Travis County, Texas

Popular Annual Financial Report
For the fiscal year ended September 30, 2016

Nicki Riley, CPA
Travis County Auditor

Travis County, Texas

Balcones Canyonland Preserve

On May 2, 1996, Travis County and the City of Austin were jointly issued a regional permit from the U.S. Fish and Wildlife Service (USFWS) that allows incidental "take" of eight locally occurring federally-listed endangered species under Section 10(a)(1)(B) of the Endangered Species Act. "Take" is the removal of occupied endangered species habitat or species displacement due to development of habitat areas. This community-based solution, referred to as the Balcones Canyonlands Conservation Plan (BCCP), calls for the creation of a preserve system to protect these eight endangered species as well as 27 other species believed to be at risk.

The BCCP is a 30 year regional permit that allows for incidental take outside of proposed preserve lands, and provides mitigation for new public schools, roads and infrastructure projects of the participating agencies (Travis County, the City of Austin, and the Lower Colorado River Authority). Landowners and developers may elect to participate in the BCCP to mitigate for development of endangered species habitat rather than mitigating directly through the USFWS.

To minimize and mitigate the impacts of take, the permit holders agreed to: assemble a minimum of 30,428 acres of endangered species habitat in western Travis County known as the Balcones Canyonlands Preserve (BCP), and secure protection for a series of karst (cave) features and rare plants throughout Travis County; provide for ongoing maintenance, patrolling, and biological management of the preserved habitat; and conduct biological monitoring and research activities supporting the BCCP permit terms and conditions.

Status of BCP Land Acquisition: 30,428 acres of suitable endangered species habitat are required to be assembled and managed within twenty years of issuance of the Permit (i.e. by 2016). The BCCP Managing Partners (Travis County, the City of Austin, and the Lower Colorado River Authority), in cooperation with non-profit conservation organizations Travis Audubon Society and the Nature Conservancy of Texas and private landowners, have assembled more than 31,780 acres of preserve lands as of 2015, exceeding the minimum size of the BCP as required by the permit. While this large and once very daunting goal has been met, the BCCP partners still have some work before them. This includes strategic acquisitions to address the minimum acreage requirements for each of seven individual macrosites, the acquisition of key tracts to provide a preserve configuration essential to species recovery, and the protection of 62 named caves.

Travis County, Texas

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Travis County Auditor's Office

Nicki Riley, County Auditor
Patti Smith, First Assistant County Auditor

General Ledger & Disbursements Auditing:
Melinda Grahmann, Chief Asst II
Mike Crawford, Manager

Financial Systems Maintenance & Support:
Christina Adair, Director
Murtuza Khan, Manager
Robyn Wright, Manager

Grants Auditing & Financial Reporting:
DeDe Bell, Manager

Risk Evaluation & Consulting:
David Jungerman, Chief Asst I

Consolidations & Financial Reporting:
Kathryn Madden, Chief Asst I

Revenue Estimation & Financial Analysis:
Daniel Wilson, Chief Asst I

Financial Systems Integration & Reporting:
Kelly Allen, Manager

Payroll & Benefits Auditing:
Bernadette Gutilla, Manager

Letter from the Auditor

Message from the County Auditor:

I am pleased to present the Travis County Popular Annual Financial Report (PAFR) for the fiscal year ending September 30, 2016. The purpose of this report is to provide an overview of the County's finances, in a format that is readable and easy to understand. The PAFR is designed to provide a summary of the County's financial position as well as an overview of economic, demographic, and other trends in the local economy.

The PAFR was prepared by the Travis County Auditor's Office and was generated using financial information taken from the 2016 Comprehensive Annual Financial Report (CAFR) that was audited by Atchley & Associates, LLP. The audit of the CAFR received an unqualified opinion, which indicates that the financial statements are prepared according to Generally Accepted Accounting Principles (GAAP) and are free of material misstatements concerning the overall financial position of the County.

The PAFR summarizes and simplifies the information contained in the CAFR and is not intended to replace the CAFR. The CAFR contains the full financial statements and note disclosures for all activities, funds, and component units, prepared in accordance with GAAP. Information in the PAFR is unaudited and not in accordance with GAAP due to condensed and simplified presentation.

For a complete set of County financials, please refer to the CAFR, which is available on the Travis County website at https://www.traviscountytx.gov/county-auditor/financial-reports. I invite you to share any questions, concerns, feedback or recommendations you may have by contacting us at 512-854-9125.

Sincerely,

Nicki Riley

Travis County Profile

Travis County's dynamic geological past is in evidence throughout its boundaries. From the remnants of the extinct volcano, Pilot Knob, located near the Austin-Bergstrom International Airport to the ever popular Mount Bonnell, Travis County is divided by the Balcones Escarpment. That it was once the floor of a shallow sea is confirmed by the fossilized remains of fish and aquatic plant life that can be found throughout the area.

Pilot Knob

Encompassing 1,022.1 square miles in central Texas, the County is approximately 200 miles south of the Fort Worth/Dallas area, 160 miles west of Houston, and 80 miles northeast of San Antonio. The City of Austin is the state capital and the county seat. Located on the edge of the Hill Country to the west and clay soil prairie to the east, the County is comprised of 989.3 square miles (96.8%) of land and 32.8 square miles (3.2%) of water area.

Mount Bonnell overlooking Lake Austin

In 1827, some 136 years after the area received its first European visitor, Stephen F. Austin was granted permission by the Mexican government to establish his third or "Little Colony" east of the Colorado River with Mina (Bastrop) becoming the colony's headquarters. Originally an offshoot of Mina, Travis County was established in 1840 following the Texas Revolution.

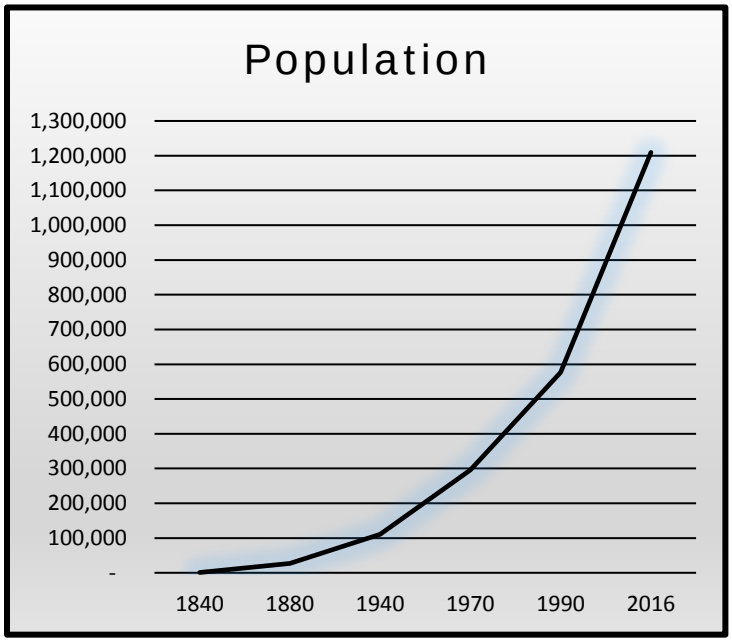
While the population of Travis County is recorded as 856 in 1840, it had grown to more than 27,000 by 1880; and in the early 1900s an influx of German, Swedish, and Mexican immigrants began to diversify the ethnic makeup of the County. Thanks to the many job opportunities provided throughout the 1930s by programs such as the New Deal, Travis County's population increased approximately 40 percent reaching a total of 111,053 by 1940. By 1970 the population more than doubled reaching 295,516 residents. Twenty years later the population had almost doubled once again with 576,407 people calling Travis County home. That trend continues as the 2016 population is estimated to be 1,209,415, more than twice what it was in 1990.

The Austin Metropolitan Statistical Area (MSA), which includes all of Travis County, continues to grow at a dramatic pace, surpassing the two million-person mark in the fall of 2015, according to the City of Austin demographer. In 2016, Austin ranked number one in Forbes magazine as America's fastest growing areas, and has topped the list for five of the past six years. Local economists project the area will have an economic growth rate of 4% through the end of the decade. This continued economic growth will also drive population growth.

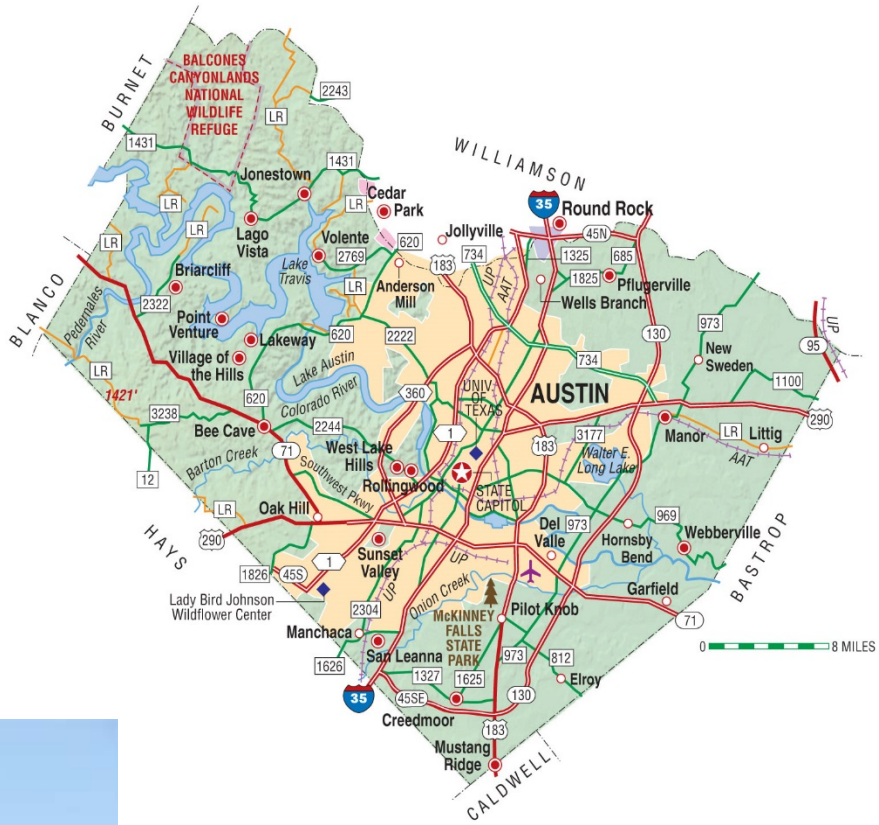
A broad economic base, composed of real estate, leisure and entertainment, medical, and technology sectors, as well as a sizable federal, state, and local government presence, provides a strong base for economic growth.

TOP TEN EMPLOYERS

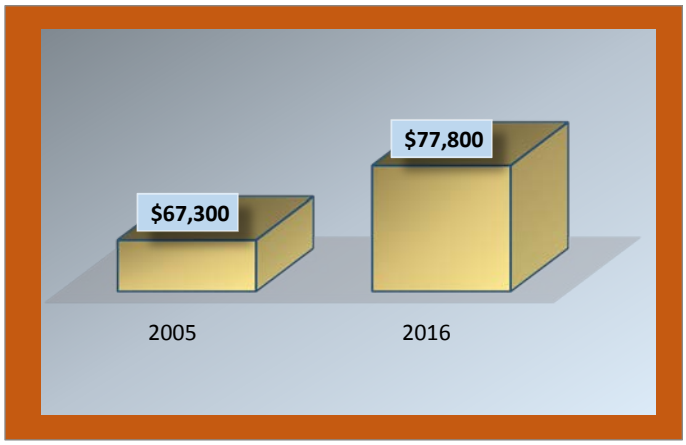
State of Texas
The University of Texas/Austin
City of Austin
Dell, Inc.
Austin Independent School District
HEB Grocery Co.
Federal Government
Seton Healthcare Family
St. David's Healthcare
Samsung Austin Semiconductor



The City of Austin is the largest municipality in Travis County. Other cities and towns within Travis County's boundaries include Barton Creek, Bee Cave, Briarcliff, Creedmoor, Garfield, Hornsby Bend, Hudson Bend, Jonestown, Lago Vista, Lakeway, Lost Creek, Manchaca, Manor, Mustang Ridge, Pflugerville, Point Venture, Rollingwood, San Leanna, Shady Hollow, Sunset Valley, The Hills, Volente, Webberville, Wells Branch, West Lake Hills, and Windemere.

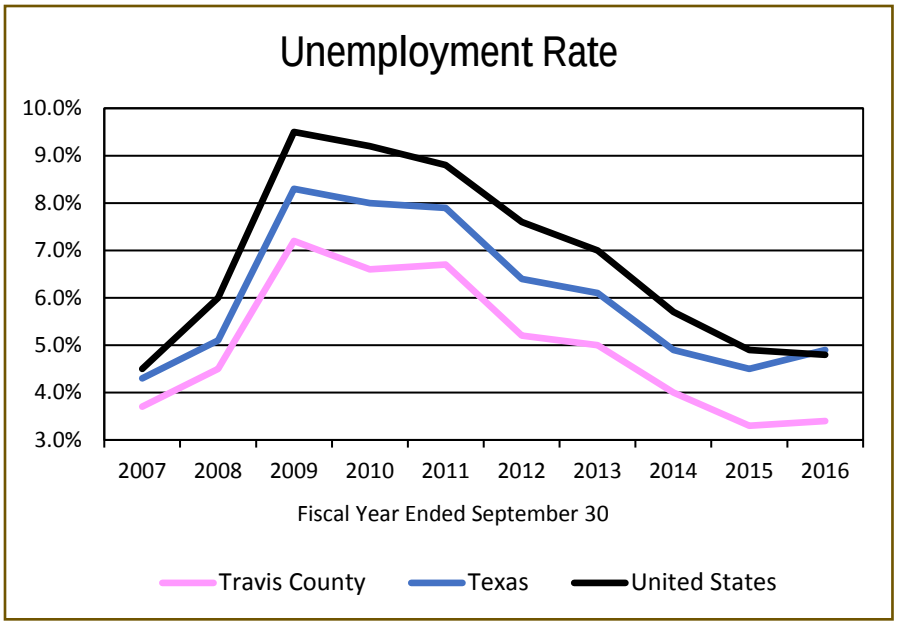


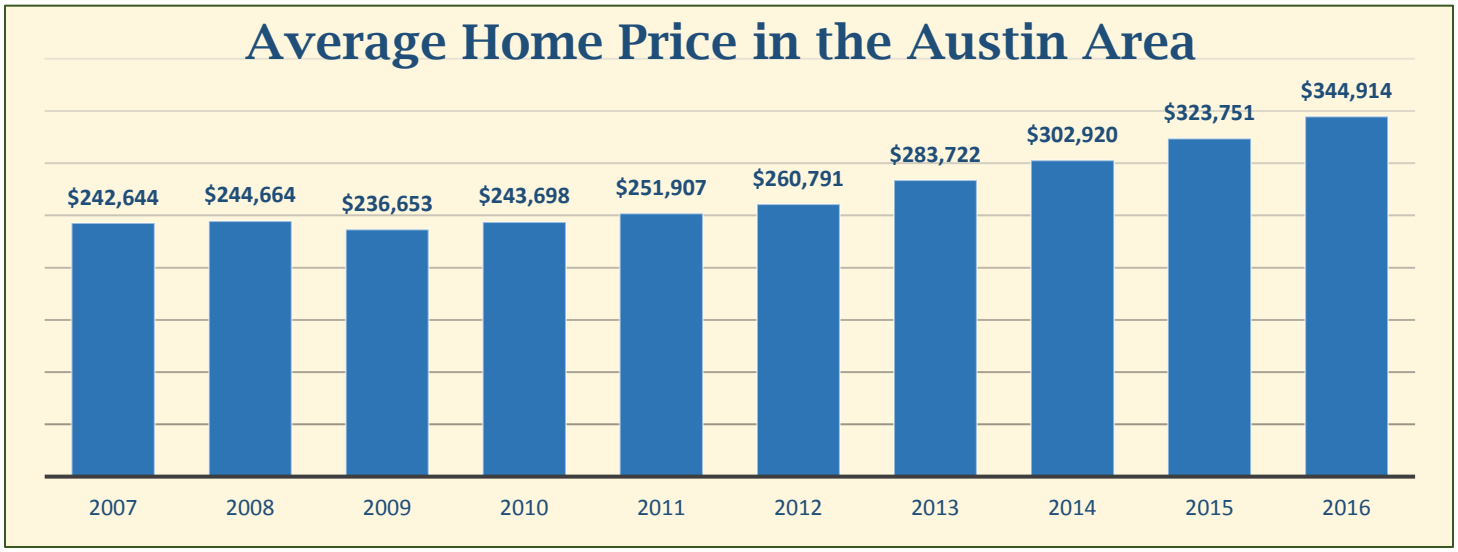
The U.S. Department of Housing and Urban Development estimates that the Austin-Round Rock Metropolitan Statistical Area's Median Family Income has risen from $67,300 in 2005 to $77,800 in 2016.



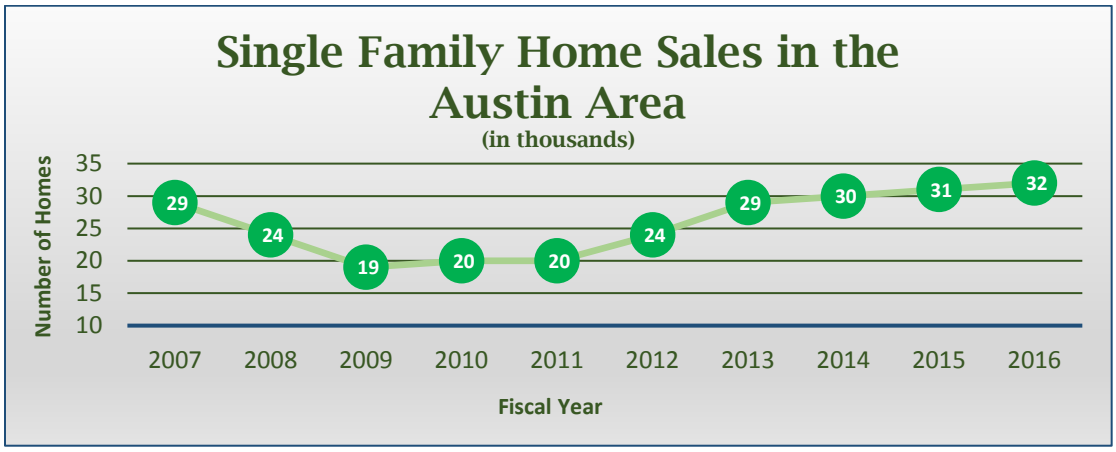
Travis County is the home of the state's flagship university, the University of Texas at Austin, as well as other institutions of higher education such as St. Edward's University and Austin Community College.

Travis County has enjoyed a relatively stable economy for over a decade with an unemployment rate ranging from 3.7% in September 2007 to the current rate of 3.4%. The County has consistently experienced an unemployment rate lower than the national rate even during the sluggish economic period from 2009 to 2011. While the national unemployment rate was at 8.9% or higher during those years, Travis County's rate peaked at 7.5% in July 2009.





In fiscal year 2016, the number of housing units sold in the Austin area totaled 32,464, a 3.3% increase over fiscal year 2015, with the average selling price increasing 6.5%.



ACL Music Festival

Also contributing to the County's growth is the mild climate of the area. With an annual average temperature of 69.4 degrees, Travis County provides an excellent environment for the many music events, sports activities, and outdoor events that take place each year, all of which contribute substantially to the area's economy. With a healthy economy, pleasant climate, and myriad of activities, the County continues to experience steady growth.

19 = Number of developed County parks

4,483 = Developed park acreage

8 = Boat ramps

42°F = Average low in January

97°F = Average high in August

34 inches = Average yearly rainfall

270 days = Growing season

Travis County BMX Track

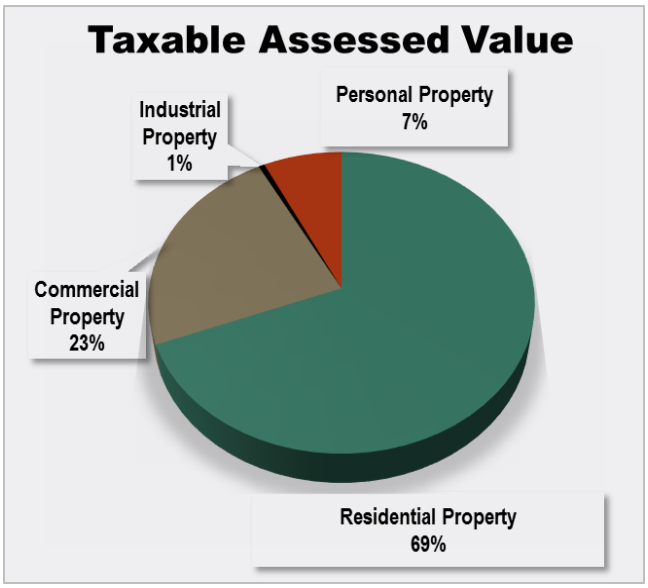
Property taxes are the largest source of revenue for Travis County and represent 77% of revenue for governmental funds.

Tax Rates per $100 Taxable Value			
	FY16	FY15	Difference
Maintenance & Operations	.3486	.3850	(.0364)
Debt Service	.0683	.0713	(.030)
Total Tax Rate	.4169	.4563	(.0394)

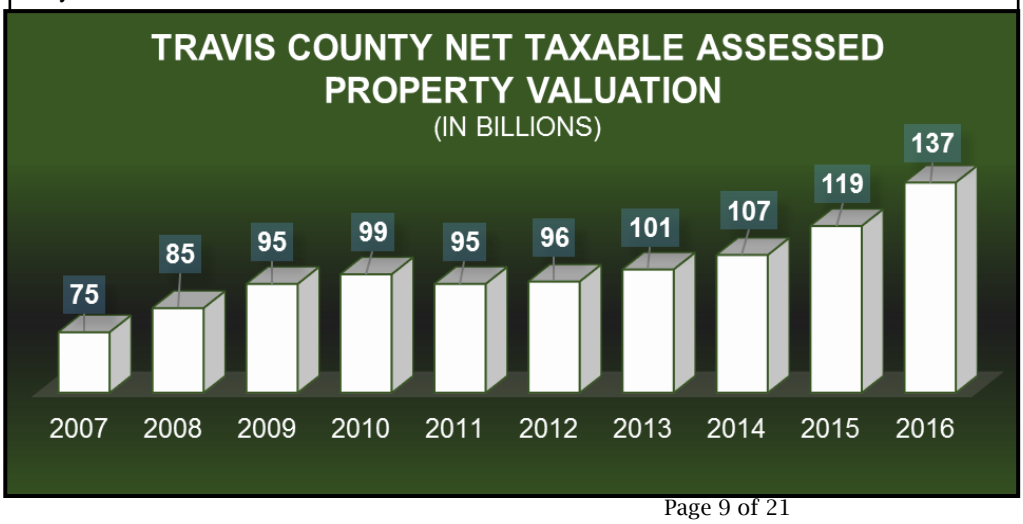
Adopted tax rate for FY16 revenues was $0.4169 per $100 valuation. This consisted of $0.3486 for maintenance and operations and $0.0683 for debt repayment.

Total value of the County property on the tax roll was approximately $136,576,106,954 (net of exemptions) and produced a total levy of $569,447,698.

The County's assessed property valuation for fiscal year 2016 increased 14.4% compared to fiscal year 2015.



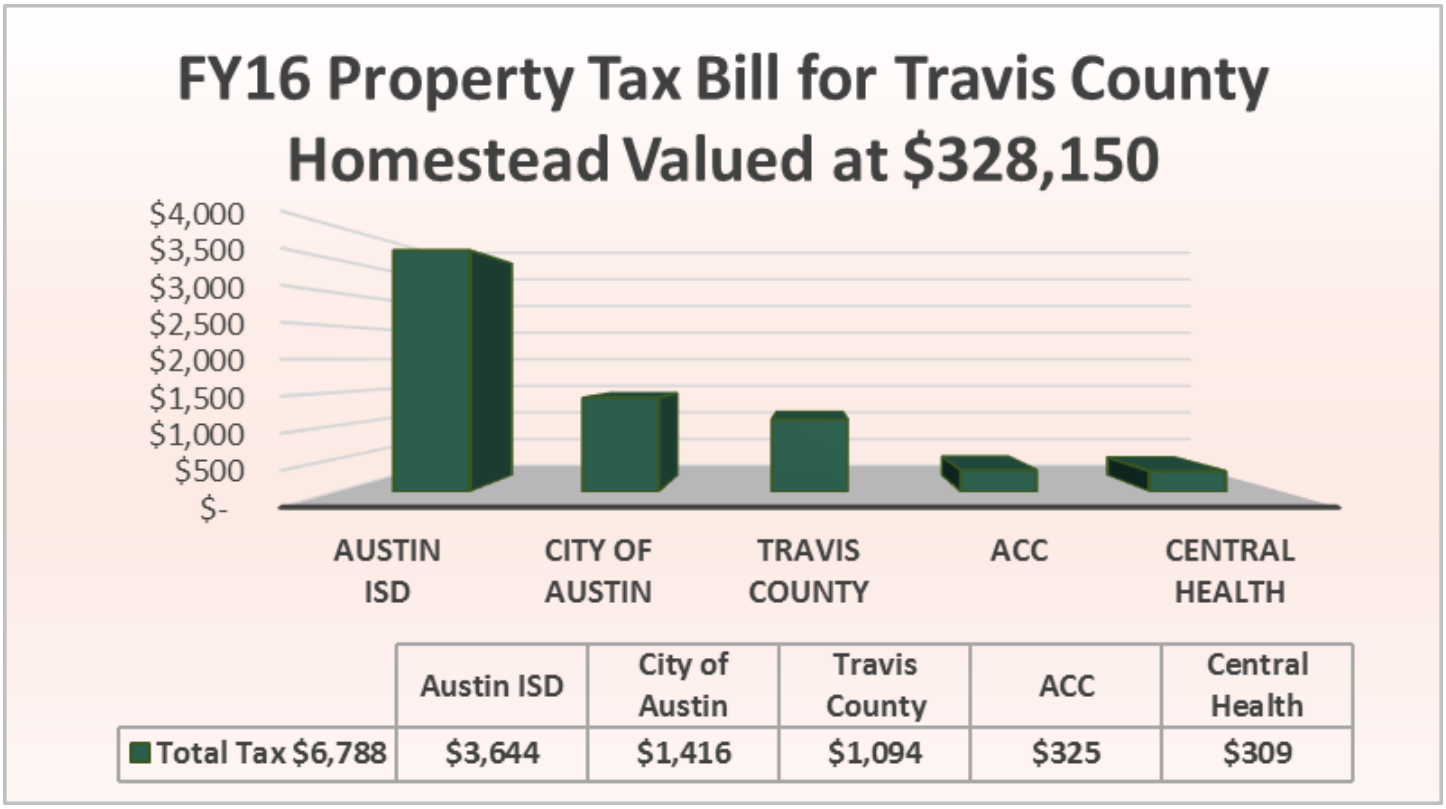
The chart below shows the changes in net taxable assessed property valuation over the last ten years.



Total Net Taxable Assessed Value

FY16: $136,576,106,954

FY15: $119,349,286,764



	Austin ISD	City of Austin	Travis County	ACC	Central Health
Total Tax $6,788	$3,644	$1,416	$1,094	$325	$309

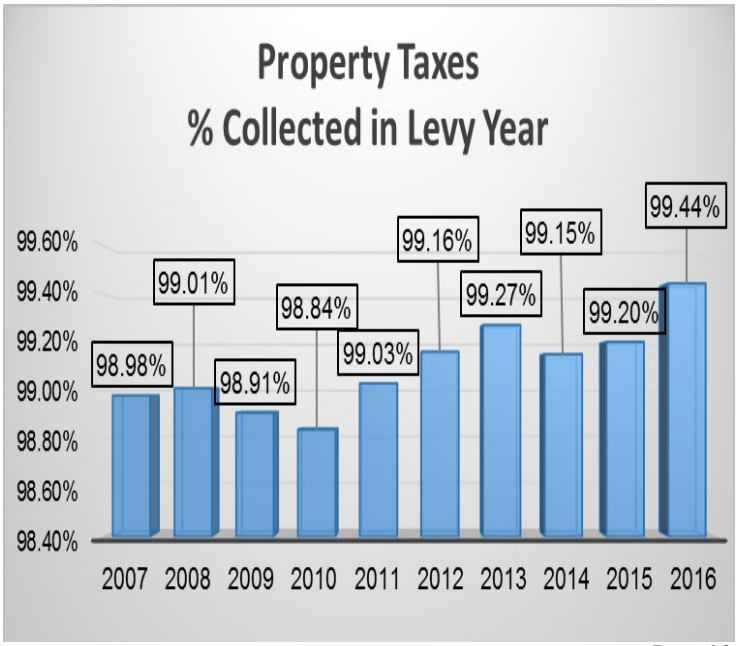
Travis County Exemptions

Homestead: 20%

Disability: $75,000

Over 65: $75,000

Disabled Vet: $5,000-$12,000



Travis County Top Ten Taxpayers

Samsung Austin Semiconductor

CSHV Properties

Columbia/St. David's Healthcare System, LP

Parkway Properties

Apple, Inc

HEB Grocery Company LP

IMT Capital II Riata LP

IBM Corporation

Finley Company

Freescale Semiconductor, Inc.

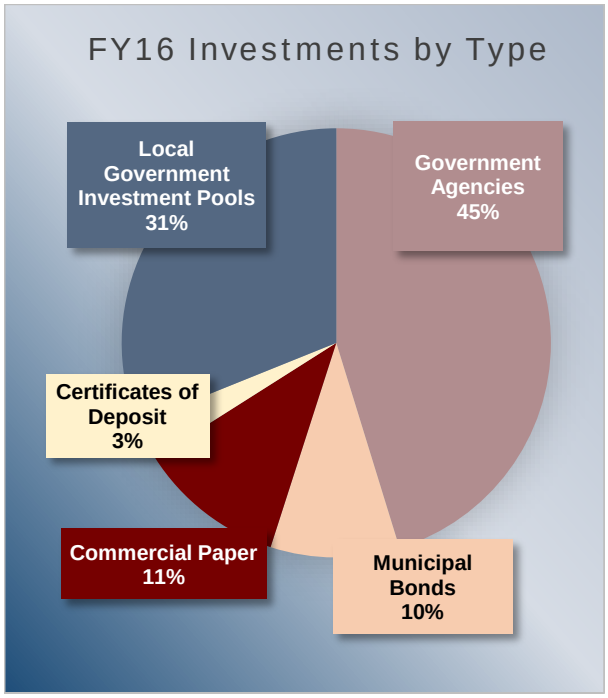
GOVERNMENT-WIDE

The ***government-wide financial statements*** are designed to provide readers with a broad overview of the financial position of the County. They include a *Statement of Net Position* and a *Statement of Activities*. Both of these statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. This accounting method produces a view of financial position similar to that presented by most private-sector companies.

NET POSITION (in millions)

	2016	2015
Current and other assets	$ 724	$ 648
Capital assets (net of depreciation)	1,271	1,254
TOTAL ASSETS	1,995	1,902
Deferred outflows	172	55
TOTAL DEFERRED OUTFLOWS	172	55
Current liabilities	89	73
Noncurrent liabilities	1,443	1,053
TOTAL LIABILITIES	1,532	1,126
Deferred inflows	1	1
TOTAL DEFERRED INFLOWS	1	1
NET POSITION:		
Net investment in capital assets	866	841
Restricted	55	54
Unrestricted	(287)	(65)
TOTAL NET POSITION	$ 634	$ 830

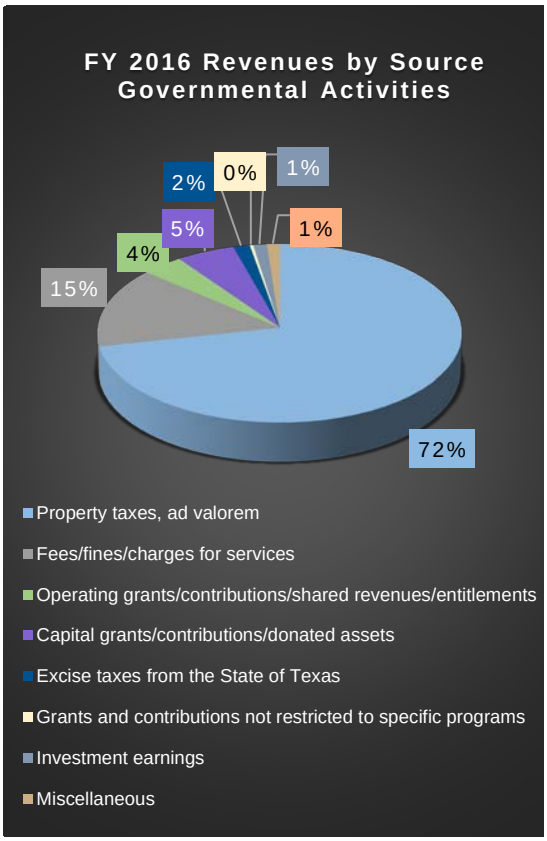
The *Statement of Net Position* presents information on all County assets, deferred outflows, liabilities, and deferred inflows with the difference reported as *net position*. The analysis of net position over time may serve as a useful indicator of whether the County's overall financial position is improving or deteriorating.



GOVERNMENTAL ACTIVITIES (in millions)

	2016	2015
REVENUES:		
Program Revenues		
Fines, fees, and charges for services	$ 115	$ 117
Operating grants/contributions/shared revenues/entitlements	31	30
Capital grants/contributions/donated assets	43	30
General Revenues		
Property taxes, ad valorem	561	533
Excise taxes from the State of Texas	12	11
Grants and contributions not restricted to specific programs	2	2
Investment earnings	10	9
Miscellaneous	9	11
TOTAL REVENUES	783	743
EXPENSES:		
General Government	246	206
Justice System	197	131
Public Safety	112	77
Corrections and rehabilitation	193	129
Health and human services	73	61
Infrastructure and environmental services	112	114
Community and economic development	17	11
Interest on long term debt	29	30
TOTAL EXPENSES	979	759
Change in net position	(196)	(16)
Net position – beginning of year	830	846
NET POSITION – END OF YEAR	$ 634	$ 830

The *Statement of Activities* presents the County's revenues and expenses for the period, with the difference between the two resulting in the current year *change in net position*. A change in net position is reported when the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses reported in this statement may result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).



GENERAL FUND

FUND BALANCE

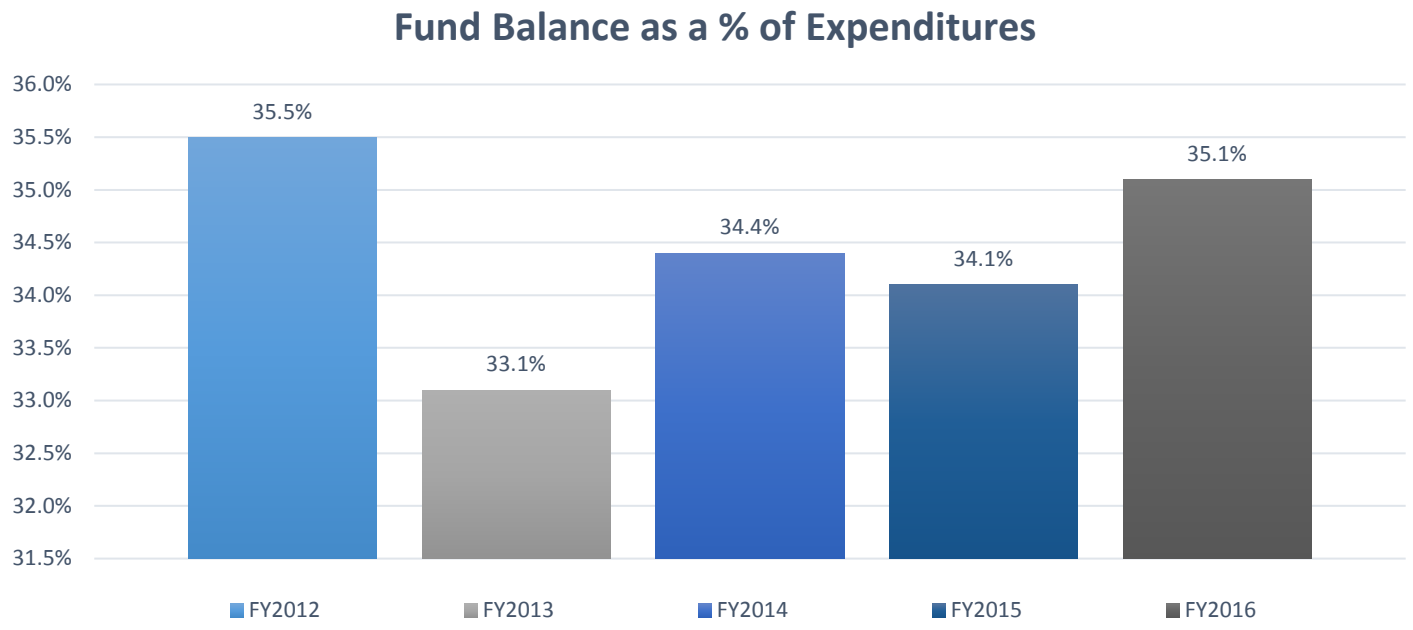
The General Fund is Travis County's chief operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Fund Balance = Assets – Liabilities – Deferred Inflows

Fund Balance represents the difference between assets and liabilities and deferred inflows of any given fund. The General Fund reports four components of fund balance designed to show constraints on how resources in the fund can be spent and to show the sources of those constraints.

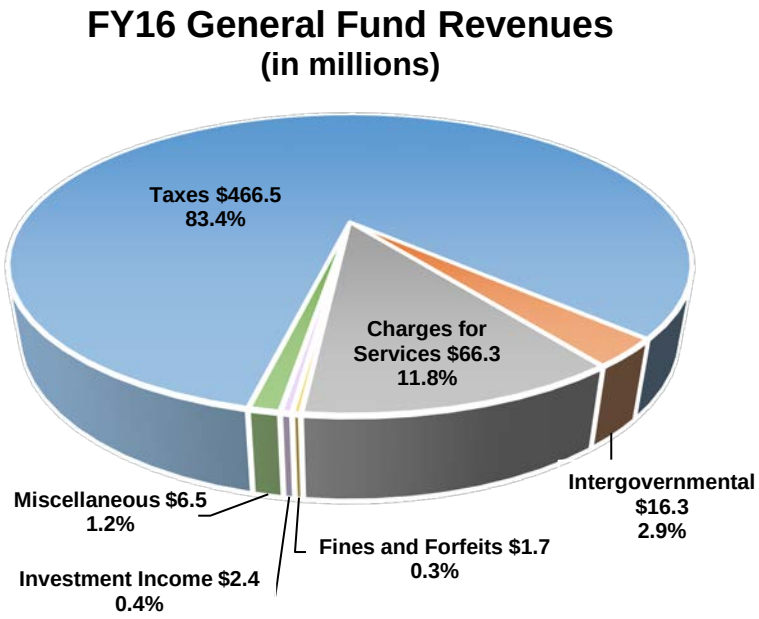
At the end of the current fiscal year, the County's general fund reported an ending fund balance of $193.8 million. Approximately $154.4 million of the total ending fund balance is available for future use, however; $14.0 million has been appropriated in the fiscal year 2017 budget and is categorized as assigned fund balance. The remaining fund balance consists of $39.4 million that is committed to specific types of expenditures.

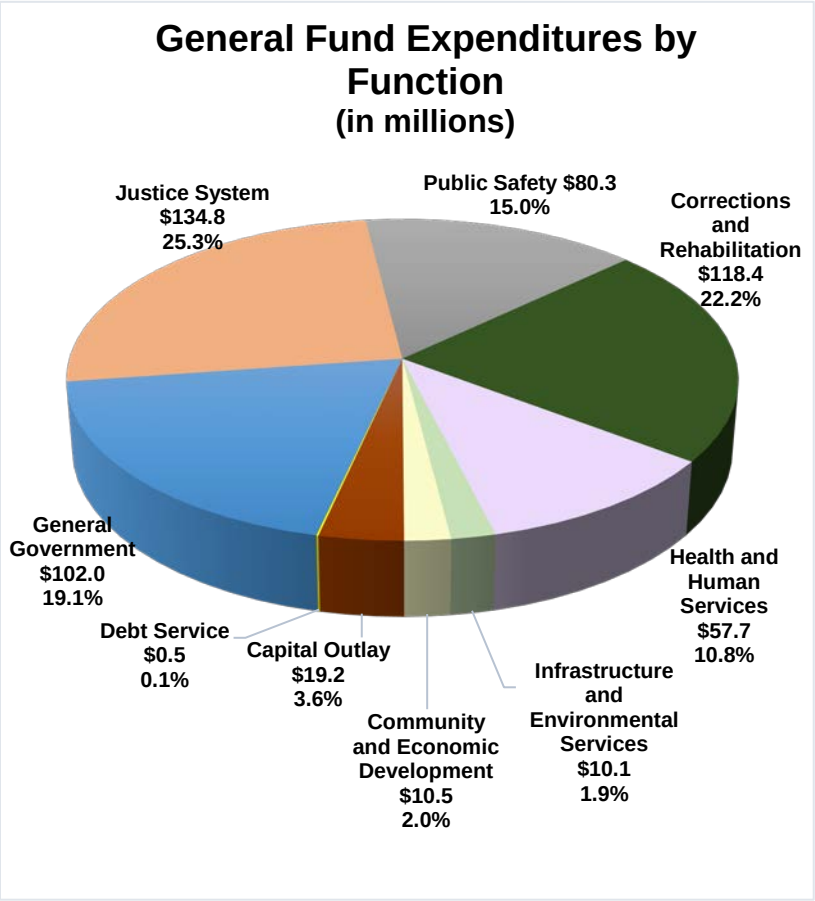
As a measure of the General Fund's liquidity, it can be useful to compare unassigned fund balance to total fund expenditures (including other financing uses). Please see the chart below to see how the General Fund's liquidity measurement has performed over the past five years.



REVENUES

Property taxes represent the largest source of funds for the County and at the end of fiscal year 2016 were 83.3% of total revenue. The remaining revenue categories are: Charges for Services, Intergovernmental, Fines and Forfeits, Miscellaneous, and Investment Income. The chart to the right shows the breakdown of each category of revenue as a percentage of total revenue.





EXPENDITURES

As depicted in this chart, Justice System and Corrections and Rehabilitation are the two largest uses of County funds. These are followed by General Government, Public Safety, Health and Human Services, Capital Outlay, Community and Economic Development, Infrastructure and Environmental Service, and Debt Service.

For more information on General Fund revenue and expenditures, please see Management's Discussion and Analysis in the County's Comprehensive Annual Financial Report.

County Functions

General Government

This category includes the County Judge and County Commissioners, administrative, financial, and physical support for the County's "line" offices/ departments, the Tax Office, Risk Management, the Employee Health Benefit Fund, Civil Service Commission, Election Administration, and certain recording duties of the County Clerk.

Justice System

Activities in this category are associated with the judicial responsibilities of the County. It includes the costs for the County's court systems (Civil Courts and Criminal Courts, which include indigent attorney fees, Probate Court, Juvenile Court, and the Justice of the Peace Courts) and associated offices/departments or parts thereof: District Clerk, County Clerk, District Attorney, County Attorney, the Dispute Resolution Center, Criminal Justice Planning, and the Law Library.

Public Safety

Public Safety includes activities associated with the protection of persons and property within the County including direct enforcement of State statutes. Offices and departments included in this category are the Constables, the Medical Examiner, and divisions of the Sheriff's Office dedicated to law enforcement and public safety. Also included are Emergency Services, Fire Marshal, and Criminal Justice Planning, which provide services for the Combined Transportation, Emergency and Communications Center (911 Call Center).

Corrections and Rehabilitation

This category includes activities associated with confinement, probation, counseling, and other related programs available for adult offenders. The Sheriff is in charge of the County jail and County corrections center. Also under this classification are the Community Supervision and Corrections Department (adult probation), Pretrial Services, and the Counseling and Educational Services Department, which was created to counsel and correct the behavior of offenders.

Health and Human Services

Activities designed to provide healthcare related services to those in need and promote the conservation and improvement of public health are included in this category. The County provides public assistance (assistance with food, rent, and utility expenses) through its Health and Human Services Department to eligible indigents, including military veterans. This category also includes the Agriculture Extension Service and the Emergency Medical Services Department, which is comprised of StarFlight and ground ambulance services.

Infrastructure and Environmental Services

Activities in this category are associated with the development and maintenance of the County's transportation systems, subdivision platting and review, conservation and development of natural resources, and activities associated with providing sanitation services within the County through the Transportation and Natural Resources Department.

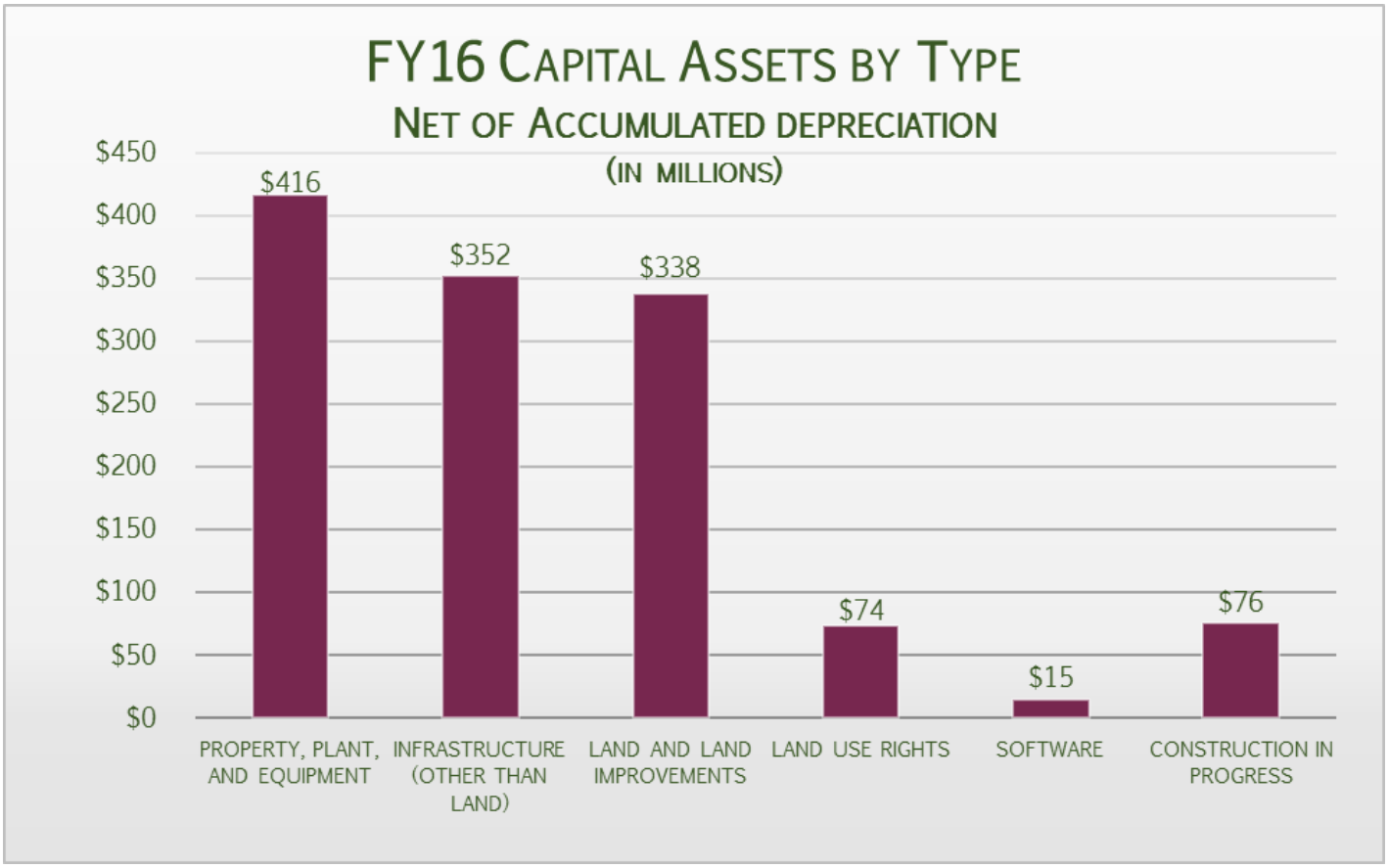
Community and Economic Development

Included in this category are activities for providing economic development in the County and cultural, recreational, and educational activities for the benefit of County residents and visitors. Specifically, the County owns and operates the Travis County Exposition Center and, in conjunction with the State of Texas, operates the Travis County Historical Commission. In addition, the County operates 46 parks that are either owned or maintained by the County. These parks, which vary from lakes and hills to rivers and prairies, provide facilities for picnics, hiking, camping, swimming, boating, soccer, baseball, and equestrian activities.

Capital Assets

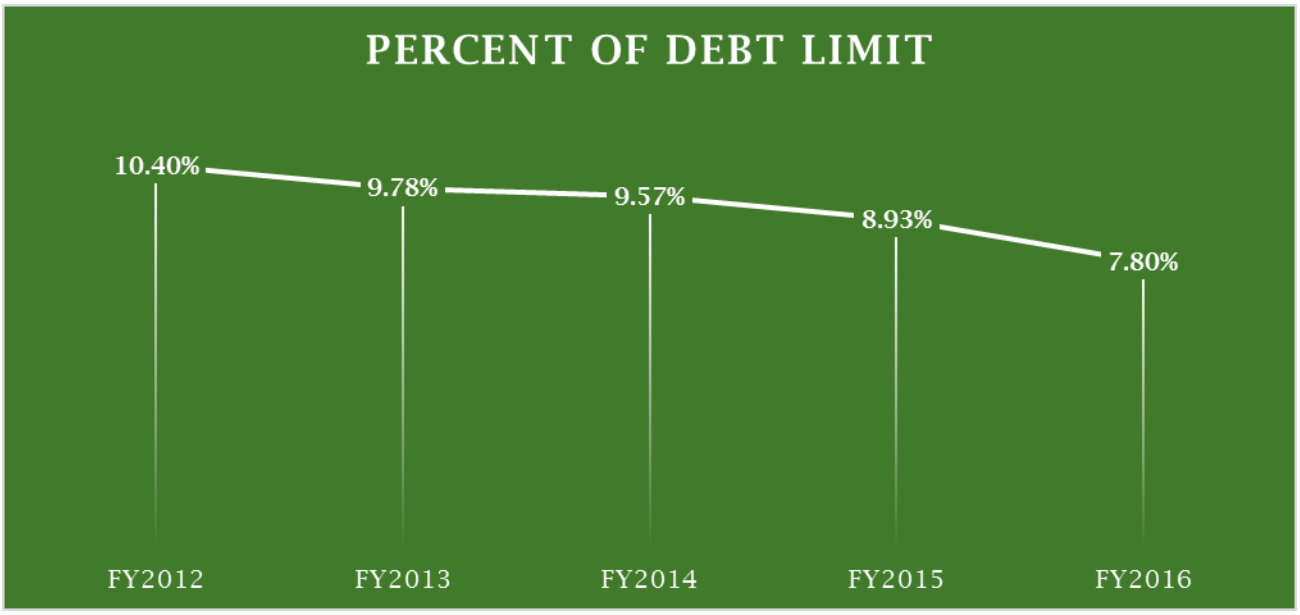
Capital assets are items with an estimated useful life of one year or more and meet the capitalization threshold of $5,000, with the exception of $100,000 for software. The County capitalizes all land and land improvements, regardless of cost.

Capital assets are included only in the government-wide financial statements unless they are associated with proprietary or fiduciary funds. Purchased or constructed capital assets are recorded at historical or estimated historical value, while donated capital assets are recorded at estimated fair market value at date of donation. The cost of all purchased, constructed, or donated assets is depreciated over the estimated useful life of the specific asset group. More detailed information about capital assets can be found in the Comprehensive Annual Financial Report.



During fiscal year 2016, Travis County maintained a bond rating of AAA from Standard and Poor's and Aaa from Moody's Investor Service, Inc. Neither the County nor any road district has ever defaulted on a principal or interest payment on its bonds or certificates of obligation and it maintains a General Purpose Debt Service fund to provide available funds to meet all obligations during the year.

The County's debt policy assists in governing the issuance, management, evaluation, and reporting of all County debt obligations. The policy provides parameters for the Commissioners' Court in deciding whether to issue additional debt and to ensure the debt issuance is within established limits.



Fiscal Year 2016 Issuances

During fiscal year 2016, the County issued general obligation bonds totaling $48.0 million, including $25.1 million in Unlimited Tax Road Bonds, $8.9 million in Limited Tax Permanent Improvement Bonds, and $14.0 million in Limited Tax State Highway System Bonds. The proceeds from these bonds will be largely used for road and bridge construction, park improvements, and road projects that will be part of the Texas state highway system. In addition, the County also issued $42.1 million in Limited Tax Certificates of Obligation. The majority of these proceeds will be used for building construction and improvements and road and bridge projects. During the fiscal year, the County issued $115.7 million in refunding bonds, of which $22.7 million is taxable, that were used to pay off amounts outstanding on previously issued bonds that carried higher interest costs.

Austin-Travis County Health Department receives accreditation

On May 17, 2016, the Austin-Travis County Health Department received accreditation from the Public Health Accreditation Board (PHAB), making it the third health department in Texas to be accredited. The City of Houston Health Department and the Tarrant County Health Department were accredited in 2014 and 2015, respectively.

Jointly funded by the Centers for Disease Control and Prevention (CDC) and the Robert Wood Johnson Foundation, the PHAB is a nonprofit organization that works to promote and protect the health of the public by advancing the quality and performance of all public health departments in the United States. The PHAB awards national accreditation status to those public health departments and integrated local public health department systems who have undergone a rigorous, peer-reviewed process and have met or exceeded a set of public health quality standards and measures.

NORC, an independent research institution at the University of Chicago, conducted a survey of health departments that had been accredited for at least one year. The survey found that 96% of health departments agreed or strongly agreed that achieving accreditation provided benefits such as stimulated quality improvement and performance management opportunities, improved management processes, stimulated greater accountability and transparency, and helped them to document their capacity to deliver critical public services to their communities.

Former CDC Director Thomas R. Frieden, M.D., M.P.H. said that "accreditation is a major accomplishment for a health department. It means that it is addressing key community health problems. Just as the public expects hospitals, law enforcement agencies and schools to be accredited, so should they come to expect public health departments."

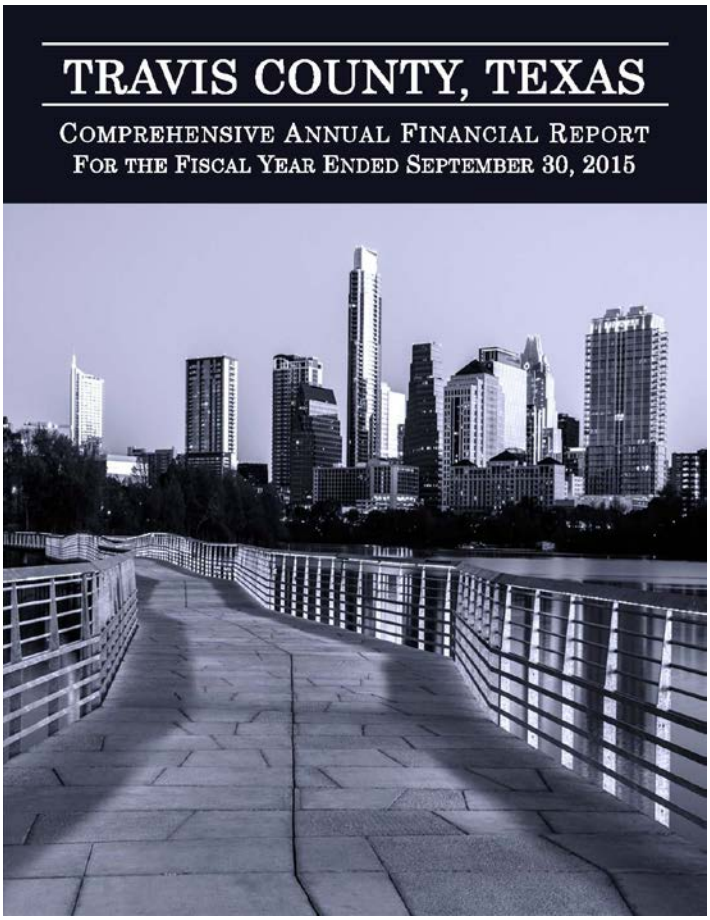
This was a multi-year project with support by both City and County staff, in addition to numerous local partners. Congratulations to our community!

Annual county-wide solicitation of employees to volunteer time or donate money.

FY16 goal was $150,000 and 100% participation.

Current Travis County Bond Ratings

Standard and Poor's	AAA
Moody's Investor Service, Inc.	Aaa



Travis County's Comprehensive Annual Financial Report (CAFR) for fiscal year end 2015, was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. The CAFR is compiled by the Auditor's Office and is audited by an independent firm of certified public accountants. The purpose of the CAFR is to give a detailed overview of the County's financial status, including various funds, investments, and debt service obligations.

WalletHub ranks Austin the third best city in the United States to find a job.

U.S. News & World Report ranks Austin #2 *Among Best Places to Live* in the US.

American City Business Journals rank Austin #1 for fastest growth in home values.

TRAVIS COUNTY

September 30, 2016

TRAVIS COUNTY VOTERS

DISTRICT ATTORNEY
Rosemary Lehmberg

DISTRICT CLERK
Velva Price

COUNTY ATTORNEY
David Escamilla

SHERIFF
Greg Hamilton

CONSTABLES
1. Danny Thomas
2. Adan Ballesteros
3. Sally Hernandez
4. Maria Conchola
5. Carlos Lopez

JUSTICES OF THE PEACE
1. Yvonne M. Williams
2. Randall Slagle
3. Susan Steeg
4. Raul Gonzalez
5. Herb Evans

COURT-AT-LAW JUDGES
1. Todd Wong
2. Eric Shepperd
3. John Lipscombe
4. Mike Denton
5. Nancy Hohengarten
6. Brandy Mueller
7. Elisabeth Earle
8. Carlos Barrera
9. Kim Williams

PROBATE JUDGE
Guy Herman

TAX ASSESSOR-COLLECTOR
Bruce Elfant

TREASURER
Dolores Ortega-Carter

COUNTY CLERK
Dana DeBeauvoir

CRIMINAL DISTRICT JUDGES
147th Cliff Brown
167th David Wahlberg
299th Karen Sage
331st David Crain
390th Julie Kocurek
403rd Brenda Kennedy
427th Jim Coronado
450th Don J. Clemmer

CIVIL DISTRICT JUDGES
53rd Scott H. Jenkins
98th Rhonda Hurley
126th Darlene Byrne
200th Gisela D. Triana
201st Amy Clark Meachum
250th Karin Crump
261st Lora J. Livingston
345th Stephen Yelenosky
353rd Tim Sulak
419th Orlinda Naranjo

COMMISSIONERS COURT
Sarah Eckhardt, County Judge
Ron Davis, Pct. 1
Brigid Shea, Pct. 2
Gerald Daugherty, Pct. 3
Margaret Gomez, Pct. 4

JUVENILE BOARD
All District Judges | County Judge

JUVENILE PROBATION
Estela Medina

Domestic Relations

COMMUNITY SUPERVISION & CORRECTIONS
Charles Robinson

Pre-Trial Services

COUNTY AUDITOR
Nicki Riley

PURCHASING BOARD
(2) County Commissioners | (3) District Judges

PURCHASING AGENT
Cyd Grimes

DEPARTMENTS REPORTING TO COMMISSIONERS' COURT

CHIEF INFORMATION OFFICER
- Information Technology Services

INTERGOVERNMENTAL RELATIONS

JUSTICE & PUBLIC SAFETY
- Juvenile Public Defender
- Counseling & Education Services
- Justice Planning
- Dispute Resolution Center

EMERGENCY SERVICES
- Emergency Medical Services
- Medical Examiner
- Technology & Communications
- Fire Marshal

HEALTH AND HUMAN SERVICES & VETERANS SERVICES
- Texas Cooperative Extension Service

TRANSPORTATION & NATURAL RESOURCES

PLANNING & BUDGET

OPERATIONS MANAGEMENT
- Human Resources Management
- Facilities Management
- Exposition & Heritage Center
- Records Management & Communications Resources

Independently Elected/Appointed Officials with statutory duties