

**RUSK COUNTY, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Prepared by:**

**County Auditor**



**Rusk County, Texas  
Comprehensive Annual Financial Report  
For the Year Ended December 31, 2011**

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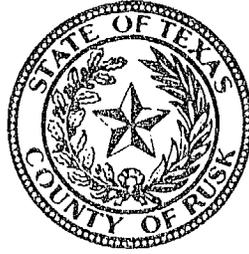
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# **INTRODUCTORY SECTION**

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**COUNTY AUDITOR:**  
**Ronald Moody**



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

June 7, 2012

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, 2011. The report was prepared by the County Auditor's Office. This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Texas State law requires the County's financial statements be audited by a licensed independent certified public accountant. The Commissioners' Court selected Richard P. Loughlin, CPA to perform the audit for the current fiscal year. The auditors have issued an unqualified opinion on Rusk County's financial statements for the year ended December 31, 2011, and their report may be found on pages 7-8 in the Financial Section of this report.

In addition to meeting the requirement set forth by statute, the audit was also designed to meet the requirements of the standards set forth in the Government Accountability Office's *Government Auditing Standards*. The auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* is on pages 107-108 of this report. As a result of the amount of state financial assistance received by the County during 2011, a "Single Audit" was required to be performed by our independent auditor, in accordance with the State of Texas Single Audit Circular, and the auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with the State of Texas Single Audit Circular is on pages 109-110 of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found on pages 9-19 immediately following the independent auditor's report.

## **Profile of the Government**

Rusk County, Texas, created in 1843, is located in the northeast part of the State. The County occupies a land area of 932 square miles and serves a population of 53,330. 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 a 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, the Road and Bridge Fund, and the Airport Fund (the County's three (3) major funds), this comparison is on pages 29-31 as part of the Basic Financial Statements. For other governmental funds, this comparison is presented in the Combining and Individual Fund Financial Statements and Schedules section of this report, starting on page 68.

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

## **Local Economy**

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

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

The County has a civilian labor force of 26,610, which has grown approximately 6.4% over the prior year.

### **Major Initiatives**

Construction of a 196 bed addition to the County jail was completed and inmates were moved into the facility in April of 2011.

All Courthouse sidewalks were replaced and a sprinkler system was installed on the Courthouse grounds.

On the second floor of the Courthouse, two old air conditioning units were replaced with nine smaller ones.

Construction began on a Veterans' Memorial on the south lawn of the Courthouse grounds which is expected to be completed by Veterans' Day in November, 2012. For a \$100 donation, Rusk County residents may have their relative's name listed on a black granite wall at the back of the memorial.

### **AWARDS AND ACKNOWLEDGEMENTS**

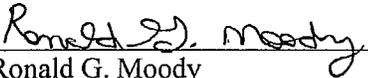
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rusk County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2010. This was the twenty-first (21<sup>st</sup>) consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both GAAP and applicable legal requirements.

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

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

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

Respectfully submitted,

  
\_\_\_\_\_  
Ronald G. Moody  
County Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Rusk County  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2010.

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



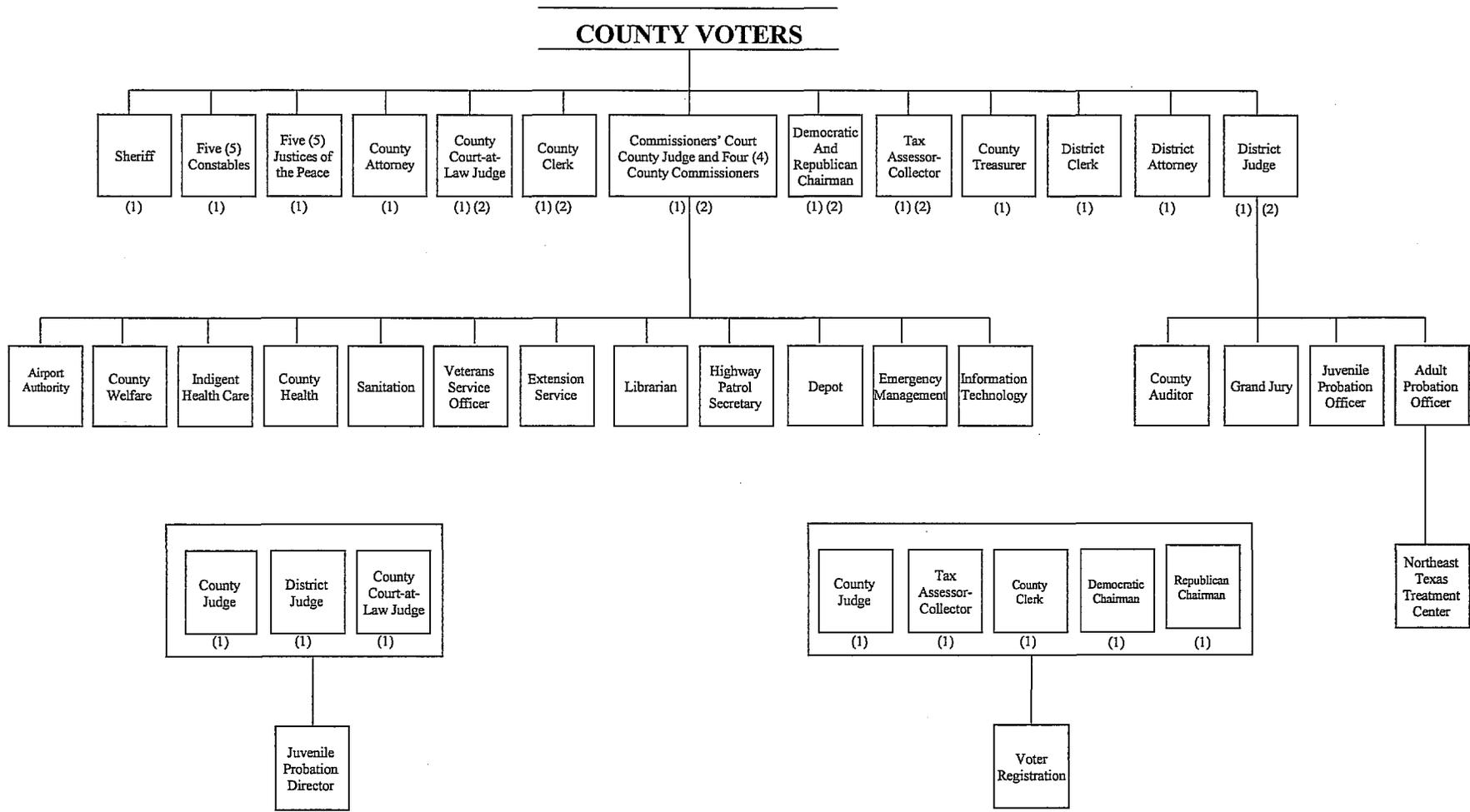
*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

# RUSK COUNTY, TEXAS ORGANIZATIONAL CHART



(1) Denotes elected officials. All others are appointed.

(2) Denotes joint and overlapping responsibilities.

**Rusk County, Texas**  
**List of Elected and Appointed Officials**  
**December 31, 2011**

Elected Officials

4th Judicial District Judge	Honorable J. Clay Gossett
County Judge	Honorable Joel Hale
County Commissioner, Precinct #1	Honorable W.D. Bill Hale
County Commissioner, Precinct #2	Honorable Mike Pepper
County Commissioner, Precinct #3	Honorable Freddy Swann
County Commissioner, Precinct #4	Honorable Harold Howell
County Court-at-Law Judge	Honorable Chad Dean
County Attorney	Micheal Jimerson
County Clerk	Joyce Lewis-Kugle
County Sheriff	Danny Pirtle
County Tax Assessor-Collector	Matt Gabriel
County Treasurer	Karen Vaughn
District Clerk	Jean Hodges
Constable, Precinct #1	Sammy Nichols
Constable, Precinct #2	Ben Ferrell
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	Seth Stein
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

# **FINANCIAL SECTION**

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**Richard P Loughlin**  
**Certified Public Accountant**

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116 S Marshall  
P O Box 1716  
Henderson TX 75654

**INDEPENDENT AUDITOR'S REPORT**

June 4, 2012

Rusk County Commissioners' Court  
Rusk County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas, as of and for the year ended December 31, 2011, 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, 2011, 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, 2011, as listed in the table of contents. These financial statements are the responsibility of Rusk County, Texas', management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison 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, 2011, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2012, 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

**MEMBER**

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 19, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise Rusk County, Texas', basic financial statements. The introductory section, the Budgetary Comparison Schedules, the Capital Assets Used in the Operation of Governmental Funds schedules, the statistical section, and the Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of State Awards is presented for purposes of additional analysis as required by the State of Texas Single Audit Circular, and is also not a required part of the basic financial statements of the County. The Budgetary Comparison Schedules, the Capital Assets Used in the Operation of Governmental Funds schedules, the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of State Awards have 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 information is 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.

  
Richard P. Loughlin  
Certified Public Accountant

## 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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-3 of this report.

### Financial Highlights

- ◆ The assets of the County exceeded its liabilities at the close of the year by \$31,170,579 (Net Assets). Of this amount, \$18,580,317 (Unrestricted Net Assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- ◆ The County's total net assets increased by \$1,596,840. The increase in net assets is primarily attributable to revenues exceeding anticipated amounts and expenditures well within the County's budget.
- ◆ As of the close of the current year, the County's governmental funds reported combined ending fund balances of \$18,900,440, a decrease of \$324,699 in comparison with the prior year. \$9,499,518 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 the County's jail expansion construction.
- ◆ At the end of the current year, Unassigned Fund Balance for the General Fund was \$9,499,518, or 66.74% of total General Fund expenditures.
- ◆ The County issued no new debt during the year.

### Overview of the Financial Statements

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

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

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 22-23 of this report.

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

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

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

The County maintains twelve (12) individual governmental funds. Each of the funds is described on pages 57-59 of this report. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Road and Bridge Fund, and the Airport Fund, each of which are considered to be major funds. Data from the other nine (9) 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 29-31 of this report. In addition, a Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual is presented for the General Fund, the Road and Bridge Fund, and the Airport Fund at the activity or departmental level to demonstrate legal compliance with the budget on pages 64-66, page 67, and page 71 respectively.

The County also adopts annual appropriated budgets for six (6) of its nine (9) nonmajor governmental funds (Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Juvenile Services Fund, Debt Service, and Water Supply Grant Fund). A Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual is presented for each of these funds to demonstrate compliance with their budgets on pages 68-70 and pages 72-74 of this report.

The basic Governmental Fund Financial Statements can be found on pages 25-31 of this report.

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

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

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

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

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

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

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

**State Single Audit.**

The County expended in excess of \$500,000 in state financial assistance during the year ended December 31, 2011. As a result, a single audit in accordance with the State of Texas Single Audit Circular, which is contained in the State of Texas' Uniform Grant Management Standards, was required. The Compliance and State and Federal Financial Assistance section of this report begins on page 107.

**Government-wide Financial Analysis.**

*Net Assets.* As noted earlier, Net Assets may serve over time as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$31,170,579 at the close of the most recent fiscal year.

A large portion of the County's Net Assets (39.73%) reflects its investment in capital assets (e.g., Land, Buildings, Machinery and Equipment, and Infrastructure), less the related debt to acquire those assets that is still outstanding. 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 Assets Used in Governmental Activities**  
(Table 1)

	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 40,188,496	\$ 41,463,116
Capital Assets	24,727,650	23,381,542
Total Assets	<u>\$ 64,916,146</u>	<u>\$ 64,844,658</u>
Long-Term Liabilities Outstanding	\$ 14,824,454	\$ 15,489,334
Other Liabilities	18,921,113	19,781,585
Total Liabilities	<u>\$ 33,745,567</u>	<u>\$ 35,270,919</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 12,382,603	\$ 11,710,141
Restricted	207,659	120,834
Unrestricted	18,580,317	17,742,764
Total Net Assets	<u>\$ 31,170,579</u>	<u>\$ 29,573,739</u>

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

*Changes in Net Assets.* The most significant County revenue source is Ad Valorem Taxes, which represented 76.24% of total revenue in the most recently completed fiscal year. Fees and fines charged and collected by County Officials generated another 15.57% of revenue. Grants received from the State

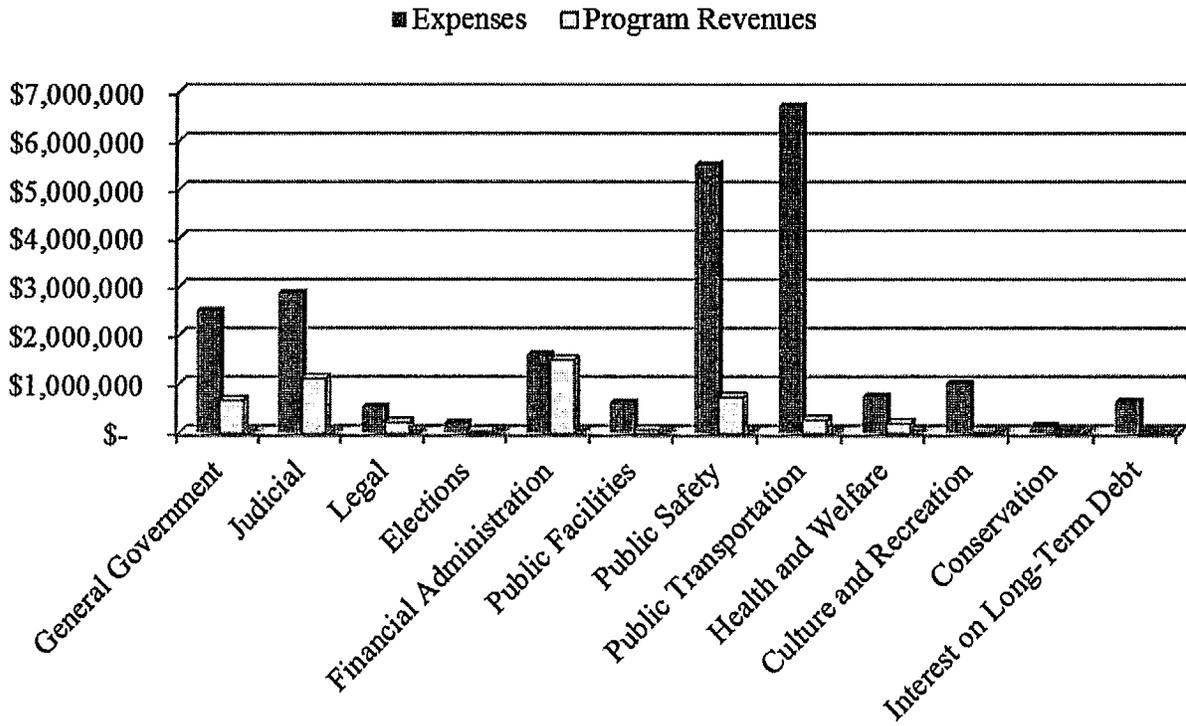
and Federal government constituted 4.28% of revenue. The balance of the County's revenue (3.91%) came from other taxes, oil and gas royalties, interest, and other miscellaneous revenues.

**Rusk County, Texas**  
**Changes in Net Assets Used in Governmental Activities**  
 (Table 2)

	<u>2011</u>	<u>2010</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 3,895,099	\$ 3,847,979
Operating Grants and Contributions	697,592	681,989
Capital Grants and Contributions	372,479	267,695
General Revenues:		
Property Taxes	19,071,911	19,057,736
Other	978,826	1,474,226
Total Revenues	<u>\$ 25,015,907</u>	<u>\$ 25,329,625</u>
Expenses:		
General Government	\$ 2,307,567	\$ 2,506,904
Judicial	2,386,602	2,866,978
Legal	605,541	531,893
Elections	172,758	203,611
Financial Administration	1,682,757	1,609,417
Public Facilities	725,521	621,606
Public Safety	5,828,528	5,494,159
Public Transportation	7,163,046	6,698,275
Health and Welfare	754,206	754,302
Culture and Recreation	1,042,855	1,007,038
Conservation	165,767	136,763
Interest on Long-Term Debt	583,919	633,361
Total Expenses	<u>\$ 23,419,067</u>	<u>\$ 23,064,307</u>
Increase in Net Assets	\$ 1,596,840	\$ 2,265,318
Net Assets - Beginning	29,573,739	27,308,421
Net Assets - Ending	<u>\$ 31,170,579</u>	<u>\$ 29,573,739</u>

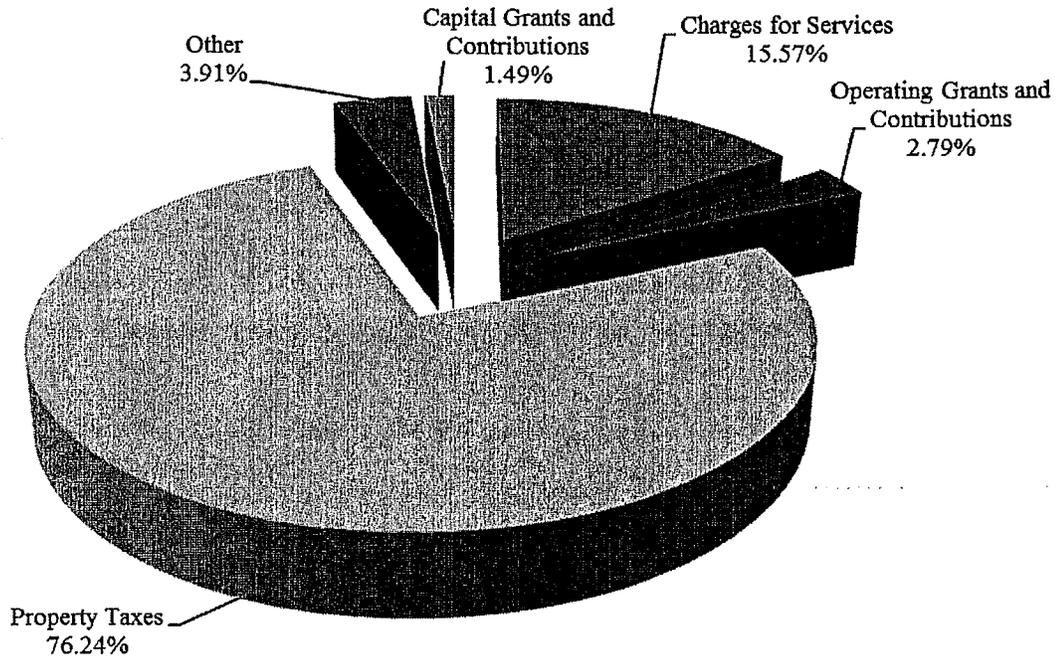
All the County's revenues were consistent with amounts from the prior year.

Rusk County, Texas  
 Governmental Activities  
 Expenses and Program Revenues  
 2011  
 (Chart 1)



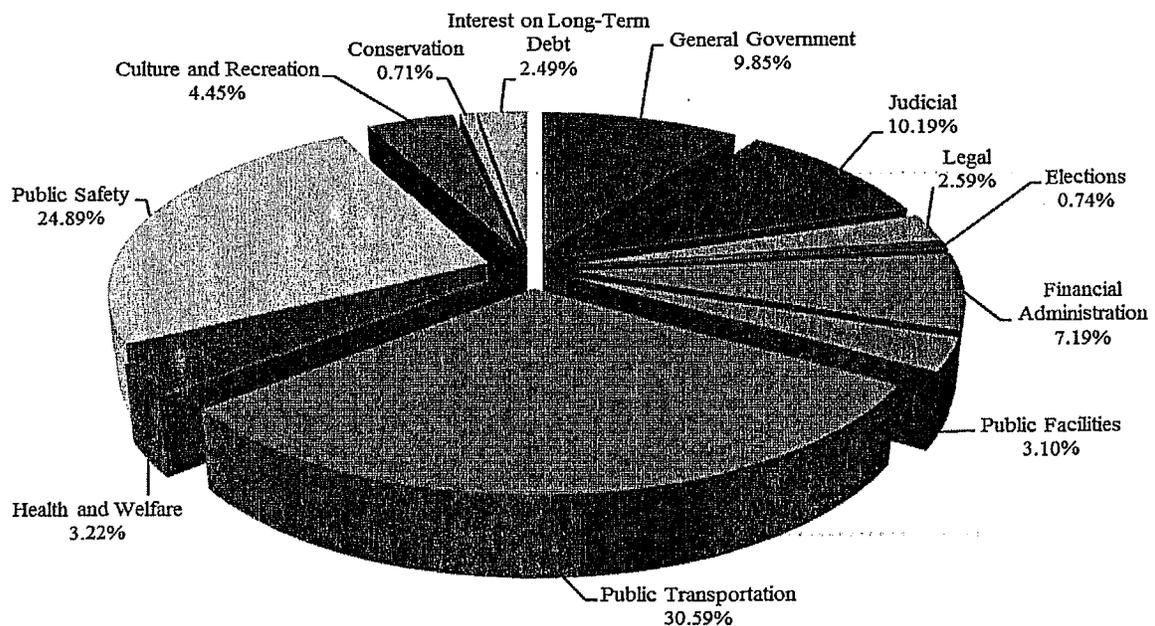
**Rusk County, Texas  
Governmental Activities  
Revenues by Source  
2011**

(Chart 2)



**Rusk County, Texas  
Governmental Activities  
Expenses by Function  
2011**

(Chart 3)



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

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

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

As of the end of the current fiscal year, the County's Governmental Funds reported combined ending Fund Balances of \$18,900,440, a decrease of \$324,699 in comparison with the prior year. 50.26% of this (\$9,499,518) constitutes Unassigned Fund Balance, which is available for spending at the County's discretion. The remainder of Fund Balance is nonspendable or restricted.

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 \$9,499,518, while total Fund Balance was \$9,591,670. 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 66.74% of total General Fund expenditures, while total Fund Balance represents 67.38% of that same amount.

The Fund Balance of the County's General Fund increased by \$1,445,364 during the current fiscal year. Key factors in this increase are:

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

The Road and Bridge Fund has a total Fund Balance of \$1,669,159, of which \$1,620,439 is Restricted Fund Balance (for County roads and bridges), while \$48,720 is Nonspendable (Prepaid Items). The net decrease in Fund Balance during the year was \$188,561. Generally, the net decrease resulted from:

- ◆ *The increase in costs for fuel and road oil.*
- ◆ *The purchase of additional road and bridge heavy equipment.*

The Airport fund has a total fund balance of \$4,173,602, all of which is Restricted Fund Balance (for the County's Airport property). The net increase in Fund Balance during the year was \$167,797. The net increase resulted from:

- ◆ *Significant receipt of oil and gas royalties from the County's airport property.*
- ◆ *An increase in the receipt of user fees.*

**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 Assets at the end of the current year amounted to \$1,417,382. 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 \$390,238. Significant among the increases were:

- ◆ *\$18,600 in increases allocated to Judicial/Justice of the Peace Court as a result of increased cost for autopsies.*
- ◆ *\$101,000 in increases allocated to Public Safety/Jail to provide for increased costs of medical care of prisoners.*
- ◆ *\$37,000 in net increases allocated to Public Safety/Sheriff to provide for increased personnel costs.*
- ◆ *\$150,000 in net increases allocated to Capital Outlay for increased capital expenditures related to grant receipts.*

The increases were funded by greater than anticipated revenues from grants and fees.

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

Differences between the final amended budget and actual General Fund expenditures were a net positive variance of \$1,973,090. Significant among the net positive variances were:

- ◆ *\$88,030 in positive budget variances in General Government/County Clerk, due to less than expected costs for supplies and personnel.*
- ◆ *\$505,149 in positive budget variances in Judicial/All Courts, due to less than anticipated costs for capital murder trials.*
- ◆ *\$76,920 in positive budget variances in Financial Administration/Tax Assessor-Collector due to less than anticipated expenditures for contracted services and appraisal fees.*
- ◆ *\$79,617 in positive budget variances in Public Facilities/Maintenance due to less than expected costs for utilities and jail repairs.*
- ◆ *\$111,740 in positive budget variances in Public Safety/Sheriff due mostly to savings in fuel costs, maintenance and capital outlay.*
- ◆ *\$74,086 in positive budget variances in Health and Welfare/Ambulance and Sanitation due to less than anticipated expenditures in contracted services.*
- ◆ *\$78,475 in positive budget variances in Nondepartmental expenditures because of savings on insurance costs.*
- ◆ *\$557,242 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, 2011, amounts to \$24,727,650, 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:

- ◆ *Construction was completed on a 196 bed County jail.*
- ◆ *Purchase of additional rolling stock for several of the County's departments, including five (5) for the Sheriff's Department.*
- ◆ *Approximately \$790,000 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>2011</u>	<u>2010</u>
Land	\$ 1,032,025	\$ 1,032,025
Construction in Progress	-	13,816,377
Buildings	18,203,676	2,443,965
Machinery and Equipment	3,640,871	4,120,582
Infrastructure	1,851,078	1,968,593
Total Capital Assets	<u>\$ 24,727,650</u>	<u>\$ 23,381,542</u>

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

**Long-Term Debt.** At the end of the current fiscal year, the County had total debt of \$14,824,454.

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

	<u>2011</u>	<u>2010</u>
Certificates of Obligation:		
Principal Amount of Debt	\$ 13,490,000	\$ 14,355,000
Premium on Issuance of Debt	157,120	170,783
OPEB Liability	1,016,569	758,194
Capital Leases	41,202	80,220
Compensated Absences	119,563	125,137
Total Long-Term Debt	<u>\$ 14,824,454</u>	<u>\$ 15,489,334</u>

The Texas State Constitution limits the amount of general obligation bonded debt the County may issue to 25% of the assessed value of the real property in the County. The current debt limit for the County is \$1,150,359,000. The County presently has \$13,490,000 in general obligation bonded debt.

Additional information on the County's long-term debt can be found in Note IV (F) on page 48-49 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 6.0%, compared with a rate of 7.3% a year ago.
- ◆ The County's assessed valuation of property for the 2011 property tax year (2012 fiscal year) has decreased approximately \$424,180,000 (8.4%) to approximately \$4,601,437,000.
- ◆ The County's property tax rate was increased from \$0.3784 per \$100 of assessed valuation to \$0.42070 per \$100 assessed valuation for the 2012 budget year (2011 property tax year).

All of these factors were considered in preparing the County's budget for the 2012 fiscal year.

During the current fiscal year, Unassigned Fund Balance in the General Fund increased to \$9,499,518. That amount represents approximately eight months of General Fund operations, and the County believes that to be a reasonable reserve. As a result, the County utilized \$5,587,446 of fund balance to avoid fee increases when preparing the 2012 budget.

### **Requests for Information.**

This report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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

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## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

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Rusk County, Texas  
Statement of Net Assets  
December 31, 2011

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Cash	\$ 10,875,916
Investments	14,541,829
Receivables (net of allowances for uncollectibles):	
Property Taxes	14,363,901
Due from Other Governments	19,332
Accounts	13,593
Prepays	140,872
Bond Issuance Cost	233,053
Capital Assets (net of accumulated depreciation):	
Land	1,032,025
Buildings	18,203,675
Machinery & Equipment	3,640,872
Infrastructure	<u>1,851,078</u>
 Total Assets	 <u>\$ 64,916,146</u>
<b><u>Liabilities</u></b>	
Accounts Payable and Accrued Expenses	\$ 749,580
Due to Other Governments	145,939
Unearned Revenue	4,647,592
Unearned Deferred Revenue	13,378,002
Noncurrent Liabilities:	
Due Within One Year	936,202
Due in More than One Year	<u>13,888,252</u>
 Total Liabilities	 <u>\$ 33,745,567</u>
<b><u>Net Assets</u></b>	
Invested in Capital Assets, Net of Related Debt	\$ 12,382,603
Restricted for:	
Debt Service	140,522
Perpetual Care:	
Expendable	686
Nonexpendable	15,000
County Independent School Districts:	
Nonexpendable	51,451
Unrestricted	<u>18,580,317</u>
 Total Net Assets	 <u><u>\$ 31,170,579</u></u>

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

Rusk County, Texas  
Statement of Activities  
For the Year Ended December 31, 2011

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense)/ Revenue and Changes in Net Assets</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
					<u>Governmental Activities</u>
<b><u>Functions/Programs:</u></b>					
General Government	\$ 2,307,567	\$ 589,945	\$ 1,385	\$ 113,320	\$ (1,602,917)
Judicial	2,386,602	1,104,447	1,095	-	(1,281,060)
Legal	605,541	69,742	210,062	-	(325,737)
Elections	172,758	37,224	-	-	(135,534)
Financial Administration	1,682,757	1,512,021	-	-	(170,736)
Public Facilities	725,521	5,400	-	233,795	(486,326)
Public Safety	5,828,528	137,485	349,301	17,502	(5,324,240)
Public Transportation	7,163,046	256,426	50,097	7,862	(6,848,661)
Health and Welfare	754,206	154,083	73,448	-	(526,675)
Culture and Recreation	1,042,855	28,326	12,204	-	(1,002,325)
Conservation	165,767	-	-	-	(165,767)
Interest on Long-Term Debt	583,919	-	-	-	(583,919)
Net (Expense)/Revenue	<u>\$ 23,419,067</u>	<u>\$ 3,895,099</u>	<u>\$ 697,592</u>	<u>\$ 372,479</u>	<u>\$ (18,453,897)</u>
General Revenues:					
Property Taxes					\$ 19,071,911
Other Taxes					11,207
Interest Earned					441,279
Miscellaneous					<u>526,340</u>
Total General Revenues					<u>\$ 20,050,737</u>
Change in Net Assets					\$ 1,596,840
Net Assets - Beginning					<u>29,573,739</u>
Net Assets - Ending					<u>\$ 31,170,579</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, 2011

	General <u>Fund</u>	Road & Bridge <u>Fund</u>	Airport <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b><u>Assets</u></b>					
Cash	\$ 6,200,729	\$ 1,924,374	\$ 83,404	\$ 2,385,910	\$ 10,594,417
Investments	6,653,237	836,826	4,096,014	1,819,426	13,405,503
Receivables (net of allowances for uncollectibles):					
Property Taxes	9,839,463	3,455,032	-	1,069,406	14,363,901
Due from Other Governments	7,332	-	-	12,000	19,332
Accounts	10,809	-	2,604	180	13,593
Due from Other Funds	901	-	-	-	901
Prepays	92,152	48,720	-	-	140,872
<b>Total Assets</b>	<b>\$ 22,804,623</b>	<b>\$ 6,264,952</b>	<b>\$ 4,182,022</b>	<b>\$ 5,286,922</b>	<b>\$ 38,538,519</b>
<b><u>Liabilities and Fund Balances</u></b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 168,043	\$ 44,831	\$ 8,130	\$ 313,451	\$ 534,455
Due to Other Governments	145,939	-	-	-	145,939
Due to Other Funds	-	901	-	-	901
Unearned Revenue	3,097,468	1,108,243	290	441,591	4,647,592
Unearned Deferred Revenue	9,801,503	3,441,818	-	1,065,871	14,309,192
<b>Total Liabilities</b>	<b>\$ 13,212,953</b>	<b>\$ 4,595,793</b>	<b>\$ 8,420</b>	<b>\$ 1,820,913</b>	<b>\$ 19,638,079</b>
<b>Fund Balances:</b>					
Nonspendable	\$ 92,152	\$ 48,720	\$ -	\$ 66,451	\$ 207,323
Restricted	-	1,620,439	4,173,602	3,399,558	9,193,599
Unassigned	9,499,518	-	-	-	9,499,518
<b>Total Fund Balances</b>	<b>\$ 9,591,670</b>	<b>\$ 1,669,159</b>	<b>\$ 4,173,602</b>	<b>\$ 3,466,009</b>	<b>\$ 18,900,440</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 22,804,623</b>	<b>\$ 6,264,952</b>	<b>\$ 4,182,022</b>	<b>\$ 5,286,922</b>	<b>\$ 38,538,519</b>

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

Rusk County, Texas  
Reconciliation of the Balance Sheet-Governmental Funds  
to the Statement of Net Assets  
December 31, 2011

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

Total Fund Balances-Total Governmental Funds (Page 25)	\$ 18,900,440
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,727,650
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 Assets.	1,417,382
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.	931,190
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (See Note II.A.)	<u>(14,806,083)</u>
Net Assets of Governmental Activities (page 22)	<u><u>\$ 31,170,579</u></u>

Rusk County, Texas  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2011

	General <u>Fund</u>	Road & Bridge <u>Fund</u>	Airport <u>Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>					
Ad Valorem Taxes	\$ 12,682,055	\$ 4,581,904	\$ -	\$ 1,759,190	\$ 19,023,149
Other Taxes	11,207	-	-	-	11,207
Intergovernmental	425,777	50,097	7,862	570,899	1,054,635
Fees	1,596,211	929,532	256,426	179,211	2,961,380
Fines and Forfeitures	592,262	252,537	-	66,328	911,127
Miscellaneous	456,987	286,289	393,913	90,263	1,227,452
<b>Total Revenues</b>	<b>\$ 15,764,499</b>	<b>\$ 6,100,359</b>	<b>\$ 658,201</b>	<b>\$ 2,665,891</b>	<b>\$ 25,188,950</b>
<b>Expenditures:</b>					
Current:					
General Government	\$ 1,253,351	\$ -	\$ -	\$ 62,021	\$ 1,315,372
Judicial	2,283,767	-	-	72,963	2,356,730
Legal	495,683	-	-	102,548	598,231
Elections	166,254	-	-	-	166,254
Financial Administration	1,658,599	-	-	4,874	1,663,473
Public Facilities	473,564	-	-	233,795	707,359
Public Safety	4,983,448	-	-	470,067	5,453,515
Public Transportation	-	5,501,510	451,208	-	5,952,718
Health and Welfare	524,033	-	-	218,276	742,309
Culture and Recreation	981,557	-	-	-	981,557
Conservation	159,044	-	-	-	159,044
Nondepartmental	641,844	-	-	-	641,844
Capital Outlay	612,991	728,900	39,196	1,897,721	3,278,808
Debt Service:					
Principal	-	39,018	-	865,000	904,018
Interest	-	4,492	-	587,925	592,417
<b>Total Expenditures</b>	<b>\$ 14,234,135</b>	<b>\$ 6,273,920</b>	<b>\$ 490,404</b>	<b>\$ 4,515,190</b>	<b>\$ 25,513,649</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ 1,530,364</b>	<b>\$ (173,561)</b>	<b>\$ 167,797</b>	<b>\$ (1,849,299)</b>	<b>\$ (324,699)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	\$ 15,000	\$ -	\$ -	\$ 100,000	\$ 115,000
Transfers out	(100,000)	(15,000)	-	-	(115,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (85,000)</b>	<b>\$ (15,000)</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,445,364</b>	<b>\$ (188,561)</b>	<b>\$ 167,797</b>	<b>\$ (1,749,299)</b>	<b>\$ (324,699)</b>
<b>Fund Balances - Beginning</b>	<b>8,146,306</b>	<b>1,857,720</b>	<b>4,005,805</b>	<b>5,215,308</b>	<b>19,225,139</b>
<b>Fund Balances - Ending</b>	<b>\$ 9,591,670</b>	<b>\$ 1,669,159</b>	<b>\$ 4,173,602</b>	<b>\$ 3,466,009</b>	<b>\$ 18,900,440</b>

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, 2011

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

Net Change in Fund Balances-Total Governmental Funds (Page 27)	\$ (324,699)
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.)	1,807,621
The repayment of long-term debt (e.g. certificates of obligation and capital leases) consumes current financial resources of governmental funds, but the transaction has no effect on net assets.	904,018
Delinquent property tax collections provide current financial resources to the funds but has no effect on net assets.	(433,116)
Delinquent property taxes receivable, which do not provide current financial resources, are not reported as revenue in the funds.	481,878
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.)	(705,817)
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>(133,045)</u>
Changes in Net Assets of Governmental Activities (Page 23)	<u><u>\$ 1,596,840</u></u>

Rusk County, Texas  
Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Budget (GAAP Basis) and Actual-General Fund and Major Special Revenue Funds  
For the Year Ended December 31, 2011

	General Fund			Variance with Final Budget Positive/ (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 12,597,799	\$ 12,597,799	\$ 12,682,055	\$ 84,256
Other Taxes	6,000	6,000	11,207	5,207
Intergovernmental	117,390	314,251	425,777	111,526
Fees	1,470,082	1,470,082	1,596,211	126,129
Fines and Forfeitures	550,000	550,000	592,262	42,262
Miscellaneous	472,400	495,895	456,987	(38,908)
<b>Total Revenues</b>	<b>\$ 15,213,671</b>	<b>\$ 15,434,027</b>	<b>\$ 15,764,499</b>	<b>\$ 330,472</b>
<b>Expenditures:</b>				
Current:				
General Government	\$ 1,360,868	\$ 1,379,068	\$ 1,253,351	\$ 125,717
Judicial	2,834,415	2,863,629	2,283,767	579,862
Legal	583,388	581,188	495,683	85,505
Elections	228,166	230,366	166,254	64,112
Financial Administration	1,717,432	1,744,171	1,658,599	85,572
Public Facilities	548,281	553,181	473,564	79,617
Public Safety	5,067,702	5,168,741	4,983,448	185,293
Health and Welfare	559,186	618,110	524,033	94,077
Culture and Recreation	1,015,435	1,017,735	981,557	36,178
Conservation	162,514	160,484	159,044	1,440
Nondepartmental	735,984	720,319	641,844	78,475
Capital Outlay	1,003,616	1,170,233	612,991	557,242
<b>Total Expenditures</b>	<b>\$ 15,816,987</b>	<b>\$ 16,207,225</b>	<b>\$ 14,234,135</b>	<b>\$ 1,973,090</b>
Excess (Deficiency) of Revenues over Expenditures	\$ (603,316)	\$ (773,198)	\$ 1,530,364	\$ 2,303,562
<b>Other Financing Sources (Uses):</b>				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Transfers out	(95,000)	(100,000)	(100,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (80,000)</b>	<b>\$ (85,000)</b>	<b>\$ (85,000)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (683,316)</b>	<b>\$ (858,198)</b>	<b>\$ 1,445,364</b>	<b>\$ 2,303,562</b>
Fund Balances - Beginning	8,146,306	8,146,306	8,146,306	-
Fund Balances - Ending	\$ 7,462,990	\$ 7,288,108	\$ 9,591,670	\$ 2,303,562

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, 2011

	Major Special Revenue Funds			
	Road & Bridge Fund			Variance with Final Budget Positive/ (Negative)
	Budgeted Amounts		Actual	
Original	Final			
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 4,516,363	\$ 4,516,363	\$ 4,581,904	\$ 65,541
Intergovernmental	50,000	50,000	50,097	97
Fees	945,000	945,000	929,532	(15,468)
Fines and Forfeitures	250,000	250,000	252,537	2,537
Miscellaneous	100,800	323,766	286,289	(37,477)
Total Revenues	<u>\$ 5,862,163</u>	<u>\$ 6,085,129</u>	<u>\$ 6,100,359</u>	<u>\$ 15,230</u>
<b>Expenditures:</b>				
Current:				
Public Transportation	\$ 5,416,724	\$ 5,922,163	\$ 5,501,510	\$ 420,653
Capital Outlay	374,282	985,519	728,900	256,619
Debt Service:				
Principal	39,018	39,018	39,018	-
Interest	4,492	4,492	4,492	-
Total Expenditures	<u>\$ 5,834,516</u>	<u>\$ 6,951,192</u>	<u>\$ 6,273,920</u>	<u>\$ 677,272</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 27,647</u>	<u>\$ (866,063)</u>	<u>\$ (173,561)</u>	<u>\$ 692,502</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ -</u>
Total Other Financing Sources (Uses)	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 12,647	\$ (881,063)	\$ (188,561)	\$ 692,502
Fund Balances - Beginning	<u>1,857,720</u>	<u>1,857,720</u>	<u>1,857,720</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,870,367</u>	<u>\$ 976,657</u>	<u>\$ 1,669,159</u>	<u>\$ 692,502</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, 2011

	<u>Major Special Revenue Funds</u>			
	<u>Airport Fund</u>			Variance with Final Budget Positive/ (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 7,862	\$ 7,862	\$ -
Fees	90,000	90,000	256,426	166,426
Miscellaneous	500,000	500,000	393,913	(106,087)
<b>Total Revenues</b>	<b>\$ 590,000</b>	<b>\$ 597,862</b>	<b>\$ 658,201</b>	<b>\$ 60,339</b>
<b>Expenditures:</b>				
Current:				
Public Transportation	\$ 353,970	\$ 485,770	\$ 451,208	\$ 34,562
Capital Outlay	20,000	43,062	39,196	3,866
<b>Total Expenditures</b>	<b>\$ 373,970</b>	<b>\$ 528,832</b>	<b>\$ 490,404</b>	<b>\$ 38,428</b>
<b>Net Change in Fund Balances</b>	<b>\$ 216,030</b>	<b>\$ 69,030</b>	<b>\$ 167,797</b>	<b>\$ 98,767</b>
Fund Balances - Beginning	4,005,805	4,005,805	4,005,805	-
<b>Fund Balances - Ending</b>	<b>\$ 4,221,835</b>	<b>\$ 4,074,835</b>	<b>\$ 4,173,602</b>	<b>\$ 98,767</b>

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

Rusk County, Texas  
Statement of Net Assets  
Proprietary Funds  
December 31, 2011

	<u>Governmental Activities Internal Service Fund</u>
<b><u>Assets</u></b>	
Current Assets:	
Cash	\$ 281,499
Investments	<u>1,136,326</u>
Total Current Assets	<u>\$ 1,417,825</u>
Total Assets	<u>\$ 1,417,825</u>
<b><u>Liabilities</u></b>	
Current Liabilities:	
Accounts Payable	<u>\$ 443</u>
Total Current Liabilities	<u>\$ 443</u>
Total Liabilities	<u>\$ 443</u>
<b><u>Net Assets</u></b>	
Unrestricted	<u>\$ 1,417,382</u>
Total Net Assets	<u><u>\$ 1,417,382</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 Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2011

	Governmental Activities Internal Service Fund
<hr/>	
<b>Operating Revenues:</b>	
Charges for Services	\$ 2,408,564
Total Operating Revenues	<u>\$ 2,408,564</u>
<b>Operating Expenses:</b>	
Benefits, Insurance & Administrative Cost	\$ 2,567,454
Total Operating Expenses	<u>\$ 2,567,454</u>
Operating Income (Loss)	<u>\$ (158,890)</u>
<b>Nonoperating Revenues (Expenses):</b>	
Interest Income	\$ 25,845
Total Nonoperating Revenues (Expenses)	<u>\$ 25,845</u>
Change in Net Assets	\$ (133,045)
Total Net Assets - Beginning	<u>1,550,427</u>
Total Net Assets - Ending	<u><u>\$ 1,417,382</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, 2011

	Governmental <u>Activities</u> Internal Service <u>Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Receipts from Interfund Services Provided	\$ 2,408,564
Payments to Suppliers and Providers	<u>(2,586,302)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (177,738)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Income	<u>\$ 25,845</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 25,845</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (151,893)
Cash and Cash Equivalents, January 1	<u>1,569,718</u>
Cash and Cash Equivalents, December 31 (See below)	<u>\$ 1,417,825</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	<u>\$ (158,890)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Increase/(Decrease) in Payables	<u>\$ (18,848)</u>
Total Adjustments	<u>\$ (18,848)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (177,738)</u>
Exhibit #6 - Page 32:	
Cash	\$ 281,499
Investments	<u>1,136,326</u>
Total Cash and Cash Equivalents - Exhibit #6	<u>\$ 1,417,825</u>

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

Rusk County, Texas  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2011

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	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash	\$ 7,296,053
Investments	<u>1,456,341</u>
Total Assets	<u>\$ 8,752,394</u>
<b><u>Liabilities</u></b>	
Due to Other Governments	\$ 5,624,958
Court Ordered Deposits	320,328
Inmate Trust Funds	55,510
Court Ordered Trust Funds	<u>2,751,598</u>
Total Liabilities	<u>\$ 8,752,394</u>

The accompanying notes are an integral part of this statement.

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# **RUSK COUNTY, TEXAS**

Notes to the Financial Statements

December 31, 2011

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

The financial statements of Rusk County, Texas have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. For the fiscal year ended December 31, 2011, the County implemented the new reporting requirements of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Definitions. 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 Assets 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 for the Rusk County Airport. Primary sources of revenue include hangar leases, fees, and oil and gas royalties.

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.

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.

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.

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, and Net Assets or Equity**

### ***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, 2011.

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.

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

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

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both Government-wide and Fund Financial Statements, utilizing the consumption method of accounting.

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

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

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

Capital assets other than buildings and infrastructure are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Buildings are capitalized if their purchase or construction cost exceeds \$100,000. General Infrastructure Assets are capitalized if their construction cost exceeds \$500,000. Such assets are recorded at historical cost where records are available or at an estimated fair market value at date of acquisition where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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

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

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

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

#### **5. *Compensated Absences***

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

All permanent employees of the County are eligible to accrue up to a maximum of fifteen (15) to thirty (30) days of compensated sick leave at a rate of one-half (1/2) to one (1) day per month. Employees are not entitled to payment for unused sick leave upon termination.

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

#### **6. *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 Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds, using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

#### **7. *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.

Committed fund balance amounts may be used for other purposes with appropriate due process by the Commissioner’s Court. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

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. 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.

**8. 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.

**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 Assets**

Exhibit 3-A on page 26 is a reconciliation between Total Fund Balances-Total Governmental Funds and Net Assets-Governmental Activities. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$14,806,083 difference are as follows:

Certificates of Obligation Payable	\$ 13,490,000
Bond Issuance Costs	(233,053)
Premium on Debt Issuance	157,120
Accrued Interest Payable	214,682
OPEB Liability	1,016,569
Capital Leases Payable	41,202
Compensated Absences	119,563
	<hr/>
Net Adjustment to Reduce Total Fund Balances-Total Governmental Funds to Arrive at Net Assets - Governmental Activities	<u>\$ 14,806,083</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 28 is a reconciliation between Net Changes in Fund Balances-Total Governmental Funds and Changes in Net Assets 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 \$1,807,621 difference are as follows:

Capital Outlay	\$3,186,395
Depreciation Expense	<u>(1,378,774)</u>
Net Adjustment to Increase Net Changes in Fund Balance- Total Governmental Funds to Arrive at Changes in Net Assets- Governmental Activities	<u><u>\$1,807,621</u></u>

Another element of that reconciliation states that “Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$705,817 difference are as follows:

Decrease in Compensated Absences	\$ 5,574
Increase in OPEB Liability	(258,375)
Change in Accrued Interest Payable	15,100
Disposition of Capital Assets	(461,514)
Amortization of Debt Issuance Costs	(20,265)
Amortization of Premium on Certificates of Obligation	<u>13,663</u>
Net Adjustment to Decrease Net Changes in Fund Balance- Total Governmental Funds to Arrive at Changes in Net Assets- Governmental Activities	<u><u>\$ (705,817)</u></u>

**III. Stewardship, Compliance, and Accountability**

**Budgetary Information**

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

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

The Commissioners' Court shall hold a public hearing on the proposed budget. The Commissioners' Court shall set the hearing for a date after the 15th day of the eighth month of the fiscal year but before the date

on which the Court levies taxes. At the conclusion of the public hearing, the Commissioners' Court shall take action on the proposed budget.

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are canceled.

#### **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, 2011, and throughout the year ended December 31, 2011, 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, 2011, the County's only investments were in certificates of deposit with its depository bank. As of December 31, 2011, 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	\$ 14,541,829	N/A
Certificates of Deposit - Agency Funds	1,456,341	N/A
Total Investments	<u>\$ 15,998,170</u>	

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

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

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

At December 31, 2011, 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, 2011 for the County’s individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectibles, are as follows:

	General <u>Fund</u>	Road & Bridge <u>Fund</u>	Airport <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Current Property Taxes	\$ 9,827,165	\$ 3,457,206	\$ -	\$ 1,100,577	\$ 14,384,948
Delinquent Property Taxes	875,249	299,788	-	57,337	1,232,374
Due from Other Governments	7,332	-	-	12,000	19,332
Accounts	10,809	-	2,604	180	13,593
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Gross Receivables	\$ 10,720,555	\$ 3,756,994	\$ 2,604	\$ 1,170,094	\$ 15,650,247
Less: Allowance for Uncollectible Taxes	(862,951)	(301,962)		(88,508)	(1,253,421)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$ 9,857,604</u>	<u>\$ 3,455,032</u>	<u>\$ 2,604</u>	<u>\$ 1,081,586</u>	<u>\$ 14,396,826</u>

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

Any current taxes levied and collected between October 1 and December 31 are not available for use until January 1, the beginning of the next fiscal year. Therefore, all collections of current taxes during this period and all current taxes receivable as of December 31 are recorded as Unearned Revenue and Unearned Deferred Revenue, respectively. These liabilities are reflected both in the Government-wide financial statements and the Fund Financial Statements, since the tax revenue has not been earned as of December 31, 2011. Additionally, the County also reflects as unearned revenue, resources that have been received, but not earned for grant drawdowns and deposits.

	General Fund	Road & Bridge Fund	Airport Fund	Nonmajor Governmental Funds	Total
<u>Unearned Revenue:</u>					
Advance Tax Collections	\$ 3,092,872	\$ 1,108,243	\$ -	\$ 362,292	\$ 4,563,407
Seized Funds	4,596	-	-	44,364	48,960
Grant Funds	-	-	-	34,935	34,935
Deposits	-	-	290	-	290
Total Unearned Revenue	<u>\$ 3,097,468</u>	<u>\$ 1,108,243</u>	<u>\$ 290</u>	<u>\$ 441,591</u>	<u>\$ 4,647,592</u>
<u>Unearned Deferred Revenue:</u>					
Current Property Taxes Receivable	\$ 9,827,165	\$ 3,457,206	\$ -	\$ 1,100,577	\$ 14,384,948
Less: Allowance for Uncollectible Taxes	(687,902)	(242,004)	-	(77,040)	(1,006,946)
Net Current Property Taxes Receivable	<u>\$ 9,139,263</u>	<u>\$ 3,215,202</u>	<u>\$ -</u>	<u>\$ 1,023,537</u>	<u>\$ 13,378,002</u>

### C. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2011, was as follows:

	Balance January 1, 2011	Increases	Decreases	Balance December 31, 2011
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 1,032,025	\$ -	\$ -	\$ 1,032,025
Construction in Progress	13,816,377	1,863,431	15,679,808	-
Total Capital Assets Not Being Depreciated	<u>\$14,848,402</u>	<u>\$ 1,863,431</u>	<u>\$ 15,679,808</u>	<u>\$ 1,032,025</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings	\$ 5,890,664	\$ 15,960,549	\$ -	\$21,851,213
Machinery & Equipment	11,419,083	1,042,223	925,843	11,535,463
Infrastructure	3,978,922	-	-	3,978,922
Total Capital Assets Being Depreciated	<u>\$21,288,669</u>	<u>\$ 17,002,772</u>	<u>\$ 925,843</u>	<u>\$37,365,598</u>
<u>Less Accumulated Depreciation for:</u>				
Buildings	\$ 3,446,698	\$ 200,839	\$ -	\$ 3,647,537
Machinery & Equipment	7,298,502	1,060,419	464,329	7,894,592
Infrastructure	2,010,328	117,516	-	2,127,844
Total Accumulated Depreciation	<u>\$12,755,528</u>	<u>\$ 1,378,774</u>	<u>\$ 464,329</u>	<u>\$13,669,973</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 8,533,141</u>	<u>\$ 15,623,998</u>	<u>\$ 461,514</u>	<u>\$23,695,625</u>
Governmental Activities Capital Assets, Net	<u>\$23,381,543</u>	<u>\$ 17,487,429</u>	<u>\$ 16,141,322</u>	<u>\$24,727,650</u>

Depreciation expense was charged to Functions/Programs as follows:

General Government	\$ 79,183
Judicial	10,414
Legal	1,943
Elections	5,494
Financial Administration	7,876
Public Facilities	15,435
Public Safety	285,699
Public Transportation	907,156
Health and Welfare	9,386
Culture and Recreation	51,174
Conservation	5,014
Total Depreciation Expense	<u>\$ 1,378,774</u>

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of and for the year ended December 31, 2011, is as follows:

Due to/from other funds:

	<u>Due from:</u>	
	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>
<u>Due to:</u>		
General Fund	\$ 901	\$ -
Road & Bridge Fund	-	901
Total	<u>\$ -</u>	<u>\$ 901</u>

The outstanding balances between funds resulted from the time lag between the dates that transactions are recorded in the accounting system.

Interfund transfers:

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Overall Totals</u>
<u>Transfer Out:</u>			
General Fund	\$ -	\$100,000	\$100,000
Road & Bridge Fund	15,000	-	15,000
Total	<u>\$ 15,000</u>	<u>\$ 100,000</u>	<u>\$ 115,000</u>

The purpose of these transfers was to supplement revenue.

**E. 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, 2011.

Year Ending <u>December 31</u>	Governmental <u>Activities</u>
2012	\$ 102,964
2013	32,009
2014	4,695
2015	184
Total minimum lease payments	<u>\$ 139,852</u>

Total cost for these leases for the year ended December 31, 2011 was \$145,286.

*Capital Leases.* Rusk County is obligated under certain leases accounted for as capital leases. The leased assets and related obligations have been recorded at the present value of their future minimum lease payments as of the inception date. As of December 31, 2011, the assets acquired through capital leases are as follows:

Machinery & Equipment	\$ 312,220
Less: Accumulated Depreciation	<u>(241,549)</u>
Total	<u>\$ 70,671</u>

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of December 31, 2011. General revenues of the Road & Bridge Fund will be used to repay these leases.

Year Ending <u>December 31</u>	Governmental <u>Activities</u>
2012	<u>\$ 43,511</u>
Total minimum lease payments	<u>\$ 43,511</u>
Less: Amount representing interest	<u>(2,309)</u>
Present value of minimum lease payments	<u>\$ 41,202</u>

**F. Long-term debt**

Certificates of Obligation

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

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2012	\$ 895,000	\$ 556,825	\$ 1,451,825
2013	930,000	524,887	1,454,887
2014	965,000	491,725	1,456,725
2015	1,000,000	456,088	1,456,088
2016	1,040,000	416,538	1,456,538
2017-2021	4,605,000	1,381,394	5,986,394
2022-2023	4,055,000	140,250	4,195,250
<b>Total</b>	<b>\$ 13,490,000</b>	<b>\$ 3,967,707</b>	<b>\$ 17,457,707</b>

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, 2011, the County had no arbitrage rebate liability.

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2011, was as follows:

	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2011</u>	<u>Due Within One Year</u>
Certificates of Obligation	\$14,355,000	\$ -	\$ 865,000	\$13,490,000	\$ 895,000
Add: Premium on Issuance	170,783	-	13,663	157,120	-
Net Certificates of Obligation	<u>\$14,525,783</u>	<u>\$ -</u>	<u>\$ 878,663</u>	<u>\$13,647,120</u>	<u>\$ 895,000</u>
OPEB Liability	758,194	258,375	-	1,016,569	-
Capital Leases	80,220	-	39,018	41,202	41,202
Compensated Absences	125,137	11,407	16,981	119,563	12,173
Total Governmental Activity					
Long-Term Liabilities	<u>\$15,489,334</u>	<u>\$ 269,782</u>	<u>\$ 934,662</u>	<u>\$14,824,454</u>	<u>\$ 948,375</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.

## G. Governmental Fund Balances

Components of nonspendable fund balance and specific purposes for restricted fund balances as of December 31, 2011 are as follows:

	<u>Major Special Revenue Funds</u>				<u>Total</u>
	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Airport Fund</u>	<u>Other Funds</u>	
Nonspendable:					
Prepaid Items	\$ 92,152	\$ 48,720	\$ -	\$ -	\$ 140,872
Permanent Fund Principal	-	-	-	66,451	66,451
Restricted:					
County Roads & Bridges	-	1,620,439	-	-	1,620,439
Airport Property	-	-	4,173,602	-	4,173,602
Law Library	-	-	-	25,333	25,333
County Officials'	-	-	-	846,024	846,024
Human Services	-	-	-	1,097,832	1,097,832
Juvenile Services	-	-	-	6,591	6,591
Debt Service	-	-	-	312,870	312,870
Jail Construction	-	-	-	1,110,222	1,110,222
Permanent Funds	-	-	-	686	686
Unassigned	9,499,518	-	-	-	9,499,518
<b>Total Fund Balances</b>	<b>\$ 9,591,670</b>	<b>\$ 1,669,159</b>	<b>\$ 4,173,602</b>	<b>\$ 3,466,009</b>	<b>\$ 18,900,440</b>

## V. Other Information

### A. 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, 2011. 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 2011 have been reported as expenditures in the general fund and special revenue funds.

During the year ended December 31, 2011, employees of the County were covered by a fully insured health insurance plan (the Plan). The County contributed \$698.75 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.

## **B. 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.

The County has active construction projects as of December 31, 2011. At year-end, the County's commitments with architects and contractors totaled \$666,744.

## **C. Pension Plan**

### **Plan Description**

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 618 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

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

### **Funding Policy**

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution

rate of the employer is actuarially determined annually. It was 8.03% for calendar year 2011. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

### Annual Pension Cost

For the employer's accounting year ending December 31, 2011, the annual pension cost for the TCDRS plan for its employees was \$775,989, and the actual contributions were \$775,989. 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, 2009, the basis for determining the contribution rate for calendar year 2011. The December 31, 2010 actuarial valuation is the most recent valuation.

### Actuarial Valuation Information

Actuarial Valuation Date	12/31/08	12/31/09	12/31/10
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Amortization Period in Years	20	20	20
Asset Valuation Method	SAF: 10-yr Smoothed Value ESF: Fund value	SAF: 10-yr Smoothed Value ESF: Fund value	SAF: 10-yr Smoothed Value ESF: Fund value
Assumptions:			
Investment Return (**)	8%	8%	8%
Projected Salary Increases (**)	5.3%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-Living Adjustments	0%	0%	0%

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

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

Accounting Year <u>Ending</u>	Annual Pension Cost (APC)	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/09	\$657,634	100%	\$ -
12/31/10	\$747,136	100%	\$ -
12/31/11	\$775,989	100%	\$ -

### Transition Disclosure

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$17,997,503	\$ 20,900,518	\$2,903,015	86.11%	\$8,535,729	34.01%
12/31/09	19,911,353	22,867,136	2,955,783	87.07%	9,095,834	32.50%
12/31/10	21,435,460	24,594,545	3,159,085	87.16%	9,386,119	33.66%
12/31/11	(*)	(*)	(*)	(*)	9,663,596	(*)

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

**D. Post-retirement Healthcare Benefits**

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

**Plan Description**

In addition to the pension benefits described in Note V (C) above, the County provides post-retirement healthcare benefits, in accordance with County policy, to all employees 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 \$524.59 per month for 2011.

Premiums must be paid by the 20<sup>th</sup> day of each month preceding the month of coverage, or coverage is lost permanently. The plan does not issue a separate report. For financial reporting purposes, the retiree health plan is accounted for in the County’s Health Insurance Internal Service Fund. As of December 31, 2011, five (5) 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, 2011, expenses of \$4,777, 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	\$ 286,660
Interest on Net OPEB Obligation	30,328
Adjustment to Annual Required Contribution	(43,846)
Annual OPEB Cost (Expense)	<u>\$ 273,142</u>
Contributions Made	(14,767)
Change in OPEB Obligation	<u>\$ 258,375</u>
Net OPEB Obligation (Asset) - Beginning of Year	758,194
Net OPEB Obligation (Asset) - End of Year	<u><u>\$ 1,016,569</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the preceding two years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 259,366	5.14%	\$ 492,200
2010	\$ 277,946	4.30%	\$ 758,194
2011	\$ 273,142	5.41%	\$ 1,016,569

### Actuarial Valuation Information

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

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

of the calculations.

In the latest actuarial valuation, as of December 1, 2009, the projected unit credit actuarial cost method was used. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. If experience is in accordance with the assumptions used, ARC will increase at approximately the same rate as active member payroll, and the ARC as a percentage of payroll will remain basically level on a year-to-year basis. The actuarial assumptions include a 4% discount rate and an annual healthcare cost trend of 10% initially, reduced by decrements to an ultimate rate of 5%. Inflation was assumed to be 2.5%. The investment rate of return was assumed to be 0%, because the plan has no assets. There are no planned post-retirement benefit increases. The remaining amortization period on a closed basis at January 1, 2010, was 28 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)
12/01/08	\$ -	\$ 3,782,735	\$3,782,735	0.00%	\$8,531,991	44.34%
01/01/10	-	4,039,859	4,039,859	0.00	9,386,132	43.04

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

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## **Governmental Funds**

### **General Fund**

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

### **Special Revenue Funds**

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

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

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

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

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

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

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

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

### **Debt Service Fund**

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

### **Capital Projects Fund**

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

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

## **Permanent Funds**

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

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

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

## **Proprietary Funds**

### **Internal Service Fund**

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

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

## **Fiduciary Funds**

### **Agency Funds**

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

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

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

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

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

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

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

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

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Rusk County, Texas  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2011

	Permanent Funds						Total Nonmajor Governmental Funds
	Special Revenue Funds	Debt Service Fund	Jail Construction Fund	Available School Fund	Cemetery Trust Fund	Total Permanent Funds	
<b>Assets</b>							
Cash	\$ 308,009	\$ 671,628	\$ 1,390,587	\$ -	\$ 15,686	\$ 15,686	\$ 2,385,910
Investments	1,767,975	-	-	51,451	-	51,451	1,819,426
Receivables: (net of allowances for uncollectibles):							
Property Taxes	-	1,069,406	-	-	-	-	1,069,406
Due from Other Governments	12,000	-	-	-	-	-	12,000
Accounts	180	-	-	-	-	-	180
<b>Total Assets</b>	<b>\$ 2,088,164</b>	<b>\$ 1,741,034</b>	<b>\$ 1,390,587</b>	<b>\$ 51,451</b>	<b>\$ 15,686</b>	<b>\$ 67,137</b>	<b>\$ 5,286,922</b>
<b>Liabilities</b>							
Accounts Payable	\$ 33,086	\$ -	\$ 280,365	\$ -	\$ -	\$ -	\$ 313,451
Unearned Revenue	79,298	362,293	-	-	-	-	441,591
Unearned Deferred Revenue	-	1,065,871	-	-	-	-	1,065,871
<b>Total Liabilities</b>	<b>\$ 112,384</b>	<b>\$ 1,428,164</b>	<b>\$ 280,365</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,820,913</b>
<b>Fund Balances</b>							
Nonspendable	\$ -	\$ -	\$ -	\$ 51,451	\$ 15,000	\$ 66,451	\$ 66,451
Restricted	1,975,780	312,870	1,110,222	-	686	686	3,399,558
<b>Total Fund Balances</b>	<b>\$ 1,975,780</b>	<b>\$ 312,870</b>	<b>\$ 1,110,222</b>	<b>\$ 51,451</b>	<b>\$ 15,686</b>	<b>\$ 67,137</b>	<b>\$ 3,466,009</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,088,164</b>	<b>\$ 1,741,034</b>	<b>\$ 1,390,587</b>	<b>\$ 51,451</b>	<b>\$ 15,686</b>	<b>\$ 67,137</b>	<b>\$ 5,286,922</b>

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

Rusk County, Texas  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2011

	Permanent Funds						Total Nonmajor Governmental Funds
	Special Revenue Funds	Debt Service Fund	Jail Construction Fund	Available School Fund	Cemetery Trust Fund	Total Permanent Funds	
<b>Revenues:</b>							
Ad Valorem Taxes	\$ 250,000	\$ 1,509,190	\$ -	\$ -	\$ -	\$ -	\$ 1,759,190
Intergovernmental	570,899	-	-	-	-	-	570,899
Fees	179,211	-	-	-	-	-	179,211
Fines and Forfeitures	66,328	-	-	-	-	-	66,328
Miscellaneous	44,501	5,440	39,051	1,162	109	1,271	90,263
<b>Total Revenues</b>	<b>\$ 1,110,939</b>	<b>\$ 1,514,630</b>	<b>\$ 39,051</b>	<b>\$ 1,162</b>	<b>\$ 109</b>	<b>\$ 1,271</b>	<b>\$ 2,665,891</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General Government	\$ 60,856	\$ -	\$ -	\$ 1,165	\$ -	\$ 1,165	\$ 62,021
Judicial	72,963	-	-	-	-	-	72,963
Legal	102,548	-	-	-	-	-	102,548
Financial Administration	4,874	-	-	-	-	-	4,874
Public Facilities	233,795	-	-	-	-	-	233,795
Public Safety	470,067	-	-	-	-	-	470,067
Health and Welfare	218,276	-	-	-	-	-	218,276
<b>Capital Outlay:</b>							
Public Safety	34,290	-	1,863,431	-	-	-	1,897,721
<b>Debt Service:</b>							
Principal	-	865,000	-	-	-	-	865,000
Interest	-	587,925	-	-	-	-	587,925
<b>Total Expenditures</b>	<b>\$ 1,197,669</b>	<b>\$ 1,452,925</b>	<b>\$ 1,863,431</b>	<b>\$ 1,165</b>	<b>\$ -</b>	<b>\$ 1,165</b>	<b>\$ 4,515,190</b>
Excess (Deficiency) of Revenues over Expenditures	\$ (86,730)	\$ 61,705	\$ (1,824,380)	\$ (3)	\$ 109	\$ 106	\$ (1,849,299)
<b>Other Financing Sources (Uses):</b>							
Transfers In	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ 13,270</b>	<b>\$ 61,705</b>	<b>\$ (1,824,380)</b>	<b>\$ (3)</b>	<b>\$ 109</b>	<b>\$ 106</b>	<b>\$ (1,749,299)</b>
Fund Balances - Beginning	1,962,511	251,165	2,934,601	51,454	15,577	67,031	5,215,308
Fund Balances - Ending	\$ 1,975,781	\$ 312,870	\$ 1,110,221	\$ 51,451	\$ 15,686	\$ 67,137	\$ 3,466,009

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, 2011

	Law Library Fund	Rusk County Officials' Fund	Human Services Fund	Juvenile Services Fund	Water Supply Grant Fund	Total
<b><u>Assets</u></b>						
Cash	\$ 28,127	\$ 99,772	\$ 132,472	\$ 47,638	\$ -	\$ 308,009
Investments	-	795,043	972,932	-	-	1,767,975
Receivables:						
Due from Other Governments	-	-	-	-	12,000	12,000
Accounts	-	-	-	180	-	180
Total Assets	\$ 28,127	\$ 894,815	\$ 1,105,404	\$ 47,818	\$ 12,000	\$ 2,088,164
<b><u>Liabilities</u></b>						
Accounts Payable	\$ 2,794	\$ 4,428	\$ 7,572	\$ 6,292	\$ 12,000	\$ 33,086
Unearned Revenue	-	44,363	-	34,935	-	79,298
Total Liabilities	\$ 2,794	\$ 48,791	\$ 7,572	\$ 41,227	\$ 12,000	\$ 112,384
<b><u>Fund Balances</u></b>						
Restricted	\$ 25,333	\$ 846,024	\$ 1,097,832	\$ 6,591	\$ -	\$ 1,975,780
Total Fund Balances	\$ 25,333	\$ 846,024	\$ 1,097,832	\$ 6,591	\$ -	\$ 1,975,780
Total Liabilities and Fund Balances	\$ 28,127	\$ 894,815	\$ 1,105,404	\$ 47,818	\$ 12,000	\$ 2,088,164

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, 2011

	Law Library Fund	Rusk County Officials' Fund	Human Services Fund	Juvenile Services Fund	Water Supply Grant Fund	Totals
<b>Revenues:</b>						
Ad Valorem Taxes	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ 250,000
Intergovernmental	-	7,846	-	329,258	233,795	570,899
Fees	27,486	150,062	-	1,663	-	179,211
Fines and Forfeitures	-	66,328	-	-	-	66,328
Miscellaneous	246	25,156	18,562	537	-	44,501
<b>Total Revenues</b>	<b>\$ 27,732</b>	<b>\$ 249,392</b>	<b>\$ 268,562</b>	<b>\$ 331,458</b>	<b>\$ 233,795</b>	<b>\$ 1,110,939</b>
<b>Expenditures:</b>						
Current:						
General Government	\$ -	\$ 60,856	\$ -	\$ -	\$ -	\$ 60,856
Judicial	-	72,963	-	-	-	72,963
Legal	40,015	62,533	-	-	-	102,548
Financial Administration	-	4,874	-	-	-	4,874
Public Facilities	-	-	-	-	233,795	233,795
Public Safety	-	27,776	-	442,291	-	470,067
Health and Welfare	-	-	218,276	-	-	218,276
Capital Outlay:						
Public Safety	-	34,290	-	-	-	34,290
<b>Total Expenditures</b>	<b>\$ 40,015</b>	<b>\$ 263,292</b>	<b>\$ 218,276</b>	<b>\$ 442,291</b>	<b>\$ 233,795</b>	<b>\$ 1,197,669</b>
Excess (Deficiency) of Revenues over Expenditures	\$ (12,283)	\$ (13,900)	\$ 50,286	\$ (110,833)	\$ -	\$ (86,730)
<b>Other Financing Sources (Uses):</b>						
Transfers In	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>
Net Change in Fund Balances	\$ (12,283)	\$ (13,900)	\$ 50,286	\$ (10,833)	\$ -	\$ 13,270
Fund Balances - Beginning	37,616	859,924	1,047,546	17,425	-	1,962,511
Fund Balances - Ending	\$ 25,333	\$ 846,024	\$ 1,097,832	\$ 6,592	\$ -	\$ 1,975,781

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad Valorem Taxes:				
Current Taxes	\$ 12,187,799	\$ 12,187,799	\$ 12,164,363	\$ (23,436)
Delinquent Taxes	250,000	250,000	300,897	50,897
Interest and Penalty	160,000	160,000	216,795	56,795
Other Taxes:				
Liquor Drink Tax	6,000	6,000	11,207	5,207
Intergovernmental	117,390	314,251	425,777	111,526
Fees	1,470,082	1,470,082	1,596,211	126,129
Fines and Forfeitures	550,000	550,000	592,262	42,262
Miscellaneous:				
Interest	300,000	300,000	222,651	(77,349)
Other	172,400	195,895	234,336	38,441
<b>Total Revenues</b>	<b>\$ 15,213,671</b>	<b>\$ 15,434,027</b>	<b>\$ 15,764,499</b>	<b>\$ 330,472</b>
<b>Expenditures:</b>				
Current:				
General Government:				
County Judge	\$ 261,283	\$ 263,283	\$ 251,102	\$ 12,181
Commissioners' Court	294,283	294,283	289,772	4,511
County Clerk	639,132	639,132	551,102	88,030
Veterans' Service	81,956	87,856	80,289	7,567
Emergency Management	14,182	17,582	8,183	9,399
Information Technology	70,032	76,932	72,903	4,029
Judicial:				
County Court-at-Law	296,305	296,505	276,254	20,251
District Court	160,023	161,473	153,480	7,993
Justice of the Peace Court	61,500	80,164	74,177	5,987
District Clerk	515,086	523,986	496,683	27,303
Justices of the Peace	594,230	594,230	581,051	13,179
All Courts	1,207,271	1,207,271	702,122	505,149
Legal:				
District Attorney	583,388	581,188	495,683	85,505
Elections	228,166	230,366	166,254	64,112
Financial Administration:				
County Auditor	215,851	215,851	211,106	4,745
County Treasurer	165,763	166,763	162,856	3,907
Tax Assessor-Collector	1,335,818	1,361,557	1,284,637	76,920
Public Facilities:				
Maintenance	548,281	553,181	473,564	79,617

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Public Safety:</b>				
Jail	1,917,258	1,996,471	1,937,835	58,636
Constables	264,065	264,065	257,035	7,030
Sheriff	2,753,679	2,774,005	2,662,265	111,740
Juvenile Board	52,338	52,338	51,672	666
Highway Patrol	80,362	81,862	74,641	7,221
<b>Health and Welfare:</b>				
County Health	81,085	81,085	79,421	1,664
Public Health	-	58,685	51,131	7,554
County Welfare	74,994	74,994	67,982	7,012
Ambulance and Sanitation	364,107	364,107	290,021	74,086
Mental Health	18,000	18,000	14,239	3,761
Juvenile Room and Board	21,000	21,239	21,239	-
<b>Culture and Recreation:</b>				
Library Complex	877,808	878,308	849,530	28,778
Depot/Children's Discovery Center	137,627	139,427	132,027	7,400
<b>Conservation:</b>				
Agriculture and Home Demo	162,514	160,484	159,044	1,440
<b>Nondepartmental</b>	<b>735,984</b>	<b>720,319</b>	<b>641,844</b>	<b>78,475</b>
<b>Capital Outlay:</b>				
<b>General Government:</b>				
County Judge	2,000	-	-	-
County Clerk	1,000	1,000	-	1,000
Veterans' Service	29,000	23,100	-	23,100
Emergency Management	14,500	11,100	4,072	7,028
Information Technology	10,000	3,100	-	3,100
<b>Judicial:</b>				
County Court-at-Law	1,500	1,300	-	1,300
District Court	2,000	550	-	550
District Clerk	10,000	1,100	1,100	-
<b>Legal:</b>				
District Attorney	10,000	12,200	12,155	45
Elections	32,000	29,800	3,245	26,555
<b>Financial Administration:</b>				
County Auditor	2,500	2,500	-	2,500
County Treasurer	2,000	1,000	-	1,000
Tax Assessor-Collector	2,000	2,500	2,386	114
<b>Public Facilities:</b>				
Maintenance	5,000	100	-	100
<b>Public Safety:</b>				

Rusk County, Texas  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget (GAAP Basis) and Actual  
 For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Jail	20,000	41,900	41,840	60
Sheriff	120,000	123,169	77,331	45,838
Highway Patrol	1,500	-	-	-
Health and Welfare:				
County Health	-	14,064	14,064	-
County Welfare	2,000	2,000	-	2,000
Ambulance and Sanitation	10,000	10,000	2,740	7,260
Culture and Recreation:				
Library Complex	15,000	26,704	26,634	70
Depot/Children's Discovery Center	7,000	6,400	-	6,400
Conservation:				
Agriculture and Home Demo	1,200	3,230	3,230	-
Nondepartmental	703,416	853,416	424,194	429,222
<b>Total Expenditures</b>	<b>\$ 15,816,987</b>	<b>\$ 16,207,225</b>	<b>\$ 14,234,135</b>	<b>\$ 1,973,090</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ (603,316)</b>	<b>\$ (773,198)</b>	<b>\$ 1,530,364</b>	<b>\$ 2,303,562</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Transfers out	(95,000)	(100,000)	(100,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (80,000)</b>	<b>\$ (85,000)</b>	<b>\$ (85,000)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (683,316)</b>	<b>\$ (858,198)</b>	<b>\$ 1,445,364</b>	<b>\$ 2,303,562</b>
<b>Fund Balances - Beginning</b>	<b>8,146,306</b>	<b>8,146,306</b>	<b>8,146,306</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 7,462,990</b>	<b>\$ 7,288,108</b>	<b>\$ 9,591,670</b>	<b>\$ 2,303,562</b>

Rusk County, Texas  
Road and Bridge Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues:</b>				
Ad Valorem Taxes:				
Current Taxes	\$ 4,371,363	\$ 4,371,363	\$ 4,400,883	\$ 29,520
Delinquent Taxes	85,000	85,000	103,419	18,419
Interest and Penalty	60,000	60,000	77,602	17,602
Intergovernmental	50,000	50,000	50,097	97
Fees	945,000	945,000	929,532	(15,468)
Fines and Forfeitures	250,000	250,000	252,537	2,537
Miscellaneous:				
Interest	100,000	100,000	63,153	(36,847)
Other	800	223,766	223,136	(630)
<b>Total Revenues</b>	<b>\$ 5,862,163</b>	<b>\$ 6,085,129</b>	<b>\$ 6,100,359</b>	<b>\$ 15,230</b>
<b>Expenditures:</b>				
Current:				
Public Transportation:				
Precinct #1	\$ 1,049,357	\$ 1,115,957	\$ 1,085,972	\$ 29,985
Precinct #2	1,103,239	1,065,328	1,038,673	26,655
Precinct #3	1,637,934	1,919,184	1,824,810	94,374
Precinct #4	1,343,396	1,538,396	1,283,481	254,915
Weight & License	67,326	67,826	64,727	3,099
Nondepartmental	215,472	215,472	203,847	11,625
Capital Outlay:				
Public Transportation:				
Precinct #1	58,790	113,378	79,960	33,418
Precinct #2	45,214	214,185	214,185	-
Precinct #3	116,332	138,337	120,863	17,474
Precinct #4	93,346	459,519	313,892	145,627
Weight & License	30,600	30,100	-	30,100
Nondepartmental	30,000	30,000	-	30,000
Debt Service:				
Principal	39,018	39,018	39,018	-
Interest	4,492	4,492	4,492	-
<b>Total Expenditures</b>	<b>\$ 5,834,516</b>	<b>\$ 6,951,192</b>	<b>\$ 6,273,920</b>	<b>\$ 677,272</b>
Excess (Deficiency) of Revenues over Expenditures	\$ 27,647	\$ (866,063)	\$ (173,561)	\$ 692,502
<b>Other Financing Sources (Uses):</b>				
Transfers Out	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ -
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (15,000)</b>	<b>\$ (15,000)</b>	<b>\$ (15,000)</b>	<b>\$ -</b>
Net Change in Fund Balances	\$ 12,647	\$ (881,063)	\$ (188,561)	\$ 692,502
Fund Balances - Beginning	1,857,720	1,857,720	1,857,720	-
<b>Fund Balances - Ending</b>	<b>\$ 1,870,367</b>	<b>\$ 976,657</b>	<b>\$ 1,669,159</b>	<b>\$ 692,502</b>

Rusk County, Texas  
Law Library Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fees	\$ 28,000	\$ 28,000	\$ 27,486	\$ (514)
Miscellaneous:				
Interest	500	500	246	(254)
Total Revenues	<u>\$ 28,500</u>	<u>\$ 28,500</u>	<u>\$ 27,732</u>	<u>\$ (768)</u>
<b>Expenditures:</b>				
Current:				
Legal:				
District Attorney	\$ 38,000	\$ 40,015	\$ 40,015	\$ -
Total Expenditures	<u>\$ 38,000</u>	<u>\$ 40,015</u>	<u>\$ 40,015</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ (9,500)	\$ (11,515)	\$ (12,283)	\$ (768)
Fund Balances - Beginning	<u>37,616</u>	<u>37,616</u>	<u>37,616</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 28,116</u>	<u>\$ 26,101</u>	<u>\$ 25,333</u>	<u>\$ (768)</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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/ (Negative)
<b>Revenues:</b>				
Intergovernmental	\$ 7,905	\$ 7,905	\$ 7,846	\$ (59)
Fees	148,505	148,505	150,062	1,557
Fines and Forfeitures	90,030	90,030	66,328	(23,702)
Miscellaneous	20,000	21,080	25,156	4,076
<b>Total Revenues</b>	<b>\$ 266,440</b>	<b>\$ 267,520</b>	<b>\$ 249,392</b>	<b>\$ (18,128)</b>
<b>Expenditures:</b>				
Current:				
General Government:				
County Judge	\$ 30	\$ 30	\$ -	\$ 30
County Clerk	70,000	87,600	60,856	26,744
Judicial:				
District Clerk	3,000	3,000	-	3,000
Justices of the Peace	25,000	45,000	31,660	13,340
All courts	45,000	50,989	41,303	9,686
Legal:				
District Attorney	45,675	75,611	62,533	13,078
Financial Administration:				
Tax Assessor-Collector	5,000	5,000	4,874	126
Public Safety:				
Constables	2,730	2,900	425	2,475
Sheriff	54,520	54,520	27,351	27,169
Capital Outlay:				
Public Safety:				
Sheriff	-	36,080	34,290	1,790
<b>Total Expenditures</b>	<b>\$ 250,955</b>	<b>\$ 360,730</b>	<b>\$ 263,292</b>	<b>\$ 97,438</b>
<b>Net Change in Fund Balances</b>	<b>\$ 15,485</b>	<b>\$ (93,210)</b>	<b>\$ (13,900)</b>	<b>\$ 79,310</b>
<b>Fund Balances - Beginning</b>	<b>859,924</b>	<b>859,924</b>	<b>859,924</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 875,409</b>	<b>\$ 766,714</b>	<b>\$ 846,024</b>	<b>\$ 79,310</b>

Rusk County, Texas  
Human Services Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad Valorem Taxes				
Current Taxes	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Miscellaneous:				
Interest	10,000	10,000	18,562	8,562
Total Revenues	<u>\$ 260,000</u>	<u>\$ 260,000</u>	<u>\$ 268,562</u>	<u>\$ 8,562</u>
<b>Expenditures:</b>				
Current:				
Health and Welfare:				
County Welfare	\$ 414,208	\$ 419,483	\$ 218,276	\$ 201,207
Total Expenditures	<u>\$ 414,208</u>	<u>\$ 419,483</u>	<u>\$ 218,276</u>	<u>\$ 201,207</u>
Net Change in Fund Balances	\$ (154,208)	\$ (159,483)	\$ 50,286	\$ 209,769
Fund Balances - Beginning	<u>1,047,546</u>	<u>1,047,546</u>	<u>1,047,546</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 893,338</u>	<u>\$ 888,063</u>	<u>\$ 1,097,832</u>	<u>\$ 209,769</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 7,862	\$ 7,862	\$ -
Fees	90,000	90,000	256,426	166,426
Miscellaneous:				
Interest	50,000	50,000	64,524	14,524
Oil & Gas Royalties	450,000	450,000	329,389	(120,611)
<b>Total Revenues</b>	<b>\$ 590,000</b>	<b>\$ 597,862</b>	<b>\$ 658,201</b>	<b>\$ 60,339</b>
<b>Expenditures:</b>				
Current:				
Public Transportation:				
Airport	\$ 353,970	\$ 485,770	\$ 451,208	\$ 34,562
Capital Outlay:				
Public Transportation:				
Airport	20,000	43,062	39,196	3,866
<b>Total Expenditures</b>	<b>\$ 373,970</b>	<b>\$ 528,832</b>	<b>\$ 490,404</b>	<b>\$ 38,428</b>
<b>Net Change in Fund Balances</b>	<b>\$ 216,030</b>	<b>\$ 69,030</b>	<b>\$ 167,797</b>	<b>\$ 98,767</b>
<b>Fund Balances - Beginning</b>	<b>4,005,805</b>	<b>4,005,805</b>	<b>4,005,805</b>	
<b>Fund Balances - Ending</b>	<b>\$ 4,221,835</b>	<b>\$ 4,074,835</b>	<b>\$ 4,173,602</b>	<b>\$ 98,767</b>

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 393,614	\$ 393,614	\$ 329,258	\$ (64,356)
Fees	1,500	1,500	1,663	163
Miscellaneous:				
Interest	1,500	1,500	537	(963)
<b>Total Revenues</b>	<b>\$ 396,614</b>	<b>\$ 396,614</b>	<b>\$ 331,458</b>	<b>\$ (65,156)</b>
<b>Expenditures:</b>				
Current:				
Public Safety:				
Juvenile Services	\$ 491,614	\$ 513,014	\$ 442,291	\$ 70,723
<b>Total Expenditures</b>	<b>\$ 491,614</b>	<b>\$ 513,014</b>	<b>\$ 442,291</b>	<b>\$ 70,723</b>
Excess (Deficiency) of Revenues over Expenditures	\$ (95,000)	\$ (116,400)	\$ (110,833)	\$ 5,567
<b>Other Financing Sources (Uses):</b>				
Transfers in	\$ 95,000	\$ 100,000	\$ 100,000	\$ -
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 95,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ -</b>
Net Change in Fund Balances	\$ -	\$ (16,400)	\$ (10,833)	\$ 5,567
Fund Balances - Beginning	17,425	17,425	17,425	-
Fund Balances - Ending	\$ 17,425	\$ 1,025	\$ 6,592	\$ 5,567

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 415,221	\$ 233,795	\$ (181,426)
Total Revenues	\$ -	\$ 415,221	\$ 233,795	\$ (181,426)
<b>Expenditures:</b>				
Current:				
Public Facilities				
Water Improvements	\$ -	\$ 415,221	\$ 233,795	\$ 181,426
Total Expenditures	\$ -	\$ 415,221	\$ 233,795	\$ 181,426
Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ -
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

Rusk County, Texas  
Debt Service Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad Valorem Taxes:				
Current Taxes	\$ 1,437,728	\$ 1,437,728	\$ 1,460,922	\$ 23,194
Delinquent Taxes	10,000	10,000	28,800	18,800
Interest and Penalty	5,000	5,000	19,468	14,468
Miscellaneous				
Interest	5,000	5,000	5,440	440
Total Revenues	\$ 1,457,728	\$ 1,457,728	\$ 1,514,630	\$ 56,902
<b>Expenditures:</b>				
Debt Service:				
Principal	\$ 865,000	\$ 865,000	\$ 865,000	\$ -
Interest and Fees	588,625	588,625	587,925	700
Total Expenditures	\$ 1,453,625	\$ 1,453,625	\$ 1,452,925	\$ 700
Net Change in Fund Balances	\$ 4,103	\$ 4,103	\$ 61,705	\$ 56,202
Fund Balances - Beginning	251,165	251,165	251,165	-
Fund Balances - Ending	\$ 255,268	\$ 255,268	\$ 312,870	\$ 56,202

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Rusk County, Texas  
Agency Funds  
Combining Statement of Assets and Liabilities  
December 31, 2011

	Tax Assessor- Collector <u>Fund</u>	County Clerk <u>Fund</u>	District Attorney <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>
<b><u>Assets</u></b>										
Cash	\$ 4,942,984	\$ 162,735	\$ 1,068	\$ 1,589,068	\$ 104,932	\$ 1,955	\$ -	\$ 493,311	\$ -	\$ 7,296,053
Investments	-	380,392	-	880,394	-	-	-	195,555	-	1,456,341
<b>Total Assets</b>	<b>\$ 4,942,984</b>	<b>\$ 543,127</b>	<b>\$ 1,068</b>	<b>\$ 2,469,462</b>	<b>\$ 104,932</b>	<b>\$ 1,955</b>	<b>\$ -</b>	<b>\$ 688,866</b>	<b>\$ -</b>	<b>\$ 8,752,394</b>
<b><u>Liabilities</u></b>										
Due to Other Governments	\$ 4,942,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 681,974	\$ -	\$ 5,624,958
Court Ordered Deposits	-	162,735	1,068	98,256	56,313	1,955	-	1	-	320,328
Inmate Trust Funds	-	-	-	-	48,619	-	-	6,891	-	55,510
Court Ordered Trust Funds	-	380,392	-	2,371,206	-	-	-	-	-	2,751,598
<b>Total Liabilities</b>	<b>\$ 4,942,984</b>	<b>\$ 543,127</b>	<b>\$ 1,068</b>	<b>\$ 2,469,462</b>	<b>\$ 104,932</b>	<b>\$ 1,955</b>	<b>\$ -</b>	<b>\$ 688,866</b>	<b>\$ -</b>	<b>\$ 8,752,394</b>

The accompanying notes are an integral part of this statement.

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Rusk County, Texas  
 Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended December 31, 2011

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
<i><u>Tax Assessor-Collector Fund:</u></i>				
<b><u>Assets</u></b>				
Cash	\$ 3,622,370	\$ 81,577,639	\$ 80,257,025	\$ 4,942,984
Total Assets	<u>\$ 3,622,370</u>	<u>\$ 81,577,639</u>	<u>\$ 80,257,025</u>	<u>\$ 4,942,984</u>
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 3,622,370	\$ 81,577,639	\$ 80,257,025	\$ 4,942,984
Total Liabilities	<u>\$ 3,622,370</u>	<u>\$ 81,577,639</u>	<u>\$ 80,257,025</u>	<u>\$ 4,942,984</u>
<i><u>County Clerk Fund:</u></i>				
<b><u>Assets</u></b>				
Cash	\$ 135,828	\$ 742,027	\$ 715,120	\$ 162,735
Investments	317,028	68,679	5,315	380,392
Total Assets	<u>\$ 452,856</u>	<u>\$ 810,706</u>	<u>\$ 720,435</u>	<u>\$ 543,127</u>
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 135,828	\$ 742,027	\$ 715,120	\$ 162,735
Court Ordered Trust Funds	317,028	68,679	5,315	380,392
Total Liabilities	<u>\$ 452,856</u>	<u>\$ 810,706</u>	<u>\$ 720,435</u>	<u>\$ 543,127</u>
<i><u>District Attorney Fund:</u></i>				
<b><u>Assets</u></b>				
Cash	\$ 556	\$ 47,972	\$ 47,460	\$ 1,068
Total Assets	<u>\$ 556</u>	<u>\$ 47,972</u>	<u>\$ 47,460</u>	<u>\$ 1,068</u>
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 556	\$ 47,972	\$ 47,460	\$ 1,068
Total Liabilities	<u>\$ 556</u>	<u>\$ 47,972</u>	<u>\$ 47,460</u>	<u>\$ 1,068</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, 2011

	Balance		Balance	
	January 1, 2011	Additions	Deductions	December 31, 2011
<i><u>District Clerk Fund:</u></i>				
<b><u>Assets</u></b>				
Cash	\$ 1,155,961	\$ 2,146,546	\$ 1,713,439	\$ 1,589,068
Investments	883,867	232,674	236,147	880,394
Total Assets	\$ 2,039,828	\$ 2,379,220	\$ 1,949,586	\$ 2,469,462
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 65,162	\$ 1,181,009	\$ 1,147,915	\$ 98,256
Court Ordered Trust Funds	1,974,666	1,198,211	801,671	2,371,206
Total Liabilities	\$ 2,039,828	\$ 2,379,220	\$ 1,949,586	\$ 2,469,462
<i><u>Sheriff Fund:</u></i>				
<b><u>Assets</u></b>				
Cash	\$ 113,779	\$ 350,288	\$ 359,135	\$ 104,932
Total Assets	\$ 113,779	\$ 350,288	\$ 359,135	\$ 104,932
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 78,893	\$ 149,255	\$ 171,835	\$ 56,313
Inmate Trust Funds	34,886	201,033	187,300	48,619
Total Liabilities	\$ 113,779	\$ 350,288	\$ 359,135	\$ 104,932
<i><u>Justices of the Peace Fund:</u></i>				
<b><u>Assets</u></b>				
Cash	\$ 1,921	\$ 1,553,391	\$ 1,553,357	\$ 1,955
Total Assets	\$ 1,921	\$ 1,553,391	\$ 1,553,357	\$ 1,955
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 1,921	\$ 1,553,391	\$ 1,553,357	\$ 1,955
Total Liabilities	\$ 1,921	\$ 1,553,391	\$ 1,553,357	\$ 1,955

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, 2011

	Balance January 1, 2011		Additions	Deductions	Balance December 31, 2011	
<i>Library System:</i>						
<b>Assets</b>						
Cash	\$	-	\$ 19,443	\$ 19,443	\$	-
Total Assets	\$	-	\$ 19,443	\$ 19,443	\$	-
<b>Liabilities</b>						
Due to Other Governments	\$	-	\$ 19,443	\$ 19,443	\$	-
Total Liabilities	\$	-	\$ 19,443	\$ 19,443	\$	-
<i>Adult Probation:</i>						
<b>Assets</b>						
Cash	\$	585,611	\$ 5,095,354	\$ 5,187,654	\$	493,311
Investments		192,439	3,116	-		195,555
Total Assets	\$	778,050	\$ 5,098,470	\$ 5,187,654	\$	688,866
<b>Liabilities</b>						
Due to Other Governments	\$	770,174	\$ 4,856,012	\$ 4,944,212	\$	681,974
Court Ordered Deposits		1	172,487	172,487		1
Inmate Trust		7,875	69,971	70,955		6,891
Total Liabilities	\$	778,050	\$ 5,098,470	\$ 5,187,654	\$	688,866
<i>Juvenile Probation Fund:</i>						
<b>Assets</b>						
Cash	\$	-	\$ 5,720	\$ 5,720	\$	-
Total Assets	\$	-	\$ 5,720	\$ 5,720	\$	-
<b>Liabilities</b>						
Court Ordered Deposits	\$	-	\$ 5,720	\$ 5,720	\$	-
Total Liabilities	\$	-	\$ 5,720	\$ 5,720	\$	-

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, 2011

	Balance January 1, 2011	Additions	Deductions	Balance December 31, 2011
<b><u>Total All Agency Funds:</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 5,616,026	\$ 91,538,380	\$ 89,858,353	\$ 7,296,053
Investments	1,393,334	304,469	241,462	1,456,341
Total Assets	<u>\$ 7,009,360</u>	<u>\$ 91,842,849</u>	<u>\$ 90,099,815</u>	<u>\$ 8,752,394</u>
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 4,392,544	\$ 86,453,094	\$ 85,220,680	\$ 5,624,958
Court Ordered Deposits	282,361	3,851,861	3,813,894	320,328
Inmate Trust Funds	42,761	271,004	258,255	55,510
Court Ordered Trust Funds	2,291,694	1,266,890	806,986	2,751,598
Total Liabilities	<u>\$ 7,009,360</u>	<u>\$ 91,842,849</u>	<u>\$ 90,099,815</u>	<u>\$ 8,752,394</u>

The accompanying notes are an integral part of this statement.

Rusk County, Texas  
Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedules By Source  
December 31, 2011

	2011	2010
Governmental Funds Capital Assets:		
Land	\$ 1,032,025	\$ 1,032,025
Construction in Progress	-	13,816,377
Buildings	21,851,213	5,890,664
Machinery and Equipment	11,535,462	11,419,083
Infrastructure	3,978,922	3,978,922
	<u>\$ 38,397,622</u>	<u>\$ 36,137,071</u>
Investments in Governmental Funds Capital Assets by Source:		
Investment in Governmental Funds Capital Assets acquired prior to 1/1/88	\$ 468,944	\$ 596,512
Investment in Governmental Funds Capital Assets acquired on or after 1/1/88:		
General Revenues	18,703,527	18,178,839
Certificates of Obligation	18,495,318	16,631,887
Donations	673,965	673,965
Drug Seizures	55,868	55,868
	<u>\$ 38,397,622</u>	<u>\$ 36,137,071</u>

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Rusk County, Texas  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule By Function and Activity  
 December 31, 2011

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
<b>General Government:</b>					
County Judge	\$ -	\$ -	\$ 6,389	\$ -	\$ 6,389
County Clerk	-	-	63,528	-	63,528
Veteran's Service	-	-	42,925	-	42,925
Emergency Management	-	-	367,868	-	367,868
Total General Government	\$ -	\$ -	\$ 480,710	\$ -	\$ 480,710
<b>Judicial:</b>					
Justices of the Peace	\$ 1,060	\$ 243,927	\$ 6,519	\$ -	\$ 251,506
District Court	-	-	74,790	-	74,790
Total Judicial	\$ 1,060	\$ 243,927	\$ 81,309	\$ -	\$ 326,296
<b>Legal:</b>					
District Attorney	\$ -	\$ -	\$ 17,261	\$ -	\$ 17,261
Total District Attorney	\$ -	\$ -	\$ 17,261	\$ -	\$ 17,261
<b>Elections:</b>					
Elections	\$ 16,665	\$ -	\$ 86,500	\$ -	\$ 103,165
Total Elections	\$ 16,665	\$ -	\$ 86,500	\$ -	\$ 103,165
<b>Financial Administration:</b>					
Tax Assessor-Collector	\$ -	\$ 248,887	\$ 5,362	\$ -	\$ 254,249
Total Financial Administration	\$ -	\$ 248,887	\$ 5,362	\$ -	\$ 254,249
<b>Public Facilities:</b>					
Courthouse	\$ 191,486	\$ 401,231	\$ 377,161	\$ -	\$ 969,878
Miscellaneous and Nondepartmental	11,100	-	35,909	-	47,009
Total Public Facilities	\$ 202,586	\$ 401,231	\$ 413,070	\$ -	\$ 1,016,887
<b>Public Safety:</b>					
Jail	\$ 225,000	\$ 18,825,332	\$ 75,362	\$ -	\$ 19,125,694
Sheriff	50,000	386,846	1,247,099	-	1,683,945
Juvenile Probation	-	137,493	25,029	-	162,522
Total Public Safety	\$ 275,000	\$ 19,349,671	\$ 1,347,490	\$ -	\$ 20,972,161
<b>Public Transportation:</b>					
Road & Bridge-Precinct #1	\$ 4,667	\$ -	\$ 2,050,155	\$ 981,240	\$ 3,036,062
Road & Bridge-Precinct #2	6,268	-	1,898,734	1,487,698	3,392,700
Road & Bridge-Precinct #3	8,050	-	2,214,352	1,173,944	3,396,346
Road & Bridge-Precinct #4	17,624	-	2,347,066	336,040	2,700,730
Road & Bridge-Miscellaneous	-	-	32,063	-	32,063
License & Weight	-	-	34,706	-	34,706
Airport	346,420	380,512	282,685	-	1,009,617
Total Public Transportation	\$ 383,029	\$ 380,512	\$ 8,859,761	\$ 3,978,922	\$ 13,602,224

Rusk County, Texas  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule By Function and Activity  
 December 31, 2011

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Health and Welfare:					
County Health	\$ -	\$ -	\$ 59,469	\$ -	\$ 59,469
Sanitation	12,165	-	15,872	-	28,037
Total Health and Welfare	\$ 12,165	\$ -	\$ 75,341	\$ -	\$ 87,506
Culture and Recreation:					
Library Complex	\$ 90,580	\$ 915,808	\$ 152,571	\$ -	\$ 1,158,959
Depot/Children's Discovery Center	40,440	173,684	9,450	-	223,574
Community Center	10,500	-	-	-	10,500
Total Culture and Recreation	\$ 141,520	\$ 1,089,492	\$ 162,021	\$ -	\$ 1,393,033
Conservation and Agriculture:					
Agriculture & Home Demo	\$ -	\$ 137,493	\$ 6,637	\$ -	\$ 144,130
Total Conservation and Agriculture	\$ -	\$ 137,493	\$ 6,637	\$ -	\$ 144,130
Total Governmental Funds Capital Assets	\$ 1,032,025	\$ 21,851,213	\$ 11,535,462	\$ 3,978,922	\$ 38,397,622

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, 2011

<u>Function and Activity</u>	<u>Beginning Balance January 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets December 31, 2011</u>
<b>General Government:</b>				
County Judge	\$ 6,389	\$ -	\$ -	\$ 6,389
County Clerk	63,528	-	-	63,528
Veteran's Service	42,925	-	-	42,925
Emergency Management	314,514	53,354	-	367,868
Total General Government	<u>\$ 427,356</u>	<u>\$ 53,354</u>	<u>\$ -</u>	<u>\$ 480,710</u>
<b>Judicial:</b>				
Justices of the Peace	\$ 110,477	\$ 141,029	\$ -	\$ 251,506
District Court	74,790	-	-	74,790
Total Judicial	<u>\$ 185,267</u>	<u>\$ 141,029</u>	<u>\$ -</u>	<u>\$ 326,296</u>
<b>Legal:</b>				
District Attorney	\$ 7,800	\$ 9,461	\$ -	\$ 17,261
Total Legal	<u>\$ 7,800</u>	<u>\$ 9,461</u>	<u>\$ -</u>	<u>\$ 17,261</u>
<b>Elections:</b>				
Elections	\$ 103,165	\$ -	\$ -	\$ 103,165
Total Elections	<u>\$ 103,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,165</u>
<b>Financial Administration:</b>				
Tax Assessor-Collector	\$ 254,249	\$ -	\$ -	\$ 254,249
Total Financial Administration	<u>\$ 254,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,249</u>
<b>Public Facilities:</b>				
Courthouse	\$ 823,647	\$ 146,231	\$ -	\$ 969,878
Miscellaneous and Nondepartmental	72,465	-	25,456	47,009
Total Public Facilities	<u>\$ 896,112</u>	<u>\$ 146,231</u>	<u>\$ 25,456</u>	<u>\$ 1,016,887</u>
<b>Public Safety:</b>				
Jail	\$ 17,218,183	\$ 1,907,511	\$ -	\$ 19,125,694
Sheriff	1,711,478	82,909	110,442	1,683,945
Juvenile Probation	162,522	-	-	162,522
Total Public Safety	<u>\$ 19,092,183</u>	<u>\$ 1,990,420</u>	<u>\$ 110,442</u>	<u>\$ 20,972,161</u>
<b>Public Transportation:</b>				
Road & Bridge-Precinct #1	\$ 3,007,617	\$ 79,960	\$ 51,515	\$ 3,036,062
Road & Bridge-Precinct #2	3,327,335	224,342	158,977	3,392,700
Road & Bridge-Precinct #3	3,553,608	151,117	308,379	3,396,346
Road & Bridge-Precinct #4	2,599,257	333,891	232,418	2,700,730
Road & Bridge-Miscellaneous	32,063	-	-	32,063
License & Weight	34,706	-	-	34,706
Airport	1,013,286	34,987	38,656	1,009,617
Total Public Transportation	<u>\$ 13,567,872</u>	<u>\$ 824,297</u>	<u>\$ 789,945</u>	<u>\$ 13,602,224</u>

Rusk County, Texas  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes By Function and Activity  
 For the Year Ended December 31, 2011

<u>Function and Activity</u>	<u>Beginning Balance January 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets December 31, 2011</u>
<b>Health and Welfare:</b>				
County Health	\$ 59,469	\$ -	\$ -	\$ 59,469
Sanitation	28,037	-	-	28,037
Total Health and Welfare	<u>\$ 87,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,506</u>
<b>Culture and Recreation:</b>				
Library Complex	\$ 1,137,357	\$ 21,602	\$ -	\$ 1,158,959
Depot/Children's Discovery Center	223,574	-	-	223,574
Community Center	10,500	-	-	10,500
Total Culture and Recreation	<u>\$ 1,371,431</u>	<u>\$ 21,602</u>	<u>\$ -</u>	<u>\$ 1,393,033</u>
<b>Conservation and Agriculture:</b>				
Agriculture & Home Demo	\$ 144,130	\$ -	\$ -	\$ 144,130
Total Conservation and Agriculture	<u>\$ 144,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,130</u>
<b>Total Governmental Funds Capital Assets</b>	<u><u>\$ 36,137,071</u></u>	<u><u>\$ 3,186,394</u></u>	<u><u>\$ 925,843</u></u>	<u><u>\$ 38,397,622</u></u>

# **STATISTICAL SECTION**

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## Statistical Section

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

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

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

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Invested in Capital Assets, Net of Related Debt	\$ 12,382,603	\$ 11,710,141	\$ 10,916,017	\$ 9,633,246	\$ 9,478,303	\$ 8,741,412	\$ 8,572,155	\$ 8,338,723	\$ 8,421,395
Restricted	207,659	120,834	66,838	67,419	67,523	67,855	67,364	67,104	67,274
Unrestricted	18,580,317	17,742,764	16,325,566	14,761,588	12,130,341	9,642,173	6,171,963	4,671,573	3,270,624
 Total	 \$ 31,170,579	 \$ 29,573,739	 \$ 27,308,421	 \$ 24,462,253	 \$ 21,676,167	 \$ 18,451,440	 \$ 14,811,482	 \$ 13,077,400	 \$ 11,759,293

Note: Accrual-basis financial information for the County as a whole is available back to 2003 only, the year GASB Statement No. 34 was implemented.

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

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

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

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

Note: Accrual-basis financial information for the County as a whole is available back to 2003 only, the year GASB Statement No. 34 was implemented.

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund										
Nonspendable	\$ 92,152	\$ 73,843	\$ 90,602	\$ 79,820	\$ 4,275	\$ 16,623	\$ 240	\$ 302,650	\$ 140,500	\$ 115,000
Unassigned	9,499,518	8,072,463	6,875,744	5,634,509	4,799,510	3,943,171	3,273,291	2,504,893	1,800,189	1,706,323
<b>Total General Fund</b>	<b>\$ 9,591,670</b>	<b>\$ 8,146,306</b>	<b>\$ 6,966,346</b>	<b>\$ 5,714,329</b>	<b>\$ 4,803,785</b>	<b>\$ 3,959,794</b>	<b>\$ 3,273,531</b>	<b>\$ 2,807,543</b>	<b>\$ 1,940,689</b>	<b>\$ 1,821,323</b>
All Other Governmental Funds										
Nonspendable, Reported in:										
Special Revenue Funds	\$ 48,720	\$ 12,260	\$ 8,985	\$ -	\$ -	\$ -	\$ -	\$ 115,000	\$ 115,000	\$ 240,000
Permanent Funds	66,451	66,451	66,451	66,451	66,451	66,451	66,451	66,451	66,451	61,451
Restricted, Reported in:										
Special Revenue Funds	7,769,821	7,813,776	7,549,788	7,384,782	5,563,834	4,005,489	1,627,775	1,400,428	1,167,089	1,337,478
Debt Service Fund	312,870	251,165	142,908	884	-	-	-	-	-	-
Capital Projects Funds	1,110,222	2,934,601	11,936,646	15,744,608	-	-	-	-	-	-
Permanent Funds	686	580	387	968	1,072	1,404	1,913	653	823	1,049
<b>Total All Other Governmental Funds</b>	<b>\$ 9,308,770</b>	<b>\$ 11,078,833</b>	<b>\$ 19,705,165</b>	<b>\$ 23,197,693</b>	<b>\$ 5,631,357</b>	<b>\$ 4,073,344</b>	<b>\$ 1,696,139</b>	<b>\$ 1,582,532</b>	<b>\$ 1,349,363</b>	<b>\$ 1,639,978</b>

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Revenues</b>										
Ad Valorem Taxes	\$19,023,149	\$19,011,462	\$18,483,518	\$15,163,551	\$13,977,056	\$13,315,559	\$12,309,066	\$11,593,630	\$10,502,080	\$ 9,694,475
Other Taxes	11,207	10,476	8,638	5,585	4,319	3,356	3,591	4,396	3,208	3,598
Intergovernmental	1,054,635	935,008	940,457	1,138,807	811,424	827,526	1,454,162	908,352	637,453	617,231
Fees	2,961,380	2,933,010	3,107,887	3,229,850	3,079,213	3,016,242	2,631,281	2,378,869	2,168,816	2,008,535
Fines and Forfeitures	911,127	890,196	981,638	1,363,094	929,460	1,281,991	892,637	772,195	700,921	502,467
Miscellaneous	1,227,452	1,454,803	1,540,018	2,735,338	2,281,376	1,908,193	828,158	532,897	364,294	430,939
<b>Total Revenues</b>	<b>\$25,188,950</b>	<b>\$25,234,955</b>	<b>\$25,062,156</b>	<b>\$23,636,225</b>	<b>\$21,082,848</b>	<b>\$20,352,867</b>	<b>\$18,118,895</b>	<b>\$16,190,339</b>	<b>\$14,376,772</b>	<b>\$13,257,245</b>
<b>Expenditures</b>										
General Government	\$ 1,315,372	\$ 1,320,775	\$ 1,434,205	\$ 1,269,771	\$ 1,403,768	\$ 1,179,689	\$ 1,205,227	\$ 1,047,391	\$ 995,298	\$ 979,779
Judicial	2,356,730	2,856,259	2,368,772	2,324,660	2,325,883	1,919,442	1,729,395	1,473,119	1,484,271	1,300,238
Legal	598,231	541,061	448,985	432,977	413,165	456,772	423,476	404,533	480,528	421,470
Elections	166,254	198,470	187,089	167,604	87,272	54,858	22,054	70,694	18,753	31,085
Financial Administration	1,663,473	1,610,118	1,549,434	1,492,757	1,453,794	1,355,470	1,286,558	1,272,837	1,127,698	959,684
Public Facilities	707,359	608,590	685,269	706,639	436,613	570,130	466,374	286,237	341,882	349,254
Public Safety	5,453,515	5,227,551	5,379,212	4,830,771	4,438,630	4,141,149	3,861,775	3,708,318	3,566,604	3,264,435
Public Transportation	5,952,718	5,708,918	5,329,084	5,038,624	4,542,911	4,347,018	4,402,660	3,936,295	3,874,593	3,589,695
Health and Welfare	742,309	736,447	625,991	512,278	478,534	497,290	520,599	565,095	464,114	425,988
Culture and Recreation	981,557	972,016	950,790	882,939	762,599	757,843	711,579	677,729	644,597	597,002
Conservation	159,044	133,084	126,541	122,434	114,160	111,077	104,305	96,905	114,006	102,239
Nondepartmental	641,844	551,515	853,377	792,204	571,561	589,550	527,348	502,085	465,920	422,496
Capital Outlay	3,278,808	10,720,338	5,855,945	2,175,557	2,318,290	1,812,285	1,912,819	1,381,416	893,167	914,704
Debt Service:										
Principal	904,018	871,948	852,935	79,327	123,929	83,249	79,977	220,775	93,649	275,603
Interest	592,417	624,237	655,038	232,311	12,308	10,161	14,199	21,190	23,354	19,473
Debt Issuance Cost	-	-	-	302,293	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$25,513,649</b>	<b>\$32,681,327</b>	<b>\$27,302,667</b>	<b>\$21,363,146</b>	<b>\$19,483,417</b>	<b>\$17,885,983</b>	<b>\$17,268,345</b>	<b>\$15,664,619</b>	<b>\$14,588,434</b>	<b>\$13,653,145</b>

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Excess of Revenues Over/(Under)										
Expenditures	\$ (324,699)	\$ (7,446,372)	\$ (2,240,511)	\$ 2,273,079	\$ 1,599,431	\$ 2,466,884	\$ 850,550	\$ 525,720	\$ (211,662)	\$ (395,900)
<b>Other Financing Sources/(Uses)</b>										
Transfers in	\$ 115,000	\$ 360,000	\$ 355,000	\$ 575,000	\$ 345,000	\$ 495,000	\$ 227,000	\$ 307,358	\$ 157,358	\$ 107,000
Transfers out	(115,000)	(360,000)	(355,000)	(575,000)	(345,000)	(495,000)	(644,500)	(307,358)	(157,358)	(107,000)
Certificates of Obligation Issued	-	-	-	16,000,000						
Premium on Certificates of Obligation	-	-	-	203,801						
Capital Leases	-	-	-	-	-	222,570	-	123,528	73,080	-
Sale of Capital Assets	-	-	-	-	802,573	375,014	145,545	450,775	-	-
Total Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ 16,203,801	\$ 802,573	\$ 597,584	\$ (271,955)	\$ 574,303	\$ 73,080	\$ -
Net Changes in Fund Balances	\$ (324,699)	\$ (7,446,372)	\$ (2,240,511)	\$ 18,476,880	\$ 2,402,004	\$ 3,064,468	\$ 578,595	\$ 1,100,023	\$ (138,582)	\$ (395,900)
Debt Service as a Percentage of Noncapital Expenditures	6.70%	6.75%	6.91%	1.60%	0.78%	0.57%	0.59%	1.66%	0.84%	2.32%

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

Tax Roll Year	Real Property	Personal Property	Less Exemptions	Total Assessed	Estimated Actual Value	Ratio of Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
2002	\$ 1,594,886	\$ 1,887,500	\$ 952,447	\$ 2,529,939	\$ 3,482,386	72.65%	\$ 0.44180
2003	1,614,564	1,892,965	986,405	2,521,124	3,507,529	71.88	0.48240
2004	1,752,399	2,198,331	1,087,782	2,862,948	3,950,730	72.47	0.45000
2005	1,918,480	2,521,813	1,157,626	3,282,667	4,440,293	73.93	0.42250
2006	1,850,212	3,316,673	1,205,890	3,960,995	5,166,885	76.66	0.36700
2007	2,083,209	3,721,462	1,360,681	4,443,990	5,804,671	76.56	0.35890
2008	2,592,739	4,412,925	1,854,401	5,151,263	7,005,664	73.53	0.36760
2009	2,583,800	4,493,701	1,788,132	5,289,369	7,077,501	74.73	0.37200
2010	2,617,946	4,205,464	1,797,793	5,025,617	6,823,410	73.65	0.39750
2011	2,650,132	3,637,093	1,685,788	4,601,437	6,287,225	73.19	0.44170

Notes: Exemptions from tax are provided for:

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

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

Source: Rusk County Appraisal District

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

<u>Name of Government</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Rusk County, Texas										
Operating	\$0.28810	\$0.25780	\$0.24020	\$0.23400	\$0.24850	\$0.24600	\$0.28300	\$0.30000	\$0.33130	\$0.29880
Debt Service	0.03180	0.02980	0.02900	0.03080	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
County School	0.02100	0.01910	0.01780	0.01780	0.02040	0.02240	0.02650	0.03000	0.03000	0.03000
Farm to Market	0.05380	0.04880	0.04500	0.04500	0.05000	0.05860	0.07300	0.04000	0.04000	0.04000
Special Roads	<u>0.04700</u>	<u>0.04200</u>	<u>0.04000</u>	<u>0.04000</u>	<u>0.04000</u>	<u>0.04000</u>	<u>0.04000</u>	<u>0.08000</u>	<u>0.08110</u>	<u>0.07300</u>
Total Rate	<u>\$0.44170</u>	<u>\$0.39750</u>	<u>\$0.37200</u>	<u>\$0.36760</u>	<u>\$0.35890</u>	<u>\$0.36700</u>	<u>\$0.42250</u>	<u>\$0.45000</u>	<u>\$0.48240</u>	<u>\$0.44180</u>
City of Henderson, Texas										
Operating	\$0.41540	\$0.43860	\$0.43690	\$0.42900	\$0.44550	\$0.39040	\$0.40670	\$0.35770	\$0.37720	\$0.37110
Debt Service	<u>0.10630</u>	<u>0.08310</u>	<u>0.08480</u>	<u>0.09270</u>	<u>0.07620</u>	<u>0.13130</u>	<u>0.11500</u>	<u>0.16400</u>	<u>0.14450</u>	<u>0.15060</u>
Total Rate	<u>\$0.52170</u>									
City of New London, Texas										
Operating	<u>\$0.63481</u>	<u>\$0.63481</u>	<u>\$0.75130</u>	<u>\$0.60523</u>	<u>\$0.71182</u>	<u>\$0.71795</u>	<u>\$0.76000</u>	<u>\$0.87293</u>	<u>\$0.88406</u>	<u>\$0.83589</u>
Total Rate	<u>\$0.63481</u>	<u>\$0.63481</u>	<u>\$0.75130</u>	<u>\$0.60523</u>	<u>\$0.71182</u>	<u>\$0.71795</u>	<u>\$0.76000</u>	<u>\$0.87293</u>	<u>\$0.88406</u>	<u>\$0.83589</u>
City of Kilgore, Texas										
Operating	\$0.34765	\$0.33680	\$0.33680	\$0.34127	\$0.42927	\$0.47170	\$0.49133	\$0.47965	\$0.47770	\$0.47825
Debt Service	<u>0.05179</u>	<u>0.05557</u>	<u>0.05557</u>	<u>0.05873</u>	<u>0.03073</u>	<u>0.03573</u>	<u>0.03360</u>	<u>0.04528</u>	<u>0.04723</u>	<u>0.03175</u>
Total Rate	<u>\$0.39944</u>	<u>\$0.39237</u>	<u>\$0.39237</u>	<u>\$0.40000</u>	<u>\$0.46000</u>	<u>\$0.50743</u>	<u>\$0.52493</u>	<u>\$0.52493</u>	<u>\$0.52493</u>	<u>\$0.51000</u>
City of Overton, Texas										
Operating	\$0.39781	\$0.38090	\$0.38090	\$0.38090	\$0.38329	\$0.37770	\$0.41020	\$0.41472	\$0.49425	\$0.50255
Debt Service	<u>0.17872</u>	<u>0.17500</u>	<u>0.17500</u>	<u>0.17500</u>	<u>0.19710</u>	<u>0.21990</u>	<u>0.20170</u>	<u>0.21780</u>	<u>0.16984</u>	<u>0.17395</u>
Total Rate	<u>\$0.57653</u>	<u>\$0.55590</u>	<u>\$0.55590</u>	<u>\$0.55590</u>	<u>\$0.58039</u>	<u>\$0.59760</u>	<u>\$0.61190</u>	<u>\$0.63252</u>	<u>\$0.66409</u>	<u>\$0.67650</u>
City of Tatum, Texas										
Operating	\$0.31851	\$0.31943	\$0.33577	\$0.33702	\$0.34338	\$0.36144	\$0.41870	\$0.41360	\$0.42780	\$0.42090
Debt Service	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.02747</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Total Rate	<u>\$0.31851</u>	<u>\$0.31943</u>	<u>\$0.33577</u>	<u>\$0.33702</u>	<u>\$0.37085</u>	<u>\$0.36144</u>	<u>\$0.41870</u>	<u>\$0.41360</u>	<u>\$0.42780</u>	<u>\$0.42090</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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Henderson ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.37000	\$1.50000	\$1.50000	\$1.50000	\$1.50000
Debt Service	<u>0.14000</u>	<u>0.14000</u>	<u>0.14000</u>	<u>0.14000</u>	<u>0.14000</u>	<u>0.09100</u>	<u>0.10000</u>	<u>0.10000</u>	<u>0.10000</u>	<u>0.10000</u>
Total Rate	<u>\$1.18000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>	<u>\$1.46100</u>	<u>\$1.60000</u>	<u>\$1.60000</u>	<u>\$1.60000</u>	<u>\$1.60000</u>
Laneville ISD										
Operating	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>	<u>\$1.37000</u>	<u>\$1.50000</u>	<u>\$1.50000</u>	<u>\$1.50000</u>	<u>\$1.50000</u>
Total Rate	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>	<u>\$1.37000</u>	<u>\$1.50000</u>	<u>\$1.50000</u>	<u>\$1.50000</u>	<u>\$1.50000</u>
Leverett's Chapel ISD										
Operating	\$1.22180	\$1.25180	\$1.25180	\$1.25180	\$1.25180	\$1.47880	\$1.50000	\$1.64470	\$1.65190	\$1.63670
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>0.12270</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Total Rate	<u>\$1.22180</u>	<u>\$1.25180</u>	<u>\$1.25180</u>	<u>\$1.25180</u>	<u>\$1.25180</u>	<u>\$1.47880</u>	<u>\$1.62270</u>	<u>\$1.64470</u>	<u>\$1.65190</u>	<u>\$1.63670</u>
Mt. Enterprise ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.37000	\$1.50000	\$1.50000	\$1.30000	\$1.30000
Debt Service	<u>0.17360</u>	<u>0.16270</u>	<u>0.09798</u>	<u>0.16650</u>	<u>0.16000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.15000</u>	<u>0.15000</u>
Total Rate	<u>\$1.21360</u>	<u>\$1.20270</u>	<u>\$1.13798</u>	<u>\$1.20650</u>	<u>\$1.20000</u>	<u>\$1.37000</u>	<u>\$1.50000</u>	<u>\$1.50000</u>	<u>\$1.45000</u>	<u>\$1.45000</u>
Overton ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.37000	\$1.50000	\$1.50000	\$1.50000	\$1.50000
Debt Service	<u>0.46430</u>	<u>0.44000</u>	<u>0.40000</u>	<u>0.14100</u>	<u>0.15000</u>	<u>0.15000</u>	<u>0.09000</u>	<u>0.09000</u>	<u>0.11000</u>	<u>0.11000</u>
Total Rate	<u>\$1.50430</u>	<u>\$1.48000</u>	<u>\$1.44000</u>	<u>\$1.18100</u>	<u>\$1.19000</u>	<u>\$1.52000</u>	<u>\$1.59000</u>	<u>\$1.59000</u>	<u>\$1.61000</u>	<u>\$1.61000</u>
Tatum ISD										
Operating	\$0.76000	\$0.92890	\$0.76000	\$0.75000	\$0.75000	\$1.21900	\$1.33000	\$1.30000	\$1.47000	\$1.47000
Debt Service	<u>0.28000</u>	<u>0.11110</u>	<u>0.28000</u>	<u>0.29000</u>	<u>0.29000</u>	<u>0.15100</u>	<u>0.23840</u>	<u>0.26800</u>	<u>0.00000</u>	<u>0.00000</u>
Total Rate	<u>\$1.04000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>	<u>\$1.37000</u>	<u>\$1.56840</u>	<u>\$1.56800</u>	<u>\$1.47000</u>	<u>\$1.47000</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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Garrison ISD										
Operating	\$1.02200	\$1.02200	\$1.02200	\$1.02200	\$0.99378	\$1.25477	\$1.37000	\$1.37000	\$1.36620	\$1.26620
Debt Service	<u>0.07340</u>	<u>0.06700</u>	<u>0.05044</u>	<u>0.04796</u>	<u>0.06196</u>	<u>0.05416</u>	<u>0.05180</u>	<u>0.06000</u>	<u>0.06580</u>	<u>0.05950</u>
Total Rate	<u>\$1.09540</u>	<u>\$1.08900</u>	<u>\$1.07244</u>	<u>\$1.06996</u>	<u>\$1.05574</u>	<u>\$1.30893</u>	<u>\$1.42180</u>	<u>\$1.43000</u>	<u>\$1.43200</u>	<u>\$1.32570</u>
Cushing ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.50000	\$1.50000	\$1.50000	\$1.50000	\$1.50000
Debt Service	<u>0.26000</u>	<u>0.24000</u>	<u>0.24000</u>	<u>0.00000</u>						
Total Rate	<u>\$1.30000</u>	<u>\$1.28000</u>	<u>\$1.28000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>	<u>\$1.50000</u>	<u>\$1.50000</u>	<u>\$1.50000</u>	<u>\$1.50000</u>	<u>\$1.50000</u>
Total	<u>\$17.92349</u>	<u>\$17.36791</u>	<u>\$17.38016</u>	<u>\$16.66221</u>	<u>\$17.17410</u>	<u>\$20.67915</u>	<u>\$22.24223</u>	<u>\$22.19978</u>	<u>\$22.86718</u>	<u>\$21.87109</u>

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Rank</u>	<u>2011 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Rank</u>	<u>2002 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Luminent Generation Co. LP	Electric Generating	1	\$1,089,418,590	23.68%	1	\$ 765,804,460	30.27%
Tenaska Gateway Partners	Electric Generating	2	97,685,950	2.12	3	46,546,560	1.84
Luminent Mining Co.	Lease Equipment	3	88,173,230	1.92	6	28,762,150	1.14
Cabot Oil & Gas Corp	Minerals	4	75,218,920	1.63		-	-
Sampson Lone Star LP	Minerals	5	67,983,510	1.48	2	108,435,910	4.29
Houston Pipe Line Company	Utility	6	65,996,400	1.43		-	-
Energy Transfer Fuel Company	Utility	7	55,271,850	1.20		-	-
Anadarko E&P Co. LP	Utility	8	54,739,780	1.19		-	-
Basa Resources	Minerals	9	44,432,380	0.97		-	-
Verado Energy	Minerals	10	37,918,350	0.82	5	35,577,580	1.41
RME Petroleum Company	Oil & Gas		-	-	4	44,864,970	1.77
Oncor Electric Delivery Company	Transmission Lines		-	-	7	22,967,580	0.91
Exxon Corporation	Oil & Gas		-	-	8	22,616,080	0.89
BLC	Mining Equipment		-	-	9	20,851,390	0.82
BP Amoco Corporation	Oil & Gas		-	-	10	20,487,970	0.81
<b>Total</b>			<b>\$1,676,838,960</b>	<b>36.44%</b>		<b>\$1,116,914,650</b>	<b>45.82%</b>

Source: Rusk County Appraisal District

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

<u>Tax Roll Year</u>	<u>(1) Tax Levy</u>	<u>Current Tax Collections</u>	<u>(2) Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>(2) Ratio of Total Tax Collections To Total Tax Levy</u>	<u>(3)/(4) Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Tax Levy</u>
2002	\$ 10,424,576	\$ 10,045,623	96.36%	\$ 343,801	\$ 10,389,424	99.66%	\$ 35,152	0.34%
2003	11,425,969	11,000,087	96.27	381,830	11,381,917	99.61	44,052	0.39
2004	12,090,828	11,726,513	96.99	314,921	12,041,434	99.59	49,394	0.41
2005	13,160,269	12,751,042	96.89	347,909	13,098,951	99.53	61,318	0.47
2006	13,839,701	13,359,094	96.53	406,482	13,765,576	99.46	74,125	0.54
2007	15,044,447	14,603,202	97.07	336,618	14,939,820	99.30	104,627	0.70
2008	18,300,645	17,763,509	97.06	370,883	18,134,392	99.09	166,253	0.91
2009	18,750,333	18,183,297	96.98	357,411	18,540,708	98.88	209,625	1.12
2010	18,787,026	18,275,059	97.27	192,041	18,467,100	98.30	319,926	1.70
2011	18,948,333	4,563,407	24.08	N/A	4,563,407	24.08	N/A	N/A

(1) Years 2002 through 2010 represent adjusted tax levy and year 2011 represents original tax levy, as adjustments are not complete until the end of the tax roll year June 30, 2012, which will occur during the next fiscal year.

(2) 2011 percentage of collections and total collections is lower than other years because the 2011 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, 2011.

(4) 2011 uncollected taxes are not delinquent until July 1, 2012.

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

Fiscal Year	General Bonded Debt				(2) Percentage of Assessed Value of Taxable Property	(3) Per Capita	Other Governmental Activities Debt		(3) Percentage of Personal Income	(3) Per Capita
	(1) Certificates of Obligation	Less: Resources held which are Restricted to Paying Principal	Net Certificates of Obligation	(1) Capital Leases			Total Governmental Activities			
2002	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 421,964	\$ 421,964	0.04%	\$ 9	
2003	-	-	-	0.00%	-	401,262	401,262	0.04%	8	
2004	-	-	-	0.00%	-	304,015	304,015	0.03%	6	
2005	-	-	-	0.00%	-	224,038	224,038	0.02%	5	
2006	-	-	-	0.00%	-	363,359	363,359	0.03%	8	
2007	-	-	-	0.00%	-	239,430	239,430	0.02%	5	
2008	16,000,000	-	16,000,000	0.31%	327	160,103	16,160,103	1.18%	330	
2009	15,190,000	-	15,190,000	0.29%	309	117,168	15,307,168	1.05%	311	
2010	14,355,000	53,803	14,301,197	0.28%	268	80,220	14,381,417	0.95%	270	
2011	13,490,000	140,522	13,349,478	0.29%	250	41,202	13,390,680	0.85%	251	

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

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

Rusk County, Texas  
Direct and Overlapping Governmental Activities Debt  
December 31, 2011  
(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	\$ 5,073,313	100.00%	\$ 5,073,313
City of Kilgore, Texas	7,065,000	13.33	941,765
City of Overton, Texas	3,638,703	89.29	3,248,998
Total Cities			<u>\$ 9,264,075</u>
Independent School Districts:			
Henderson	26,200,092	100.00%	\$ 26,200,092
Overton	10,045,048	100.00	10,045,048
Mt. Enterprise	2,850,000	100.00	2,850,000
Kilgore	4,935,500	31.69	1,564,060
Rusk	4,831,203	3.92	189,383
Tatum	5,101,267	94.75	4,833,450
West Rusk	5,550,000	100.00	5,550,000
Garrison	2,005,000	12.06	241,803
Carlisle	10,562,571	78.15	8,254,649
Total Independent School Districts			<u>\$ 59,728,486</u>
Subtotal, Overlapping Debt			\$ 68,992,561
Total Direct Debt			<u>13,531,202</u>
Total Direct and Overlapping Debt			<u><u>\$ 82,523,763</u></u>

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

Sources:

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

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

<u>Property Tax Year</u>	(1) Assessed Value of Taxable <u>Property</u>	(2) Debt <u>Limit</u>	(3) Amount of Debt Applicable to <u>Debt Limit</u>	Legal Debt <u>Margin</u>	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2002	\$ 2,529,939	\$ 632,485	\$ 422	\$ 632,063	6.67%
2003	2,521,124	630,281	401	629,880	0.06
2004	2,862,948	715,737	304	715,433	0.04
2005	3,282,667	820,667	224	820,443	0.03
2006	3,960,995	990,249	363	989,885	0.04
2007	4,443,990	1,110,998	239	1,110,758	0.02
2008	5,151,263	1,287,816	16,160	1,271,656	1.25
2009	5,289,369	1,322,342	15,307	1,307,035	1.16
2010	5,025,617	1,256,404	14,435	1,241,969	1.15
2011	4,601,437	1,150,359	13,531	1,136,828	1.18

(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)

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Fiscal Year	(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>
2002	47,406	\$ 1,035,115	\$ 21,835	38.1	6,942	6.6%
2003	47,302	1,051,643	22,233	38.1	6,873	6.8
2004	47,537	1,081,981	22,761	38.1	6,905	5.7
2005	47,666	1,109,957	23,286	38.3	6,876	5.2
2006	47,974	1,171,267	24,415	38.4	6,974	4.7
2007	48,450	1,261,149	26,030	38.4	7,046	4.2
2008	48,949	1,373,960	28,069	38.4	7,083	4.4
2009	49,180	1,461,712	29,722	38.4	7,118	8.6
2010	53,330	1,516,083	28,428	38.1	7,144	7.3
2011	53,330	1,577,253	29,575	38.1	7,296	6.0

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>2011</u>			<u>2002 (*)</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>
Luminent Generation Co. LP	896	1	3.58%	(*)	(*)	(*)
Henderson ISD	580	2	2.32%	(*)	(*)	(*)
East Texas ISF/MTC	500	3	2.00%	(*)	(*)	(*)
ETMC of Henderson	400	4	1.60%	(*)	(*)	(*)
Wal-Mart Super Center	350	5	1.40%	(*)	(*)	(*)
Sadler's Bar-B-Que Sales	325	6	1.30%	(*)	(*)	(*)
Bradshaw State Jail	307	7	1.23%	(*)	(*)	(*)
Rusk County	250	8	1.00%	(*)	(*)	(*)
Pioneer Drilling	250	9	1.00%	(*)	(*)	(*)
CAPCO, Inc.	235	10	0.94%	(*)	(*)	(*)
Total	<u>4,093</u>		<u>16.37%</u>	<u>(*)</u>		<u>(*)</u>

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

Source: Henderson Area Chamber of Commerce

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

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

Source: County employment records.

Notes:

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

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

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

Note:

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

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

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

Note:

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

**STATE AND FEDERAL FINANCIAL  
ASSISTANCE SECTION**

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

June 4, 2012

Rusk County Commissioners' Court  
Rusk County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas, as of and for the year ended December 31, 2011, which collectively comprise Rusk County, Texas' basic financial statements and have issued our report thereon dated June 4, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rusk County, Texas', internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rusk County, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Rusk County, Texas' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

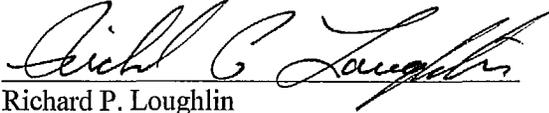
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rusk County, Texas', 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 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

MEMBER

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Commissioners' Court, management, others within the organization, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Richard P. Loughlin", written over a horizontal line.

Richard P. Loughlin  
Certified Public Accountant



**Richard P Loughlin**  
**Certified Public Accountant**

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH STATE OF TEXAS SINGLE AUDIT CIRCULAR**

June 4, 2012

Rusk County Commissioners' Court  
Rusk County, Texas

Compliance

We have audited the compliance of Rusk County, Texas with the types of compliance requirements described in the State of Texas Single Audit Circular that are applicable to its major state program for the year ended December 31, 2011. Rusk County, Texas' major state program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Rusk County, Texas' management. Our responsibility is to express an opinion on Rusk County, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of Texas Single Audit Circular. Those standards and the State of Texas Single Audit Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Rusk County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Rusk County, Texas' compliance with those requirements.

In our opinion, Rusk County, Texas complied, in all material respects, with the requirements referred to above that are applicable to its major state program for the year ended December 31, 2011.

Internal Control Over Compliance

Management of Rusk County, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Rusk County, Texas' internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with the State of Texas Single Audit Circular, but not for the purpose of expressing an opinion on the effectiveness of

MEMBER

internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rusk County, Texas' internal control over compliance.

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

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

This report is intended solely for the information and use of the Commissioners' Court, management, others within the organization, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Richard P. Loughlin  
Certified Public Accountant

Rusk County, Texas  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2011

<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 Justice:</u>			
Direct Programs:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 1,113
Passed through Office of the Attorney General of Texas:			
Developing and Enhancing Statewide Automated Victim Information and Notification Programs	16.740	PCA10352	17,502
Total U.S. Department of Justice			<u>\$ 18,615</u>
<u>U.S. Department of Health and Human Services:</u>			
Passed through Texas Department of Family and Protective Services:			
Title IV-E, Foster Care Assistance	93.658	None	\$ 9,943
Total U.S. Department of Health and Human Services			<u>\$ 9,943</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Passed through Texas Department of Rural Affairs:			
Community Development Block Grant	14.228	728146	\$ 62,283
Community Development Block Grant	14.228	711056	-
Community Development Block Grant	14.228	DRS010159	138,512
Community Development Block Grant	14.228	710629	33,000
Total U.S. Department of Housing and Urban Development			<u>\$ 233,795</u>
<u>U.S. Department of Homeland Security:</u>			
Passed through Texas Division of Emergency Management:			
2009 Homeland Security Grant Program (SHSP)	97.073	09-SR-48401-03	2,041
2009 Homeland Security Grant Program (SHSP-LEAP)	97.073	09-SR-48401-03	54,000
2009 Homeland Security Grant Program (CCP)	97.053	09-SR-48401-03	3,617
2010 Homeland Security Grant Program (SHSP)	97.073	10-SR-48401-01	41,258
2010 Homeland Security Grant Program (CCP)	97.053	10-SR-48401-01	12,404
2011 Homeland Security Grant Program (SHSP)	97.073	11-SR-48401-01	-
2011 Homeland Security Grant Program (CCP)	97.053	11-SR-48401-02	-
Total U.S. Department of Homeland Security			<u>\$ 113,320</u>
<u>U.S. Department of Transportation</u>			
Passed through Texas Department of Transportation:			
Airport Improvement Program	20.106	M010HNDRS	\$ 7,862
Total U.S. Department of Transportation			<u>\$ 7,862</u>
Total Federal Financial Assistance			<u>\$ 383,535</u>

Rusk County, Texas  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2011

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

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

The modified accrual basis of accounting is used for the Governmental Fund Types. The County uses Governmental Fund Types (General Fund and Special Revenue Funds) to account for federal grant awards received. The modified accrual basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Rusk County, Texas  
 Schedule of Expenditures of State Awards  
 For the Year Ended December 31, 2011

<u>Grantor/Program Title</u>	<u>Grantor's Number</u>	<u>Program Expenditures</u>
Texas Juvenile Probation Commission:		
Juvenile Probation Services-State Aid	TJPC-A-2011-201	\$ 50,063
Juvenile Probation Services-State Aid	TJPC-A-2012-201	119,072
Juvenile Probation Services-Commitment Reduction	TJPC-C-2012-201	10,000
Juvenile Probation Services-Progressive Sanctions JPOs	TJPC-F-2011-201	44,651
Juvenile Probation Services-Diversionary H	TJPC-H-2011-201	14,149
Juvenile Probation Services-ICBP Regional	TJPC-X-2011-201	4,252
Juvenile Probation Services-Community Corrections Assistance	TJPC-Y-2011-201	75,728
Juvenile Probation Services-Salary Adjustment	TJPC-Z-2011-201	11,343
Total Texas Juvenile Probation Commission		<u>\$ 329,258</u>
Office of the Attorney General:		
Victim Assistance Grant	10-14489 - FY2011	\$ 10,960
Total Office of the Attorney General		<u>\$ 10,960</u>
Texas Task Force on Indigent Defense:		
Indigent Defense Services Grant	212-11-201	\$ 30,644
Indigent Defense Services-Equalization Payment	FY2011	118,304
Total Texas Task Force on Indigent Defense		<u>\$148,948</u>
Texas State Library & Archives Commission:		
Lone Star Libraries Grant	442-11827	\$ 12,204
Total Texas State Library & Archives Commission		<u>\$ 12,204</u>
Texas Department of State Health Services		
RLSS-Local Public Health System	2011-036593-001	\$35,524
RLSS-Local Public Health System	2012-039500-001	15,607
Total Texas Department of State Health Services		<u>\$51,131</u>
Total State Financial Assistance		<u>\$ 552,501</u>

Rusk County, Texas  
Schedule of Expenditures of State Awards  
For the Year Ended December 31, 2011

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

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

The modified accrual basis of accounting is used for the Governmental Fund Types. The County uses Governmental Fund Types (General Fund and Special Revenue Funds) to account for State grant awards received. The modified accrual basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Rusk County, Texas  
Summary of Auditor's Results and  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2011

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?        Yes   X   No

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

Noncompliance material to financial statements noted?

       Yes   X   No

2. State Awards

Internal control over major programs:

Material weaknesses identified?        Yes   X   No

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

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

Unqualified

Any audit findings disclosed that are required to be reported in accordance with State of Texas Uniform Grant Management Standards?

       Yes   X   No

Identification of major programs:

Name of State Program or Cluster

Juvenile Probation Services - Texas Juvenile Probation Commission

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?   X   Yes        No

B. Financial Statement Findings

NONE

C. State Award Findings and Questioned Costs

NONE

Rusk County, Texas  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2011

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Not applicable for the year ended December 31, 2011.

Rusk County, Texas  
Corrective Action Plan  
For the Year Ended December 31, 2011

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Not applicable for the year ended December 31, 2011.