

ANDERSON COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2016**

**Prepared by:
Anderson County Auditor's Office**

Karin Smith, County Auditor

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INTRODUCTORY SECTION

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Karin Smith
County Auditor



ANDERSON COUNTY AUDITOR
703 N. Mallard St. Suite 110
Palestine, TX 75801
Phone: (903) 723-7401
Fax: (903) 723-7808

June 23, 2017

The Honorable Board of District Judges,
The Anderson County Commissioners' Court and
Citizens of Anderson County

In compliance with *Texas Local Government Code, §114.025*, the financial statements of Anderson County, Texas (the "County") are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to the requirement, we hereby submit the comprehensive annual financial report of the County for the fiscal year ended December 31, 2016.

This report consists of management's representations concerning the finances of the County. Therefore, management of the County assumes the responsibility for accuracy, completeness, fairness and reliability of the financial data presented in this report, including all disclosures. 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). 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 of material misstatement. Responsibility for internal controls is shared by the Commissioners Court, which is the governing body of the County, the County Auditor, who is appointed by the District Judges, and the County Treasurer. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's basic financial statements have been audited by Pattillo, Brown and Hill, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2016, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The introductory section includes this transmittal letter, the County's organizational chart and a list of County officials. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found in the financial section following the report of the independent auditors. The financial section of this report also includes government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information and the combining and individual fund financial statements and schedules in addition to the report of the independent auditors. The statistical section of this report includes selected financial and demographic information. This information is generally presented on a multi-year basis.

PROFILE OF THE COUNTY

Anderson County is located in East Texas between the Trinity and the Neches rivers. Palestine, the county's largest town and its county seat, is 108 miles southeast of Dallas and 153 miles north of Houston. U.S. highways 287, 79, and 84 provide the major transportation routes through the County. The County is the 52nd largest of the 254 counties in Texas; with a 2010 census population of 58,458. Significant cities in the County include Palestine, the county seat, Elkhart, and Frankston. The County falls within the 11th Texas congressional districts and the 3rd Texas senatorial district. The County consists of 1,077 square miles with a 2000 population density 51.2 residents per square mile.

The County is a political subdivision of the State of Texas. The Commissioners Court, which is composed of four Commissioners and the County Judge, is the general governing body of the County in accordance with Article 5 Paragraph 18 of the Texas Constitution. Commissioners serve four-year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four-year term.

The Commissioners Court sets the tax rate, establishes policies for County operations, approves contracts for the County and develops and adopts the County budget within the resources as estimated by the County Judge as assisted by the County Auditor. The Commissioners Court is also responsible for developing policies and orders, approving financial commitments and appointing various department heads. The management and leadership provided by members of the Commissioners Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth.

The County Auditor has responsibilities for prescribing the systems and procedures for handling the finances of the County and "examining, auditing and approving" all disbursements from County funds prior to their submission to the Commissioners Court for approval.

The County provides many services not ordinarily provided by any other entity of government and provides additional services in cooperation with other local government units. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g., tax collection), judicial (e.g., courts, juries, district attorney, etc.), public safety (e.g., sheriff, jail, etc.), roads and highways and health and welfare (e.g., assistance to indigents).

The annual budget serves as the foundation for the County's planning and control. Budget hearings are posted annually in July, August and September, with the final budget approved by the Commissioners Court following the hearings. The final budget includes contingency and emergency reserve line items. Unencumbered appropriations lapse at fiscal year-end. Most appropriated budgets are prepared by fund, function, department and category. Capital expenditures are approved on a line item basis. Budget to

actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted.

FACTORS AFFECTING FINANCIAL CONDITION

An understanding of the financial condition of the County is enhanced when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy - The County maintains a relatively stable local economy. The County has a somewhat limited tax base and economic employment base with the top ten taxpayers in the County accounting for approximately 16% of the County's tax base.

Primary employers in the County include the Texas Department of Corrections facility (2,722 employees), a Wal-Mart Stores Inc. distributing center (1,258), Sanderson Farms (1,250), and Palestine Regional Medical Center (560). For March 2017, the county's unemployment rate of 3.9% was lower than the state's rate of 4.4% and below the national average of 5.0%.

The County's tax base decreased in 2016 from 2015 due to a loss in mineral valuations. The Commissioners Court is continuing to take a conservative approach to the allocation of resources in order to ensure that the County is prepared for economic fluctuations.

Relevant Financial Policies – The County adopts a one-year budget as part of its financial planning process. The budgets along with the financial policies of the County serve as the basis for the overall fiscal management of the county's resources. The budget implements strategies, both financial and operational, identified through the strategic and long-range planning process to meet existing challenges and to effectively plan for future needs. Goals and objectives are incorporated into policy statements which are continually reevaluated to provide the necessary structure for achieving these goals.

Long-term Financial Planning – Long term financial planning goals include the following:

- Operate the County government in the most fiscally responsible manner possible.
- Control expenditures by implementing cost savings measures at any opportunity.
- Promote a favorable environment for retaining and expanding existing businesses while attracting a wide variety of new businesses to provide economic growth and development which will provide sufficient resources to fund County operations while mitigating the overall tax burden on County taxpayers.
- Implement technological solutions to improve the efficiency and effectiveness of operations, reporting and delivering services to citizens.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the fiscal year ended December 31, 2015. This was the fifth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles 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 County was awarded the 2012, 2013, 2014 and 2015 Leadership Circle Gold Award by the Texas Comptroller of Public Accounts. The Leadership Circle recognizes local governments across Texas that are striving to meet a high standard for financial transparency online by opening their books to the public; providing a clear, consistent picture of spending; and sharing information in a user-friendly format. The Gold designation highlights those entities that are setting the bar in their transparency efforts.

The successful completion of this report could not have been achieved without the dedicated efforts of the staff of the County Auditor's Office and the professional services provided by our independent auditors, Pattillo, Brown and Hill, LLP. I wish to express my gratitude to the District Judges, the Commissioners Court, and the other County officials and departments for their support in planning and conducting the financial affairs of the County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karin Smith". The signature is fluid and cursive, with the first name "Karin" being more prominent than the last name "Smith".

Karin Smith
Anderson County Auditor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

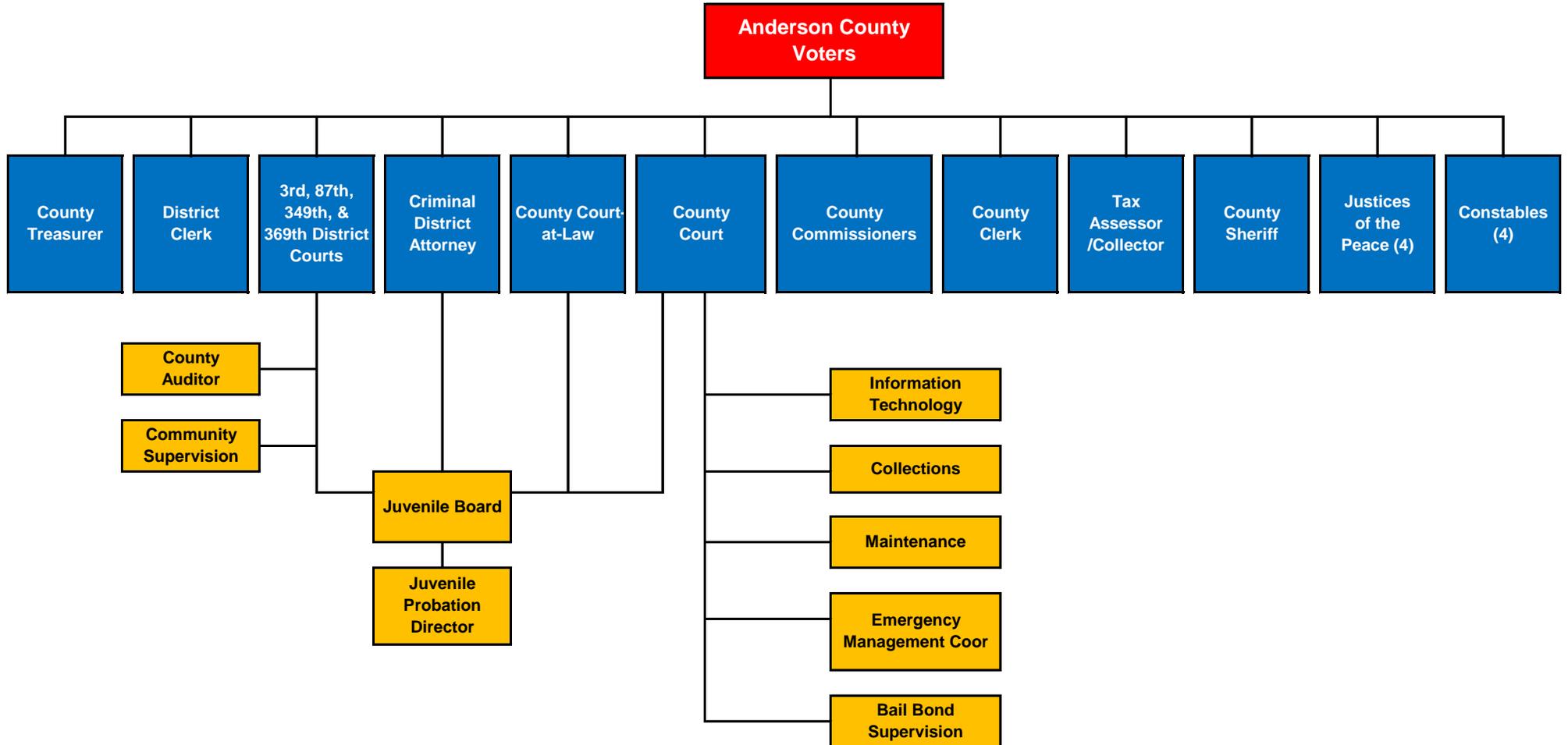
**Anderson County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

ANDERSON COUNTY, TEXAS
ORGANIZATIONAL CHART
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016



ANDERSON COUNTY, TEXAS

PRINCIPAL OFFICIALS

Commissioners Court

Robert D. Johnston
Greg Chapin
Rashad Q. Mims I
Kenneth Dickson
Joseph A. Hill

County Judge
Commissioner, Precinct 1
Commissioner, Precinct 2
Commissioner, Precinct 3
Commissioner, Precinct 4

Judicial

Mark Calhoon
Deborah Oakes Evans
Pam Foster Fletcher
Bascom W. Bentley, III
Jeff Doran

Judge, 3rd District Court
Judge, 87th District Court
Judge, 349th District Court
Judge, 369th District Court
Judge, County Court of Law

Law Enforcement

Greg Taylor
Allyson Mitchell
Emily Lane *

County Sheriff
Criminal District Attorney
Chief Juvenile Probation Director

Financial Administration

Karin Smith*
Tara Holliday
Teri Garvey

County Auditor
County Treasurer
County Tax Assessor/Collector

Recording Officials

Janice G. Staples
Mark Staples

District Clerk
County Clerk

*Denotes appointed officials. All others listed are elected.

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FINANCIAL SECTION

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable County Judge and
Commissioners' Court
Anderson County, Texas

Report of the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson County, Texas (the "County"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Changes in Net Pension Liability and Related Ratios – Texas County and District Retirement System, the Schedule of Employer Contributions – Texas County and District Retirement System, the Schedule of Funding Progress for the Retiree Health Plan for the Employees of Anderson County, Texas, and the Statement of Revenues and Expenditures – Budget and Actual for the General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017, on our consideration of the County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 23, 2017

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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Management's Discussion and Analysis

As management of Anderson County (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 fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- The net position of the County at the close of the most recent fiscal year was \$35,154,937. Of this amount, \$7,349,340 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$588,843 from operations.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$10,712,531, a decrease of \$112,953 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,917,236, or 33% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 a private-sector business.

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

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*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, public safety, social services, and roads and bridges.

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, proprietary, 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 a government'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. Both 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 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, which are considered to be major funds. Data from the other 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.

Annual appropriated budgets are adopted for the General, Farm to Market Lateral Road, Law Library, Court Reporter, and Debt Service Funds. The County does not adopt a legal budget for the Grant, Juvenile Probation, Court Technology and Security, Child Welfare Board, District Attorney, Records Preservation and Management, Historical Commission, Sheriff Forfeiture, Guardianship, or the Capital Projects Funds. Budgetary comparison schedules have been provided for all budgeted funds to demonstrate compliance with these budgets.

Proprietary Funds. The County maintains one type of proprietary fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses its Internal Service Fund to account for its health insurance. This internal service function has been included within governmental activities in the government-wide financial statements.

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 own programs.

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County’s progress in funding its obligation to provide pension and OPEB benefits to its employees. Additionally, a budgetary comparison schedule for the General Fund has been provided to demonstrate compliance with the budget. Required supplementary information can be found immediately following the notes to the financial statements.

This report also contains other supplementary information in the form of combining fund statements and schedules that further support the information in the financial statements. The combining fund statements and schedules are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the County, net position was \$35,154,937 at the close of the most recent fiscal year.

The County’s investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, is 73% of net position. 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 its 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.

Anderson County’s Net Position

| | Governmental Activities | |
|----------------------------------|-------------------------|----------------------|
| | 2016 | 2015 |
| Current and other assets | \$ 18,912,727 | \$ 18,579,870 |
| Capital assets | 32,634,345 | 32,736,867 |
| Total assets | <u>51,547,072</u> | <u>51,316,737</u> |
| Deferred outflows of resources | 4,221,060 | 1,964,964 |
| Long-term liabilities | 13,841,873 | 13,176,550 |
| Other liabilities | 1,406,398 | 1,094,475 |
| Total liabilities | <u>15,248,271</u> | <u>14,271,025</u> |
| Deferred inflows of resources | 5,364,924 | 4,444,582 |
| Net position: | | |
| Net investment in capital assets | 25,723,477 | 24,645,928 |
| Restricted | 2,082,120 | 4,576,896 |
| Unrestricted | <u>7,349,340</u> | <u>5,343,270</u> |
| Total net position | <u>\$ 35,154,937</u> | <u>\$ 34,566,094</u> |

An additional portion of the County's net position, \$2,082,120 (5.9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$7,349,340 (20.9%), may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position.

Governmental activities. Governmental activities increased the County's net position by \$588,843.

Anderson County's Changes in Net Position

| | Governmental Activities | |
|---------------------------------------|-------------------------|---------------|
| | 2016 | 2015 |
| REVENUES | | |
| Program revenues: | | |
| Charges for services | \$ 3,373,531 | \$ 3,765,822 |
| Operating grants and contributions | 1,048,110 | 951,503 |
| Capital grants and contributions | 69,452 | 45,606 |
| General revenues: | | |
| Property taxes | 14,050,696 | 13,765,096 |
| Sales taxes | 2,523,703 | 2,752,151 |
| Other taxes | 32,139 | 42,344 |
| Investment earnings | 53,988 | 46,291 |
| Gain on sale of capital assets | 122,775 | 94,062 |
| Miscellaneous | 372,063 | 173,819 |
| Total revenues | 21,646,457 | 21,636,694 |
| EXPENSES | | |
| General government | 5,712,667 | 5,490,250 |
| Judicial | 3,179,694 | 3,193,567 |
| Public safety | 6,745,390 | 6,551,919 |
| Social services | 769,599 | 753,845 |
| Roads and bridges | 4,470,077 | 3,777,365 |
| Interest on long-term debt | 180,187 | 199,289 |
| Total expenses | 21,057,614 | 19,966,235 |
| CHANGE IN NET POSITION | 588,843 | 1,670,459 |
| NET POSITION, BEGINNING | 34,566,094 | 35,075,309 |
| CHANGE IN ACCOUNTING PRINCIPLE | - | (2,179,674) |
| NET POSITION, ENDING | \$ 35,154,937 | \$ 34,566,094 |

Sales tax decreased by \$228,448 due to the completion of major construction projects. Charges for Service Revenue decreased primarily due to a decrease in oil and gas filings in the county clerk's office. Justice Court revenues also decreased due to a reduction in traffic citations issued. Capital grants and contributions increased by \$13,846 and operating grants and contributions increased by \$96,607 as a result in changes in funding activities from granting agencies. Road and Bridge expenditures increased by \$692,712 due to additional state funding from the CERTZ grant.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. 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 \$5,917,236. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 33% of total General Fund expenditures.

The fund balance of the County's General Fund decreased by \$153,491 during the current fiscal year. Property tax collections increased by \$285,600 and sales tax collections decreased by \$228,448. The increase in the property tax collections can be attributed to an increase in the tax rate. The decrease in sales taxes can be attributed to the completion of construction. Expenditures for the General Fund for 2016 increased by \$770,875 from the prior year due to Road and Bridge construction.

Proprietary Fund. Unrestricted net position of the Internal Service Fund is a deficit of \$125,770. The Internal Service Fund experienced a decrease in total net position during 2016 in the amount of \$243,102. Expenditures for the Internal Service Fund increased by \$443,855. This increase was primarily caused by unexpected health care claims.

General Fund Budgetary Highlights

The following are significant variations between the final budget and actual amounts in the General Fund:

- Actual revenues were lower than budgeted by \$478,347, primarily due to a decrease in sales tax revenue. This was partially offset by greater than anticipated revenues from intergovernmental revenues.
- Actual expenditures were lower than budgeted by \$633,657, primarily due to budgetary controls and adherence to adopted budgets across all departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The County's investment in capital assets for its governmental activities as of December 31, 2016, amounted to \$32,634,345 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

Anderson County's Capital Assets (net of depreciation)

| | Governmental Activities | |
|----------------------------|-------------------------|----------------------|
| | 2016 | 2015 |
| Land | \$ 1,810,032 | \$ 1,810,032 |
| Buildings and improvements | 16,466,165 | 17,141,915 |
| Roads and bridges | 11,967,098 | 11,496,350 |
| Machinery and equipment | 2,236,635 | 2,230,584 |
| Construction in progress | <u>154,415</u> | <u>57,986</u> |
| Total | <u>\$ 32,634,345</u> | <u>\$ 32,736,867</u> |

Major additions to the County's capital assets during 2016 include road and bridge additions and new equipment and machinery.

Additional information on the County's capital assets can be found in Note 3 to the financial statements.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt of \$6,980,000.

Anderson County's Outstanding Debt General Obligation Bonds

| | Governmental Activities | |
|---|-------------------------|---------------------|
| | 2016 | 2015 |
| General Obligation Refunding Bonds, Series 2012 | <u>\$ 6,980,000</u> | <u>\$ 7,885,000</u> |
| Total | <u>\$ 6,980,000</u> | <u>\$ 7,885,000</u> |

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation. The current debt limitation for the County is \$130,226,609, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 3 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the County and were considered in developing the 2017 fiscal year budget:

- The unemployment rate for Anderson County is currently 3.7 percent, which is a decrease from the rate of 4.3 percent a year ago because of economic growth in the County. Job growth is expected to continue in Anderson County due to the addition of new businesses.
- The County has a projected per capita EBI of 66% of the national level and per capita market value of \$43,518. Overall, the County's market value fell by 2% to \$2.6 billion in 2017.
- The property tax rate increased effectively by 1.1 percent in 2016 and by 5.2 percent in 2017 due to a decrease in mineral valuations and business property valuations. Property values are expected to stabilize in 2018. While mineral values have historically caused slight tax base fluctuations, the County's overall market value has grown steadily, increasing nearly 41% over the past decade.
- Recent and upcoming developments include a restaurant, a new multifamily housing project, and a plan to build a new power plant. The addition of new business property valuations is expected to add taxable valuation, but due to tax abatements granted by the County, the added valuation will occur over the next ten years.
- Interest rates are expected to increase slowly over the next few years.
- On the expenditure side, increases are expected in health insurance and indigent health care as well as pensions and other employee benefit costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's office, 703 N. Mallard, Suite 110, Palestine, TX 75801.

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**BASIC
FINANCIAL STATEMENTS**

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ANDERSON COUNTY, TEXAS

STATEMENT OF NET POSITION

DECEMBER 31, 2016

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 15,893,805 |
| Receivables (net of allowances for uncollectibles): | |
| Accounts | 923,884 |
| Property taxes | 1,314,900 |
| Other taxes | 447,740 |
| Due from other governments | 27,217 |
| Prepaid expenses | 305,181 |
| Capital assets (net of accumulated depreciation): | |
| Non-depreciable | 1,964,447 |
| Depreciable | <u>30,669,898</u> |
| Total assets | <u>51,547,072</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to pensions | 3,852,183 |
| Deferred loss on bond refunding | <u>368,877</u> |
| Total deferred outflows of resources | <u>4,221,060</u> |
| LIABILITIES | |
| Accounts payable | 505,174 |
| Accrued liabilities | 653,082 |
| Due to other governments | 128,116 |
| Other payables | 63,720 |
| Accrued interest payable | 56,306 |
| Noncurrent liabilities: | |
| Due within one year | 1,051,133 |
| Due in more than one year | <u>12,790,740</u> |
| Total liabilities | <u>15,248,271</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | 532,051 |
| Advance property tax collections | <u>4,832,873</u> |
| Total deferred inflows of resources | <u>5,364,924</u> |
| NET POSITION | |
| Net investment in capital assets | 25,723,477 |
| Restricted for: | |
| Roads and bridges | 120,582 |
| Judicial operations | 1,058,308 |
| Public safety operations | 328,688 |
| Social services operations | 33,518 |
| Debt service | 541,024 |
| Unrestricted | <u>7,349,340</u> |
| Total net position | <u>\$ 35,154,937</u> |

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

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ANDERSON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) |
|----------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position |
| | | | | | Governmental Activities |
| Governmental activities: | | | | | |
| General government | \$ 5,712,667 | \$ 2,481,976 | \$ 47,785 | \$ - | \$(3,182,906) |
| Judicial | 3,179,694 | 462,011 | 222,800 | - | (2,494,883) |
| Public safety | 6,745,390 | 428,186 | 579,539 | - | (5,737,665) |
| Social services | 769,599 | - | 14,397 | 69,452 | (685,750) |
| Roads and bridges | 4,470,077 | 1,358 | 183,589 | - | (4,285,130) |
| Interest on long-term debt | <u>180,187</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(180,187)</u> |
| Total governmental activities | <u>\$ 21,057,614</u> | <u>\$ 3,373,531</u> | <u>\$ 1,048,110</u> | <u>\$ 69,452</u> | <u>(16,566,521)</u> |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property | | | | | 14,050,696 |
| Sales | | | | | 2,523,703 |
| Other | | | | | 32,139 |
| Unrestricted investment earnings | | | | | 53,988 |
| Gain on sale of capital assets | | | | | 122,775 |
| Miscellaneous | | | | | <u>372,063</u> |
| Total general revenues | | | | | <u>17,155,364</u> |
| Change in net position | | | | | 588,843 |
| Net position, beginning | | | | | <u>34,566,094</u> |
| Net position, ending | | | | | <u>\$ 35,154,937</u> |

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

ANDERSON COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2016

| | <u>General</u> | <u>Capital Projects</u> | <u>Other Governmental</u> | <u>Total Governmental Funds</u> |
|---|----------------------|-----------------------------|-------------------------------|---|
| ASSETS | | | | |
| Cash and investments | \$ 10,667,145 | \$ 2,547,337 | \$ 2,559,450 | \$ 15,773,932 |
| Receivables, net of allowances for uncollectibles: | | | | |
| Accounts | 923,884 | - | - | 923,884 |
| Property taxes | 1,120,300 | 5,766 | 188,834 | 1,314,900 |
| Other taxes | 447,740 | - | - | 447,740 |
| Prepaid items | 305,181 | - | - | 305,181 |
| Due from other governments | 2,445 | - | 24,772 | 27,217 |
| Due from other funds | <u>150</u> | <u>-</u> | <u>-</u> | <u>150</u> |
| Total assets | <u>\$ 13,466,845</u> | <u>\$ 2,553,103</u> | <u>\$ 2,773,056</u> | <u>\$ 18,793,004</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 481,841 | \$ 14,002 | \$ 9,331 | \$ 505,174 |
| Accrued liabilities | 398,067 | - | 9,522 | 407,589 |
| Due to other governments | 128,116 | - | - | 128,116 |
| Other payables | <u>45,660</u> | <u>-</u> | <u>18,060</u> | <u>63,720</u> |
| Total liabilities | <u>1,053,684</u> | <u>14,002</u> | <u>36,913</u> | <u>1,104,599</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Advance property tax collections | 4,235,156 | - | 597,717 | 4,832,873 |
| Unavailable revenue - property taxes | 1,069,798 | 5,765 | 181,648 | 1,257,211 |
| Unavailable revenue - court fines and fees | <u>885,790</u> | <u>-</u> | <u>-</u> | <u>885,790</u> |
| Total deferred inflows of resources | <u>6,190,744</u> | <u>5,765</u> | <u>779,365</u> | <u>6,975,874</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid items | 305,181 | - | - | 305,181 |
| Restricted: | | | | |
| Roads and bridges | - | - | 37,873 | 37,873 |
| Judicial operations | - | - | 1,058,308 | 1,058,308 |
| Public safety operations | - | - | 328,688 | 328,688 |
| Social services operations | - | - | 33,518 | 33,518 |
| Debt service | - | - | 498,391 | 498,391 |
| Assigned: | | | | |
| Capital acquisition and construction | - | 2,533,336 | - | 2,533,336 |
| Unassigned | <u>5,917,236</u> | <u>-</u> | <u>-</u> | <u>5,917,236</u> |
| Total fund balances | <u>6,222,417</u> | <u>2,533,336</u> | <u>1,956,778</u> | <u>10,712,531</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 13,466,845</u> | <u>\$ 2,553,103</u> | <u>\$ 2,773,056</u> | <u>\$ 18,793,004</u> |

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

ANDERSON COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | |
|---|----------------------|
| Total fund balances - governmental funds: | \$ 10,712,531 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | |
| Governmental capital assets | 34,714,619 |
| Less: accumulated depreciation | <u>(2,080,274)</u> |
| | 32,634,345 |
| An Internal Service Fund is used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position. | (125,770) |
| Some of the County's revenues will be collected after year-end, but are not available soon enough to pay current year's expenditures and therefore are not reported in the governmental funds. | |
| Property taxes | 1,257,211 |
| Court fines | <u>885,790</u> |
| | 2,143,001 |
| Certain long-term liabilities reported in governmental activities do not require current financial resources and therefore are not reported in the governmental funds balance sheet. A summary of these items are as follows: | |
| Long-term liabilities: | |
| Bonds payable | (6,980,000) |
| Premium on bonds | (180,196) |
| Capital leases | (119,549) |
| Net OPEB obligation | (840,210) |
| Net pension liability | (5,427,339) |
| Compensated absences | <u>(294,579)</u> |
| | (13,841,873) |
| Certain deferred inflows and deferred outflows of resources are only reported in the government-wide financial statements: | |
| Deferred outflows of resources: | |
| Related to pensions | 3,852,183 |
| Deferred loss on bond refunding | 368,877 |
| Deferred inflows of resources: | |
| Related to pensions | (532,051) |
| | 3,689,009 |
| Interest payable used in the County's governmental activities are not payable from current resources and therefore are not reported in the governmental funds. | <u>(56,306)</u> |
| Net position of governmental activities | <u>\$ 35,154,937</u> |

ANDERSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

| | General | Capital Projects | Other Governmental | Total Governmental Funds |
|--|---------------------|---------------------|-----------------------|--------------------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 12,287,378 | \$ 811 | \$ 1,715,921 | \$ 14,004,110 |
| Sales | 2,523,703 | - | - | 2,523,703 |
| Mixed beverage | 32,139 | - | - | 32,139 |
| Intergovernmental | 539,957 | - | 887,981 | 1,427,938 |
| Fees of office | 2,350,564 | - | 44,486 | 2,395,050 |
| Fines and forfeitures | 472,747 | - | 383,407 | 856,154 |
| Investment earnings | 42,336 | 8,623 | 3,029 | 53,988 |
| Miscellaneous | 121,688 | - | 127,002 | 248,690 |
| Total revenues | <u>18,370,512</u> | <u>9,434</u> | <u>3,161,826</u> | <u>21,541,772</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 4,404,936 | - | 323,243 | 4,728,179 |
| Judicial | 2,873,410 | - | 207,174 | 3,080,584 |
| Public safety | 5,618,950 | - | 675,179 | 6,294,129 |
| Social services | 681,539 | - | 69,032 | 750,571 |
| Roads and bridges | 3,830,701 | - | 841,007 | 4,671,708 |
| Debt service: | | | | |
| Principal | 10,451 | - | 905,000 | 915,451 |
| Interest and other charges | 822 | - | 159,200 | 160,022 |
| Capital outlay | 578,281 | 96,430 | 143,357 | 818,068 |
| Total expenditures | <u>17,999,090</u> | <u>96,430</u> | <u>3,323,192</u> | <u>21,418,712</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>371,422</u> | <u>(86,996)</u> | <u>(161,366)</u> | <u>123,060</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of capital lease | 130,000 | - | - | 130,000 |
| Sale of capital assets | 111,458 | - | 458 | 111,916 |
| Insurance recoveries | 22,071 | - | - | 22,071 |
| Transfers in | - | - | 298,967 | 298,967 |
| Transfers out | <u>(788,442)</u> | <u>-</u> | <u>(10,525)</u> | <u>(798,967)</u> |
| Total other financing sources and uses | <u>(524,913)</u> | <u>-</u> | <u>288,900</u> | <u>(236,013)</u> |
| NET CHANGE IN FUND BALANCES | <u>(153,491)</u> | <u>(86,996)</u> | <u>127,534</u> | <u>(112,953)</u> |
| FUND BALANCES, BEGINNING | <u>6,375,908</u> | <u>2,620,332</u> | <u>1,829,244</u> | <u>10,825,484</u> |
| FUND BALANCES, ENDING | <u>\$ 6,222,417</u> | <u>\$ 2,533,336</u> | <u>\$ 1,956,778</u> | <u>\$ 10,712,531</u> |

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

ANDERSON COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Net change in fund balances - total governmental funds: \$(112,953)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

| | | |
|---------------------------------|--------------|-----------|
| Expenditures for capital assets | 1,999,364 | |
| Less: current year depreciation | (2,080,274) | |
| | | (80,910) |

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.

(21,612)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

| | | |
|----------------|-----------|-----------|
| Property taxes | 46,586 | |
| Court fines | (64,676) | |
| | | (18,090) |

The issuance of long-term debt (e.g., certificates of obligation, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt is an expenditure in the governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | | |
|------------------------------------|----------------|---------|
| Repayment of long-term liabilities | 915,451 | |
| Issuance of capital lease | (130,000) | |
| Amortization of: | | |
| Deferred loss on bond refunding | (52,696) | |
| Premium on bond issuance | 25,743 | |
| | <u>758,498</u> | 758,498 |

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | | |
|-----------------------|--------------|---------|
| Compensated absences | (9,813) | |
| OPEB obligation | 305,927 | |
| Net pension liability | <u>4,110</u> | |
| | | 300,224 |

Interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.

6,788

Internal Service Funds are used by management to charge the costs of certain activities, such as health insurance, to individual funds. The net revenue (expense) of certain Internal Service Funds is reported with governmental activities.

(243,102)

Change in net position of governmental activities \$ 588,843

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ANDERSON COUNTY, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUND

DECEMBER 31, 2016

| | <u>Governmental Activities - Self-Insurance</u> |
|----------------------|---|
| ASSETS | |
| Current assets: | |
| Cash and investments | \$ <u>119,873</u> |
| Total assets | <u>119,873</u> |
| LIABILITIES | |
| Current liabilities: | |
| Due to other funds | 150 |
| Claims payable | <u>245,493</u> |
| Total liabilities | <u>245,643</u> |
| NET POSITION | |
| Unrestricted | (<u>125,770</u>) |
| Total net position | <u>\$(125,770)</u> |

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ANDERSON COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Governmental Activities - Self-Insurance</u> |
|---|---|
| OPERATING REVENUES | |
| Charges for services | \$ 2,205,017 |
| Total operating revenues | <u>2,205,017</u> |
| OPERATING EXPENSES | |
| Insurance claims | 2,435,042 |
| Insurance premiums and administrative costs | <u>515,469</u> |
| Total operating expenses | <u>2,950,511</u> |
| OPERATING LOSS | (745,494) |
| NON-OPERATING REVENUES (EXPENSES) | |
| Investment earnings | <u>2,392</u> |
| Total non-operating revenues (expenses) | <u>2,392</u> |
| INCOME (LOSS) BEFORE TRANSFERS | (743,102) |
| TRANSFERS IN | <u>500,000</u> |
| CHANGE IN NET POSITION | (243,102) |
| TOTAL NET POSITION, BEGINNING | <u>117,332</u> |
| TOTAL NET POSITION, ENDING | <u><u>\$ (125,770)</u></u> |

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

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ANDERSON COUNTY, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Governmental Activities - Self-Insurance</u> |
|--|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from customers | \$ 2,228,267 |
| Cash paid to suppliers for goods and services | <u>(2,798,888)</u> |
| Net cash used by operating activities | <u>(570,621)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers from other funds | <u>500,000</u> |
| Net cash provided by noncapital financing activities | <u>500,000</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest on investments | <u>2,392</u> |
| Net cash provided by investing activities | <u>2,392</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (68,229) |
| CASH AND CASH EQUIVALENTS, BEGINNING | <u>188,102</u> |
| CASH AND CASH EQUIVALENTS, ENDING | <u>119,873</u> |
| Reconciliation of operating loss to net cash used by operating activities: | |
| Operating loss | (745,494) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Changes in assets and liabilities: | |
| Decrease (increase) in assets: | |
| Due from other funds | 23,250 |
| Decrease (increase) in liabilities: | |
| Claims payable | 151,473 |
| Due to other funds | <u>150</u> |
| Net cash used by operating activities | <u><u>\$ (570,621)</u></u> |

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

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ANDERSON COUNTY, TEXAS
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2016

ASSETS

| | |
|----------------------|----------------------------|
| Cash and investments | \$ <u>4,438,916</u> |
| Total assets | \$ <u><u>4,438,916</u></u> |

LIABILITIES

| | |
|-------------------|----------------------------|
| Due to others | \$ <u>4,438,916</u> |
| Total liabilities | \$ <u><u>4,438,916</u></u> |

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**NOTES TO
FINANCIAL STATEMENTS**

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ANDERSON COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to the accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in Governmental Accounting and Financial Reporting Standards. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

A. Reporting Entity

Anderson County, Texas was created in 1846 with Palestine as the County seat. The County is governed by an elected Commissioners' Court consisting of four precinct commissioners and the County Judge. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g., tax collection), judicial (e.g., courts, juries, district attorney, etc.), public safety (e.g., sheriff, jail, etc.), roads and bridges and social services (e.g., assistance to indigents).

A financial reporting entity consists of the primary government and its component units. Component units are legally separate organization for which the elected officials of the County are financially accountable, or the relationship to the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the County's operations and so data from these units are combined with data of the County. Each discretely presented component unit on the other hand, is reported in a separate column under component unit on the government-wide statements to emphasize that is legally separate from the primary government.

No component units are reported in this financial report for the fiscal year ended December 31, 2016.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the elimination of interfund services provided and used that would distort the direct costs and program revenues reported for the various functions concerned. *Governmental activities* are supported by taxes, intergovernmental revenues and other non-exchange transactions.

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

Separate financial statements are provided for governmental funds, the proprietary fund, 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. Nonmajor funds include Special Revenue and Debt Service Funds. The combined amounts of these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for nonmajor funds are presented within combining and individual fund statements and schedules.

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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting their assets and liabilities.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. 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, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. 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 **Capital Projects Fund** is used to account for the resources used for the construction and acquisition of capital facilities by the County.

Additionally, the County reports the following fund types:

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on general long-term debt associated with the acquisition and/or construction of facilities and equipment for the County.

The **Internal Service Fund**, commonly known as the Self-Insurance Fund, is used to account for insurance coverage and administrative services provided to other departments or agencies of the County. This fund is funded by quasi-external transfers from other funds and charges to employees for extended benefits at their option. Charges are determined on a cost-reimbursed basis.

Agency Funds are used to account for situations where the County's role is strictly custodial in nature. These funds are held for various reasons being legal, contractual, or operational. Example of this include times where the courts are required to hold funds in trust by the County, the tax office collects funds on behalf of local governments and the state, and the Sheriff collects funds on behalf of inmates. As a result, all assets reported in an Agency Fund are offset by a liability to the party or entity whose behalf the assets are held.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to participants for services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

Cash and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the County to invest in bank certificates of deposits, obligations of the United States or its agencies, obligations of the State of Texas, obligations of other political subdivisions having at least an "A" credit rating, commercial paper, repurchase agreements and local government investment pools.

Investments for the County are reported at fair value, except for the position in investment pools. The County's investment in an investment pool is a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

Time deposits of all funds are stated at cost, which approximates fair value.

All investment income is recognized as revenue in the appropriate fund's statement of activity and/or statement of revenues, expenditures and changes in fund balance.

For purposes of the statement of cash flows, proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds. Interfund activity reflected in "due to" or "due from" other funds is eliminated in the government-wide statements.

The Anderson County Tax Assessor/Collector collects property taxes for the County. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31st of the following year. Property tax receivables are shown net of an allowance for uncollectible amounts.

Accounts receivables from other governments include amounts due from grantor agencies for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

Prepaid Items

Payments made to vendors for items or services for a future period beyond December 31, are recorded as prepaid items. The County uses the consumption method to account for prepaid items. This means that expenditures are recognized proportionately over the periods that services are provided. The fund balances in the affected funds have been classified as nonspendable for amounts equal to the prepayments since these amounts are not available for appropriation.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g. roads, bridges and similar items), are reported in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

| Assets | Years |
|------------------------------------|-------|
| Buildings | 20-50 |
| Improvements | 5-50 |
| Equipment | 5-20 |
| Infrastructure (roads and bridges) | 20-50 |

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Pensions

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

Compensated Absences

County employees earn vacation in varying amounts and earn sick leave at the rate of one day per month. Employees do not earn vacation leave until the completion of one year of service for the County. Employees earn vacation based on the following table:

| <u>Years of Employment</u> | <u>Vacation Days</u> |
|----------------------------|----------------------|
| 1-2 years | 80 hours per year |
| 3-9 years | 96 hours per year |
| 10-19 years | 120 hours per year |
| 20+ years | 160 hours per year |

Vacation leave may not be accrued in excess of the maximum amount of 200 hours. Also, in accordance with the Fair Labor Standards Act as it applies to local governments, non-exempt county employees are granted compensatory time for hours worked beyond their regular working hours. Vacation and compensatory time is paid upon termination of employment. Accrued sick time is not paid out per the policy of the Commissioners' Court.

The County has recognized a liability for accumulated vacation leave where the employees' rights to receive benefits are attributable to services already rendered, and it is probable that the County will compensate the employees through either paid time off or cash payments at termination.

All vacation pay and compensatory time is accrued when incurred in the government-wide financial statements. A liability for these payments is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category:

- *Deferred losses on debt refundings in the government-wide Statement of Net Position* – A deferred loss on a bond refunding results when the reacquisition price of the refunded debt exceeds the carrying value. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- *Difference in projected and actual earnings on pension assets* – This difference is deferred and amortized over a closed five year period.
- *Difference in expected and actual pension experience* – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- *Pension contributions after the measurement date* – These contributions are deferred and recognized in the following fiscal year.

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

- Under the modified accrual basis of accounting, unavailable revenue is reported in the governmental funds balance sheet as a deferred inflow of resources.
- Property taxes collected before the period for which they were levied.

In addition, the County has deferred inflows of resources which are required to be reported on the Statements of Net Position under the full accrual basis of accounting. Deferred inflows of resources reported in the Statements of Net Position are as follows:

- *Differences between expected and actual economic experience for the County's pension* – This difference is deferred and recognized over the estimated average remaining lives of all members
- *Changes of economic and demographic actuarial assumptions or of other inputs included in determining the pension liability* – These effects on the total pension liability are deferred and amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners' Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent is determined by the Commissioners' Court or County Auditor.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes 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.

The County will strive to maintain a minimum unassigned fund balance in its General Fund ranging from 18 to 25% of the subsequent year's budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts.

If it is determined that the County is below this minimum established fund balance level, the governing body will be informed of this condition and take necessary budgetary steps to bring fund balance level into compliance with this policy through budgetary actions.

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

New Accounting Principles

Significant new accounting standards not yet implemented by the County include the following:

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” – This statement changes the focus of accounting of postemployment benefits other than pensions from whether they are responsibility funding the benefits over time to a point-in time liability that is reflected on the employer’s financial statements for any actuarially unfunded portion of benefits earned to date. This statement will become effective for the County in fiscal year 2018.

GASB Statement No. 77, “Tax Abatement Disclosures” – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. This statement will become effective for the County in fiscal year 2017.

2. DETAILED NOTES ON ALL FUNDS

Cash and Investments

As of December 31, 2016, the County had the following investment:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (Days)</u> |
|------------------------|---------------------|---|
| TexPool | \$ <u>2,512,297</u> | 49 |

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County 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. Statutes authorize the County to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings accounts; (5) repurchase agreements; (6) bankers acceptances; (7) Mutual Funds; (8) investment pools; (9) guaranteed investment contracts; and (10) common trust funds. The Act also requires the County to have independent auditors perform tests procedures related to investment practices as provide by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

The County's investment pool is a 2a7-like pool. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a matter consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The fair value of the County's position in the pool is the same as the value of the pool shares.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of December 31, 2016, the carrying value of the County's deposit balance was collateralized with securities held by the pledging financial institution or by FDIC insurance.

Credit Risk. It is the County's policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The County's investment pool was rated AAAM by Standard & Poor's Investors Service.

Property Taxes and Other Receivables

Property is appraised and a lien on such property becomes enforceable as of January 1, subject to certain procedures for rendition, appraisal, appraisal review and judicial review. Property taxes are levied by October 1 of the year in which assessed, or as soon thereafter as practicable. Taxes are due and payable, without penalty and interest, from October 1 of the year in which levied on or before January 31 of the following year. Taxes become delinquent February 1 of each year and are subject to simple interest and penalties.

The County's taxes on real property represent a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. The exception is homestead property belonging to persons 65 years of age or older who file for deferral or abatement. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title of the property.

Property taxes are collected for general, debt service, and farm to market and lateral road. This distribution is based on the tax rate established for each fund by order of the Commissioners' Court for the tax year for which collections are made.

Receivables as of year-end for the County's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|------------------------------------|---------------------|-----------------------------|---|---------------------|
| Receivables: | | | | |
| Property taxes | \$ 1,179,263 | \$ 6,069 | \$ 198,773 | \$ 1,384,105 |
| Other taxes | 447,740 | - | - | 447,740 |
| Court fines and fees | 5,956,271 | - | - | 5,956,271 |
| Accounts | <u>48,494</u> | <u>-</u> | <u>-</u> | <u>48,494</u> |
| Gross receivables | 7,631,768 | 6,069 | 198,773 | 7,836,610 |
| Less: allowance for uncollectibles | <u>(5,139,844)</u> | <u>(303)</u> | <u>(9,939)</u> | <u>(5,150,086)</u> |
| Net total receivables | <u>\$ 2,491,924</u> | <u>\$ 5,766</u> | <u>\$ 188,834</u> | <u>\$ 2,686,524</u> |

Capital Assets

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

Primary Government

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,810,032 | \$ - | \$ - | \$ 1,810,032 |
| Construction in progress | <u>57,986</u> | <u>96,429</u> | <u>-</u> | <u>154,415</u> |
| Total capital assets not being depreciated | <u>1,868,018</u> | <u>96,429</u> | <u>-</u> | <u>1,964,447</u> |
| Capital assets, being depreciated: | | | | |
| Roads and bridges | 51,753,754 | 1,187,515 | - | 52,941,269 |
| Buildings and improvements | 24,678,956 | - | (10,400) | 24,668,556 |
| Machinery and equipment | <u>11,022,403</u> | <u>715,420</u> | <u>(248,199)</u> | <u>11,489,624</u> |
| Total capital assets being depreciated | <u>87,455,113</u> | <u>1,902,935</u> | <u>(258,599)</u> | <u>89,099,449</u> |
| Less accumulated depreciation: | | | | |
| Roads and bridges | 40,257,404 | 716,767 | - | 40,974,171 |
| Buildings and improvements | 7,537,041 | 675,750 | (10,400) | 8,202,391 |
| Machinery and equipment | <u>8,791,819</u> | <u>698,157</u> | <u>(236,987)</u> | <u>9,252,989</u> |
| Total accumulated depreciation | <u>56,586,264</u> | <u>2,090,674</u> | <u>(247,387)</u> | <u>58,429,551</u> |
| Total capital assets, being depreciated, net | <u>30,868,849</u> | <u>(187,739)</u> | <u>(11,212)</u> | <u>30,669,898</u> |
| Governmental activities capital assets, net | <u>\$ 32,736,867</u> | <u>\$ (91,310)</u> | <u>\$ (11,212)</u> | <u>\$ 32,634,345</u> |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | | |
|--|----|-------------------------|
| Governmental activities: | | |
| General government | \$ | 876,386 |
| Judicial | | 30,027 |
| Public safety | | 308,527 |
| Social services | | 2,233 |
| Roads and bridges | | <u>873,501</u> |
| Total depreciation expense - governmental activities | \$ | <u><u>2,090,674</u></u> |

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2016, is as follows:

Due to/from Other Funds:

| | | |
|------------------------|-----------------------|----------------------|
| <u>Receivable Fund</u> | <u>Payable Fund</u> | |
| General | Internal Service Fund | \$ <u>150</u> |
| Total General | | \$ <u><u>150</u></u> |

All balances of due to/due from resulted from short-term loans that are to be reimbursed within the next year.

Interfund Transfers:

| | | | |
|-----------------------------|----------------------------------|-----------------------------|--------------------------|
| | <u>Transfers in:</u> | | |
| | <u>Nonmajor Governmental</u> | <u>Internal Service</u> | <u>Total</u> |
| Transfers out: | | | |
| General | \$ 288,442 | \$ 500,000 | \$ 788,442 |
| Nonmajor governmental funds | <u>10,525</u> | <u>-</u> | <u>10,525</u> |
| Total transfers | <u><u>\$ 298,967</u></u> | <u><u>\$ 500,000</u></u> | <u><u>\$ 798,967</u></u> |

During the year, transfers were used to move General Fund resources to provide annual subsidies to the Grant Fund, Juvenile Probation Fund and Court Technology and Security Fund. In addition, the County made a one-time transfer to the Self-Insurance Fund in the amount of \$500,000 to cover health care costs.

Long-term Debt

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities or equipment.

On July 15, 2012, the County issued \$8,660,000 of general obligation refunding bonds to provide resources to purchase U. S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$5,390,000 for the General Obligation Bonds, Series 2005 and \$2,735,000 for the Certificates of Obligation, Series 2003.

General obligation bonds are direct obligations and pledge the full faith and credit of the County.

| | <u>Interest Rates</u> | <u>Amount</u> |
|---|-----------------------|---------------|
| \$8,660,000 General Obligation Refunding Bonds, Series 2012 | 2.0%-2.5% | \$ 6,980,000 |

Annual debt service requirements to maturity for general obligation bonds are as follows:

| <u>Year Ending December 31,</u> | <u>Governmental Activities</u> | |
|-------------------------------------|--------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2017 | \$ 935,000 | \$ 140,800 |
| 2018 | 950,000 | 121,950 |
| 2019 | 970,000 | 102,750 |
| 2020 | 995,000 | 83,100 |
| 2021 | 1,020,000 | 62,950 |
| 2022-2023 | <u>2,110,000</u> | <u>53,125</u> |
| Total | <u>\$ 6,980,000</u> | <u>\$ 564,675</u> |

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

| <u>Year Ending December 31,</u> | <u>Governmental Activities</u> | |
|-------------------------------------|--------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2017 | \$ 42,488 | \$ 2,604 |
| 2018 | 43,606 | 1,486 |
| 2019 | <u>33,455</u> | <u>363</u> |
| Total | <u>\$ 119,549</u> | <u>\$ 4,453</u> |

Changes in Long-term Liabilities

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|------------------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| Government activities | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 7,885,000 | \$ - | \$ 905,000 | \$ 6,980,000 | \$ 935,000 |
| Premium on bonds | 205,939 | - | 25,743 | 180,196 | - |
| Capital Leases | - | 130,000 | 10,451 | 119,549 | 42,488 |
| Net OPEB obligation | 1,146,137 | 446,360 | 752,287 | 840,210 | - |
| Net pension liability | 3,654,708 | 2,945,699 | 1,173,068 | 5,427,339 | - |
| Compensated absences | 284,766 | 295,413 | 285,600 | 294,579 | 73,645 |
| Governmental activity | | | | | |
| Long-term liabilities | <u>\$ 13,176,550</u> | <u>\$ 3,817,472</u> | <u>\$ 3,152,149</u> | <u>\$ 13,841,873</u> | <u>\$ 1,051,133</u> |

The compensated absences, net pension, and OPEB liabilities attributable to the governmental activities are primarily liquidated by the General Fund.

Defeased Debt Outstanding

In 2012, the County defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the County's financial statements. As of December 31, 2016, the County has \$4,820,000 of defeased bonds outstanding.

Risk Management

The County is a member of the Texas Association of Counties Risk Pool ("Pool"). The Pool was created for the purpose of providing coverage against risks which are inherent in operating a political subdivision. The County pays annual premiums to the Pool for unemployment and workers' compensation coverage. The County's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide coverage through commercial reinsurance contracts. The Pool agrees to handle all unemployment and workers' compensation claims and provide any defense as is necessary. The Pool makes available to the County loss control services to assist the County in following a plan of loss control that may result in reduced losses. The County agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The County also carries commercial insurance on all other risks of loss, including liability, property, and accident insurance.

The County has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool and commercial coverage for any of the past three years.

Self-Insurance

The Self-Insurance Fund was established to account for the County's group health and prescription expenses. A third-party administrator, Blue Cross Blue Shield of Texas, administers the County's plan. During the year ended December 31, 2016, the County paid seven hundred and fifty dollars (\$750) per month for health and prescription benefits per budgeted full time position to the plan. Employees, at their option authorized payroll deductions to pay premiums for dependents. In accordance with state law, the County was protected against catastrophic individual loss by stop-loss coverage carried through Blue Cross Blue Shield of Texas.

Employees' premiums are paid by the General and Special Revenue funds into the Self Insurance Fund. These premiums are recorded as expenditures in the paying funds and are available to pay claims, insurance premiums, and administrative costs of the program. During fiscal year 2016, a total of \$2,950,511 was paid in benefits, premiums and administrative costs. The excess coverage insurance covers the plan against individual claims in excess of \$85,000 per covered person per year. Estimated claims payable, based upon claims filed and estimated unfiled claims at year-end, were \$245,493 as of December 31, 2016. Changes in the balances of claims liabilities during the past year were as follows:

| | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|
| Unpaid claims, beginning of fiscal year | \$ 94,020 | \$ 37,633 |
| Incurred claims (including incurred but not reported) | 2,435,042 | 2,071,503 |
| Claim payments | <u>(2,283,569)</u> | <u>(2,015,116)</u> |
| Unpaid claims, end of fiscal year | <u>\$ 245,493</u> | <u>\$ 94,020</u> |

Defined Benefit Pension Plan

Plan Description. The County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCERS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCERS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tcdrs.org.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided. TCERS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCERS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 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 eight years of service, 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. Updated annuity purchase rates will go into effect for post-2017 benefit accruals earned after 2017. Benefits accrued before 2018 will not be impacted by this update. This change was reflected in the 2015 actuarial valuation.

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 166 |
| Inactive employees entitled to but not yet receiving benefits | 379 |
| Active employees | <u>260</u> |
| | <u><u>805</u></u> |

Contributions. The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 12.39% and 12.7% in calendar years 2015 and 2016, respectively. The County’s contributions to TCDRS for the year ended September 30, 2016, were \$1,245,425, and were equal to the required contributions.

Net Pension Liability. The County’s Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|---|
| Inflation | 3.0% per year |
| Overall payroll growth | 3.5% per year |
| Investment rate of return | 8.1%, net of pension plan investment expense, including inflation |

Mortality rates for active members, retirees, and beneficiaries were based on the following:

| | |
|--|---|
| Depositing members | The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that. |
| Service retirees, beneficiaries and non-depositing members | The RP-2000 Combined Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females. |
| Disabled retirees | RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females. |

The actuarial assumptions that determined the total pension liability as of December 31, 2015, were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except for mortality assumptions. Mortality assumptions were updated for the 2015 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 8.10%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The application of the investment return assumption was changed for purposes of determining plan liabilities in the 2015 actuarial valuation. All plan liabilities are now valued using an 8% discount rate. Previously, some liabilities were valued using a 7% discount rate and others were valued using a 9% discount rate.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2016 information for a 7 to 10 year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

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

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

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

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

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) - (b) |
| Balance at 12/31/2014 | \$ 38,150,466 | \$ 34,495,758 | \$ 3,654,708 |
| Changes for the year: | | | |
| Service cost | 1,179,479 | - | 1,179,479 |
| Interest on total pension liability ⁽¹⁾ | 3,067,562 | - | 3,067,562 |
| Effect of plan changes | (180,193) | - | (180,193) |
| Effect of economic/demographic gains or losses | (798,076) | - | (798,076) |
| Effect of assumptions changes or inputs | 430,658 | - | 430,658 |
| Refund of contributions | (147,290) | (147,290) | - |
| Benefit payments | (1,852,416) | (1,852,416) | - |
| Administrative expenses | - | (24,797) | 24,797 |
| Member contributions | - | 671,196 | (671,196) |
| Net investment income | - | 240,531 | (240,531) |
| Employer contributions | - | 1,166,363 | (1,166,363) |
| Other ⁽²⁾ | - | (126,494) | 126,494 |
| Balance at 12/31/2015 | <u>\$ 39,850,190</u> | <u>\$ 34,422,851</u> | <u>\$ 5,427,339</u> |

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or

⁽²⁾ Reflects new annuity purchase rates applicable to all TCDRS employers effective January 1, 2018.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-higher (9.1%) than the current rate:

| | 1% Decrease 7.1% | Current | 1% Increase 9.1% |
|-------------------------------|----------------------|-----------------------|---------------------|
| | | Discount Rate 8.1% | |
| Total pension liability | \$ 44,677,839 | \$ 39,850,190 | \$ 35,825,269 |
| Fiduciary net position | <u>34,422,851</u> | <u>34,422,851</u> | <u>34,422,851</u> |
| Net pension liability/(asset) | <u>\$ 10,254,988</u> | <u>\$ 5,427,339</u> | <u>\$ 1,402,418</u> |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at www.tcdrs.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 3016, the County recognized pension expense of \$1,234,610.

At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 21,741 | \$ 532,051 |
| Changes in actuarial assumptions | 287,105 | - |
| Net difference between projected and actual investment earnings | 2,297,912 | - |
| Contributions made subsequent to the measurement date | <u>1,245,425</u> | <u>-</u> |
| Total | <u>\$ 3,852,183</u> | <u>\$ 532,051</u> |

\$1,245,425 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

| Year Ended September 30, | | |
|-----------------------------|----|---------|
| 2017 | \$ | 494,174 |
| 2018 | | 472,433 |
| 2019 | | 594,906 |
| 2020 | | 513,194 |

Postemployment Benefits Other than Pension Benefits (OPEB)

Plan description and Funding Policy. Currently, health insurance benefits, provided under the County’s self-insured plan, are provided to eligible retirees of the County in accordance with policies and procedures approved by Commissioners’ Court. The Retiree Medical Plan does not issue a publicly made available financial report.

All employees who were hired prior to January 1, 2012, will have the option of retaining the County's group health insurance coverage upon their retirement. If they are vested and eligible for retirement with the Texas County and District Retirement System ("TCDRS") at the time they leave employment, they will be required to make the same employee contribution as is required of active employees with similar dependent elections. Employees who are vested in TCDRS and who are hired subsequent to January 1, 2012, will have the option of retaining the County's group health insurance coverage upon their retirement, provided that the retired employee pays 100% of the required monthly premium for their coverage elections.

All group insurance will cease when retired employees reach age 65, provided however, that if the retired employee's spouse has not reached the age of 65 and/or the retired employee's children have not reached the age of 26, the spouse and/or children will be eligible for group health coverage until they reach the age of 65 and 26 respectively. The County, annually, will stipulate the required contribution from the retired employee needed to extend the coverage of their eligible dependents after the retired employee has reached age 65.

As of December 31, 2016, the County has 26 retirees that were eligible for the OPEB plan and the cost to the County was \$752,287. Post-retirement health care benefits are funded on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost is calculated based on annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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 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 OPEB obligation to the postemployment medical plan.

| | | |
|--|----|-----------------------|
| Annual required contribution | \$ | 463,616 |
| Interest on OPEB obligation | | 51,576 |
| Adjustment to ARC | (| <u>68,832</u>) |
| Annual OPEB cost | | 446,360 |
| Net employer contributions | (| <u>752,287</u>) |
| Increase in net OPEB obligation | (| 305,927) |
| Net OPEB obligation, beginning of year | | <u>1,146,137</u> |
| Net OPEB obligation, end of year | \$ | <u><u>840,210</u></u> |

The County's annual OPEB cost, amount contributed to the plan, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending December 31, 2016, is as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Employer Contribution</u> | <u>Percentage Contributed</u> | <u>Net OPEB Obligation End of Year</u> |
|--------------------------|-------------------------|------------------------------|-------------------------------|--|
| 12/31/2014 | \$ 400,763 | \$ 264,365 | 66.0% | \$ 1,399,951 |
| 12/31/2015 | 442,539 | 696,353 | 157.4% | 1,146,137 |
| 12/31/2016 | 446,360 | 752,287 | 168.5% | 840,210 |

Funded Status and Funding Progress. The funding status of the post-employment benefit plan as of the most recent actuarial valuation date is as follows:

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---|--|--|------------------------------------|-------------------------|----------------------------|--|
| 12/31/15 | \$ - | \$ 5,092,822 | \$ 5,092,822 | - % | \$ 8,239,635 | 61.81% |

Actuarial valuation of an ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

A schedule of funding progress presents multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to 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. Significant methods and assumptions were as follows:

| | |
|-------------------------------|---|
| Actuarial valuation date | 12/31/2015 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level as a percentage of payroll |
| Remaining amortization period | 30 years; open amortization |
| Actuarial assumptions: | |
| Investment rate of return | 4.5%, net of expenses |
| Projected salary increases | Payroll growth 3% per annum. |
| Health care trend rate | 9:5 initial and declining 4.5% ultimate after 9 years. |
| Inflation rate | 3% |

Commitments and Contingencies

- a. Grants – The County has received Federal and State financial assistance in the form of grants and entitlements that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of County management, such disallowances, if any, will not be significant to the County’s financial position.

- b. Litigation – The evaluation of County management is that any liability to the County relating to lawsuits will not have a material impact on the County’s financial position. Historically, the County has not incurred significant losses from claims or lawsuits which arise during the ordinary course of business.

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SUPPLEMENTARY INFORMATION**

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ANDERSON COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
FOR THE EMPLOYEES OF ANDERSON COUNTY, TEXAS**

FOR THE YEAR ENDED DECEMBER 31, 2016

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
|---|--|--|------------------------------------|-------------------------|----------------------------|--|
| 12/31/2015 | \$ - | \$ 5,092,822 | 5,092,822 | - % | \$ 8,239,635 | 61.81% |
| 12/31/2013 | - | 3,934,067 | 3,934,067 | - % | 7,751,867 | 50.75% |
| 12/31/2011 | - | 3,456,309 | 3,456,309 | - % | 6,873,044 | 50.29% |

ANDERSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (WITH VARIANCES)

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Budgeted Amounts</u> | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|----------------------------------|-------------------------|-------------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 12,385,800 | \$ 12,381,700 | \$ 12,287,378 | \$(94,322) |
| Sales | 2,913,764 | 2,913,764 | 2,523,703 | (390,061) |
| Mixed beverage | 28,000 | 28,000 | 32,139 | 4,139 |
| Intergovernmental | 418,970 | 418,970 | 539,957 | 120,987 |
| Fees of office | 2,541,225 | 2,457,925 | 2,350,564 | (107,361) |
| Fines and forfeitures | 587,500 | 587,500 | 472,747 | (114,753) |
| Investment earnings | 35,000 | 35,000 | 42,336 | 7,336 |
| Other revenue | 26,000 | 26,000 | 121,688 | 95,688 |
| Total revenues | <u>18,936,259</u> | <u>18,848,859</u> | <u>18,370,512</u> | <u>(478,347)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government: | | | | |
| County auditor | 466,829 | 465,538 | 435,146 | 30,392 |
| County judge | 186,975 | 185,649 | 181,993 | 3,656 |
| County treasurer | 137,464 | 137,463 | 132,520 | 4,943 |
| Tax assessor-collector | 694,852 | 695,950 | 683,483 | 12,467 |
| Commissioners | 323,499 | 326,121 | 316,696 | 9,425 |
| County clerk | 460,850 | 457,966 | 450,255 | 7,711 |
| District clerk | 448,776 | 448,776 | 441,494 | 7,282 |
| Courthouse | 530,469 | 474,353 | 424,963 | 49,390 |
| Elections | 144,662 | 168,291 | 148,940 | 19,351 |
| Information technology | 151,309 | 151,309 | 135,426 | 15,883 |
| Miscellaneous legal | 179,000 | 180,096 | 179,548 | 548 |
| Miscellaneous | 1,238,014 | 1,022,641 | 874,472 | 148,169 |
| Total general government | <u>4,962,699</u> | <u>4,714,153</u> | <u>4,404,936</u> | <u>309,217</u> |
| Judicial: | | | | |
| County court | 38,800 | 66,755 | 66,730 | 25 |
| County court-at-law | 406,867 | 473,866 | 471,516 | 2,350 |
| District court | 809,683 | 563,639 | 545,660 | 17,979 |
| District attorney | 856,483 | 853,815 | 837,878 | 15,937 |
| Justice of the peace, precinct 1 | 138,475 | 138,475 | 136,423 | 2,052 |
| Justice of the peace, precinct 2 | 140,410 | 140,410 | 138,127 | 2,283 |
| Justice of the peace, precinct 3 | 143,770 | 143,769 | 142,465 | 1,304 |
| Justice of the peace, precinct 4 | 134,282 | 134,282 | 131,684 | 2,598 |
| 3rd District Court | - | 128,179 | 128,179 | - |
| 87th District Court | - | 91,278 | 90,610 | 668 |
| 349th District Court | - | 87,013 | 87,013 | - |
| 369th District Court | - | 97,125 | 97,125 | - |
| Total judicial | <u>2,668,770</u> | <u>2,918,606</u> | <u>2,873,410</u> | <u>45,196</u> |

ANDERSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|--|-------------------|-------------------|---|--|
| | Original | Final | | |
| EXPENDITURES (Continued) | | | | |
| Public safety: | | | | |
| Emergency management | \$ 98,998 | \$ 98,999 | \$ 93,983 | \$ 5,016 |
| Constable, precinct 1 | 78,549 | 78,549 | 73,030 | 5,519 |
| Constable, precinct 2 | 78,989 | 78,989 | 78,320 | 669 |
| Constable, precinct 3 | 77,649 | 77,650 | 75,954 | 1,696 |
| Constable, precinct 4 | 75,889 | 75,889 | 72,426 | 3,463 |
| Sheriff | 2,441,177 | 2,418,304 | 2,361,813 | 56,491 |
| Bailiff/security | 159,117 | 166,827 | 148,049 | 18,778 |
| State highway patrol | 46,611 | 44,950 | 44,603 | 347 |
| Bail bond supervision | 107,369 | 106,982 | 105,999 | 983 |
| County jail | <u>2,601,852</u> | <u>2,596,358</u> | <u>2,564,773</u> | <u>31,585</u> |
| Total public safety | <u>5,766,200</u> | <u>5,743,497</u> | <u>5,618,950</u> | <u>124,547</u> |
| Social services: | | | | |
| Dogwood park | 124,264 | 124,264 | 113,973 | 10,291 |
| Extension services | 101,142 | 118,438 | 118,331 | 107 |
| Indigent health | 151,333 | 148,711 | 43,932 | 104,779 |
| County services | 385,850 | 388,850 | 366,723 | 22,127 |
| Veterans Service Officer | 38,714 | 39,213 | 38,580 | 633 |
| Total social services | <u>801,303</u> | <u>819,476</u> | <u>681,539</u> | <u>137,937</u> |
| Road and bridge: | | | | |
| Administration | 158,000 | 158,000 | 148,765 | 9,235 |
| Precinct 1 | 971,868 | 897,846 | 881,647 | 16,199 |
| Precinct 2 | 735,334 | 804,104 | 781,675 | 22,429 |
| Precinct 3 | 991,982 | 1,076,352 | 1,058,459 | 17,893 |
| Precinct 4 | 868,348 | 868,349 | 823,378 | 44,971 |
| Shop | <u>152,420</u> | <u>152,421</u> | <u>136,777</u> | <u>15,644</u> |
| Total road and bridge | <u>3,877,952</u> | <u>3,957,072</u> | <u>3,830,701</u> | <u>126,371</u> |
| Debt service: | | | | |
| Principal | - | - | 10,451 | (10,451) |
| Interest and other charges | <u>-</u> | <u>-</u> | <u>822</u> | <u>(822)</u> |
| Total debt service | <u>-</u> | <u>-</u> | <u>11,273</u> | <u>(11,273)</u> |
| Capital outlay | <u>488,199</u> | <u>479,943</u> | <u>578,281</u> | <u>(98,338)</u> |
| Total expenditures | <u>18,565,123</u> | <u>18,632,747</u> | <u>17,999,090</u> | <u>633,657</u> |
| EXCESS (DEFICIENCY) OF REVENUES | | | | |
| OVER (UNDER) EXPENDITURES | <u>371,136</u> | <u>216,112</u> | <u>371,422</u> | <u>155,310</u> |

ANDERSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------|---------------------|---|--|
| | Original | Final | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of capital lease | \$ - | \$ - | \$ 130,000 | \$ 130,000 |
| Sale of capital assets | 500 | - | 111,458 | 111,458 |
| Insurance recoveries | - | - | 22,071 | 22,071 |
| Transfers in | 4,000 | - | - | - |
| Transfers out | (288,442) | (788,442) | (788,442) | - |
| Total other financing sources (uses) | (283,942) | (788,442) | (524,913) | 263,529 |
| NET CHANGE IN FUND BALANCES | 87,194 | (572,330) | (153,491) | 418,839 |
| FUND BALANCES, BEGINNING | <u>6,375,908</u> | <u>6,375,908</u> | <u>6,375,908</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 6,463,102</u> | <u>\$ 5,803,578</u> | <u>\$ 6,222,417</u> | <u>\$ 418,839</u> |

ANDERSON COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY SCHEDULE

DECEMBER 31, 2016

Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial report:

1. The County Judge has departmental meetings with management to determine the departmental budget requests.
2. The County Judge submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following January. The operational budget includes proposed expenditures and the means of financing them.
3. Public hearings are conducted to obtain taxpayer comments.
4. After the public hearings, the Commissioners' Court reviews the budget and makes any adjustments they feel necessary.
5. The budget is then legally enacted by the Commissioners' Court on or before October 1.

Only the governing body (the Commissioners' Court) may amend the budget after its adoption so long as the amendment continues to meet the requirements of Section 111 of the *Local Government Code*. During the year, several supplementary amendments to the original budget were required. Individual amendments were all legally made.

The County's legally adopted budget is at the department level in those funds with multiple departments and at the fund level in single department funds. All budgets are fixed in nature. For internal management purposes, the budgets are detailed by line item and entered into the accounting records. Comparisons of actual expenditures or expenses to budget are made on an ongoing basis.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Budget appropriations lapse at year-end. Annual appropriated budgets are adopted for the General, Farm to Market Lateral Road, Law Library, Court Reporter, and Debt Service Funds. The County does not adopt a legal budget for the Grant, Juvenile Probation, Court Technology and Security, Child Welfare Board, District Attorney, Records Preservation and Management, Historical Commission, Sheriff Forfeiture, Guardianship, or the Capital Projects Funds.

ANDERSON COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST FISCAL YEAR

| Plan Year Ended December 31 | 2015 | 2014 |
|--|---------------|---------------|
| Total Pension Liability | | |
| Service Cost | \$ 1,179,479 | \$ 1,175,228 |
| Interest total pension liability | 3,067,562 | 2,871,273 |
| Effect of plan changes | (180,193) | 191,642 |
| Effect of assumption changes or inputs | 430,658 | - |
| Effect of economic/demographic (gains) or losses | (798,076) | 65,223 |
| Benefit payments/refunds of contributions | (1,999,706) | (1,825,627) |
| Net change in total pension liability | 1,699,724 | 2,477,739 |
| Total pension liability - beginning | 38,150,466 | 35,672,727 |
| Total pension liability - ending (a) | \$ 39,850,190 | \$ 38,150,466 |
| Plan Fiduciary Net Position | | |
| Employer contributions | \$ 1,166,363 | \$ 1,066,489 |
| Member contributions | 671,196 | 661,243 |
| Investment income net of investment expenses | 240,531 | 2,237,562 |
| Benefit payments refunds of contributions | (1,999,706) | (1,825,626) |
| Administrative expenses | (24,797) | (25,774) |
| Other | (126,494) | (56,196) |
| Net change in plan fiduciary net position | (72,907) | 2,057,698 |
| Plan fiduciary net position - beginning | 34,495,758 | 32,438,060 |
| Plan fiduciary net position - ending (b) | \$ 34,422,851 | \$ 34,495,758 |
| Net pension liability - ending (a) - (b) | \$ 5,427,339 | \$ 3,654,708 |
| Fiduciary net position as a percentage of total pension liability | 86.4% | 90.4% |
| Pensionable covered payroll | \$ 9,467,857 | \$ 9,446,330 |
| Net pension liability as a percentage of covered payroll | 57.3% | 38.7% |

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of December 31, 2016, only 2 years are included and additional years will be added in the future as the information becomes available.

ANDERSON COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST TEN FISCAL YEARS

| Year Ended December 31, | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Pensionable Covered Payroll | Actual Contribution as a % of Covered Payroll |
|--------------------------------|--|-------------------------------------|---|------------------------------------|--|
| 2007 | \$ 635,138 | \$ 635,138 | - | \$ 7,489,829 | 8.5% |
| 2008 | 707,517 | 707,517 | - | 8,255,743 | 8.6% |
| 2009 | 744,229 | 744,229 | - | 8,534,732 | 8.7% |
| 2010 | 783,192 | 783,192 | - | 8,849,624 | 8.9% |
| 2011 | 774,068 | 774,068 | - | 8,826,371 | 8.8% |
| 2012 | 832,819 | 832,819 | - | 9,003,493 | 9.2% |
| 2013 | 1,006,591 | 1,006,591 | - | 9,277,362 | 10.8% |
| 2014 | 1,066,489 | 1,066,489 | - | 9,446,330 | 11.3% |
| 2015 | 1,173,068 | 1,173,068 | - | 9,467,861 | 12.4% |
| 2016 | 1,245,425 | 1,245,425 | - | 9,806,495 | 12.7% |

ANDERSON COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

Valuation Timing Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contributions rates:

| | |
|---|--|
| Actuarial Cost Method | Entry age |
| Amortization Method | Level percentage of payroll, closed |
| Remaining Amortization Period | 13.3 years (based on contribution rate calculated in 12/31/2015 valuation) |
| Asset Valuation Method | 5-year smoothed market |
| Inflation | 3.0% |
| Salary Increases | Varies by age and service. 4.9% average over career including inflation. |
| Investment Rate of Return | 8.0%, net of investment expenses, including inflation. |
| Retirement Age | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61. |
| Mortality | In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014. |
| Changes in Plan Provisions Reflected in the Schedule | Effective with the 2015 calendar year, employer contributions reflect that the current service matching rate was increased to 200% for future benefits. |

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Farm to Market and Lateral Road – This fund accounts for all property taxes collected pursuant to *Transportation Code §256.054* for construction and maintenance of farm-to-market and lateral roads, for flood control purposes, or for both, as determined by the Commissioners' Court.

Grant – This fund accounts for all grant funding from local, state, and federal grants.

Juvenile Probation – This fund accounts for the operations of the Juvenile Probation Department.

Law Library – This fund accounts for fees collected pursuant to *Local Government Code §323.023* for the operations of the law library.

Court Technology and Security – This fund accounts for the fees collected from defendants in criminal cases pursuant to the *Code of Criminal Procedure §102.0169, §102.017, and §102.0173*. Proceeds are used to cover the costs of continuing education and training for the judges and clerks on technological enhancements and for the purchase and maintenance of technological enhancements including computer systems, networks, hardware, and software, imaging systems, electronic kiosks, and docket management systems.

Child Welfare Board – This fund accounts for receipts and disbursements related to the Child Welfare Board.

District Attorney – This fund accounts for all receipts and disbursements related to the discretionary funding of the District Attorney.

Records Preservation and Management – This fund is used to account for receipts and disbursements related to the record management and preservation program. Resources from this fund are used to manage, organize, promote, implement, preserve, and maintain County records. Access to these funds requires specific Commissioners' Court approval.

Court Reporter – This fund accounts for court reporter fees collected pursuant to *Government Code §51.601* which defray the cost of providing court-reporting services for the County.

Historical Commission – This fund accounts for funding necessary to conduct the operations of the Anderson County Historical Commission.

Sheriff Forfeiture – This fund accounts for the funds that have been awarded to the Sheriff's office pursuant to a court order to forfeit funds from seizures conducted during criminal activity. These funds are to be used for law enforcement purposes by the Sheriff's office.

Guardianship – This fund accounts for fees collected pursuant to *Local Government Code §118.067* whereby the clerk of the court collects a fee on certain probate court actions involving guardianships and is to provide supplemental funding for court-appointed guardians ad litem and court-appointed attorneys ad litem and to fund local guardianship programs for indigent incapacitated individuals.

The ***Debt Service Fund*** is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal, interest and related costs on general long-term debt.

ANDERSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2016

| | Special Revenue | | | | | |
|---|---------------------------------------|-----------|-----------------------|----------------|-------------------------------------|---------------------------|
| | Farm to Market and Lateral Road | Grant | Juvenile Probation | Law Library | Court Technology and Security | Child Welfare Board |
| ASSETS | | | | | | |
| Cash and investments | \$ 234,252 | \$ 59,838 | \$ 170,586 | \$ 39,732 | \$ 119,970 | \$ 45,551 |
| Property taxes receivable | 85,262 | - | - | - | - | - |
| Due from other governments | - | 23,386 | - | - | - | - |
| Total assets | \$ 319,514 | \$ 83,224 | \$ 170,586 | \$ 39,732 | \$ 119,970 | \$ 45,551 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 1,323 | \$ 515 | \$ - | \$ 1,567 | \$ 2 | \$ 1,700 |
| Accrued liabilities | - | 682 | 1,069 | - | 1,778 | - |
| Other payables | - | - | - | - | - | - |
| Total liabilities | 1,323 | 1,197 | 1,069 | 1,567 | 1,780 | 1,700 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Advance property tax collections | 197,609 | - | - | - | - | - |
| Unavailable revenue - property taxes | 82,709 | - | - | - | - | - |
| Total deferred inflows of resources | 280,318 | - | - | - | - | - |
| FUND BALANCES | | | | | | |
| Restricted: | | | | | | |
| Roads and bridges | 37,873 | - | - | - | - | - |
| Judicial operations | - | - | - | 38,165 | 118,190 | - |
| Public safety operations | - | 82,027 | 169,517 | - | - | 43,851 |
| Social services operations | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Total fund balances | 37,873 | 82,027 | 169,517 | 38,165 | 118,190 | 43,851 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 319,514 | \$ 83,224 | \$ 170,586 | \$ 39,732 | \$ 119,970 | \$ 45,551 |

Special Revenue

| District Attorney | Records Preservation and Management | Court Reporter | Historical Commission | Sheriff Forfeiture | Guardianship | Debt Service | Total Nonmajor Governmental Funds |
|----------------------|---|-------------------|--------------------------|-----------------------|------------------|-------------------|--|
| \$ 328,149 | \$ 562,802 | \$ 19,685 | \$ 799 | \$ 51,501 | \$ 32,719 | \$ 893,866 | \$ 2,559,450 |
| - | - | - | - | - | - | 103,572 | 188,834 |
| 1,386 | - | - | - | - | - | - | 24,772 |
| <u>\$ 329,535</u> | <u>\$ 562,802</u> | <u>\$ 19,685</u> | <u>\$ 799</u> | <u>\$ 51,501</u> | <u>\$ 32,719</u> | <u>\$ 997,438</u> | <u>\$ 2,773,056</u> |
| | | | | | | | |
| \$ 2,189 | \$ 1,183 | \$ 704 | \$ - | \$ 148 | \$ - | \$ - | \$ 9,331 |
| 3,504 | 2,489 | - | - | - | - | - | 9,522 |
| - | - | - | - | 18,060 | - | - | 18,060 |
| <u>5,693</u> | <u>3,672</u> | <u>704</u> | <u>-</u> | <u>18,208</u> | <u>-</u> | <u>-</u> | <u>36,913</u> |
| | | | | | | | |
| - | - | - | - | - | - | 400,108 | 597,717 |
| - | - | - | - | - | - | 98,939 | 181,648 |
| - | - | - | - | - | - | 499,047 | 779,365 |
| | | | | | | | |
| - | - | - | - | - | - | - | 37,873 |
| 323,842 | 559,130 | 18,981 | - | - | - | - | 1,058,308 |
| - | - | - | - | 33,293 | - | - | 328,688 |
| - | - | - | 799 | - | 32,719 | - | 33,518 |
| - | - | - | - | - | - | 498,391 | 498,391 |
| <u>323,842</u> | <u>559,130</u> | <u>18,981</u> | <u>799</u> | <u>33,293</u> | <u>32,719</u> | <u>498,391</u> | <u>1,956,778</u> |
| | | | | | | | |
| <u>\$ 329,535</u> | <u>\$ 562,802</u> | <u>\$ 19,685</u> | <u>\$ 799</u> | <u>\$ 51,501</u> | <u>\$ 32,719</u> | <u>\$ 997,438</u> | <u>\$ 2,773,056</u> |

ANDERSON COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

| | Special Revenue | | | | | |
|--|---------------------------------------|------------------|-----------------------|------------------|-------------------------------------|---------------------------|
| | Farm to Market and Lateral Road | Grant | Juvenile Probation | Law Library | Court Technology and Security | Child Welfare Board |
| | | | | | | |
| REVENUES | | | | | | |
| Property taxes | \$ 575,183 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 148,276 | 298,815 | 437,823 | - | - | 3,067 |
| Fees of office | - | - | 6,972 | - | - | - |
| Fines and forfeitures | - | - | - | 21,488 | 44,290 | - |
| Investment earnings | - | - | 554 | - | - | 187 |
| Miscellaneous | - | 14,231 | 9,301 | - | - | 3,772 |
| Total revenues | <u>723,459</u> | <u>313,046</u> | <u>454,650</u> | <u>21,488</u> | <u>44,290</u> | <u>7,026</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | 123,843 | - | - | - | - |
| Judicial | - | 18,614 | - | 18,152 | 16,260 | - |
| Public safety | - | 14,246 | 602,014 | - | 49,077 | - |
| Social services | - | 48,420 | - | - | - | 20,612 |
| Road and bridges | 841,007 | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and other charges | - | - | - | - | - | - |
| Capital outlay | - | 98,716 | 627 | - | 12,920 | - |
| Total expenditures | <u>841,007</u> | <u>303,839</u> | <u>602,641</u> | <u>18,152</u> | <u>78,257</u> | <u>20,612</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(117,548)</u> | <u>9,207</u> | <u>(147,991)</u> | <u>3,336</u> | <u>(33,967)</u> | <u>(13,586)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Sale of capital assets | - | - | - | - | - | - |
| Transfers in | - | 48,967 | 230,000 | - | 20,000 | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources and uses | <u>-</u> | <u>48,967</u> | <u>230,000</u> | <u>-</u> | <u>20,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | <u>(117,548)</u> | <u>58,174</u> | <u>82,009</u> | <u>3,336</u> | <u>(13,967)</u> | <u>(13,586)</u> |
| FUND BALANCES, BEGINNING | <u>155,421</u> | <u>23,853</u> | <u>87,508</u> | <u>34,829</u> | <u>132,157</u> | <u>57,437</u> |
| FUND BALANCES, ENDING | <u>\$ 37,873</u> | <u>\$ 82,027</u> | <u>\$ 169,517</u> | <u>\$ 38,165</u> | <u>\$ 118,190</u> | <u>\$ 43,851</u> |

Special Revenue

| District Attorney | Records Preservation and Management | Court Reporter | Historical Commission | Sheriff Forfeiture | Guardianship | Debt Service | Total Nonmajor Governmental Funds |
|----------------------|---|-------------------|--------------------------|-----------------------|------------------|-------------------|--|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,140,738 | \$ 1,715,921 |
| - | - | - | - | - | - | - | 887,981 |
| 37,514 | - | - | - | - | - | - | 44,486 |
| 83,497 | 212,848 | 11,775 | - | 5,950 | 3,559 | - | 383,407 |
| 608 | - | - | 2 | 164 | - | 1,514 | 3,029 |
| 77,100 | - | - | - | 22,598 | - | - | 127,002 |
| <u>198,719</u> | <u>212,848</u> | <u>11,775</u> | <u>2</u> | <u>28,712</u> | <u>3,559</u> | <u>1,142,252</u> | <u>3,161,826</u> |
| - | 199,400 | - | - | - | - | - | 323,243 |
| 119,301 | - | 34,847 | - | - | - | - | 207,174 |
| - | - | - | - | 9,842 | - | - | 675,179 |
| - | - | - | - | - | - | - | 69,032 |
| - | - | - | - | - | - | - | 841,007 |
| - | - | - | - | - | - | 905,000 | 905,000 |
| - | - | - | - | - | - | 159,200 | 159,200 |
| <u>1,283</u> | <u>22,780</u> | <u>-</u> | <u>-</u> | <u>7,031</u> | <u>-</u> | <u>-</u> | <u>143,357</u> |
| <u>120,584</u> | <u>222,180</u> | <u>34,847</u> | <u>-</u> | <u>16,873</u> | <u>-</u> | <u>1,064,200</u> | <u>3,323,192</u> |
| <u>78,135</u> | <u>(9,332)</u> | <u>(23,072)</u> | <u>2</u> | <u>11,839</u> | <u>3,559</u> | <u>78,052</u> | <u>(161,366)</u> |
| 358 | - | - | - | 100 | - | - | 458 |
| - | - | - | - | - | - | - | 298,967 |
| <u>(10,525)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(10,525)</u> |
| <u>(10,167)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>100</u> | <u>-</u> | <u>-</u> | <u>288,900</u> |
| 67,968 | (9,332) | (23,072) | 2 | 11,939 | 3,559 | 78,052 | 127,534 |
| <u>255,874</u> | <u>568,462</u> | <u>42,053</u> | <u>797</u> | <u>21,354</u> | <u>29,160</u> | <u>420,339</u> | <u>1,829,244</u> |
| <u>\$ 323,842</u> | <u>\$ 559,130</u> | <u>\$ 18,981</u> | <u>\$ 799</u> | <u>\$ 33,293</u> | <u>\$ 32,719</u> | <u>\$ 498,391</u> | <u>\$ 1,956,778</u> |

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**BUDGETARY
COMPARISON SCHEDULES**

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ANDERSON COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (WITH VARIANCES)**

FARM TO MARKET AND LATERAL ROAD

FOR THE YEAR ENDED DECEMBER 31, 2016

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|------------------|----------------------|---|--|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 573,789 | \$ 573,789 | \$ 575,183 | \$ 1,394 |
| Intergovernmental | <u>-</u> | <u>-</u> | <u>148,276</u> | <u>148,276</u> |
| Total revenues | <u>573,789</u> | <u>573,789</u> | <u>723,459</u> | <u>149,670</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Road and bridge | <u>659,818</u> | <u>864,297</u> | <u>841,007</u> | <u>23,290</u> |
| Total expenditures | <u>659,818</u> | <u>864,297</u> | <u>841,007</u> | <u>23,290</u> |
| NET CHANGE IN FUND BALANCE | (86,029) | (290,508) | (117,548) | 172,960 |
| FUND BALANCE, BEGINNING | <u>155,421</u> | <u>155,421</u> | <u>155,421</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 69,392</u> | <u>\$ (135,087)</u> | <u>\$ 37,873</u> | <u>\$ 172,960</u> |

ANDERSON COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (WITH VARIANCES)**

LAW LIBRARY

FOR THE YEAR ENDED DECEMBER 31, 2016

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|------------------|------------------|---|--|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | \$ 23,000 | \$ 23,000 | \$ 21,488 | \$(1,512) |
| Total revenues | <u>23,000</u> | <u>23,000</u> | <u>21,488</u> | <u>(1,512)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Judicial | <u>23,000</u> | <u>23,000</u> | <u>18,152</u> | <u>4,848</u> |
| Total expenditures | <u>23,000</u> | <u>23,000</u> | <u>18,152</u> | <u>4,848</u> |
| NET CHANGE IN FUND BALANCE | - | - | 3,336 | 3,336 |
| FUND BALANCE, BEGINNING | <u>34,829</u> | <u>34,829</u> | <u>34,829</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 34,829</u> | <u>\$ 34,829</u> | <u>\$ 38,165</u> | <u>\$ 3,336</u> |

ANDERSON COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (WITH VARIANCES)**

COURT REPORTER

FOR THE YEAR ENDED DECEMBER 31, 2016

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|------------------|-----------------|---|--|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | \$ 12,000 | \$ 12,000 | \$ 11,775 | \$(225) |
| Total revenues | <u>12,000</u> | <u>12,000</u> | <u>11,775</u> | <u>(225)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Judicial | 52,000 | 52,000 | 34,847 | 17,153 |
| Total expenditures | <u>52,000</u> | <u>52,000</u> | <u>34,847</u> | <u>17,153</u> |
| NET CHANGE IN FUND BALANCE | (40,000) | (40,000) | (23,072) | 16,928 |
| FUND BALANCE, BEGINNING | <u>42,053</u> | <u>42,053</u> | <u>42,053</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 2,053</u> | <u>\$ 2,053</u> | <u>\$ 18,981</u> | <u>\$ 16,928</u> |

ANDERSON COUNTY, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (WITH VARIANCES)**

DEBT SERVICE

FOR THE YEAR ENDED DECEMBER 31, 2016

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|------------------|--------------|---|--|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 1,125,316 | \$ 1,125,316 | \$ 1,140,738 | \$ 15,422 |
| Investment earnings | - | - | 1,514 | 1,514 |
| Total revenues | 1,125,316 | 1,125,316 | 1,142,252 | 16,936 |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | 905,000 | 905,000 | 905,000 | - |
| Interest and other charges | 159,200 | 159,200 | 159,200 | - |
| Total expenditures | 1,064,200 | 1,064,200 | 1,064,200 | - |
| NET CHANGE IN FUND BALANCE | 61,116 | 61,116 | 78,052 | 16,936 |
| FUND BALANCE, BEGINNING | 420,339 | 420,339 | 420,339 | - |
| FUND BALANCE, ENDING | \$ 481,455 | \$ 481,455 | \$ 498,391 | \$ 16,936 |

AGENCY FUNDS

Agency Funds are used to account for assets held by the County as an agent for individual private organizations and other governments. The following are the County's agency funds:

Tax Assessor-Collector – This fund is used to record tax collections which are deposited intact pending audit and distribution to the state and other taxing authorities.

County Clerk – This fund is used to account for monies held on behalf of individuals in accordance with court order pending distribution.

District Clerk – This fund is used to account for monies held on behalf of individuals in accordance with court order pending distribution.

Sheriff – This fund is used to account for monies collected and disbursed by the Sheriff's office.

Justice of the Peace– This fund is used to account for monies collected and disbursed by the Justices of the Peace.

Criminal District Attorney – This fund is used to account for monies collected by the Criminal District Attorney.

Unclaimed Money – This fund is used to account for unclaimed money held on behalf of individuals.

ANDERSON COUNTY, TEXAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance End of Year</u> |
|--------------------------------------|--|----------------------|----------------------|------------------------------------|
| <u>TAX ASSESSOR-COLLECTOR</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ <u>2,421,023</u> | \$ <u>15,789,537</u> | \$ <u>15,922,330</u> | \$ <u>2,288,230</u> |
| Liabilities: | | | | |
| Due to others | \$ <u>2,421,023</u> | \$ <u>15,789,537</u> | \$ <u>15,922,330</u> | \$ <u>2,288,230</u> |
| <u>COUNTY CLERK</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ <u>329,024</u> | \$ <u>946,043</u> | \$ <u>801,316</u> | \$ <u>473,751</u> |
| Liabilities: | | | | |
| Due to others | \$ <u>329,024</u> | \$ <u>946,043</u> | \$ <u>801,316</u> | \$ <u>473,751</u> |
| <u>DISTRICT CLERK</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ <u>1,636,331</u> | \$ <u>585,380</u> | \$ <u>573,225</u> | \$ <u>1,648,486</u> |
| Liabilities: | | | | |
| Due to others | \$ <u>1,636,331</u> | \$ <u>585,380</u> | \$ <u>573,225</u> | \$ <u>1,648,486</u> |
| <u>SHERIFF</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ <u>16,761</u> | \$ <u>908,229</u> | \$ <u>914,712</u> | \$ <u>10,278</u> |
| Liabilities: | | | | |
| Due to others | \$ <u>16,761</u> | \$ <u>908,229</u> | \$ <u>914,712</u> | \$ <u>10,278</u> |
| <u>JUSTICE OF THE PEACE</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ <u>9,460</u> | \$ <u>860,224</u> | \$ <u>864,025</u> | \$ <u>5,659</u> |
| Liabilities: | | | | |
| Due to others | \$ <u>9,460</u> | \$ <u>860,224</u> | \$ <u>864,025</u> | \$ <u>5,659</u> |

ANDERSON COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2016

| | Balance Beginning of Year | Additions | Deductions | Balance End of Year |
|---|---------------------------------|----------------------|----------------------|---------------------------|
| <u>CRIMINAL DISTRICT ATTORNEY</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ <u>7,883</u> | \$ <u>97,093</u> | \$ <u>101,146</u> | \$ <u>3,830</u> |
| Liabilities: | | | | |
| Due to others | \$ <u>7,883</u> | \$ <u>97,093</u> | \$ <u>101,146</u> | \$ <u>3,830</u> |
| <u>UNCLAIMED MONEY</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ <u>7,451</u> | \$ <u>1,231</u> | \$ <u>-</u> | \$ <u>8,682</u> |
| Liabilities: | | | | |
| Due to others | \$ <u>7,451</u> | \$ <u>1,231</u> | \$ <u>-</u> | \$ <u>8,682</u> |
| <u>TOTALS - ALL AGENCY FUNDS</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ <u>4,427,933</u> | \$ <u>19,187,737</u> | \$ <u>19,176,754</u> | \$ <u>4,438,916</u> |
| Liabilities: | | | | |
| Due to others | \$ <u>4,427,933</u> | \$ <u>19,187,737</u> | \$ <u>19,176,754</u> | \$ <u>4,438,916</u> |

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STATISTICAL SECTION

(Unaudited)

This part of Anderson 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.

| Contents | Page |
|--|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time. | 62 – 73 |
| Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the County's ability to generate its property taxes. | 74 – 78 |
| Debt Capacity 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 additional debt in the future. | 79 – 84 |
| Demographic and Economic Information These schedules offer economic and demographic information indicators to help the reader understand the environment within the County's financial activities take place and to help make comparisons over time and with other governments. | 85 – 86 |
| Operating Information These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs. | 87 – 92 |
| Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. | |

ANDERSON COUNTY, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

| | Fiscal Year | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| Governmental activities: | | | | |
| Net investment in capital assets | \$ 25,723,477 | \$ 24,645,928 | \$ 23,329,457 | \$ 22,981,397 |
| Restricted | 2,082,120 | 4,576,896 | 2,638,680 | 2,418,917 |
| Unrestricted | <u>7,349,340</u> | <u>5,343,270</u> | <u>9,107,172</u> | <u>8,024,087</u> |
| Total governmental activities net position | <u>\$ 35,154,937</u> | <u>\$ 34,566,094</u> | <u>\$ 35,075,309</u> | <u>\$ 33,424,401</u> |

Source: Anderson County financial records.

TABLE 1

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
| \$ 23,145,292 | \$ 23,187,361 | \$ 23,393,589 | \$ 22,588,582 | \$ 22,030,674 | \$ 19,795,206 |
| 3,071,484 | 3,579,462 | 2,316,481 | 2,013,184 | 1,776,146 | 3,006,533 |
| <u>6,751,584</u> | <u>5,557,910</u> | <u>7,657,647</u> | <u>8,804,272</u> | <u>8,629,269</u> | <u>10,161,586</u> |
| <u>\$ 32,968,360</u> | <u>\$ 32,324,733</u> | <u>\$ 33,367,717</u> | <u>\$ 33,406,038</u> | <u>\$ 32,436,089</u> | <u>\$ 32,963,325</u> |

ANDERSON COUNTY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

| | Fiscal Year | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| EXPENSES | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 5,712,667 | \$ 5,490,250 | \$ 4,915,917 | \$ 5,487,449 | \$ 5,175,991 |
| Judicial | 3,179,694 | 3,193,567 | 2,969,561 | 2,870,623 | 2,807,616 |
| Public safety | 6,745,390 | 6,551,919 | 6,703,245 | 6,503,707 | 6,973,029 |
| Social services | 769,599 | 753,845 | 734,149 | 710,814 | 858,731 |
| Roads and highways | 4,470,077 | 3,777,365 | 5,320,372 | 4,976,753 | 4,500,010 |
| Interest on long-term debt | 180,187 | 199,289 | 231,641 | 133,570 | 543,041 |
| Total expenses | <u>21,057,614</u> | <u>19,966,235</u> | <u>20,874,885</u> | <u>20,682,916</u> | <u>20,858,418</u> |
| PROGRAM REVENUES | | | | | |
| Governmental activities: | | | | | |
| Fees, fines and charges for services: | | | | | |
| General government | 2,481,976 | 2,561,296 | 2,902,667 | 2,768,356 | 2,564,081 |
| Judicial | 462,011 | 610,074 | 641,965 | 571,300 | 993,287 |
| Public safety | 428,186 | 592,294 | 799,433 | 588,210 | 625,688 |
| Roads and highways | 1,358 | 2,158 | 3,590 | 1,866 | 3,904 |
| Operating grants and contributions | 1,048,110 | 951,503 | 715,435 | 656,903 | 883,267 |
| Capital grants and contributions | 69,452 | 45,606 | 696,798 | 38,782 | 136,810 |
| Total governmental activities program revenues | <u>4,491,093</u> | <u>4,762,931</u> | <u>5,759,888</u> | <u>4,625,417</u> | <u>5,207,037</u> |
| NET (EXPENSE) REVENUES | | | | | |
| Governmental activities | \$(16,566,521) | \$(15,203,304) | \$(15,114,997) | \$(16,057,499) | \$(15,651,381) |

TABLE 2

| | | Fiscal Year | | | | | | | |
|-----|--------------------|-------------|--------------------|------|--------------------|------|--------------------|-----|--------------------|
| | | 2011 | 2010 | 2009 | 2008 | 2007 | | | |
| \$ | 5,095,955 | \$ | 5,190,938 | \$ | 4,774,879 | \$ | 4,905,331 | \$ | 4,758,945 |
| | 2,833,469 | | 2,590,476 | | 2,471,772 | | 2,324,373 | | 2,513,936 |
| | 7,284,060 | | 6,650,546 | | 6,231,562 | | 4,918,777 | | 5,133,802 |
| | 788,200 | | 712,048 | | 734,828 | | 960,576 | | 1,178,732 |
| | 4,220,927 | | 4,312,468 | | 4,607,098 | | 4,109,293 | | 3,960,787 |
| | 454,462 | | 478,061 | | 363,386 | | 770,281 | | 551,508 |
| | <u>20,677,073</u> | | <u>19,934,537</u> | | <u>19,183,525</u> | | <u>17,988,631</u> | | <u>18,097,710</u> |
| | 2,524,548 | | 2,382,208 | | 2,617,260 | | 2,464,568 | | 1,975,214 |
| | 589,920 | | 664,973 | | 658,832 | | 666,322 | | 773,001 |
| | 617,051 | | 718,130 | | 743,990 | | 747,419 | | 637,881 |
| | 5,374 | | 6,201 | | 1,442 | | 7,146 | | 90,940 |
| | 590,135 | | 745,501 | | 777,180 | | 935,339 | | 869,550 |
| | <u>494,428</u> | | <u>9,200</u> | | <u>164,058</u> | | <u>1,060,213</u> | | <u>7,210</u> |
| | <u>4,821,456</u> | | <u>4,526,213</u> | | <u>4,962,762</u> | | <u>5,881,007</u> | | <u>4,353,796</u> |
| \$(| <u>15,855,617)</u> | \$(| <u>15,408,324)</u> | \$(| <u>14,220,763)</u> | \$(| <u>12,107,624)</u> | \$(| <u>13,743,914)</u> |

ANDERSON COUNTY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

| | Fiscal Year | | | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| GENERAL REVENUES | | | | | |
| Governmental activities: | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 14,050,696 | \$ 13,765,096 | \$ 13,571,243 | \$ 13,519,429 | \$ 13,315,925 |
| Sales tax | 2,523,703 | 2,752,151 | 2,813,092 | 2,489,686 | 2,625,335 |
| Other taxes | 32,139 | 42,344 | 27,201 | 31,201 | 26,689 |
| Investment earnings | 53,988 | 46,291 | 45,317 | 71,189 | 77,159 |
| Miscellaneous | 372,063 | 173,819 | 200,328 | 436,099 | 175,737 |
| Gain from sale of capital assets | 122,775 | 94,062 | 108,724 | 141,118 | 74,163 |
| Total governmental activities | 17,155,364 | 16,873,763 | 16,765,905 | 16,688,722 | 16,295,008 |
| CHANGE IN NET POSITION | | | | | |
| Governmental activities | 588,843 | 1,670,459 | 1,650,908 | 631,223 | 643,627 |
| Net position - beginning | 34,566,094 | 35,075,309 | 33,424,401 | 32,968,360 | 32,324,733 |
| Prior period adjustment | - | (2,179,674) | - | (175,182) | - |
| Net position - ending | \$ 35,154,937 | \$ 34,566,094 | \$ 35,075,309 | \$ 33,424,401 | \$ 32,968,360 |

Source: Anderson County financial records

TABLE 2

| Fiscal Year | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2011 | 2010 | 2009 | 2008 | 2007 |
| \$ 12,868,263 | \$ 12,664,751 | \$ 12,577,857 | \$ 11,827,075 | \$ 11,118,755 |
| 2,287,587 | 2,231,330 | 2,195,313 | 2,554,428 | 2,354,404 |
| 30,622 | 32,218 | 30,122 | 31,862 | 36,572 |
| 31,276 | 25,210 | 43,096 | 186,873 | 698,601 |
| 209,113 | 334,901 | 307,810 | 317,228 | 289,863 |
| 42,644 | 81,593 | 36,514 | 422,892 | 20,814 |
| <u>15,469,505</u> | <u>15,370,003</u> | <u>15,190,712</u> | <u>15,340,358</u> | <u>14,519,009</u> |
| (386,112) | (38,321) | 969,949 | 3,232,734 | 775,095 |
| 33,367,717 | 33,406,038 | 32,436,089 | 32,963,325 | 23,862,336 |
| (656,872) | - | - | (3,759,970) | 8,325,894 |
| <u>\$ 32,324,733</u> | <u>\$ 33,367,717</u> | <u>\$ 33,406,038</u> | <u>\$ 32,436,089</u> | <u>\$ 32,963,325</u> |

ANDERSON COUNTY, TEXAS

**FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)
(Unaudited)

| | Fiscal Year | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| General fund | | | | | |
| Reserved for prepaid items | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, undesignated | - | - | - | - | - |
| Nonspendable | 305,181 | 280,801 | 322,266 | 104,387 | 96,835 |
| Unassigned | <u>5,917,236</u> | <u>6,095,107</u> | <u>8,006,335</u> | <u>6,876,952</u> | <u>5,826,147</u> |
| Total general fund | <u>6,222,417</u> | <u>6,375,908</u> | <u>8,328,601</u> | <u>6,981,339</u> | <u>5,922,982</u> |
| All other governmental funds | | | | | |
| Reserved for: | | | | | |
| Debt service | - | - | - | - | - |
| Capital projects fund | - | - | - | - | - |
| Unreserved, reported in: | | | | | |
| Special revenue funds | - | - | - | - | - |
| Nonspendable | - | 512 | - | 55 | 17,563 |
| Restricted | 1,956,778 | 4,449,064 | 2,501,009 | 2,299,797 | 2,835,948 |
| Assigned | 2,533,336 | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(84,367)</u> |
| Total all other governmental funds | <u>\$ 4,490,114</u> | <u>\$ 4,449,576</u> | <u>\$ 2,501,009</u> | <u>\$ 2,299,852</u> | <u>\$ 2,769,144</u> |

Source: Anderson County financial records

Note: In fiscal year 2011, the County implemented GASB Statement No. 54.

TABLE 3

| Fiscal Year | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2011 | 2010 | 2009 | 2008 | 2007 |
| \$ - | \$ 147,106 | \$ 142,802 | \$ 143,733 | \$ 134,596 |
| - | 5,663,738 | 7,058,622 | 6,879,053 | 5,313,845 |
| 83,848 | - | - | - | - |
| <u>4,654,087</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>4,737,935</u> | <u>5,810,844</u> | <u>7,201,424</u> | <u>7,022,786</u> | <u>5,448,441</u> |
| - | 494,556 | 402,624 | 268,581 | 182,120 |
| - | 1,220,809 | 1,119,217 | 1,371,921 | 1,595,719 |
| - | 1,589,830 | 1,393,936 | 1,265,286 | 2,072,254 |
| 10,031 | - | - | - | - |
| 3,156,598 | - | - | - | - |
| - | - | - | - | - |
| <u>(20,792)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 3,145,837</u> | <u>\$ 3,305,195</u> | <u>\$ 2,915,777</u> | <u>\$ 2,905,788</u> | <u>\$ 3,850,093</u> |

ANDERSON COUNTY, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)
(Unaudited)

| | Fiscal Year | | | |
|---|-------------------|-------------------|---------------------|-------------------|
| | 2016 | 2015 | 2014 | 2013 |
| REVENUES | | | | |
| Property taxes | \$ 14,004,110 | \$ 13,823,254 | \$ 13,537,585 | \$ 13,591,234 |
| Other taxes | 2,555,842 | 2,794,495 | 2,840,293 | 2,520,887 |
| Intergovernmental | 1,427,938 | 1,280,590 | 1,052,608 | 792,780 |
| Fees of office | 2,395,050 | 2,627,900 | 3,037,640 | 2,969,990 |
| Fines and forfeitures | 856,154 | 819,452 | 1,099,343 | 1,286,099 |
| Investment earnings | 53,988 | 46,291 | 45,317 | 71,180 |
| Miscellaneous | <u>248,690</u> | <u>148,345</u> | <u>137,755</u> | <u>187,938</u> |
| Total revenues | <u>21,541,772</u> | <u>21,540,327</u> | <u>21,750,541</u> | <u>21,420,108</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 4,728,179 | 4,874,009 | 4,420,620 | 4,494,009 |
| Judicial | 3,080,584 | 2,828,086 | 2,895,276 | 2,785,427 |
| Public safety | 6,294,129 | 6,228,863 | 6,276,451 | 6,156,263 |
| Social services | 750,571 | 747,777 | 719,734 | 692,680 |
| Roads and bridges | 3,490,412 | 2,867,361 | 4,423,689 | 4,383,688 |
| Debt service: | | | | |
| Principal | 915,451 | 885,000 | 850,000 | 841,993 |
| Interest and fiscal charges | 160,022 | 184,594 | 215,938 | 245,468 |
| Capital outlay | <u>1,999,364</u> | <u>2,637,961</u> | <u>459,138</u> | <u>1,125,833</u> |
| Total expenditures | <u>21,418,712</u> | <u>21,253,651</u> | <u>20,260,846</u> | <u>20,725,361</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ 123,060</u> | <u>\$ 286,676</u> | <u>\$ 1,489,695</u> | <u>\$ 694,747</u> |

TABLE 4

| Fiscal Year | | | | | |
|-------------------|----------------------|------------------------|-------------------|----------------------|------------------------|
| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| \$ 13,224,702 | \$ 12,862,976 | \$ 12,514,931 | \$ 12,598,499 | \$ 11,891,800 | \$ 10,902,235 |
| 2,652,024 | 2,318,209 | 2,263,548 | 2,225,435 | 2,586,290 | 2,390,976 |
| 1,139,531 | 1,216,315 | 812,820 | 1,001,936 | 1,968,338 | 804,057 |
| 2,823,898 | 2,893,597 | 3,234,010 | 3,426,717 | 3,628,960 | 3,567,523 |
| 1,011,537 | 831,401 | - | - | - | - |
| 77,159 | 31,276 | 25,210 | 43,096 | 186,873 | 698,601 |
| <u>120,938</u> | <u>136,868</u> | <u>700,367</u> | <u>899,651</u> | <u>579,334</u> | <u>481,095</u> |
| <u>21,049,789</u> | <u>20,290,642</u> | <u>19,550,886</u> | <u>20,195,334</u> | <u>20,841,595</u> | <u>18,844,487</u> |
| 4,450,804 | 4,616,524 | 4,845,925 | 4,609,448 | 4,724,655 | 4,454,656 |
| 2,706,479 | 2,721,971 | 2,570,698 | 2,460,234 | 2,291,479 | 2,244,286 |
| 6,263,640 | 6,466,938 | 6,056,631 | 5,873,060 | 5,181,122 | 4,824,447 |
| 831,869 | 759,577 | 708,985 | 734,006 | 953,260 | 929,294 |
| 4,008,553 | 4,310,450 | 4,384,472 | 4,217,765 | 4,061,973 | 3,669,235 |
| 706,016 | 685,000 | 635,000 | 610,000 | 590,000 | 570,000 |
| 603,384 | 463,270 | 486,576 | 508,451 | 631,613 | 549,445 |
| <u>931,719</u> | <u>1,112,430</u> | <u>970,344</u> | <u>1,030,857</u> | <u>3,029,468</u> | <u>5,743,896</u> |
| <u>20,502,464</u> | <u>21,136,160</u> | <u>20,658,631</u> | <u>20,043,821</u> | <u>21,463,570</u> | <u>22,985,259</u> |
| <u>\$ 547,325</u> | <u>\$ (845,518)</u> | <u>\$ (1,107,745)</u> | <u>\$ 151,513</u> | <u>\$ (621,975)</u> | <u>\$ (4,140,772)</u> |

ANDERSON COUNTY, TEXAS

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)
(Unaudited)

| | Fiscal Year | | | |
|---|-----------------------------|---------------------------|----------------------------|--------------------------|
| | 2016 | 2015 | 2014 | 2013 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 298,967 | \$ 2,802,442 | \$ 343,325 | \$ 381,319 |
| Transfers out | (798,967) | (3,202,442) | (393,325) | (631,319) |
| Issuance of capital leases | 130,000 | - | - | - |
| Sale of capital assets | 111,916 | 86,028 | 56,607 | 92,204 |
| Insurance recoveries | 22,071 | 23,170 | 52,117 | 52,114 |
| Payment to escrow agent | - | - | - | - |
| Premium on issuance of debt | - | - | - | - |
| Issuance of bonds | - | - | - | - |
| Total other financing sources (uses) | <u>(236,013)</u> | <u>(290,802)</u> | <u>58,724</u> | <u>(105,682)</u> |
| NET CHANGE IN FUND BALANCES | <u><u>\$ (112,953)</u></u> | <u><u>\$ (4,126)</u></u> | <u><u>\$ 1,548,419</u></u> | <u><u>\$ 589,065</u></u> |
| DEBT SERVICE (PRINCIPAL AND INTEREST) AS PERCENTAGE OF NONCAPITAL EXPENDITURES | <u>4.58%</u> | <u>4.56%</u> | <u>4.76%</u> | <u>5.64%</u> |

Source: Anderson County financial records

TABLE 4

| Fiscal Year | | | | | |
|-------------------|-----------------------|-----------------------|-------------------|-------------------|-----------------------|
| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| \$ 439,988 | \$ 429,830 | \$ 403,959 | \$ 248,787 | \$ 200,000 | \$ 61,352 |
| (439,988) | (929,830) | (403,959) | (248,787) | (200,000) | (371,352) |
| - | 68,010 | - | - | - | - |
| 78,428 | 45,241 | 106,583 | 37,114 | 1,252,015 | 24,826 |
| - | - | - | - | - | - |
| (8,757,357) | - | - | - | - | - |
| 279,958 | - | - | - | - | - |
| <u>8,660,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>261,029</u> | <u>(386,749)</u> | <u>106,583</u> | <u>37,114</u> | <u>1,252,015</u> | <u>(285,174)</u> |
| <u>\$ 808,354</u> | <u>\$(1,232,267)</u> | <u>\$(1,001,162)</u> | <u>\$ 188,627</u> | <u>\$ 630,040</u> | <u>\$(4,425,946)</u> |
| <u>6.89%</u> | <u>6.04%</u> | <u>5.71%</u> | <u>2.87%</u> | <u>4.37%</u> | <u>3.79%</u> |

ANDERSON COUNTY, TEXAS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(Unaudited)

| | Fiscal Year | | | | | | | |
|---------------------------------------|-------------------------|-------|-------------------------|-------|-------------------------|-------|-------------------------|-------|
| | 2016 | | 2015 | | 2014 | | 2013 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Real, Residential, Single Family | \$ 817,493,326 | 19.3% | \$ 814,133,623 | 19.7% | \$ 801,359,444 | 19.6% | \$ 793,823,424 | 19.4% |
| Real, Residential, Multi Family | 30,884,163 | 0.7% | 30,751,534 | 0.7% | 31,544,534 | 0.8% | 32,763,097 | 0.8% |
| Real, Vacant Lots/Tracts | 13,840,948 | 0.3% | 13,884,750 | 0.3% | 14,068,464 | 0.3% | 14,319,540 | 0.3% |
| Real, Acreage (Land Only) | 1,022,872,680 | 24.2% | 1,015,316,310 | 24.5% | 991,298,614 | 24.3% | 1,168,977,081 | 28.5% |
| Farm and Ranch Improvements | 788,435,770 | 18.7% | 774,956,670 | 18.7% | 741,143,000 | 18.1% | 560,130,045 | 13.7% |
| Real, Commercial and Industrial | 440,920,705 | 10.4% | 323,135,942 | 7.8% | 319,521,676 | 7.8% | 317,075,925 | 7.7% |
| Real, Oil, Gas/Other Mineral Reserves | 90,603,621 | 2.1% | 169,006,062 | 4.1% | 160,476,052 | 3.9% | 193,256,847 | 4.7% |
| Vehicles and Utilities | 240,552,395 | 5.7% | 254,212,273 | 6.1% | 249,741,124 | 6.1% | 259,092,388 | 6.3% |
| Personal Commercial and Industrial | 525,142,614 | 12.4% | 494,528,940 | 12.0% | 527,411,304 | 12.9% | 521,255,718 | 12.7% |
| Mobile Homes | 49,485,027 | 1.2% | 48,766,591 | 1.2% | 49,122,676 | 1.2% | 48,081,246 | 1.2% |
| Tangible Personal, Other | - | 0.0% | - | 0.0% | 73,846 | 0.0% | 169,940 | 0.0% |
| Residential Inventory | 680,611 | 0.0% | 711,096 | 0.0% | 567,348 | 0.0% | 576,259 | 0.0% |
| Special Inventory | 9,266,074 | 0.2% | 11,294,521 | 0.3% | 11,055,725 | 0.3% | 8,895,095 | 0.2% |
| Totally Exempt | 195,970,702 | 4.6% | 186,725,088 | 4.5% | 186,195,528 | 4.6% | 177,228,091 | 4.3% |
| Total Before Exemptions | <u>4,226,148,636</u> | 100% | <u>4,137,423,400</u> | 100% | <u>4,083,579,335</u> | 100% | <u>4,095,644,696</u> | 100% |
| Less: Total Exemptions/Reductions | <u>1,621,616,461</u> | | <u>1,517,039,065</u> | | <u>1,476,966,669</u> | | <u>1,467,629,327</u> | |
| Taxable Assessed Value | <u>\$ 2,604,532,175</u> | | <u>\$ 2,620,384,335</u> | | <u>\$ 2,606,612,666</u> | | <u>\$ 2,628,015,369</u> | |
| Total direct rate | 0.55108 | | 0.53608 | | 0.5255 | | 0.521 | |

Anderson County Appraisal District

Valuations shown are certified taxable assessed values reported by the Anderson County Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 5

| Fiscal Year | | | | | | | | | |
|-------------------------|-------|-------------------------|---------|-------------------------|---------|-------------------------|---------|-------------------------|---------|
| 2012 | | 2011 | | 2010 | | 2009 | | 2008 | |
| Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| \$ 790,914,434 | 21.3% | \$ 782,488,246 | 22.0% | \$ 792,492,968 | 22.4% | \$ 782,253,616 | 21.8% | \$ 628,486,293 | 20.5% |
| 29,571,504 | 0.8% | 33,173,215 | 0.9% | 24,904,676 | 0.7% | 25,094,690 | 0.7% | 24,057,540 | 0.8% |
| 13,361,560 | 0.4% | 13,368,919 | 0.4% | 14,117,528 | 0.4% | 13,626,413 | 0.4% | 10,898,545 | 0.4% |
| 1,032,477,357 | 27.8% | 899,510,911 | 25.3% | 899,608,754 | 25.4% | 972,332,290 | 27.1% | 724,166,630 | 23.6% |
| 534,413,883 | 14.4% | 518,433,071 | 14.6% | 517,580,313 | 14.6% | 438,599,075 | 12.2% | 334,779,620 | 10.9% |
| 300,305,233 | 8.1% | 297,751,850 | 8.4% | 303,301,177 | 8.6% | 283,002,240 | 7.9% | 265,377,630 | 8.7% |
| 178,036,346 | 4.8% | 171,845,680 | 4.8% | 156,859,267 | 4.4% | 220,134,810 | 6.1% | 220,254,230 | 7.2% |
| 261,095,743 | 7.0% | 227,017,517 | 6.4% | 212,351,312 | 6.0% | 234,201,660 | 6.5% | 219,531,388 | 7.2% |
| 520,218,275 | 14.0% | 561,279,695 | 15.8% | 564,943,246 | 16.0% | 567,462,171 | 15.8% | 590,032,713 | 19.2% |
| 45,427,340 | 1.2% | 43,376,027 | 1.2% | 43,223,944 | 1.2% | 40,170,536 | 1.1% | 38,751,300 | 1.3% |
| 1,830,035 | 0.0% | 1,807,000 | 0.1% | - | 0.0% | - | 0.0% | - | 0.0% |
| 612,471 | 0.0% | 830,187 | 0.0% | 658,024 | 0.0% | 697,441 | 0.0% | 682,873 | 0.0% |
| 6,818,800 | 0.2% | 4,778,607 | 0.1% | 6,745,372 | 0.2% | 8,843,430 | 0.2% | 8,440,659 | 0.3% |
| - | 0.0% | | 0.0% | | 0.0% | | 0.0% | | 0.0% |
| <u>3,715,082,981</u> | 100% | <u>3,555,660,925</u> | 100.00% | <u>3,536,786,581</u> | 100.00% | <u>3,586,418,372</u> | 100.00% | <u>3,065,459,421</u> | 100.00% |
| <u>1,556,097,328</u> | | <u>1,032,264,582</u> | | <u>1,045,330,326</u> | | <u>1,074,449,922</u> | | <u>747,638,129</u> | |
| <u>\$ 2,158,985,653</u> | | <u>\$ 2,523,396,343</u> | | <u>\$ 2,491,456,255</u> | | <u>\$ 2,511,968,450</u> | | <u>\$ 2,317,821,292</u> | |
| 0.521 | | 0.511 | | 0.511 | | 0.511 | | 0.511 | |

ANDERSON COUNTY, TEXAS

DIRECT AND OVERLAPPING PROPERTY TAX RATE (PER \$ 100 ASSESSED VALUE)

LAST TEN FISCAL YEARS

(Unaudited)

| | Fiscal Year | | | |
|----------------------------|----------------|----------------|----------------|----------------|
| | 2016 | 2015 | 2014 | 2013 |
| County direct rates | | | | |
| General | 0.483764 | 0.46818 | 0.45759 | 0.46629 |
| Debt Service | 0.045016 | 0.04560 | 0.04561 | 0.03241 |
| Permanent Improvement Fund | - | - | - | - |
| Flood Control | <u>0.02230</u> | <u>0.02230</u> | <u>0.02230</u> | <u>0.02230</u> |
| Total direct rate | <u>0.55108</u> | <u>0.53608</u> | <u>0.52550</u> | <u>0.52100</u> |
| Cities | | | | |
| City of Elkhart | 0.29450 | 0.29720 | 0.29486 | 0.30212 |
| City of Frankston | 0.37389 | 0.37389 | 0.36525 | 0.36525 |
| City of Palestine | 0.64889 | 0.64889 | 0.63900 | 0.63900 |
| Schools | | | | |
| Athens ISD | 1.96470 | 1.96470 | 1.18647 | 1.18647 |
| Cayuga ISD | 1.04000 | 1.04000 | 1.04000 | 1.04000 |
| Elkhart ISD | 1.36000 | 1.36000 | 1.36000 | 1.36000 |
| Frankston ISD | 1.57000 | 1.53000 | 1.47000 | 1.47000 |
| La Poynor ISD | 1.31600 | 1.12000 | 1.12000 | 1.12000 |
| Neches ISD | 1.32840 | 1.32840 | 1.36410 | 1.36410 |
| Palestine ISD | 1.56600 | 1.56600 | 1.56600 | 1.56600 |
| Slocum ISD | 1.18800 | 1.18800 | 1.04000 | 1.04000 |
| Westwood ISD | 1.17000 | 1.17000 | 1.17000 | 1.17000 |
| Colleges | | | | |
| TVCC - Frankston | 0.12674 | 0.10360 | 0.08900 | 0.08900 |
| TVCC - Lapoynor | 0.12674 | 0.10360 | 0.08900 | 0.08900 |
| TVCC - Palestine | 0.05000 | 0.05000 | 0.05000 | 0.05000 |

Source: Anderson County Appraisal District

Note: Overlapping rates are those of other governments that apply to property owners within Anderson County. Not all overlapping rates apply to all County property owners. For example, although the total direct rate for Anderson County applies to all County property owners, a specific City's tax rate applies only to those taxpayers whose property is located within the City's geographic boundaries.

TABLE 6

| Fiscal Year | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| 0.46296 | 0.46296 | 0.43712 | 0.42447 | 0.43542 | 0.42768 |
| 0.03574 | 0.03574 | 0.04933 | 0.04966 | 0.05103 | 0.05210 |
| - | - | - | 0.01232 | - | 0.00667 |
| <u>0.02230</u> | <u>0.02230</u> | <u>0.02455</u> | <u>0.02455</u> | <u>0.02455</u> | <u>0.02455</u> |
| <u>0.52100</u> | <u>0.52100</u> | <u>0.51100</u> | <u>0.51100</u> | <u>0.51100</u> | <u>0.51100</u> |
| 0.30424 | 0.30430 | 0.29540 | 0.29540 | 0.30420 | 0.29630 |
| 0.36440 | 0.37470 | 0.37480 | 0.35780 | 0.35780 | 0.36720 |
| 0.63900 | 0.63900 | 0.63900 | 0.63900 | 0.63900 | 0.62000 |
| 1.18647 | 1.18647 | 1.18647 | 1.15338 | - | - |
| 1.04000 | 1.04000 | 1.04000 | 1.04000 | 1.04000 | 1.37000 |
| 1.36000 | 1.36000 | 1.36000 | 1.17000 | 1.17000 | 1.37000 |
| 1.04000 | 1.04000 | 1.13870 | 1.12400 | 1.09600 | 1.38800 |
| 1.08200 | 1.08200 | 1.08200 | 1.08200 | | |
| 1.36410 | 1.32000 | 1.32000 | 1.31000 | 1.31800 | 1.37000 |
| 1.56600 | 1.54900 | 1.54900 | 1.29070 | 1.28038 | 1.48550 |
| 0.97800 | 0.95800 | 0.93800 | 0.93800 | 0.93800 | 1.18000 |
| 1.17000 | 1.17000 | 1.04000 | 1.04000 | 1.00500 | 1.22500 |
| 0.08150 | 0.07750 | 0.07440 | 0.06800 | 0.06800 | 0.06400 |
| 0.08150 | 0.07750 | 0.07440 | 0.06800 | 0.06800 | 0.06400 |
| 0.05000 | 0.05000 | 0.04730 | 0.04400 | 0.04400 | 0.05000 |

ANDERSON COUNTY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

| Taxpayer | Property Tax Year | | | | | |
|-----------------------------------|-------------------------|------|--|------------------------|------|--|
| | 2016 | | | 2007 | | |
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Wal-Mart Stores # Div Store | \$ 108,757,802 | 1 | 4.15% | N/A* | | |
| Energy Transfer Fuel LP | 65,546,672 | 2 | 2.50% | N/A | | |
| Union Pacific Railroad Co. | 40,145,596 | 3 | 1.53% | N/A | | |
| Oncor Electric Delivery Co. LLC | 33,470,754 | 4 | 1.28% | N/A | | |
| Atmos Energy/Mid-Tex Pipeline | 32,471,697 | 5 | 1.24% | N/A | | |
| Legacy Reserves | 20,022,595 | 6 | 0.76% | N/A | | |
| United Telephone Co. of Texas | 19,294,211 | 7 | 0.74% | N/A | | |
| North Arkansas Wholesale Co. Inc. | 18,966,562 | 8 | 0.72% | N/A | | |
| Enbridge Pipelines (East TX) | 14,706,058 | 9 | 0.56% | N/A | | |
| Sadler Bar B Que Sales Ltd. | 13,956,141 | 10 | 0.53% | N/A | | |
| Total | \$ <u>367,338,088</u> | | <u>14.02%</u> | \$ <u>-</u> | | <u>- %</u> |
| Total taxable assessed value | \$ <u>2,620,384,335</u> | | <u>100.00%</u> | <u>N/A</u> | | <u>- %</u> |

Source: Anderson County Appraisal District

* Property values are not available for 2007

ANDERSON COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

| Fiscal Year | Total Tax Levy for Fiscal Year | Collected within the Fiscal Year of the Levy | | Subsequent Collections | Total Collections to Date | |
|----------------|--------------------------------------|---|-----------------------|---------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2016 | \$ 13,437,425 | \$ 13,116,811 | 97.61% | \$ - | \$ 13,116,811 | 97.61% |
| 2015 | 13,683,922 | 13,270,530 | 96.98% | 207,398 | 13,477,928 | 98.49% |
| 2014 | 13,695,822 | 12,957,585 | 94.61% | 571,149 | 13,528,734 | 98.78% |
| 2013 | 13,695,340 | 12,979,649 | 94.77% | 589,974 | 13,569,623 | 99.08% |
| 2012 | 12,964,594 | 12,714,070 | 98.07% | 142,955 | 12,857,025 | 99.17% |
| 2011 | 12,892,333 | 12,324,398 | 95.59% | 489,399 | 12,813,797 | 99.39% |
| 2010 | 12,423,897 | 12,024,885 | 96.79% | 329,237 | 12,354,122 | 99.44% |
| 2009 | 12,611,695 | 12,051,772 | 95.56% | 499,521 | 12,551,293 | 99.52% |
| 2008 | 11,841,494 | 11,262,048 | 95.11% | 532,949 | 11,794,997 | 99.61% |
| 2007 | 10,883,369 | 10,350,847 | 95.11% | 486,498 | 10,837,345 | 99.58% |

Source: Anderson County Tax Assessor/Collector

ANDERSON COUNTY, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Unaudited)

| Fiscal Year | Governmental Activities | | | Total Long-term Debt | Percentage of Personal Income ^b | Per Capita ^b |
|----------------|---|-------------------------------|-------------------|----------------------------|--|----------------------------|
| | General Obligation Bonds ^a | Certificates of Obligation | Capital Leases | | | |
| 2016 | \$ 7,160,196 | \$ - | \$ 119,549 | \$ 7,279,745 | 0.40% | \$ 126 |
| 2015 | 8,090,939 | - | - | 8,090,939 | 0.44% | 138 |
| 2014 | 9,001,682 | - | - | 9,001,682 | 0.49% | 156 |
| 2013 | 9,877,425 | - | - | 9,877,425 | 0.56% | 170 |
| 2012 | 9,928,507 | 215,000 | 21,994 | 10,165,501 | 0.60% | 175 |
| 2011 | 7,563,678 | 3,155,000 | 43,010 | 10,761,688 | 0.68% | 185 |
| 2010 | 7,895,000 | 3,355,000 | - | 11,250,000 | 0.75% | 192 |
| 2009 | 8,340,000 | 3,545,000 | - | 11,885,000 | 0.79% | 209 |
| 2008 | 8,765,000 | 3,730,000 | - | 12,495,000 | 0.84% | 220 |
| 2007 | 9,180,000 | 3,905,000 | - | 13,085,000 | 0.94% | 231 |

Source: Anderson County financial records

Notes: a - Presented net of original issue premiums.

b - See Table 13 for personal income and population data.

ANDERSON COUNTY, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING^a

LAST TEN FISCAL YEARS

(Unaudited)

| Fiscal Year | General Bonded Debt Outstanding | | | Less: Amounts Available for Debt Service | Net General Bonded Debt | Percentage of Actual Taxable Property Value ^b | Per Capita ^c |
|-------------|---|-------------------------------|--------------|--|-------------------------------|---|----------------------------|
| | General Obligation Bonds ^d | Certificates of Obligation | Total | | | | |
| 2016 | \$ 7,160,196 | \$ - | \$ 7,160,196 | \$ 541,024 | \$ 6,619,172 | 0.25% | \$ 115 |
| 2015 | 8,090,939 | - | 8,090,939 | 472,571 | 7,618,368 | 0.29% | 130 |
| 2014 | 9,001,682 | - | 9,001,682 | 335,952 | 8,665,730 | 0.33% | 150 |
| 2013 | 9,877,425 | - | 9,877,425 | 217,210 | 9,660,215 | 0.37% | 167 |
| 2012 | 9,928,507 | 215,000 | 10,143,507 | 518,926 | 9,624,581 | 0.37% | 165 |
| 2011 | 7,435,000 | 3,155,000 | 10,590,000 | 704,685 | 9,885,315 | 0.39% | 170 |
| 2010 | 7,895,000 | 3,355,000 | 11,250,000 | 544,907 | 10,705,093 | 0.42% | 183 |
| 2009 | 8,340,000 | 3,545,000 | 11,885,000 | 666,221 | 11,218,779 | 0.45% | 197 |
| 2008 | 8,765,000 | 3,730,000 | 12,495,000 | 718,850 | 11,776,150 | 0.47% | 208 |
| 2007 | 9,366,871 | 3,905,000 | 13,271,871 | 855,614 | 12,416,257 | 0.54% | 219 |

Source: Anderson County financial records

Notes: a - Details regarding the County's outstanding debt can be found in the notes to the financial statements.

b - See Table 5 for property value data.

c - See Table 13 for population data.

d - Presented net of original issue premiums.

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ANDERSON COUNTY, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2016

(Unaudited)

| Taxing Jurisdiction | Debt Outstanding | Estimate Percentage Overlapping Anderson County | Estimated Share of Overlapping Debt |
|---------------------------------------|---------------------|--|--|
| County-wide | | | |
| Anderson County | \$ 7,160,196 | 100% | \$ 7,160,196 |
| Total direct debt | | | \$ 7,160,196 |
| Cities | | | |
| City of Palestine | <u>12,422,000</u> | 100% | <u>12,422,000</u> |
| Total Cities | | | <u>12,422,000</u> |
| School District (% of assessed value) | | | |
| Part of Athens ISD | 76,655,000 | 0.32% | 245,296 |
| Elkhart ISD | 15,160,000 | 96.36% | 14,608,176 |
| Frankston ISD | 15,491,275 | 67.87% | 10,513,928 |
| Part of La Poynor ISD | 8,749,000 | 22.09% | 1,932,654 |
| Neches ISD | 4,125,000 | 100% | 4,125,000 |
| Palestine ISD | 62,945,000 | 100% | 62,945,000 |
| Slocum ISD | 4,375,000 | 100% | <u>4,375,000</u> |
| Total School Districts | | | <u>98,745,054</u> |
| Total indirect debt | | | <u>111,167,054</u> |
| Total direct and overlapping debt | | | <u>\$ 118,327,250</u> |

Source: <http://www.mactexas.com>

Note: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the taxing entity's taxable value that is within the County's boundaries and dividing it by the taxing entity's total taxable assessed value.

ANDERSON COUNTY, TEXAS

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(Unaudited)

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2016 | 2015 | 2014 | 2013 |
| Assessed value of real property | \$ 2,604,532,175 | \$ 2,620,384,335 | \$ 2,606,609,666 | \$ 2,620,384,335 |
| Debt limit rate | <u>5%</u> | <u>5%</u> | <u>5%</u> | <u>5%</u> |
| Debt limit | <u>130,226,609</u> | <u>131,019,217</u> | <u>130,330,483</u> | <u>131,019,217</u> |
| Debt applicable to limit: | | | | |
| Total bonded debt | 7,160,196 | 8,090,939 | 9,001,682 | 9,001,682 |
| Less: amount set aside for repayment | <u>541,024</u> | <u>472,571</u> | <u>335,952</u> | <u>217,210</u> |
| Total net debt applicable to limit | <u>6,619,172</u> | <u>7,618,368</u> | <u>8,665,730</u> | <u>8,665,730</u> |
| Legal debt margin | <u>\$ 123,607,437</u> | <u>\$ 123,400,849</u> | <u>\$ 121,664,753</u> | <u>\$ 122,353,487</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 5.08% | 5.81% | 6.65% | 6.61% |

Source: Anderson County financial records

Under Legislative provision, any county, any political subdivision of a county, any number of adjoining counties, or any political subdivision of the state, or any defined district now or hereafter to be described and defined within the State of Texas, and which may or may not include towns, villages, or municipal corporations, upon a vote of two-thirds majority of the resident property taxpayers voting thereon who are qualified electors of such district or territory to be affected thereby, in addition to all other debts, any issue bonds or otherwise lend its credit in any amount not to exceed one-fourth of the assessed valuation of the real property of such district or territory, except that the total bonded indebtedness of any city or town shall never exceed the limits imposed by other provisions of this Constitution, and levy and collect taxes to pay the interest thereon and provide a sinking fund for the redemption thereof.

TABLE 12

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| \$ 2,628,015,369 | \$ 2,558,035,425 | \$ 2,524,008,207 | \$ 2,491,727,536 | \$ 2,511,676,692 | \$ 2,322,401,884 |
| <u>5%</u> | <u>5%</u> | <u>5%</u> | <u>5%</u> | <u>5%</u> | <u>5%</u> |
| <u>131,400,768</u> | <u>127,901,771</u> | <u>126,200,410</u> | <u>124,586,377</u> | <u>125,583,835</u> | <u>116,120,094</u> |
| 9,877,425 | 10,358,507 | 11,250,000 | 11,885,000 | 12,495,000 | 13,271,871 |
| <u>518,926</u> | <u>704,685</u> | <u>544,907</u> | <u>666,221</u> | <u>718,850</u> | <u>855,614</u> |
| <u>9,358,499</u> | <u>9,653,822</u> | <u>10,705,093</u> | <u>11,218,779</u> | <u>11,776,150</u> | <u>12,416,257</u> |
| <u>\$ 122,042,269</u> | <u>\$ 117,311,771</u> | <u>\$ 115,495,317</u> | <u>\$ 113,367,598</u> | <u>\$ 113,807,685</u> | <u>\$ 103,703,837</u> |
| 7.12% | 7.55% | 8.48% | 9.00% | 9.38% | 10.69% |

ANDERSON COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(Unaudited)

| Calendar Year | County | | | | | State | United |
|---------------|-----------------------------------|---|---|--------------------------------|--------------------------------|--|--|
| | Estimated Population ^a | Personal Income (thousands of dollars) ^a | Per Capita Personal Income ^a | School Enrollment ^b | Unemployment Rate ^c | of Texas Per Capita Personal Income ^a | States Per Capita Personal Income ^a |
| 2016 | 57,734 | \$ 1,825,000 | \$ 31,500 | 8,539 | 3.9% | \$ 47,636 | \$ 49,571 |
| 2015 | 58,458 | 1,859,841 | 31,815 | 8,449 | 4.0% | 46,745 | 47,669 |
| 2014 | 57,627 | 1,833,414 | 31,815 | 8,305 | 4.8% | 45,426 | 44,765 |
| 2013 | 57,938 | 1,757,310 | 30,200 | 8,192 | 5.8% | 43,552 | 44,543 |
| 2012 | 58,190 | 1,688,944 | 28,966 | 8,339 | 7.7% | 41,471 | 42,693 |
| 2011 | 58,308 | 1,576,696 | 27,041 | 8,464 | 8.9% | 39,493 | 41,560 |
| 2010 | 58,458 | 1,502,709 | 26,229 | 8,473 | 9.5% | 37,706 | 39,791 |
| 2009 | 57,001 | 1,497,051 | 26,264 | 8,509 | 8.6% | 38,546 | 38,637 |
| 2008 | 56,709 | 1,491,400 | 26,299 | 8,464 | 5.7% | 37,774 | 40,947 |
| 2007 | 56,754 | 1,385,819 | 24,418 | 8,595 | 5.1% | 37,187 | 39,506 |

Sources:

- a - Texas Workforce Commission, U. S Census Bureau, Bureau of Economic Analysis
- b - Texas Education Agency
- c - U. S. Department of Commerce, Bureau of Economic Analysis

ANDERSON COUNTY, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

| Employer | Nature of Business | 2016 | | 2007 | |
|--------------------------------------|-------------------------------|-----------|---------------------------------------|-----------|---------------------------------------|
| | | Employees | Percentage of Total County Employment | Employees | Percentage of Total County Employment |
| Texas Department of Criminal Justice | State Prison | 2,722 | 13.30% | NA | NA |
| Walmart Distribution Center | Wholesaler/Retailer | 1,258 | 6.15% | NA | NA |
| Sanderson Farms | Chicken Production & Hatchery | 1,250 | 6.11% | NA | NA |
| Palestine Regional Medical Center | Medical Facility | 560 | 2.74% | NA | NA |
| Palestine ISD | Education | 520 | 2.54% | NA | NA |
| Walmart Supercenter #0345 | Wholesaler/Retailer | 389 | 1.90% | NA | NA |
| Westwood ISD | Public School District | 265 | 1.29% | NA | NA |
| Cartmell Home for the Aged | Nursing Home | 256 | 1.25% | NA | NA |
| Eagle Rail Car Service | Railroad | 240 | 1.17% | NA | NA |
| Anderson County | Government/County | 220 | 1.08% | NA | NA |
| City of Palestine | Government/City | 187 | 0.91% | NA | NA |
| The Results Co. | Call Center | 150 | 0.73% | NA | NA |
| Lowe's | Retail | 148 | 0.72% | NA | NA |
| Union Pacific Railroad | Railroad | 132 | 0.65% | NA | NA |
| MKS Services | Petroleum Services | 115 | 0.56% | NA | NA |
| Total | | 8,412 | 41% | NA | NA |

Sources: Chamber of Commerce
Texas Workforce Commission

* The requirement for this schedule is for the current year and nine years ago. Only the current year data is available at this time.

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ANDERSON COUNTY, TEXAS

FULL-TIME EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

(Unaudited)

| Function/Program | Fiscal Year | | | | | | | | | |
|------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| General government: | | | | | | | | | | |
| Elected/appointed officials | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Other | 22 | 21 | 21 | 20 | 21 | 21 | 20 | 19 | 19 | 19 |
| Building maintenance | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Information technology | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Emergency management | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Judicial: | | | | | | | | | | |
| Judges/justices of the peace | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Criminal District Attorney | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Assistant prosecutors | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 |
| Investigators | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Other | 35 | 35 | 35 | 36 | 34 | 34 | 34 | 35 | 35 | 33 |
| Public safety: | | | | | | | | | | |
| County Sheriff | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Constables | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Patrol/CID | 31 | 31 | 31 | 32 | 32 | 32 | 32 | 32 | 30 | 29 |
| Jailers | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 34 | 34 |
| Administration | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Communications | 8 | 8 | 8 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Health and welfare | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 7 | 7 | 7 |
| Roads and highways: | | | | | | | | | | |
| County Commissioners | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Road employees | 44 | 44 | 44 | 43 | 40 | 40 | 40 | 40 | 41 | 41 |
| Total | <u>226</u> | <u>225</u> | <u>225</u> | <u>224</u> | <u>220</u> | <u>220</u> | <u>218</u> | <u>220</u> | <u>214</u> | <u>211</u> |

ANDERSON COUNTY, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited)

| Function/Program | Fiscal Year | | | | |
|-----------------------------------|-------------|--------|--------|--------|--------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| General government: | | | | | |
| Auditor's office: | | | | | |
| AP and payroll checks processed | 5,268 | 5,601 | 6,602 | 6,760 | 6,170 |
| Purchase orders issued | 2,926 | 5,326 | 4,674 | 3,749 | 3,739 |
| Treasurer's office: | | | | | |
| Cash receipts issued | 1,954 | 2,096 | 2,055 | 2,080 | 1,949 |
| County Clerk: | | | | | |
| Marriage licenses issued | 12 | 370 | 420 | 191 | 379 |
| Declarations of informal marriage | 2 | 4 | 14 | 2 | 9 |
| Birth certificates issued | 2,360 | 2,235 | 2,314 | 1,050 | 2,530 |
| Death certificates issued | 294 | 411 | 549 | 221 | 976 |
| Tax office: | | | | | |
| Title transactions | 10,766 | 10,836 | 10,917 | 12,099 | 12,298 |
| Registration transactions | 63,220 | 64,451 | 50,685 | 51,131 | 69,686 |
| Tax certificates issued | 1,564 | N/A | 1,645 | 1,407 | 1,583 |
| Liquor receipts issued | 56 | N/A | 41 | 34 | 20 |
| Elections administration: | | | | | |
| Number of registered voters | 26,402 | 25,864 | 26,938 | 26,204 | 26,494 |
| Number that voted | 17,109 | 3,098 | 10,227 | N/A | 16,168 |
| Voted percentage | 63.00% | 11.98% | 37.96% | N/A | 61.03% |
| Judicial: | | | | | |
| District Court: | | | | | |
| Criminal cases disposed | 741 | 768 | 1,421 | 472 | 472 |
| Civil cases disposed | 1,224 | 536 | 562 | 454 | 536 |
| Total cases | 1,724 | 1,304 | 263 | 1,194 | 1,307 |
| County Court: | | | | | |
| Criminal cases disposed | 1,200 | 1,206 | 1,469 | 828 | N/A |
| Civil cases disposed | 209 | 242 | 192 | 19 | N/A |
| Juvenile cases disposed | N/A | N/A | 47 | 24 | N/A |
| Justices of the Peace: | | | | | |
| Cases filed | 9,895 | 7,309 | 7,658 | 8,479 | 8,171 |
| Cases disposed | 5,649 | 6,725 | 8,273 | 8,143 | 6,731 |
| Inquests | N/A | 84 | N/A | 71 | N/A |

Source: Various County Departments

TABLE 16

| Fiscal Year | | | | |
|-------------|--------|--------|--------|--------|
| 2011 | 2010 | 2009 | 2008 | 2007 |
| 7,655 | 8,534 | 9,242 | 9,619 | 10,102 |
| 3,382 | 3,642 | 3,443 | 3,350 | 3,647 |
| 1,866 | 1,846 | 1,959 | 2,060 | 1,951 |
| 433 | 412 | 369 | 424 | 444 |
| 16 | 3 | 7 | 10 | 7 |
| 2,900 | 2,767 | 2,774 | 2,935 | 3,286 |
| 1,509 | 2,380 | 237 | 2,790 | 2,932 |
| 10,953 | 9,878 | 9,485 | 10,593 | 10,702 |
| 50,953 | 49,920 | 49,684 | 50,002 | 48,285 |
| 1,313 | 1,354 | 1,497 | 1,787 | 2,416 |
| 41 | 44 | 87 | 72 | 71 |
| 22,026 | 22,026 | 20,916 | 19,888 | 18,160 |
| N/A | 10,968 | N/A | 16,655 | N/A |
| N/A | 40.97% | N/A | 60.29% | N/A |
| 391 | 657 | 600 | 625 | 769 |
| 489 | 852 | 737 | 831 | 833 |
| 1,179 | 1,509 | 1,337 | 1,456 | 1,602 |
| N/A | N/A | 1,421 | 1,626 | 1,227 |
| N/A | 604 | 870 | 844 | 990 |
| N/A | 22 | 39 | 21 | 26 |
| 5,578 | 5,171 | 7,477 | 7,918 | 8,359 |
| 5,717 | 5,565 | 6,730 | 7,411 | 7,756 |
| 112 | 130 | 110 | 101 | 108 |

ANDERSON COUNTY, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS (Unaudited)

| Function/Program | Fiscal Year | | | | |
|-----------------------------------|-------------|---------|---------|---------|---------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Public safety: | | | | | |
| County jail: | | | | | |
| Annual food cost | 337,266 | 363,772 | 317,488 | 276,608 | 251,960 |
| Law enforcement: | | | | | |
| Offense reports | 1,263 | 1,206 | 1,292 | 1,281 | 1,388 |
| New cases | 746 | 769 | 824 | 882 | 875 |
| Cases cleared | 415 | 506 | 399 | 456 | 496 |
| Warrants received | 1,462 | N/A | N/A | N/A | 1,668 |
| Warrants executed | 1,871 | N/A | N/A | N/A | 531 |
| Reserve hours | 669 | 777 | 1,150 | 1,282 | 1,566 |
| Communications: | | | | | |
| Calls for service | 14,447 | 14,112 | 14,565 | 14,867 | 15,561 |
| 911 calls | 22,238 | 24,499 | 26,197 | 39,578 | 27,338 |
| Total calls to communication | 779,071 | 849,989 | 819,929 | 400,668 | 390,207 |
| Fleet operations: | | | | | |
| Miles driven | 779,339 | 675,681 | 719,175 | 837,275 | 741,580 |
| Average fleet MPG | 17 | 17 | 17 | 17 | 17 |
| Traffic stops | 1,493 | N/A | 1,413 | 1,544 | 1,486 |
| Citations issued | 838 | N/A | 226 | 341 | 205 |
| Civil process: | | | | | |
| Papers served | 2,364 | 2,152 | 2,677 | 2,628 | 2,623 |
| Writs completed | 192 | 2,151 | 229 | 422 | 431 |
| Health and welfare: | | | | | |
| Number of pauper burial/cremation | 1 | - | 2 | 2 | 2 |

Source: Various County Departments

Notes: Miles of roadway are estimated.

TABLE 16

| Fiscal Year | | | | |
|-------------|---------|---------|---------|---------|
| 2011 | 2010 | 2009 | 2008 | 2007 |
| 278,401 | 258,695 | 280,126 | 263,217 | 229,383 |
| 1,307 | 1,093 | 1,346 | 1,370 | 1,862 |
| 965 | 844 | 927 | 779 | N/A |
| 416 | 317 | 357 | 280 | 278 |
| 2,112 | 1,786 | 2,353 | 2,511 | 2,487 |
| 1,814 | 2,152 | 2,117 | 2,237 | 2,148 |
| 2,101 | 2,710 | 2,899 | 3,144 | 2,257 |
| 15,706 | 14,521 | 13,688 | 9,967 | 9,929 |
| 24,556 | 21,705 | 21,663 | 17,501 | 19,452 |
| 292,194 | 235,109 | 297,221 | 250,204 | 293,112 |
| 791,445 | 744,166 | 727,473 | 741,280 | 718,526 |
| 18 | 18 | 18 | 18 | 17 |
| 1,892 | 620 | 1,001 | 636 | N/A |
| 227 | 285 | 442 | 211 | N/A |
| 2,599 | 2,881 | 2,627 | 2,918 | 2,778 |
| 379 | 274 | 309 | 260 | 249 |
| 3 | 3 | 2 | 2 | 3 |

ANDERSON COUNTY, TEXAS

CAPITAL ASSETS AND INFRASTRUCTURE STATISTICS
BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(Unaudited)

| Function/Program | Fiscal Year | | | | | | | | | |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| General government: | | | | | | | | | | |
| Land | \$ 1,810,032 | \$ 1,810,032 | \$ 1,810,032 | \$ 1,733,515 | \$ 1,736,715 | \$ 1,736,715 | \$ 1,736,715 | \$ 1,736,715 | \$ 1,736,715 | \$ 1,736,715 |
| Construction in progress | 154,415 | 57,986 | 10,400 | 177,400 | - | 843,262 | 825,551 | 770,130 | 1,427,561 | 528,299 |
| Buildings and improvements | 24,668,556 | 24,678,956 | 24,290,548 | 24,026,479 | 23,951,751 | 23,616,750 | 23,352,566 | 22,973,228 | 22,232,271 | 22,168,311 |
| Machinery and equipment | <u>3,112,816</u> | <u>4,200,196</u> | <u>2,799,848</u> | <u>2,836,803</u> | <u>2,774,253</u> | <u>1,816,519</u> | <u>1,649,375</u> | <u>1,851,924</u> | <u>3,395,447</u> | <u>1,378,922</u> |
| Total general government | 29,745,819 | 30,747,170 | 28,910,828 | 28,774,197 | 28,462,719 | 28,013,246 | 27,564,207 | 27,331,997 | 28,791,994 | 25,812,247 |
| Judicial | 301,129 | 289,804 | 319,796 | 315,786 | 262,170 | 103,359 | 97,102 | 86,167 | 99,456 | 153,212 |
| Public safety | 3,530,044 | 3,214,387 | 3,449,645 | 2,651,929 | 2,678,613 | 3,126,525 | 2,840,441 | 2,827,077 | 1,207,499 | 1,838,565 |
| Social services | 65,151 | 63,866 | 53,737 | 53,737 | 51,307 | 15,830 | 14,609 | 12,957 | 10,245 | 51,075 |
| Roads and bridges | <u>57,421,753</u> | <u>54,975,144</u> | <u>54,409,155</u> | <u>54,130,710</u> | <u>53,421,601</u> | <u>52,882,986</u> | <u>51,796,826</u> | <u>50,787,909</u> | <u>49,721,937</u> | <u>48,594,175</u> |
| Total capital assets | \$ <u>91,063,896</u> | \$ <u>89,290,371</u> | \$ <u>87,143,161</u> | \$ <u>85,926,359</u> | \$ <u>84,876,410</u> | \$ <u>84,141,946</u> | \$ <u>82,313,185</u> | \$ <u>81,046,107</u> | \$ <u>79,831,131</u> | \$ <u>76,449,274</u> |

Sources:
County Auditor
Sheriff's Office
Texas Department of Transportation
County Commissioners

**INTERNAL CONTROL AND
COMPLIANCE SECTION**

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' 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

To the Honorable County Judge
and County Commissioners
Anderson County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anderson County, Texas ("the County"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 23, 2017