

# **ANDERSON COUNTY, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2013**

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

**Karin Smith, County Auditor**



**ANDERSON COUNTY, TEXAS**  
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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, 2014

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 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 Anderson County for the fiscal year ended December 31, 2013.

This report consists of management's representations concerning the finances of Anderson 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 government'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, Anderson 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.

Anderson 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 Anderson County for the fiscal year ended December 31, 2013, 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 Anderson 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 officials. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Anderson 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 in accordance with GASB Statement No. 44. This information is generally presented on a multi-year basis.

## **PROFILE OF ANDERSON 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. Anderson County is the 52nd largest of the 254 counties in Texas; with a 2010 census population of 58,458. Significant cities in Anderson County include Palestine, the county seat, Elkhart, and Frankston. Anderson 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.

Anderson 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 Anderson County is enhanced when it is considered from the broader perspective of the specific environment within which Anderson County operates.

**Local Economy** - Anderson 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 (3,100 employees), a Wal-Mart Stores Inc. distributing center (530), and Palestine Regional Medical Center (560). For December 2012, the county's unemployment rate of 7.7% was above the state's rate of 6.2% but below the national average of 7.8%.

The County's tax base has experienced stable growth in recent years, with taxable assessed value (AV) increasing at an average annual rate of about 2.8% in the past three fiscal years. 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 (GFOA) awarded the certificate of Achievement for Excellence in Financial Reporting to Anderson County for the Comprehensive Annual Financial Report dated December 31, 2012. This was the first year Anderson County received this award.

Anderson County was awarded the 2012 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 written in a cursive, flowing style.

Karin Smith  
Anderson County Auditor



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

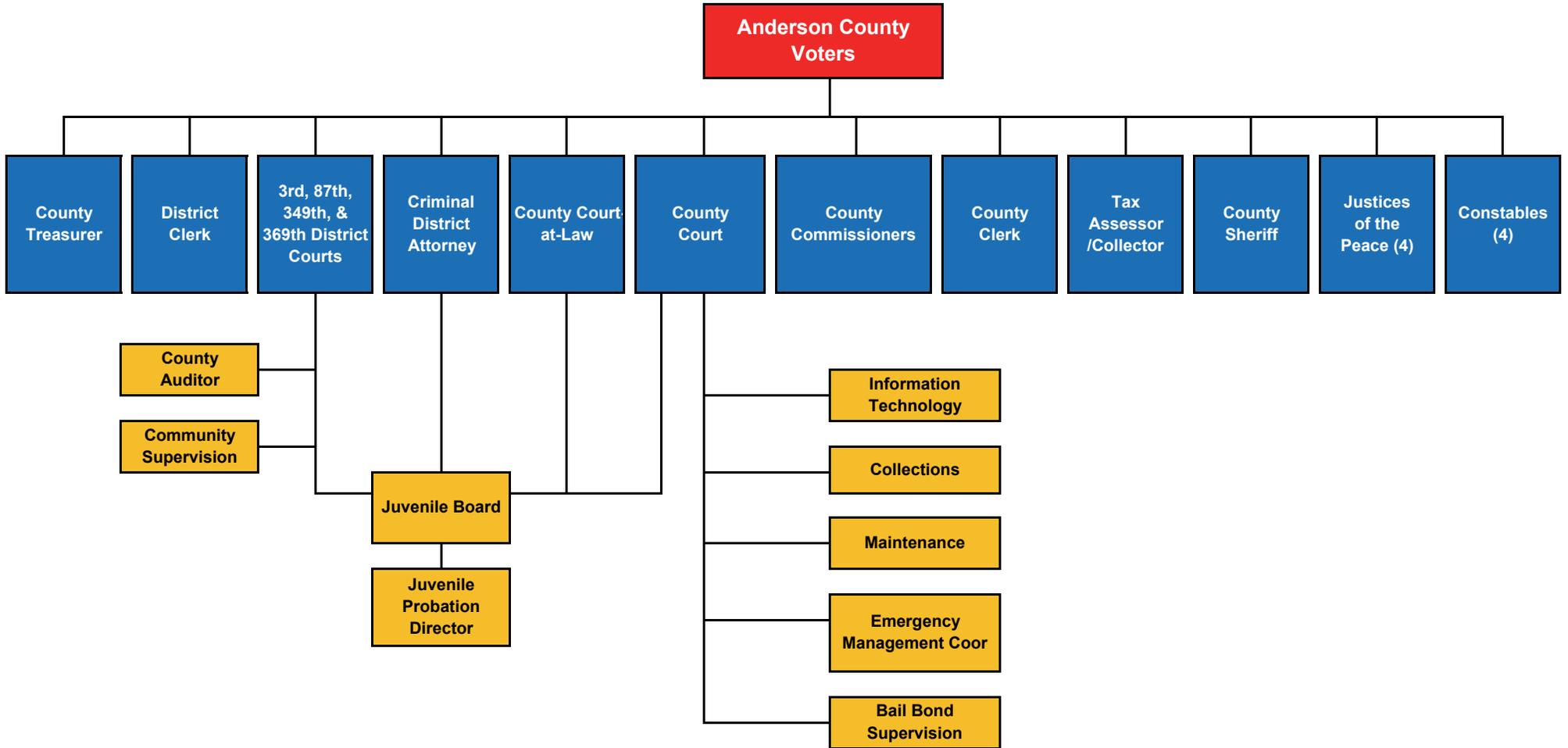
**Anderson County  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

**ANDERSON COUNTY, TEXAS  
ORGANIZATIONAL CHART  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**



# 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  
Brendan J. Doran

Judge, 3<sup>rd</sup> District Court  
Judge, 87<sup>th</sup> District Court  
Judge, 349<sup>th</sup> District Court  
Judge, 369<sup>th</sup> District Court  
Judge, County Court of Law

### Law Enforcement

Greg Taylor  
Doug Lowe  
Emily Lane\*

County Sheriff  
Criminal District Attorney  
Chief Juvenile Probation Director

### Financial Administration

Karin Smith\*  
Kimberly Turman  
Teri Garvey

County Auditor  
County Treasurer  
County Tax Assessor/Collector

### Recording Officials

Janice G. Staples  
Wanda N. Burke

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 AUDITOR'S 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, as of and for the year ended December 31, 2013, 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 Anderson County, Texas, as of December 31, 2013, 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.

### ***Emphasis of Matter***

As described in Note 1 to the financial statements, in the current fiscal year the County adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the General Fund, and the Schedules of Funding Progress for the retirement plan for the employees of Anderson County, Texas, and the retiree health plan for the employees of Anderson County, Texas, 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 Anderson County, Texas' basic financial statements. The introductory section, combining and individual 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 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 nonmajor 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, 2014, on our consideration of Anderson County, Texas' 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 Anderson County, Texas' internal control over financial reporting and compliance.

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

Waco, Texas  
June 23, 2014

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**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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## Management's Discussion and Analysis

As management of Anderson County, we offer readers of Anderson County's financial statements this narrative overview and analysis of the financial activities of Anderson County for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with the County's financial statements.

### FINANCIAL HIGHLIGHTS

The net position of Anderson County at the close of the most recent fiscal year was \$33,424,401. Of this amount, \$8,024,087 (*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 \$631,223 from operations.
- As of the close of the current fiscal year, Anderson County's governmental funds reported combined ending fund balances of \$9,281,191, an increase of \$589,065 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,876,952, or 40% of total General Fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Anderson County's basic financial statements. Anderson 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 Anderson County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of Anderson 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 Anderson 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 Anderson 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 Anderson 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. Anderson 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 Anderson 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*.

Anderson 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, which is considered to be a major fund. 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 statement

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 combining fund statements and schedules that further support the information in the financial statements. The combining fund statements and schedules for nonmajor funds 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 Anderson County, net position was \$33,424,401 at the close of the most recent fiscal year.

Anderson 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 69% of net position. Anderson County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Anderson 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	
	2013	2012
Current and other assets	\$ 17,721,292	\$ 17,725,986
Capital assets	<u>32,858,822</u>	<u>33,398,243</u>
Total assets	<u>50,580,114</u>	<u>51,124,229</u>
Deferred outflows of resources	<u>526,965</u>	<u>-</u>
Long-term liabilities	11,394,883	11,558,253
Other liabilities	<u>1,253,241</u>	<u>6,597,616</u>
Total liabilities	<u>12,648,124</u>	<u>18,155,869</u>
Deferred inflows of resources	<u>5,034,554</u>	<u>-</u>
Net position:		
Net investment in capital assets	22,981,397	23,145,292
Restricted	2,418,917	3,071,484
Unrestricted	<u>8,024,087</u>	<u>6,751,584</u>
Total net position	<u>\$ 33,424,401</u>	<u>\$ 32,968,360</u>

An additional portion of Anderson County’s net position, \$2,418,917 (7%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$8,024,087 (24%), may be used to meet the County’s ongoing obligations to citizens and creditors.

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

**Governmental activities.** Governmental activities increased Anderson County’s net position by \$631,223.

**Anderson County’s Changes in Net Position**

	Governmental Activities	
	2013	2012
<b>REVENUES</b>		
Program revenues:		
Charges for services	\$ 3,929,732	\$ 4,186,960
Operating grants and contributions	656,903	883,267
Capital grants and contributions	38,782	136,810
General revenues:		
Property taxes	13,519,429	13,315,925
Sales taxes	2,489,686	2,625,335
Other taxes	31,201	26,689
Investment earnings	71,189	77,159
Gain on sale of capital assets	141,118	74,163
Miscellaneous	436,099	175,737
Total revenues	21,314,139	21,502,045
<b>EXPENSES</b>		
General government	5,487,449	5,175,991
Judicial	2,870,623	2,807,616
Public safety	6,503,707	6,973,029
Social services	710,814	858,731
Roads and bridges	4,976,753	4,500,010
Interest on long-term debt	133,570	543,041
Total expenses	20,682,916	20,858,418
<b>CHANGE IN NET POSITION</b>	631,223	643,627
<b>NET POSITION, BEGINNING</b>	32,968,360	32,324,733
<b>CHANGE IN ACCOUNTING PRINCIPLE</b>	( 175,182)	-
<b>NET POSITION, ENDING</b>	\$ 33,424,401	\$ 32,968,360

Property taxes increased \$203,504 due to increased property tax values. Capital grants and contributions decreased by \$98,028 and operating grants and contributions decreased by \$226,364 as a result in changes in funding activities from granting agencies.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

*Governmental funds.* The focus of Anderson County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Anderson 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 Anderson County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,876,952. 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 40% of total General Fund expenditures.

The fund balance of Anderson County's General Fund increased by \$1,058,357 during the current fiscal year. This increase is primarily due to budgeting. In other words, revenues exceeded expenditures in the approved 2013 budget.

*Proprietary Fund.* Unrestricted net position of the Internal Service Fund is \$86,650. The Internal Service Fund experienced a decrease in total net position during 2013 in the amount of \$519.

### General Fund Budgetary Highlights

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

- Actual revenues were higher than budgeted by \$797,618, primarily due to economic factors and conservative revenue estimates. The County experienced slight increases in anticipated revenues from sales tax and fines and fees.
- Actual expenditures were lower than budgeted by \$671,038, primarily due to budgetary controls and adherence to adopted budget across all departments.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** Anderson County's investment in capital assets for its governmental activities as of December 31, 2013, amount to \$32,858,822 (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	
	2013	2012
Land	\$ 1,733,515	\$ 1,736,715
Buildings and improvements	17,737,610	18,288,058
Roads and bridges	10,904,040	11,092,735
Machinery and equipment	2,306,257	2,280,735
Construction in progress	177,400	-
Total	\$ 32,858,822	\$ 33,398,243

Major additions to the County's capital assets include two road and bridge shop buildings.

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

**Long-term debt.** At the end of the current fiscal year, Anderson County had total bonded debt of \$9,620,000.

**Anderson County's Outstanding Debt  
General Obligation Bonds**

	Governmental Activities	
	2013	2012
Certificates of Obligation, Series 2003	\$ -	\$ 215,000
General Obligation Bonds, Series 2005	1,065,000	1,565,000
General Obligation Refunding Bonds, Series 2012	8,555,000	8,660,000
Total	\$ 9,620,000	\$ 10,440,000

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 Anderson County is \$131,400,768, which is significantly in excess of the Anderson County outstanding general obligation debt.

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

**REQUESTS FOR INFORMATION**

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

**BASIC  
FINANCIAL STATEMENTS**

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# ANDERSON COUNTY, TEXAS

## STATEMENT OF NET POSITION

DECEMBER 31, 2013

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 14,875,665
Receivables (net of allowances for uncollectibles):	
Accounts	960,782
Property taxes	1,283,729
Other taxes	451,021
Due from other governments	45,653
Prepaid expenses	104,442
Capital assets (net of accumulated depreciation):	
Non-depreciable	1,910,915
Depreciable	<u>30,947,907</u>
Total assets	<u>50,580,114</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on bond refunding	<u>526,965</u>
Total deferred outflows of resources	<u>526,965</u>
<b>LIABILITIES</b>	
Accounts payable	574,614
Accrued liabilities	313,366
Due to other governments	200,707
Other payables	63,364
Unearned revenue	14,588
Accrued interest payable	86,602
Noncurrent liabilities:	
Due within one year	913,476
Due in more than one year	<u>10,481,407</u>
Total liabilities	<u>12,648,124</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Advance property tax collections	<u>5,034,554</u>
Total deferred inflows of resources	<u>5,034,554</u>
<b>NET POSITION</b>	
Net investment in capital assets	22,981,397
Restricted for:	
Roads and bridges	420,620
Judicial operations	762,395
Public safety operations	111,174
Social services operations	20,829
Capital acquisition and construction	889,111
Debt service	214,788
Unrestricted	<u>8,024,087</u>
Total net position	<u>\$ 33,424,401</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, 2013**

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	\$ 5,487,449	\$ 2,768,356	\$ -	\$ -	\$( 2,719,093)
Judicial	2,870,623	571,300	181,762	-	( 2,117,561)
Public safety	6,503,707	588,210	454,016	-	( 5,461,481)
Social services	710,814	-	21,125	38,782	( 650,907)
Roads and bridges	4,976,753	1,866	-	-	( 4,974,887)
Interest on long-term debt	<u>133,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 133,570)</u>
Total governmental activities	<u>\$ 20,682,916</u>	<u>\$ 3,929,732</u>	<u>\$ 656,903</u>	<u>\$ 38,782</u>	<u>( 16,057,499)</u>
General revenues:					
Taxes:					
Property taxes					13,519,429
Sales taxes					2,489,686
Other taxes					31,201
Investment earnings					71,189
Gain on sale of capital assets					141,118
Miscellaneous					<u>436,099</u>
Total general revenues					<u>16,688,722</u>
Change in net position					631,223
Net position, beginning					<u>32,968,360</u>
Change in accounting principle					<u>( 175,182)</u>
Net position, ending					<u>\$ 33,424,401</u>

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

**ANDERSON COUNTY, TEXAS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**DECEMBER 31, 2013**

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 11,641,802	\$ 3,059,942	\$ 14,701,744
Receivables, net of allowances for uncollectibles:			
Accounts	958,379	-	958,379
Property taxes	1,070,706	213,023	1,283,729
Other taxes	451,021	-	451,021
Prepaid expenditures	104,387	55	104,442
Due from other governments	11,006	34,647	45,653
Due from other funds	<u>5,184</u>	<u>50</u>	<u>5,234</u>
Total assets	<u>\$ 14,242,485</u>	<u>\$ 3,307,717</u>	<u>\$ 17,550,202</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 493,013	\$ 81,601	\$ 574,614
Accrued liabilities	206,769	18,565	225,334
Due to other governments	200,707	-	200,707
Due to other funds	50	5,184	5,234
Unearned revenue	-	12,946	12,946
Other payables	<u>31,096</u>	<u>32,268</u>	<u>63,364</u>
Total liabilities	<u>931,635</u>	<u>150,564</u>	<u>1,082,199</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Advance property tax collections	4,382,975	651,579	5,034,554
Unavailable revenue - property taxes	1,029,403	205,722	1,235,125
Unavailable revenue - court fines and fees	<u>917,133</u>	<u>-</u>	<u>917,133</u>
Total deferred inflows of resources	<u>6,329,511</u>	<u>857,301</u>	<u>7,186,812</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid expenditures	104,387	55	104,442
Restricted for:			
Roads and bridges	-	309,835	309,835
Judicial operations	-	762,395	762,395
Public safety operations	-	100,417	100,417
Social services operations	-	20,829	20,829
Capital acquisition and construction	-	889,111	889,111
Debt service	-	217,210	217,210
Unassigned	<u>6,876,952</u>	<u>-</u>	<u>6,876,952</u>
Total fund balances	<u>6,981,339</u>	<u>2,299,852</u>	<u>9,281,191</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,242,485</u>	<u>\$ 3,307,717</u>	<u>\$ 17,550,202</u>

**The accompanying notes are an integral part of these financial statements.**

**ANDERSON COUNTY, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF THE**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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

Total fund balances - governmental funds:	\$ 9,281,191
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	32,858,822
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.	86,650
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,152,258
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	( 11,481,485)
The deferred loss on bond refunding is not an available resource and, therefore, is not reported in the funds.	<u>526,965</u>
Net position of governmental activities	\$ <u>33,424,401</u>

**The accompanying notes are an integral part of these financial statements.**

**ANDERSON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes:			
Property	\$ 12,143,024	\$ 1,448,210	\$ 13,591,234
Sales	2,489,686	-	2,489,686
Mixed beverage	31,201	-	31,201
Intergovernmental	252,242	540,538	792,780
Fees of office	2,761,060	208,930	2,969,990
Fines and forfeitures	752,916	533,183	1,286,099
Investment earnings	58,760	12,420	71,180
Other revenue	<u>69,780</u>	<u>118,158</u>	<u>187,938</u>
Total revenues	<u>18,558,669</u>	<u>2,861,439</u>	<u>21,420,108</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,208,521	285,488	4,494,009
Judicial	2,574,922	210,505	2,785,427
Public safety	5,364,804	791,459	6,156,263
Social services	669,406	23,274	692,680
Roads and bridges	3,605,393	778,295	4,383,688
Debt service:			
Principal	21,993	820,000	841,993
Interest and other charges	83	245,385	245,468
Capital outlay	<u>568,189</u>	<u>557,644</u>	<u>1,125,833</u>
Total expenditures	<u>17,013,311</u>	<u>3,712,050</u>	<u>20,725,361</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,545,358</u>	<u>( 850,611)</u>	<u>694,747</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	92,204	-	92,204
Insurance recoveries	52,114	-	52,114
Transfers in	-	381,319	381,319
Transfers out	<u>( 631,319)</u>	<u>-</u>	<u>( 631,319)</u>
Total other financing sources and uses	<u>( 487,001)</u>	<u>381,319</u>	<u>( 105,682)</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,058,357	( 469,292)	589,065
<b>FUND BALANCES, BEGINNING</b>	<u>5,922,982</u>	<u>2,769,144</u>	<u>8,692,126</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 6,981,339</u>	<u>\$ 2,299,852</u>	<u>\$ 9,281,191</u>

**The accompanying notes are an integral part of these financial statements.**

**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, 2013**

Net change in fund balances - total governmental funds:	\$ 589,065
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.	( 536,161)
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.	( 3,260)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	( 247,087)
Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.	743,031
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	( 52,696)
Accrued interest not reflected on governmental funds	138,850
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.	( <u>519</u> )
Change in net position of governmental activities	\$ <u><u>631,223</u></u>

**The accompanying notes are an integral part of these financial statements.**

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**ANDERSON COUNTY, TEXAS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUND**

**DECEMBER 31, 2013**

	<u>Governmental Activities - Self-Insurance</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 173,921
Accounts receivable, net	<u>2,403</u>
Total assets	<u>176,324</u>
<b>LIABILITIES</b>	
Current liabilities:	
Claims payable	88,032
Unearned revenue	<u>1,642</u>
Total liabilities	<u>89,674</u>
<b>NET POSITION</b>	
Unrestricted	<u>86,650</u>
Total net position	<u>\$ 86,650</u>

**The accompanying notes are an integral part of these financial statements.**

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**ANDERSON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Activities - Self-Insurance</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ <u>2,131,241</u>
Total operating revenues	<u>2,131,241</u>
<b>OPERATING EXPENSES</b>	
Insurance claims	1,978,770
Insurance premiums and administrative costs	<u>407,466</u>
Total operating expenses	<u>2,386,236</u>
<b>OPERATING LOSS</b>	<u>( 254,995)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment earnings	<u>4,476</u>
Total non-operating revenues (expenses)	<u>4,476</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>( 250,519)</u>
Transfers in	<u>250,000</u>
<b>CHANGE IN NET POSITION</b>	<u>( 519)</u>
<b>TOTAL NET POSITION, BEGINNING</b>	<u>87,169</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 86,650</u>

**The accompanying notes are an integral part of these financial statements.**

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**ANDERSON COUNTY, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Activities - Self-Insurance</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 2,212,606
Cash paid to suppliers for goods and services	<u>( 2,613,418)</u>
Net cash used by operating activities	<u>( 400,812)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	<u>250,000</u>
Net cash provided by noncapital financing activities	<u>250,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	<u>4,476</u>
Net cash provided by investing activities	<u>4,476</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	( 146,336)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>320,257</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 173,921</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating loss	\$( 254,995)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Decrease (increase) in assets:	
Accounts receivable	80,915
Due from other funds	450
Decrease (increase) in liabilities:	
Accounts payable	( 32,160)
Claims payable	( 177,808)
Unearned revenue	<u>( 17,214)</u>
Net cash used by operations	<u>\$( 400,812)</u>

**The accompanying notes are an integral part of these financial statements.**

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**ANDERSON COUNTY, TEXAS**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**DECEMBER 31, 2013**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ <u>4,898,001</u>
Total assets	\$ <u><u>4,898,001</u></u>
<b>LIABILITIES</b>	
Due to others	\$ <u>4,898,001</u>
Total liabilities	\$ <u><u>4,898,001</u></u>

**The accompanying notes are an integral part of these financial statements.**

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**NOTES TO  
FINANCIAL STATEMENTS**

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# ANDERSON COUNTY, TEXAS

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

### 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, 2013.

## **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. For the most part, the effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. *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. The General Fund is the only major governmental fund. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds include other Special Revenue, Capital Projects 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 is 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 fund:

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.

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 **Capital Projects Fund** is used to account for the resources used for the construction and acquisition of capital facilities by the County.

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** account for assets held by the County in an agency capacity for others.

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.

## **Deposits**

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.

The County records investments at fair value in accordance with provisions of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. 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.

Time deposits of all funds are stated at cost. At December 31, 2013, the stated amount of the time deposits approximates the market price, and consists of certificates of deposit and *NOW* accounts.

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 31<sup>st</sup> of the following year. Accordingly, receivables and revenues for property taxes are reflected in the government-wide statements based on the full accrual method of accounting. Property tax receivables for the prior year's levy 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 in the government-wide statements. 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 deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

## **D. Assets, Liabilities and Net Position or Equity**

### **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 applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$1,000 (amount not rounded) 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 estimated fair market value at the date of donation.

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:

<u>Assets</u>	<u>Years</u>
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.

## 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 unless meet eligibility requirements. 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 Commissioner's 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 is reporting a balance for a deferred loss on bond refunding 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.

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 so will not be recognized as an inflow of resources (revenue) until that time. The County only has one type of item in the government-wide financial statements to report in this category. The County is reporting a balance for advance property tax collections in the government-wide Statement of Net Position. Additionally, the County has items, which arises under a modified accrual basis of accounting that qualifies for reporting

in this category. The advance collections of property taxes are deferred inflows of resources as well as unavailable revenues for property taxes and court fines and fees.

### **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 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 and to maintain a budget stabilization commitment.

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.

### **Change in Accounting Principles**

As the result of implementing GASB Statement No. 65, the County has restated the beginning net position, effectively decreasing net position as of October 1, 2012 by \$175,182 for the governmental activities. These decreases result from no longer deferring and amortizing bond issuance costs.

Further, the County has restated its long-term liabilities to reflect that a component of those liabilities as of October 1, 2012, deferred loss on bond refunding, is now reported as a deferred outflow of resources in the government-wide financial statements. The effect of this change increases the long-term liabilities of the governmental activities by \$579,661. This increase in long-term liabilities corresponds to an increase in deferred outflows of resources.

## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### **Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(11,481,485) difference are as follows:

General obligation bonds	\$( 9,620,000)
Compensated absences	( 253,905)
Accrued interest payable	( 86,602)
Other Post Employment Benefits	( 1,263,553)
Premium on bond issuance	<u>( 257,425)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u><u>\$( 11,481,485)</u></u>

### **Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund and changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “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.” The details of this \$(536,221) difference are as follows:

Capital outlay	\$ 1,452,835
Depreciation expense	<u>( 1,988,996)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 <u><u>\$( 536,161)</u></u>

Another element of that reconciliation states, “Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.” The details of this \$(247,087) difference are as follows:

Property taxes	\$( 71,805)
Court fines and fees	<u>( 175,282)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$( 247,087)</u>

**3. DETAILED NOTES ON ALL FUNDS**

**Cash and Investments**

As of December 31, 2013, the County had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ <u>2,501,571</u>	50

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.

*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, 2013, 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 are 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>	Other Governmental <u>Funds</u>	<u>Total</u>
Receivables:			
Property taxes	\$ 1,127,343	\$ 224,220	\$ 1,351,563
Other taxes	451,021	-	451,021
Court fines and fees	5,885,488	-	5,885,488
Accounts	<u>41,246</u>	<u>-</u>	<u>41,246</u>
Gross receivables	7,505,098	224,220	7,729,318
Less: allowance for uncollectibles	<u>( 5,024,992)</u>	<u>( 11,197)</u>	<u>( 5,036,189)</u>
Net total receivables	<u>\$ 2,480,106</u>	<u>\$ 213,023</u>	<u>\$ 2,693,129</u>

## Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

### **Primary Government**

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,736,715	\$ -	\$( 3,200)	\$ 1,733,515
Construction in progress	-	177,400	-	177,400
Total capital assets not being depreciated	<u>1,736,715</u>	<u>177,400</u>	<u>( 3,200)</u>	<u>1,910,915</u>
Capital assets, being depreciated:				
Roads and bridges	49,566,036	402,757	( 114,000)	49,854,793
Buildings and improvements	23,951,751	74,728	-	24,026,479
Machinery and equipment	9,621,908	797,950	( 285,686)	10,134,172
Total capital assets being depreciated	<u>83,139,695</u>	<u>1,275,435</u>	<u>( 399,686)</u>	<u>84,015,444</u>
Less accumulated depreciation:				
Roads and bridges	38,473,301	591,452	( 114,000)	38,950,753
Buildings and improvements	5,663,693	625,176	-	6,288,869
Machinery and equipment	7,341,173	772,368	( 285,626)	7,827,915
Total accumulated depreciation	<u>51,478,167</u>	<u>1,988,996</u>	<u>( 399,626)</u>	<u>53,067,537</u>
Total capital assets, being depreciated, net	<u>31,661,528</u>	<u>( 713,561)</u>	<u>( 60)</u>	<u>30,947,907</u>
Governmental activities capital assets, net	<u>\$ 33,398,243</u>	<u>\$( 536,161)</u>	<u>\$( 3,260)</u>	<u>\$ 32,858,822</u>

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

Governmental activities:	
General government	\$ 902,634
Judicial	28,796
Public safety	222,980
Social services	3,747
Roads and bridges	<u>830,839</u>
Total depreciation expense - governmental activities	<u>\$ 1,988,996</u>

## **Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of December 31, 2013, is as follows:

### **Due to/from Other Funds:**

	<u>Receivable fund:</u>		
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Payable fund:			
General	\$ -	\$ 50	\$ 50
Nonmajor governmental funds	<u>5,184</u>	<u>-</u>	<u>5,184</u>
 Total	<u>\$ 5,184</u>	<u>\$ 50</u>	<u>\$ 5,234</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	\$ <u>381,319</u>	\$ <u>250,000</u>	\$ <u>631,319</u>
 Total transfers	<u>\$ 381,319</u>	<u>\$ 250,000</u>	<u>\$ 631,319</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## **Long-term Debt**

### **General Obligation Bonds**

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

On August 1, 2005, the County authorized and issued \$9,950,000 in general obligation bonds under the authority of the Certificate of Obligation Act of 1971. These obligations bear interest at the rate of 3.25% to 5% and will be retired over a period of 18 years beginning in 2006. Proceeds from these obligations are restricted for the construction of capital assets.

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. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	<u>Interest Rates</u>	<u>Amount</u>
\$9,950,000 General Obligation Bonds, Series 2005	3.25% - 5.0%	\$ 1,065,000
\$8,660,000 General Obligation Refunding Bonds, Series 2012	2.0%-2.5%	8,555,000

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>
2014	\$ 850,000	\$ 466,188
2015	885,000	434,844
2016	905,000	159,200
2017	935,000	140,800
2018	950,000	121,950
2019-2023	<u>5,095,000</u>	<u>301,925</u>
Total	<u>\$ 9,620,000</u>	<u>\$ 1,624,907</u>

### Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Government activities</b>					
Bonds payable:					
Certificates of obligation	\$ 215,000	\$ -	\$ 215,000	\$ -	\$ -
General obligation bonds	10,225,000	-	605,000	9,620,000	850,000
Premium on bonds	283,168	-	25,743	257,425	-
Capital lease	21,993	-	21,993	-	-
Net OPEB obligation	1,102,295	403,191	241,933	1,263,553	-
Compensated absences	<u>290,457</u>	<u>260,892</u>	<u>297,444</u>	<u>253,905</u>	<u>63,476</u>
Governmental activity					
Long-term liabilities	<u>\$ 12,137,913</u>	<u>\$ 664,083</u>	<u>\$ 1,407,113</u>	<u>\$ 11,394,883</u>	<u>\$ 913,476</u>

The compensated absences and OPEB liabilities attributable to the governmental activities are generally 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, 2013, the County has \$5,390,000 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 companies 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 plan. During the year ended December 31, 2013, the County paid six hundred and fifty dollars (\$650) 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. The County paid \$246,651 for the fiscal year for stop-loss coverage.

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 2013, a total of \$2,139,585 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 \$88,032 as of December 31, 2013. Changes in the balances of claims liabilities during the past year were as follows:

	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of fiscal year	\$ 265,840	\$ 96,617
Incurred claims (including incurred but not reported)	1,978,770	1,726,823
Claim payments	<u>( 2,156,578)</u>	<u>( 1,557,600)</u>
Unpaid claims, end of fiscal year	<u>\$ 88,032</u>	<u>\$ 265,840</u>

### **Pension Plan**

Anderson County provides pension, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 624 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 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 8 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 deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

### **Funding Policy**

The employer has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The County contributed using the actuarially determined rate of 10.85% for the accounting year of 2013.

The deposit rate payable by the employee members for calendar year 2013 is the rate of 7% as adopted by the governing body of the employer. For calendar year 2012, the employee deposit rate was 7%. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

## Annual Pension Cost

For the employer's accounting year ending December 31, 2013, the annual pension cost for the TCDRS plan for its employees was \$1,006,594 and the actual contributions were \$1,006,594.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2011, the basis for determining the contribution rates for calendar year 2013. The December 31, 2012, actuarial valuation is the most recent valuation.

### Actuarial Valuation Information

Actuarial Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20	20	20
Asset valuation method	SAF: 10-yr. smoothed value ESF: fund value	SAF: 10-yr. smoothed value ESF: fund value	SAF: 10-yr. smoothed value ESF: fund value
Actuarial Assumptions:			
Investment return <sup>1</sup>	8.00%	8.00%	8.00%
Projected salary increases <sup>1</sup>	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

<sup>1</sup>Includes inflation at the stated rate

### Trend Information for the Retirement Plan for the Employees of Anderson County

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2011	\$ 774,068	100%	\$ -
12/31/2012	832,823	100%	-
12/31/2013	1,006,594	100%	-

**Schedule of Funding Progress for the Retirement Plan  
For the Employees of Anderson County**

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2012	\$ 18,515,775	\$ 23,906,989	\$ 5,391,214	77.45%	\$ 9,003,493	59.88%

- (1) The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.
- (2) Revised economic and demographic assumptions due to an experience review were reflected in this valuation.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

**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, 2013, the County has 16 retirees that were eligible for the OPEB plan and the cost to the County was \$241,933. 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	\$ 419,787
Interest on OPEB obligation	49,603
Adjustment to ARC	<u>( 66,199)</u>
Annual OPEB cost	403,191
Net employer contributions	<u>( 241,933)</u>
Increase in net OPEB obligation	161,258
Net OPEB obligation, beginning of year	<u>1,102,295</u>
 Net OPEB obligation, end of year	 <u><u>\$ 1,263,553</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, 2013, 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>
12/31/2011	\$ 403,416	\$ 190,511	47.2%	\$ 869,776
12/31/2012	400,579	168,061	42.0%	1,102,295
12/31/2013	403,191	241,933	60.0%	1,263,553

*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>
12/31/13	\$ -	\$ 3,934,067	\$ 3,934,067	- %	\$ 7,751,867	50.75%

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	12/31/2011	12/31/2013
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level as a percentage of payroll	Level as a percentage of payroll
Remaining amortization period	30 years; open amortization	30 years; open amortization
Actuarial assumptions:		
Investment rate of return	4.5%, net of expenses	4.5%, net of expenses
Projected salary increases	Payroll growth 3% per annum.	Payroll growth 3% per annum.
Health care trend rate	9:5 initial and declining 4.5% ultimate after 9 years.	9:5 initial and declining 4.5% ultimate after 9 years.
Inflation rate	3%	3%

In June 2004, the Government Accounting Standards Board (GASB) issued Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which was effective for the County for the year ended December 31, 2008. The County obtained an actuarial valuation and implemented GASB No. 45 in the year ending December 31, 2011. Therefore, only two years are available for the schedule of funding progress. Additional years will be added as they become available.

### **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 such claims and 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.
- c. Construction – Continuing construction projects include renovations, repairs and equipment for the existing Courthouse.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**ANDERSON COUNTY, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**FOR THE YEAR ENDED DECEMBER 31, 2013**

<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>
12/31/2012	\$ 18,515,775	\$ 23,906,989	\$ 5,391,214	77.45%	\$ 9,003,493	59.88%
12/31/2011	17,712,436	22,175,647	4,463,211	79.87%	8,826,371	50.57%
12/31/2010	17,496,056	21,563,683	4,067,627	81.14%	8,849,624	45.96%

(1) The annual covered payroll is based on the employee deposits received by TCDRS for the year ending with the valuation date.

**ANDERSON COUNTY, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**FOR THE YEAR ENDED DECEMBER 31, 2013**

<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>
12/31/2011	\$ -	\$ 3,456,309	\$ 3,456,309	- %	\$ 6,873,044	50.29%
12/31/2013	-	3,934,067	3,934,067	- %	7,751,867	50.75%

**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, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 11,945,770	\$ 11,945,770	\$ 12,143,024	\$ 197,254
Sales	2,225,000	2,225,000	2,489,686	264,686
Mixed beverage	28,000	28,000	31,201	3,201
Intergovernmental	218,956	218,956	252,242	33,286
Fees of office	2,664,075	2,664,075	2,761,060	96,985
Fines and forfeitures	594,250	594,250	752,916	158,666
Investment earnings	60,000	60,000	58,760	( 1,240)
Other revenue	<u>25,000</u>	<u>25,000</u>	<u>69,780</u>	<u>44,780</u>
Total revenues	<u>17,761,051</u>	<u>17,761,051</u>	<u>18,558,669</u>	<u>797,618</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
County auditor	355,199	358,367	351,096	7,271
County judge	153,822	155,057	153,303	1,754
County treasurer	129,376	129,152	123,063	6,089
Tax assessor-collector	600,714	606,075	590,731	15,344
Commissioners	294,967	297,685	285,152	12,533
County clerk	434,279	433,756	423,189	10,567
District clerk	421,354	424,913	370,092	54,821
Courthouse	551,979	594,921	585,761	9,160
Elections	116,669	117,446	108,157	9,289
Information technology	133,198	134,315	117,059	17,256
Miscellaneous legal	145,000	97,850	97,807	43
Miscellaneous	<u>1,227,020</u>	<u>1,024,083</u>	<u>1,003,111</u>	<u>20,972</u>
Total general government	<u>4,563,577</u>	<u>4,373,620</u>	<u>4,208,521</u>	<u>165,099</u>
Judicial:				
County court	49,872	67,522	66,972	550
County court-at-law	370,813	449,449	447,836	1,613
District court	754,926	795,907	773,837	22,070
District attorney	794,490	800,614	789,466	11,148
Justice of the peace, precinct 1	123,465	124,513	123,520	993
Justice of the peace, precinct 2	124,215	125,263	123,453	1,810
Justice of the peace, precinct 3	127,744	128,838	127,426	1,412
Justice of the peace, precinct 4	<u>121,411</u>	<u>122,423</u>	<u>122,412</u>	<u>11</u>
Total judicial	<u>2,466,936</u>	<u>2,614,529</u>	<u>2,574,922</u>	<u>39,607</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, 2013**

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES (Continued)</b>				
Public safety:				
Emergency management	\$ 110,588	\$ 111,465	\$ 105,138	\$ 6,327
Constable, precinct 1	71,573	73,953	67,341	6,612
Constable, precinct 2	70,578	69,232	69,202	30
Constable, precinct 3	68,114	68,806	65,849	2,957
Constable, precinct 4	68,728	69,203	65,269	3,934
Sheriff	2,301,776	2,331,231	2,291,042	40,189
Bailiff/security	175,847	179,665	171,026	8,639
State highway patrol	46,363	46,741	44,837	1,904
Bail bond supervision	98,828	99,340	98,675	665
County jail	<u>2,457,579</u>	<u>2,460,847</u>	<u>2,386,425</u>	<u>74,422</u>
Total public safety	<u>5,469,974</u>	<u>5,510,483</u>	<u>5,364,804</u>	<u>145,679</u>
Social services:				
Dogwood park	72,814	73,298	70,771	2,527
Extension services	95,559	93,060	92,942	118
Indigent health	233,004	233,199	91,268	141,931
County services	373,350	419,630	387,293	32,337
Veterans Service Officer	<u>37,105</u>	<u>37,380</u>	<u>27,132</u>	<u>10,248</u>
Total social services	<u>811,832</u>	<u>856,567</u>	<u>669,406</u>	<u>187,161</u>
Road and bridge:				
Administration	158,000	158,000	156,741	1,259
Precinct 1	907,492	914,139	897,594	16,545
Precinct 2	673,558	721,933	715,241	6,692
Precinct 3	927,130	1,000,542	911,453	89,089
Precinct 4	782,918	772,955	747,634	25,321
Shop	<u>192,615</u>	<u>193,908</u>	<u>176,730</u>	<u>17,178</u>
Total road and bridge	<u>3,641,713</u>	<u>3,761,477</u>	<u>3,605,393</u>	<u>156,084</u>
Debt service:				
Principal	-	-	21,993	( 21,993)
Interest and other charges	<u>-</u>	<u>-</u>	<u>83</u>	<u>( 83)</u>
Total debt service	<u>-</u>	<u>-</u>	<u>22,076</u>	<u>( 22,076)</u>
Capital outlay	<u>455,699</u>	<u>567,673</u>	<u>568,189</u>	<u>( 516)</u>
Total expenditures	<u>17,409,731</u>	<u>17,684,349</u>	<u>17,013,311</u>	<u>671,038</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<u>351,320</u>	<u>76,702</u>	<u>1,545,358</u>	<u>1,468,656</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, 2013**

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	\$ -	\$ -	\$ 92,204	\$ 92,204
Insurance recovery	-	-	52,114	52,114
Transfers out	( 351,325)	( 627,026)	( 631,319)	( 4,293)
Total other financing sources (uses)	<u>( 351,325)</u>	<u>( 627,026)</u>	<u>( 487,001)</u>	<u>140,025</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 5)	( 550,324)	1,058,357	1,608,681
<b>FUND BALANCES, BEGINNING</b>	<u>5,922,982</u>	<u>5,922,982</u>	<u>5,922,982</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 5,922,977</u>	<u>\$ 5,372,658</u>	<u>\$ 6,981,339</u>	<u>\$ 1,608,681</u>

## ANDERSON COUNTY, TEXAS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2013

#### **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, composed of 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 not material in relation to the original appropriations, and all amendments were legally made.

The County's budget authorizes expenditures for all governmental fund types. 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.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE 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 of Anderson.

***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.

### **CAPITAL PROJECTS FUND**

The ***Capital Projects Fund*** is used to account for expenditures for various capital improvement projects as approved by the Commissioners' Court.

### **DEBT SERVICE FUND**

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, 2013**

	Special Revenue					
	Farm to Market and Lateral Road	Grant	Juvenile Probation	Law Library	Court Technology and Security	Child Welfare Board
<b>ASSETS</b>						
Cash	\$ 523,460	\$ -	\$ 40,224	\$ 22,987	\$ 102,769	\$ 45,169
Receivables, net:						
Property taxes	114,003	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-	-
Due from other governments	-	33,728	-	-	-	919
Due from other funds	-	-	-	-	-	-
	\$ 637,463	\$ 33,728	\$ 40,224	\$ 22,987	\$ 102,769	\$ 46,088
<b>LIABILITIES</b>						
Accounts payable	\$ 2,114	\$ -	\$ 346	\$ 1,433	\$ 324	\$ -
Accrued liabilities	-	2,527	12,183	-	1,009	-
Due to other funds	-	5,184	-	-	-	-
Unearned revenue	-	12,946	-	-	-	-
Other payables	-	-	-	-	-	-
	2,114	20,657	12,529	1,433	1,333	-
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Advance property tax collections	214,729	-	-	-	-	-
Unavailable revenue - property taxes	110,785	-	-	-	-	-
	325,514	-	-	-	-	-
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid expenditures	-	-	-	-	-	-
Restricted for:						
Roads and bridges	309,835	-	-	-	-	-
Judicial operations	-	-	-	21,554	101,436	-
Public safety operations	-	13,071	27,695	-	-	46,088
Social services operations	-	-	-	-	-	-
Capital acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
	309,835	13,071	27,695	21,554	101,436	46,088
Total liabilities, deferred inflows of resources and fund balances	\$ 637,463	\$ 33,728	\$ 40,224	\$ 22,987	\$ 102,769	\$ 46,088

Special Revenue

District Attorney	Records Preservation and Management	Court Reporter	Historical Commission	Sheriff Forfeiture	Guardianship	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
\$ 215,448	\$ 352,992	\$ 86,857	\$ 850	\$ 45,849	\$ 19,979	\$ 953,209	\$ 650,149	\$ 3,059,942
-	-	-	-	-	-	10,979	88,041	213,023
55	-	-	-	-	-	-	-	55
-	-	-	-	-	-	-	-	34,647
-	-	-	-	-	-	-	50	50
<u>\$ 215,503</u>	<u>\$ 352,992</u>	<u>\$ 86,857</u>	<u>\$ 850</u>	<u>\$ 45,849</u>	<u>\$ 19,979</u>	<u>\$ 964,188</u>	<u>\$ 738,240</u>	<u>\$ 3,307,717</u>
\$ 3,180	\$ 9,866	\$ -	\$ -	\$ 18	\$ -	\$ 64,320	\$ -	\$ 81,601
1,133	1,713	-	-	-	-	-	-	18,565
-	-	-	-	-	-	-	-	5,184
-	-	-	-	-	-	-	-	12,946
-	-	-	-	32,268	-	-	-	32,268
<u>4,313</u>	<u>11,579</u>	<u>-</u>	<u>-</u>	<u>32,286</u>	<u>-</u>	<u>64,320</u>	<u>-</u>	<u>150,564</u>
-	-	-	-	-	-	-	436,850	651,579
-	-	-	-	-	-	10,757	84,180	205,722
-	-	-	-	-	-	10,757	521,030	857,301
55	-	-	-	-	-	-	-	55
-	-	-	-	-	-	-	-	309,835
211,135	341,413	86,857	-	-	-	-	-	762,395
-	-	-	-	13,563	-	-	-	100,417
-	-	-	850	-	19,979	-	-	20,829
-	-	-	-	-	-	889,111	-	889,111
-	-	-	-	-	-	-	217,210	217,210
<u>211,190</u>	<u>341,413</u>	<u>86,857</u>	<u>850</u>	<u>13,563</u>	<u>19,979</u>	<u>889,111</u>	<u>217,210</u>	<u>2,299,852</u>
<u>\$ 215,503</u>	<u>\$ 352,992</u>	<u>\$ 86,857</u>	<u>\$ 850</u>	<u>\$ 45,849</u>	<u>\$ 19,979</u>	<u>\$ 964,188</u>	<u>\$ 738,240</u>	<u>\$ 3,307,717</u>

**ANDERSON COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Special Revenue					
	Farm to Market and Lateral Road	Grant	Juvenile Probation	Law Library	Court Technology and Security	Child Welfare Board
<b>REVENUES</b>						
Property taxes	\$ 590,497	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	155,539	379,087	-	-	5,912
Fees of office	-	-	159,743	-	-	-
Fines and forfeitures	-	-	18,872	25,468	70,321	-
Investment earnings	-	-	10,113	-	-	178
Miscellaneous	-	2,750	3,809	-	-	4,834
Total revenues	<u>590,497</u>	<u>158,289</u>	<u>571,624</u>	<u>25,468</u>	<u>70,321</u>	<u>10,924</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	146,541	-	-	-	-
Judicial	-	36,331	-	17,179	31,808	-
Public safety	-	14,539	715,235	-	46,046	-
Social services	-	-	-	-	-	22,730
Road and bridges	778,295	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlay	-	-	19,327	-	570	-
Total expenditures	<u>778,295</u>	<u>197,411</u>	<u>734,562</u>	<u>17,179</u>	<u>78,424</u>	<u>22,730</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 187,798)</u>	<u>( 39,122)</u>	<u>( 162,938)</u>	<u>8,289</u>	<u>( 8,103)</u>	<u>( 11,806)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	51,319	275,000	-	35,000	20,000
Total other financing sources and uses	<u>-</u>	<u>51,319</u>	<u>275,000</u>	<u>-</u>	<u>35,000</u>	<u>20,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 187,798)</u>	<u>12,197</u>	<u>112,062</u>	<u>8,289</u>	<u>26,897</u>	<u>8,194</u>
<b>FUND BALANCES, BEGINNING</b>	<u>497,633</u>	<u>874</u>	<u>( 84,367)</u>	<u>13,265</u>	<u>74,539</u>	<u>37,894</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 309,835</u>	<u>\$ 13,071</u>	<u>\$ 27,695</u>	<u>\$ 21,554</u>	<u>\$ 101,436</u>	<u>\$ 46,088</u>

Special Revenue

District Attorney	Records Preservation and Management	Court Reporter	Historical Commission	Sheriff Forfeiture	Guardianship	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,338	\$ 854,375	\$ 1,448,210
-	-	-	-	-	-	-	-	540,538
49,187	-	-	-	-	-	-	-	208,930
196,665	188,394	13,951	-	15,852	3,660	-	-	533,183
226	-	-	3	165	-	132	1,603	12,420
61,726	-	-	110	526	-	44,403	-	118,158
<u>307,804</u>	<u>188,394</u>	<u>13,951</u>	<u>113</u>	<u>16,543</u>	<u>3,660</u>	<u>47,873</u>	<u>855,978</u>	<u>2,861,439</u>
-	138,947	-	-	-	-	-	-	285,488
105,562	-	19,625	-	-	-	-	-	210,505
-	-	-	-	15,639	-	-	-	791,459
-	-	-	544	-	-	-	-	23,274
-	-	-	-	-	-	-	-	778,295
-	-	-	-	-	-	-	820,000	820,000
-	-	-	-	-	-	-	245,385	245,385
39,449	52,546	-	-	2,199	-	443,553	-	557,644
<u>145,011</u>	<u>191,493</u>	<u>19,625</u>	<u>544</u>	<u>17,838</u>	<u>-</u>	<u>443,553</u>	<u>1,065,385</u>	<u>3,712,050</u>
<u>162,793</u>	<u>( 3,099)</u>	<u>( 5,674)</u>	<u>( 431)</u>	<u>( 1,295)</u>	<u>3,660</u>	<u>( 395,680)</u>	<u>( 209,407)</u>	<u>( 850,611)</u>
-	-	-	-	-	-	-	-	381,319
-	-	-	-	-	-	-	-	381,319
162,793	( 3,099)	( 5,674)	( 431)	( 1,295)	3,660	( 395,680)	( 209,407)	( 469,292)
<u>48,397</u>	<u>344,512</u>	<u>92,531</u>	<u>1,281</u>	<u>14,858</u>	<u>16,319</u>	<u>1,284,791</u>	<u>426,617</u>	<u>2,769,144</u>
<u>\$ 211,190</u>	<u>\$ 341,413</u>	<u>\$ 86,857</u>	<u>\$ 850</u>	<u>\$ 13,563</u>	<u>\$ 19,979</u>	<u>\$ 889,111</u>	<u>\$ 217,210</u>	<u>\$ 2,299,852</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, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 574,193	\$ 574,193	\$ 590,497	\$ 16,304
Total revenues	<u>574,193</u>	<u>574,193</u>	<u>590,497</u>	<u>16,304</u>
<b>EXPENDITURES</b>				
Current:				
Road and bridge	<u>783,177</u>	<u>783,177</u>	<u>778,295</u>	<u>4,882</u>
Total expenditures	<u>783,177</u>	<u>783,177</u>	<u>778,295</u>	<u>4,882</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 208,984)	( 208,984)	( 187,798)	21,186
<b>FUND BALANCE, BEGINNING</b>	<u>497,633</u>	<u>497,633</u>	<u>497,633</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 288,649</u>	<u>\$ 288,649</u>	<u>\$ 309,835</u>	<u>\$ 21,186</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, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 23,000	\$ 23,000	\$ 25,468	\$ 2,468
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>25,468</u>	<u>2,468</u>
<b>EXPENDITURES</b>				
Current:				
Judicial	<u>15,000</u>	<u>17,200</u>	<u>17,179</u>	<u>21</u>
Total expenditures	<u>15,000</u>	<u>17,200</u>	<u>17,179</u>	<u>21</u>
<b>NET CHANGE IN FUND BALANCE</b>	8,000	5,800	8,289	2,489
<b>FUND BALANCE, BEGINNING</b>	<u>13,265</u>	<u>13,265</u>	<u>13,265</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 21,265</u>	<u>\$ 19,065</u>	<u>\$ 21,554</u>	<u>\$ 2,489</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, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 12,000	\$ 12,000	\$ 13,951	\$ 1,951
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>13,951</u>	<u>1,951</u>
<b>EXPENDITURES</b>				
Current:				
Judicial	92,000	92,000	19,625	72,375
Total expenditures	<u>92,000</u>	<u>92,000</u>	<u>19,625</u>	<u>72,375</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 80,000)	( 80,000)	( 5,674)	74,326
<b>FUND BALANCE, BEGINNING</b>	<u>92,531</u>	<u>92,531</u>	<u>92,531</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 12,531</u>	<u>\$ 12,531</u>	<u>\$ 86,857</u>	<u>\$ 74,326</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, 2013**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 823,787	\$ 823,787	\$ 854,375	\$ 30,588
Investment earnings	-	-	1,603	1,603
Total revenues	823,787	823,787	855,978	32,191
<b>EXPENDITURES</b>				
Debt service:				
Principal	820,000	820,000	820,000	-
Interest and other charges	245,385	245,385	245,385	-
Total expenditures	1,065,385	1,065,385	1,065,385	-
<b>NET CHANGE IN FUND BALANCE</b>	( 241,598)	( 241,598)	( 209,407)	32,191
<b>FUND BALANCE, BEGINNING</b>	426,617	426,617	426,617	-
<b>FUND BALANCE, ENDING</b>	\$ 185,019	\$ 185,019	\$ 217,210	\$ 32,191

## **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.

*Court of Appeals* – This fund is used to account for all fees collected pursuant to *Government Code §22.2131* pending disbursement to the Twelfth Court of Appeals.

**ANDERSON COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND**  
**LIABILITIES - ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b><u>TAX ASSESSOR-COLLECTOR</u></b>				
Assets:				
Cash and investments	\$ <u>593,955</u>	\$ <u>73,831,799</u>	\$ <u>70,975,662</u>	\$ <u>3,450,092</u>
Liabilities:				
Due to others	\$ <u>593,955</u>	\$ <u>73,831,799</u>	\$ <u>70,975,662</u>	\$ <u>3,450,092</u>
<b><u>COUNTY CLERK</u></b>				
Assets:				
Cash and investments	\$ <u>273,020</u>	\$ <u>1,024,768</u>	\$ <u>1,130,784</u>	\$ <u>167,004</u>
Liabilities:				
Due to others	\$ <u>273,020</u>	\$ <u>1,024,768</u>	\$ <u>1,130,784</u>	\$ <u>167,004</u>
<b><u>DISTRICT CLERK</u></b>				
Assets:				
Cash and investments	\$ <u>1,180,162</u>	\$ <u>1,252,259</u>	\$ <u>1,274,840</u>	\$ <u>1,157,581</u>
Liabilities:				
Due to others	\$ <u>1,180,162</u>	\$ <u>1,252,259</u>	\$ <u>1,274,840</u>	\$ <u>1,157,581</u>
<b><u>SHERIFF</u></b>				
Assets:				
Cash and investments	\$ <u>37,824</u>	\$ <u>1,761,012</u>	\$ <u>1,744,462</u>	\$ <u>54,374</u>
Liabilities:				
Due to others	\$ <u>37,824</u>	\$ <u>1,761,012</u>	\$ <u>1,744,462</u>	\$ <u>54,374</u>
<b><u>JUSTICE OF THE PEACE</u></b>				
Assets:				
Cash and investments	\$ <u>8,655</u>	\$ <u>1,311,897</u>	\$ <u>1,314,419</u>	\$ <u>6,133</u>
Liabilities:				
Due to others	\$ <u>8,655</u>	\$ <u>1,311,897</u>	\$ <u>1,314,419</u>	\$ <u>6,133</u>

**ANDERSON COUNTY, TEXAS**

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

**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b><u>CRIMINAL DISTRICT ATTORNEY</u></b>				
Assets:				
Cash and investments	\$ <u>58,973</u>	\$ <u>186,537</u>	\$ <u>188,384</u>	\$ <u>57,126</u>
Liabilities:				
Due to others	\$ <u>58,973</u>	\$ <u>186,537</u>	\$ <u>188,384</u>	\$ <u>57,126</u>
 <b><u>UNCLAIMED MONEY</u></b>				
Assets:				
Cash and investments	\$ <u>5,384</u>	\$ <u>307</u>	\$ <u>-</u>	\$ <u>5,691</u>
Liabilities:				
Due to others	\$ <u>5,384</u>	\$ <u>307</u>	\$ <u>-</u>	\$ <u>5,691</u>
 <b><u>COURT OF APPEALS</u></b>				
Assets:				
Cash and investments	\$ <u>608</u>	\$ <u>4,515</u>	\$ <u>5,123</u>	\$ <u>-</u>
Liabilities:				
Due to others	\$ <u>608</u>	\$ <u>4,515</u>	\$ <u>5,123</u>	\$ <u>-</u>
 <b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
Assets:				
Cash and investments	\$ <u>2,158,581</u>	\$ <u>79,373,094</u>	\$ <u>76,633,674</u>	\$ <u>4,898,001</u>
Liabilities:				
Due to others	\$ <u>2,158,581</u>	\$ <u>79,373,094</u>	\$ <u>76,633,674</u>	\$ <u>4,898,001</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.

<b>Contents</b>	<b>Page</b>
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.	56 – 67
Revenue Capacity These schedules contain trend information to help the reader assess the factors affecting the County's ability to generate its property taxes.	68 – 72
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	73 – 77
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.	78 – 79
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.	80 – 85

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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental activities:				
Net investment in capital assets	\$ 22,981,397	\$ 23,145,292	\$ 23,187,361	\$ 23,393,589
Restricted	2,418,917	3,071,484	3,579,462	2,316,481
Unrestricted	<u>8,024,087</u>	<u>6,751,584</u>	<u>5,557,910</u>	<u>7,657,647</u>
Total governmental activities net position	<u>\$ 33,424,401</u>	<u>\$ 32,968,360</u>	<u>\$ 32,324,733</u>	<u>\$ 33,367,717</u>
Primary government:				
Net investment in capital assets	\$ 22,981,397	\$ 23,145,292	\$ 23,187,361	\$ 23,393,589
Restricted	2,418,917	3,071,484	3,579,462	2,316,481
Unrestricted	<u>8,024,087</u>	<u>6,751,584</u>	<u>5,557,910</u>	<u>7,657,647</u>
Total primary government net position	<u>\$ 33,424,401</u>	<u>\$ 32,968,360</u>	<u>\$ 32,324,733</u>	<u>\$ 33,367,717</u>

Source: Anderson County financial records.

**TABLE 1**

Fiscal Year					
<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 22,588,582	\$ 22,030,674	\$ 19,795,206	\$ 11,094,026	\$ 9,627,679	\$ 7,048,697
2,013,184	1,776,146	3,006,533	3,696,138	2,908,056	6,176,409
<u>8,804,272</u>	<u>8,629,269</u>	<u>10,161,586</u>	<u>9,072,172</u>	<u>10,138,877</u>	<u>9,130,868</u>
<u>\$ 33,406,038</u>	<u>\$ 32,436,089</u>	<u>\$ 32,963,325</u>	<u>\$ 23,862,336</u>	<u>\$ 22,674,612</u>	<u>\$ 22,355,974</u>
\$ 22,588,582	\$ 22,030,674	\$ 19,795,206	\$ 11,094,026	\$ 9,627,679	\$ 7,048,697
2,013,184	1,776,146	3,006,533	3,696,138	2,908,056	6,176,409
<u>8,804,272</u>	<u>8,629,269</u>	<u>10,161,586</u>	<u>9,072,172</u>	<u>10,138,877</u>	<u>9,130,868</u>
<u>\$ 33,406,038</u>	<u>\$ 32,436,089</u>	<u>\$ 32,963,325</u>	<u>\$ 23,862,336</u>	<u>\$ 22,674,612</u>	<u>\$ 22,355,974</u>

# ANDERSON COUNTY, TEXAS

## CHANGES IN NET POSITION

### LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year			
	2013	2012	2011	2010
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 5,487,449	\$ 5,175,991	\$ 5,095,955	\$ 5,190,938
Judicial	2,870,623	2,807,616	2,833,469	2,590,476
Public safety	6,503,707	6,973,029	7,284,060	6,650,546
Social services	710,814	858,731	788,200	712,048
Roads and highways	4,976,753	4,500,010	4,220,927	4,312,468
Interest on long-term debt	133,570	543,041	454,462	478,061
Total expenses	<u>20,682,916</u>	<u>20,858,418</u>	<u>20,677,073</u>	<u>19,934,537</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Fees, fines and charges for services:				
General government	\$ 2,768,356	\$ 2,564,081	\$ 2,524,548	\$ 2,382,208
Judicial	571,300	993,287	589,920	664,973
Public safety	588,210	625,688	617,051	718,130
Social services	-	-	-	-
Roads and highways	1,866	3,904	5,374	6,201
Operating grants and contributions	656,903	883,267	590,135	745,501
Capital grants and contributions	<u>38,782</u>	<u>136,810</u>	<u>494,428</u>	<u>9,200</u>
Total governmental activities program revenues	<u>4,625,417</u>	<u>5,207,037</u>	<u>4,821,456</u>	<u>4,526,213</u>
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	<u>\$( 16,057,499)</u>	<u>\$( 15,651,381)</u>	<u>\$( 15,855,617)</u>	<u>\$( 15,408,324)</u>
Total primary government net expense	<u>( 16,057,499)</u>	<u>( 15,651,381)</u>	<u>( 15,855,617)</u>	<u>( 15,408,324)</u>

TABLE 2

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 4,774,879	\$ 4,905,331	\$ 4,758,945	\$ 4,740,467	\$ 4,236,985	\$ 3,417,421
2,471,772	2,324,373	2,513,936	2,342,633	2,373,047	2,331,214
6,231,562	4,918,777	5,133,802	5,455,621	4,897,325	4,160,287
734,828	960,576	1,178,732	729,363	1,450,183	1,431,056
4,607,098	4,109,293	3,960,787	3,909,147	3,614,746	3,413,310
363,386	770,281	551,508	563,238	147,320	206,678
<u>19,183,525</u>	<u>17,988,631</u>	<u>18,097,710</u>	<u>17,740,469</u>	<u>16,719,606</u>	<u>14,959,966</u>
\$ 2,617,260	\$ 2,464,568	\$ 1,975,214	\$ 2,389,217	\$ 1,365,075	\$ 900,836
658,832	666,322	773,001	813,977	699,227	796,313
743,990	747,419	637,881	766,653	386,247	417,366
-	-	-	-	247,385	301,797
1,442	7,146	90,940	83,370	979,912	963,447
777,180	935,339	869,550	979,336	967,360	1,251,810
<u>164,058</u>	<u>1,060,213</u>	<u>7,210</u>	<u>398,857</u>	<u>-</u>	<u>89,950</u>
<u>4,962,762</u>	<u>5,881,007</u>	<u>4,353,796</u>	<u>5,431,410</u>	<u>4,645,206</u>	<u>4,721,519</u>
<u>\$( 14,220,763)</u>	<u>\$( 12,107,624)</u>	<u>\$( 13,743,914)</u>	<u>\$( 12,309,059)</u>	<u>\$( 12,074,400)</u>	<u>\$( 10,238,447)</u>
<u>( 14,220,763)</u>	<u>( 12,107,624)</u>	<u>( 13,743,914)</u>	<u>( 12,309,059)</u>	<u>( 12,074,400)</u>	<u>( 10,238,447)</u>

## ANDERSON COUNTY, TEXAS

### CHANGES IN NET POSITION

#### LAST TEN FISCAL YEARS

*(Accrual Basis of Accounting)*

*(Unaudited)*

	Fiscal Year			
	2013	2012	2011	2010
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities:				
Taxes				
Property taxes	\$ 13,519,429	\$ 13,315,925	\$ 12,868,263	\$ 12,664,751
Sales tax	2,489,686	2,625,335	2,287,587	2,231,330
Other taxes	31,201	26,689	30,622	32,218
Investment earnings	71,189	77,159	31,276	25,210
Miscellaneous	436,099	175,737	209,113	334,901
Gain from sale of capital assets	<u>141,118</u>	<u>74,163</u>	<u>42,644</u>	<u>81,593</u>
Total governmental activities	<u>16,688,722</u>	<u>16,295,008</u>	<u>15,469,505</u>	<u>15,370,003</u>
Total primary government	<u>16,688,722</u>	<u>16,295,008</u>	<u>15,469,505</u>	<u>15,370,003</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	<u>631,223</u>	<u>643,627</u>	<u>( 386,112)</u>	<u>( 38,321)</u>
Total primary government	<u>\$ 631,223</u>	<u>\$ 643,627</u>	<u>\$ ( 386,112)</u>	<u>\$ ( 38,321)</u>
Changes in net position	631,223	643,627	( 386,112)	( 38,321)
Net position - beginning	32,968,360	32,324,733	33,367,717	33,406,038
Prior period adjustments	<u>( 175,182)</u>	<u>-</u>	<u>( 656,872)</u>	<u>-</u>
Net position - Ending	<u>\$ 33,424,401</u>	<u>\$ 32,968,360</u>	<u>\$ 32,324,733</u>	<u>\$ 33,367,717</u>

Source: Anderson County financial records

TABLE 2

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 12,577,857	\$ 11,827,075	\$ 11,118,755	\$ 10,168,389	\$ 9,586,863	\$ 10,709,071
2,195,313	2,554,428	2,354,404	2,417,090	2,096,256	1,764,355
30,122	31,862	36,572	30,705	29,613	29,821
43,096	186,873	698,601	961,677	489,041	256,135
307,810	317,228	289,863	233,978	191,265	150,992
36,514	422,892	20,814	21,795	-	-
<u>15,190,712</u>	<u>15,340,358</u>	<u>14,519,009</u>	<u>13,833,634</u>	<u>12,393,038</u>	<u>12,910,374</u>
<u>15,190,712</u>	<u>15,340,358</u>	<u>14,519,009</u>	<u>13,833,634</u>	<u>12,393,038</u>	<u>12,910,374</u>
<u>969,949</u>	<u>3,232,734</u>	<u>775,095</u>	<u>1,524,575</u>	<u>318,638</u>	<u>2,671,927</u>
<u>\$ 969,949</u>	<u>\$ 3,232,734</u>	<u>\$ 775,095</u>	<u>\$ 1,524,575</u>	<u>\$ 318,638</u>	<u>\$ 2,671,927</u>
969,949	3,232,734	775,095	1,524,575	318,638	2,671,927
32,436,089	32,963,325	23,862,336	22,674,612	22,355,974	19,684,047
-	( 3,759,970)	8,325,894	( 336,851)	-	-
<u>\$ 33,406,038</u>	<u>\$ 32,436,089</u>	<u>\$ 32,963,325</u>	<u>\$ 23,862,336</u>	<u>\$ 22,674,612</u>	<u>\$ 22,355,974</u>

**ANDERSON COUNTY, TEXAS**

**FUND BALANCES  
GOVERNMENTAL FUNDS**

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

	Fiscal Year			
	2013	2012	2011	2010
General fund				
Reserved for prepaid items	\$ -	\$ -	\$ -	\$ 147,106
Unreserved, undesignated	-	-	-	5,663,738
Nonspendable	104,387	96,835	83,848	-
Unassigned	<u>6,876,952</u>	<u>5,826,147</u>	<u>4,654,087</u>	<u>-</u>
Total general fund	<u>\$ 6,981,339</u>	<u>\$ 5,922,982</u>	<u>\$ 4,737,935</u>	<u>\$ 5,810,844</u>
All other governmental funds				
Reserved for:				
Debt service	\$ -	\$ -	\$ -	\$ 494,556
Capital projects fund	-	-	-	1,220,809
Unreserved, reported in:				
Special revenue funds	-	-	-	1,589,830
Nonspendable	55	17,563	10,031	-
Restricted	2,299,797	2,835,948	3,156,598	-
Unassigned	<u>-</u>	<u>( 84,367)</u>	<u>( 20,792)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 2,299,852</u>	<u>\$ 2,769,144</u>	<u>\$ 3,145,837</u>	<u>\$ 3,305,195</u>

Source: Anderson County financial records

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

**TABLE 3**

Fiscal Year					
<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 142,802	\$ 143,733	\$ 134,596	\$ 98,834	\$ 39,851	\$ 45,157
7,058,622	6,879,053	5,313,845	4,799,286	4,417,339	4,241,337
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 7,201,424</u>	<u>\$ 7,022,786</u>	<u>\$ 5,448,441</u>	<u>\$ 4,898,120</u>	<u>\$ 4,457,190</u>	<u>\$ 4,286,494</u>
\$ 402,624	\$ 268,581	\$ 182,120	\$ 112,568	\$ 112,942	\$ 48,477
1,119,217	1,371,921	1,595,719	6,110,050	11,161,719	2,790,632
1,393,936	1,265,286	2,072,254	2,603,742	2,794,804	3,337,300
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,915,777</u>	<u>\$ 2,905,788</u>	<u>\$ 3,850,093</u>	<u>\$ 8,826,360</u>	<u>\$ 14,069,465</u>	<u>\$ 6,176,409</u>

**ANDERSON COUNTY, TEXAS**

**CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

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

	Fiscal Year			
	2013	2012	2011	2010
<b>REVENUES</b>				
Property taxes	\$ 13,591,234	\$ 13,224,702	\$ 12,862,976	\$ 12,514,931
Other taxes	2,520,887	2,652,024	2,318,209	2,263,548
Intergovernmental	792,780	1,139,531	1,216,315	812,820
Fees of office	2,969,990	2,823,898	2,893,597	3,234,010
Fines and forfeitures	1,286,099	1,011,537	831,401	-
Investment earnings	71,180	77,159	31,276	25,210
Other revenue	187,938	120,938	136,868	700,367
Total revenues	<u>21,420,108</u>	<u>21,049,789</u>	<u>20,290,642</u>	<u>19,550,886</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,494,009	4,450,804	4,616,524	4,845,925
Judicial	2,785,427	2,706,479	2,721,971	2,570,698
Public safety	6,156,263	6,263,640	6,466,938	6,056,631
Social services	692,680	831,869	759,577	708,985
Roads and bridges	4,383,688	4,008,553	4,310,450	4,384,472
Debt service:				
Principal	841,993	706,016	685,000	635,000
Interest and fiscal charges	245,468	603,384	463,270	486,576
Capital outlay	1,125,833	931,719	1,112,430	970,344
Total expenditures	<u>20,725,361</u>	<u>20,502,464</u>	<u>21,136,160</u>	<u>20,658,631</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>694,747</u>	<u>547,325</u>	<u>( 845,518)</u>	<u>( 1,107,745)</u>

TABLE 4

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 12,598,499	\$ 11,891,800	\$ 10,902,235	\$ 10,039,594	\$ 8,793,250	\$ 7,914,976
2,225,435	2,586,290	2,390,976	2,447,788	2,125,513	1,794,067
1,001,936	1,968,338	804,057	1,296,140	899,219	1,096,510
3,426,717	3,628,960	3,567,523	3,769,554	3,178,403	3,231,243
-	-	-	-	-	-
43,096	186,873	698,601	961,677	489,041	452,237
899,651	579,334	481,095	467,567	399,290	373,054
<u>20,195,334</u>	<u>20,841,595</u>	<u>18,844,487</u>	<u>18,982,320</u>	<u>15,884,716</u>	<u>14,862,087</u>
4,609,448	4,724,655	4,454,656	4,292,071	4,007,289	3,245,453
2,460,234	2,291,479	2,244,286	2,194,952	2,292,829	2,263,061
5,873,060	5,181,122	4,824,447	4,903,006	4,734,726	4,019,882
734,006	953,260	929,294	682,561	1,431,834	1,060,382
4,217,765	4,061,973	3,669,235	3,465,133	3,314,864	3,144,523
610,000	590,000	570,000	530,000	155,000	158,707
508,451	631,613	549,445	584,065	147,320	181,023
1,030,857	3,029,468	5,743,896	7,214,804	2,042,454	3,135,571
<u>20,043,821</u>	<u>21,463,570</u>	<u>22,985,259</u>	<u>23,866,592</u>	<u>18,126,316</u>	<u>17,208,602</u>
<u>151,513</u>	<u>( 621,975)</u>	<u>( 4,140,772)</u>	<u>( 4,884,272)</u>	<u>( 2,241,600)</u>	<u>( 2,346,515)</u>

**ANDERSON COUNTY, TEXAS**

**CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

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

	Fiscal Year			
	2013	2012	2011	2010
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 381,319	\$ 439,988	\$ 429,830	\$ 403,959
Transfers out	( 631,319)	( 439,988)	( 929,830)	( 403,959)
Issuance of capital leases	-	-	68,010	-
Sale of capital assets	92,204	78,428	45,241	106,583
Insurance recoveries	52,114	-	-	-
Payment to escrow agent	-	( 8,757,357)	-	-
Premium on issuance of debt	-	279,958	-	-
Issuance of bonds	-	8,660,000	-	-
Total other financing sources (uses)	<u>( 105,682)</u>	<u>261,029</u>	<u>( 386,749)</u>	<u>106,583</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 589,065</u>	<u>\$ 808,354</u>	<u>\$ ( 1,232,267)</u>	<u>\$ ( 1,001,162)</u>
<b>DEBT SERVICES (PRINCIPAL AND INTEREST) AS PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>5.64%</u>	<u>6.89%</u>	<u>6.04%</u>	<u>5.71%</u>

Source: Anderson County financial records

**TABLE 4**

Fiscal Year					
2009	2008	2007	2006	2005	2004
\$ 248,787	\$ 200,000	\$ 61,352	\$ 233,868	\$ 323,113	\$ 167,094
( 248,787)	( 200,000)	( 371,352)	( 233,868)	( 323,113)	( 167,094)
-	-	-	-	-	-
37,114	1,252,015	24,826	81,787	93,807	-
-	-	-	-	-	-
-	-	-	-	261,855	-
-	-	-	-	-	-
-	-	-	-	9,950,000	-
<u>37,114</u>	<u>1,252,015</u>	<u>( 285,174)</u>	<u>81,787</u>	<u>10,305,662</u>	<u>-</u>
\$ <u>188,627</u>	\$ <u>630,040</u>	\$ <u>( 4,425,946)</u>	\$ <u>( 4,802,485)</u>	\$ <u>8,064,062</u>	\$ <u>( 2,346,515)</u>
<u>2.87%</u>	<u>4.37%</u>	<u>3.79%</u>	<u>3.96%</u>	<u>4.30%</u>	<u>5.64%</u>

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ANDERSON COUNTY, TEXAS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Real Property			Personal Property	Less: Tax-exempt Property	Total Taxable Assessed Value <sup>a</sup>	Total Direct Tax Rate <sup>b</sup>
	Residential Property	Commercial Property	Other Property				
2013	\$ 1,879,892,787	\$ 322,909,587	\$ 160,476,052	\$ 786,826,109	\$ 543,494,869	\$ 2,606,609,666	0.52100
2012	1,870,309,898	320,511,097	183,256,847	787,910,929	533,973,402	2,628,015,369	0.52100
2011	2,247,814,549	297,751,850	178,431,287	831,673,239	1,032,264,582	2,523,406,343	0.52100
2010	2,249,362,263	303,301,177	163,604,639	820,518,502	1,045,330,326	2,491,456,255	0.51100
2009	2,232,603,525	283,002,240	228,978,240	841,834,367	1,074,449,922	2,511,968,450	0.51100
2008	1,723,071,501	265,377,630	228,694,889	848,315,401	747,638,129	2,317,821,292	0.51100
2007	1,395,786,128	260,328,245	207,374,790	679,767,934	388,205,416	2,155,051,681	0.51100
2006	1,160,792,285	248,234,940	178,337,850	603,050,996	378,558,900	1,811,857,171	0.51100
2005	1,478,625,749	237,724,220	149,932,552	573,346,687	624,233,143	1,815,396,065	0.51876
2004	1,366,617,621	228,993,727	119,277,272	566,927,350	590,962,855	1,690,853,115	0.46686

Source: Anderson County Appraisal District

Notes:

a - Property is assessed at actual value; therefore, the assessed values are equal to actual value.

b - Tax rates are per \$100 of assessed value.

## ANDERSON COUNTY, TEXAS

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

#### LAST TEN FISCAL YEARS

*(Unaudited)*

	Fiscal Year			
	2013	2012	2011	2010
County direct rates				
General	0.46629	0.46296	0.46296	0.43712
Debt Service	0.03241	0.03574	0.03574	0.04933
Permanent Improvement Fund	-	-	-	-
Road and bridge	-	-	-	-
Flood control	0.02230	0.02230	0.02230	0.02455
Total direct rate	0.5210	0.5210	0.5210	0.5110
Cities				
City Of Elkhart	0.30212	0.30212	0.30424	0.30430
City Of Frankston	0.36525	0.36525	0.36440	0.37470
City Of Palestine	0.63900	0.63900	0.63900	0.63900
Schools				
Athens ISD	1.18647	1.18647	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	1.47000	1.47000	1.04000	1.04000
La Poynor ISD	1.12000	1.12000	1.08200	1.08200
Neches ISD	1.36410	1.36410	1.36410	1.32000
Palestine ISD	1.56600	1.56600	1.56600	1.54900
Slocum ISD	1.04000	1.04000	0.97800	0.95800
Westwood ISD	1.17000	1.17000	1.17000	1.17000
Colleges				
TVCC - Frankston	0.08900	0.08900	0.08150	0.07750
TVCC - Lapoynor	0.08900	0.08900	0.08150	0.07750
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					
2009	2008	2007	2006	2005	2004
0.42447	0.43542	0.42768	0.32953	0.33683	0.32490
0.04966	0.05103	0.05210	0.05633	0.05880	0.01690
0.01232	-	0.00667	0.00787	0.00787	0.00980
-	-	-	0.09272	0.09272	0.09272
<u>0.02455</u>	<u>0.02455</u>	<u>0.02455</u>	<u>0.02455</u>	<u>0.02254</u>	<u>0.02254</u>
0.5110	0.5110	0.5110	0.5110	0.5188	0.4669
0.29540	0.29540	0.30420	0.29630	0.28530	0.28530
0.37480	0.35780	0.35780	0.36720	0.41000	0.39960
0.63900	0.63900	0.63900	0.62000	0.62000	0.60000
1.18647	1.15338				
1.04000	1.04000	1.04000	1.37000	1.50000	1.50000
1.36000	1.17000	1.17000	1.37000	1.50000	1.50000
1.13870	1.12400	1.09600	1.38800	1.52850	1.53300
1.08200	1.08200				
1.32000	1.31000	1.31800	1.37000	1.50000	1.50000
1.54900	1.29070	1.28038	1.48550	1.61760	1.62040
0.93800	0.93800	0.93800	1.18000	1.28720	1.28720
1.04000	1.04000	1.00500	1.22500	1.33700	1.33700
0.07440	0.06800	0.06800	0.06400	0.06400	0.06150
0.07440	0.06800	0.06800	0.06400	0.06400	0.06150
0.04730	0.04400	0.04400	0.05000	0.05000	0.05000

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

Taxpayer	Property Tax Year					
	2013			2004		
	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	\$ 106,774,628	1	4.10%	\$ 140,380,160	1	8.30%
Energy Transfer Fuel LP	86,223,779	2	3.31%	-		- %
Enbridge Pipelines (East TX)	39,225,372	3	1.50%	-		- %
Oncor Electric Delivery Co. LLC	31,436,480	4	1.21%	31,423,990	4	1.86%
Union Pacific Railroad Co.	28,144,647	5	1.08%	15,223,540	11	0.90%
United Telephone Co. of Texas	26,402,849	6	1.01%	19,274,460	10	1.14%
Hunt Oil Company	25,803,768	7	0.99%	54,360,580	2	3.21%
JLA Resources Company	23,049,168	8	0.88%	-		- %
Pinnacle Gas Treating Inc.	21,454,472	9	0.82%	22,132,980	9	1.31%
North Arkansas Wholesale Co. Inc.	<u>18,966,562</u>	10	<u>0.73%</u>	<u>22,202,300</u>	8	<u>1.31%</u>
Total	\$ <u>407,481,725</u>		<u>15.63%</u>	\$ <u>304,998,010</u>		<u>18.04%</u>
Total taxable assessed value	\$ <u>2,606,609,666</u>		<u>100.00%</u>	\$ <u>1,690,853,115</u>		<u>100.00%</u>

Source: Anderson County Appraisal District

**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
2013	\$ 13,691,960	\$ 12,979,649	97.07%	\$ -	\$ 12,979,649	97.07%
2012	13,695,340	12,714,070	97.09%	85,905	12,799,975	97.74%
2011	12,897,682	12,324,398	97.28%	47,421	12,371,819	97.65%
2010	12,732,728	12,024,885	96.79%	178,487	12,203,372	98.22%
2009	11,187,833	12,051,772	95.56%	193,692	12,245,464	97.10%
2008	10,961,421	11,262,048	95.88%	206,343	11,468,391	97.64%
2007	10,150,527	10,350,847	95.11%	279,557	10,630,404	97.68%
2006	10,211,361	9,557,104	94.99%	254,133	9,811,237	97.51%
2005	8,637,028	8,155,509	94.57%	243,737	8,399,246	97.39%
2004	7,881,098	7,401,709	94.42%	236,135	7,637,844	97.43%

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 <sup>b</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds <sup>a</sup>	Certificates of Obligation	Capital Leases			
2013	\$ 9,877,425	\$ -	\$ -	\$ 9,877,425	0.56%	\$ 170.48
2012	9,928,507	215,000	21,994	10,165,501	0.60%	179.41
2011	7,563,678	3,155,000	43,010	10,761,688	0.68%	181.62
2010	7,895,000	3,355,000	-	11,250,000	0.75%	192.45
2009	8,340,000	3,545,000	-	11,885,000	0.79%	208.51
2008	8,765,000	3,730,000	-	12,495,000	0.84%	220.34
2007	9,180,000	3,905,000	-	13,085,000	0.94%	230.56
2006	9,580,000	4,075,000	-	13,655,000	1.08%	242.19
2005	9,950,000	4,235,000	-	14,185,000	1.19%	253.16
2004	-	4,390,000	-	4,390,000	0.39%	79.00

Source: Anderson County financial records

Notes: a - Presented net of original issue premiums.

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

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

## ANDERSON COUNTY, TEXAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING<sup>a</sup>

## 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 <sup>b</sup>	Per Capita <sup>c</sup>
	General Obligation Bonds <sup>d</sup>	Certificates of Obligation	Total				
2013	\$ 9,877,425	\$ -	\$ 9,877,425	\$ 217,210	\$ 9,660,215	0.37%	\$ 166.73
2012	9,928,507	215,000	10,143,507	518,926	9,624,581	0.37%	165.40
2011	7,435,000	3,155,000	10,590,000	704,685	9,885,315	0.38%	169.54
2010	7,895,000	3,355,000	11,250,000	544,907	10,705,093	0.42%	183.12
2009	8,340,000	3,545,000	11,885,000	666,221	11,218,779	0.45%	196.82
2008	8,765,000	3,730,000	12,495,000	718,850	11,776,150	0.47%	207.66
2007	9,366,871	3,905,000	13,271,871	855,614	12,416,257	0.54%	218.77
2006	9,580,000	4,075,000	13,655,000	100,579	13,554,421	0.63%	240.41
2005	9,950,000	4,235,000	14,185,000	720,941	13,464,059	0.74%	240.30
2004	-	4,390,000	4,390,000	163,452	4,226,548	0.23%	76.05

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, 2013

*(Unaudited)*

Taxing Jurisdiction	Debt Outstanding	Estimate Percentage Overlapping Anderson County	Estimated Share of Overlapping Debt	
County-wide				
Anderson County	\$ 9,877,425	100.00%	<u>\$ 9,877,425</u>	
Total direct debt				\$ 9,877,425
Cities				
City Of Elkhart	750,000	100.00%	750,000	
City Of Frankston	-	100.00%	-	
City Of Palestine	13,842,000	100.00%	<u>13,842,000</u>	
Total Cities			14,592,000	
School District (% of assessed value)				
Part of Athens ISD	22,127,543	0.27%	59,744	
Cayuga ISD	-	100.00%	-	
Elkhart ISD	15,510,000	99.30%	15,401,430	
Frankston ISD	16,996,275	64.94%	11,037,381	
Part of La Poynor ISD	680,000	19.72%	134,096	
Neches ISD	4,865,000	100.00%	4,865,000	
Palestine ISD	62,105,000	100.00%	62,105,000	
Slocum ISD	-	100.00%	-	
Westwood ISD	-	100.00%	-	
Total School Districts			<u>93,602,651</u>	
Colleges				
TVCC - Frankston	-	8.42%	-	
TVCC - Lapoynor	-	2.73%	-	
TVCC - Palestine	-	44.50%	<u>-</u>	
Total indirect debt				<u>108,194,651</u>
Total direct and overlapping debt				<u>\$ 118,072,076</u>

Source: Net debt information in this table was obtained by direct contact with each jurisdiction without further verification, except school districts. School district information obtained from TEA website.

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			
	2013	2012	2011	2010
Assessed value of real property	\$ 2,606,609,666	\$ 2,628,015,369	\$ 2,558,035,425	\$ 2,524,008,207
Debt limit rate	5%	5%	5%	5%
Debt limit	130,330,483	131,400,768	127,901,771	126,200,410
Debt applicable to limit:				
Total bonded debt	9,877,425	10,143,507	10,590,000	11,250,000
Less: amount set aside for repayment	217,210	518,926	704,685	544,907
Total net debt applicable to limit	9,660,215	9,624,581	9,885,315	10,705,093
Legal debt margin	\$ 120,670,268	\$ 121,776,187	\$ 117,311,771	\$ 115,495,317
Total net debt applicable to the limit as a percentage of debt limit	7.41%	7.32%	7.73%	8.48%

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					
2009	2008	2007	2006	2005	2004
\$ 2,491,727,536	\$ 2,511,676,692	\$ 2,322,401,884	\$ 2,155,051,681	\$ 1,811,857,171	\$ 1,850,025,223
<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>	<u>5%</u>
<u>124,586,377</u>	<u>125,583,835</u>	<u>116,120,094</u>	<u>107,752,584</u>	<u>90,592,859</u>	<u>92,501,261</u>
11,885,000	12,495,000	13,271,871	13,271,871	13,655,000	14,185,000
<u>666,221</u>	<u>718,850</u>	<u>855,614</u>	<u>100,579</u>	<u>720,941</u>	<u>163,452</u>
<u>11,218,779</u>	<u>11,776,150</u>	<u>12,416,257</u>	<u>13,171,292</u>	<u>12,934,059</u>	<u>14,021,548</u>
<u>\$ 113,367,598</u>	<u>\$ 113,807,685</u>	<u>\$ 103,703,837</u>	<u>\$ 94,581,292</u>	<u>\$ 77,658,800</u>	<u>\$ 78,479,713</u>
9.00%	9.38%	10.69%	12.22%	14.28%	15.16%

## ANDERSON COUNTY, TEXAS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

## LAST TEN CALENDAR YEARS

*(Unaudited)*

Calendar Year	County					State of Texas	United States
	Estimated Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>a</sup>	Per Capita Personal Income <sup>a</sup>	School Enrollment <sup>b</sup>	Unemployment Rate <sup>c</sup>	Per Capita Personal Income <sup>a</sup>	Per Capita Personal Income <sup>a</sup>
2013	57,938	\$ 1,757,310	\$ 30,200	not available	7.2%	\$ 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	41,663
2010	58,458	1,502,709	26,229	8,473	9.5%	37,706	39,945
2009	57,001	1,497,051	26,264	8,509	8.6%	38,546	39,626
2008	56,709	1,491,400	26,299	8,464	5.7%	37,774	40,208
2007	56,754	1,385,819	24,418	8,595	5.1%	37,187	38,611
2006	56,381	1,261,739	22,379	8,552	5.9%	35,058	36,629
2005	56,031	1,196,385	21,352	8,409	6.3%	33,160	34,685
2004	55,573	1,128,706	20,310	8,308	7.0%	30,887	33,072

## 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	2013		2004*	
		Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Texas Department of Criminal Justice	State Prison	3104	14.86%	NA	NA
Palestine Regional Medical Center	Medical Facility	560	2.68%	NA	NA
Palestine Regional Rehabilitation	Medical Facility	540	2.59%	NA	NA
Walmart Distribution Center #6036	Wholesaler/Retailer	530	2.54%	NA	NA
Palestine ISD	Education	450	2.15%	NA	NA
Walmart Supercenter #0345	Wholesaler/Retailer	405	1.94%	NA	NA
Westwood ISD	Public School District	248	1.19%	NA	NA
Cartmell Home for the Aged	Nursing Home	226	1.08%	NA	NA
Anderson County	Government/County	220	1.05%	NA	NA
Union Pacific Railroad	Railroad	150	0.72%	NA	NA
City of Palestine	Government/City	<u>187</u>	<u>0.90%</u>	NA	NA
Total		<u>6,620</u>	<u>31.70%</u>	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**  
**FULLTIME EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
*(Unaudited)*

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government										
Elected/appointed officials	5	5	5	5	5	5	5	5	5	5
Clerical	20	21	21	20	19	19	19	19	19	22
Building maintenance	4	4	4	4	4	4	4	4	3	3
Information technology	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	4	4	4	4	4	4	4
Investigators	2	2	2	2	2	2	2	2	2	2
Clerical	36	34	34	34	35	35	33	32	32	29
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	32	32	32	32	32	30	29	30	25	27
Jailers	39	39	39	39	39	34	34	29	26	26
Administration	3	3	3	3	3	3	3	3	3	3
Juvenile probation	7	7	7	7	7	7	7	7	7	7
Health and welfare	4	4	4	5	7	7	7	7	5	5
Roads and highways										
County commissioners	4	4	4	4	4	4	4	4	4	4
Road employees	<u>43</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>41</u>	<u>43</u>
Total	<u>224</u>	<u>220</u>	<u>220</u>	<u>218</u>	<u>220</u>	<u>214</u>	<u>211</u>	<u>205</u>	<u>194</u>	<u>198</u>

Source: Anderson County Financials

## ANDERSON COUNTY, TEXAS

### OPERATING INDICATORS BY FUNCTION/PROGRAM

#### LAST TEN FISCAL YEARS

*(Unaudited)*

Function/Program	Fiscal Year				
	2013	2012	2011	2010	2009
General government					
Auditor's office					
AP and payroll checks processed	6,760	6,170	7,655	8,534	9,242
Purchase orders Issued	3,749	3,739	3,382	3,642	3,443
Treasurer's office					
Cash receipts issued	2,080	1,949	1,866	1,846	1,959
County clerk					
Marriage licenses issued	191	379	433	412	369
Declarations of informal marriage	2	9	16	3	7
Birth certificates issued	1,050	2,530	2,900	2,767	2,774
Death certificates issued	221	976	1,509	2,380	237
Tax office					
Title transactions	12,099	12,298	10,953	9,878	9,485
Registration transactions	51,131	69,686	50,953	49,920	49,684
Tax certificates issued	1,407	1,583	1,313	1,354	1,497
Liquor receipts issued	34	20	41	44	87
Elections administration					
Number of registered voters	26,204	22,026	22,026	22,026	20,916
Number that voted	N/A	N/A	N/A	10,968	N/A
Voted percentage	N/A	N/A	N/A	40.97%	N/A
Judicial					
District court					
Criminal cases disposed	472	472	391	657	600
Civil cases disposed	454	536	489	852	737
Total cases	1,194	1,307	1,179	1,509	1,337
County court					
Criminal cases disposed	828	N/A	N/A	N/A	1,421
Civil cases disposed	19	N/A	N/A	604	870
Juvenile cases disposed	24	N/A	N/A	22	39
Justices of the peace					
Cases filed	8,479	8,171	5,578	5,171	7,477
Cases disposed	8,143	6,731	5,717	5,565	6,730
Inquests	71	N/A	112	130	110

Source: Various County Departments

TABLE 16

Fiscal Year				
2008	2007	2006	2005	2004
9,619	10,102	10,476	N/A	N/A
3,350	3,647	3,470	N/A	N/A
2,060	1,951	1,057	N/A	N/A
424	444	402	433	406
10	7	3	7	4
2,935	3,286	3,233	1,733	1,195
2,790	2,932	449	256	2,380
10,593	10,702	11,037	11,096	10,491
50,002	48,285	47,608	46,226	44,478
1,787	2,416	-	-	-
72	71	-	-	-
19,888	18,160	26,008	28,544	28,007
16,655	N/A	10,641	N/A	16,301
60.29%	N/A	38.39%	N/A	55.05%
625	769	912	838	755
831	833	813	806	1,043
1,456	1,602	1,725	1,644	1,798
1,626	1,227	1,396	1,456	1,178
844	990	1,161	1,103	1,042
21	26	37	38	37
7,918	8,359	9,882	9,965	9,554
7,411	7,756	8,328	8,624	8,405
101	108	121	119	96

## ANDERSON COUNTY, TEXAS

### OPERATING INDICATORS BY FUNCTION/PROGRAM

#### LAST TEN FISCAL YEARS

*(Unaudited)*

Function/Program	Fiscal Year				
	2013	2012	2011	2010	2009
Public safety					
County jail					
Annual food cost	276,608	251,960	278,401	258,695	280,126
Law enforcement					
Offense reports	1,281	1,388	1,307	1,093	1,346
New cases	882	875	965	844	927
Cases cleared	456	496	416	317	357
Warrants received	N/A	1,668	2,112	1,786	2,353
Warrants executed	N/A	531	1,814	2,152	2,117
Reserve hours	1,282	1,566	2,101	2,710	2,899
Communications					
Calls for service	14,867	15,561	15,706	14,521	13,688
911 calls	39,578	27,338	24,556	21,705	21,663
Total calls to communication	400,668	390,207	292,194	235,109	297,221
Fleet operations					
Miles driven	837,275	741,580	791,445	744,166	727,473
Average fleet MPG	17	17	18	18	18
Traffic stops	1,544	1,486	1,892	620	1,001
Citations issued	341	205	227	285	442
Civil process					
Papers served	2,628	2,623	2,599	2,881	2,627
Writs completed	422	431	379	274	309
Health and welfare					
Number of pauper burial/cremation	2	2	3	3	2

Source: Various County Departments

Notes: Miles of roadway are estimated.  
Information from 2002 is not available.

**TABLE 16**

Fiscal Year				
2008	2007	2006	2005	2004
263,217	229,383	179,417	137,990	147,917
1,370	1,862	1,535	1,896	1,744
779	N/A	N/A	N/A	N/A
280	278	2,187	324	361
2,511	2,487	2,846	2,160	2,263
2,237	2,148	2,526	2,184	1,067
3,144	2,257	8,474	2,820	3,251
9,967	9,929	10,331	10,128	8,338
17,501	19,452	17,016	11,367	15,718
250,204	293,112	N/A	N/A	N/A
741,280	718,526	704,142	661,812	551,217
18	17	17	17	16
636	N/A	N/A	N/A	N/A
211	N/A	N/A	N/A	N/A
2,918	2,778	3,007	4,020	2,731
260	249	1,243	864	419
2	3	2	2	3

ANDERSON COUNTY, TEXAS

CAPITAL ASSETS AND INFRASTRUCTURE STATISTICS  
BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

(Unaudited)

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government										
Land	\$ 1,733,515	\$ 1,736,715	\$ 1,736,715	\$ 1,736,715	\$ 1,736,715	\$ 1,736,715	\$ 1,736,715	\$ 1,765,445	\$ 1,820,135	\$ 1,560,701
Construction in progress	177,400	-	843,262	825,551	770,130	1,427,561	528,299	6,191,028	381,776	3,205,538
Buildings and Improvements	24,026,479	23,951,751	23,616,750	23,352,566	22,973,228	22,232,271	22,168,311	11,398,807	11,395,932	9,782,610
Machinery and equipment	<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>	<u>1,741,791</u>	<u>694,258</u>	<u>485,533</u>
Total general government	28,774,197	28,462,719	28,013,246	27,564,207	27,331,997	28,791,994	25,812,247	21,097,071	14,292,101	15,034,382
Judicial	315,786	262,170	103,359	97,102	86,167	99,456	153,212	200,810	551,477	384,106
Public safety	2,651,929	2,678,613	3,126,525	2,840,441	2,827,077	1,207,499	1,838,565	2,331,144	1,112,257	799,589
Social services	53,737	51,307	15,830	14,609	12,957	10,245	51,075	69,495	1,376,841	2,235,926
Roads and bridges	<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>	<u>2,178,361</u>	<u>2,071,366</u>	<u>1,590,564</u>
Total capital assets	<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>	<u>\$ 25,876,881</u>	<u>\$ 19,404,042</u>	<u>\$ 20,044,567</u>

Sources:

- County Auditor - Capital Asset Listing
- Sheriff's Office
- Texas Department of Transportation
- County Commissioners

# **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, 2013, 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, 2014.

**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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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, 2014