,664	\$ 12,523,476	\$ (215,188)
Delinquent Taxes	250,000	250,000	282,555	32,555
Interest and Penalty	220,000	220,000	196,366	(23,634)
Other Taxes:				
Liquor Drink Tax	11,000	11,000	14,211	3,211
Intergovernmental	83,700	95,323	156,923	61,600
Fees	1,665,807	1,735,807	1,732,587	(3,220)
Fines and Forfeitures	500,000	500,000	393,762	(106,238)
Miscellaneous:				
Interest	150,000	150,000	146,280	(3,720)
Other	125,400	238,842	274,704	35,862
Total Revenues	\$ 15,744,571	\$ 15,939,636	\$ 15,720,864	\$ (218,772)
Expenditures:				
Current:				
General Government:				
County Judge	\$ 250,386	\$ 255,910	\$ 235,754	\$ 20,156
Commissioners' Court	313,177	313,177	307,609	5,568
County Clerk	651,611	723,074	668,503	54,571
Veterans' Service	95,166	95,166	77,568	17,598
Emergency Management	22,868	31,745	13,776	17,969
Information Technology	77,596	82,446	76,318	6,128
Judicial:				
County Court-at-Law	330,037	330,037	306,292	23,745
District Court	213,534	213,654	202,953	10,701
Justice of the Peace Court	100,200	99,700	87,067	12,633
District Clerk	546,030	550,530	526,223	24,307
Justices of the Peace	688,116	688,616	668,958	19,658
All Courts	916,111	916,111	660,757	255,354
Legal:				
District Attorney	659,295	665,720	556,172	109,548
Elections	244,556	250,556	213,089	37,467
Financial Administration:				
County Auditor	239,026	240,526	235,967	4,559
County Treasurer	182,628	188,800	187,639	1,161
Tax Assessor-Collector	1,458,377	1,448,741	1,380,826	67,915
Public Facilities:				
Maintenance	565,438	568,438	507,196	61,242
Public Safety:				

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Jail	2,277,375	2,266,575	2,180,757	85,818
Constables	292,872	292,872	289,425	3,447
Sheriff	3,036,239	3,021,060	2,884,791	136,269
Juvenile Board	61,636	61,636	60,674	962
Highway Patrol	123,385	123,385	101,850	21,535
Health and Welfare:				
County Health	95,587	95,587	90,179	5,408
Public Health	-	52,079	49,733	2,346
County Welfare	36,495	36,495	20,642	15,853
Ambulance and Sanitation	336,875	336,875	220,652	116,223
Mental Health	18,000	18,000	3,603	14,397
Juvenile Room and Board	42,000	42,000	38,510	3,490
Culture and Recreation:				
Library Complex	981,608	998,802	946,852	51,950
Depot/Children's Discovery Center	159,104	166,104	155,734	10,370
Conservation:				
Agriculture and Home Demo	170,558	171,758	168,177	3,581
Nondepartmental	916,900	912,728	647,634	265,094
Capital Outlay:				
General Government:				
County Judge	2,000	2,000	-	2,000
County Clerk	10,000	10,000	-	10,000
Veterans' Service	29,000	32,716	26,557	6,159
Emergency Management	14,500	12,750	-	12,750
Information Technology	10,000	5,150	-	5,150
Judicial:				
County Court-at-Law	1,500	1,500	-	1,500
District Court	2,000	1,880	-	1,880
District Clerk	10,000	5,500	-	5,500
Legal:				
District Attorney	10,000	5,000	-	5,000
Elections	32,000	32,361	-	32,361
Financial Administration:				
County Auditor	6,000	4,500	-	4,500
County Treasurer	2,000	-	-	-
Tax Assessor-Collector	2,000	14,218	-	14,218
Public Facilities:				
Maintenance	37,000	40,250	-	40,250
Public Safety:				
Jail	20,000	30,800	5,800	25,000
Sheriff	120,000	201,105	169,190	31,915

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Highway Patrol	1,500	1,500	-	1,500
Health and Welfare:			-	
County Health	-	-		-
County Welfare	2,000	2,000	-	2,000
Ambulance and Sanitation	3,000	3,000	-	3,000
Culture and Recreation:				
Library Complex	15,000	6,850	6,659	191
Depot/Children's Discovery Center	7,000	-	-	-
Conservation:				
Agriculture and Home Demo	1,200	3,656	-	3,656
Nondepartmental	300,000	319,692	-	319,692
Total Expenditures	\$ 16,740,486	\$ 16,995,330	\$ 14,980,086	\$ 2,015,244
Excess (Deficiency) of Revenues over Expenditures	\$ (995,915)	\$ (1,055,694)	\$ 740,778	\$ 1,796,472
Other Financing Sources (Uses):				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Transfers out	(105,000)	(405,000)	(405,000)	-
Total Other Financing Sources (Uses)	\$ (90,000)	\$ (390,000)	\$ (390,000)	\$ -
Net Change in Fund Balances	\$ (1,085,915)	\$ (1,445,694)	\$ 350,778	\$ 1,796,472
Fund Balances - Beginning	14,054,385	14,054,385	14,054,385	-
Fund Balances - Ending	\$ 12,968,470	\$ 12,608,691	\$ 14,405,163	\$ 1,796,472

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, 2015

	<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	\$ 5,090,942	\$ 5,090,942	\$ 5,078,219	\$ (12,723)
Delinquent Taxes	105,000	105,000	110,623	5,623
Interest and Penalty	80,000	80,000	80,007	7
Intergovernmental	-	595,042	595,042	0
Fees	900,000	900,000	925,490	25,490
Fines and Forfeitures	50,000	50,000	51,163	1,163
Miscellaneous:				
Interest	35,000	35,000	38,841	3,841
Other	225,800	843,915	766,384	(77,531)
Total Revenues	\$ 6,486,742	\$ 7,699,898	\$ 7,645,769	\$ (54,129)
Expenditures:				
Current:				
Public Transportation:				
Precinct #1	\$ 1,176,994	\$ 1,490,102	\$ 1,416,128	\$ 73,974
Precinct #2	1,175,273	1,533,506	1,533,506	-
Precinct #3	1,820,669	2,245,723	2,245,723	-
Precinct #4	1,557,749	1,788,749	1,303,214	485,535
Weight & License	367,412	73,812	67,757	6,055
Nondepartmental	161,833	161,833	142,337	19,496
Capital Outlay:				
Public Transportation:				
Precinct #1	166,938	252,663	50,159	202,504
Precinct #2	145,214	323,098	107,906	215,192
Precinct #3	116,332	963,603	-	963,603
Precinct #4	46,340	787,339	269,871	517,468
Weight & License	30,600	30,200	-	30,200
Total Expenditures	\$ 6,471,354	\$ 9,650,628	\$ 7,136,601	\$ 2,514,027
Excess (Deficiency) of Revenues over Expenditures	\$ 15,388	\$ (1,950,730)	\$ 509,168	\$ 2,459,898
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	\$ 388	\$ (1,965,730)	\$ 494,168	\$ 2,459,898
Fund Balances - Beginning	2,804,491	2,804,491	2,804,491	-
Fund Balances - Ending	\$ 2,804,879	\$ 838,761	\$ 3,298,659	\$ 2,459,898

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fees	\$ 32,000	\$ 32,000	\$ 29,589	\$ (2,411)
Miscellaneous:				
Interest	60	60	49	(11)
Total Revenues	<u>\$ 32,060</u>	<u>\$ 32,060</u>	<u>\$ 29,638</u>	<u>\$ (2,422)</u>
Expenditures:				
Current:				
Legal:				
District Attorney	\$ 32,000	\$ 32,000	\$ 23,400	\$ 8,600
Total Expenditures	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ 23,400</u>	<u>\$ 8,600</u>
Net Change in Fund Balances	\$ 60	\$ 60	\$ 6,238	\$ 6,178
Fund Balances - Beginning	<u>11,568</u>	<u>11,568</u>	<u>11,568</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 11,628</u></u>	<u><u>\$ 11,628</u></u>	<u><u>\$ 17,806</u></u>	<u><u>\$ 6,178</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 8,925	\$ 8,925	\$ 10,167	\$ 1,242
Fees	155,802	155,802	139,769	(16,033)
Fines and Forfeitures	30,210	30,210	3,188	(27,022)
Miscellaneous:				
Other	20,000	24,658	18,490	(6,168)
Total Revenues	<u>\$ 214,937</u>	<u>\$ 219,595</u>	<u>\$ 171,614</u>	<u>\$ (47,981)</u>
Expenditures:				
Current:				
General Government:				
County Judge	\$ 10	\$ 10	\$ -	\$ 10
County Clerk	77,700	147,744	114,348	33,396
Judicial:				
District Clerk	3,000	5,100	3,343	1,757
Justices of the Peace	25,000	34,000	28,733	5,267
All courts	44,500	52,500	43,792	8,708
Legal:				
District Attorney	19,118	19,118	10,807	8,311
Financial Administration:				
Tax Assessor-Collector	3,000	8,831	8,831	-
Public Safety:				
Constables	2,575	7,425	5,762	1,663
Sheriff	35,702	46,660	20,888	25,772
Total Expenditures	<u>\$ 210,605</u>	<u>\$ 321,388</u>	<u>\$ 236,504</u>	<u>\$ 84,884</u>
Net Change in Fund Balances	\$ 4,332	\$ (101,794)	\$ (64,890)	\$ 36,904
Fund Balances - Beginning	<u>782,333</u>	<u>782,333</u>	<u>782,333</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 786,665</u>	<u>\$ 680,540</u>	<u>\$ 717,443</u>	<u>\$ 36,904</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, 2015

	<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	\$ 275,000	\$ 275,000	\$ 275,000	\$ -
Miscellaneous:				
Interest	6,000	6,000	13,012	7,012
Total Revenues	<u>\$ 281,000</u>	<u>\$ 281,000</u>	<u>\$ 288,012</u>	<u>\$ 7,012</u>
Expenditures:				
Current:				
Health and Welfare:				
County Welfare	\$ 430,083	\$ 430,083	\$ 111,624	\$ 318,459
Total Expenditures	<u>\$ 430,083</u>	<u>\$ 430,083</u>	<u>\$ 111,624</u>	<u>\$ 318,459</u>
Net Change in Fund Balances	\$ (149,083)	\$ (149,083)	\$ 176,388	\$ 325,471
Fund Balances - Beginning	<u>1,413,729</u>	<u>1,413,729</u>	<u>1,413,729</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,264,646</u>	<u>\$ 1,264,646</u>	<u>\$ 1,590,117</u>	<u>\$ 325,471</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 18,932	\$ 18,932
Fees	220,000	220,000	230,316	10,316
Miscellaneous:				
Interest	40,000	40,000	33,987	(6,013)
Sale of Assets	-	210,278	210,278	-
Donations	-	11,635	18,103	6,468
Timber Sale	-	-	10,600	10,600
Oil & Gas Royalties	140,000	140,000	1,298,877	1,158,877
Total Revenues	<u>\$ 400,000</u>	<u>\$ 621,913</u>	<u>\$ 1,821,093</u>	<u>\$ 1,199,180</u>
Expenditures:				
Current:				
Public Transportation:				
Airport	\$ 468,396	\$ 718,609	\$ 404,932	\$ 313,677
Capital Outlay:				
Public Transportation:				
Airport	150,000	131,700	-	131,700
Total Expenditures	<u>\$ 618,396</u>	<u>\$ 850,309</u>	<u>\$ 404,932</u>	<u>\$ 445,377</u>
Net Change in Fund Balances	\$ (218,396)	\$ (228,396)	\$ 1,416,161	\$ 1,644,557
Fund Balances - Beginning	3,896,334	3,896,334	3,896,334	-
Fund Balances - Ending	<u>\$ 3,677,938</u>	<u>\$ 3,667,938</u>	<u>\$ 5,312,495</u>	<u>\$ 1,644,557</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, 2015

	<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	1,746		646
Miscellaneous:					
Interest	200	200	355		155
Total Revenues	<u>\$ 1,300</u>	<u>\$ 1,300</u>	<u>\$ 2,101</u>	<u>\$ 801</u>	
Expenditures:					
Current:					
Public Safety:					
Juvenile Services	\$ 106,300	\$ 106,300	\$ 100,889		\$ 5,411
Total Expenditures	<u>\$ 106,300</u>	<u>\$ 106,300</u>	<u>\$ 100,889</u>	<u>\$ 5,411</u>	
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (105,000)</u>	<u>\$ (105,000)</u>	<u>\$ (98,788)</u>	<u>\$ 6,212</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	\$ -	\$ -	\$ 6,212		\$ 6,212
Fund Balances - Beginning	16,458	16,458	16,458		-
Fund Balances - Ending	<u><u>\$ 16,458</u></u>	<u><u>\$ 16,458</u></u>	<u><u>\$ 22,670</u></u>	<u><u>\$ 6,212</u></u>	

Rusk County, Texas
 Water Supply Grant Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 102,617	\$ 102,617	\$ -
Total Revenues	\$ -	\$ 102,617	\$ 102,617	\$ -
Expenditures:				
Current:				
Public Facilities				
Water Improvements	\$ -	\$ 102,617	\$ 102,617	\$ -
Total Expenditures	\$ -	\$ 102,617	\$ 102,617	\$ -
Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ -
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

Rusk County, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2015

	<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	\$ 1,559,266	\$ 1,559,266	\$ 1,582,734	\$ 23,468
Delinquent Taxes	25,000	25,000	31,240	6,240
Interest and Penalty	20,000	20,000	22,521	2,521
Miscellaneous				
Interest	4,000	4,000	6,860	2,860
Total Revenues	<u>\$ 1,608,266</u>	<u>\$ 1,608,266</u>	<u>\$ 1,643,355</u>	<u>\$ 35,089</u>
Expenditures:				
Debt Service:				
Principal	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -
Interest and Fees	457,088	457,088	456,894	194
Total Expenditures	<u>\$ 1,457,088</u>	<u>\$ 1,457,088</u>	<u>\$ 1,456,894</u>	<u>\$ 194</u>
Net Change in Fund Balances	\$ 151,178	\$ 151,178	\$ 186,461	\$ 35,283
Fund Balances - Beginning	<u>1,008,277</u>	<u>1,008,277</u>	<u>1,008,277</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 1,159,455</u></u>	<u><u>\$ 1,159,455</u></u>	<u><u>\$ 1,194,738</u></u>	<u><u>\$ 35,283</u></u>

Rusk County, Texas
Agency Funds
Combining Statement of Assets and Liabilities
December 31, 2015

	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	\$ 7,728,849	\$ 248,958	\$ 2,473,734	\$ 240,930	\$ 577	\$ 8	\$ 417,449	\$ -	\$ 11,110,505
Investments	-	341,671	900,420	-	-	-	202,413	-	1,444,504
Total Assets	<u>\$ 7,728,849</u>	<u>\$ 590,630</u>	<u>\$ 3,374,154</u>	<u>\$ 240,930</u>	<u>\$ 577</u>	<u>\$ 8</u>	<u>\$ 619,862</u>	<u>\$ -</u>	<u>\$ 12,555,010</u>
<u>Liabilities</u>									
Due to Other Governments	\$ 7,728,849	\$ -	\$ -	\$ -	\$ -	\$ 8	\$ 596,859	\$ -	\$ 8,325,716
Court Ordered Deposits	-	248,958	507,092	81,595	577	-	21,389	-	859,611
Inmate Trust Funds	-	-	-	159,335	-	-	1,614	-	160,949
Court Ordered Trust Funds	-	341,671	2,867,062	-	-	-	-	-	3,208,733
Total Liabilities	<u>\$ 7,728,849</u>	<u>\$ 590,630</u>	<u>\$ 3,374,154</u>	<u>\$ 240,930</u>	<u>\$ 577</u>	<u>\$ 8</u>	<u>\$ 619,862</u>	<u>\$ -</u>	<u>\$ 12,555,010</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, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
<i>Tax Assessor-Collector Fund:</i>				
Assets				
Cash	\$ 4,074,409	\$ 101,300,762	\$ 97,646,321	\$ 7,728,849
Total Assets	<u>\$ 4,074,409</u>	<u>\$ 101,300,762</u>	<u>\$ 97,646,321</u>	<u>\$ 7,728,849</u>
Liabilities				
Due to Other Governments	\$ 4,074,409	\$ 101,300,762	\$ 97,646,321	\$ 7,728,849
Total Liabilities	<u>\$ 4,074,409</u>	<u>\$ 101,300,762</u>	<u>\$ 97,646,321</u>	<u>\$ 7,728,849</u>
<i>County Clerk Fund:</i>				
Assets				
Cash	\$ 330,396	\$ 823,052	\$ 904,489	\$ 248,958
Investments	358,023	3,450	19,801	341,671
Total Assets	<u>\$ 571,145</u>	<u>\$ 826,502</u>	<u>\$ 924,291</u>	<u>\$ 590,630</u>
Liabilities				
Court Ordered Deposits	\$ 330,396	\$ 823,052	\$ 904,489	\$ 248,958
Court Ordered Trust Funds	358,023	3,450	19,801	341,671
Total Liabilities	<u>\$ 571,145</u>	<u>\$ 826,502</u>	<u>\$ 924,291</u>	<u>\$ 590,630</u>
<i>District Clerk Fund:</i>				
Assets				
Cash	\$ 2,220,895	\$ 1,579,115	\$ 1,326,276	\$ 2,473,734
Investments	1,094,583	60,998	255,161	900,420
Total Assets	<u>\$ 3,315,478</u>	<u>\$ 1,640,113</u>	<u>\$ 1,581,438</u>	<u>\$ 3,374,154</u>
Liabilities				
Court Ordered Deposits	\$ 574,706	\$ 601,842	\$ 669,456	\$ 507,092
Court Ordered Trust Funds	2,740,772	1,038,271	911,981	2,867,062
Total Liabilities	<u>\$ 3,315,478</u>	<u>\$ 1,640,113</u>	<u>\$ 1,581,438</u>	<u>\$ 3,374,154</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, 2015

	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
<i><u>Sheriff Fund:</u></i>				
<u>Assets</u>				
Cash	\$ 269,487	\$ 403,598	\$ 432,155	\$ 240,930
Total Assets	<u>\$ 269,487</u>	<u>\$ 403,598</u>	<u>\$ 432,155</u>	<u>\$ 240,930</u>
<u>Liabilities</u>				
Court Ordered Deposits	\$ 23,756	\$ 161,594	\$ 103,755	\$ 81,595
Inmate Trust Funds	245,731	242,004	328,400	159,335
Total Liabilities	<u>\$ 269,487</u>	<u>\$ 403,598</u>	<u>\$ 432,155</u>	<u>\$ 240,930</u>
<i><u>Justices of the Peace Fund:</u></i>				
<u>Assets</u>				
Cash	\$ 2,368	\$ 1,040,852	\$ 1,042,644	\$ 577
Total Assets	<u>\$ 2,368</u>	<u>\$ 1,040,852</u>	<u>\$ 1,042,644</u>	<u>\$ 577</u>
<u>Liabilities</u>				
Court Ordered Deposits	\$ 2,368	\$ 1,040,852	\$ 1,042,644	\$ 577
Total Liabilities	<u>\$ 2,368</u>	<u>\$ 1,040,852</u>	<u>\$ 1,042,644</u>	<u>\$ 577</u>
<i><u>Library System:</u></i>				
<u>Assets</u>				
Cash	\$ 9	\$ 25,527	\$ 25,528	\$ 8
Total Assets	<u>\$ 9</u>	<u>\$ 25,527</u>	<u>\$ 25,528</u>	<u>\$ 8</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 9	\$ 25,527	\$ 25,528	\$ 8
Total Liabilities	<u>\$ 9</u>	<u>\$ 25,527</u>	<u>\$ 25,528</u>	<u>\$ 8</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, 2015

	Balance January 1, 2015		Additions	Deductions	Balance December 31, 2015	
<u>Adult Probation:</u>						
<u>Assets</u>						
Cash	\$	583,089	\$ 3,204,908	\$ 3,370,548	\$	417,450
Investments		201,418	995	-		202,413
Total Assets	\$	784,507	\$ 3,205,903	\$ 3,370,548	\$	619,862
<u>Liabilities</u>						
Due to Other Governments	\$	781,131	\$ 3,119,944	\$ 3,304,215	\$	596,859
Court Ordered Deposits		1	74,954	53,566		21,389
Inmate Trust		3,375	11,005	12,766		1,614
Total Liabilities	\$	784,507	\$ 3,205,903	\$ 3,370,548	\$	619,862
<u>Juvenile Probation Fund:</u>						
<u>Assets</u>						
Cash	\$	-	\$ 4,985	\$ 4,985	\$	-
Total Assets	\$	-	\$ 4,985	\$ 4,985	\$	-
<u>Liabilities</u>						
Court Ordered Deposits	\$	-	\$ 4,985	\$ 4,985	\$	-
Total Liabilities	\$	-	\$ 4,985	\$ 4,985	\$	-
<u>Total All Agency Funds:</u>						
<u>Assets</u>						
Cash	\$	7,480,651	\$ 108,382,799	\$ 104,752,947	\$	11,110,505
Investments		1,654,025	65,442	274,963		1,444,504
Total Assets	\$	9,134,676	\$ 108,448,242	\$ 105,027,909	\$	12,555,010
<u>Liabilities</u>						
Due to Other Governments	\$	4,855,548	\$ 104,446,233	\$ 100,976,065	\$	8,325,716
Court Ordered Deposits		931,227	2,707,279	2,778,895		859,611
Inmate Trust Funds		249,106	253,009	341,167		160,948
Court Ordered Trust Funds		3,098,795	1,041,720	931,783		3,208,734
Total Liabilities	\$	9,134,676	\$ 108,448,241	\$ 105,027,909	\$	12,555,010

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, 2015

	2015	2014
Governmental Funds Capital Assets:		
Land	\$ 1,032,025	\$ 1,032,025
Buildings	22,788,712	22,788,712
Machinery and Equipment	13,186,830	13,030,190
Infrastructure	3,978,922	3,978,922
Total Governmental Funds Capital Assets	\$ 40,986,489	\$ 40,829,849
Investments in Governmental Funds Capital Assets by Source:		
General Revenues	21,166,194	21,009,554
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	\$ 40,986,489	\$ 40,829,849

Rusk County, Texas
 Capital Assets Used in the Operation of Governmental Funds
 Schedule By Function and Activity
 December 31, 2015

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</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	\$ -	\$ -	\$ 522,978	\$ -	\$ 522,978
Judicial:					
Justices of the Peace	\$ 1,060	\$ 243,927	\$ 12,137	\$ -	\$ 257,124
District Court	-	-	74,790	-	74,790
Total Judicial	\$ 1,060	\$ 243,927	\$ 86,927	\$ -	\$ 331,914
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	\$ 401,231	\$ 377,161	\$ -	\$ 969,878
Miscellaneous and Nondepartmental	11,100	-	134,506	-	145,606
Total Public Facilities	\$ 202,586	\$ 401,231	\$ 511,667	\$ -	\$ 1,115,484
Public Safety:					
Jail	\$ 225,000	\$ 19,433,216	\$ 55,923	\$ -	\$ 19,714,139
Sheriff	50,000	386,847	1,360,115	-	1,796,962
Courthouse Security	-	-	16,388	-	16,388
Juvenile Probation	-	137,493	25,029	-	162,522
Total Public Safety	\$ 275,000	\$ 19,957,556	\$ 1,457,455	\$ -	\$ 21,690,011
Public Transportation:					
Road & Bridge-Precinct #1	\$ 4,667	\$ -	\$ 2,235,556	\$ 981,240	\$ 3,221,463
Road & Bridge-Precinct #2	6,268	-	1,999,195	1,487,698	3,493,161
Road & Bridge-Precinct #3	8,050	-	2,455,870	1,173,944	3,637,864
Road & Bridge-Precinct #4	17,624	-	3,046,999	336,040	3,400,663
Road & Bridge-Miscellaneous	-	-	31,597	-	31,597
License & Weight	-	-	72,675	-	72,675
Airport	346,420	680,393	357,020	-	1,383,833
Total Public Transportation	\$ 383,029	\$ 680,393	\$ 10,198,912	\$ 3,978,922	\$ 15,241,256

Rusk County, Texas
 Capital Assets Used in the Operation of Governmental Funds
 Schedule By Function and Activity
 December 31, 2015

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Health and Welfare:					
County Health	\$ -	\$ -	\$ 59,469	\$ -	\$ 59,469
Sanitation	12,165	-	46,672	-	58,837
Total Health and Welfare	<u>\$ 12,165</u>	<u>\$ -</u>	<u>\$ 106,141</u>	<u>\$ -</u>	<u>\$ 118,306</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>\$ 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>\$ 137,493</u>	<u>\$ 14,705</u>	<u>\$ -</u>	<u>\$ 152,198</u>
Total Governmental Funds Capital Assets	<u>\$ 1,032,025</u>	<u>\$ 22,788,713</u>	<u>\$ 13,186,829</u>	<u>\$ 3,978,922</u>	<u>\$ 40,986,489</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, 2015

<u>Function and Activity</u>	<u>Beginning Balance January 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets December 31, 2015</u>
General Government:				
County Judge	\$ 6,389	\$ -	\$ -	\$ 6,389
County Clerk	63,528	-	-	63,528
Veteran's Service	48,683	26,556	18,435	56,804
Information Technology	28,389	-	-	28,389
Emergency Management	367,868	-	-	367,868
Total General Government	\$ 514,857	\$ 26,556	\$ 18,435	\$ 522,978
Judicial:				
Justices of the Peace	\$ 257,124	-	\$ -	\$ 257,124
District Court	74,790	-	-	74,790
Total Judicial	\$ 331,914	\$ -	\$ -	\$ 331,914
Legal:				
District Attorney	\$ 17,261	\$ -	\$ -	\$ 17,261
Total Legal	\$ 17,261	\$ -	\$ -	\$ 17,261
Elections:				
Elections	\$ 108,406	-	\$ -	\$ 108,406
Total Elections	\$ 108,406	\$ -	\$ -	\$ 108,406
Financial Administration:				
Tax Assessor-Collector	\$ 254,249	\$ -	\$ -	\$ 254,249
Treasurer	5,000	-	-	5,000
Total Financial Administration	\$ 259,249	\$ -	\$ -	\$ 259,249
Public Facilities:				
Courthouse	\$ 969,878	\$ -	\$ -	\$ 969,878
Miscellaneous and Nondepartmental	145,606	-	-	145,606
Total Public Facilities	\$ 1,115,484	\$ -	\$ -	\$ 1,115,484
Public Safety:				
Jail	\$ 19,708,339	\$ 5,800	\$ -	\$ 19,714,139
Sheriff	1,825,353	169,191	197,582	1,796,962
Courthouse Security	16,388	-	-	16,388
Juvenile Probation	162,522	-	-	162,522
Total Public Safety	\$ 21,712,602	\$ 174,991	\$ 197,582	\$ 21,690,011
Public Transportation:				
Road & Bridge-Precinct #1	\$ 3,193,951	\$ 50,159	\$ 22,647	\$ 3,221,463
Road & Bridge-Precinct #2	3,385,255	107,906	-	3,493,161
Road & Bridge-Precinct #3	3,702,419	-	64,555	3,637,864
Road & Bridge-Precinct #4	3,307,075	269,871	176,283	3,400,663
Road & Bridge-Miscellaneous	31,597	-	-	31,597
License & Weight	72,675	-	-	72,675
Airport	1,383,833	-	-	1,383,833
Total Public Transportation	\$ 15,076,805	\$ 427,936	\$ 263,485	\$ 15,241,256

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, 2015

<u>Function and Activity</u>	<u>Beginning Balance January 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets December 31, 2015</u>
Health and Welfare:				
County Health	\$ 59,469	\$ -	\$ -	\$ 59,469
Sanitation	58,837	-	-	58,837
Total Health and Welfare	<u>\$ 118,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,306</u>
Culture and Recreation:				
Library Complex	\$ 1,188,693	\$ 6,659	\$ -	\$ 1,195,352
Depot/Children's Discovery Center	223,574	-	-	223,574
Community Center	10,500	-	-	10,500
Total Culture and Recreation	<u>\$ 1,422,767</u>	<u>\$ 6,659</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>\$ 40,829,849</u></u>	<u><u>\$ 636,142</u></u>	<u><u>\$ 479,502</u></u>	<u><u>\$ 40,986,489</u></u>

Statistical Section

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

<u>Contents</u>	<u>Page</u>
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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net Investment in Capital Assets										
Restricted	\$ 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	\$ 8,741,412
Unrestricted	1,174,870	961,706	923,225	787,396	207,659	120,834	66,838	67,419	67,523	67,855
	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	9,642,173
Total	\$ 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	\$ 18,451,440

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
General Government	\$ 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	\$ 1,826,288
Judicial	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	1,896,567
Legal	593,937	602,142	597,931	584,071	605,541	531,893	451,559	436,245	417,726	455,225
Elections	217,098	249,122	188,382	238,372	172,758	203,611	193,749	179,431	97,937	80,560
Financial Administration	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	1,340,043
Public Facilities	645,729	761,845	863,205	756,369	725,521	621,606	700,669	723,640	661,780	568,027
Public Safety	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	4,288,700
Public Transportation	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	5,114,677
Health and Welfare	549,584	551,406	701,967	706,938	754,206	754,302	721,634	515,399	483,929	494,215
Culture and Recreation	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	808,096
Conservation	174,090	174,833	166,649	155,805	165,767	136,763	129,663	126,428	119,926	112,891
Interest on Long-Term Debt	429,168	478,600	486,853	534,224	583,919	633,361	664,495	492,486	12,308	10,161
Total Expenses	\$ 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	\$ 16,995,450
Program Revenues										
Charges for Services:										
General Government	\$ 599,619	\$ 660,014	\$ 778,666	\$ 781,522	\$ 589,945	\$ 658,536	\$ 861,162	\$ 1,068,304	\$ 1,021,768	\$ 990,976
Judicial	751,698	840,343	934,457	1,127,809	1,104,447	1,113,590	1,106,935	1,085,376	1,075,400	1,152,629
Legal	37,960	45,287	57,797	58,122	69,742	58,488	87,661	177,602	76,244	111,585
Elections	10,115	44,852	25,336	52,635	37,224	39,114	4,741	9,830	7,151	9,751
Financial Administration	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	1,408,953
Public Facilities	8,450	6,150	5,400	5,000	5,400	5,475	5,400	5,400	5,400	6,290
Public Safety	114,880	121,028	148,074	135,416	137,485	125,535	216,510	505,552	162,139	422,573
Public Transportation	230,316	271,467	222,748	264,019	256,426	188,516	122,550	80,443	56,913	58,480
Health and Welfare	150,756	136,772	153,723	144,323	154,083	138,677	142,840	137,676	120,596	129,823
Culture and Recreation	33,800	31,156	26,647	32,445	28,326	24,427	25,699	26,318	22,363	23,213
Operating Grants and Contributions	682,323	609,584	617,321	854,918	697,592	681,989	621,711	683,055	634,769	586,293
Capital Grants and Contributions	716,590	427,699	504,290	319,926	372,479	267,695	340,246	447,580	165,089	238,182
Total Program Revenues	\$ 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	\$ 5,138,748
Net (Expense)/Revenue	\$ (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)	\$ (11,856,702)

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Position										
Property Taxes	\$ 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	\$ 13,335,898
Other Taxes	14,211	15,384	10,314	11,451	11,207	10,476	8,638	5,585	4,319	3,356
Grants and Contributions not Restricted to Specific Programs	-	-	-	-	-	-	-	9,170	11,567	28,602
Miscellaneous	2,489,004	690,504	412,759	583,411	967,619	1,463,750	1,560,647	2,613,210	2,334,946	1,901,890
Gain (Loss) on Sales of Assets	143,943	51,770	287,403	105,619	-	-	-	-	425,411	226,914
Total General Revenues and Other Changes in Net Position	\$ 22,943,764	\$ 20,966,981	\$ 20,406,960	\$ 19,669,306	\$ 20,050,737	\$ 20,531,962	\$ 20,104,860	\$ 16,857,148	\$ 16,857,148	\$ 15,496,660
Change in Net Position	\$ 2,434,112	\$ 1,676,203	\$ 1,710,155	\$ 1,540,766	\$ 1,596,840	\$ 2,265,318	\$ 2,846,168	\$ 3,224,727	\$ 3,224,727	\$ 3,639,958

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

	<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>	<u>2006</u>
General Fund										
Nonspendable	\$ 110,250	\$ 104,793	\$ 95,779	\$ 86,895	\$ 92,152	\$ 73,843	\$ 90,602	\$ 79,820	\$ 4,275	\$ 16,623
Unassigned	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	3,943,171
Total General Fund	\$ 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	\$ 3,959,794
All Other Governmental Funds										
Nonspendable, Reported in:										
Special Revenue Funds	\$ 48,507	\$ 42,186	\$ 40,762	\$ -	\$ 48,720	\$ 12,260	\$ 8,985	\$ -	\$ -	\$ -
Permanent Funds	66,503	66,451	66,451	66,451	66,451	66,451	66,451	66,451	66,451	66,451
Restricted, Reported in:										
Special Revenue Funds	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	4,005,489
Debt Service Fund	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	724	677	630	1,097	686	580	387	968	1,072	1,404
Total All Other Governmental Funds	\$ 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	\$ 4,073,344

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Ad Valorem Taxes	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	\$ 13,315,559
Other Taxes	14,211	15,384	10,314	11,451	11,207	10,476	8,638	5,585	4,319	3,356
Intergovernmental	1,288,412	951,077	1,108,223	1,161,196	1,054,635	935,008	940,457	1,138,807	811,424	827,526
Fees	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	3,016,242
Fines and Forfeitures	448,113	693,184	739,720	895,756	911,127	890,196	981,638	1,363,094	929,460	1,281,991
Miscellaneous	2,837,623	820,265	760,937	780,753	1,227,452	1,454,803	1,540,018	2,735,338	2,281,376	1,908,193
Total Revenues	\$ 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	\$ 20,352,867
Expenditures										
General Government	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	\$ 1,179,689
Judicial	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	1,919,442
Legal	590,379	588,047	590,146	571,069	598,231	541,061	448,985	432,977	413,165	456,772
Elections	213,089	245,758	186,285	228,494	166,254	198,470	187,089	167,604	87,272	54,858
Financial Administrator	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	1,355,470
Public Facilities	609,813	720,180	805,138	737,373	707,359	608,590	685,269	706,639	436,613	570,130
Public Safety	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	4,141,149
Public Transportation	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	4,347,018
Health and Welfare	534,943	534,078	687,931	693,254	742,309	736,447	625,991	512,278	478,534	497,290
Culture and Recreation	1,102,586	1,053,569	1,000,726	1,003,019	981,557	972,016	950,790	882,939	762,599	757,843
Conservation	168,177	170,305	165,143	151,287	159,044	133,084	126,541	122,434	114,160	111,077
Nondepartmental	647,634	766,886	638,145	797,225	641,844	551,515	853,377	792,204	571,561	589,550
Capital Outlay	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	1,812,285
Debt Service:										
Principal	1,000,000	965,000	930,000	936,202	904,018	871,948	852,935	79,327	123,929	83,249
Interest	456,894	492,263	525,388	559,634	592,417	624,237	655,038	232,311	12,308	10,161
Debt Issuance Cost	-	-	-	-	-	-	-	302,293	-	-
Total Expenditures	\$ 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	\$ 17,885,983
Excess of Revenues Over/(Under) Expenditures	\$ 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	\$ 2,466,884

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Other Financing Sources/(Uses)										
Transfers in	\$ 120,000	\$ 120,000	\$ 120,000	\$ 685,643	\$ 115,000	\$ 360,000	\$ 355,000	\$ 575,000	\$ 345,000	\$ 495,000
Transfers out	(420,000)	(120,000)	(120,000)	(685,643)	(115,000)	(360,000)	(355,000)	(575,000)	(345,000)	(495,000)
Certificates of Obligation Issued	-	-	-	-	-	-	-	16,000,000	-	-
Premium on Certificates of Obligation	-	-	-	-	-	-	-	203,801	-	-
Capital Leases	-	-	-	-	-	-	-	-	-	222,570
Sale of Capital Assets	-	-	-	-	-	-	-	-	802,573	375,014
Total Other Financing Sources/(Uses)	\$ (300,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,203,801	\$ 802,573	\$ 597,584
Net Changes in Fund Balances	\$ 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	\$ 3,064,468

Debt Service as a Percentage of Noncapital Expenditures

5.84%	6.42%	6.47%	6.75%	6.70%	6.75%	6.91%	1.60%	0.78%	0.57%
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Rusk County, Texas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Tax Roll Years
(amounts expressed in thousands)
(Unaudited)

Tax Roll Year	Real Property	Personal Property	Less Exemptions	Total Assessed	Estimated Actual Value	Ratio of Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
2006	1,850,212	3,316,673	1,205,890	3,960,995	5,166,885	76.66	0.36700
2007	2,083,209	3,721,462	1,360,681	4,443,990	5,804,671	76.56	0.35890
2008	2,592,739	4,412,925	1,854,401	5,151,263	7,005,664	73.53	0.36760
2009	2,583,800	4,493,701	1,788,132	5,289,369	7,077,501	74.73	0.37200
2010	2,617,946	4,205,464	1,797,793	5,025,617	6,823,410	73.65	0.39750
2011	2,650,132	3,637,093	1,685,788	4,601,437	6,287,225	73.19	0.44170
2012	2,674,978	3,398,576	1,638,860	4,434,694	6,073,554	73.02	0.46908
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

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>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>	<u>2006</u>
Rusk County, Texas										
Operating	\$0.31627	\$0.30611	\$0.31492	\$0.30600	\$0.28810	\$0.25780	\$0.24020	\$0.23400	\$0.24850	\$0.24600
Debt Service	0.00000	0.00000	0.00000	0.03468	0.03180	0.02980	0.02900	0.03080	0.00000	0.00000
County School	0.02139	0.02100	0.02100	0.02100	0.02100	0.01910	0.01780	0.01780	0.02040	0.02240
Farm to Market	0.07471	0.06800	0.06700	0.05640	0.05380	0.04880	0.04500	0.04500	0.05000	0.05860
Special Roads	0.05339	0.05200	0.05200	0.05100	0.04700	0.04200	0.04000	0.04000	0.04000	0.04000
Total Rate	<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>	<u>\$0.36700</u>
City of Henderson, Texas:										
Operating	\$0.41570	\$0.46100	\$0.36510	\$0.42960	\$0.41540	\$0.43860	\$0.43690	\$0.42900	\$0.44550	\$0.39040
Debt Service	0.10600	0.05430	0.15660	0.09210	0.10630	0.08310	0.08480	0.09270	0.07620	0.13130
Total Rate	<u>\$0.52170</u>	<u>\$0.51530</u>	<u>\$0.52170</u>							
City of New London, Texas:										
Operating	\$0.90445	\$0.06500	\$0.60528	\$0.51095	\$0.63481	\$0.63481	\$0.75130	\$0.60523	\$0.71182	\$0.71795
Total Rate	<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>	<u>\$0.71795</u>
City of Kilgore, Texas:										
Operating	\$0.41987	\$0.40011	\$0.37011	\$0.34971	\$0.34765	\$0.33680	\$0.33680	\$0.34127	\$0.42927	\$0.47170
Debt Service	0.04989	0.04989	0.04989	0.05029	0.05179	0.05557	0.05557	0.05873	0.03073	0.03573
Total Rate	<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>	<u>\$0.50743</u>
City of Overton, Texas:										
Operating	\$0.41000	\$0.41000	\$0.40397	\$0.41735	\$0.39781	\$0.38090	\$0.38090	\$0.38090	\$0.38329	\$0.37770
Debt Service	0.21800	0.21800	0.14921	0.15415	0.17872	0.17500	0.17500	0.17500	0.19710	0.21990
Total Rate	<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>	<u>\$0.59760</u>
City of Tatum, Texas:										
Operating	\$0.33528	\$0.31670	\$0.31670	\$0.30596	\$0.31851	\$0.31943	\$0.33577	\$0.33702	\$0.34338	\$0.36144
Debt Service	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02747	0.00000
Total Rate	<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>\$0.37085</u>	<u>\$0.36144</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>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>	<u>2006</u>
Henderson ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.37000
Debt Service	<u>0.23000</u>	<u>0.23000</u>	<u>0.14000</u>	<u>0.09100</u>						
Total Rate	<u>\$1.27000</u>	<u>\$1.27000</u>	<u>\$1.18000</u>	<u>\$1.46100</u>						
Laneville ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.04000	\$1.04000	\$1.37000
Total Rate	<u>\$1.17000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>	<u>\$1.37000</u>						
Leverett's Chapel ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.22180	\$1.25180	\$1.25180	\$1.25180	\$1.25180	\$1.47880
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>\$1.22180</u>	<u>\$1.25180</u>	<u>\$1.25180</u>	<u>\$1.25180</u>	<u>\$1.25180</u>	<u>\$1.47880</u>
Mt. Enterprise ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.37000
Debt Service	<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>	<u>0.00000</u>
Total Rate	<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>	<u>\$1.37000</u>
Overton ISD										
Operating	\$1.17000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.37000
Debt Service	<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>0.14100</u>	<u>0.15000</u>	<u>0.15000</u>
Total Rate	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.50430</u>	<u>\$1.48000</u>	<u>\$1.44000</u>	<u>\$1.18100</u>	<u>\$1.19000</u>	<u>\$1.52000</u>
Tatum ISD										
Operating	\$0.94670	\$0.94670	\$0.88000	\$0.85500	\$0.76000	\$0.92890	\$0.76000	\$0.75000	\$0.75000	\$1.21900
Debt Service	<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>0.29000</u>	<u>0.29000</u>	<u>0.15100</u>
Total Rate	<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>	<u>\$1.37000</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>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>	<u>2006</u>
West Rusk CISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.37010
Debt Service	\$0.32000	\$0.32000	\$0.32000	\$0.32000	\$0.08000	\$0.08000	\$0.08820	\$0.09300	\$0.11330	\$0.21900
Total Rate	\$1.36000	\$1.36000	\$1.36000	\$1.36000	\$1.12000	\$1.12000	\$1.12820	\$1.13300	\$1.15330	\$1.58910
Rusk ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.37000
Debt Service	0.11250	0.11250	0.11250	0.11250	0.11750	0.11750	0.11750	0.11750	0.11750	0.07250
Total Rate	\$1.15250	\$1.15250	\$1.15250	\$1.15250	\$1.15750	\$1.15750	\$1.15750	\$1.15750	\$1.15750	\$1.44250
Kilgore ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.37000
Debt Service	0.26920	0.26920	0.26920	0.26920	0.26920	0.06920	0.06920	0.08100	0.09310	0.09670
Total Rate	\$1.30920	\$1.30920	\$1.30920	\$1.30920	\$1.30920	\$1.10920	\$1.10920	\$1.12100	\$1.13310	\$1.46670
Carlisle ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.37000	\$1.37000
Debt Service	0.38000	0.38000	0.38000	0.30000	0.33500	0.08200	0.10000	0.07000	0.13500	0.13500
Total Rate	\$1.55000	\$1.55000	\$1.55000	\$1.47000	\$1.50500	\$1.25200	\$1.27000	\$1.24000	\$1.50500	\$1.50500
Kilgore College										
Operating	\$0.17500	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.16400	\$0.16400
Total Rate	\$0.17500	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.16400	\$0.16400
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	\$0.03000	\$0.03000	\$0.03000	\$0.03000	\$0.03000	\$0.03000	\$0.03000	\$0.03000	\$0.03000	\$0.03000
Rusk 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	\$0.03000	\$0.03000	\$0.03000	\$0.03000	\$0.03000	\$0.03000	\$0.03000	\$0.03000	\$0.03000	\$0.03000

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>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>	<u>2006</u>
Garrison ISD										
Operating	\$1.04000	\$1.04000	\$1.02200	\$1.02200	\$1.02200	\$1.02200	\$1.02200	\$1.02200	\$0.99378	\$1.25477
Debt Service	<u>0.07090</u>	<u>0.06885</u>	<u>0.07510</u>	<u>0.07312</u>	<u>0.07340</u>	<u>0.06700</u>	<u>0.05044</u>	<u>0.04796</u>	<u>0.06196</u>	<u>0.05416</u>
Total Rate	<u>\$1.11090</u>	<u>\$1.10885</u>	<u>\$1.09710</u>	<u>\$1.09512</u>	<u>\$1.09540</u>	<u>\$1.08900</u>	<u>\$1.07244</u>	<u>\$1.06996</u>	<u>\$1.05574</u>	<u>\$1.30893</u>
Cushing ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.50000
Debt Service	<u>0.26000</u>	<u>0.26000</u>	<u>0.26000</u>	<u>0.26000</u>	<u>0.26000</u>	<u>0.24000</u>	<u>0.24000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Total Rate	<u>\$1.30000</u>	<u>\$1.30000</u>	<u>\$1.30000</u>	<u>\$1.30000</u>	<u>\$1.30000</u>	<u>\$1.28000</u>	<u>\$1.28000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>	<u>\$1.50000</u>
Total	<u>\$18.84515</u>	<u>\$17.91926</u>	<u>\$18.24718</u>	<u>\$18.07261</u>	<u>\$17.92349</u>	<u>\$17.36791</u>	<u>\$17.38016</u>	<u>\$16.66221</u>	<u>\$17.17410</u>	<u>\$20.67915</u>

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>2015 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Rank</u>	<u>2006 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Luminant Generation Co. LF	Electric Generating	1	\$ 973,769,660	22.17%	1	1,139,660,250	28.77
Sabine Oil and Gas LLC	Minerals	2	137,412,700	3.13			
Tenaksa Gateway Partners LTD	Electric Generating	3	165,859,250	3.78	9	30,800,510	0.78
Luminant Mining Cc	Lease Equipment	4	127,686,420	2.91	5	45,478,040	1.15
Anadarko E&P Onshor LLC	Minerals	5	57,621,710	1.31	4	73,659,600	1.86
Memorial Production Oper LLC	Minerals	6	55,132,440	1.25			
Energy Transfer Fuel Co	Utility	7	42,456,250	0.97			
Enbridge PL LP - Trnsmis	Pipeline	8	34,943,140	0.80			
Enbridge PL LP - Hend	Pipeline	9	33,758,110	0.77			
Enterprise Gathering LLC	Pipeline	10	32,989,720	0.75			
Sampson Lone Star LP	Minerals				2	152,996,580	3.86
Verado Energy, Inc	Minerals				3	83,252,440	2.10
El Paso E&P Co. LP	Utility				6	41,904,220	1.06
BP America Inc.	Oil & Gas				7	41,163,770	1.04
Exxon Corporation	Oil & Gas				8	33,477,670	0.85
EOG Resources Inc	Minerals				10	26,823,510	0.68
Total			\$ 1,661,629,400	37.82%		\$ 1,669,216,590	42.14%

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>
2006	13,839,701	13,359,094	96.53	443,585	13,802,679	99.73	37,022	0.27
2007	15,044,447	14,603,202	97.07	393,806	14,997,008	99.68	47,439	0.32
2008	18,300,645	17,763,509	97.06	461,085	18,224,594	99.58	76,051	0.42
2009	18,750,333	18,183,297	96.98	494,737	18,678,034	99.61	72,299	0.39
2010	18,787,026	18,275,059	97.27	426,276	18,701,335	99.54	85,691	0.46
2011	18,948,333	18,014,651	95.07	825,475	18,840,126	99.43	108,207	0.57
2012	19,400,068	18,777,015	96.79	443,780	19,220,795	99.08	179,273	0.92
2013	20,022,006	18,240,172	91.10	1,542,236	19,782,408	98.80	239,598	1.20
2014	20,063,813	19,458,347	96.98	283,802	19,742,149	98.40	321,664	1.60
2015	20,336,201	6,007,233	29.54	N/A	6,007,233	29.54	N/A	N/A

- (1) Years 2006 through 2014 represent adjusted tax levy and year 2015 represents original tax levy, as adjustments are not complete until the end of the tax roll year June 30, 2016, which will occur during the next fiscal year.
- (2) 2015 percentage of collections and total collections is lower than other years because the 2015 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, 2015.
- (4) 2015 uncollected taxes are not delinquent until July 1, 2016.

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 <u>Bonds (1)</u>	<u>Capital Leases</u>	<u>Total Outstanding Debt</u>	<u>Percentage of Personal Income</u>	<u>Population (3)</u>	<u>Debt Per Capita</u>
2006	\$ -	\$ 363,359	\$ 363,359	0.03%	47,974	\$ 8
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%	53,070	182

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)

<u>Fiscal Year</u>	<u>Certificates of Obligation (1)</u>	Less: Amounts Available in Debt Service Fund (2)	<u>Total</u>	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)
2006	-	-	-	-	-
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

Note: Details regarding the County'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 5 for property value data.
- (4) Population data can be found on Table 13.

Rusk County, Texas
Direct and Overlapping Governmental Activities Debt
December 31, 2015
(Unaudited)

<u>Governmental Uni</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Cities:			
City of Henderson, Texas	\$ 4,005,969	100.00%	\$ 4,005,969
City of Kilgore, Texas	5,634,369	13.33	751,061
City of Overton, Texas	1,830,000	89.29	1,634,007
Total Cities			<u>\$ 6,391,037</u>
Independent School Districts			
Henderson	48,628,240	100.00%	\$ 48,628,240
Overton	8,726,926	100.00	8,726,926
Mt. Enterprise	2,630,000	100.00	2,630,000
Kilgore	54,180,000	31.69	17,169,642
Rusk	2,090,000	3.92	81,928
Tatum	21,000,000	94.75	19,897,500
West Rusk	19,470,000	100.00	19,470,000
Garrison	1,760,000	12.06	212,256
Carlisle	9,474,348	78.15	7,404,203
Total Independent School Districts			<u>\$ 124,220,695</u>
Subtotal, Overlapping Debt			\$ 130,611,732
Total Direct Debt			<u>9,802,468</u>
Total Direct and Overlapping Debt			<u>\$ 140,414,200</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
2006	\$ 3,960,995	\$ 990,249	\$ 363	\$ 989,885	0.04%
2007	4,443,990	1,110,998	239	1,110,758	0.02%
2008	5,151,263	1,287,816	16,160	1,271,656	1.25%
2009	5,289,369	1,322,342	15,307	1,307,035	1.16%
2010	5,025,617	1,256,404	14,435	1,241,969	1.15%
2011	4,601,437	1,150,359	13,531	1,136,828	1.18%
2012	4,434,694	1,108,674	12,595	1,096,079	1.14%
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%

(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>
2006	47,974	1,171,251	23,565	38.4	6,974	4.7
2007	48,450	1,261,128	25,015	38.4	7,046	4.2
2008	48,949	1,385,771	27,025	38.4	7,083	4.4
2009	49,180	1,541,594	29,535	38.4	7,118	8.6
2010	53,330	1,480,892	28,048	38.1	7,144	7.3
2011	53,689	1,550,169	29,033	38.1	7,296	6.0
2012	54,026	1,656,894	30,821	38.1	7,369	5.5
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

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>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Luminant Generation Co. LP	896	1	3.13%	896	1	4.08%
Henderson ISD	580	2	2.02%	569	2	2.59%
East Texas ISF/MTC	500	3	1.74%			
ETMC of Henderson	400	4	1.40%	375	4	1.71%
Wal-Mart Super Center	350	5	1.22%	350	5	1.59%
Sadler's Bar-B-Que Sales	325	6	1.13%	325	6	1.48%
Bradshaw State Jail	307	7	1.07%	307	7	1.40%
Rusk County	250	8	0.87%	250	8	1.14%
Pioneer Drilling	240	9	0.84%	250	9	1.14%
Panel Truss	180	10	0.63%			
Henderson Health and Rehab				400	3	1.82%
CAPCO, Inc.				165	10	0.75%
Total	<u>4,028</u>		<u>14.06%</u>	<u>3,887</u>		<u>17.70%</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)

Function	<u>As of December 31,</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 Government	20	20	18	18	19	18	20	18	17
Judicial	33	33	32	32	32	32	32	32	29
Legal	8	8	8	8	8	7	6	6	6
Elections	2	2	2	2	2	2	2	2	1
Financial Administration	19	19	19	19	19	18	19	18	18
Public Facilities	4	4	4	4	4	5	5	4	4
Public Safety	80	80	83	83	83	79	71	75	73
Public Transportation	58	58	60	60	60	59	63	57	56
Health and Welfare	2	2	3	3	3	2	2	1	2
Culture and Recreation	15	15	14	14	14	14	14	14	12
Conservation	4	4	4	4	4	4	4	4	4
Total	245	245	247	247	248	240	238	231	222

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>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>
Judicial									
Cases Filed:									
District Court:									
Civil	345	325	495	450	470	560	565	456	798
Criminal	339	517	406	370	397	439	452	512	537
County Court-at-Law	1,030	1,287	1,083	1,236	839	863	937	925	666
Convictions:									
District Court	189	330	223	222	204	204	235	246	275
County Court-at-Law	415	406	93	430	348	379	380	286	261
Elections									
Registered Voters	28,807	30,361	30,021	30,880	29,772	29,118	30,229	31,891	30,026
Public Safety									
Arrests	2,053	1,964	2,132	2,527	1,945	1,849	1,829	1,742	1,745
Prisoner Days	36,676	42,997	40,620	37,905	32,933	31,849	34,007	31,353	30,753
Culture and Recreation									
Library Circulation	113,928	107,068	172,248	280,155	129,018	118,071	391,770	318,406	273,220
Library Attendance	56,762	11,091	11,093	9,862	9,441	10,198	8,017	7,898	7,190
Museum Attendance	33,234	29,995	25,589	26,413	23,180	20,486	24,218	19,552	17,486

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>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>
Judicial									
Number of Justices of the Peace offices	5	5	5	5	5	5	5	5	5
Elections									
Number of voting boxes	17	17	22	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	96	96	96	96
Public Transportation									
Number of Precincts	5	5	4	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	6	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	1	1	2	2	2	2	2	2	2

Note:

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



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

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 17, 2016.

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

MEMBER

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

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

Purpose of this Report

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



Richard P. Loughlin
Certified Public Accountant

Henderson, Texas
June 17, 2016



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY STATE OF TEXAS SINGLE AUDIT CIRCULAR**

Rusk County Commissioners' Court
Rusk County, Texas

Report on Compliance for Each Major State Program

We have audited Rusk County, Texas' ("County") compliance with the types of compliance requirements described in the State of Texas Single Audit Circular that could have a direct and material effect on each of the County's major state programs for the year ended December 31, 2015. The County's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of Texas Single Audit Circular. Those standards and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2015.

MEMBER

Report on Internal Control over Compliance

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

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

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

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.



Richard P. Loughlin
Certified Public Accountant

Henderson, Texas
June 17, 2016

Rusk County, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Passed through Texas Department of Agriculture:			
Community Development Block Grant	14.228	711056	\$ 1,650
Community Development Block Grant	14.228	712026	100,967
Total U.S. Department of Housing and Urban Development			<u>\$ 102,617</u>
<u>U.S. Department of Homeland Security:</u>			
Passed through Texas Division of Emergency Management:			
Disaster Assistance	97.036	FEMA-4029-DR-TX	10,198
Total U.S. Department of Homeland Security			<u>\$ 10,198</u>
<u>U.S. Department of Transportation</u>			
Passed through Texas Department of Transportation:			
Airport Improvement Program	20.106	M010HNDRS	\$ 18,932
Total U.S. Department of Transportation			<u>\$ 18,932</u>
U.S. Department of Justice:			
Direct Programs:			
State Criminal Alien Assistance Program	16.606	2014APBX0597	\$ 5,813
Total U.S. Department of Justice			<u>\$ 5,813</u>
U.S. Department of Health and Human Services:			
Passed through Texas Department of Family and Protective Services:			
Title IV-E, Foster Care Assistance	93.658	None	\$ 8,411
Total U.S. Department of Health and Human Services			<u>\$ 8,411</u>
Total Federal Financial Assistance			<u>\$ 145,971</u>

Rusk County, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

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, 2015

<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-2015-201	\$ 230,915
Juvenile Probation Services-State Aid	TJPC-A-2016-201	142,083
Juvenile Probation Services-Commitment Reduction	TJPC-C-2015-201	13,497
Juvenile Probation Services-Mental Health	TJPC-N-2015-201	20,106
Total Texas Juvenile Probation Commission		<u>\$ 406,601</u>
Texas Task Force on Indigent Defense:		
Indigent Defense Services Grant	212-15-201	\$ 38,572
Total Texas Task Force on Indigent Defense		<u>\$ 38,572</u>
Texas Department of State Health Services		
RLSS-Local Public Health System	2015-001215-00	\$ 33,387
RLSS-Local Public Health System	2016-001215-00	16,482
Total Texas Department of State Health Services		<u>\$ 49,869</u>
Texas Department of Transportation		
County Transportation Infrastructure Fund Grant	CTIF-01-201	\$ 595,042
		<u>\$ 595,042</u>
Total State Financial Assistance		<u><u>\$ 1,090,084</u></u>

Rusk County, Texas
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2015

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, 2015

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

Material weaknesses identified? Yes X No

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

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

Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular? Yes X No

Identification of major programs:

Name of State Program or Cluster
Juvenile Probation Services - Texas Juvenile Justice Department

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

Auditee qualified as low-risk auditee? Yes X No

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, 2015

Finding

Current Status

Not Applicable for the year ended December 31, 2015.

Rusk County, Texas
Corrective Action Plan
For the Year Ended December 31, 2015

Not applicable.