

RUSK COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

Prepared by:
County Auditor

Rusk County, Texas
Comprehensive Annual Financial Report
For the Year Ended December 31, 2017

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COUNTY AUDITOR
Ronald Moody



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

June 18, 2018

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, 2017. The report was prepared by the County Auditor's Office. This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Texas State law requires the County's financial statements be audited by a licensed independent certified public accountant. The Commissioners' Court selected Morgan LaGrone, CPA, PLLC to perform the audit for the current fiscal year. The auditors have issued an unmodified opinion on Rusk County's financial statements for the year ended December 31, 2017, 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 52,883. 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.

Five (5) of the school districts in the County have decreased average daily attendance (ADA), and three (3) have had an increase.

The County has a civilian labor force of 27,737, which is consistent with 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.

Various costs associated with increased health care premiums for active and retired employees had a significant effect on the financial statements in 2017. The County continues to participate in the insurance program provided through the Texas Association of Counties. This insurance pool allows the County to limit increases in premiums at an amount less than the national average.

Awards and Acknowledgements

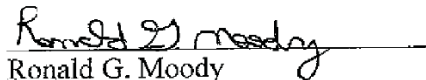
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rusk County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016. This was the twenty-seventh (27th) consecutive year that the County has 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

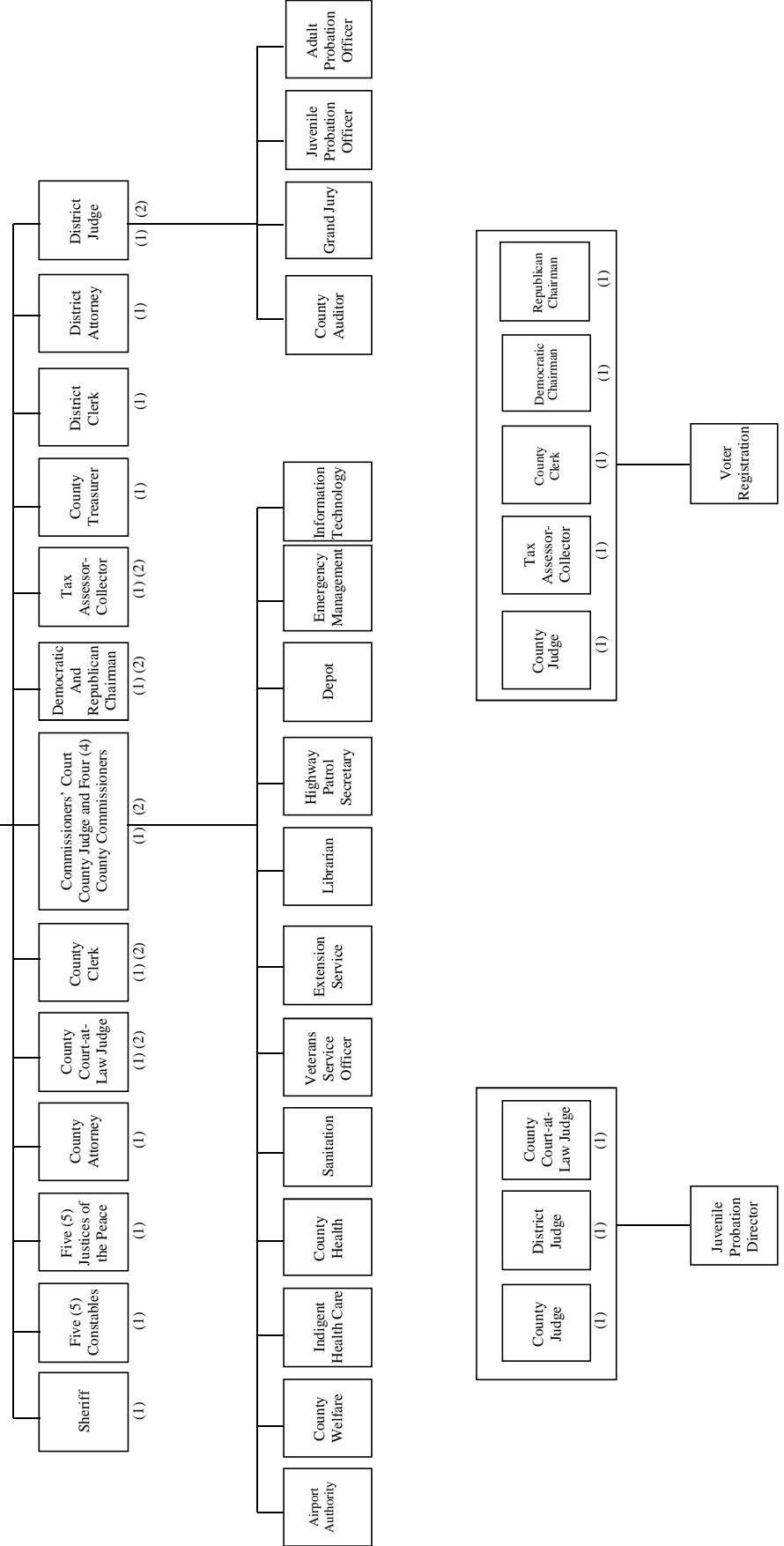
December 31, 2016

Christopher P. Morill

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, 2017

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-McClain
County Commissioner, Precinct #3	Honorable Greg Gibson
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	Kenneth Miley
Constable, Precinct #4	David Guy
Constable, Precinct #5	Jimmy Skinner
Justice of the Peace, Precinct #1	Jerdy Wolverton
Justice of the Peace, Precinct #2	Bonnie Miller
Justice of the Peace, Precinct #3	Jackie Risinger
Justice of the Peace, Precinct #4	Darlene Childress
Justice of the Peace, Precinct #5	Joe Sorrells

Appointed Officials

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

Morgan LaGrone, CPA, PLLC

Certified Public Accountant

Telephone: 903.657.0240
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116 S Marshall
Henderson TX 75654

INDEPENDENT AUDITOR'S REPORT

Rusk County Commissioners' Court
Rusk County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas, ("County") as of and for the year ended December 31, 2017, 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, 2017, 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, 2017, 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, 2017, 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, 2017, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 21 and the schedule of changes in net pension liability and schedule of contributions on pages 66-67, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise Rusk County, Texas', basic and combining and individual fund financial statements. The introductory section, the Budgetary Comparison for the General Fund, Road and Bridge Fund, Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Airport Fund, Juvenile Services Fund, Debt Service Fund, and the Water Supply Grant Fund; the Capital Assets Used in the Operation of Governmental Funds schedules; the statistical section; Schedule of Expenditures of Federal Awards; and the Schedule of Expenditures of State Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

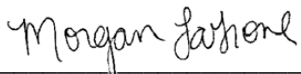
The Budgetary Comparison for the General Fund, Road and Bridge Fund, Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Airport Fund, Juvenile Services Fund, and the Debt Service Fund; the Capital Assets Used in the Operation of Governmental Funds schedules; the Schedule of Expenditures of Federal Awards; and the Schedule of Expenditures of State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the

audit of the basic and combining and individual fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison for the General Fund, Road and Bridge Fund, Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Airport Fund, Juvenile Services Fund, Debt Service Fund, and the Water Supply Grant 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 15, 2018, on our consideration of Rusk County, Texas, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Morgan LaGrone, CPA, PLLC

Henderson, Texas
June 15, 2018

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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, 2017. 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 \$34,901,108 (Net Position). Of this amount, \$16,040,808 (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 \$383,164.
- ◆ As of the close of the current year, the County's governmental funds reported combined ending fund balances of \$20,189,105 a decrease of \$4,549,845 in comparison with the prior year. \$11,323,125 of this amount is available for spending at the County's discretion (Unassigned Fund Balance). The principal reason for the decrease in fund balance is attributable to less than anticipated revenue from property taxes.
- ◆ At the end of the current year, Unassigned Fund Balance for the General Fund was \$11,323,125, or 72.78% of total General Fund expenditures.
- ◆ On August 8, 2016, the Commissioners' Court authorized the issuance of \$7,115,000 in general obligation refunding bonds to advance refund a portion of the County's Series 2008 certificates of obligation. The refunding resulted in an overall savings of \$816,462 over the next 7 years.
- ◆ During the year ended, December 31, 2017, the County paid off the remaining \$1,080,000 from the Series 2008 certificates of obligation.

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 eight (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 eight (8) nonmajor governmental funds (Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Juvenile Services Fund, Water Supply Grant, and Debt Service Fund). A Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual is presented for each of these funds to demonstrate compliance with their budgets starting on page 81 of this report.

The basic Governmental Fund Financial Statements can be found on pages 31-37 of this report.

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

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

The basic Proprietary Fund Financial Statements can be found on pages 38-40 of this report.

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

The County's basic Fiduciary Fund Financial Statement can be found on page 41 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The Notes to the Financial Statements can be found on pages 42-64 of this report.

Other Information. In addition to the Basic Financial Statements and accompanying Notes, this report also presents Combining and Individual Fund Financial Statements and Schedules. These statements and schedules provide greater detail in connection with Governmental Funds, Fiduciary Funds, and Capital Assets Used in the Operation of Governmental Funds. The Combining and Individual Fund Financial Statements and Schedules may be found on pages 73-96 of this report.

Government-wide Financial Analysis.

Net Position. As noted earlier, Net Position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$34,901,108 at the close of the most recent fiscal year.

A large portion of the County's Net Position (49.69%) 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>2017</u>	<u>2016</u>
Current and Other Assets	\$ 47,876,694	\$ 48,471,578
Capital Assets	25,375,540	23,380,937
Total Assets	<u>\$ 73,252,234</u>	<u>\$ 71,852,515</u>
 Total Deferred Outflows of Resources	 <u>\$ 3,492,350</u>	 <u>\$ 4,207,070</u>
 Long-Term Liabilities Outstanding	 \$ 19,778,752	 \$ 20,150,543
Other Liabilities	940,015	710,959
Total Liabilities	<u>\$ 20,718,767</u>	<u>\$ 20,861,502</u>
 Total Deferred Inflows of Resources	 <u>\$ 21,124,709</u>	 <u>\$ 19,913,811</u>
 Net Position:		
Net Investment in Capital Assets	\$ 17,401,492	\$ 19,687,992
Restricted	1,517,928	1,146,193
Unrestricted	15,981,688	14,450,087
Total Net Position	<u>\$ 34,901,108</u>	<u>\$ 35,284,272</u>

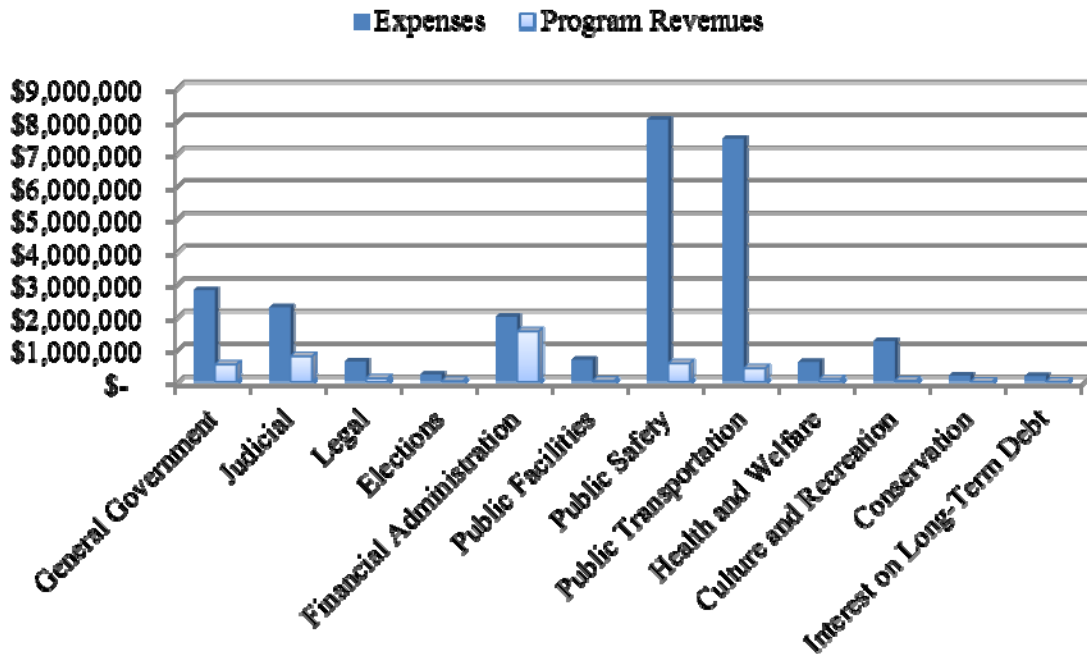
At the end of the current fiscal year, the County is able to report positive balances in all three (3) categories of Net Position. The same situation held true for the prior fiscal year.

Changes in Net Position. Net Position for the County decreased \$383,164 from the prior year. This decrease is due to an increase in expenditures of \$615,537, and a decrease of \$1,287,115 in revenue. The economy in this part of the country is not as impacted by the overall slowdown as other parts of the country. The most significant County revenue source is Ad Valorem Taxes, which represented 77.06% of total revenue in the most recently completed fiscal year. Fees and fines charged and collected by County Officials generated another 13.34% of revenue. Grants received from the State and Federal government constituted 3.14% of revenue. The remaining balance of the County's revenue (6.45%) came from other taxes, oil and gas royalties, interest, and other miscellaneous revenues.

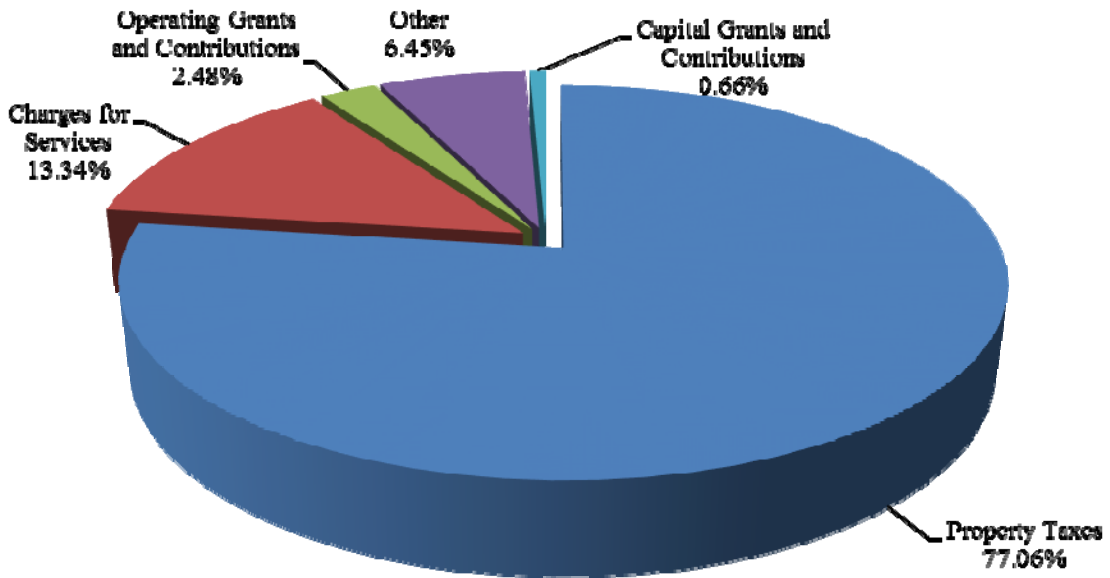
Rusk County, Texas
Changes in Net Position of Governmental Activities
(Table 2)

Revenues:	<u>2017</u>	<u>2016</u>
Program Revenues:		
Charges for Services	\$ 3,454,923	\$ 3,413,616
Operating Grants and Contributions	642,054	831,974
Capital Grants and Contributions	171,724	292,842
General Revenues:		
Property Taxes	19,952,562	20,082,905
Other	1,670,493	2,557,534
Total Revenues	<u>\$ 25,891,756</u>	<u>\$ 27,178,871</u>
Expenses:		
General Government	\$ 2,802,813	\$ 2,465,572
Judicial	2,281,266	2,694,105
Legal	622,483	609,600
Elections	225,542	266,954
Financial Administration	1,988,815	1,905,182
Public Facilities	678,806	559,044
Public Safety	8,015,223	7,482,411
Public Transportation	7,431,412	7,246,701
Health and Welfare	610,036	579,082
Culture and Recreation	1,244,740	1,211,220
Conservation	194,279	184,975
Interest on Long-Term Debt	179,505	454,537
Total Expenses	<u>\$ 26,274,920</u>	<u>\$ 25,659,383</u>
Increase in Net Position	\$ (383,164)	\$ 1,519,488
Net Position - Beginning	<u>35,284,272</u>	<u>33,764,784</u>
Net Position - Ending	<u>\$ 34,901,108</u>	<u>\$ 35,284,272</u>

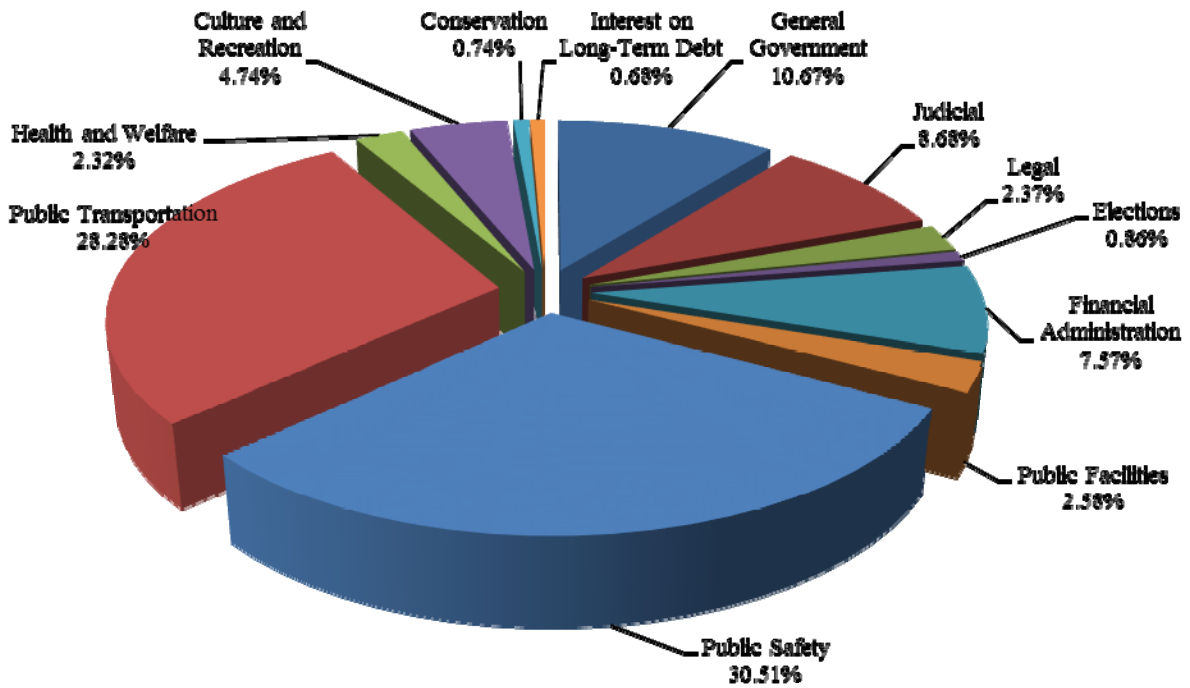
Rusk County, Texas
Governmental Activities
Expenses and Program Revenues
2017
 (Chart 1)



Rusk County, Texas
 Governmental Activities
 Revenues by Source
 2017
 (Chart 2)



Rusk County, Texas
 Governmental Activities
 Expenses by Function
 2017
 (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, Unassigned Fund Balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's Governmental Funds reported combined ending Fund Balances of \$20,189,105, a decrease of \$4,549,845 in comparison with the prior year. 56.09% of this (\$11,323,125) 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 (\$241,363), or 2) restricted for particular purposes (\$8,624,617).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, Unassigned Fund Balance of the General Fund was \$11,323,125, while total Fund Balance was \$20,189,105. 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 72.78% of total General Fund expenditures.

The Fund Balance of the County's General Fund decreased by \$1,747,906 during the current fiscal year. One of the County's larger tax paying entities has not yet paid its taxes, resulting in much lower than expected revenues.

The Road and Bridge Fund has a total Fund Balance of \$2,617,889 all of which is Restricted Fund Balance (for County roads and bridges) and nonspendable. The net decrease in Fund Balance during the year was \$524,062, which is a decrease of 16.7% from the prior year.

The Airport Fund has a total Fund Balance of \$2,256,841, a decrease of \$2,622,161 from the prior year.

Proprietary Funds. The County's Proprietary Funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The County's only Proprietary Fund is the Insurance Internal Service Fund. Unrestricted Net Position at the end of the current year amounted to \$1,080,892. 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 \$54,433 Significant among the increases were:

- ◆ *\$40,000 in increases allocated to Public Facilities-Maintenance.*
- ◆ *\$38,840 net increase in expenditures in Nondepartmental expenditures involving the community center.*

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

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

Differences between the final amended budget and actual General Fund expenditures were a net positive variance of \$2,144,002. Significant among the net positive variances were:

- ◆ \$315,300 in positive budget variances in Nondepartmental, due to less than anticipated costs for postage, accounting fees, and software and computer equipment.
- ◆ \$299,200 in positive budget variances in Judicial/All Courts, due to less than anticipated costs for capital murder trials.
- ◆ \$57,500 in positive budget variances in Public Facilities/Maintenance due to less than expected costs for minor repairs and maintenance.
- ◆ \$98,000 in positive budget variances in Legal/District Attorney due to less than anticipated special trial expenditures.
- ◆ \$122,000 in positive budget variances in Public Safety/Jail due to savings in insurance, medical fees, and utilities.
- ◆ \$205,600 in positive budget variances in Public Safety/Sheriff due mostly to savings in fuel costs, insurance, litigation, and deputy training.
- ◆ \$86,000 in positive budget variances in Health and Welfare/Ambulance and Sanitation due to less than anticipated expenditures in contracted services.
- ◆ \$405,700 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, 2017, amounts to \$25,375,539, 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 ten vehicles, 3 Mack dump trucks, and an asphalt zipper.
- ◆ Approximately \$1,403,879 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>2017</u>	<u>2016</u>
Land	\$ 1,032,025	\$ 1,032,025
Construction in Progress	-	1,491,182
Buildings	19,454,695	16,600,739
Machinery and Equipment	3,590,811	2,854,736
Infrastructure	1,298,008	1,402,255
Total Capital Assets	<u>\$ 25,375,539</u>	<u>\$ 23,380,937</u>

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

Long-Term Debt. At the end of the current fiscal year, the County had total debt of \$19,778,752.

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

	<u>2017</u>	<u>2016</u>
Certificates of Obligation:		
Principal Amount of Debt	\$ 7,115,000	\$ 8,195,000
Premium on Issuance of Debt	616,523	735,850
OPEB Liability	2,240,841	2,093,835
Net Pension Liability	9,398,536	9,009,424
Capital Leases	301,643	-
Compensated Absences	106,209	114,159
Total Long-Term Debt	<u>\$ 19,778,752</u>	<u>\$ 20,148,268</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 \$929,867,000. The County presently has \$7,115,000 in general obligation bonded debt.

Additional information on the County’s long-term debt can be found in Note IV (H) on pages 61-63 of this report.

Economic Factors and Next Year’s Budgets and Rates.

- ◆ The unemployment rate for the County as of the end of the fiscal year was 5.1%, compared with a rate of 5.8% a year ago.
- ◆ The County’s assessed valuation of property for the 2016 property tax year (2017 fiscal year) has decreased approximately \$146,325,295 (4%) to approximately \$3,719,469,710.
- ◆ The County’s property tax rate increased from \$0.579315 per \$100 of assessed valuation to \$0.637584 per \$100 assessed valuation for the 2018 budget year (2017 property tax year).

All of these factors were considered in preparing the County’s budget for the 2018 fiscal year.

During the current fiscal year, Unassigned Fund Balance in the General Fund decreased to \$11,323,125. 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 \$8,805,987 of fund balance to avoid fee increases when preparing the 2018 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
rmody@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, 2017

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash	\$ 27,412,638
Investments	1,345,484
Receivables (net of allowances for uncollectibles):	
Property Taxes	18,909,336
Due from Other Governments	13,022
Accounts	21,353
Prepays	174,861
Capital Assets (not being depreciated)	
Land	1,032,025
Capital Assets (net of accumulated depreciation):	
Buildings	19,454,694
Machinery & Equipment	3,590,813
Infrastructure	1,298,008
	\$ 73,252,234
<u>Deferred Outflows of Resources</u>	
Deferred Amount on Bond Refunding	\$ 59,120
Deferred Outflows - Pensions	3,433,230
	\$ 3,492,350
<u>Liabilities</u>	
Accounts Payable and Accrued Expenses	\$ 803,252
Due to Other Governments	136,763
Noncurrent Liabilities:	
Due Within One Year	1,144,863
Due in More than One Year	9,235,353
Net Pension Liability	9,398,536
	\$ 20,718,767
<u>Deferred Inflows of Resources</u>	
Deferred Revenue - Advance Tax Collections	\$ 6,867,125
Deferred Revenue	13,891,400
Deferred Inflows - Pensions	366,184
	\$ 21,124,709
<u>Net Position</u>	
Net Investment in Capital Assets	\$ 17,401,492
Restricted for:	
Debt Service	1,451,029
Perpetual Care:	
Expendable	397
Nonexpendable	15,000
County Independent School Districts:	
Expendable	-
Nonexpendable	51,502
Unrestricted	15,981,688
	\$ 34,901,108

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, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense)/ Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		
<u>Functions/Programs:</u>					
General Government	\$ 2,802,813	\$ 517,261	\$ 8,489	\$ 5,200	\$ (2,271,863)
Judicial	2,281,266	782,230	377	-	(1,498,659)
Legal	622,483	36,654	69,326	-	(516,503)
Elections	225,542	23,964	-	-	(201,578)
Financial Administration	1,988,815	1,543,089	-	-	(445,726)
Public Facilities	678,806	7,680	-	22,750	(648,376)
Public Safety	8,015,223	126,021	438,395	-	(7,450,807)
Public Transportation	7,431,412	219,261	51,163	143,774	(7,017,214)
Health and Welfare	610,036	169,761	70,414	-	(369,861)
Culture and Recreation	1,244,740	29,002	3,890	-	(1,211,848)
Conservation	194,279	-	-	-	(194,279)
Interest on Long-Term Debt	179,505	-	-	-	(179,505)
Net (Expense)/Revenue	<u>\$ 26,274,920</u>	<u>\$ 3,454,923</u>	<u>\$ 642,054</u>	<u>\$ 171,724</u>	<u>\$ (22,006,219)</u>
General Revenues:					
Property Taxes					\$ 19,952,562
Other Taxes					10,648
Interest Earned					100,481
Miscellaneous					1,559,364
Total General Revenues					<u>\$ 21,623,055</u>
Change in Net Position					\$ (383,164)
Net Position - Beginning					<u>35,284,272</u>
Net Position - Ending					<u>\$ 34,901,108</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, 2017

	General Fund	Road & Bridge Fund	Airport Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 14,876,978	\$ 4,563,470	\$ 2,456,677	\$ 4,416,549	\$ 26,313,674
Investments	1,293,982	-	-	51,502	1,345,484
Receivables (net of allowances for uncollectibles):					
Property Taxes	12,388,800	5,123,197	-	1,397,339	18,909,336
Due from Other Governments	13,022	-	-	-	13,022
Accounts	20,054	344	679	276	21,353
Prepays	127,494	47,367	-	-	174,861
Total Assets	\$ 28,720,330	\$ 9,734,378	\$ 2,457,356	\$ 5,865,666	\$ 46,777,730
<u>Liabilities</u>					
Accounts Payable	\$ 300,504	\$ 111,626	\$ 194,235	\$ 17,455	\$ 623,820
Due to Other Governments	136,757	-	-	6	136,763
Total Liabilities	\$ 437,261	\$ 111,626	\$ 194,235	\$ 17,461	\$ 760,583
<u>Deferred Inflows of Resources</u>					
Unavailable Revenue - Advance Tax Collections	\$ 4,443,679	\$ 1,881,948	\$ -	\$ 541,498	\$ 6,867,125
Unavailable Revenue - Other	-	-	6,280	45,572	51,852
Unavailable Revenue - Tax Revenue	12,388,771	5,122,915	-	1,397,379	18,909,065
Total Deferred Inflows of Resources	\$ 16,832,450	\$ 7,004,863	\$ 6,280	\$ 1,984,449	\$ 25,828,042
<u>Fund Balances</u>					
Nonspendable	\$ 127,494	\$ 47,367	\$ -	\$ 66,502	\$ 241,363
Restricted	-	2,570,522	2,256,841	3,797,254	8,624,617
Unassigned	11,323,125	-	-	-	11,323,125
Total Fund Balances	\$ 11,450,619	\$ 2,617,889	\$ 2,256,841	\$ 3,863,756	\$ 20,189,105
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,720,330	\$ 9,734,378	\$ 2,457,356	\$ 5,865,666	\$ 46,777,730

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, 2017

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

Total Fund Balances-Total Governmental Funds (Page 31)	\$ 20,189,105
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,375,538
The Internal Service Fund is used to charge the costs of health insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	1,080,892
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.	5,017,665
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (See Note II.A.)	(10,430,602)
Net Pension Liability and the related deferred outflows and deferred inflows of resources are not reported in the funds. (See Note II.A.)	<u>(6,331,490)</u>
Net Position of Governmental Activites (page 27)	<u><u>\$ 34,901,108</u></u>

Rusk County, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Road & Bridge Fund	Airport Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad Valorem Taxes	\$ 11,248,984	\$ 4,780,493	\$ -	\$ 1,805,457	\$ 17,834,934
Other Taxes	10,648	-	-	-	10,648
Intergovernmental	138,491	93,774	50,000	435,740	718,005
Fees	1,566,946	889,619	237,228	148,796	2,842,589
Fines and Forfeitures	432,742	51,163	-	4,630	488,535
Miscellaneous	503,205	401,192	670,714	25,408	1,600,519
Total Revenues	<u>\$ 13,901,016</u>	<u>\$ 6,216,241</u>	<u>\$ 957,942</u>	<u>\$ 2,420,031</u>	<u>\$ 23,495,231</u>
Expenditures:					
Current:					
General Government	\$ 1,374,767	\$ -	\$ -	\$ 56,544	\$ 1,431,311
Judicial	2,439,372	-	-	53,136	2,492,508
Legal	582,820	-	-	29,554	612,374
Elections	215,114	-	-	-	215,114
Financial Administration	1,899,748	-	-	-	1,899,748
Public Facilities	560,940	-	-	22,950	583,890
Public Safety	5,669,220	-	-	504,721	6,173,941
Public Transportation	-	5,673,879	506,198	-	6,180,077
Health and Welfare	435,559	-	-	148,548	584,107
Culture and Recreation	1,155,120	-	-	-	1,155,120
Conservation	177,642	-	-	-	177,642
Nondepartmental	645,394	-	-	-	645,394
Capital Outlay	403,226	1,353,067	3,073,905	-	4,830,198
Debt Service:	-	-	-	-	-
Principal	-	-	-	1,080,000	1,080,000
Interest	-	-	-	282,483	282,483
Bond Issuance Costs	-	-	-	2,812	2,812
Total Expenditures	<u>\$ 15,558,922</u>	<u>\$ 7,026,946</u>	<u>\$ 3,580,103</u>	<u>\$ 2,180,748</u>	<u>\$ 28,346,719</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (1,657,906)</u>	<u>\$ (810,706)</u>	<u>\$ (2,622,161)</u>	<u>\$ 239,283</u>	<u>\$ (4,851,488)</u>
Other Financing Sources (Uses):					
Proceeds of Long-Term Capital Related Debt	\$ -	\$ 301,643	\$ -	\$ -	\$ 301,643
Transfers in	15,000	-	-	105,000	120,000
Transfers out	(105,000)	(15,000)	-	-	(120,000)
Total Other Financing Sources (Uses)	<u>\$ (90,000)</u>	<u>\$ 286,643</u>	<u>\$ -</u>	<u>\$ 105,000</u>	<u>\$ 301,643</u>
Net Change in Fund Balances	<u>\$ (1,747,906)</u>	<u>\$ (524,063)</u>	<u>\$ (2,622,161)</u>	<u>\$ 344,283</u>	<u>\$ (4,549,845)</u>
Fund Balances - Beginning	<u>13,198,526</u>	<u>3,141,951</u>	<u>4,879,002</u>	<u>3,519,472</u>	<u>24,738,951</u>
Fund Balances - Ending	<u>\$ 11,450,620</u>	<u>\$ 2,617,888</u>	<u>\$ 2,256,841</u>	<u>\$ 3,863,755</u>	<u>\$ 20,189,106</u>

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

Rusk County, Texas
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances-Governmental Funds
 To the Statement of Activities
 For the Year Ended December 31, 2017

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

Net Change in Fund Balances-Total Governmental Funds (Page 33)	\$ (4,549,845)
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.)	1,994,603
The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. (See Note II.B)	778,357
Delinquent property tax collections provide current financial resources to the funds but has no effect on net position.	(491,222)
Delinquent property taxes receivable, which do not provide current financial resources, are not reported as revenue in the funds.	2,883,851
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.)	(33,266)
Pension expense related to GASB 68 is recorded in the statement of activities but not in the funds.	(1,172,148)
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>206,506</u>
Changes in Net Position of Governmental Activities (Page 28)	<u><u>\$ (383,164)</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, 2017

	General Fund			Variance with Final Budget Positive/ (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad Valorem Taxes	\$ 12,996,156	\$ 12,996,156	\$ 11,248,984	\$ (1,747,172)
Other Taxes	13,000	13,000	10,648	(2,352)
Intergovernmental	147,900	156,639	138,491	(18,148)
Fees	1,486,897	1,486,897	1,566,946	80,049
Fines and Forfeitures	400,000	400,000	432,742	32,742
Miscellaneous	197,200	221,708	503,205	281,497
Total Revenues	\$ 15,241,153	\$ 15,274,400	\$ 13,901,016	\$ (1,373,384)
Expenditures:				
Current:				
General Government	\$ 1,531,499	\$ 1,547,939	\$ 1,374,767	\$ 173,172
Judicial	2,876,776	2,879,003	2,439,372	439,631
Legal	677,957	681,031	582,820	98,211
Elections	264,682	281,776	215,114	66,662
Financial Administration	1,927,402	1,934,702	1,899,748	34,954
Public Facilities	578,476	618,476	560,940	57,536
Public Safety	6,030,115	6,011,110	5,669,220	341,890
Health and Welfare	578,855	579,355	435,559	143,796
Culture and Recreation	1,215,668	1,222,008	1,155,120	66,888
Conservation	176,596	177,796	177,642	154
Nondepartmental	921,900	960,740	645,394	315,346
Capital Outlay	868,565	808,988	403,226	405,762
Total Expenditures	\$ 17,648,491	\$ 17,702,924	\$ 15,558,922	\$ 2,144,002
Excess (Deficiency) of Revenues over Expenditures	\$ (2,407,338)	\$ (2,428,524)	\$ (1,657,906)	\$ 770,618
Other Financing Sources (Uses):				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Transfers out	(105,000)	(105,000)	(105,000)	-
Total Other Financing Sources (Uses)	\$ (90,000)	\$ (90,000)	\$ (90,000)	\$ -
Net Change in Fund Balances	\$ (2,497,338)	\$ (2,518,524)	\$ (1,747,906)	\$ 770,618
Fund Balances - Beginning	13,198,526	13,198,526	13,198,526	-
Fund Balances - Ending	\$ 10,701,188	\$ 10,680,002	\$ 11,450,620	\$ 770,618

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, 2017

	<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>	<u>Actual</u>		
Revenues:				
Ad Valorem Taxes	\$ 5,366,350	\$ 5,366,350	\$ 4,780,493	\$ (585,857)
Intergovernmental	-	93,774	93,774	-
Fees	880,000	880,000	889,619	9,619
Fines and Forfeitures	200,000	200,000	51,163	(148,837)
Miscellaneous	20,800	547,136	401,192	(145,944)
Total Revenues	\$ 6,467,150	\$ 7,087,260	\$ 6,216,241	\$ (871,019)
Expenditures:				
Current:				
Public Transportation	\$ 6,124,481	\$ 6,808,852	\$ 5,673,879	\$ 1,134,973
Capital Outlay	505,464	3,431,978	1,353,067	2,078,911
Total Expenditures	\$ 6,629,945	\$ 10,240,830	\$ 7,026,946	\$ 3,213,884
Excess (Deficiency) of Revenues over Expenditures	\$ (162,795)	\$ (3,153,570)	\$ (810,705)	\$ 2,342,865
Other Financing Sources (Uses):				
Proceeds of Long-Term Capital Related Debt	\$ -	\$ -	\$ 301,643	\$ 301,643
Transfers out	(15,000)	(15,000)	(15,000)	-
Total Other Financing Sources (Uses)	\$ (15,000)	\$ (15,000)	\$ 286,643	\$ 301,643
Net Change in Fund Balances	\$ (177,795)	\$ (3,168,570)	\$ (524,062)	\$ 2,644,508
Fund Balances - Beginning	3,141,951	3,141,951	3,141,951	-
Fund Balances - Ending	\$ 2,964,156	\$ (26,619)	\$ 2,617,889	\$ 2,644,508

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, 2017

	<u>Major Special Revenue Funds</u>			
	<u>Airport Fund</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
<u>Original</u>	<u>Final</u>			
Revenues:				
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	50,000	50,000
Fees	220,000	220,000	237,228	17,228
Fines and Forfeitures	-	-	-	-
Miscellaneous	315,000	315,000	670,714	355,714
Total Revenues	<u>\$ 535,000</u>	<u>\$ 535,000</u>	<u>\$ 957,942</u>	<u>\$ 422,942</u>
Expenditures:				
Current:				
Public Transportation	\$ 516,555	\$ 591,206	\$ 506,198	\$ 85,008
Capital Outlay	150,000	3,289,349	3,073,905	215,444
Total Expenditures	<u>\$ 666,555</u>	<u>\$ 3,880,555</u>	<u>\$ 3,580,103</u>	<u>\$ 300,452</u>
Net Change in Fund Balances	<u>\$ (131,555)</u>	<u>\$ (3,345,555)</u>	<u>\$ (2,622,161)</u>	<u>\$ 723,394</u>
Fund Balances - Beginning	4,879,002	4,879,002	4,879,002	-
Fund Balances - Ending	<u>\$ 4,747,447</u>	<u>\$ 1,533,447</u>	<u>\$ 2,256,841</u>	<u>\$ 723,394</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, 2017

	<u>Governmental Activities Internal Service Fund</u>
<u>Assets</u>	
Current Assets:	
Cash	\$ 1,098,964
Total Current Assets	<u>\$ 1,098,964</u>
Total Assets	<u>\$ 1,098,964</u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts Payable	\$ 18,072
Total Current Liabilities	<u>\$ 18,072</u>
Total Liabilities	<u>\$ 18,072</u>
<u>Net Position</u>	
Unrestricted	<u>\$ 1,080,892</u>
Total Net Position	<u><u>\$ 1,080,892</u></u>

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

Rusk County, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	Governmental <u>Activities</u> Internal Service <u>Fund</u>
Operating Revenues:	
Charges for Services	\$ 3,164,415
Total Operating Revenues	<u>\$ 3,164,415</u>
Operating Expenses:	
Benefits, Insurance & Administrative Cost	\$ 2,961,806
Total Operating Expenses	<u>\$ 2,961,806</u>
Operating Income (Loss)	<u>\$ 202,609</u>
Nonoperating Revenues (Expenses):	
Interest Income	\$ 3,897
Total Nonoperating Revenues (Expenses)	<u>\$ 3,897</u>
Income before Contributions and Transfers	\$ 206,506
Transfers In	-
Change in Net Position	\$ 206,506
Total Net Position - Beginning	<u>874,386</u>
Total Net Position - Ending	<u><u>\$ 1,080,892</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, 2017

	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities:	
Receipts from Interfund Services Provided	\$ 3,164,416
Payments to Suppliers and Providers	<u>(2,965,258)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 199,158</u>
Cash Flows from Investing Activities:	
Interest Income	<u>\$ 3,897</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 3,897</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 203,055
Cash and Cash Equivalents, January 1	<u>895,909</u>
Cash and Cash Equivalents, December 31 (See below)	<u><u>\$ 1,098,964</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	<u>\$ 206,506</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Increase/(Decrease) in Payables	<u>\$ (3,452)</u>
Total Adjustments	<u>\$ (3,452)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 203,054</u></u>
Exhibit #6 - Page 38: Cash	<u>\$ 1,098,964</u>
Total Cash and Cash Equivalents - Exhibit #6	<u><u>\$ 1,098,964</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, 2017

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	\$ 9,926,948
Investments	640,735
	Total Assets
	\$ 10,567,683
<u>Liabilities</u>	
Due to Other Governments	\$ 7,481,248
Court Ordered Deposits	782,762
Inmate Trust Funds	233,600
Court Ordered Trust Funds	2,070,073
	Total Liabilities
	\$ 10,567,683

The accompanying notes are an integral part of this statement.

RUSK COUNTY, TEXAS

Notes to the Financial Statements

December 31, 2017

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, 2017.

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, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

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, 2017. 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. 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 32 is a reconciliation between Total Fund Balances-Total Governmental Funds and Net Position-Governmental Activities. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$10,430,602 difference are as follows:

Certificates of Obligation Payable	\$ (7,115,000)
Premium on Debt Issuance	(616,523)
Accrued Interest Payable	(109,506)
Capital Leases	(301,643)
OPEB Liability	(2,240,841)
Deferred Resource Outflows - Bond Refunding	59,120
Compensated Absences	<u>(106,209)</u>
Net Adjustment to Reduce Total Fund Balances-Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ (10,430,602)</u>

Another element of that reconciliation states that “Net Pension Liability and the related deferred outflows and deferred inflows of resources are not reported in the funds.” The details of this \$6,331,490 difference are as follows:

Net Pension Liability	\$ (9,398,536)
Deferred Resource Outflows - Related to Pensions	3,433,230
Deferred Resource Inflows - Related to Pensions	<u>(366,184)</u>
Net Adjustment to Reduce Total Fund Balances-Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ (6,331,490)</u>

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

Exhibit 4-A on page 34 is a reconciliation between Net Changes in Fund Balances-Total Governmental Funds and Changes in Net Position of Governmental Activities as reported in the Government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,994,603 difference are as follows:

Capital Outlay	\$3,717,348
Depreciation Expense	<u>(1,722,745)</u>
Net Adjustment to Increase Net Changes in Fund Balance- Total Governmental Funds to Arrive at Changes in Net Position- Governmental Activities	<u>\$1,994,603</u>

Another element of that reconciliation states that “The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$778,357 difference are as follows:

Principal Payments on Certificates of Obligation	\$ 1,080,000
Issuance of Capital Leases	<u>(301,643)</u>
Net Adjustment to Decrease Net Changes in Fund Balance- Total Governmental Funds to Arrive at Changes in Net Position- Governmental Activities	<u>\$ 778,357</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 \$33,266 difference are as follows:

Decrease in Compensated Absences	\$ 7,950
Decrease in Accrued Interest	(4,369)
Increase in OPEB Liability	(147,006)
Amortization of Deferred Amount on Refunding	(11,443)
Amortization of Premium on Certificates of Obligation	<u>121,602</u>
Net Adjustment to Decrease Net Changes in Fund Balance- Total Governmental Funds to Arrive at Changes in Net Position- Governmental Activities	<u>\$ (33,266)</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, 2017.

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, 2017, and throughout the year ended December 31, 2017, 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, 2017, the County's only investments were in certificates of deposit with its depository bank. As of December 31, 2017, 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	\$ 1,345,484	N/A
Certificates of Deposit - Agency Funds	640,735	N/A
Total Investments	<u>\$ 1,986,219</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, 2017, 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, 2017 for the County's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectibles, are as follows:

	General Fund	Road & Bridge Fund	Airport Fund	Nonmajor Governmental Funds	Total
Current Property Taxes	\$ 9,755,764	\$ 4,019,406	\$ -	\$ 1,106,290	\$ 14,881,460
Delinquent Property Taxes	4,144,978	1,731,428	-	460,662	6,337,068
Due from Other Governments	13,022	-	-	-	13,022
Accounts	20,054	344	679	276	21,353
Total Gross Receivables	\$ 13,933,818	\$ 5,751,178	\$ 679	\$ 1,567,228	\$ 21,252,903
Less: Allowance for Uncollectible Taxes	(1,511,942)	(627,637)	-	(169,613)	(2,309,192)
Net Total Receivables	\$ 12,421,876	\$ 5,123,541	\$ 679	\$ 1,397,615	\$ 18,943,711

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 Fund	Road & Bridge Fund	Airport Fund	Nonmajor Governmental Funds	Total
<u>Deferred Revenue</u>					
Advance Tax Collections	\$ 4,443,679	\$ 1,881,948	\$ -	\$ 541,498	\$ 6,867,125
Seized Funds	-	-	-	24,251	24,251
Grant Funds	-	-	-	21,321	21,321
Deposits	-	-	2,150	-	2,150
Total Unearned Revenue	\$ 4,443,679	\$ 1,881,948	\$ 2,150	\$ 587,070	\$ 6,914,847
<u>Unearned Deferred Revenue:</u>					
Current Property Taxes Receivable	\$ 9,755,764	\$ 4,019,406	\$ -	\$ 1,106,290	\$ 14,881,460
Less: Allowance for Uncollectible Taxes	(682,924)	(281,338)	-	(77,440)	(1,041,702)
Net Current Property Taxes Receivable	\$ 9,072,840	\$ 3,738,068	\$ -	\$ 1,028,850	\$ 13,839,758

C. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2017, was as follows:

	Balance January 1, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2017</u>
Capital Assets Not Being Depreciated:				
Land	\$ 1,032,025	\$ -	\$ -	\$ 1,032,025
Construction in Progress	1,491,182	-	1,491,182	-
Total Capital Assets Not Being Depreciated	<u>\$ 2,523,207</u>	<u>\$ -</u>	<u>\$ 1,491,182</u>	<u>\$ 1,032,025</u>
Capital Assets Being Depreciated:				
Buildings	\$ 23,554,352	\$ 3,651,173	\$ -	\$ 27,205,525
Machinery & Equipment	13,598,840	1,557,357	1,219,986	13,936,211
Infrastructure	3,978,922	-	-	3,978,922
Total Capital Assets Being Depreciated	<u>\$ 41,132,114</u>	<u>\$ 5,208,529</u>	<u>\$ 1,219,986</u>	<u>\$ 45,120,657</u>
Less Accumulated Depreciation for:				
Buildings	\$ 6,953,614	\$ 797,216	\$ -	\$ 7,750,830
Machinery & Equipment	10,744,102	821,282	1,219,986	10,345,398
Infrastructure	2,576,667	104,247	-	2,680,914
Total Accumulated Depreciation	<u>\$ 20,274,384</u>	<u>\$ 1,722,745</u>	<u>\$ 1,219,986</u>	<u>\$ 20,777,143</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 20,857,730</u>	<u>\$ 3,485,784</u>	<u>\$ -</u>	<u>\$ 24,343,514</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,380,937</u>	<u>\$ 3,485,784</u>	<u>\$ 1,491,182</u>	<u>\$ 25,375,539</u>

Depreciation expense was charged to Functions/Programs as follows:

General Government	\$ 85,743
Judicial	15,674
Legal	3,320
Elections	1,840
Financial Administration	7,165
Public Facilities	48,709
Public Transportation	888,549
Public Safety	643,376
Health and Welfare	7,570
Culture and Recreation	17,968
Conservation	2,831
Total Depreciation Expense	<u>\$ 1,722,745</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 8.65% for calendar year 2017. 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, 2017, the annual pension cost for the TCERS plan for its employees was \$935,394, and the actual contributions were \$990,225. The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2016, the basis for determining the contribution rate for calendar year

2016. The December 31, 2016 actuarial valuation is the most recent valuation.

Changes in Net Pension Liability.

At December 31, 2016 the County reported a net pension liability/(asset) of \$9,398,537. 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 12/31/2015	\$ 48,167,162	\$ 39,157,737	9,009,425
Changes for the year:			
Service Cost	1,402,367	-	1,402,367
Interest	3,865,500	-	3,865,500
Change in benefit terms	-	-	-
Diff between expected/actual experience	(270,583)	-	(270,583)
Changes of assumptions	-	-	-
Contributions - employer	-	990,136	(990,136)
Contributions - employee	-	754,395	(754,395)
Net investment income	-	2,892,978	(2,892,978)
Benefit payments, including refunds of employee contributions	(2,309,912)	(2,309,912)	-
Administrative expenses	-	(31,484)	31,484
Other charges	-	2,147	(2,147)
Net changes	<u>2,687,372</u>	<u>2,298,260</u>	<u>389,112</u>
Balance at 12/31/2016	<u>\$ 50,854,534</u>	<u>\$ 41,455,997</u>	<u>\$ 9,398,537</u>

Long-Term Expected Rate of Return

The long term rate of return on pension plan investments is 8.1%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown below are based on January 2017 information for a 7-10 year time horizon.

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

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities-Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities-Emerging	MSCI World EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays US Aggregate Bond Index	3.00%	0.06%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%
Total		100.00%	

⁽¹⁾ Target asset allocation adopted at the April 2017 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equals the expected return minus the assumed inflation rate of 2.0% per Cliffwater's 2017 capital market assumptions.

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

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ 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%)
Net pension liability / (asset)	\$15,740,473	\$9,398,537	\$4,139,465

Deferred Outflows and Inflows of Resources Related to Pensions

As of December 31, 2017, 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 economic experience (net of current year amortization)	\$ 366,184	\$ -
Changes in actuarial assumptions	-	335,762
Net difference between projected and actual investment earnings (net of current year amortization)	-	2,162,074
Contributions made subsequent to measurement date	-	935,394
Total	\$ 366,184	\$ 3,433,230

\$935,394 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be expense as follows:

Year ended December 31:	
2018	\$712,804
2019	795,909
2020	571,901
2021	51,038
2022	-
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 \$575 per month for 2017.

Premiums must be paid by the 20th day of each month preceding the month of coverage, or coverage is lost permanently. The plan does not issue a separate report. For financial reporting purposes, the retiree health plan is accounted for in the County's Health Insurance Internal Service Fund. As of January 1, 2017, eleven (11) retirees were receiving benefits.

Funding Policy

The County is funding the plan on a “pay as you go” basis. During the year ended December 31, 2017, expenses of \$48,675, net of premiums received from retirees, were recognized for post-retirement healthcare.

Annual OPEB Cost and Net OPEB Obligation

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

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

Annual Required Contribution	\$ 253,167
Interest on Net OPEB Obligation	83,753
Amortization of Prior Year Net OPEB Obligation	<u>(110,720)</u>
Annual OPEB Cost (Expense)	\$ 226,200
Expected Net OPEB Costs ⁽¹⁾	<u>(79,194)</u>
Change in OPEB Obligation	\$ 147,006
Net OPEB Obligation (Asset) - Beginning of Year	<u>2,093,835</u>
Net OPEB Obligation (Asset) - End of Year	<u><u>\$ 2,240,841</u></u>

⁽¹⁾ Including \$48,675 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 2017 and the preceding two years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	277,503	37.04%	1,952,483
2016	220,546	35.91%	2,093,835
2017	226,200	35.01%	2,240,841

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, 2016, the projected unit cost method was used. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. If experience is in accordance with the assumptions used, ARC will increase at approximately the same rate as active member payroll, and the ARC as a percentage of payroll will remain basically level on a year-to-year basis. The actuarial assumptions include a 4% discount rate (1.00% real rate of return plus 3.00% inflation) and an annual healthcare cost trend of 7.50% initially, reduced by decrements to an ultimate rate of 5%. The investment rate of return was assumed to be 0%, because the plan has no assets. There are no planned post-retirement benefit increases. The remaining amortization period on an open basis at January 1, 2014, was 30 years.

Funding Status and Funding Progress

Actuarial Valuation 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)
01/01/11	-	2,334,739	2,334,739	0.00	9,663,596	24.16
01/01/14	-	2,474,865	2,474,865	0.00	10,262,074	24.12
01/01/16	-	2,312,793	2,312,793	0.00	9,655,894	23.95

F. Risk Management

Rusk County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the County carries commercial insurance. There have been no significant reductions in insurance coverages during the year ended December 31, 2017. 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 2017 have been reported as expenditures in the general fund and special revenue funds.

During the year ended December 31, 2017, employees of the County were covered by a fully insured health insurance plan (the Plan). The County contributed \$925 per month per employee to the Plan, and employees, at their option, authorized payroll withholding to pay contributions for their dependents. All contributions were paid to an internal service fund maintained by the County. The internal service fund paid premiums to the Texas Association of Counties to provide for health insurance coverage for employees, dependents, and retirees.

G. Leases

Operating Leases. Rusk County is obligated under certain leases for equipment accounted for as operating leases. General revenues of the General Fund will be used to pay these leases. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one (1) year as of December 31, 2017.

<u>Year Ending</u> <u>December 31</u>	<u>Governmental</u> <u>Activities</u>
2018	26,894
2019	3,026
Total minimum lease payments	<u><u>\$ 29,920</u></u>

Total cost for these leases for the year ended December 31, 2017 was \$70,745.

H. Long-term debt

Certificates of Obligation

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

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

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

During the year ended December 31, 2017, the County paid off the remaining \$1,080,000 from the Series 2008 certificates of obligation.

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>
2018	\$ 1,065,000	\$ 263,300	\$ 1,328,300
2019	1,115,000	219,700	1,334,700
2020	1,160,000	174,200	1,334,200
2021	1,210,000	126,800	1,336,800
2022	1,255,000	77,500	1,332,500
2023	1,310,000	26,200	1,336,200
Total	<u>\$ 7,115,000</u>	<u>\$ 887,700</u>	<u>\$ 8,002,700</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, 2017, the County had no arbitrage rebate liability.

Capital Leases

During the year, the Commissioners’ Court authorized the issuance of \$124,453 and 177,190 in capital leases to finance one dump truck and an asphalt zipper, respectively. Interest rates on the capital leases range from 2.4%-3.2%.

Annual debt service requirements to maturity for the capital leases are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2018	\$ 63,226	\$ 8,741	\$ 71,967
2019	65,030	6,937	71,967
2020	66,886	5,082	71,968
2021	68,796	3,172	71,967
2022	37,705	1,207	38,911
Total	<u>\$ 301,643</u>	<u>\$ 25,138</u>	<u>\$ 326,781</u>

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2017</u>	Due Within <u>One Year</u>
2008 Certificates of Obligation	\$ 1,080,000	\$ -	\$ 1,080,000	\$ -	\$ -
2016 Refunding Bonds	7,115,000	-	-	7,115,000	1,065,000
Add: Premium on Issuance	738,125	-	121,602	616,523	-
Net Certificates of Obligation	<u>\$ 8,933,125</u>	<u>-</u>	<u>\$ 1,201,602</u>	<u>\$ 7,731,523</u>	<u>\$ 1,065,000</u>
OPEB Liability	2,093,835	226,200	79,194	2,240,841	-
Net Pension Liability	9,009,424	389,112	-	9,398,536	-
Capital Leases	-	301,643	-	301,643	63,226
Compensated Absences	114,159	5,852	13,802	106,209	16,637
Total Governmental Activity					
Long-Term Liabilities	<u>\$ 20,150,543</u>	<u>\$ 922,807</u>	<u>\$ 1,294,598</u>	<u>\$ 19,778,752</u>	<u>\$ 1,144,863</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, 2017 are as follows:

	General <u>Fund</u>	<u>Major Special Revenue Funds</u>			<u>Total</u>
		Road & Bridge <u>Fund</u>	Airport <u>Fund</u>	Other <u>Funds</u>	
Nonspendable:					
Prepaid Items	\$ 127,494	\$ 47,367	\$ -	\$ -	\$ 174,861
Permanent Fund Principal	-	-	-	66,502	66,502
Restricted:					
County Roads & Bridges	-	2,570,522	-	-	2,570,522
Airport Property	-	-	2,256,841	-	2,256,841
Law Library	-	-	-	33,639	33,639
County Officials' Offices	-	-	-	666,955	666,955
Indigent Health Care Services	-	-	-	1,865,041	1,865,041
Juvenile Services	-	-	-	35,135	35,135
General Obligation Debt	-	-	-	1,196,087	1,196,087
Cemetery Maintenance	-	-	-	397	397
Unassigned	11,323,125	-	-	-	11,323,125
Total Fund Balances	<u>\$ 11,450,619</u>	<u>\$ 2,617,889</u>	<u>\$ 2,256,841</u>	<u>\$ 3,863,756</u>	<u>\$ 20,189,105</u>

J. Interfund Transfers

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

The purpose of these transfers was to supplement revenue.

K. Tax Abatements

The County enters into property tax abatement agreements with local businesses through a reduction of assessed value. For each of the following tax abatement agreements, the Commissioners’ Court voted to approve the reduction in assessed value. For the fiscal year ended December 31, 2017, the County abated property taxes totaling \$9,726 including the following tax abatement agreements:

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

L. Contingencies and Commitments

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

REQUIRED SUPPLEMENTARY INFORMATION

Rusk County, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended December 31, 2017

	Plan Year Ended December 31,		
	2016	2015	2014
Total Pension Liability			
Service cost	\$ 1,402,367	\$ 1,299,717	\$ 1,265,726
Interest (on the total pension liability)	3,865,500	3,639,457	3,446,888
Changes of benefit terms	-	(163,823)	-
Difference between expected and actual experience	(270,583)	671,526	-
Changes of assumptions	-	(160,279)	(332,432)
Benefit payments, including refunds of employee contributions	(2,309,912)	(2,285,289)	(2,252,086)
Net Change in Total Pension Liability	2,687,372	3,001,309	2,128,097
Total Pension Liability - Beginning	48,167,162	45,165,853	43,037,756
Total Pension Liability - Ending (a)	\$ 50,854,534	\$ 48,167,162	\$ 45,165,853
Plan Fiduciary Net Position			
Contributions - employer	\$ 990,136	\$ 973,204	\$ 929,203
Contributions - employee	754,395	722,961	719,526
Net investment income	2,892,978	256,853	2,562,436
Benefit payments, including refunds of employee contributions	(2,309,912)	(2,285,289)	(2,252,086)
Administrative expense	(31,484)	(28,253)	(29,640)
Other	2,147	128,486	(112,261)
Net Change in Plan Fiduciary Net Position	2,298,260	(232,038)	1,817,178
Plan Fiduciary Net Position - Beginning	39,157,737	39,389,775	37,572,597
Plan Fiduciary Net Position - Ending (b)	\$ 41,455,997	\$ 39,157,737	\$ 39,389,775
Net Pension Liability - Ending (a) - (b)	\$ 9,398,537	\$ 9,009,425	\$ 5,776,077
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.52%	81.30%	87.21%
Covered Employee Payroll	\$ 10,777,075	\$ 10,328,011	\$ 9,927,337
Net Pension Liability as a Percentage of Covered Employee Payroll	87.21%	87.23%	58.18%

Rusk County, Texas
 Schedule of Contributions
 For the Year Ended December 31, 2017

	Fiscal Year Ended December 31,		
	2017	2016	2015
Actuarially determined contribution	\$ 935,394	\$ 990,225	\$ 973,362
Contributions in relation to actuarially determined contribution	(935,394)	(990,225)	(973,362)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 10,813,821	\$ 10,774,993	\$ 10,329,745
Contributions as a percentage of covered employee payroll	8.65%	9.19%	9.42%

Rusk County, Texas
Notes to the Schedule of Contributions
For the Year Ended December 31, 2017

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	12.2 years
Asset Valuation Method	5-yr smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
Other Information:	Employer contributions reflect that a 50% CPI COLA was adopted.

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

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Governmental Funds

General Fund

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

Rusk County, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	<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	\$ 2,663,527	\$ 1,737,625	\$ -	\$ 15,397	\$ 15,397	\$ 4,416,549
Investments	-	-	51,502	-	51,502	51,502
Receivables: (net of allowances for uncollectibles):						
Property Taxes	-	1,397,339	-	-	-	1,397,339
Due from Other Governments	-	-	-	-	-	-
Accounts	276	-	-	-	-	276
Total Assets	<u>\$ 2,663,803</u>	<u>\$ 3,134,964</u>	<u>\$ 51,502</u>	<u>\$ 15,397</u>	<u>\$ 66,899</u>	<u>\$ 5,865,666</u>
<u>Liabilities</u>						
Accounts Payable	\$ 17,455	\$ -	\$ -	\$ -	\$ -	\$ 17,455
Due to Other Funds	6	-	-	-	-	6
Total Liabilities	<u>\$ 17,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,461</u>
<u>Deferred Inflows of Resources</u>						
Unavailable Revenue - Advance Tax	\$ -	\$ 541,498	\$ -	\$ -	\$ -	\$ 541,498
Unavailable Revenue - Other	45,572	-	-	-	-	45,572
Unavailable Revenue - Tax Revenue	-	1,397,379	-	-	-	1,397,379
Total Deferred Inflows of Resources	<u>\$ 45,572</u>	<u>\$ 1,938,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,984,449</u>
<u>Fund Balances</u>						
Nonspendable	\$ -	\$ -	\$ 51,502	\$ 15,000	\$ 66,502	\$ 66,502
Restricted	2,600,770	1,196,087	-	397	397	3,797,254
Total Fund Balances	<u>\$ 2,600,770</u>	<u>\$ 1,196,087</u>	<u>\$ 51,502</u>	<u>\$ 15,397</u>	<u>\$ 66,899</u>	<u>\$ 3,863,756</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,663,803</u>	<u>\$ 3,134,964</u>	<u>\$ 51,502</u>	<u>\$ 15,397</u>	<u>\$ 66,899</u>	<u>\$ 5,865,666</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 Governmental Funds
For the Year Ended December 31, 2017

	<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	\$ 1,530,457	\$ -	\$ -	\$ -	\$ 1,805,457
Intergovernmental	435,740	-	-	-	-	435,740
Fees	148,796	-	-	-	-	148,796
Fines and Forfeitures	4,630	-	-	-	-	4,630
Miscellaneous	21,750	3,458	154	46	200	25,408
Total Revenues	\$ 885,916	\$ 1,533,915	\$ 154	\$ 46	\$ 200	\$ 2,420,031
Expenditures:						
Current:						
General Government	\$ 56,241	\$ -	\$ 303	\$ -	\$ 303	\$ 56,544
Judicial	53,136	-	-	-	-	53,136
Legal	29,554	-	-	-	-	29,554
Financial Administration	-	-	-	-	-	-
Public Facilities	22,750	-	-	200	200	22,950
Public Safety	504,721	-	-	-	-	504,721
Health and Welfare	148,548	-	-	-	-	148,548
Debt Service:						
Principal	-	1,080,000	-	-	-	1,080,000
Interest	-	282,483	-	-	-	282,483
Bond Issuance Costs	-	2,812	-	-	-	2,812
Total Expenditures	\$ 814,950	\$ 1,365,295	\$ 303	\$ 200	\$ 503	\$ 2,180,748
Excess (Deficiency) of Revenues over Expenditures	\$ 70,966	\$ 168,620	\$ (149)	\$ (154)	\$ (303)	\$ 239,283
Other Financing Sources (Uses):						
Transfers In	\$ 105,000	\$ -	\$ -	\$ -	\$ -	\$ 105,000
Total Other Financing Sources (Uses)	\$ 105,000	\$ -	\$ -	\$ -	\$ -	\$ 105,000
Net Change in Fund Balances	\$ 175,966	\$ 168,620	\$ (149)	\$ (154)	\$ (303)	\$ 344,283
Fund Balances - Beginning	2,424,804	1,027,467	51,651	15,551	67,202	3,519,473
Fund Balances - Ending	\$ 2,600,770	\$ 1,196,087	\$ 51,502	\$ 15,397	\$ 66,899	\$ 3,863,756

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, 2017

	<u>Law Library Fund</u>	<u>Rusk County Officials' Fund</u>	<u>Human Services Fund</u>	<u>Juvenile Services Fund</u>	<u>Total</u>
<u>Assets</u>					
Cash	\$ 35,211	\$ 699,787	\$ 1,865,064	\$ 63,465	\$ 2,663,527
Investments	-	-	-	-	-
Receivables:					
Accounts	-	-	-	276	276
Total Assets	<u>\$ 35,211</u>	<u>\$ 699,787</u>	<u>\$ 1,865,064</u>	<u>\$ 63,741</u>	<u>\$ 2,663,803</u>
<u>Liabilities</u>					
Accounts Payable	\$ 1,572	\$ 8,575	\$ 23	\$ 7,285	\$ 17,455
Due to Other Funds	-	6	-	-	6
Total Liabilities	<u>\$ 1,572</u>	<u>\$ 8,581</u>	<u>\$ 23</u>	<u>\$ 7,285</u>	<u>\$ 17,461</u>
<u>Deferred Inflows of Resources</u>					
Unavailable Revenue - Other	-	24,251	-	21,321	45,572
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 24,251</u>	<u>\$ -</u>	<u>\$ 21,321</u>	<u>\$ 45,572</u>
<u>Fund Balances</u>					
Restricted	\$ 33,639	\$ 666,955	\$ 1,865,041	\$ 35,135	\$ 2,600,770
Total Fund Balances	<u>\$ 33,639</u>	<u>\$ 666,955</u>	<u>\$ 1,865,041</u>	<u>\$ 35,135</u>	<u>\$ 2,600,770</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 35,211</u>	<u>\$ 699,787</u>	<u>\$ 1,865,064</u>	<u>\$ 63,741</u>	<u>\$ 2,663,803</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, 2017

	Law Library Fund	Rusk County Officials' Fund	Human Services Fund	Juvenile Services Fund	Water Supply Grant Fund	Totals
Revenues:						
Ad Valorem Taxes	\$ -	\$ -	\$ 275,000	\$ -	\$ -	\$ 275,000
Intergovernmental	-	10,081	-	402,909	22,750	435,740
Fees	27,560	119,504	-	1,732	-	148,796
Fines and Forfeitures	-	4,630	-	-	-	4,630
Miscellaneous	88	15,605	5,749	308	-	21,750
Total Revenues	\$ 27,648	\$ 149,820	\$ 280,749	\$ 404,949	\$ 22,750	\$ 885,916
Expenditures:						
Current:						
General Government	\$ -	\$ 56,241	\$ -	\$ -	\$ -	\$ 56,241
Judicial	-	53,136	-	-	-	53,136
Legal	20,304	9,250	-	-	-	29,554
Financial Administration	-	-	-	-	-	-
Public Facilities	-	-	-	-	22,750	22,750
Public Safety	-	10,862	-	493,859	-	504,721
Health and Welfare	-	-	148,548	-	-	148,548
Capital Outlay:						
Public Transportation	-	-	-	-	-	-
Total Expenditures	\$ 20,304	\$ 129,489	\$ 148,548	\$ 493,859	\$ 22,750	\$ 814,950
Excess (Deficiency) of Revenues over Expenditures	\$ 7,344	\$ 20,331	\$ 132,201	\$ (88,910)	\$ -	\$ 70,966
Other Financing Sources (Uses):						
Transfers In	\$ -	\$ -	\$ -	\$ 105,000	\$ -	\$ 105,000
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ 105,000	\$ -	\$ 105,000
Net Change in Fund Balances	\$ 7,344	\$ 20,331	\$ 132,201	\$ 16,090	\$ -	\$ 175,966
Fund Balances - Beginning	26,295	646,624	1,732,840	19,045	-	2,424,804
Fund Balances - Ending	\$ 33,639	\$ 666,955	\$ 1,865,041	\$ 35,135	\$ -	\$ 2,600,770

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, 2017

	<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	\$ 12,546,156	\$ 12,546,156	\$ 10,714,976	\$ (1,831,180)
Delinquent Taxes	250,000	250,000	321,053	71,053
Interest and Penalty	200,000	200,000	212,955	12,955
Other Taxes:				
Liquor Drink Tax	13,000	13,000	10,648	(2,352)
Intergovernmental	147,900	156,639	138,491	(18,148)
Fees	1,486,897	1,486,897	1,566,946	80,049
Fines and Forfeitures	400,000	400,000	432,742	32,742
Miscellaneous:				
Interest	70,000	70,000	60,709	(9,291)
Other	127,200	151,708	442,496	290,788
Total Revenues	\$ 15,241,153	\$ 15,274,400	\$ 13,901,016	\$ (1,373,384)
Expenditures:				
Current:				
General Government:				
County Judge	\$ 274,228	\$ 274,908	\$ 257,419	\$ 17,489
Commissioners' Court	324,650	324,650	321,335	3,315
County Clerk	686,546	686,546	570,413	116,133
Veterans' Service	97,547	97,547	80,021	17,526
Emergency Management	21,886	31,186	16,617	14,569
Information Technology	126,642	133,102	128,962	4,140
Judicial:				
County Court-at-Law	335,517	334,817	312,764	22,053
District Court	220,033	220,960	184,648	36,312
Justice of the Peace Court	100,200	99,050	94,689	4,361
District Clerk	571,244	573,244	530,553	42,691
Justices of the Peace	718,696	719,846	684,845	35,001
All Courts	931,086	931,086	631,873	299,213
Legal:				
District Attorney	677,957	681,031	582,820	98,211
Elections	264,682	281,776	215,114	66,662
Financial Administration:				
County Auditor	248,168	254,168	253,034	1,134
County Treasurer	190,375	191,675	190,426	1,249
Tax Assessor-Collector	1,488,859	1,488,859	1,456,288	32,571
Public Facilities:				
Maintenance	578,476	618,476	560,940	57,536

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety:				
Jail	2,365,822	2,367,417	2,245,439	121,978
Constables	303,346	303,346	298,226	5,120
Sheriff	3,185,025	3,162,925	2,957,359	205,566
Juvenile Board	62,465	62,465	61,676	789
Highway Patrol	113,457	114,957	106,520	8,437
Health and Welfare:				
County Health	98,145	98,145	88,705	9,440
Public Health	51,696	51,696	51,654	42
County Welfare	36,645	36,645	6,417	30,228
Ambulance and Sanitation	332,369	332,869	246,872	85,997
Mental Health	18,000	18,000	1,044	16,956
Juvenile Room and Board	42,000	42,000	40,867	1,133
Culture and Recreation:				
Library Complex	1,015,127	1,020,467	972,272	48,195
Depot/Children's Discovery Center	200,541	201,541	182,848	18,693
Conservation:				
Agriculture and Home Demo	176,596	177,796	177,642	154
Nondepartmental	921,900	960,740	645,394	315,346
Capital Outlay:				
General Government:				
County Judge	2,000	1,320	-	1,320
County Clerk	10,000	10,000	-	10,000
Veterans' Service	29,000	29,000	-	29,000
Emergency Management	14,500	11,900	9,752	2,148
Information Technology	10,000	3,540	-	3,540
Judicial:				
County Court-at-Law	1,500	2,200	2,198	2
District Court	2,000	1,073	-	1,073
District Clerk	10,000	8,000	6,000	2,000
Legal:				
District Attorney	10,000	7,000	-	7,000
Elections	32,000	20,510	-	20,510
Financial Administration:				
County Auditor	6,000	-	-	-
County Treasurer	2,000	700	-	700
Tax Assessor-Collector	2,500	2,500	-	2,500
Public Facilities:				
Maintenance	43,250	3,250	1,345	1,905

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety:				
Jail	20,000	18,405	5,853	12,552
Sheriff	130,000	189,815	189,653	162
Highway Patrol	1,500	-	-	-
Health and Welfare:				
County Welfare	2,000	2,000	-	2,000
Ambulance and Sanitation	10,000	9,500	-	9,500
Culture and Recreation:				
Library Complex	15,000	14,000	13,957	43
Depot/Children's Discovery Center	7,000	6,000	-	6,000
Conservation:				
Agriculture and Home Demo	1,200	-	-	-
Nondepartmental	507,115	468,275	174,468	293,807
Total Expenditures	\$ 17,648,491	\$ 17,702,924	\$ 15,558,922	\$ 2,144,002
Excess (Deficiency) of Revenues over Expenditures	\$ (2,407,338)	\$ (2,428,524)	\$ (1,657,906)	\$ 770,618
Other Financing Sources (Uses):				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Transfers out	(105,000)	(105,000)	(105,000)	-
Total Other Financing Sources (Uses)	\$ (90,000)	\$ (90,000)	\$ (90,000)	\$ -
Net Change in Fund Balances	\$ (2,497,338)	\$ (2,518,524)	\$ (1,747,906)	\$ 770,618
Fund Balances - Beginning	13,198,526	13,198,526	13,198,526	-
Fund Balances - Ending	\$ 10,701,188	\$ 10,680,002	\$ 11,450,620	\$ 770,618

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, 2017

	<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	\$ 5,181,350	\$ 5,181,350	\$ 4,557,461	\$ (623,889)
Delinquent Taxes	105,000	105,000	132,091	27,091
Interest and Penalty	80,000	80,000	90,941	10,941
Intergovernmental	-	93,774	93,774	-
Fees	880,000	880,000	889,619	9,619
Fines and Forfeitures	200,000	200,000	51,163	(148,837)
Miscellaneous:				
Interest	20,000	20,000	176,220	156,220
Other	800	527,136	224,972	(302,164)
Total Revenues	\$ 6,467,150	\$ 7,087,260	\$ 6,216,241	\$ (871,019)
Expenditures:				
Current:				
Public Transportation:				
Precinct #1	\$ 1,211,941	\$ 1,436,114	\$ 1,346,942	\$ 89,172
Precinct #2	1,208,935	1,370,935	1,160,654	210,281
Precinct #3	1,868,975	1,934,173	1,727,591	206,582
Precinct #4	1,595,971	1,826,971	1,229,314	597,657
Weight & License	76,344	78,344	70,571	7,773
Nondepartmental	162,315	162,315	138,807	23,508
Capital Outlay:				
Public Transportation:				
Precinct #1	166,938	382,873	352,088	30,785
Precinct #2	145,214	494,126	225,419	268,707
Precinct #3	116,372	1,323,091	416,581	906,510
Precinct #4	46,340	1,203,288	358,979	844,309
Weight & License	30,600	28,600	-	28,600
Total Expenditures	\$ 6,629,945	\$ 10,240,830	\$ 7,026,946	\$ 3,213,884
Excess (Deficiency) of Revenues over Expenditures	\$ (162,795)	\$ (3,153,570)	\$ (810,705)	\$ 2,342,865
Other Financing Sources (Uses):				
Proceeds of Long-Term Capital Related Debt	\$ -	\$ -	\$ 301,643	\$ 301,643
Transfers Out	(15,000)	(15,000)	(15,000)	-
Total Other Financing Sources (Uses)	\$ (15,000)	\$ (15,000)	\$ 286,643	\$ 301,643
Net Change in Fund Balances	\$ (177,795)	\$ (3,168,570)	\$ (524,062)	\$ 2,644,508
Fund Balances - Beginning	3,141,951	3,141,951	3,141,951	-
Fund Balances - Ending	\$ 2,964,156	\$ (26,619)	\$ 2,617,889	\$ 2,644,508

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fees	\$ 30,000	\$ 30,000	\$ 27,560	\$ (2,440)
Miscellaneous:				
Interest	30	30	88	58
Total Revenues	<u>\$ 30,030</u>	<u>\$ 30,030</u>	<u>\$ 27,648</u>	<u>\$ (2,382)</u>
Expenditures:				
Current:				
Legal:				
District Attorney	\$ 30,000	\$ 30,000	\$ 20,304	\$ 9,696
Total Expenditures	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 20,304</u>	<u>\$ 9,696</u>
Net Change in Fund Balances	\$ 30	\$ 30	\$ 7,344	\$ 7,314
Fund Balances - Beginning	<u>26,295</u>	<u>26,295</u>	<u>26,295</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 26,325</u></u>	<u><u>\$ 26,325</u></u>	<u><u>\$ 33,639</u></u>	<u><u>\$ 7,314</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 8,702	\$ 8,702	\$ 10,081	\$ 1,379
Fees	120,206	120,206	119,504	(702)
Fines and Forfeitures	7,010	7,010	4,630	(2,380)
Miscellaneous:				
Other	12,000	12,000	15,605	3,605
	<hr/>			
Total Revenues	\$ 147,918	\$ 147,918	\$ 149,820	\$ 1,902
	<hr/>			
Expenditures:				
Current:				
General Government:				
County Judge	\$ 10	\$ 1,243	\$ 1,243	\$ -
County Clerk	138,200	138,200	54,998	83,202
Judicial:				
District Clerk	3,000	3,000	-	3,000
Justices of the Peace	22,000	29,000	21,072	7,928
All courts	37,000	37,000	32,065	4,935
Legal:				
District Attorney	5,685	9,414	9,250	164
Financial Administration:				
Tax Assessor-Collector	4,500	4,500	-	4,500
Public Safety:				
Constables	17,555	14,816	2,704	12,112
Sheriff	20,401	20,255	8,158	12,097
	<hr/>			
Total Expenditures	\$ 248,351	\$ 257,428	\$ 129,490	\$ 127,938
	<hr/>			
Net Change in Fund Balances	\$ (100,433)	\$ (109,510)	\$ 20,330	\$ 129,840
	<hr/>			
Fund Balances - Beginning	646,624	646,624	646,624	-
	<hr/>			
Fund Balances - Ending	\$ 546,191	\$ 537,114	\$ 666,954	\$ 129,840
	<hr/> <hr/>			

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, 2017

	<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	4,200	4,200	5,749	1,549
Total Revenues	<u>\$ 279,200</u>	<u>\$ 279,200</u>	<u>\$ 280,749</u>	<u>\$ 1,549</u>
Expenditures:				
Current:				
Health and Welfare:				
County Welfare	\$ 426,818	\$ 426,818	\$ 148,548	\$ 278,270
Total Expenditures	<u>\$ 426,818</u>	<u>\$ 426,818</u>	<u>\$ 148,548</u>	<u>\$ 278,270</u>
Net Change in Fund Balances	\$ (147,618)	\$ (147,618)	\$ 132,201	\$ 279,819
Fund Balances - Beginning	<u>1,732,840</u>	<u>1,732,840</u>	<u>1,732,840</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 1,585,222</u></u>	<u><u>\$ 1,585,222</u></u>	<u><u>\$ 1,865,041</u></u>	<u><u>\$ 279,819</u></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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 50,000	\$ 50,000
Fees	220,000	220,000	237,228	17,228
Miscellaneous:				
Interest	15,000	15,000	8,842	(6,158)
Sale of Assets	-	-	-	-
Donations	-	-	5,114	5,114
Timber Sale	-	-	-	-
Oil & Gas Royalties	300,000	300,000	656,758	356,758
Total Revenues	<u>\$ 535,000</u>	<u>\$ 535,000</u>	<u>\$ 957,942</u>	<u>\$ 422,942</u>
Expenditures:				
Current:				
Public Transportation:				
Airport	\$ 516,555	\$ 591,206	\$ 506,198	\$ 85,008
Capital Outlay:				
Public Transportation:				
Airport	150,000	3,289,349	3,073,905	215,444
Total Expenditures	<u>\$ 666,555</u>	<u>\$ 3,880,555</u>	<u>\$ 3,580,103</u>	<u>\$ 300,452</u>
Net Change in Fund Balances	\$ (131,555)	\$ (3,345,555)	\$ (2,622,161)	\$ 723,394
Fund Balances - Beginning	4,879,002	4,879,002	4,879,002	-
Fund Balances - Ending	<u>\$ 4,747,447</u>	<u>\$ 1,533,447</u>	<u>\$ 2,256,841</u>	<u>\$ 723,394</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 367,775	\$ 367,775	\$ 402,909	\$ 35,134
Fees	1,100	1,100	1,732	632
Miscellaneous:				
Interest	100	100	308	208
Total Revenues	<u>\$ 368,975</u>	<u>\$ 368,975</u>	<u>\$ 404,949</u>	<u>\$ 35,974</u>
Expenditures:				
Current:				
Public Safety:				
Juvenile Services	\$ 473,975	\$ 491,543	\$ 493,859	\$ (2,316)
Total Expenditures	<u>\$ 473,975</u>	<u>\$ 491,543</u>	<u>\$ 493,859</u>	<u>\$ (2,316)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (105,000)</u>	<u>\$ (122,568)</u>	<u>\$ (88,910)</u>	<u>\$ 33,658</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	\$ -	\$ (17,568)	\$ 16,090	\$ 33,658
Fund Balances - Beginning	19,045	19,045	19,045	-
Fund Balances - Ending	<u><u>\$ 19,045</u></u>	<u><u>\$ 1,477</u></u>	<u><u>\$ 35,135</u></u>	<u><u>\$ 33,658</u></u>

Rusk County, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2017

	<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	\$ 1,608,861	\$ 1,608,861	\$ 1,465,177	\$ (143,684)
Delinquent Taxes	25,000	25,000	38,078	13,078
Interest and Penalty	20,000	20,000	27,202	7,202
Miscellaneous				
Interest	2,500	2,500	3,458	958
Total Revenues	<u>\$ 1,656,361</u>	<u>\$ 1,656,361</u>	<u>\$ 1,533,915</u>	<u>\$ (122,446)</u>
Expenditures:				
Debt Service:				
Principal	\$ 1,080,000	\$ 1,080,000	\$ 1,080,000	\$ -
Interest and Fees	375,138	375,138	285,290	89,848
Total Expenditures	<u>\$ 1,455,138</u>	<u>\$ 1,455,138</u>	<u>\$ 1,365,290</u>	<u>\$ 89,848</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 201,223	\$ 201,223	\$ 168,625	\$ (32,598)
Fund Balances - Beginning	<u>1,027,462</u>	<u>1,027,462</u>	<u>1,027,462</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,228,685</u>	<u>\$ 1,228,685</u>	<u>\$ 1,196,087</u>	<u>\$ (32,598)</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ 22,750	\$ 22,750	\$ -
Total Revenues	\$ -	\$ 22,750	\$ 22,750	\$ -
Expenditures:				
Current:				
Public Facilities				
Water Improvements	\$ -	\$ 22,750	\$ 22,750	\$ -
Total Expenditures	\$ -	\$ 22,750	\$ 22,750	\$ -
Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ -
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

Rusk County, Texas
Agency Funds
Combining Statement of Assets and Liabilities
December 31, 2017

	Tax Assessor- Collector <u>Fund</u>	County Clerk <u>Fund</u>	District Clerk <u>Fund</u>	Sheriff <u>Fund</u>	Justices of the Peace <u>Fund</u>	Library System <u>Fund</u>	Adult Probation <u>Fund</u>	Juvenile Probation <u>Fund</u>	<u>Totals</u>
<u>Assets</u>									
Cash	\$ 7,287,429	\$ 266,076	\$ 1,904,392	\$ 273,050	\$ 558	\$ 5	\$ 195,438	\$ -	\$ 9,926,948
Investments	-	361,202	279,533	-	-	-	-	-	640,735
Total Assets	<u>\$ 7,287,429</u>	<u>\$ 627,278</u>	<u>\$ 2,183,925</u>	<u>\$ 273,050</u>	<u>\$ 558</u>	<u>\$ 5</u>	<u>\$ 195,438</u>	<u>\$ -</u>	<u>\$ 10,567,683</u>
<u>Liabilities</u>									
Due to Other Governments	\$ 7,287,429	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 193,814	\$ -	\$ 7,481,248
Court Ordered Deposits	-	266,076	475,054	41,074	558	-	-	-	782,762
Inmate Trust Funds	-	-	-	231,976	-	-	1,624	-	233,600
Court Ordered Trust Funds	-	361,202	1,708,871	-	-	-	-	-	2,070,073
Total Liabilities	<u>\$ 7,287,429</u>	<u>\$ 627,278</u>	<u>\$ 2,183,925</u>	<u>\$ 273,050</u>	<u>\$ 558</u>	<u>\$ 5</u>	<u>\$ 195,438</u>	<u>\$ -</u>	<u>\$ 10,567,683</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, 2017

	Balance <u>January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>December 31, 2017</u>
<i><u>Tax Assessor-Collector Fund:</u></i>				
<u>Assets</u>				
Cash	\$ 4,333,676	\$ 75,975,288	\$ 73,021,535	\$ 7,287,429
Total Assets	<u>\$ 4,333,676</u>	<u>\$ 75,975,288</u>	<u>\$ 73,021,535</u>	<u>\$ 7,287,429</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 4,333,676	\$ 75,975,288	\$ 73,021,535	\$ 7,287,429
Total Liabilities	<u>\$ 4,333,676</u>	<u>\$ 75,975,288</u>	<u>\$ 73,021,535</u>	<u>\$ 7,287,429</u>
<i><u>County Clerk Fund:</u></i>				
<u>Assets</u>				
Cash	\$ 252,363	\$ 672,652	\$ 658,939	\$ 266,076
Investments	345,073	16,129	-	361,202
Total Assets	<u>\$ 597,436</u>	<u>\$ 688,781</u>	<u>\$ 658,939</u>	<u>\$ 627,278</u>
<u>Liabilities</u>				
Court Ordered Deposits	\$ 252,363	\$ 672,652	\$ 658,939	\$ 266,076
Court Ordered Trust Funds	345,073	16,129	-	361,202
Total Liabilities	<u>\$ 597,436</u>	<u>\$ 688,781</u>	<u>\$ 658,939</u>	<u>\$ 627,278</u>
<i><u>District Clerk Fund:</u></i>				
<u>Assets</u>				
Cash	\$ 2,385,712	\$ 1,434,590	\$ 1,915,909	\$ 1,904,392
Investments	673,119	1,055,234	1,448,820	279,533
Total Assets	<u>\$ 3,058,831</u>	<u>\$ 2,489,823</u>	<u>\$ 3,364,729</u>	<u>\$ 2,183,925</u>
<u>Liabilities</u>				
Court Ordered Deposits	\$ 478,090	\$ 702,639	\$ 705,675	\$ 475,054
Court Ordered Trust Funds	2,580,742	1,787,184	2,659,053	1,708,871
Total Liabilities	<u>\$ 3,058,831</u>	<u>\$ 2,489,823</u>	<u>\$ 3,364,729</u>	<u>\$ 2,183,925</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, 2017

	Balance <u>January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>December 31, 2017</u>
<i><u>Sheriff Fund:</u></i>				
<u>Assets</u>				
Cash	\$ 235,098	\$ 478,753	\$ 440,801	\$ 273,050
Total Assets	<u>\$ 235,098</u>	<u>\$ 478,753</u>	<u>\$ 440,801</u>	<u>\$ 273,050</u>
<u>Liabilities</u>				
Court Ordered Deposits	\$ 39,070	\$ 111,879	\$ 109,875	\$ 41,074
Inmate Trust Funds	196,028	366,874	330,926	231,976
Total Liabilities	<u>\$ 235,098</u>	<u>\$ 478,753</u>	<u>\$ 440,801</u>	<u>\$ 273,050</u>
<i><u>Justices of the Peace Fund:</u></i>				
<u>Assets</u>				
Cash	\$ 553	\$ 1,139,857	\$ 1,139,852	\$ 558
Total Assets	<u>\$ 553</u>	<u>\$ 1,139,857</u>	<u>\$ 1,139,852</u>	<u>\$ 558</u>
<u>Liabilities</u>				
Court Ordered Deposits	\$ 553	\$ 1,139,857	\$ 1,139,852	\$ 558
Total Liabilities	<u>\$ 553</u>	<u>\$ 1,139,857</u>	<u>\$ 1,139,852</u>	<u>\$ 558</u>
<i><u>Library System:</u></i>				
<u>Assets</u>				
Cash	\$ 5	\$ 28,434	\$ 28,434	\$ 5
Total Assets	<u>\$ 5</u>	<u>\$ 28,434</u>	<u>\$ 28,434</u>	<u>\$ 5</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 5	\$ 28,434	\$ 28,434	\$ 5
Total Liabilities	<u>\$ 5</u>	<u>\$ 28,434</u>	<u>\$ 28,434</u>	<u>\$ 5</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, 2017

	Balance January 1, 2017	<u>Additions</u>	<u>Deductions</u>	Balance December 31, 2017
<u>Adult Probation:</u>				
<u>Assets</u>				
Cash	\$ 217,225	\$ 798,806	\$ 820,593	\$ 195,438
Total Assets	\$ 217,225	\$ 798,806	\$ 820,593	\$ 195,438
<u>Liabilities</u>				
Due to Other Governments	\$ 215,610	\$ 715,773	\$ 737,565	\$ 193,818
Court Ordered Deposits	(4)	83,029	83,029	(4)
Inmate Trust	1,619	5	-	1,624
Total Liabilities	\$ 217,225	\$ 798,806	\$ 820,593	\$ 195,438
<u>Juvenile Probation Fund:</u>				
<u>Assets</u>				
Cash	\$ -	\$ 2,239	\$ 2,239	\$ -
Total Assets	\$ -	\$ 2,239	\$ 2,239	\$ -
<u>Liabilities</u>				
Court Ordered Deposits	\$ -	\$ 2,239	\$ 2,239	\$ -
Total Liabilities	\$ -	\$ 2,239	\$ 2,239	\$ -
<u>Total All Agency Funds:</u>				
<u>Assets</u>				
Cash	\$ 7,424,632	\$ 80,530,620	\$ 78,028,303	\$ 9,926,950
Investments	1,018,192	1,071,363	1,448,820	640,735
Total Assets	\$ 8,442,824	\$ 81,601,983	\$ 79,477,122	\$ 10,567,684
<u>Liabilities</u>				
Due to Other Governments	\$ 4,549,291	\$ 76,719,495	\$ 73,787,533	\$ 7,481,252
Court Ordered Deposits	770,072	2,712,296	2,699,609	782,759
Inmate Trust Funds	197,647	366,879	330,926	233,600
Court Ordered Trust Funds	2,925,815	1,803,313	2,659,053	2,070,073
Total Liabilities	\$ 8,442,824	\$ 81,601,983	\$ 79,477,122	\$ 10,567,684

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, 2017

	2017	2016
Governmental Funds Capital Assets:		
Land	\$ 1,032,025	\$ 1,032,025
Construction in Progress	-	1,491,182
Buildings	27,205,525	23,554,352
Machinery and Equipment	13,936,210	13,598,841
Infrastructure	3,978,922	3,978,922
Total Governmental Funds Capital Assets	<u>\$ 46,152,683</u>	<u>\$ 43,655,322</u>
Investments in Governmental Funds Capital Assets by Source:		
General Revenues	26,030,745	23,835,027
Certificates of Obligation	19,103,202	19,103,202
Capital Leases	301,643	-
Donations	673,965	673,965
Drug Seizures	43,128	43,128
Total Governmental Funds Capital Assets	<u>\$ 46,152,683</u>	<u>\$ 43,655,322</u>

Rusk County, Texas
 Capital Assets Used in the Operation of Governmental Funds
 Schedule By Function and Activity
 December 31, 2017

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
General Government:						
County Judge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Clerk	-	-	-	63,528	-	63,528
Veteran's Service	-	-	-	56,804	-	56,804
Information Technology	-	-	-	28,389	-	28,389
Emergency Management	-	-	-	367,868	-	367,868
Total General Government	\$ -	\$ -	\$ -	\$ 516,589	\$ -	\$ 516,589
Judicial:						
Justices of the Peace	\$ 1,060	\$ -	\$ 243,927	\$ 12,137	\$ -	\$ 257,124
District Court	-	-	-	-	-	-
Total Judicial	\$ 1,060	\$ -	\$ 243,927	\$ 12,137	\$ -	\$ 257,124
Legal:						
District Attorney	\$ -	\$ -	\$ -	\$ 17,261	\$ -	\$ 17,261
Total District Attorney	\$ -	\$ -	\$ -	\$ 17,261	\$ -	\$ 17,261
Elections:						
Elections	\$ 16,665	\$ -	\$ -	\$ 91,741	\$ -	\$ 108,406
Total Elections	\$ 16,665	\$ -	\$ -	\$ 91,741	\$ -	\$ 108,406
Financial Administration:						
Tax Assessor-Collector	\$ -	\$ -	\$ 248,887	\$ 5,362	\$ -	\$ 254,249
Treasurer	-	-	-	5,000	-	5,000
Total Financial Administration	\$ -	\$ -	\$ 248,887	\$ 10,362	\$ -	\$ 259,249
Public Facilities:						
Courthouse	\$ 191,486	\$ -	\$ 1,166,870	\$ 368,345	\$ -	\$ 1,726,701
Miscellaneous and Nondepartmental	11,100	-	-	134,506	-	145,606
Total Public Facilities	\$ 202,586	\$ -	\$ 1,166,870	\$ 502,851	\$ -	\$ 1,872,307
Public Safety:						
Jail	\$ 225,000	\$ -	\$ 19,433,216	\$ 61,293	\$ -	\$ 19,719,509
Sheriff	50,000	-	386,847	1,536,230	-	1,973,077
Courthouse Security	-	-	-	16,388	-	16,388
Juvenile Probation	-	-	137,493	25,029	-	162,522
Total Public Safety	\$ 275,000	\$ -	\$ 19,957,556	\$ 1,638,940	\$ -	\$ 21,871,496
Public Transportation:						
Road & Bridge-Precinct #1	\$ 4,667	\$ -	\$ -	\$ 2,447,765	\$ 981,240	\$ 3,433,672
Road & Bridge-Precinct #2	6,268	-	-	2,243,455	1,487,698	3,737,421
Road & Bridge-Precinct #3	8,050	-	-	2,470,294	1,173,944	3,652,288
Road & Bridge-Precinct #4	17,624	-	-	3,298,019	336,040	3,651,683
Road & Bridge-Miscellaneous	-	-	-	31,597	-	31,597
License & Weight	-	-	-	72,675	-	72,675
Airport	346,420	-	680,393	331,578	-	1,358,391
Total Public Transportation	\$ 383,029	\$ -	\$ 680,393	\$ 10,895,383	\$ 3,978,922	\$ 15,937,727

Rusk County, Texas
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
December 31, 2017

<u>Function and Activity</u>	<u>Land</u>	Construction in <u>Progress</u>	<u>Buildings</u>	Machinery and <u>Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Health and Welfare:						
County Health	\$ -	\$ -	\$ -	\$ 29,506	\$ -	\$ 29,506
Sanitation	12,165	-	-	31,272	-	43,437
Total Health and Welfare	\$ 12,165	\$ -	\$ -	\$ 60,778	\$ -	\$ 72,943
Culture and Recreation:						
Library Complex	\$ 90,580	\$ -	\$ 945,542	\$ 166,015	\$ -	\$ 1,202,137
Depot/Children's Discovery Center	40,440	-	173,684	9,450	-	223,574
Community Center	10,500	-	-	-	-	10,500
Total Culture and Recreation	\$ 141,520	\$ -	\$ 1,119,226	\$ 175,465	\$ -	\$ 1,436,211
Conservation and Agriculture:						
Agriculture & Home Demo	\$ -	\$ -	\$ 137,493	\$ 14,705	\$ -	\$ 152,198
Youth Expo Center	-	-	3,651,173	-	-	3,651,173
Total Conservation and Agriculture	\$ -	\$ -	\$ 3,788,666	\$ 14,705	\$ -	\$ 3,803,371
Total Governmental Funds Capital Assets	\$ 1,032,025	\$ -	\$ 27,205,525	\$ 13,936,212	\$ 3,978,922	\$ 46,152,683

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, 2017

<u>Function and Activity</u>	<u>Beginning Balance January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets December 31, 2017</u>
General Government:				
County Judge	\$ -	\$ -	\$ -	\$ -
County Clerk	63,528	-	-	63,528
Veteran's Service	56,804	-	-	56,804
Information Technology	28,389	-	-	28,389
Emergency Management	367,868	-	-	367,868
Total General Government	<u>\$ 516,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 516,589</u>
Judicial:				
Justices of the Peace	\$ 257,124	-	\$ -	\$ 257,124
District Court	-	-	-	-
Total Judicial	<u>\$ 257,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 257,124</u>
Legal:				
District Attorney	\$ 17,261	\$ -	\$ -	\$ 17,261
Total Legal	<u>\$ 17,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,261</u>
Elections:				
Elections	\$ 108,406	\$ -	\$ -	\$ 108,406
Total Elections	<u>\$ 108,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,406</u>
Financial Administration:				
Tax Assessor-Collector	\$ 254,249	\$ -	\$ -	\$ 254,249
Treasurer	5,000	-	-	5,000
Total Financial Administration	<u>\$ 259,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,249</u>
Public Facilities:				
Courthouse	\$ 1,726,701	\$ -	\$ -	\$ 1,726,701
Miscellaneous and Nondepartmental	145,606	-	-	145,606
Total Public Facilities	<u>\$ 1,872,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,872,307</u>
Public Safety:				
Jail	\$ 19,719,509	\$ -	\$ -	\$ 19,719,509
Sheriff	1,912,047	146,693	85,663	1,973,077
Courthouse Security	16,388	-	-	16,388
Juvenile Probation	162,522	-	-	162,522
Total Public Safety	<u>\$ 21,810,466</u>	<u>\$ 146,693</u>	<u>\$ 85,663</u>	<u>\$ 21,871,496</u>
Public Transportation:				
Road & Bridge-Precinct #1	\$ 3,335,359	\$ 330,071	\$ 231,758	\$ 3,433,672
Road & Bridge-Precinct #2	3,560,231	177,190	-	3,737,421
Road & Bridge-Precinct #3	3,731,217	441,139	520,068	3,652,288
Road & Bridge-Precinct #4	3,537,859	455,479	341,655	3,651,683
Road & Bridge-Miscellaneous	31,597	-	-	31,597
License & Weight	72,675	-	-	72,675

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, 2017

<u>Function and Activity</u>	<u>Beginning Balance January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets December 31, 2017</u>
Airport	2,875,015	-	1,516,624	1,358,391
Total Public Transportation	\$ 17,143,953	\$ 1,403,879	\$ 2,610,105	\$ 15,937,727
Health and Welfare:				
County Health	\$ 29,506	\$ -	\$ -	\$ 29,506
Sanitation	58,837	-	15,400	43,437
Total Health and Welfare	\$ 88,343	\$ -	\$ 15,400	\$ 72,943
Culture and Recreation:				
Library Complex	\$ 1,195,352	\$ 6,785	\$ -	\$ 1,202,137
Depot/Children's Discovery Center	223,574	-	-	223,574
Community Center	10,500	-	-	10,500
Total Culture and Recreation	\$ 1,429,426	\$ 6,785	\$ -	\$ 1,436,211
Conservation and Agriculture:				
Agriculture & Home Demo	\$ 152,198	\$ -	\$ -	\$ 152,198
Youth Expo Center	-	3,651,173	-	3,651,173
Total Conservation and Agriculture	\$ 152,198	\$ 3,651,173	\$ -	\$ 3,803,371
Total Governmental Funds Capital Assets	\$ 43,655,322	\$ 5,208,530	\$ 2,711,168	\$ 46,152,683

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)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Net Investment in Capital Assets										
Restricted	\$ 17,401,492	\$ 14,450,087	\$ 12,107,820	\$ 12,116,832	\$ 12,114,324	\$ 11,939,360	\$ 12,149,550	\$ 11,710,141	\$ 10,916,017	\$ 9,633,246
Unrestricted	1,517,928	1,146,193	1,174,870	961,706	923,225	787,396	207,659	120,834	66,838	67,419
	15,981,688	19,687,992	20,482,094	22,786,112	21,150,898	19,751,536	18,580,317	17,742,764	16,325,566	14,761,588
Total	\$ 34,901,108	\$ 35,284,272	\$ 33,764,784	\$ 35,864,650	\$ 34,188,447	\$ 32,478,292	\$ 30,937,526	\$ 29,573,739	\$ 27,308,421	\$ 24,462,253

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
General Government	\$ 2,802,813	\$ 2,465,572	\$ 2,396,679	\$ 2,391,322	\$ 2,500,971	\$ 2,569,722	\$ 2,307,567	\$ 2,506,904	\$ 2,713,457	\$ 2,629,527
Judicial	2,281,266	2,694,105	2,589,015	2,431,208	2,308,514	2,278,032	2,386,602	2,866,978	2,386,349	2,338,133
Legal	622,483	609,600	593,937	602,142	597,931	584,071	605,541	531,893	451,559	436,245
Elections	225,542	266,954	217,098	249,122	188,382	238,372	172,758	203,611	193,749	179,431
Financial Administration	1,988,815	1,905,182	1,851,062	1,814,390	1,748,139	1,746,186	1,682,757	1,609,417	1,544,309	1,494,900
Public Facilities	678,806	559,044	645,729	761,845	863,205	756,369	725,521	621,606	700,669	723,640
Public Safety	8,015,223	7,482,411	6,962,714	6,885,164	6,582,485	6,244,736	5,828,528	5,494,159	5,574,435	5,003,927
Public Transportation	7,431,412	7,246,701	7,954,065	6,681,505	6,604,989	6,566,057	7,163,046	6,698,275	6,218,959	5,822,623
Health and Welfare	610,036	579,082	549,584	551,406	701,967	706,938	754,206	754,302	721,634	515,399
Culture and Recreation	1,244,740	1,211,220	1,152,304	1,106,036	1,029,227	1,075,540	1,042,855	1,007,038	1,015,949	949,957
Conservation	194,279	184,975	174,090	174,833	166,649	155,805	165,767	136,763	129,663	126,428
Interest on Long-Term Debt	179,505	454,537	429,168	478,600	486,853	534,224	583,919	633,361	664,495	492,486
Total Expenses	\$ 26,274,920	\$ 25,659,383	\$ 25,515,445	\$ 24,127,573	\$ 23,779,312	\$ 23,456,052	\$ 23,419,067	\$ 23,064,307	\$ 22,315,227	\$ 20,712,696
Program Revenues										
Charges for Services:										
General Government	\$ 517,261	\$ 474,601	\$ 599,619	\$ 660,014	\$ 778,666	\$ 781,522	\$ 589,945	\$ 658,536	\$ 861,162	\$ 1,068,304
Judicial	782,230	759,768	751,698	840,343	934,457	1,127,809	1,104,447	1,113,590	1,106,935	1,085,376
Legal	36,654	47,759	37,960	45,287	57,797	58,122	69,742	58,488	87,661	177,602
Elections	23,964	22,998	10,115	44,852	25,336	52,635	37,224	39,114	4,741	9,830
Financial Administration	1,543,089	1,573,697	1,669,286	1,642,443	1,608,048	1,551,377	1,512,021	1,495,621	1,521,080	1,511,674
Public Facilities	7,680	8,462	8,450	6,150	5,400	5,000	5,400	5,475	5,400	5,400
Public Safety	126,021	135,473	114,880	121,028	148,074	135,416	137,485	125,535	216,510	505,552
Public Transportation	219,261	200,492	230,316	271,467	222,748	264,019	256,426	188,516	122,550	80,443
Health and Welfare	169,761	159,913	150,756	136,772	153,723	144,323	154,083	138,677	142,840	137,676
Culture and Recreation	29,002	30,453	33,800	31,156	26,647	32,445	28,326	24,427	25,699	26,318
Operating Grants and Contributions	642,054	831,974	682,323	609,584	617,321	854,918	697,592	681,989	621,711	683,055
Capital Grants and Contributions	171,724	292,842	716,590	427,699	504,290	319,926	372,479	267,695	340,246	447,580
Total Program Revenues	\$ 4,268,701	\$ 4,538,432	\$ 5,005,793	\$ 4,836,795	\$ 5,082,507	\$ 5,327,512	\$ 4,965,170	\$ 4,797,663	\$ 5,056,535	\$ 5,738,810
Net (Expense)/Revenue	\$ (22,006,219)	\$ (21,120,951)	\$ (20,509,652)	\$ (19,290,778)	\$ (18,696,805)	\$ (18,128,540)	\$ (18,453,897)	\$ (18,266,644)	\$ (17,258,692)	\$ (14,973,886)

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Revenues and Other Changes in Net Position										
Property Taxes	\$ 19,952,562	\$ 20,082,905	\$ 20,296,606	\$ 20,209,323	\$ 19,696,484	\$ 18,968,825	\$ 19,071,911	\$ 19,057,736	\$ 18,535,575	\$ 15,132,007
Other Taxes	10,648	10,960	14,211	15,384	10,314	11,451	11,207	10,476	8,638	5,585
Grants and Contributions not Restricted to Specific Programs	-	-	-	-	-	-	-	-	-	9,170
Miscellaneous	1,659,845	2,522,797	2,489,004	690,504	412,759	583,411	967,619	1,463,750	1,560,647	2,613,210
Gain (Loss) on Sales of Assets	-	23,777	143,943	51,770	287,403	105,619	-	-	-	-
Total General Revenues and Other Changes in Net Position	\$ 21,623,055	\$ 22,640,439	\$ 22,943,764	\$ 20,966,981	\$ 20,406,960	\$ 19,669,306	\$ 20,050,737	\$ 20,531,962	\$ 20,104,860	\$ 17,759,972
Change in Net Position	\$ (383,164)	\$ 1,519,488	\$ 2,434,112	\$ 1,676,203	\$ 1,710,155	\$ 1,540,766	\$ 1,596,840	\$ 2,265,318	\$ 2,846,168	\$ 2,786,086

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund										
Nonspendable	\$ 127,494	\$ 120,845	\$ 110,250	\$ 104,793	\$ 95,779	\$ 86,895	\$ 92,152	\$ 73,843	\$ 90,602	\$ 79,820
Unassigned	11,323,125	13,077,681	14,294,913	13,949,592	12,828,116	11,010,688	9,499,518	8,072,463	6,875,744	5,634,509
Total General Fund	\$ 11,450,619	\$ 13,198,526	\$ 14,405,163	\$ 14,054,385	\$ 12,923,895	\$ 11,097,583	\$ 9,591,670	\$ 8,146,306	\$ 6,966,346	\$ 5,714,329
All Other Governmental Funds										
Nonspendable, Reported in:										
Special Revenue Funds	\$ 47,367	\$ 50,436	\$ 48,507	\$ 42,186	\$ 40,762	\$ -	\$ 48,720	\$ 12,260	\$ 8,985	\$ -
Permanent Funds	66,502	66,651	66,503	66,451	66,451	66,451	66,451	66,451	66,451	66,451
Restricted, Reported in:										
Special Revenue Funds	7,428,133	10,395,320	10,910,683	8,882,723	7,947,885	8,083,003	7,769,821	7,813,776	7,549,788	7,384,782
Debt Service Fund	1,196,087	1,027,466	1,194,738	1,008,277	981,207	880,091	312,870	251,165	142,908	884
Capital Projects Funds	-	-	-	-	-	-	1,110,222	2,934,601	11,936,646	15,744,608
Permanent Funds	397	551	724	677	630	1,097	686	580	387	968
Total All Other Governmental Funds	\$ 8,738,486	\$ 11,540,424	\$ 12,221,155	\$ 10,000,314	\$ 9,036,935	\$ 9,030,642	\$ 9,308,770	\$ 11,078,833	\$ 19,705,165	\$ 23,197,693

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Ad Valorem Taxes	\$ 17,834,933	\$ 19,022,552	\$ 20,182,741	\$ 20,098,925	\$ 19,620,948	\$ 18,910,131	\$ 19,023,149	\$ 19,011,462	\$ 18,483,518	\$ 15,163,551
Other Taxes	10,648	10,960	14,211	15,384	10,314	11,451	11,207	10,476	8,638	5,585
Intergovernmental	718,005	898,583	1,288,412	951,077	1,108,223	1,161,196	1,054,635	935,008	940,457	1,138,807
Fees	2,824,622	2,810,080	3,059,497	3,122,791	3,206,652	3,218,023	2,961,380	2,933,010	3,107,887	3,229,850
Fines and Forfeitures	647,526	639,067	448,113	693,184	739,720	895,756	911,127	890,196	981,638	1,363,094
Miscellaneous	1,459,496	2,458,966	2,837,623	820,265	760,937	780,753	1,227,452	1,454,803	1,540,018	2,735,338
Total Revenues	\$ 23,495,230	\$ 25,840,208	\$ 27,830,597	\$ 25,701,626	\$ 25,446,794	\$ 24,977,310	\$ 25,188,950	\$ 25,234,955	\$ 25,062,156	\$ 23,636,225
Expenditures										
General Government	\$ 1,431,311	\$ 1,579,228	\$ 1,494,580	\$ 1,387,736	\$ 1,511,136	\$ 1,366,604	\$ 1,315,372	\$ 1,320,775	\$ 1,434,205	\$ 1,269,771
Judicial	2,492,508	2,636,082	2,528,118	2,371,495	2,278,410	2,217,680	2,356,730	2,856,259	2,368,772	2,324,660
Legal	612,374	603,472	590,379	588,047	590,146	571,069	598,231	541,061	448,985	432,977
Elections	215,114	262,470	213,089	245,758	186,285	228,494	166,254	198,470	187,089	167,604
Financial Administration	1,899,748	1,874,290	1,813,263	1,778,856	1,729,954	1,712,623	1,663,473	1,610,118	1,549,434	1,492,757
Public Facilities	583,890	491,450	609,813	720,180	805,138	737,373	707,359	608,590	685,269	706,639
Public Safety	6,173,941	6,241,955	6,049,767	5,892,912	5,691,604	5,628,597	5,453,515	5,227,551	5,379,212	4,830,771
Public Transportation	6,180,075	6,364,781	6,233,731	5,792,902	5,700,644	5,529,201	5,952,718	5,708,918	5,329,084	5,038,624
Health and Welfare	584,107	565,817	534,943	534,078	687,931	693,254	742,309	736,447	625,991	512,278
Culture and Recreation	1,155,120	1,173,513	1,102,586	1,053,569	1,000,726	1,003,019	981,557	972,016	950,790	882,939
Conservation	177,642	177,636	168,177	170,305	165,143	151,287	159,044	133,084	126,541	122,434
Nondepartmental	645,394	606,213	647,634	766,886	638,145	797,225	641,844	551,515	853,377	792,204
Capital Outlay	4,830,199	3,697,361	1,516,008	847,772	1,173,537	1,617,263	3,278,808	10,720,338	5,855,945	2,175,557
Debt Service:										
Principal	1,080,000	1,040,000	1,000,000	965,000	930,000	936,202	904,018	871,948	852,935	79,327
Interest	282,483	412,585	456,894	492,263	525,388	559,634	592,417	624,237	655,038	232,311
Debt Issuance Cost	2,812	156,015	-	-	-	-	-	-	-	302,293
Total Expenditures	\$ 28,346,718	\$ 27,882,868	\$ 24,958,982	\$ 23,607,759	\$ 23,614,187	\$ 23,749,525	\$ 25,513,649	\$ 32,681,327	\$ 27,302,667	\$ 21,363,146
Excess of Revenues Over/(Under) Expenditures	\$ (4,851,488)	\$ (2,042,660)	\$ 2,871,615	\$ 2,093,867	\$ 1,832,607	\$ 1,227,785	\$ (324,699)	\$ (7,446,372)	\$ (2,240,511)	\$ 2,273,079

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Other Financing Sources/(Uses)										
Transfers in	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 685,643	\$ 115,000	\$ 360,000	\$ 355,000	\$ 575,000
Transfers out	(120,000)	(120,000)	(420,000)	(120,000)	(120,000)	(685,643)	(115,000)	(360,000)	(355,000)	(575,000)
Certificates of Obligation Issued	-	7,115,000	-	-	-	-	-	-	-	16,000,000
Premium on Certificates of Obligation	-	785,570	-	-	-	-	-	-	-	203,801
Payment to Refunded Bond Escrow Agent	301,643	(7,745,277)	-	-	-	-	-	-	-	-
Capital Leases	-	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	\$ 301,643	\$ 155,293	\$ (300,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,203,801
Net Changes in Fund Balances	\$ (4,549,845)	\$ (1,887,367)	\$ 2,571,615	\$ 2,093,867	\$ 1,832,607	\$ 1,227,785	\$ (324,699)	\$ (7,446,372)	\$ (2,240,511)	\$ 18,476,880

Debt Service as a Percentage of Noncapital Expenditures	5.53%	5.93%	5.99%	6.42%	6.47%	6.75%	6.70%	6.75%	6.91%	1.60%
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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)

<u>Tax Roll Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less Exemptions</u>	<u>Total Assessed</u>	<u>Estimated Actual Value</u>	<u>Ratio of Assessed Value to Total Estimated Actual Value</u>	<u>Total Direct Tax Rate</u>
2008	2,592,739	4,412,925	1,854,401	5,151,263	7,005,664	73.53	0.36760
2009	2,583,800	4,493,701	1,788,132	5,289,369	7,077,501	74.73	0.37200
2010	2,617,946	4,205,464	1,797,793	5,025,617	6,823,410	73.65	0.39750
2011	2,650,132	3,637,093	1,685,788	4,601,437	6,287,225	73.19	0.44170
2012	2,674,978	3,398,576	1,638,860	4,434,694	6,073,554	73.02	0.46908
2013	2,782,293	3,303,655	1,691,966	4,393,982	6,085,948	72.20	0.45492
2014	2,819,078	3,281,011	1,671,605	4,428,484	6,100,089	72.60	0.44711
2015	2,909,647	3,139,449	1,656,021	4,393,075	6,049,096	72.62	0.46576
2016	3,006,417	2,545,502	1,686,125	3,865,794	5,551,919	69.63	0.53067
2017	3,046,201	2,339,926	1,666,657	3,719,470	5,386,127	69.06	0.59336

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Rusk County, Texas										
Operating	\$0.40342	\$0.36247	\$0.31627	\$0.30611	\$0.31492	\$0.30600	\$0.28810	\$0.25780	\$0.24020	\$0.23400
Debt Service	0.04422	0.04548	0.03090	0.03667	0.03343	0.03468	0.03180	0.02980	0.02900	0.03080
County School	0.02575	0.02455	0.02139	0.02100	0.02100	0.02100	0.02100	0.01910	0.01780	0.01780
Farm to Market	0.09946	0.08562	0.07471	0.06800	0.06700	0.05640	0.05380	0.04880	0.04500	0.04500
Special Roads	<u>0.06473</u>	<u>0.06119</u>	<u>0.05339</u>	<u>0.05200</u>	<u>0.05200</u>	<u>0.05100</u>	<u>0.04700</u>	<u>0.04200</u>	<u>0.04000</u>	<u>0.04000</u>
Total Rate	<u>\$0.63758</u>	<u>\$0.57931</u>	<u>\$0.49666</u>	<u>\$0.48378</u>	<u>\$0.48835</u>	<u>\$0.46908</u>	<u>\$0.44170</u>	<u>\$0.39750</u>	<u>\$0.37200</u>	<u>\$0.36760</u>
City of Henderson, Texas										
Operating	\$0.43170	\$0.40710	\$0.41570	\$0.46100	\$0.36510	\$0.42960	\$0.41540	\$0.43860	\$0.43690	\$0.42900
Debt Service	<u>0.09000</u>	<u>0.11460</u>	<u>0.10600</u>	<u>0.05430</u>	<u>0.15660</u>	<u>0.09210</u>	<u>0.10630</u>	<u>0.08310</u>	<u>0.08480</u>	<u>0.09270</u>
Total Rate	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.51530</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>
City of New London, Texas										
Operating	\$1.17382	\$1.15000	\$0.90445	\$0.06500	\$0.60528	\$0.51095	\$0.63481	\$0.63481	\$0.75130	\$0.60523
Total Rate	<u>\$1.17382</u>	<u>\$1.15000</u>	<u>\$0.90445</u>	<u>\$0.06500</u>	<u>\$0.60528</u>	<u>\$0.51095</u>	<u>\$0.63481</u>	<u>\$0.63481</u>	<u>\$0.75130</u>	<u>\$0.60523</u>
City of Kilgore, Texas										
Operating	\$0.51311	\$0.46974	\$0.41987	\$0.40011	\$0.37011	\$0.34971	\$0.34765	\$0.33680	\$0.33680	\$0.34127
Debt Service	<u>0.02589</u>	<u>0.03598</u>	<u>0.04989</u>	<u>0.04989</u>	<u>0.04989</u>	<u>0.05029</u>	<u>0.05179</u>	<u>0.05557</u>	<u>0.05557</u>	<u>0.05873</u>
Total Rate	<u>\$0.53900</u>	<u>\$0.50572</u>	<u>\$0.46976</u>	<u>\$0.45000</u>	<u>\$0.42000</u>	<u>\$0.40000</u>	<u>\$0.39944</u>	<u>\$0.39237</u>	<u>\$0.39237</u>	<u>\$0.40000</u>
City of Overton, Texas										
Operating	\$0.41000	\$0.17500	\$0.41000	\$0.41000	\$0.40397	\$0.41735	\$0.39781	\$0.38090	\$0.38090	\$0.38090
Debt Service	<u>0.25800</u>	<u>0.00000</u>	<u>0.21800</u>	<u>0.21800</u>	<u>0.14921</u>	<u>0.15415</u>	<u>0.17872</u>	<u>0.17500</u>	<u>0.17500</u>	<u>0.175</u>
Total Rate	<u>\$0.66800</u>	<u>\$0.17500</u>	<u>\$0.62800</u>	<u>\$0.62800</u>	<u>\$0.55318</u>	<u>\$0.57150</u>	<u>\$0.57653</u>	<u>\$0.55590</u>	<u>\$0.55590</u>	<u>\$0.55590</u>
City of Tatum, Texas										
Operating	\$0.31984	\$0.32015	\$0.33528	\$0.31670	\$0.31670	\$0.30596	\$0.31851	\$0.31943	\$0.33577	\$0.33702
Debt Service	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Total Rate	<u>\$0.31984</u>	<u>\$0.32015</u>	<u>\$0.33528</u>	<u>\$0.31670</u>	<u>\$0.31670</u>	<u>\$0.30596</u>	<u>\$0.31851</u>	<u>\$0.31943</u>	<u>\$0.33577</u>	<u>\$0.33702</u>

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Henderson ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>0.23000</u>	<u>0.23000</u>	<u>0.23000</u>	<u>0.23000</u>	<u>0.14000</u>	<u>0.14000</u>	<u>0.14000</u>	<u>0.14000</u>	<u>0.14000</u>	<u>0.14000</u>
Total Rate	<u>\$1.27000</u>	<u>\$1.27000</u>	<u>\$1.27000</u>	<u>\$1.27000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>
Laneville ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.04000
Total Rate	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.04000</u>
Leverett's Chapel ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.22180	\$1.25180	\$1.25180	\$1.25180
Debt Service	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Total Rate	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.22180</u>	<u>\$1.25180</u>	<u>\$1.25180</u>	<u>\$1.25180</u>
Mt. Enterprise ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>0.06360</u>	<u>0.06360</u>	<u>0.06360</u>	<u>0.06360</u>	<u>0.04360</u>	<u>0.04360</u>	<u>0.17360</u>	<u>0.16270</u>	<u>0.09798</u>	<u>0.16650</u>
Total Rate	<u>\$1.23360</u>	<u>\$1.23360</u>	<u>\$1.23360</u>	<u>\$1.23360</u>	<u>\$1.21360</u>	<u>\$1.21360</u>	<u>\$1.21360</u>	<u>\$1.20270</u>	<u>\$1.13798</u>	<u>\$1.20650</u>
Overton ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>0.31900</u>	<u>0.31900</u>	<u>0.31900</u>	<u>0.44900</u>	<u>0.44900</u>	<u>0.44900</u>	<u>0.46430</u>	<u>0.44000</u>	<u>0.40000</u>	<u>0.14100</u>
Total Rate	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.50430</u>	<u>\$1.48000</u>	<u>\$1.44000</u>	<u>\$1.18100</u>
Tatum ISD										
Operating	\$1.04000	\$1.01070	\$0.94670	\$0.94670	\$0.88000	\$0.85500	\$0.76000	\$0.92890	\$0.76000	\$0.75000
Debt Service	<u>0.16700</u>	<u>0.18930</u>	<u>0.22330</u>	<u>0.22330</u>	<u>0.29000</u>	<u>0.31500</u>	<u>0.28000</u>	<u>0.11110</u>	<u>0.28000</u>	<u>0.29000</u>
Total Rate	<u>\$1.20700</u>	<u>\$1.20000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
West Rusk CISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	\$0.32000	\$0.32000	\$0.32000	\$0.32000	\$0.32000	\$0.32000	\$0.08000	\$0.08000	\$0.08820	\$0.09300
Total Rate	\$1.36000	\$1.36000	\$1.36000	\$1.36000	\$1.36000	\$1.36000	\$1.12000	\$1.12000	\$1.12820	\$1.13300
Rusk ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	0.11250	0.11250	0.11250	0.11250	0.11250	0.11250	0.11750	0.11750	0.11750	0.11750
Total Rate	\$1.15250	\$1.15250	\$1.15250	\$1.15250	\$1.15250	\$1.15250	\$1.15750	\$1.15750	\$1.15750	\$1.15750
Kilgore ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	0.26920	0.26920	0.26920	0.26920	0.26920	0.26920	0.26920	0.06920	0.06920	0.08100
Total Rate	\$1.30920	\$1.30920	\$1.30920	\$1.30920	\$1.30920	\$1.30920	\$1.30920	\$1.10920	\$1.10920	\$1.12100
Carlisle ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000
Debt Service	0.35000	0.38000	0.38000	0.38000	0.38000	0.30000	0.33500	0.08200	0.10000	0.07000
Total Rate	\$1.52000	\$1.55000	\$1.55000	\$1.55000	\$1.55000	\$1.47000	\$1.50500	\$1.25200	\$1.27000	\$1.24000
Kilgore College										
Operating	\$0.17500	\$0.17500	\$0.17500	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.15400
Total Rate	\$0.17500	\$0.17500	\$0.17500	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.15400	\$0.15400
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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Garrison ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.02200	\$1.02200	\$1.02200	\$1.02200	\$1.02200	\$1.02200
Debt Service	<u>0.06650</u>	<u>0.06650</u>	<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>
Total Rate	<u>\$1.10650</u>	<u>\$1.10650</u>	<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>
Cushing ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>0.26000</u>	<u>0.26000</u>	<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>
Total Rate	<u>\$1.30000</u>	<u>\$1.30000</u>	<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>
Total	<u>\$19.38274</u>	<u>\$18.79768</u>	<u>\$18.87605</u>	<u>\$17.95593</u>	<u>\$18.28061</u>	<u>\$18.07261</u>	<u>\$17.92349</u>	<u>\$17.36791</u>	<u>\$17.38016</u>	<u>\$16.66221</u>

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

<u>Taxpayer</u>	<u>Type of Business</u>	2017 Assessed		2008 Assessed		Percentage of Total Assessed	
		<u>Rank</u>	<u>Valuation</u>	<u>Rank</u>	<u>Valuation</u>	<u>Valuation</u>	<u>Valuation</u>
Luminant Generation Co. LP	Electric Generating	1	\$ 528,523,780	1	1,410,554,480	14.21%	27.38
Tenaksa Gateway Partners LTD	Electric Generating	2	112,358,510			3.02	0.00
Sabine Oil and Gas LLC	Minerals	3	89,075,710			2.39	
Luminant Mining Co	Lease Equipment	4	63,921,600	7	55,117,190	1.72	1.07
Enbridge PL LP - Trnsmisss	Pipeline	5	32,054,450			0.86	
Energy Transfer Fuel Co	Utility	6	31,962,310			0.86	
Management & Training Corp	Real Estate	7	31,930,400			0.86	
Oncor Electric Delivery Co LLC	Utility	8	31,826,420			0.86	
AEP Southwestern Elec Power Co	Utility	9	30,607,910			0.82	
Transcanda Keystone Pipeline	Pipeline	10	29,349,830			0.79	
Sampson Lone Star LP	Minerals			2	157,130,350		3.05
Verado Energy, Inc	Minerals			3	89,235,030		1.73
El Paso E&P Co. LP	Utility			4	75,695,280		1.47
Anadarko E&P Co. LP	Utility			5	72,495,220		1.41
Chinn Exploration	Minerals			9	45,121,900		0.88
Cabot Oil& Gas Corp	Minerals			10	45,045,860		0.87
BP America Inc.	Oil & Gas			8	45,216,770		0.88
BASA Resources	Minerals			6	58,192,410		1.13
Total			\$ 981,610,920		\$ 2,053,804,490	26.39%	39.87%

Source: Rusk County Appraisal District

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

Tax Roll Year	(1) Tax Levy	Current Tax Collections	(2) Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	(2) Ratio of Total Tax Collections To Total Tax Levy	(3)/(4) Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2008	18,300,645	17,763,509	97.06	469,346	18,232,855	99.63	67,790	0.37
2009	18,750,333	18,183,297	96.98	504,845	18,688,142	99.67	62,191	0.33
2010	18,787,026	18,275,059	97.27	441,099	18,716,158	99.62	70,868	0.38
2011	18,948,333	18,014,651	95.07	852,223	18,866,874	99.57	81,459	0.43
2012	19,400,068	18,777,015	96.79	487,774	19,264,789	99.30	135,279	0.70
2013	20,022,006	18,240,172	91.10	1,619,417	19,859,589	99.19	162,417	0.81
2014	20,063,813	19,458,347	96.98	424,685	19,883,032	99.10	180,781	0.90
2015	20,336,201	18,259,598	89.79	668,788	18,928,386	93.08	1,407,815	6.92
2016	20,622,331	17,011,299	82.49	886,770	17,898,069	86.79	2,724,262	13.21
2017	21,748,585	6,867,125	31.58	N/A	6,867,125	31.58	N/A	N/A

(1) Years 2008 through 2016 represent adjusted tax levy and year 2017 represents original tax levy, as adjustments are not complete until the end of the tax roll year June 30, 2018, which will occur during the next fiscal year.

(2) 2017 percentage of collections and total collections is lower than other years because the 2017 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, 2017.

(4) 2017 uncollected taxes are not delinquent until July 1, 2018.

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

Fiscal Year	General Bonded Debt		Total Outstanding Debt	(2) Percentage of Personal Income	Population (3)	Debt Per Capita
	General Obligation Bonds (1)	Capital Leases				
2008	16,198,108	160,103	16,358,211	1.18%	48,949	334
2009	15,374,446	117,168	15,491,614	1.00%	49,180	315
2010	14,525,783	80,220	14,606,003	0.99%	53,330	274
2011	13,647,120	41,202	13,688,322	0.88%	53,689	255
2012	12,738,457	-	12,738,457	0.77%	54,026	236
2013	11,794,794	-	11,794,794	0.66%	53,622	220
2014	10,816,131	-	10,816,131	0.58%	53,923	201
2015	9,802,468	-	9,802,468	0.51%	53,923	182
2016	8,930,850	-	8,930,850	0.46%	52,732	169
2017	7,731,523	301,643	8,033,166	0.43%	52,883	152

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>	<u>Less: Amounts Available in Debt Service Fund (2)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (3)</u>	<u>Per Capita (4)</u>
2008	16,198,108	-	16,198,108	0.23%	331
2009	15,374,446	-	15,374,446	0.22%	313
2010	14,525,783	53,803	14,471,980	0.21%	271
2011	13,647,120	140,522	13,506,598	0.21%	252
2012	12,738,457	719,849	12,018,608	0.20%	222
2013	11,794,794	856,191	10,938,603	0.18%	204
2014	10,816,131	894,578	9,921,553	0.16%	184
2015	9,802,468	1,107,643	8,694,825	0.14%	164
2016	8,930,850	1,027,466	7,903,384	0.14%	150
2017	7,731,523	1,196,087	6,535,436	0.12%	124

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

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
- (2) This is the amount restricted for debt service principal payments.
- (3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on Table 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, 2017
 (Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Cities:			
City of Henderson, Texas	\$ 2,784,800	100.00%	\$ 2,784,800
City of Kilgore, Texas	9,702,351	13.33	1,293,323
City of Overton, Texas	1,185,000	89.29	1,058,087
Total Cities			<u>\$ 5,136,210</u>
Independent School Districts:			
Henderson	60,781,045	100.00%	\$ 60,781,045
Overton	8,815,178	100.00	8,815,178
Mt. Enterprise	2,575,000	100.00	2,575,000
Kilgore	45,430,000	31.69	14,396,767
Rusk	8,790,000	3.92	344,568
Tatum	1,966,263	94.75	1,863,034
West Rusk	18,920,000	100.00	18,920,000
Garrison	1,595,000	12.06	192,357
Carlisle	8,310,000	78.15	6,494,265
Total Independent School Districts			<u>\$ 114,382,214</u>
Subtotal, Overlapping Debt			\$ 119,518,424
Total Direct Debt			<u>8,033,166</u>
Total Direct and Overlapping Debt			<u><u>\$ 127,551,590</u></u>

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

Sources:

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

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

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
2008	5,151,263	1,287,816	16,160	1,271,656	1.25%
2009	5,289,369	1,322,342	15,307	1,307,035	1.16%
2010	5,025,617	1,256,404	14,435	1,241,969	1.15%
2011	4,601,437	1,150,359	13,531	1,136,828	1.18%
2012	4,434,694	1,108,674	12,595	1,096,079	1.14%
2013	4,393,981	1,098,495	11,665	1,086,830	1.06%
2014	4,428,484	1,107,121	10,700	1,096,421	0.97%
2015	4,393,075	1,098,269	9,700	1,088,569	0.88%
2016	3,865,795	966,449	8,931	957,518	0.92%
2017	3,719,470	929,868	8,033	921,834	0.86%

(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>
2008	48,949	1,385,771	27,025	38.4	7,083	4.4
2009	49,180	1,541,594	29,535	38.4	7,118	8.6
2010	53,330	1,480,892	28,048	38.1	7,144	7.3
2011	53,689	1,550,169	29,033	38.1	7,296	6.0
2012	54,026	1,656,894	30,821	38.1	7,369	5.5
2013	53,622	1,789,175	33,117	38.0	7,466	6.1
2014	53,923	1,852,146	34,541	38.4	7,649	4.9
2015	53,070	1,921,424	35,633	38.3	7,740	4.7
2016	52,732	1,936,195	36,484	38.7	7,669	5.8
2017	52,883	1,873,670	35,532	38.8	7,653	5.1

Sources:

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

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

<u>Employer</u>	<u>2017</u>			<u>2008</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	4.31%	896	1	3.89%
Henderson ISD	580	2	2.79%	569	2	2.47%
East Texas ISF/MTC	500	3	2.41%	308	6	1.34%
Sadler's Bar-B-Que Sales	452	4	2.18%	325	5	1.41%
ETMC of Henderson	400	5	1.93%			
Wal-Mart Super Center	350	6	1.69%	350	4	1.52%
Bradshaw State Jail	307	7	1.48%	307	7	1.33%
Rusk County Courthouse	250	8	1.20%	250	8	1.09%
Panel Truss	180	9	0.87%			
Capco	165	10	0.79%	235	10	1.02%
Pioneer Drilling				250	9	1.09%
Henderson Memorial Hospital				400	3	1.74%
Total	<u>4,080</u>		<u>19.64%</u>	<u>3,890</u>		<u>16.90%</u>

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

Source: Henderson Area Chamber of Commerce

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

<u>Function</u>	<u>As of December 31,</u>								
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Government	21	21	20	20	18	18	19	18	20
Judicial	33	33	33	33	32	32	32	32	32
Legal	8	8	8	8	8	8	8	7	6
Elections	2	2	2	2	2	2	2	2	2
Financial Administration	19	19	19	19	19	19	19	18	19
Public Facilities	4	4	4	4	4	4	4	5	5
Public Safety	80	80	80	80	83	83	83	79	71
Public Transportation	58	58	58	58	60	60	60	59	63
Health and Welfare	2	2	2	2	3	3	3	2	2
Culture and Recreation	15	15	15	15	14	14	14	14	14
Conservation	4	4	4	4	4	4	4	4	4
Total	246	246	245	245	247	247	248	240	238

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Judicial									
Cases Filed:									
District Court:									
Civil	342	269	345	325	495	450	470	560	565
Criminal	329	392	339	517	406	370	397	439	452
County Court-at-Law	718	1,069	1,030	1,287	1,083	1,236	839	863	937
Convictions:									
District Court	196	191	189	330	223	222	204	204	235
County Court-at-Law	442	383	415	406	93	430	348	379	380
Elections									
Registered Voters	30,737	31,339	28,807	30,361	30,021	30,880	29,772	29,118	30,229
Public Safety									
Arrests	2,094	1,991	2,053	1,964	2,132	2,527	1,945	1,849	1,829
Prisoner Days	37,845	32,632	36,676	42,997	40,620	37,905	32,933	31,849	34,007
Culture and Recreation									
Library Circulation	537,821	118,690	113,928	107,068	172,248	280,155	129,018	118,071	391,770
Library Attendance	12,266	71,821	56,762	11,091	11,093	9,862	9,441	10,198	8,017
Museum Attendance	32,825	33,025	33,234	29,995	25,589	26,413	23,180	20,486	24,218

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Judicial									
Number of Justices of the Peace offices	5	5	5	5	5	5	5	5	5
Elections									
Number of voting boxes	17	17	17	17	22	22	22	22	22
Public Safety									
Number of Jails	1	1	1	1	1	1	1	1	1
Jail Capacity	292	292	292	292	292	292	292	96	96
Public Transportation									
Number of Precincts	5	5	5	5	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	5	6	6	6	6	6	6	6
Culture and Recreation									
Number of Libraries	4	4	4	4	4	4	4	4	4
Number of Museums	1	1	1	1	1	1	1	1	1
Number of Community Centers	2	2	2	2	3	3	3	3	3

Note:

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

Morgan LaGrone, CPA, PLLC

Certified Public Accountant

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Henderson TX 75654

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

Rusk County Commissioners' Court
Rusk County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas, ("County") as of and for the year ended December 31, 2017, 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 15, 2018.

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

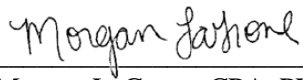
MEMBER

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.



Morgan LaGrone, CPA, PLLC

Henderson, Texas
June 15, 2018

Rusk County, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Homeland Security:</u>			
Passed through Texas Division of Emergency Management:			
Homeland Security Grant Program	97.067	H53106401	\$ 5,200
Total U.S. Department of Homeland Security			<u>\$ 5,200</u>
<u>U.S. Department of Transportation</u>			
Passed through Texas Department of Transportation:			
Airport Improvement Program	20.106	M1710HNDR1	\$ 50,000
Total U.S. Department of Transportation			<u>\$ 50,000</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Passed through the Texas Department of Agriculture			
Lending Reimbursement Program	CDBG 14.228	7217016	\$ 22,750
Total U.S. Department of Housing and Urban Development			<u>\$ 22,750</u>
Total Federal Financial Assistance			<u>\$ 77,950</u>

Rusk County, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

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, 2017

<u>Grantor/Program Title</u>	<u>Grantor's Number</u>	<u>Program Expenditures</u>
Texas Juvenile Probation Commission:		
Juvenile Probation Services-State Aid	TJJD-A-2017-201	\$ 272,412
Juvenile Probation Services-State Aid	TJJD-A-2018-201	134,565
Total Texas Juvenile Probation Commission		<u>\$ 406,977</u>
Texas Task Force on Indigent Defense:		
Indigent Defense Services Grant	212-17-201	\$ 47,012
Total Texas Task Force on Indigent Defense		<u>\$ 47,012</u>
Texas Department of State Health Services		
RLSS-Local Public Health System	2016-001215-00	\$ 34,024
RLSS-Local Public Health System	537-18-0243-00001	17,550
Total Texas Department of State Health Services		<u>\$ 51,574</u>
Texas Department of Transportation		
County Transportation Infrastructure Fund Grant	CTIF-01-201	\$ 93,774
		<u>\$ 93,774</u>
Total State Financial Assistance		<u><u>\$ 599,337</u></u>

Rusk County, Texas
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2017

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, 2017

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weaknesses identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	
2. Federal Awards - N/A Single Audit Not Required			
Internal control over major programs:			
Material weaknesses identified?	<u> </u> Yes	<u> X </u> N/A	
Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> N/A	
Type of auditor's report issued on compliance for major programs:	N/A		
Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular?	<u> </u> Yes	<u> X </u> N/A	
Identification of major programs:			
<u>Name of State Program or Cluster</u>			
N/A			
Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>		
Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> X </u> N/A	

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

Rusk County, Texas
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2017

Finding

Current Status

Not Applicable for the year ended December 31, 2017.

Rusk County, Texas
Corrective Action Plan
For the Year Ended December 31, 2017

Not applicable.