

**RUSK COUNTY, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Prepared by:**  
**County Auditor**



**Rusk County, Texas**  
**Comprehensive Annual Financial Report**  
**For the Year Ended December 31, 2018**

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COUNTY AUDITOR  
Ronald Moody



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

June 20, 2019

Honorable County Judge Joel Hale  
Honorable County Commissioners,  
Taxpayers and Citizens of Rusk County  
Henderson, Texas

Conforming to statutory requirements of the duties of the County Auditor, submitted herewith is the Comprehensive Annual Financial Report (CAFR) for Rusk County for the year ended December 31, 2018. The report was prepared by the County Auditor's Office. This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Texas State law requires the County's financial statements be audited by a licensed independent certified public accountant. The Commissioners' Court selected Morgan LaGrone, CPA, PLLC to perform the audit for the current fiscal year. The auditors have issued an unmodified opinion on Rusk County's financial statements for the year ended December 31, 2018, and their report may be found on pages 7-9 in the Financial Section of this report.

In addition to meeting the requirement set forth by statute, the audit was also designed to meet the requirements of the standards set forth in the Government Accountability Office's *Government Auditing Standards*. The auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* is on pages 129-130 of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found on pages 11-21 immediately following the independent auditor's report.

### **Profile of the Government**

Rusk County, Texas, created in 1843, is located in the northeast part of the State. The County occupies a land area of 932 square miles and serves a population of 54,450. The County is empowered to levy a property tax on both real and personal property located within its boundaries.

The financial statements present information on the financial position and operations of County government as a single comprehensive reporting entity. The various agencies, departments and accounts of the County that

constitute the County reporting entity are included in this report in accordance with criteria established by the GASB. The reporting entity consists of all the funds of the primary government (Rusk County).

The County operates under the policy and legislative authority of the Commissioners' Court, consisting of a County Judge, elected at-large and four (4) County Commissioners, each elected from a designated precinct. The Commissioners' Court's primary function is the administration of the affairs of the County, which includes the adopting of the County budget. The County Judge and the Commissioners all serve four-year terms.

The County provides the full range of County services contemplated by statute or charter. This includes general administration, judicial, legal, elections, financial administration, public facilities, public safety, environmental protection, conservation, public transportation, health and welfare care, and recreation.

The County Judge is by statute the Budget Officer of the County and is responsible for presenting a prepared County budget to the Commissioners' Court for approval.

The Commissioners' Court invites any interested citizen to appear for a budget hearing concerning the County's budget prior to adoption. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts as proposed in the budget. Expenditure amounts finally budgeted may not exceed the estimated revenues and available fund balance. A tax rate is then set which will generate the estimated ad valorem tax revenues in the budget.

When the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budget appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts.

Funds are budgeted on an annual basis with no carryovers into the next year. If a fund(s) has or shows a balance at the end of the year, the balance is included in making computation of funds available for the next year's budget.

Budget to actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the General Fund and the Road Bridge Fund, and Airport Fund (the County's three (3) major funds), this comparison is on pages 35-37 as part of the Basic Financial Statements. For other governmental funds, this comparison is presented in the Combining and Individual Fund Financial Statements and Schedules section of this report, starting on page 79.

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

### **Local Economy**

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

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

The County has a civilian labor force of 27,933, which is consistent with the prior year.



## **Long-term Financial Planning**

The Commissioners' Court continues to be very active in budgeting financial resources to rehabilitate all County maintained infrastructure over a number of years in the most economical way. Various capital outlays for road and bridge equipment have been made and are planned to ensure that the department stays updated to meet future repair needs.

Tobacco funds received from the State are being accumulated to cover future health costs.

Various costs associated with increased health care premiums for active and retired employees had a significant effect on the financial statements in 2018. The County continues to participate in the insurance program provided through the Texas Association of Counties. This insurance pool allows the County to limit increases in premiums at an amount less than the national average.

## **Awards and Acknowledgements**

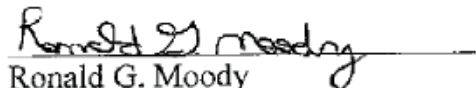
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rusk County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2017. This was the twenty-eighth (28<sup>th</sup>) consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both GAAP and applicable legal requirements.

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

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

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

Respectfully submitted,

  
Ronald G. Moody  
County Auditor



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Rusk County**  
**Texas**

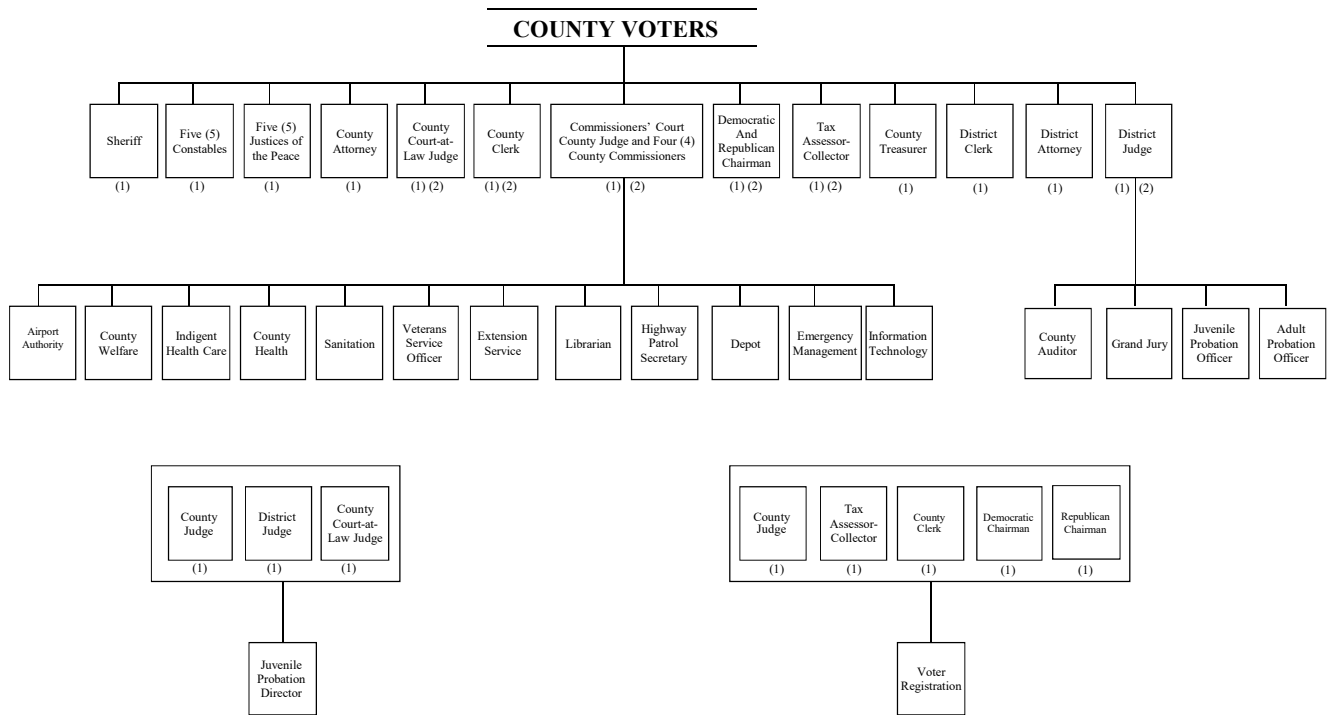
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO

# RUSK COUNTY, TEXAS ORGANIZATIONAL CHART



(1) Denotes elected officials. All others are appointed.  
 (2) Denotes joint and overlapping responsibilities.

**Rusk County, Texas**  
**List of Elected and Appointed Officials**  
**December 31, 2018**

Elected Officials

4th Judicial District Judge	Honorable J. Clay Gossett
County Judge	Honorable Joel Hale
County Commissioner, Precinct #1	Honorable W.D. Bill Hale
County Commissioner, Precinct #2	Honorable Tammy Pepper-McClain
County Commissioner, Precinct #3	Honorable Greg Gibson
County Commissioner, Precinct #4	Honorable Harold Howell
County Court-at-Law Judge	Honorable Chad Dean
County Attorney	Micheal Jimerson
County Clerk	Trudy McGill
County Sheriff	Jeff Price
County Tax Assessor-Collector	Lanita Whitehead
County Treasurer	Andy Vinson
District Clerk	Terri Willard
Constable, Precinct #1	Sammy Nichols
Constable, Precinct #2	Chuck McDonald
Constable, Precinct #3	Kenneth Miley
Constable, Precinct #4	David Guy
Constable, Precinct #5	Jimmy Skinner
Justice of the Peace, Precinct #1	Jerdy Wolverton
Justice of the Peace, Precinct #2	Bonnie Miller
Justice of the Peace, Precinct #3	Jackie Risinger
Justice of the Peace, Precinct #4	Darlene Childress
Justice of the Peace, Precinct #5	Joe Sorrells

Appointed Officials

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

# Morgan LaGrone, CPA, PLLC

## Certified Public Accountant

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Telephone: 903.657.0240  
Fax: 903.655.1324

116 S Marshall  
Henderson TX 75654

### INDEPENDENT AUDITOR'S REPORT

Rusk County Commissioners' Court  
Rusk County, Texas

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas, ("County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the internal service fund type of Rusk County, Texas, as of and for the year ended December 31, 2018, as displayed in the County's basic financial statements. We also have audited the financial statements of each of the County's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2018, as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

**MEMBER**

*AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS*

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

## **Opinions**

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison schedules for the General Fund, the Road and Bridge Fund, and the Airport Fund (major special revenue funds) for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of Rusk County, Texas, as of December 31, 2018, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note G to the financial statements, in 2018, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. 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 on pages 11 through 21, the schedule of changes in net pension liability and schedule of contributions on pages 70-71, and the schedule of changes in net OPEB and schedule of contributions on pages 73-74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise Rusk County, Texas', basic and combining and individual fund financial statements. The introductory section, the Budgetary Comparison for the General Fund, Road and Bridge Fund, Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Airport Fund, Juvenile Services Fund, Debt Service Fund, and the Water Supply Grant Fund; the Capital Assets Used in the Operation of Governmental Funds schedules; the statistical section; Schedule of Expenditures of Federal Awards; and the Schedule of Expenditures of State

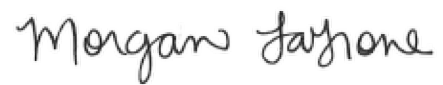
Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison for the General Fund, Road and Bridge Fund, Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Airport Fund, Juvenile Services Fund, and the Debt Service Fund; the Capital Assets Used in the Operation of Governmental Funds schedules; the Schedule of Expenditures of Federal Awards; and the Schedule of Expenditures of State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic and combining and individual fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison for the General Fund, Road and Bridge Fund, Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Airport Fund, Juvenile Services Fund, Debt Service Fund, and the Water Supply Grant Fund; the Capital Assets Used in the Operation of Governmental Funds schedules; the Schedule of Expenditures of Federal Awards; and the Schedule of Expenditures of State Awards are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2019, on our consideration of Rusk County, Texas, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

  
\_\_\_\_\_  
Morgan LaGrone, CPA, PLLC

Henderson, Texas  
June 18, 2019

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## Management's Discussion and Analysis

As management of Rusk County, Texas, (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-3 of this report.

### Financial Highlights

- ◆ The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the year by \$32,607,371 (Net Position). Of this amount, \$12,790,180 (Unrestricted Net Position) may be used to meet the County's ongoing obligations to citizens and creditors.
- ◆ The County's total net position decreased by \$2,293,737.
- ◆ As of the close of the current year, the County's governmental funds reported combined ending fund balances of \$23,873,105 an increase of \$3,684,000 in comparison with the prior year. \$13,088,897 of this amount is available for spending at the County's discretion (Unassigned Fund Balance). The principal reason for the increase in fund balance is attributable to an increase in revenue from property taxes and fees.
- ◆ At the end of the current year, Unassigned Fund Balance for the General Fund was \$13,088,897, or 83.72% of total General Fund expenditures.
- ◆ On August 8, 2016, the Commissioners' Court authorized the issuance of \$7,115,000 in general obligation refunding bonds to advance refund a portion of the County's Series 2008 certificates of obligation. The refunding resulted in an overall savings of \$816,462 over the next 7 years.

### Overview of the Financial Statements

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

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

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

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and

expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensatory time).

Both of the Government-wide Financial Statements are designed to distinguish functions of the County that are principally supported by taxes, intergovernmental revenues, fees, and fines (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, judicial, legal, elections, financial administration, public facilities, public safety, public transportation, health and welfare, culture and recreation, and conservation. Rusk County has no business-type activities.

The Government-wide Financial Statements contain financial information only for the County. Rusk County has no component units as defined by generally accepted accounting principles (GAAP).

The Government-wide Financial Statements can be found on pages 27-28 of this report.

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

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

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

The County maintains eleven (11) individual governmental funds. Each of the funds is described on pages 79-80 of this report. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Road and Bridge Fund and the Airport Fund, each of which are considered to be major funds. Data from the other eight (8) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of Combining Statements elsewhere in this report.

The County adopts annual appropriated budgets for the General Fund, the Road and Bridge Fund, and the Airport Fund, its three (3) major funds. A Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual is presented at the functional level of detail for each of these funds on pages 35-37 of this report. In addition, a Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual is presented for the

General Fund, the Road and Bridge Fund, and the Airport Fund at the activity or departmental level to demonstrate legal compliance with the budget on pages 85-87, page 88, and page 92 respectively.

The County also adopts annual appropriated budgets for six (6) of its eight (8) nonmajor governmental funds (Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Juvenile Services Fund, Water Supply Grant, and Debt Service Fund). A Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (GAAP Basis) and Actual is presented for each of these funds to demonstrate compliance with their budgets starting on page 89 of this report.

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

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

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

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

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

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The Notes to the Financial Statements can be found on pages 43-67 of this report.

**Other Information.** In addition to the Basic Financial Statements and accompanying Notes, this report also presents Combining and Individual Fund Financial Statements and Schedules. These statements and schedules provide greater detail in connection with Governmental Funds, Fiduciary Funds, and Capital Assets Used in the Operation of Governmental Funds. The Combining and Individual Fund Financial Statements and Schedules may be found on pages 81-104 of this report.

### **Government-wide Financial Analysis.**

**Net Position.** As noted earlier, Net Position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,607,371 at the close of the most recent fiscal year.

A large portion of the County's Net Position (55.61%) reflects its investment in capital assets (e.g., Land, Buildings, Machinery and Equipment, and Infrastructure), less the related outstanding debt to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is

reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Rusk County, Texas**  
**Net Position of Governmental Activities**  
 (Table 1)

	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$ 46,436,129	\$ 47,876,694
Capital Assets	24,871,708	25,375,540
Total Assets	<u>\$ 71,307,837</u>	<u>\$ 73,252,234</u>
 Total Deferred Outflows of Resources	 <u>\$ 1,201,869</u>	 <u>\$ 3,492,350</u>
 Long-Term Liabilities Outstanding	 \$ 14,903,262	 \$ 19,778,752
Other Liabilities	682,520	940,015
Total Liabilities	<u>\$ 15,585,782</u>	<u>\$ 20,718,767</u>
 Total Deferred Inflows of Resources	 <u>\$ 24,316,553</u>	 <u>\$ 21,124,709</u>
 Net Position:		
Net Investment in Capital Assets	\$ 18,133,773	\$ 17,401,492
Restricted	1,683,418	1,517,928
Unrestricted	12,790,180	15,981,688
Total Net Position	<u>\$ 32,607,371</u>	<u>\$ 34,901,108</u>

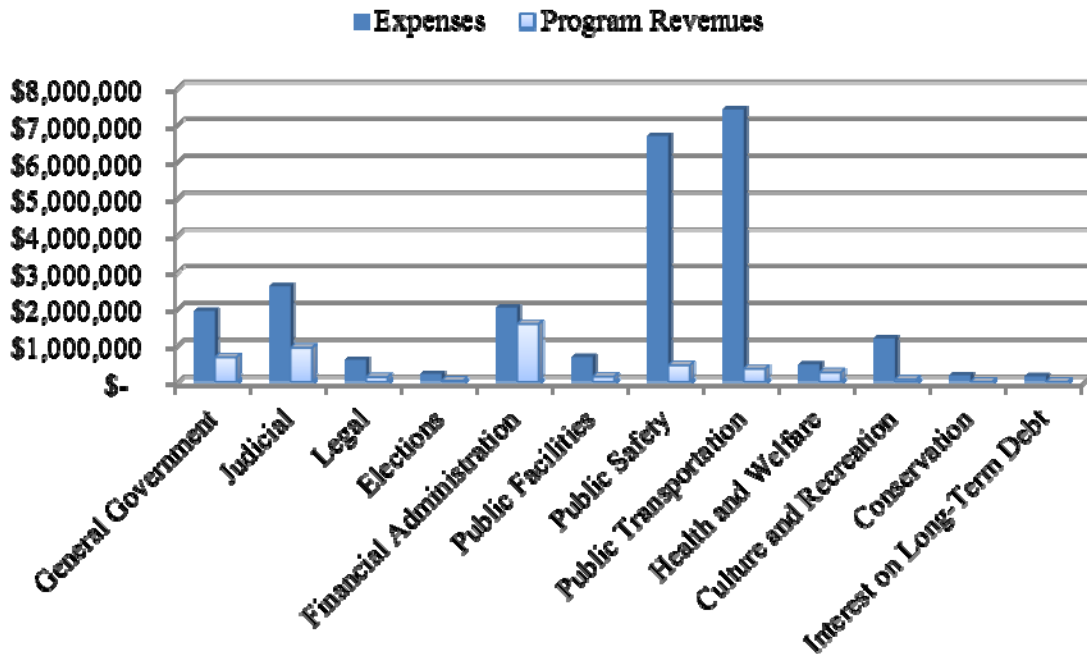
At the end of the current fiscal year, the County is able to report positive balances in all three (3) categories of Net Position. The same situation held true for the prior fiscal year.

**Changes in Net Position.** Net Position for the County decreased \$2,293,737 from the prior year. The economy in this part of the country is not as impacted by the overall slowdown as other parts of the country. The most significant County revenue source is Ad Valorem Taxes, which represented 72.82% of total revenue in the most recently completed fiscal year. Fees and fines charged and collected by County Officials generated another 17.27% of revenue. Grants received from the State and Federal government constituted 3.84% of revenue. The remaining balance of the County’s revenue, 6.08% came from other taxes, oil and gas royalties, interest, and other miscellaneous revenues.

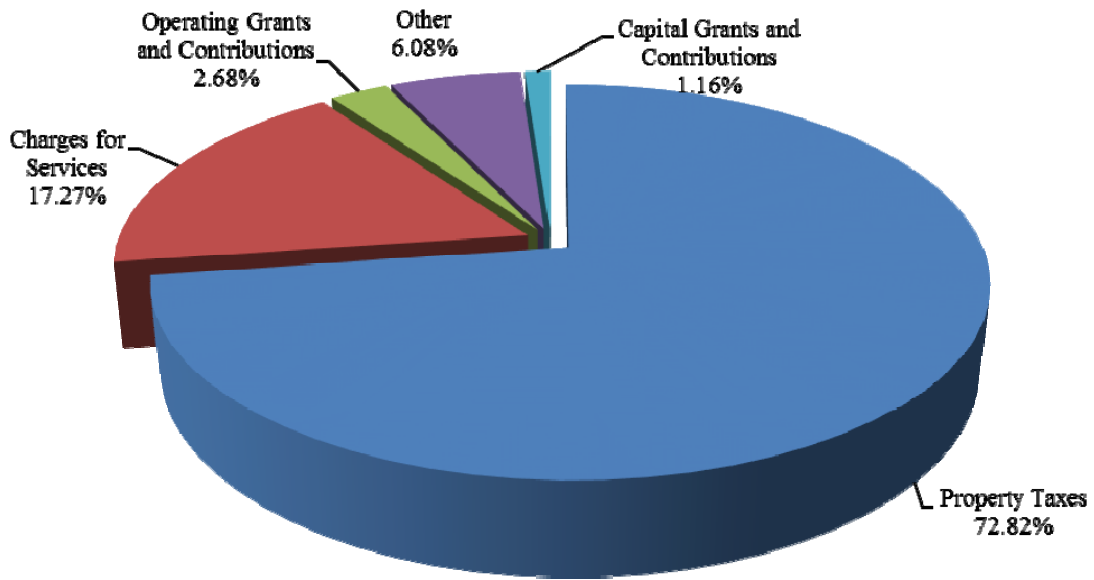
**Rusk County, Texas**  
**Changes in Net Position of Governmental Activities**  
(Table 2)

Revenues:	<u>2018</u>	<u>2017</u>
Program Revenues:		
Charges for Services	\$ 3,764,132	\$ 3,454,923
Operating Grants and Contributions	583,986	642,054
Capital Grants and Contributions	252,401	171,724
General Revenues:		
Property Taxes	15,875,812	19,952,562
Other	1,324,874	1,670,493
Total Revenues	<u>\$ 21,801,205</u>	<u>\$ 25,891,756</u>
Expenses:		
General Government	\$ 1,925,446	\$ 2,802,813
Judicial	2,595,988	2,281,266
Legal	599,587	622,483
Elections	217,943	225,542
Financial Administration	2,017,100	1,988,815
Public Facilities	673,318	678,806
Public Safety	6,679,591	8,015,223
Public Transportation	7,398,140	7,431,412
Health and Welfare	474,859	610,036
Culture and Recreation	1,181,155	1,244,740
Conservation	181,157	194,279
Interest on Long-Term Debt	150,658	179,505
Total Expenses	<u>\$ 24,094,942</u>	<u>\$ 26,274,920</u>
Increase in Net Position	\$ (2,293,737)	\$ (383,164)
Net Position - Beginning	<u>34,901,108</u>	<u>35,284,272</u>
Net Position - Ending	<u>\$ 32,607,371</u>	<u>\$ 34,901,108</u>

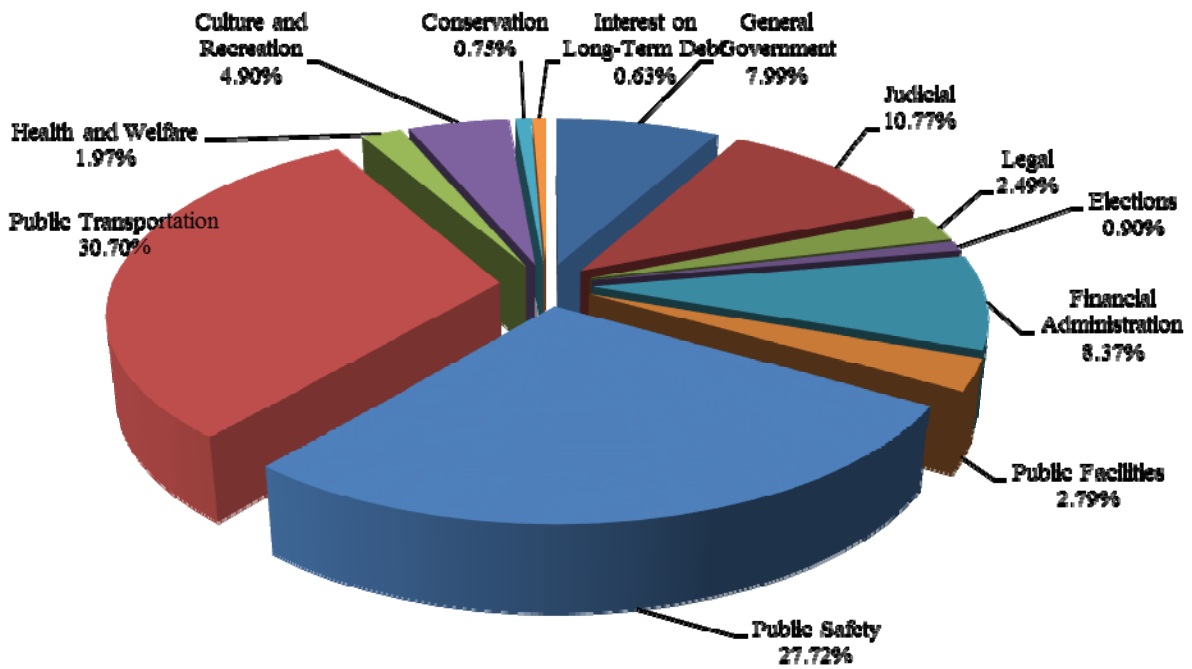
Rusk County, Texas  
 Governmental Activities  
 Expenses and Program Revenues  
 2018  
 (Chart 1)



Rusk County, Texas  
 Governmental Activities  
 Revenues by Source  
 2018  
 (Chart 2)



Rusk County, Texas  
 Governmental Activities  
 Expenses by Function  
 2018  
 (Chart 3)



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

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

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

As of the end of the current fiscal year, the County's Governmental Funds reported combined ending Fund Balances of \$23,873,105, an increase of \$3,684,000 in comparison with the prior year. 54.83% of this (\$13,088,897) constitutes Unassigned Fund Balance, which is available for spending at the County's discretion. The remainder of Fund Balance is nonspendable or restricted to indicate that it is 1) not in spendable form (\$252,526), or 2) restricted for particular purposes (\$10,531,681).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, Unassigned Fund Balance of the General Fund was \$13,088,897, while total Fund Balance was \$23,873,105. As a measure of the General Fund's liquidity, it may be useful to compare Fund Balance to total fund expenditures. Unassigned Fund Balance represents 83.72% of total General Fund expenditures.

The Fund Balance of the County's General Fund increased by \$1,774,869 during the current fiscal year.

The Road and Bridge Fund has a total Fund Balance of \$3,639,496 all of which is Restricted Fund Balance (for County roads and bridges) and nonspendable. The net increase in Fund Balance during the year was \$1,021,607, which is an increase of 39.02% from the prior year.

The Airport Fund has a total Fund Balance of \$2,437,509, a decrease of \$180,668 from the prior year.

**Proprietary Funds.** The County's Proprietary Funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The County's only Proprietary Fund is the Insurance Internal Service Fund. Unrestricted Net Position at the end of the current year amounted to \$1,272,128. The County provides employees and retirees' health and life insurance through traditional insurance.

## **General Fund Budgetary Highlights.**

Differences between the original budget and the final amended budget were a net increase in appropriations of \$77,290. Significant among the increases were:

- ◆ *\$50,238 in increases allocated to the Tax Assessor-Collector.*
- ◆ *\$52,640 net increase in expenditures allocated to the Information Technology Department.*

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

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



Differences between the final amended budget and actual General Fund expenditures were a net positive variance of \$2,173,534. Significant among the net positive variances were:

- ◆ \$339,000 in positive budget variances in Nondepartmental, due to less than anticipated costs for postage, accounting fees, and software and computer equipment.
- ◆ \$303,400 in positive budget variances in Judicial/All Courts, due to less than anticipated costs for capital murder trials.
- ◆ \$71,100 in positive budget variances in Public Facilities/Maintenance due to less than expected costs for minor repairs and maintenance.
- ◆ \$116,700 in positive budget variances in Legal/District Attorney due to less than anticipated special trial expenditures.
- ◆ \$50,000 in positive budget variances in Public Safety/Jail due to savings in insurance, medical fees, and utilities.
- ◆ \$79,500 in positive budget variances in Public Safety/Sheriff due mostly to savings in fuel costs, insurance, litigation, and deputy training.
- ◆ \$97,100 in positive budget variances in Health and Welfare/Ambulance and Sanitation due to less than anticipated expenditures in contracted services.
- ◆ \$666,300 in positive budget variances in Capital Outlay due to less than anticipated major renovations and other capital improvements.
- ◆ The balance of the positive variance resulted from a general cost savings in all departments within the County.

**Governmental Activities Capital Asset and Debt Administration.**

**Governmental Activities Capital Assets.** The County’s investment in Governmental Activities Capital Assets as of December 31, 2018, amounts to \$24,871,708, net of accumulated depreciation. This investment in Governmental Activities Capital Assets includes Land, Buildings, Machinery and Equipment, and Infrastructure (e.g., roads and bridges).

Major Capital Asset events during the current fiscal year included the following:

- ◆ Runway construction for the Airport.
- ◆ Approximately \$805,619 of equipment purchased for the County’s Road & Bridge Department.

**Rusk County, Texas  
Capital Assets Used in Governmental Activities  
(Net of Depreciation)  
(Table 3)**

	<u>2018</u>	<u>2017</u>
Land	\$ 1,032,025	\$ 1,032,025
Construction in Progress	154,346	-
Buildings	18,788,028	19,454,695
Machinery and Equipment	3,702,178	3,590,811
Infrastructure	1,195,131	1,298,008
Total Capital Assets	\$ 24,871,708	\$ 25,375,539

Additional information on the County’s Capital Assets can be found in Note IV (C) on page 55 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the County had total debt of \$14,903,262.

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

	<u>2018</u>	<u>2017</u>
Certificates of Obligation:		
Principal Amount of Debt	\$ 6,050,000	\$ 7,115,000
Premium on Issuance of Debt	497,196	616,523
OPEB Liability	2,041,309	2,240,841
Net Pension Liability	5,955,171	9,398,536
Capital Leases	238,417	301,643
Compensated Absences	121,169	106,209
Total Long-Term Debt	<u>\$ 14,903,262</u>	<u>\$ 19,778,752</u>

The Texas State Constitution limits the amount of general obligation bonded debt the County may issue to 25% of the assessed value of the real property in the County. The current debt limit for the County is \$767,846,250. The County presently has \$6,050,000 in general obligation bonded debt.

Additional information on the County’s long-term debt can be found in Note IV (H) on pages 63-65 of this report.

**Economic Factors and Next Year’s Budgets and Rates.**

- ◆ The unemployment rate for the County as of the end of the fiscal year was 4.1%, compared with a rate of 5.1% a year ago.
- ◆ The County’s assessed valuation of property for the 2017 property tax year (2018 fiscal year) has decreased \$23,730,700 to approximately \$3,695,739,010.
- ◆ The County’s property tax rate decreased from \$0.637584 per \$100 of assessed valuation to \$0.577084 per \$100 assessed valuation for the 2019 budget year (2018 property tax year).

All of these factors were considered in preparing the County’s budget for the 2019 fiscal year.

During the current fiscal year, Unassigned Fund Balance in the General Fund increased to \$13,088,897. That amount represents approximately ten months of General Fund operations, and the County believes that to be a reasonable reserve. As a result, the County utilized \$6,910,607 of fund balance to avoid fee increases when preparing the 2019 budget.

## **Requests for Information.**

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

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

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# **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

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Rusk County, Texas  
Statement of Net Position  
December 31, 2018

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Cash	\$ 31,373,771
Investments	1,362,695
Receivables (net of allowances for uncollectibles):	
Property Taxes	13,411,508
Due from Other Governments	13,062
Accounts	89,367
Prepays	185,726
Capital Assets (not being depreciated)	
Land	1,032,025
Construction in Progress	154,346
Capital Assets (net of accumulated depreciation):	
Buildings	18,788,028
Machinery & Equipment	3,702,178
Infrastructure	1,195,131
	\$ 71,307,837
<b><u>Deferred Outflows of Resources</u></b>	
Deferred Amount on Bond Refunding	\$ 47,678
Deferred Outflows - Pensions	1,154,191
	\$ 1,201,869
<b><u>Liabilities</u></b>	
Accounts Payable and Accrued Expenses	\$ 551,716
Due to Other Governments	130,804
Noncurrent Liabilities:	
Due Within One Year	1,191,108
Due in More than One Year	5,715,674
Net Pension Liability	5,955,171
Net OPEB Liability	2,041,309
	\$ 15,585,782
<b><u>Deferred Inflows of Resources</u></b>	
Deferred Revenue - Advance Tax Collections	\$ 7,291,534
Deferred Revenue	15,140,240
Deferred Inflows - Pensions	1,884,779
	\$ 24,316,553
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	\$ 18,133,773
Restricted for:	
Debt Service	1,616,223
Perpetual Care:	
Expendable	395
Nonexpendable	15,000
County Independent School Districts	
Nonexpendable	51,800
Unrestricted	12,790,180
	\$ 32,607,371

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

Rusk County, Texas  
Statement of Activities  
For the Year Ended December 31, 2018

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)/ Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b><u>Functions/Programs:</u></b>					
General Government	\$ 1,925,446	\$ 662,456	\$ 5,266	\$ -	\$ (1,257,724)
Judicial	2,595,988	925,813	268	-	(1,669,907)
Legal	599,587	35,826	94,397	-	(469,364)
Elections	217,943	30,988	-	-	(186,955)
Financial Administration	2,017,100	1,572,383	-	-	(444,717)
Public Facilities	673,318	10,502	-	133,664	(529,152)
Public Safety	6,679,591	119,172	332,161	-	(6,228,258)
Public Transportation	7,398,140	187,143	51,081	118,737	(7,041,179)
Health and Welfare	474,859	183,883	72,685	-	(218,291)
Culture and Recreation	1,181,155	35,966	28,128	-	(1,117,061)
Conservation	181,157	-	-	-	(181,157)
Interest on Long-Term Debt	150,658	-	-	-	(150,658)
Net (Expense)/Revenue	<u>\$ 24,094,942</u>	<u>\$ 3,764,132</u>	<u>\$ 583,986</u>	<u>\$ 252,401</u>	<u>\$ (19,494,423)</u>
General Revenues:					
Property Taxes					\$ 15,875,812
Other Taxes					10,267
Interest Earned					417,491
Gain on Sale of Capital Assets					42,040
Miscellaneous					855,076
Total General Revenues					<u>\$ 17,200,686</u>
Change in Net Position					\$ (2,293,737)
Net Position - Beginning					<u>34,901,108</u>
Net Position - Ending					<u>\$ 32,607,371</u>

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

## **FUND FINANCIAL STATEMENTS**

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Rusk County, Texas  
Balance Sheet  
Governmental Funds  
December 31, 2018

	General Fund	Road & Bridge Fund	Airport Fund	Other Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>					
Cash	\$ 16,843,416	\$ 5,837,596	\$ 2,410,763	\$ 5,004,960	\$ 30,096,735
Investments	1,310,895	-	-	51,800	1,362,695
Receivables (net of allowances for uncollectibles):					
Property Taxes	8,854,366	3,817,490	-	739,652	13,411,508
Due from Other Governments	13,062	-	-	-	13,062
Accounts	45,761	871	42,735	-	89,367
Prepays	136,591	49,135	-	-	185,726
<b>Total Assets</b>	<b>\$ 27,204,091</b>	<b>\$ 9,705,092</b>	<b>\$ 2,453,498</b>	<b>\$ 5,796,412</b>	<b>\$ 45,159,093</b>
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 197,587	\$ 157,021	\$ 11,569	\$ 31,176	\$ 397,353
Due to Other Governments	130,804	-	-	-	130,804
<b>Total Liabilities</b>	<b>\$ 328,391</b>	<b>\$ 157,021</b>	<b>\$ 11,569</b>	<b>\$ 31,176</b>	<b>\$ 528,157</b>
<b><u>Deferred Inflows of Resources</u></b>					
Unavailable Revenue - Advance Tax Collections	\$ 4,796,087	\$ 2,090,847	-	\$ 404,600	\$ 7,291,534
Unavailable Revenue - Other	-	-	4,420	50,334	54,754
Unavailable Revenue - Tax Revenue	8,854,125	3,817,728	-	739,691	13,411,544
<b>Total Deferred Inflows of Resources</b>	<b>\$ 13,650,212</b>	<b>\$ 5,908,575</b>	<b>\$ 4,420</b>	<b>\$ 1,194,625</b>	<b>\$ 20,757,832</b>
<b><u>Fund Balances</u></b>					
Nonspendable	\$ 136,591	\$ 49,135	-	\$ 66,800	\$ 252,526
Restricted	-	3,590,361	2,437,509	4,503,811	10,531,681
Unassigned	13,088,897	-	-	-	13,088,897
<b>Total Fund Balances</b>	<b>\$ 13,225,489</b>	<b>\$ 3,639,496</b>	<b>\$ 2,437,509</b>	<b>\$ 4,570,611</b>	<b>\$ 23,873,105</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 27,204,091</b>	<b>\$ 9,705,092</b>	<b>\$ 2,453,498</b>	<b>\$ 5,796,412</b>	<b>\$ 45,159,093</b>

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

Rusk County, Texas  
 Reconciliation of the Balance Sheet-Governmental Funds  
 to the Statement of Net Position  
 December 31, 2018

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

Total Fund Balances-Total Governmental Funds (Page 31)	\$ 23,873,105
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,871,708
The Internal Service Fund is used to charge the costs of health insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	1,272,128
Net Delinquent Property Taxes Receivable is a "long-term asset" and not available to pay for current period expenditures and therefore is deferred in the funds.	(1,728,696)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (See Note II.A.)	(6,953,806)
Net OPEB Liability and the related deferred outflows and deferred inflows of resources are not reported in the funds. (See Note II.A.)	(2,041,309)
Net Pension Liability and the related deferred outflows and deferred inflows of resources are not reported in the funds. (See Note II.A.)	<u>(6,685,759)</u>
Net Position of Governmental Activites (page 27)	<u><u>\$ 32,607,371</u></u>

Rusk County, Texas  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2018

	General Fund	Road & Bridge Fund	Airport Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Ad Valorem Taxes	\$ 14,497,401	\$ 6,139,394	\$ -	\$ 1,985,377	\$ 22,622,172
Other Taxes	10,267	-	-	-	10,267
Intergovernmental	168,836	91,564	27,173	461,747	749,320
Fees	1,680,369	903,689	253,988	174,605	3,012,651
Fines and Forfeitures	527,148	51,081	-	7,493	585,722
Miscellaneous	615,753	312,383	583,451	96,250	1,607,837
<b>Total Revenues</b>	<b>\$ 17,499,774</b>	<b>\$ 7,498,111</b>	<b>\$ 864,612</b>	<b>\$ 2,725,472</b>	<b>\$ 28,587,969</b>
<b>Expenditures:</b>					
Current:					
General Government	\$ 1,460,495	\$ -	\$ -	\$ 44,957	\$ 1,505,452
Judicial	2,473,916	-	-	73,757	2,547,673
Legal	566,467	-	-	26,044	592,511
Elections	215,923	-	-	-	215,923
Financial Administration	1,998,877	-	-	6,910	2,005,787
Public Facilities	521,522	-	-	133,864	655,386
Public Safety	5,901,159	-	-	473,545	6,374,704
Public Transportation	-	5,436,621	667,149	-	6,103,770
Health and Welfare	436,121	-	-	34,932	471,053
Culture and Recreation	1,163,528	-	-	-	1,163,528
Conservation	177,036	-	-	-	177,036
Nondepartmental	581,619	-	-	-	581,619
Capital Outlay	138,242	952,916	16,795	-	1,107,953
Debt Service:	-	-	-	-	-
Principal	-	63,226	-	1,065,000	1,128,226
Interest	-	8,741	-	263,300	272,041
Bond Issuance Costs	-	-	-	1,306	1,306
<b>Total Expenditures</b>	<b>\$ 15,634,905</b>	<b>\$ 6,461,504</b>	<b>\$ 683,944</b>	<b>\$ 2,123,615</b>	<b>\$ 24,903,969</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ 1,864,869</b>	<b>\$ 1,036,607</b>	<b>\$ 180,668</b>	<b>\$ 601,857</b>	<b>\$ 3,684,000</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	\$ 15,000	\$ -	\$ -	\$ 105,000	\$ 120,000
Transfers out	(105,000)	(15,000)	-	-	(120,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (90,000)</b>	<b>\$ (15,000)</b>	<b>\$ -</b>	<b>\$ 105,000</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,774,869</b>	<b>\$ 1,021,607</b>	<b>\$ 180,668</b>	<b>\$ 706,857</b>	<b>\$ 3,684,000</b>
<b>Fund Balances - Beginning</b>	<b>11,450,620</b>	<b>2,617,889</b>	<b>2,256,841</b>	<b>3,863,755</b>	<b>20,189,105</b>
<b>Fund Balances - Ending</b>	<b>\$ 13,225,489</b>	<b>\$ 3,639,496</b>	<b>\$ 2,437,509</b>	<b>\$ 4,570,612</b>	<b>\$ 23,873,105</b>

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

Rusk County, Texas  
 Reconciliation of the Statement of Revenues, Expenditures,  
 and Changes in Fund Balances-Governmental Funds  
 To the Statement of Activities  
 For the Year Ended December 31, 2018

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

Net Change in Fund Balances-Total Governmental Funds (Page 33)	\$ 3,684,000
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (See Note II.B.)	(503,831)
The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. (See Note II.B)	1,128,226
Delinquent property tax collections provide current financial resources to the funds but has no effect on net position.	(533,972)
Delinquent property taxes receivable, which do not provide current financial resources, are not reported as revenue in the funds.	(6,212,388)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (See Note II.B.)	107,729
Pension expense related to GASB 68 is recorded in the statement of activities but not in the funds.	(354,269)
OPEB expense related to GASB 75 is recorded in the statement of activities but not in the funds.	199,532
The Internal Service Fund is used to charge the costs of health insurance to individual funds. The net revenue (expense) of the activity of the Internal Service Fund is reported with governmental activities.	<u>191,236</u>
Changes in Net Position of Governmental Activities (Page 28)	<u><u>\$ (2,293,737)</u></u>

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



Rusk County, Texas  
Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Budget (GAAP Basis) and Actual-General Fund and Major Special Revenue Funds  
For the Year Ended December 31, 2018

	General Fund			Variance with Final Budget Positive/ (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 12,929,354	\$ 12,929,354	\$ 14,497,401	\$ 1,568,047
Other Taxes	11,000	11,000	10,267	(733)
Intergovernmental	148,100	152,060	168,836	16,776
Fees	1,519,296	1,519,296	1,680,369	161,073
Fines and Forfeitures	400,000	400,000	527,148	127,148
Miscellaneous	223,450	246,542	615,753	369,211
<b>Total Revenues</b>	<b>\$ 15,231,200</b>	<b>\$ 15,258,252</b>	<b>\$ 17,499,774</b>	<b>\$ 2,241,522</b>
<b>Expenditures:</b>				
Current:				
General Government	\$ 1,536,489	\$ 1,593,529	\$ 1,460,495	\$ 133,034
Judicial	2,885,345	2,887,376	2,473,916	413,460
Legal	679,812	683,186	566,467	116,719
Elections	265,217	265,217	215,923	49,294
Financial Administration	1,981,197	2,037,694	1,998,877	38,817
Public Facilities	575,617	592,617	521,522	71,095
Public Safety	6,043,510	6,040,702	5,901,159	139,543
Health and Welfare	584,760	588,260	436,121	152,139
Culture and Recreation	1,224,352	1,215,435	1,163,528	51,907
Conservation	175,417	179,108	177,036	2,072
Nondepartmental	920,700	920,700	581,619	339,081
Capital Outlay	858,733	804,615	138,242	666,373
<b>Total Expenditures</b>	<b>\$ 17,731,149</b>	<b>\$ 17,808,439</b>	<b>\$ 15,634,905</b>	<b>\$ 2,173,534</b>
Excess (Deficiency) of Revenues over Expenditures	\$ (2,499,949)	\$ (2,550,187)	\$ 1,864,869	\$ 4,415,056
<b>Other Financing Sources (Uses):</b>				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Transfers out	(105,000)	(105,000)	(105,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (90,000)</b>	<b>\$ (90,000)</b>	<b>\$ (90,000)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (2,589,949)</b>	<b>\$ (2,640,187)</b>	<b>\$ 1,774,869</b>	<b>\$ 4,415,056</b>
Fund Balances - Beginning	11,450,620	11,450,620	11,450,620	-
<b>Fund Balances - Ending</b>	<b>\$ 8,860,671</b>	<b>\$ 8,810,433</b>	<b>\$ 13,225,489</b>	<b>\$ 4,415,056</b>

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

Rusk County, Texas  
Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Budget (GAAP Basis) and Actual-General Fund and Major Special Revenue Funds  
For the Year Ended December 31, 2018

	<u>Major Special Revenue Funds</u>			Variance with Final Budget Positive/ (Negative)
	<u>Road &amp; Bridge Fund</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	
<u>Original</u>	<u>Final</u>			
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 5,364,593	\$ 5,364,593	\$ 6,139,394	\$ 774,801
Intergovernmental	-	91,564	91,564	-
Fees	890,000	890,000	903,689	13,689
Fines and Forfeitures	200,000	200,000	51,081	(148,919)
Miscellaneous	20,800	64,460	312,383	247,923
Total Revenues	<u>\$ 6,475,393</u>	<u>\$ 6,610,617</u>	<u>\$ 7,498,111</u>	<u>\$ 887,494</u>
<b>Expenditures:</b>				
Current:				
Public Transportation	\$ 6,060,152	\$ 6,643,507	\$ 5,436,621	\$ 1,206,886
Capital Outlay	505,464	3,011,335	952,916	2,058,419
Debt Service	71,967	71,967	71,967	-
Total Expenditures	<u>\$ 6,637,583</u>	<u>\$ 9,726,809</u>	<u>\$ 6,461,504</u>	<u>\$ 3,265,305</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (162,190)</u>	<u>\$ (3,116,192)</u>	<u>\$ 1,036,607</u>	<u>\$ 4,152,799</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ -
Total Other Financing Sources (Uses)	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ (177,190)	\$ (3,131,192)	\$ 1,021,607	\$ 4,152,799
Fund Balances - Beginning	<u>2,617,889</u>	<u>2,617,889</u>	<u>2,617,889</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,440,699</u>	<u>\$ (513,303)</u>	<u>\$ 3,639,496</u>	<u>\$ 4,152,799</u>

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

Rusk County, Texas  
Statement of Revenues, Expenditures, and Changes in Fund Balances-  
Budget (GAAP Basis) and Actual-General Fund and Major Special Revenue Funds  
For the Year Ended December 31, 2018

	<u>Major Special Revenue Funds</u>			
	<u>Airport Fund</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
<u>Original</u>	<u>Final</u>			
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 27,173	\$ 27,173
Fees	300,000	300,000	253,988	(46,012)
Miscellaneous	408,000	474,948	583,451	108,503
Total Revenues	<u>\$ 708,000</u>	<u>\$ 774,948</u>	<u>\$ 864,612</u>	<u>\$ 89,664</u>
<b>Expenditures:</b>				
Current:				
Public Transportation	\$ 607,242	\$ 660,737	\$ 667,149	\$ (6,412)
Capital Outlay	360,000	387,384	16,795	370,589
Total Expenditures	<u>\$ 967,242</u>	<u>\$ 1,048,121</u>	<u>\$ 683,944</u>	<u>\$ 364,177</u>
Net Change in Fund Balances	<u>\$ (259,242)</u>	<u>\$ (273,173)</u>	<u>\$ 180,668</u>	<u>\$ 453,841</u>
Fund Balances - Beginning	2,256,841	2,256,841	2,256,841	-
Fund Balances - Ending	<u>\$ 1,997,599</u>	<u>\$ 1,983,668</u>	<u>\$ 2,437,509</u>	<u>\$ 453,841</u>

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

Rusk County, Texas  
Statement of Net Position  
Proprietary Funds  
December 31, 2018

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	Governmental <u>Activities</u> Internal Service <u>Fund</u>
<b><u>Assets</u></b>	
Current Assets:	
Cash	\$ 1,277,036
Total Current Assets	\$ 1,277,036
Total Assets	\$ 1,277,036
<b><u>Liabilities</u></b>	
Current Liabilities:	
Accounts Payable	\$ 4,908
Total Current Liabilities	\$ 4,908
Total Liabilities	\$ 4,908
<b><u>Net Position</u></b>	
Unrestricted	\$ 1,272,128
Total Net Position	\$ 1,272,128

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

Rusk County, Texas  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2018

	<u>Governmental Activities Internal Service Fund</u>
<b>Operating Revenues:</b>	
Charges for Services	\$ 3,193,862
Total Operating Revenues	<u>\$ 3,193,862</u>
<b>Operating Expenses:</b>	
Benefits, Insurance & Administrative Cost	\$ 3,017,631
Total Operating Expenses	<u>\$ 3,017,631</u>
Operating Income (Loss)	<u>\$ 176,231</u>
<b>Nonoperating Revenues (Expenses):</b>	
Interest Income	\$ 15,005
Total Nonoperating Revenues (Expenses)	<u>\$ 15,005</u>
Change in Net Position	\$ 191,236
Total Net Position - Beginning	<u>1,080,892</u>
Total Net Position - Ending	<u><u>\$ 1,272,128</u></u>

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

Rusk County, Texas  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2018

	<u>Governmental Activities Internal Service Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Receipts from Interfund Services Provided	\$ 3,193,862
Payments to Suppliers and Providers	<u>(3,030,794)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 163,068</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Income	<u>\$ 15,005</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 15,005</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 178,073
Cash and Cash Equivalents, January 1	<u>1,098,963</u>
Cash and Cash Equivalents, December 31 (See below)	<u><u>\$ 1,277,036</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	<u>\$ 191,236</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Increase/(Decrease) in Payables	<u>\$ (13,163)</u>
Total Adjustments	<u>\$ (13,163)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 178,073</u></u>
Exhibit #6 - Page 38: Cash	<u>\$ 1,277,036</u>
Total Cash and Cash Equivalents - Exhibit #6	<u><u>\$ 1,277,036</u></u>

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

Rusk County, Texas  
Statement of Net Position  
Fiduciary Funds  
December 31, 2018

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	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash	\$ 9,802,571
Investments	829,444
	829,444
Total Assets	\$ 10,632,015
<b><u>Liabilities</u></b>	
Due to Other Governments	\$ 7,486,137
Court Ordered Deposits	812,128
Inmate Trust Funds	157,602
Court Ordered Trust Funds	2,176,149
	2,176,149
Total Liabilities	\$ 10,632,015

The accompanying notes are an integral part of this statement.

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# RUSK COUNTY, TEXAS

Notes to the Financial Statements

December 31, 2018

## I. Summary of Significant Accounting Policies

The financial statements of Rusk County, Texas have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

### A. Reporting Entity

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units for which the County may be financially accountable and, as such, should be included within the County's financial statements. The County is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial burden on the County. Additionally, the County is required to consider other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete.

Based upon the application of the above criteria, the County has no component units.

### B. Government-wide and Fund Financial Statements

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the County. Governmental activities, which normally are supported by taxes, intergovernmental, fee, and fine revenues, are to be reported separately from business-type activities, which rely, to a significant extent on fees and charges for support. Rusk County has no business-type activities.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide financial statements. Major individual governmental funds are reported as separate columns in the Fund Financial Statements.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of

timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The County's only Fiduciary Funds are Agency Funds, which have no measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major Governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The *Airport Fund (a Special Revenue Fund)* is used to account for revenues and operational expenditures of the Rusk County Airport.

Additionally, the County reports the following fund types:

The *Internal Service Fund* is used to account for the collection of payments by the County and its employees for health insurance premiums and the payment of health insurance claims of County employees.

*Agency Funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency Funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that County officials collect pending disbursement to the County Treasurer, as well as other governmental jurisdictions or individuals. The funds collected by the officials include ad valorem taxes, fines and fees, and court ordered trust funds and deposits.

As a general rule, the effect of interfund activity has been eliminated from the Government-wide financial statements.

The Internal Service Fund provides services to other funds of the County. The financial statements of the Internal Service Fund are consolidated into the governmental activities column when presented at the Government wide level. The cost benefit of these services is reflected in the appropriate functional activity.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

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

### ***1. Deposits and Investments***

Cash includes not only currency on hand, but also demand deposits with banks or other financial institutions. Cash equivalents are defined as short-term, certificates of deposit that are both readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

State statutes and the County's investment policy authorize the County to invest in certificates of deposit with the County's depository bank and the public funds investment pool "TexPool." TexPool is a "public funds investment pool" as defined by the Public Funds Investment Act ("Act") Section 2256.016-2256.019, and the portfolio normally consists of U.S. T-Bills, T-Notes, collateralized certificates of deposit, and repurchase agreements. The Comptroller of Public Accounts (the Comptroller) is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. The Comptroller maintains oversight of the services provided to TexPool by Federated Investors, Inc. The reported value of the pool is the same as the fair value of the pool shares.

Investments are stated at fair value.

### ***2. Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either "Due to/from Other Funds" (i.e., the current portion of the interfund loan) or "Advances to/from Other Funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "Due to/from Other Funds."

Property Taxes Receivable are shown net of an allowance for uncollectibles. The allowance is equal to seven (7) percent of current property taxes receivable plus twenty (20) percent of delinquent taxes receivable at December 31, 2018.

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

### 3. *Inventories and Prepaid Items*

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

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

### 4. *Capital Assets*

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

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

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

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

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

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

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

## **5. *Deferred Outflows/Inflows of Resources***

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three items that qualify for reporting in this category. Unearned Revenue and Unearned Deferred Revenue are reported in the government-wide Statement of Net Position. Any current taxes levied and collected between October 1 and December 31 are not available for use until January 1, the beginning of the next fiscal year. Therefore, all collections of current taxes during this period and all current taxes receivable as of December 31 are recorded as Unearned Revenue and Unearned Deferred Revenue, respectively. These liabilities are reflected in the Government-wide financial statements, since the tax revenue has not been earned as of December 31, 2018. The governmental funds report unavailable revenues for advance tax collections, property taxes receivable, and resources that have been received, but not earned for grant drawdowns and deposits. In addition, the County reports deferred inflows of resources related to pensions.

## **6. *Net Position Flow Assumption***

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## **7. *Long-term Obligations***

In the Government-wide financial statements, long-term debt and other long-term obligations of the governmental funds are reported as liabilities in the governmental activities Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **8. *Fund Balances – Governmental Funds***

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in

spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the Commissioners' Court. Committed amounts cannot be used for any other purpose unless the Commissioners' Court removes those constraints by taking the same type of formal action. The Commissioners' Court is the highest level of decision-making authority for the County that can, by adoption of an order prior to the end of the fiscal year, commit fund balance.

Assigned Fund Balance - represents amounts which the County intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Commissioners' Court or by an official or body to which the Commissioners' Court delegates the authority. The Court, by order, has authorized the County Judge to assign fund balance. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the fund itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

## ***9. Statement of Cash Flows***

For the purposes of the Statement of Cash Flows, the proprietary fund considers all cash and certificates of deposit to be cash equivalents.

## **E. Revenues and Expenditures/Expenses**

### ***1. Program Revenues***

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

## **2. *Property Taxes***

The County's ad valorem taxes are levied on October 1 but do not become due until January 1 of the following year. Taxes become past due February 1 and become delinquent June 30. The County's taxes become a lien on real property on the due date of January 1. This lien is effective until the taxes are paid. Since delinquent taxes were due on January 1 of the fiscal and budget year, any unpaid taxes are recorded as a receivable, net of allowance for uncollectibles.

## **3. *Compensated Absences***

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

All permanent employees of the County are eligible to accrue up to a maximum of ninety (90) days of compensated sick leave at a rate of one (1) day per month. Employees are not entitled to payment for unused sick leave upon termination.

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

## **4. *Proprietary Funds Operating and Nonoperating Revenues and Expenses***

The Health Insurance Internal Service Fund, the County's only proprietary fund, distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services in connection with the operation of the County's health insurance program.

## **F. Pensions**

The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCERS' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **G. New Accounting Standards Adopted**

In fiscal year 2018, the County adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

--Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended and No. 57 OPEB measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

The financial statements and note disclosures have been updated for the affects of the adoption of GASB Statement No. 75.

## II. Reconciliation of Government-wide and Fund Financial Statements

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

Exhibit 3-A on page 32 is a reconciliation between Total Fund Balances-Total Governmental Funds and Net Position-Governmental Activities. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$6,953,806 difference are as follows:

Certificates of Obligation Payable	\$ (6,050,000)
Premium on Debt Issuance	(497,196)
Accrued Interest Payable	(94,701)
Capital Leases	(238,417)
Deferred Resource Outflows - Bond Refunding	47,677
Compensated Absences	<u>(121,169)</u>
Net Adjustment to Reduce Total Fund Balances-Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ (6,953,806)</u>

Another element of that reconciliation states that “Net Pension/OPEB Liability and the related deferred outflows and deferred inflows of resources are not reported in the funds.” The details of this \$8,727,068 difference are as follows:

Net Pension Liability	\$ (5,955,171)
Net OPEB Liability	\$ (2,041,309)
Deferred Resource Outflows - Related to Pensions	1,154,191
Deferred Resource Inflows - Related to Pensions	<u>(1,884,779)</u>
Net Adjustment to Reduce Total Fund Balances-Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ (8,727,068)</u>

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

Exhibit 4-A on page 34 is a reconciliation between Net Changes in Fund Balances-Total Governmental Funds and Changes in Net Position of Governmental Activities as reported in the Government-wide Statement of Activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the Statement of Activities,



the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$503,830 difference are as follows:

Capital Outlay	\$1,220,092
Depreciation Expense	<u>(1,723,922)</u>
Net Adjustment to Increase Net Changes in Fund Balance-	
Total Governmental Funds to Arrive at Changes in Net Position-	
Governmental Activities	<u><u>(\$503,830)</u></u>

Another element of that reconciliation states that “The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$1,128,226 difference are as follows:

Principal Payments on Certificates of Obligation	\$ 1,128,226
Total Governmental Funds to Arrive at Changes in Net Position-	
Governmental Activities	<u><u>\$ 1,128,226</u></u>

Another element of that reconciliation states that “Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$107,729 difference are as follows:

Increase in Compensated Absences	\$ (14,960)
Decrease in Accrued Interest	14,805
Amortization of Deferred Amount on Refunding	(11,443)
Amortization of Premium on Certificates of Obligation	<u>119,327</u>
Net Adjustment to Decrease Net Changes in Fund Balance-	
Total Governmental Funds to Arrive at Changes in Net Position-	
Governmental Activities	<u><u>\$ 107,729</u></u>

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

#### **Budgetary Information**

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

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

The Commissioners' Court shall hold a public hearing on the proposed budget. The Commissioners' Court shall set the hearing for a date after the 15th day of the eighth month of the fiscal year but before the date on which the Court levies taxes. At the conclusion of the public hearing, the Commissioners' Court shall take action on the proposed budget.

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are canceled, consequently there are none as of December 31, 2018.

#### **IV. Detailed Notes on All Funds**

##### **A. Deposits and Investments**

*Deposits.* The County's funds are required to be deposited and invested under the terms of a depository contract pursuant to Texas State Law. The depository bank deposits for safekeeping and trust with the County's agent bank, approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance. At December 31, 2018, and throughout the year ended December 31, 2018, the County's bank balances were fully covered by federal depository insurance or collateral held by the pledging financial institution's agent in the County's name.

*Investments.* The County is required by The Public Funds Investment Act ("Act") to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports, and establishment of appropriate policies, the County adhered to the requirements of the Act. Additionally, investment practices of the County were in accordance with local policies.

The Act determines the types of investments which are allowable for the County. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

During the year ended December 31, 2018, the County’s only investments were in certificates of deposit with its depository bank. As of December 31, 2018, the County’s investments were as indicated below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Certificates of Deposit - County Funds	\$ 1,362,695	N/A
Certificates of Deposit - Agency Funds	829,444	N/A
Total Investments	<u>\$ 2,192,139</u>	

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

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

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

At December 31, 2018, the County’s only investments were certificates of deposit and was not exposed to credit risk.

- *Concentration of credit risk.* This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As discussed above, the County’s investment policy limits its investments to certificates of deposit in its depository bank, banks domiciled in the State of Texas, or the public funds investment pool “TexPool.” The County was not

exposed to concentration of credit risk.

- *Custodial credit risk.* Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the County's name, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

The County was not exposed to custodial credit risk.

- *Foreign currency risk.* This is the risk that exchange rates will adversely affect the fair value of an investment. The County does not engage in foreign currency transactions. The County was not exposed to foreign currency risk.

## B. Receivables

Receivables at December 31, 2018 for the County's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectibles, are as follows:

	General Fund	Road & Bridge Fund	Airport Fund	Nonmajor Governmental Funds	Total
Current Property Taxes	\$ 8,316,019	\$ 3,573,383	\$ -	\$ 672,800	\$ 12,562,202
Delinquent Property Taxes	1,400,556	617,848	-	142,484	2,160,888
Due from Other Governments	13,062	-	-	-	13,062
Accounts	45,761	872	42,735	-	89,368
Total Gross Receivables	\$ 9,775,398	\$ 4,192,103	\$ 42,735	\$ 815,284	\$ 14,825,520
Less: Allowance for Uncollectible Taxes	(862,210)	(373,740)	-	(75,632)	(1,311,582)
Net Total Receivables	\$ 8,913,188	\$ 3,818,363	\$ 42,735	\$ 739,652	\$ 13,513,938

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

Any current taxes levied and collected between October 1 and December 31 are not available for use until January 1, the beginning of the next fiscal year. Availability only affects the recognition of revenue in governmental funds. Therefore, all collections of current taxes during this period and all current taxes receivable as of December 31 are recorded as Unavailable Revenue and Deferred Revenue in the fund statements and the government-wide statements, respectively. Each of these reported amounts are listed in the Deferred Inflows section of their respective financial statements. Additionally, the County also reflects as deferred inflows of resources, monies that have been received, but not earned for grant drawdowns and deposits.

	General Fund	Road & Bridge Fund	Airport Fund	Nonmajor Governmental Funds	Total
<u>Deferred Revenue</u>					
Advance Tax Collections	\$ 4,796,087	\$ 2,090,847	\$ -	\$ 404,600	\$ 7,291,534
Seized Funds	-	-	-	32,591	32,591
Grant Funds	-	-	-	17,743	17,743
Deposits	-	-	4,420	-	4,420
Total Unearned Revenue	<u>\$ 4,796,087</u>	<u>\$ 2,090,847</u>	<u>\$ 4,420</u>	<u>\$ 454,934</u>	<u>\$ 7,346,288</u>
<u>Unearned Deferred Revenue:</u>					
Current Property Taxes Receivable	\$ 8,316,019	\$ 3,573,383	\$ -	\$ 672,800	\$ 12,562,202
Less: Allowance for Uncollectible Taxes	(582,108)	(250,150)	-	(47,096)	(879,354)
Net Current Property Taxes Receivable	<u>\$ 7,733,911</u>	<u>\$ 3,323,233</u>	<u>\$ -</u>	<u>\$ 625,704</u>	<u>\$ 11,682,848</u>

### C. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2018, was as follows:

	Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 1,032,025	\$ -	\$ -	\$ 1,032,025
Construction in Progress	-	154,346	-	154,346
Total Capital Assets Not Being Depreciated	<u>\$ 1,032,025</u>	<u>\$ 154,346</u>	<u>\$ -</u>	<u>\$ 1,186,371</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings	\$ 27,205,525	\$ -	\$ -	\$ 27,205,525
Machinery & Equipment	13,936,211	1,121,155	245,295	14,812,071
Infrastructure	3,978,922	-	-	3,978,922
Total Capital Assets Being Depreciated	<u>\$ 45,120,658</u>	<u>\$ 1,121,155</u>	<u>\$ 245,295</u>	<u>\$ 45,996,518</u>
<u>Less Accumulated Depreciation for:</u>				
Buildings	\$ 7,750,830	\$ 666,667	\$ -	\$ 8,417,497
Machinery & Equipment	10,345,398	954,378	189,883	11,109,893
Infrastructure	2,680,914	102,877	-	2,783,791
Total Accumulated Depreciation	<u>\$ 20,777,142</u>	<u>\$ 1,723,922</u>	<u>\$ 189,883</u>	<u>\$ 22,311,181</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 24,343,516</u>	<u>\$ (602,767)</u>	<u>\$ 55,412</u>	<u>\$ 23,685,337</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,375,541</u>	<u>\$ (448,421)</u>	<u>\$ 55,412</u>	<u>\$ 24,871,708</u>

Depreciation expense was charged to Functions/Programs as follows:

General Government	\$ 22,123
Judicial	24,577
Legal	1,758
Elections	1,358
Public Facilities	17,477
Public Transportation	1,373,223
Public Safety	271,361
Health and Welfare	2,791
Culture and Recreation	7,166
Conservation	<u>2,088</u>
Total Depreciation Expense	<u><u>\$ 1,723,922</u></u>

## **D. Pension Plan**

### **Plan Description**

The County provides retirement 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 is responsible for the administration of the statewide agent multi-employer public employee retirement system. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The most recent CAFR is available at <https://www.tcdrs.org/TCDRS%20Publications/2017CAFR.pdf>.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the Fiduciary Net Position of TCDRS and additions to/deductions from TCDRS’ Fiduciary Net Position have been determined on the same basis as they are reported to TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the 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.

## Contributions

Employees for the County were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the County were 8.65% and 8.97% in calendar 2017 and 2018, respectively. The County's contributions to TCDRS for the year ended December 31, 2018 were \$986,311 and were equal to the required contributions.

## Changes in Net Pension Liability

At December 31, 2017 the County reported a net pension liability of \$5,955,171. The changes in net pension liability (asset) were as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2016	\$ 50,854,534	\$ 41,455,997	9,398,537
Changes for the year:			
Service Cost	1,394,187	-	1,394,187
Interest	4,128,704	-	4,128,704
Change in benefit terms	-	-	-
Diff between expected/actual experience	(1,119,324)		(1,119,324)
Changes of assumptions	(164,034)	-	(164,034)
Contributions - employer	-	935,394	(935,394)
Contributions - employee	-	756,960	(756,960)
Net investment income	-	6,036,414	(6,036,414)
Benefit payments, including refunds of employee contributions	(2,604,843)	(2,604,843)	-
Administrative expenses	-	(30,947)	30,947
Other charges	-	(14,922)	14,922
Net changes	<u>1,634,690</u>	<u>5,078,056</u>	<u>(3,443,366)</u>
Balance at 12/31/2017	<u>\$ 52,489,224</u>	<u>\$ 46,534,053</u>	<u>\$ 5,955,171</u>

## Long-Term Expected Rate of Return

The long term rate of return on pension plan investments is 8.1%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown below are based on January 2018 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup>
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
International Equities-Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities-Emerging	MSCI World EM Standard (net) Index	8.00%	5.50%
Investment-Grade Bonds	Bloomberg Barclays US Aggregate Bond Index	3.00%	75.00%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index (4)	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (5)	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%
Total		100.00%	

<sup>(1)</sup> Target asset allocation adopted at the April 2018 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return equals the expected return minus the assumed inflation rate of 1.95% per Cliffwater's 2018 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

### Discount Rate Sensitivity Analysis.

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

	1% Decrease	Current Discount Rate	1% Increase
	(7.1%)	(8.1%)	(9.1%)
Net pension liability / (asset)	\$12,428,380	\$5,955,171	\$506,367



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

For the year ended December 31, 2018 the County recognized pension expenses in the amount of \$1,340,578.

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Inflows/Outflows of Resources</b>	<b>Deferred Inflows Of Resources</b>	<b>Deferred Outflows Of Resources</b>
Differences between expected and actual economic experience (net of current year amortization)	\$ 1,014,853	\$ -
Changes in actuarial assumptions	123,025	167,880
Differences between projected and actual investment earnings (net of current year amortization)	746,901	-
Contributions made subsequent to measurement date	-	986,311
Total	\$ 1,884,779	\$ 1,154,191

\$986,311 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be expense as follows:

Year ended December 31:	
2019	\$ (68,238)
2020	(292,246)
2021	(813,107)
2022	(543,308)
2023	-
Thereafter	-

**E. Post-retirement Healthcare Benefits**

Effective for fiscal year 2018, the County implemented GASB Statement No. 75 “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)”.

**Plan Description**

In addition to the pension benefits described in Note IV (D) above, the County provides post-retirement healthcare benefits, in accordance with County policy, to all employees hired prior to September 1, 2012, who retire on or after January 1, 1997 through a single-employer defined benefit healthcare plan. Employees must have eight (8) or more years of service and elect to begin receiving their annuity pension from TCDRS. Coverage terminates for both the employee and their covered dependents at age 65, when eligible for Medicare, or when covered by another group health

insurance plan. Benefit provisions are established by the Commissioners' Court.

Cost to the retiree is the full amount of the current cost for dependents and 25% of the employee premium, if the individual retired prior to January 1, 2004. For individuals that retire on or after January 1, 2004, the cost is the full amount of the current cost for dependents and (a) 50% of the employee premium, if the individual retired with less than fifteen (15) years' service; (b) 35% of the employee premium, if the individual retired with fifteen (15) years but less than twenty (20) years of service; and (c) 25% of the employee premium, if the individual retired with twenty (20) years or more of service.

The retiree premium was \$618 per month for 2018.

Premiums must be paid by the 20<sup>th</sup> day of each month preceding the month of coverage, or coverage is lost permanently. The plan does not issue a separate report. For financial reporting purposes, the retiree health plan is accounted for in the County's Health Insurance Internal Service Fund.

### **Plan Membership**

At the December 31, 2018 valuation date, the following employees were covered by the benefit terms:

	<u>12/31/2018</u>
Inactive employees currently receiving benefits:	5
Active employees	<u>130</u>
	<u><u>135</u></u>

### **Funding Policy**

The County is funding the plan on a "pay as you go" basis. During the year ended December 31, 2018, expenses of \$57,255, net of premiums received from retirees, were recognized for post-retirement healthcare.

### **Total OPEB Liability**

The following table shows the components of the County's annual OPEB liability and the changes for the year:

	Increase (Decrease) Total OPEB Liability (a)
Balance at 12/31/2016	\$ 1,944,272
Changes for the year:	
Service Cost	72,767
Interest	81,525
Change in benefit terms	-
Diff between expected/actual experience	-
Changes of assumptions	-
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(57,255)
Administrative expenses	-
Other charges	-
Net changes	<u>97,037</u>
Balance at 12/31/2017	<u>\$ 2,041,309</u>

#### **Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the County, calculated using the discount rate of 4.1%, as well as what the County's total OPEB liability would have been if it were calculated using a discount rate that is 1 percentage point lower 3.1% or 1 percentage point higher 5.1% than the current rate.

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	(3.1%)	(4.1%)	(5.1%)
Net OPEB liability	<u>\$2,208,130</u>	<u>\$2,041,309</u>	<u>\$1,885,763</u>

The healthcare trend rate is 5.0% for both dental and medical insurance. The following present the net OPEB liability of the County, calculated using the health trend rates noted above as well as what the net OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower or 1 percentage point higher than the current rate.

	<b>1% Decrease</b>	<b>Healthcare Trend Rate</b>	<b>1% Increase</b>
	(4.0%)	(5.0%)	(6.0%)
Net OPEB liability	<u>\$1,827,239</u>	<u>\$2,041,309</u>	<u>\$2,290,008</u>

## OPEB Expense

For the year ended December 31, 2018 the County recognized OPEB expense in the amount of \$154,292.

Total OPEB Expense	FY2018
Service Cost	72,767
Interest	81,525
Change in benefit terms	-
Diff between expected/actual experience	-
Changes of assumptions	-
Administrative expenses	-
Other charges	-
Total OPEB Expense	<u>\$ 154,292</u>

## Actuarial Valuation Information

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

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

In the latest actuarial valuation, as of December 31, 2018, the projected unit cost method was used. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. If experience is in accordance with the assumptions used, ARC will increase at approximately the same rate as active member payroll, and the ARC as a percentage of payroll will remain basically level on a year-to-year basis. The actuarial assumptions include a 4% discount rate (1.00% real rate of return plus 3.00% inflation) and an annual healthcare cost trend of 7.50% initially, reduced by decrements to an ultimate rate of 5%. The investment rate of return was assumed to be 0%, because the plan has no assets. There are no planned post-retirement benefit increases. The remaining amortization period on an open basis at January 1, 2014, was 30 years.

## F. Risk Management

Rusk County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the County carries commercial insurance. There have been no significant reductions in insurance coverages during the year ended December 31, 2018. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three (3) years.

Rusk County is a member of the Texas Association of Counties (TAC) Risk Management Pool, a public entity risk pool participating in Public Official and Law Enforcement Liability coverages. The pool is authorized by Chapter 119, Local Government Code, and provides coverage through an interlocal agreement (The Interlocal Cooperation Act - Chapter 791, Texas Government Code). The interlocal agreement provides that the TAC pool will be self-sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$500,000 for each insured event. Premiums paid to the pool during 2018 have been reported as expenditures in the general fund and special revenue funds.

During the year ended December 31, 2018, employees of the County were covered by a fully insured health insurance plan (the Plan). The County contributed \$925 per month per employee to the Plan, and employees, at their option, authorized payroll withholding to pay contributions for their dependents. All contributions were paid to an internal service fund maintained by the County. The internal service fund paid premiums to the Texas Association of Counties to provide for health insurance coverage for employees, dependents, and retirees.

## G. Leases

*Operating Leases.* Rusk County is obligated under certain leases for equipment accounted for as operating leases. General revenues of the General Fund will be used to pay these leases. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one (1) year as of December 31, 2018.

<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2019	3,718
2020	3,718
2021	1,666
Total minimum lease payments	<u><u>\$ 9,102</u></u>

Total cost for these leases for the year ended December 31, 2018 was \$9,201.

## H. Long-term debt

### Certificates of Obligation

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

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

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2019	\$ 1,115,000	\$ 219,700	\$ 1,334,700
2020	1,160,000	174,200	1,334,200
2021	1,210,000	126,800	1,336,800
2023	1,255,000	77,500	1,332,500
2023	1,310,000	26,200	1,336,200
Total	<u>\$ 6,050,000</u>	<u>\$ 624,400</u>	<u>\$ 6,674,400</u>

The Tax Reform Act of 1986 ("Act") substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt. The County is required to calculate and remit any rebatable arbitrage earnings attributable to the 2008 certificates of obligation to the Internal Revenue Service. As of December 31, 2018, the County had no arbitrage rebate liability.

### Capital Leases

The County has entered into various lease agreements as the lessee for financing the acquisition of vehicles and equipment for the Road and Bridge Department. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The total amount of equipment capitalized from leases was \$297,190. Interest rates on the capital leases range from 2.4%-3.2%.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery & Equipment	\$ 297,190
Less: Accumulated Depreciation	(70,296)
Total	<u>\$ 226,894</u>

Depreciation expense on assets under capital lease for the year ended December 31, 2018 was \$42,406.

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2019	\$ 65,030	\$ 6,937	\$ 71,967
2020	66,886	5,082	71,968
2021	68,796	3,172	71,967
2022	37,705	1,207	38,911
Total	<u>\$ 238,417</u>	<u>\$ 16,397</u>	<u>\$ 254,814</u>

#### Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2018, was as follows:

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2018</u>	<u>Due Within One Year</u>
2016 Refunding Bonds	\$ 7,115,000	\$ -	\$ 1,065,000	\$ 6,050,000	\$ 1,115,000
Add: Premium on Issuance	616,523	-	119,327	497,196	-
Net Certificates of Obligation	<u>\$ 7,731,523</u>	-	<u>\$ 1,184,327</u>	<u>\$ 6,547,196</u>	<u>\$ 1,115,000</u>
OPEB Liability	2,240,841	-	199,532	2,041,309	-
Net Pension Liability	9,398,536	-	3,443,365	5,955,171	-
Capital Leases	301,643	-	63,226	238,417	65,030
Compensated Absences	<u>106,209</u>	<u>18,421</u>	<u>3,461</u>	<u>121,169</u>	<u>11,078</u>
Total Governmental Activity Long-Term Liabilities	<u>\$ 19,778,752</u>	<u>\$ 18,421</u>	<u>\$ 4,893,911</u>	<u>\$ 14,903,262</u>	<u>\$ 1,191,108</u>

Compensated absences, the OPEB liability, and net pension liability will be liquidated by the County's General Fund or Road and Bridge Fund, depending upon which fund records the employee's salary. The liability for capital assets will be liquidated by the Road and Bridge Fund.

## I. Governmental Fund Balances

Components of nonspendable fund balance and specific purposes for restricted fund balances as of December 31, 2018 are as follows:

	General <u>Fund</u>	<u>Major Special Revenue Funds</u>			<u>Total</u>
		Road & Bridge <u>Fund</u>	Airport <u>Fund</u>	Other <u>Funds</u>	
Nonspendable:					
Prepaid Items	\$ 136,591	\$ 49,135	\$ -	\$ -	\$ 185,726
Permanent Fund Principal	-	-	-	66,800	66,800
Restricted:					
County Roads & Bridges	-	3,590,361	-	-	3,590,361
Airport Property	-	-	2,437,509	-	2,437,509
Law Library	-	-	-	42,014	42,014
County Officials' Offices	-	-	-	725,702	725,702
Indigent Health Care Services	-	-	-	2,132,342	2,132,342
Juvenile Services	-	-	-	6,421	6,421
General Obligation Debt	-	-	-	1,596,937	1,596,937
Cemetery Maintenance	-	-	-	395	395
Unassigned	13,088,897	-	-	-	13,088,897
Total Fund Balances	<u>\$ 13,225,488</u>	<u>\$ 3,639,496</u>	<u>\$ 2,437,509</u>	<u>\$ 4,570,612</u>	<u>\$ 23,873,105</u>

## J. Interfund Transfers

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

The purpose of these transfers was to supplement revenue.

## K. Tax Abatements

The County enters into property tax abatement agreements with local businesses through a reduction of assessed value. For each of the following tax abatement agreements, the Commissioners' Court voted to approve the reduction in assessed value. For the fiscal year ended December 31, 2018, the County abated property taxes totaling \$551 including the following tax abatement agreements:



- A 22 percent (\$85,400) total property tax abatement to Eastern Fuels LLC. The abatement amounted to \$493.
- A 14 percent (\$10,000) property tax abatement to 101 South Marshall LP. The abatement amounted to \$58.

## **L. Contingencies and Commitments**

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

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## **REQUIRED SUPPLEMENTARY INFORMATION**

Rusk County, Texas  
Schedule of Changes in Net Pension Liability and Related Ratios  
For the Year Ended December 31, 2018

	Plan Year Ended December 31,			
	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 1,394,187	\$ 1,402,367	\$ 1,299,717	\$ 1,265,726
Interest (on the total pension liability)	4,128,704	3,865,500	3,639,457	3,446,888
Changes of benefit terms	-	-	(163,823)	-
Difference between expected and actual experience	(1,119,324)	(270,583)	671,526	-
Changes of assumptions	(164,034)	-	(160,279)	(332,432)
Benefit payments, including refunds of employee contributions	(2,604,843)	(2,309,912)	(2,285,289)	(2,252,086)
<b>Net Change in Total Pension Liability</b>	1,634,690	2,687,372	3,001,309	2,128,097
<b>Total Pension Liability - Beginning</b>	50,854,534	48,167,162	45,165,853	43,037,756
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 52,489,224</u>	<u>\$ 50,854,534</u>	<u>\$ 48,167,162</u>	<u>\$ 45,165,853</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 935,394	\$ 990,136	\$ 973,204	\$ 929,203
Contributions - employee	756,960	754,395	722,961	719,526
Net investment income	6,036,414	2,892,978	256,853	2,562,436
Benefit payments, including refunds of employee contributions	(2,604,843)	(2,309,912)	(2,285,289)	(2,252,086)
Administrative expense	(30,947)	(31,484)	(28,253)	(29,640)
Other	(14,922)	2,147	128,486	(112,261)
<b>Net Change in Plan Fiduciary Net Position</b>	5,078,056	2,298,260	(232,038)	1,817,178
<b>Plan Fiduciary Net Position - Beginning</b>	41,455,997	39,157,737	39,389,775	37,572,597
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 46,534,053</u>	<u>\$ 41,455,997</u>	<u>\$ 39,157,737</u>	<u>\$ 39,389,775</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 5,955,171</u>	<u>\$ 9,398,537</u>	<u>\$ 9,009,425</u>	<u>\$ 5,776,077</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	88.65%	81.52%	81.30%	87.21%
<b>Covered Payroll</b>	\$ 10,813,720	\$ 10,777,075	\$ 10,328,011	\$ 9,927,337
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	55.07%	87.21%	87.23%	58.18%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

Rusk County, Texas  
 Schedule of Contributions  
 For the Year Ended December 31, 2018

	Fiscal Year Ended December 31,			
	2018	2017	2016	2015
Actuarially determined contribution	\$ 986,311	\$ 935,394	\$ 990,136	\$ 972,899
Contributions in relation to actuarially determined contribution	(986,311)	(935,394)	(990,136)	(972,899)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,995,651	\$ 10,813,720	\$ 10,777,075	\$ 10,328,011
Contributions as a percentage of covered payroll	8.97%	8.65%	9.19%	9.42%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

Rusk County, Texas  
Notes to the Schedule of Contributions  
For the Year Ended December 31, 2018

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<b>Valuation Date:</b>	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.0 years
Asset Valuation Method	5-yr smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
<b>Other Information:</b>	New mortality assumptions were reflected. Employer contributions reflect that a 50% CPI COLA was adopted. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017.

Rusk County, Texas  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 For the Year Ended December 31, 2018

	Plan Year Ended December 31, 2017
<b>Total OPEB Liability</b>	
Service cost	\$ 72,767
Interest (on the total pension liability)	81,525
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(57,255)
<b>Net Change in Total OPEB Liability</b>	97,037
<b>Total OPEB Liability - Beginning</b>	1,944,272
<b>Total OPEB Liability - Ending (a)</b>	\$ 2,041,309
 <b>Covered Payroll</b>	 \$ 5,361,111
 <b>Net Pension Liability as a Percentage of Covered Payroll</b>	 38.08%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

Rusk County, Texas  
 Schedule of Contributions  
 For the Year Ended December 31, 2018

	Fiscal Year Ended December 31, 2018
Actuarially determined contribution	\$ 57,225
Contributions in relation to actuarially determined contribution	(57,225)
Contribution deficiency (excess)	\$ -
Covered payroll	\$ 5,361,111
Contributions as a percentage of covered payroll	1.07%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.



Rusk County, Texas  
Notes to the Schedule of Contributions  
For the Year Ended December 31, 2018

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<b>Valuation Date:</b>	December 31, 2018
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll
Asset Valuation Method	The plan is not prefunded.
Discount Rate	4.10%
Healthcare Cost Trend Rates	5.00%
Investment Rate of Return	8%, net of investment expenses, including inflation.
Eligibility	The earlier of a) age 60 with 8 years of service or b) the sum of age plus service equals 75 with 8 years of service. Must be hired prior to September 1, 2012.
Mortality	RPH-2014 Total Table with Projection MP-2018
<b>Other Information:</b>	Dental benefits are provided with the medical plan on the same cost sharing basis.

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

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## **Governmental Funds**

### **General Fund**

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

### **Special Revenue Funds**

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

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

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

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

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

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

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

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

### **Debt Service Fund**

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

### **Permanent Funds**

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

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

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

## **Proprietary Funds**

### **Internal Service Fund**

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

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

## **Fiduciary Funds**

### **Agency Funds**

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

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

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

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

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

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

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

Rusk County, Texas  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018

	<u>Permanent Funds</u>					Total Nonmajor Governmental Funds
	Special Revenue Funds	Debt Service Fund	Available School Fund	Cemetery Trust Fund	Total Permanent Funds	
<b><u>Assets</u></b>						
Cash	\$ 2,987,989	\$ 2,001,576	\$ -	\$ 15,395	\$ 15,395	\$ 5,004,960
Investments	-	-	51,800	-	51,800	51,800
Receivables: (net of allowances for uncollectibles):						
Property Taxes	-	739,652	-	-	-	739,652
Due from Other Governments	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Total Assets	<u>\$ 2,987,989</u>	<u>\$ 2,741,228</u>	<u>\$ 51,800</u>	<u>\$ 15,395</u>	<u>\$ 67,195</u>	<u>\$ 5,796,412</u>
<b><u>Liabilities</u></b>						
Accounts Payable	\$ 31,176	\$ -	\$ -	\$ -	\$ -	\$ 31,176
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	<u>\$ 31,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,176</u>
<b><u>Deferred Inflows of Resources</u></b>						
Unavailable Revenue - Advance Tax	\$ -	\$ 404,600	\$ -	\$ -	\$ -	\$ 404,600
Unavailable Revenue - Other	50,334	-	-	-	-	50,334
Unavailable Revenue - Tax Revenue	-	739,691	-	-	-	739,691
Total Deferred Inflows of Resources	<u>\$ 50,334</u>	<u>\$ 1,144,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,194,625</u>
<b><u>Fund Balances</u></b>						
Nonspendable	\$ -	\$ -	\$ 51,800	\$ 15,000	\$ 66,800	\$ 66,800
Restricted	2,906,479	1,596,937	-	395	395	4,503,811
Total Fund Balances	<u>\$ 2,906,479</u>	<u>\$ 1,596,937</u>	<u>\$ 51,800</u>	<u>\$ 15,395</u>	<u>\$ 67,195</u>	<u>\$ 4,570,611</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,987,989</u>	<u>\$ 2,741,228</u>	<u>\$ 51,800</u>	<u>\$ 15,395</u>	<u>\$ 67,195</u>	<u>\$ 5,796,412</u>

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

Rusk County, Texas  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2018

	<u>Permanent Funds</u>					Total Nonmajor Governmental Funds
	Special Revenue Funds	Debt Service Fund	Available School Fund	Cemetery Trust Fund	Total Permanent Funds	
<b>Revenues:</b>						
Ad Valorem Taxes	\$ 275,000	\$ 1,710,377	\$ -	\$ -	\$ -	\$ 1,985,377
Intergovernmental	461,747	-	-	-	-	461,747
Fees	174,605	-	-	-	-	174,605
Fines and Forfeitures	7,493	-	-	-	-	7,493
Miscellaneous	75,310	20,079	663	198	861	96,250
<b>Total Revenues</b>	<b>\$ 994,155</b>	<b>\$ 1,730,456</b>	<b>\$ 663</b>	<b>\$ 198</b>	<b>\$ 861</b>	<b>\$ 2,725,472</b>
<b>Expenditures:</b>						
Current:						
General Government	\$ 44,593	\$ -	\$ 364	\$ -	\$ 364	\$ 44,957
Judicial	73,757	-	-	-	-	73,757
Legal	26,044	-	-	-	-	26,044
Financial Administration	6,910	-	-	-	-	6,910
Public Facilities	133,664	-	-	200	200	133,864
Public Safety	473,545	-	-	-	-	473,545
Health and Welfare	34,932	-	-	-	-	34,932
Debt Service:						
Principal	-	1,065,000	-	-	-	1,065,000
Interest	-	263,300	-	-	-	263,300
Bond Issuance Costs	-	1,306	-	-	-	1,306
<b>Total Expenditures</b>	<b>\$ 793,445</b>	<b>\$ 1,329,606</b>	<b>\$ 364</b>	<b>\$ 200</b>	<b>\$ 564</b>	<b>\$ 2,123,615</b>
Excess (Deficiency) of Revenues over Expenditures	\$ 200,710	\$ 400,850	\$ 299	\$ (2)	\$ 297	\$ 601,857
<b>Other Financing Sources (Uses):</b>						
Transfers In	\$ 105,000	\$ -	\$ -	\$ -	\$ -	\$ 105,000
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 105,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 105,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ 305,710</b>	<b>\$ 400,850</b>	<b>\$ 299</b>	<b>\$ (2)</b>	<b>\$ 297</b>	<b>\$ 706,857</b>
Fund Balances - Beginning	2,600,769	1,196,087	51,502	15,397	66,899	3,863,755
<b>Fund Balances - Ending</b>	<b>\$ 2,906,479</b>	<b>\$ 1,596,937</b>	<b>\$ 51,801</b>	<b>\$ 15,395</b>	<b>\$ 67,196</b>	<b>\$ 4,570,612</b>

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



Rusk County, Texas  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2018

	<u>Law Library Fund</u>	<u>Rusk County Officials' Fund</u>	<u>Human Services Fund</u>	<u>Juvenile Services Fund</u>	<u>Total</u>
<b><u>Assets</u></b>					
Cash	\$ 42,014	\$ 782,759	\$ 2,133,459	\$ 29,757	\$ 2,987,989
Investments	-	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Total Assets	<u>\$ 42,014</u>	<u>\$ 782,759</u>	<u>\$ 2,133,459</u>	<u>\$ 29,757</u>	<u>\$ 2,987,989</u>
<b><u>Liabilities</u></b>					
Accounts Payable	-	\$ 24,466	\$ 1,117	\$ 5,593	\$ 31,176
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ 24,466</u>	<u>\$ 1,117</u>	<u>\$ 5,593</u>	<u>\$ 31,176</u>
<b><u>Deferred Inflows of Resources</u></b>					
Unavailable Revenue - Other	-	\$ 32,591	-	\$ 17,743	\$ 50,334
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 32,591</u>	<u>\$ -</u>	<u>\$ 17,743</u>	<u>\$ 50,334</u>
<b><u>Fund Balances</u></b>					
Restricted	\$ 42,014	\$ 725,702	\$ 2,132,342	\$ 6,421	\$ 2,906,479
Total Fund Balances	<u>\$ 42,014</u>	<u>\$ 725,702</u>	<u>\$ 2,132,342</u>	<u>\$ 6,421</u>	<u>\$ 2,906,479</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 42,014</u>	<u>\$ 782,759</u>	<u>\$ 2,133,459</u>	<u>\$ 29,757</u>	<u>\$ 2,987,989</u>

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

Rusk County, Texas  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2018

	Law Library Fund	Rusk County Officials' Fund	Human Services Fund	Juvenile Services Fund	Water Supply Grant Fund	Totals
<b>Revenues:</b>						
Ad Valorem Taxes	\$ -	\$ -	\$ 275,000	\$ -	\$ -	\$ 275,000
Intergovernmental	-	9,622	-	318,461	133,664	461,747
Fees	25,869	147,187	-	1,549	-	174,605
Fines and Forfeitures	-	7,493	-	-	-	7,493
Miscellaneous	498	46,686	27,233	893	-	75,310
Total Revenues	\$ 26,367	\$ 210,988	\$ 302,233	\$ 320,903	\$ 133,664	\$ 994,155
<b>Expenditures:</b>						
Current:						
General Government	\$ -	\$ 44,593	\$ -	\$ -	\$ -	\$ 44,593
Judicial	-	73,757	-	-	-	73,757
Legal	17,992	8,052	-	-	-	26,044
Financial Administration	-	6,910	-	-	-	6,910
Public Facilities	-	-	-	-	133,664	133,664
Public Safety	-	18,928	-	454,617	-	473,545
Health and Welfare	-	-	34,932	-	-	34,932
Capital Outlay:						
Public Transportation	-	-	-	-	-	-
Total Expenditures	\$ 17,992	\$ 152,240	\$ 34,932	\$ 454,617	\$ 133,664	\$ 793,445
Excess (Deficiency) of Revenues over Expenditures	\$ 8,375	\$ 58,748	\$ 267,301	\$ (133,714)	\$ -	\$ 200,710
<b>Other Financing Sources (Uses):</b>						
Transfers In	\$ -	\$ -	\$ -	\$ 105,000	\$ -	\$ 105,000
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ 105,000	\$ -	\$ 105,000
Net Change in Fund Balances	\$ 8,375	\$ 58,748	\$ 267,301	\$ (28,714)	\$ -	\$ 305,710
Fund Balances - Beginning	33,639	666,954	1,865,041	35,135	-	2,600,769
Fund Balances - Ending	\$ 42,014	\$ 725,702	\$ 2,132,342	\$ 6,421	\$ -	\$ 2,906,479

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

Rusk County, Texas  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad Valorem Taxes:				
Current Taxes	\$ 12,479,354	\$ 12,479,354	\$ 13,683,860	\$ 1,204,506
Delinquent Taxes	250,000	250,000	348,474	98,474
Interest and Penalty	200,000	200,000	465,067	265,067
Other Taxes:				
Liquor Drink Tax	11,000	11,000	10,267	(733)
Intergovernmental	148,100	152,060	168,836	16,776
Fees	1,519,296	1,519,296	1,680,369	161,073
Fines and Forfeitures	400,000	400,000	527,148	127,148
Miscellaneous:				
Interest	70,000	70,000	249,561	179,561
Other	153,450	176,542	366,192	189,650
<b>Total Revenues</b>	<b>\$ 15,231,200</b>	<b>\$ 15,258,252</b>	<b>\$ 17,499,774</b>	<b>\$ 2,241,522</b>
<b>Expenditures:</b>				
Current:				
General Government:				
County Judge	\$ 275,061	\$ 277,061	\$ 248,363	\$ 28,698
Commissioners' Court	325,409	325,409	321,653	3,756
County Clerk	685,465	685,465	613,759	71,706
Veterans' Service	97,669	97,669	80,663	17,006
Emergency Management	21,902	24,302	12,580	11,722
Information Technology	130,983	183,623	183,477	146
Judicial:				
County Court-at-Law	336,413	336,413	312,416	23,997
District Court	222,042	222,042	187,857	34,185
Justice of the Peace Court	100,200	100,200	96,674	3,526
District Clerk	572,741	574,772	550,675	24,097
Justices of the Peace	721,844	721,844	697,622	24,222
All Courts	932,105	932,105	628,672	303,433
Legal:				
District Attorney	679,812	683,186	566,467	116,719
Elections	265,217	265,217	215,923	49,294
Financial Administration:				
County Auditor	248,874	249,874	243,321	6,553
County Treasurer	190,777	196,036	194,900	1,136
Tax Assessor-Collector	1,541,546	1,591,784	1,560,656	31,128
Public Facilities:				
Maintenance	575,617	592,617	521,522	71,095

Rusk County, Texas  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety:				
Jail	2,370,933	2,365,656	2,315,665	49,991
Constables	303,993	303,993	298,588	5,405
Sheriff	3,192,170	3,193,139	3,113,640	79,499
Juvenile Board	62,604	62,604	61,843	761
Highway Patrol	113,810	115,310	111,423	3,887
Health and Welfare:				
County Health	105,352	105,352	101,576	3,776
Public Health	53,034	56,534	55,850	684
County Welfare	33,487	33,487	3,597	29,890
Ambulance and Sanitation	332,887	332,887	235,752	97,135
Mental Health	18,000	18,000	1,843	16,157
Juvenile Room and Board	42,000	42,000	37,503	4,497
Culture and Recreation:				
Library Complex	1,023,356	1,024,420	977,622	46,798
Depot/Children's Discovery Center	200,996	191,015	185,906	5,109
Conservation:				
Agriculture and Home Demo	175,417	179,108	177,036	2,072
Nondepartmental	920,700	920,700	581,619	339,081
Capital Outlay:				
General Government:				
County Judge	2,000	-	-	-
County Clerk	10,000	10,000	6,383	3,617
Veterans' Service	29,000	29,000	-	29,000
Emergency Management	14,500	12,100	-	12,100
Information Technology	6,000	6,895	-	6,895
Judicial:				
County Court-at-Law	1,500	1,500	-	1,500
District Court	2,000	2,000	-	2,000
District Clerk	10,000	7,969	6,100	1,869
Legal:				
District Attorney	10,000	6,700	-	6,700
Elections	197,000	197,000	5,861	191,139
Financial Administration:				
County Auditor	6,000	5,000	-	5,000
County Treasurer	2,000	-	-	-
Tax Assessor-Collector	2,500	2,500	-	2,500
Public Facilities:				
Maintenance	43,250	26,250	-	26,250

Rusk County, Texas  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Public Safety:				
Jail	20,000	25,277	25,195	82
Sheriff	130,000	135,305	94,703	40,602
Highway Patrol	1,500	-	-	-
Health and Welfare:				
County Welfare	2,000	2,000	-	2,000
Ambulance and Sanitation	10,000	10,000	-	10,000
Culture and Recreation:				
Library Complex	9,168	28,808	-	28,808
Depot/Children's Discovery Center	7,000	16,981	-	16,981
Conservation:				
Agriculture and Home Demo	1,200	-	-	-
Nondepartmental	342,115	279,330	-	279,330
<b>Total Expenditures</b>	<b>\$ 17,731,149</b>	<b>\$ 17,808,439</b>	<b>\$ 15,634,905</b>	<b>\$ 2,173,534</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ (2,499,949)</b>	<b>\$ (2,550,187)</b>	<b>\$ 1,864,869</b>	<b>\$ 4,415,056</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Transfers out	(105,000)	(105,000)	(105,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (90,000)</b>	<b>\$ (90,000)</b>	<b>\$ (90,000)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (2,589,949)</b>	<b>\$ (2,640,187)</b>	<b>\$ 1,774,869</b>	<b>\$ 4,415,056</b>
<b>Fund Balances - Beginning</b>	<b>11,450,620</b>	<b>11,450,620</b>	<b>11,450,620</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 8,860,671</b>	<b>\$ 8,810,433</b>	<b>\$ 13,225,489</b>	<b>\$ 4,415,056</b>

Rusk County, Texas  
Road and Bridge Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad Valorem Taxes:				
Current Taxes	\$ 5,179,593	\$ 5,179,593	\$ 5,797,355	\$ 617,762
Delinquent Taxes	105,000	105,000	145,638	40,638
Interest and Penalty	80,000	80,000	196,401	116,401
Intergovernmental	-	91,564	91,564	-
Fees	890,000	890,000	903,689	13,689
Fines and Forfeitures	200,000	200,000	51,081	(148,919)
Miscellaneous:				
Interest	20,000	20,000	267,419	247,419
Other	800	44,460	44,964	504
<b>Total Revenues</b>	<b>\$ 6,475,393</b>	<b>\$ 6,610,617</b>	<b>\$ 7,498,111</b>	<b>\$ 887,494</b>
<b>Expenditures:</b>				
Current:				
Public Transportation:				
Precinct #1	\$ 1,180,747	\$ 1,286,542	\$ 1,135,070	\$ 151,472
Precinct #2	1,172,855	1,361,953	1,212,959	148,994
Precinct #3	1,870,536	1,927,998	1,510,676	417,322
Precinct #4	1,596,815	1,827,815	1,369,216	458,599
Weight & License	76,557	76,557	70,550	6,007
Nondepartmental	162,642	162,642	138,150	24,492
Capital Outlay:				
Public Transportation:				
Precinct #1	166,938	215,332	179,894	35,438
Precinct #2	145,214	398,856	76,696	322,160
Precinct #3	116,372	1,159,241	473,338	685,903
Precinct #4	46,340	1,207,306	222,988	984,318
Weight & License	30,600	30,600	-	30,600
Debt Service:				
Principal	63,226	63,226	63,226	-
Interest	8,741	8,741	8,741	-
<b>Total Expenditures</b>	<b>\$ 6,637,583</b>	<b>\$ 9,726,809</b>	<b>\$ 6,461,504</b>	<b>\$ 3,265,305</b>
Excess (Deficiency) of Revenues over Expenditures	\$ (162,190)	\$ (3,116,192)	\$ 1,036,607	\$ 4,152,799
<b>Other Financing Sources (Uses):</b>				
Transfers Out	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ -
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (15,000)</b>	<b>\$ (15,000)</b>	<b>\$ (15,000)</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (177,190)</b>	<b>\$ (3,131,192)</b>	<b>\$ 1,021,607</b>	<b>\$ 4,152,799</b>
Fund Balances - Beginning	2,617,889	2,617,889	2,617,889	-
<b>Fund Balances - Ending</b>	<b>\$ 2,440,699</b>	<b>\$ (513,303)</b>	<b>\$ 3,639,496</b>	<b>\$ 4,152,799</b>

Rusk County, Texas  
 Law Library Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget (GAAP Basis) and Actual  
 For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fees	\$ 30,000	\$ 30,000	\$ 25,869	\$ (4,131)
Miscellaneous:				
Interest	50	50	498	448
Total Revenues	<u>\$ 30,050</u>	<u>\$ 30,050</u>	<u>\$ 26,367</u>	<u>\$ (3,683)</u>
<b>Expenditures:</b>				
Current:				
Legal:				
District Attorney	\$ 30,000	\$ 30,000	\$ 17,992	\$ 12,008
Total Expenditures	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 17,992</u>	<u>\$ 12,008</u>
Net Change in Fund Balances	\$ 50	\$ 50	\$ 8,375	\$ 8,325
Fund Balances - Beginning	<u>33,639</u>	<u>33,639</u>	<u>33,639</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 33,689</u></u>	<u><u>\$ 33,689</u></u>	<u><u>\$ 42,014</u></u>	<u><u>\$ 8,325</u></u>

Rusk County, Texas  
Rusk County Officials' Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 9,350	\$ 9,350	\$ 9,622	\$ 272
Fees	115,306	143,438	147,187	3,749
Fines and Forfeitures	5,000	6,300	7,493	1,193
Miscellaneous:				
Other	12,000	12,000	46,686	34,686
Total Revenues	<u>\$ 141,656</u>	<u>\$ 171,088</u>	<u>\$ 210,988</u>	<u>\$ 39,900</u>
<b>Expenditures:</b>				
Current:				
General Government:				
County Clerk	\$ 138,200	\$ 139,479	\$ 44,593	\$ 94,886
Judicial:				
District Clerk	3,000	15,600	12,038	3,562
Justices of the Peace	30,000	30,000	25,537	4,463
All courts	37,000	42,300	36,182	6,118
Legal:				
District Attorney	13,185	13,252	8,052	5,200
Financial Administration:				
Tax Assessor-Collector	4,500	6,910	6,910	-
Public Safety:				
Constables	3,500	3,500	429	3,071
Sheriff	21,826	51,081	18,499	32,582
Total Expenditures	<u>\$ 251,211</u>	<u>\$ 302,122</u>	<u>\$ 152,240</u>	<u>\$ 149,882</u>
Net Change in Fund Balances	\$ (109,555)	\$ (131,034)	\$ 58,748	\$ 189,782
Fund Balances - Beginning	666,954	666,954	666,954	-
Fund Balances - Ending	<u>\$ 557,399</u>	<u>\$ 535,920</u>	<u>\$ 725,702</u>	<u>\$ 189,782</u>



Rusk County, Texas  
Human Services Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad Valorem Taxes				
Current Taxes	\$ 275,000	\$ 275,000	\$ 275,000	\$ -
Miscellaneous:				
Interest	10,000	10,000	27,233	17,233
Total Revenues	<u>\$ 285,000</u>	<u>\$ 285,000</u>	<u>\$ 302,233</u>	<u>\$ 17,233</u>
<b>Expenditures:</b>				
Current:				
Health and Welfare:				
County Welfare	\$ 426,918	\$ 426,918	\$ 34,932	\$ 391,986
Total Expenditures	<u>\$ 426,918</u>	<u>\$ 426,918</u>	<u>\$ 34,932</u>	<u>\$ 391,986</u>
Net Change in Fund Balances	\$ (141,918)	\$ (141,918)	\$ 267,301	\$ 409,219
Fund Balances - Beginning	<u>1,865,041</u>	<u>1,865,041</u>	<u>1,865,041</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,723,123</u>	<u>\$ 1,723,123</u>	<u>\$ 2,132,342</u>	<u>\$ 409,219</u>

Rusk County, Texas  
 Airport Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget (GAAP Basis) and Actual  
 For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 27,173	\$ 27,173
Fees	300,000	300,000	253,988	(46,012)
Miscellaneous:				
Interest	8,000	8,000	30,563	22,563
Sale of Assets	-	66,948	66,948	-
Donations	-	-	4,297	4,297
Timber Sale	-	-	-	-
Oil & Gas Royalties	400,000	400,000	481,643	81,643
Total Revenues	<u>\$ 708,000</u>	<u>\$ 774,948</u>	<u>\$ 864,612</u>	<u>\$ 89,664</u>
<b>Expenditures:</b>				
Current:				
Public Transportation:				
Airport	\$ 607,242	\$ 660,737	\$ 667,149	\$ (6,412)
Capital Outlay:				
Public Transportation:				
Airport	360,000	387,384	16,795	370,589
Total Expenditures	<u>\$ 967,242</u>	<u>\$ 1,048,121</u>	<u>\$ 683,944</u>	<u>\$ 364,177</u>
Net Change in Fund Balances	\$ (259,242)	\$ (273,173)	\$ 180,668	\$ 453,841
Fund Balances - Beginning	<u>2,256,841</u>	<u>2,256,841</u>	<u>2,256,841</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,997,599</u>	<u>\$ 1,983,668</u>	<u>\$ 2,437,509</u>	<u>\$ 453,841</u>

Rusk County, Texas  
 Juvenile Services Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget (GAAP Basis) and Actual  
 For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 375,410	\$ 375,410	\$ 318,461	\$ (56,949)
Fees	1,100	1,100	1,549	449
Miscellaneous:				
Interest	100	100	893	793
Total Revenues	<u>\$ 376,610</u>	<u>\$ 376,610</u>	<u>\$ 320,903</u>	<u>\$ (55,707)</u>
<b>Expenditures:</b>				
Current:				
Public Safety:				
Juvenile Services	\$ 481,610	\$ 502,617	\$ 454,617	\$ 48,000
Total Expenditures	<u>\$ 481,610</u>	<u>\$ 502,617</u>	<u>\$ 454,617</u>	<u>\$ 48,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (105,000)</u>	<u>\$ (126,007)</u>	<u>\$ (133,714)</u>	<u>\$ (7,707)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	\$ 105,000	\$ 105,000	\$ 105,000	\$ -
Total Other Financing Sources (Uses)	<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ -	\$ (21,007)	\$ (28,714)	\$ (7,707)
Fund Balances - Beginning	<u>35,135</u>	<u>35,135</u>	<u>35,135</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 35,135</u></u>	<u><u>\$ 14,128</u></u>	<u><u>\$ 6,421</u></u>	<u><u>\$ (7,707)</u></u>

Rusk County, Texas  
Debt Service Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad Valorem Taxes:				
Current Taxes	\$ 1,398,259	\$ 1,398,258	\$ 1,616,640	\$ 218,382
Delinquent Taxes	25,000	25,000	39,861	14,861
Interest and Penalty	20,000	20,000	53,876	33,876
Miscellaneous				
Interest	2,500	2,500	20,079	17,579
Total Revenues	<u>\$ 1,445,759</u>	<u>\$ 1,445,758</u>	<u>\$ 1,730,456</u>	<u>\$ 284,698</u>
<b>Expenditures:</b>				
Debt Service:				
Principal	\$ 1,065,000	\$ 1,065,000	\$ 1,065,000	\$ -
Interest and Fees	264,300	264,606	264,606	-
Total Expenditures	<u>\$ 1,329,300</u>	<u>\$ 1,329,606</u>	<u>\$ 1,329,606</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 116,459	\$ 116,152	\$ 400,850	\$ 284,698
Fund Balances - Beginning	<u>1,196,087</u>	<u>1,196,087</u>	<u>1,196,087</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,312,546</u>	<u>\$ 1,312,239</u>	<u>\$ 1,596,937</u>	<u>\$ 284,698</u>

Rusk County, Texas  
Water Supply Grant Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget (GAAP Basis) and Actual  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 135,514	\$ 133,664	\$ (1,850)
Total Revenues	\$ -	\$ 135,514	\$ 133,664	\$ (1,850)
<b>Expenditures:</b>				
Current:				
Public Facilities				
Water Improvements	\$ -	\$ 135,514	\$ 133,664	\$ 1,850
Total Expenditures	\$ -	\$ 135,514	\$ 133,664	\$ 1,850
Net Change in Fund Balances	\$ -	\$ -	\$ -	\$ -
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

Rusk County, Texas  
Agency Funds  
Combining Statement of Assets and Liabilities  
December 31, 2018

	Tax Assessor- Collector <u>Fund</u>	County Clerk <u>Fund</u>	District Clerk <u>Fund</u>	Sheriff <u>Fund</u>	Justices of the Peace <u>Fund</u>	Library System <u>Fund</u>	Adult Probation <u>Fund</u>	Juvenile Probation <u>Fund</u>	Totals
<b><u>Assets</u></b>									
Cash	\$ 7,293,407	\$ 271,046	\$ 1,823,882	\$ 207,955	\$ 11,853	\$ 21	\$ 194,407	\$ -	\$ 9,802,571
Investments	-	314,089	515,355	-	-	-	-	-	829,444
Total Assets	<u>\$ 7,293,407</u>	<u>\$ 585,135</u>	<u>\$ 2,339,237</u>	<u>\$ 207,955</u>	<u>\$ 11,853</u>	<u>\$ 21</u>	<u>\$ 194,407</u>	<u>\$ -</u>	<u>\$ 10,632,015</u>
<b><u>Liabilities</u></b>									
Due to Other Governments	\$ 7,293,407	\$ -	\$ -	\$ -	\$ -	\$ 21	\$ 192,709	\$ -	\$ 7,486,137
Court Ordered Deposits	-	271,046	477,178	52,051	11,853	-	-	-	812,128
Inmate Trust Funds	-	-	-	155,904	-	-	1,698	-	157,602
Court Ordered Trust Funds	-	314,089	1,862,059	-	-	-	-	-	2,176,148
Total Liabilities	<u>\$ 7,293,407</u>	<u>\$ 585,135</u>	<u>\$ 2,339,237</u>	<u>\$ 207,955</u>	<u>\$ 11,853</u>	<u>\$ 21</u>	<u>\$ 194,407</u>	<u>\$ -</u>	<u>\$ 10,632,015</u>

The accompanying notes are an integral part of this statement.

Rusk County, Texas  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2018

	Balance January 1, 2018	<u>Additions</u>	<u>Deductions</u>	Balance December 31, 2018
<i><u>Tax Assessor-Collector Fund:</u></i>				
<b><u>Assets</u></b>				
Cash	\$ 7,287,429	\$ 93,655,128	\$ 93,649,150	\$ 7,293,407
Total Assets	<u>\$ 7,287,429</u>	<u>\$ 93,655,128</u>	<u>\$ 93,649,150</u>	<u>\$ 7,293,407</u>
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 7,287,429	\$ 93,655,128	\$ 93,649,150	\$ 7,293,407
Total Liabilities	<u>\$ 7,287,429</u>	<u>\$ 93,655,128</u>	<u>\$ 93,649,150</u>	<u>\$ 7,293,407</u>
<i><u>County Clerk Fund:</u></i>				
<b><u>Assets</u></b>				
Cash	\$ 266,076	\$ 775,558	\$ 773,588	\$ 268,046
Investments	361,202	3,068	50,180	314,090
Total Assets	<u>\$ 627,278</u>	<u>\$ 778,626</u>	<u>\$ 823,768</u>	<u>\$ 582,136</u>
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 266,076	\$ 775,558	\$ 773,588	\$ 268,046
Court Ordered Trust Funds	361,202	3,068	50,180	314,090
Total Liabilities	<u>\$ 627,278</u>	<u>\$ 778,626</u>	<u>\$ 823,768</u>	<u>\$ 582,136</u>
<i><u>District Clerk Fund:</u></i>				
<b><u>Assets</u></b>				
Cash	\$ 1,904,392	\$ 1,122,215	\$ 1,202,724	\$ 1,823,883
Investments	279,533	607,721	371,900	515,354
Total Assets	<u>\$ 2,183,925</u>	<u>\$ 1,729,936</u>	<u>\$ 1,574,624</u>	<u>\$ 2,339,237</u>
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 475,054	\$ 457,588	\$ 455,464	\$ 477,178
Court Ordered Trust Funds	1,708,871	1,272,348	1,119,159	1,862,059
Total Liabilities	<u>\$ 2,183,925</u>	<u>\$ 1,729,936</u>	<u>\$ 1,574,623</u>	<u>\$ 2,339,237</u>

The accompanying notes are an integral part of this statement.

Rusk County, Texas  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2018

	Balance January 1, 2018	<u>Additions</u>	<u>Deductions</u>	Balance December 31, 2018
<i><u>Sheriff Fund:</u></i>				
<b><u>Assets</u></b>				
Cash	\$ 273,050	\$ 459,543	\$ 524,638	\$ 207,955
Total Assets	\$ 273,050	\$ 459,543	\$ 524,638	\$ 207,955
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 41,074	\$ 123,173	\$ 112,195	\$ 52,052
Inmate Trust Funds	231,976	336,370	412,443	155,903
Total Liabilities	\$ 273,050	\$ 459,543	\$ 524,638	\$ 207,955
<i><u>Justices of the Peace Fund:</u></i>				
<b><u>Assets</u></b>				
Cash	\$ 558	\$ 1,206,911	\$ 1,195,616	\$ 11,853
Total Assets	\$ 558	\$ 1,206,911	\$ 1,195,616	\$ 11,853
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ 558	\$ 1,206,911	\$ 1,195,616	\$ 11,853
Total Liabilities	\$ 558	\$ 1,206,911	\$ 1,195,616	\$ 11,853
<i><u>Library System:</u></i>				
<b><u>Assets</u></b>				
Cash	\$ 5	\$ 25,471	\$ 25,455	\$ 21
Total Assets	\$ 5	\$ 25,471	\$ 25,455	\$ 21
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 5	\$ 25,471	\$ 25,455	\$ 21
Total Liabilities	\$ 5	\$ 25,471	\$ 25,455	\$ 21

The accompanying notes are an integral part of this statement.



Rusk County, Texas  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2018

	Balance		Balance	
	January 1, 2018	Additions	Deductions	December 31, 2018
<b><u>Adult Probation:</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 195,438	\$ 732,767	\$ 733,798	\$ 194,407
Total Assets	\$ 195,438	\$ 732,767	\$ 733,798	\$ 194,407
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 193,818	\$ 651,427	\$ 652,477	\$ 192,768
Court Ordered Deposits	(4)	81,320	81,321	(5)
Inmate Trust	1,624	20	-	1,644
Total Liabilities	\$ 195,438	\$ 732,767	\$ 733,798	\$ 194,407
<b><u>Juvenile Probation Fund:</u></b>				
<b><u>Assets</u></b>				
Cash	\$ -	\$ 2,497	\$ 2,497	\$ -
Total Assets	\$ -	\$ 2,497	\$ 2,497	\$ -
<b><u>Liabilities</u></b>				
Court Ordered Deposits	\$ -	\$ 2,497	\$ 2,497	\$ -
Total Liabilities	\$ -	\$ 2,497	\$ 2,497	\$ -
<b><u>Total All Agency Funds:</u></b>				
<b><u>Assets</u></b>				
Cash	\$ 9,926,950	\$ 97,980,090	\$ 98,107,466	\$ 9,799,572
Investments	640,735	610,789	422,080	829,444
Total Assets	\$ 10,567,684	\$ 98,590,879	\$ 98,529,546	\$ 10,629,016
<b><u>Liabilities</u></b>				
Due to Other Governments	\$ 7,481,252	\$ 94,332,026	\$ 94,327,082	\$ 7,486,196
Court Ordered Deposits	782,759	2,647,047	2,620,681	809,124
Inmate Trust Funds	233,600	336,390	412,443	157,547
Court Ordered Trust Funds	2,070,073	1,275,416	1,169,339	2,176,149
Total Liabilities	\$ 10,567,684	\$ 98,590,879	\$ 98,529,546	\$ 10,629,016

The accompanying notes are an integral part of this statement.

Rusk County, Texas  
 Capital Assets Used in the Operation of Governmental Funds  
 Comparative Schedules By Source  
 December 31, 2018

	2018	2017
Governmental Funds Capital Assets:		
Land	\$ 1,032,025	\$ 1,032,025
Construction in Progress	154,346	-
Buildings	27,205,525	27,205,525
Machinery and Equipment	14,812,070	13,936,210
Infrastructure	3,978,922	3,978,922
Total Governmental Funds Capital Assets	\$ 47,182,888	\$ 46,152,683
Investments in Governmental Funds Capital Assets by Source:		
General Revenues	27,082,250	26,030,745
Certificates of Obligation	19,103,202	19,103,202
Capital Leases	301,643	301,643
Donations	673,965	673,965
Drug Seizures	21,828	43,128
Total Governmental Funds Capital Assets	\$ 47,182,888	\$ 46,152,683

Rusk County, Texas  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule By Function and Activity  
 December 31, 2018

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
<b>General Government:</b>						
County Clerk	\$ -	\$ -	\$ -	\$ 69,911	\$ -	\$ 69,911
District Clerk	-	-	-	6,100	-	6,100
Veteran's Service	-	-	-	56,804	-	56,804
Information Technology	-	-	-	28,389	-	28,389
Emergency Management	-	-	-	336,797	-	336,797
Total General Government	\$ -	\$ -	\$ -	\$ 498,001	\$ -	\$ 498,001
<b>Judicial:</b>						
Justices of the Peace	\$ 1,060	\$ -	\$ 243,927	\$ 12,137	\$ -	\$ 257,124
District Court	-	-	-	-	-	-
Total Judicial	\$ 1,060	\$ -	\$ 243,927	\$ 12,137	\$ -	\$ 257,124
<b>Legal:</b>						
District Attorney	\$ -	\$ -	\$ -	\$ 17,261	\$ -	\$ 17,261
Total District Attorney	\$ -	\$ -	\$ -	\$ 17,261	\$ -	\$ 17,261
<b>Elections:</b>						
Elections	\$ 16,665	\$ -	\$ -	\$ 97,602	\$ -	\$ 114,267
Total Elections	\$ 16,665	\$ -	\$ -	\$ 97,602	\$ -	\$ 114,267
<b>Financial Administration:</b>						
Tax Assessor-Collector	\$ -	\$ -	\$ 248,887	\$ 5,362	\$ -	\$ 254,249
Treasurer	-	-	-	5,000	-	5,000
Total Financial Administration	\$ -	\$ -	\$ 248,887	\$ 10,362	\$ -	\$ 259,249
<b>Public Facilities:</b>						
Courthouse	\$ 191,486	\$ -	\$ 1,166,870	\$ 368,345	\$ -	\$ 1,726,701
Miscellaneous and Nondepartmental	11,100	-	-	134,506	-	145,606
Total Public Facilities	\$ 202,586	\$ -	\$ 1,166,870	\$ 502,851	\$ -	\$ 1,872,307
<b>Public Safety:</b>						
Jail	\$ 225,000	\$ -	\$ 19,433,216	\$ 72,151	\$ -	\$ 19,730,367
Sheriff	50,000	-	386,847	1,578,613	-	2,015,460
Courthouse Security	-	-	-	16,388	-	16,388
Juvenile Probation	-	-	137,493	25,029	-	162,522
Total Public Safety	\$ 275,000	\$ -	\$ 19,957,556	\$ 1,692,181	\$ -	\$ 21,924,737
<b>Public Transportation:</b>						
Road & Bridge-Precinct #1	\$ 4,667	\$ -	\$ -	\$ 2,534,658	\$ 981,240	\$ 3,520,565
Road & Bridge-Precinct #2	6,268	-	-	2,313,651	1,487,698	3,807,617
Road & Bridge-Precinct #3	8,050	-	-	2,943,902	1,173,944	4,125,896
Road & Bridge-Precinct #4	17,624	-	-	3,472,939	336,040	3,826,603
Road & Bridge-Miscellaneous	-	-	-	31,597	-	31,597
License & Weight	-	-	-	72,675	-	72,675
Airport	346,420	154,346	680,393	361,305	-	1,542,464
Total Public Transportation	\$ 383,029	\$ 154,346	\$ 680,393	\$ 11,730,727	\$ 3,978,922	\$ 16,927,417

Rusk County, Texas  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule By Function and Activity  
 December 31, 2018

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Health and Welfare:						
County Health	\$ -	\$ -	\$ -	\$ 29,506	\$ -	\$ 29,506
Sanitation	12,165	-	-	31,272	-	43,437
Total Health and Welfare	\$ 12,165	\$ -	\$ -	\$ 60,778	\$ -	\$ 72,943
Culture and Recreation:						
Library Complex	\$ 90,580	\$ -	\$ 945,542	\$ 166,015	\$ -	\$ 1,202,137
Depot/Children's Discovery Center	40,440	-	173,684	9,450	-	223,574
Community Center	10,500	-	-	-	-	10,500
Total Culture and Recreation	\$ 141,520	\$ -	\$ 1,119,226	\$ 175,465	\$ -	\$ 1,436,211
Conservation and Agriculture:						
Agriculture & Home Demo	\$ -	\$ -	\$ 137,493	\$ 14,705	\$ -	\$ 152,198
Youth Expo Center	-	-	3,651,173	-	-	3,651,173
Total Conservation and Agriculture	\$ -	\$ -	\$ 3,788,666	\$ 14,705	\$ -	\$ 3,803,371
Total Governmental Funds Capital Assets	\$ 1,032,025	\$ 154,346	\$ 27,205,525	\$ 14,812,070	\$ 3,978,922	\$ 47,182,888

Rusk County, Texas  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes By Function and Activity  
 For the Year Ended December 31, 2018

<u>Function and Activity</u>	<u>Beginning Balance January 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets December 31, 2018</u>
<b>General Government:</b>				
County Clerk	\$ 63,528	\$ 6,383	\$ -	\$ 69,911
District Clerk	-	6,100	-	6,100
Veteran's Service	56,804	-	-	56,804
Information Technology	28,389	-	-	28,389
Emergency Management	367,868	-	31,071	336,797
Total General Government	\$ 516,589	\$ 12,483	\$ 31,071	\$ 498,001
<b>Judicial:</b>				
Justices of the Peace	\$ 257,124	-	-	\$ 257,124
District Court	-	-	-	-
Total Judicial	\$ 257,124	\$ -	\$ -	\$ 257,124
<b>Legal:</b>				
District Attorney	\$ 17,261	-	-	\$ 17,261
Total Legal	\$ 17,261	\$ -	\$ -	\$ 17,261
<b>Elections:</b>				
Elections	\$ 108,406	\$ 5,861	-	\$ 114,267
Total Elections	\$ 108,406	\$ 5,861	\$ -	\$ 114,267
<b>Financial Administration:</b>				
Tax Assessor-Collector	\$ 254,249	-	-	\$ 254,249
Treasurer	5,000	-	-	5,000
Total Financial Administration	\$ 259,249	\$ -	\$ -	\$ 259,249
<b>Public Facilities:</b>				
Courthouse	\$ 1,726,701	-	-	\$ 1,726,701
Miscellaneous and Nondepartmental	145,606	-	-	145,606
Total Public Facilities	\$ 1,872,307	\$ -	\$ -	\$ 1,872,307
<b>Public Safety:</b>				
Jail	\$ 19,719,509	\$ 10,858	-	\$ 19,730,367
Sheriff	1,973,077	109,040	66,657	2,015,460
Courthouse Security	16,388	-	-	16,388
Juvenile Probation	162,522	-	-	162,522
Total Public Safety	\$ 21,871,496	\$ 119,898	\$ 66,657	\$ 21,924,737

Rusk County, Texas  
 Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes By Function and Activity  
 For the Year Ended December 31, 2018

<u>Function and Activity</u>	<u>Beginning Balance January 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets December 31, 2018</u>
<b>Public Transportation:</b>				
Road & Bridge-Precinct #1	\$ 3,433,672	\$ 179,893	\$ 93,000	\$ 3,520,565
Road & Bridge-Precinct #2	3,737,421	76,696	6,500	3,807,617
Road & Bridge-Precinct #3	3,652,288	473,608	-	4,125,896
Road & Bridge-Precinct #4	3,651,683	222,988	48,068	3,826,603
Road & Bridge-Miscellaneous	31,597	-	-	31,597
License & Weight	72,675	-	-	72,675
Airport	1,358,391	184,073	-	1,542,464
Total Public Transportation	<u>\$ 15,937,727</u>	<u>\$ 1,137,258</u>	<u>\$ 147,568</u>	<u>\$ 16,927,417</u>
<b>Health and Welfare:</b>				
County Health	\$ 29,506	\$ -	\$ -	\$ 29,506
Sanitation	43,437	-	-	43,437
Total Health and Welfare	<u>\$ 72,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,943</u>
<b>Culture and Recreation:</b>				
Library Complex	\$ 1,202,137	\$ -	\$ -	\$ 1,202,137
Depot/Children's Discovery Center	223,574	-	-	223,574
Community Center	10,500	-	-	10,500
Total Culture and Recreation	<u>\$ 1,436,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,436,211</u>
<b>Conservation and Agriculture:</b>				
Agriculture & Home Demo	\$ 152,198	\$ -	\$ -	\$ 152,198
Youth Expo Center	3,651,173	-	-	3,651,173
Total Conservation and Agriculture	<u>\$ 3,803,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,803,371</u>
Total Governmental Funds Capital Assets	<u>\$ 46,152,683</u>	<u>\$ 1,275,500</u>	<u>\$ 245,296</u>	<u>\$ 47,182,888</u>

## Statistical Section

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends:</b>	106
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
<b>Revenue Capacity:</b>	115
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	
<b>Debt Capacity:</b>	120
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.	
<b>Demographic and Economic Information:</b>	124
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
<b>Operating Information:</b>	126
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Investment in Capital Assets	\$ 18,133,773	\$ 17,401,492	\$ 14,450,087	\$ 12,107,820
Restricted	1,683,418	1,517,928	1,146,193	1,174,870
Unrestricted	12,790,180	15,981,688	19,687,992	20,482,094
 Total	 \$ 32,607,371	 \$ 34,901,108	 \$ 35,284,272	 \$ 33,764,784



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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 12,116,832	\$ 12,114,324	\$ 11,939,360	\$ 12,149,550	\$ 11,710,141	\$ 10,916,017
961,706	923,225	787,396	207,659	120,834	66,838
22,786,112	21,150,898	19,751,536	18,580,317	17,742,764	16,325,566
<u>\$ 35,864,650</u>	<u>\$ 34,188,447</u>	<u>\$ 32,478,292</u>	<u>\$ 30,937,526</u>	<u>\$ 29,573,739</u>	<u>\$ 27,308,421</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Expenses</b>					
General Government	\$ 1,925,446	\$ 2,802,813	\$ 2,465,572	\$ 2,396,679	\$ 2,391,322
Judicial	2,595,988	2,281,266	2,694,105	2,589,015	2,431,208
Legal	599,587	622,483	609,600	593,937	602,142
Elections	217,943	225,542	266,954	217,098	249,122
Financial Administration	2,017,100	1,988,815	1,905,182	1,851,062	1,814,390
Public Facilities	673,318	678,806	559,044	645,729	761,845
Public Safety	6,679,591	8,015,223	7,482,411	6,962,714	6,885,164
Public Transportation	7,398,140	7,431,412	7,246,701	7,954,065	6,681,505
Health and Welfare	474,859	610,036	579,082	549,584	551,406
Culture and Recreation	1,181,155	1,244,740	1,211,220	1,152,304	1,106,036
Conservation	181,157	194,279	184,975	174,090	174,833
Interest on Long-Term Debt	150,658	179,505	454,537	429,168	478,600
<b>Total Expenses</b>	<b>\$ 24,094,942</b>	<b>\$ 26,274,920</b>	<b>\$ 25,659,383</b>	<b>\$ 25,515,445</b>	<b>\$ 24,127,573</b>
<b>Program Revenues</b>					
Charges for Services:					
General Government	\$ 662,456	\$ 517,261	\$ 474,601	\$ 599,619	\$ 660,014
Judicial	925,813	782,230	759,768	751,698	840,343
Legal	35,826	36,654	47,759	37,960	45,287
Elections	30,988	23,964	22,998	10,115	44,852
Financial Administration	1,572,383	1,543,089	1,573,697	1,669,286	1,642,443
Public Facilities	10,502	7,680	8,462	8,450	6,150
Public Safety	119,172	126,021	135,473	114,880	121,028
Public Transportation	187,143	219,261	200,492	230,316	271,467
Health and Welfare	183,883	169,761	159,913	150,756	136,772
Culture and Recreation	35,966	29,002	30,453	33,800	31,156
Operating Grants and Contributions	583,986	642,054	831,974	682,323	609,584
Capital Grants and Contributions	252,401	171,724	292,842	716,590	427,699
<b>Total Program Revenues</b>	<b>\$ 4,600,519</b>	<b>\$ 4,268,701</b>	<b>\$ 4,538,432</b>	<b>\$ 5,005,793</b>	<b>\$ 4,836,795</b>
<b>Net (Expense)/Revenue</b>	<b>\$ (19,494,423)</b>	<b>\$ (22,006,219)</b>	<b>\$ (21,120,951)</b>	<b>\$ (20,509,652)</b>	<b>\$ (19,290,778)</b>
<b>General Revenues and Other Changes in Net Position</b>					
Property Taxes	\$ 15,875,812	\$ 19,952,562	\$ 20,082,905	\$ 20,296,606	\$ 20,209,323
Other Taxes	10,267	10,648	10,960	14,211	15,384
Miscellaneous	1,272,567	1,659,845	2,522,797	2,489,004	690,504
Gain (Loss) on Sales of Assets	42,040	-	23,777	143,943	51,770
<b>Total General Revenues and Other Changes in Net Position</b>	<b>\$ 17,200,686</b>	<b>\$ 21,623,055</b>	<b>\$ 22,640,439</b>	<b>\$ 22,943,764</b>	<b>\$ 20,966,981</b>
<b>Change in Net Position</b>	<b>\$ (2,293,737)</b>	<b>\$ (383,164)</b>	<b>\$ 1,519,488</b>	<b>\$ 2,434,112</b>	<b>\$ 1,676,203</b>

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

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 2,500,971	\$ 2,569,722	\$ 2,307,567	\$ 2,506,904	\$ 2,713,457
2,308,514	2,278,032	2,386,602	2,866,978	2,386,349
597,931	584,071	605,541	531,893	451,559
188,382	238,372	172,758	203,611	193,749
1,748,139	1,746,186	1,682,757	1,609,417	1,544,309
863,205	756,369	725,521	621,606	700,669
6,582,485	6,244,736	5,828,528	5,494,159	5,574,435
6,604,989	6,566,057	7,163,046	6,698,275	6,218,959
701,967	706,938	754,206	754,302	721,634
1,029,227	1,075,540	1,042,855	1,007,038	1,015,949
166,649	155,805	165,767	136,763	129,663
486,853	534,224	583,919	633,361	664,495
<u>\$ 23,779,312</u>	<u>\$ 23,456,052</u>	<u>\$ 23,419,067</u>	<u>\$ 23,064,307</u>	<u>\$ 22,315,227</u>
\$ 778,666	\$ 781,522	\$ 589,945	\$ 658,536	\$ 861,162
934,457	1,127,809	1,104,447	1,113,590	1,106,935
57,797	58,122	69,742	58,488	87,661
25,336	52,635	37,224	39,114	4,741
1,608,048	1,551,377	1,512,021	1,495,621	1,521,080
5,400	5,000	5,400	5,475	5,400
148,074	135,416	137,485	125,535	216,510
222,748	264,019	256,426	188,516	122,550
153,723	144,323	154,083	138,677	142,840
26,647	32,445	28,326	24,427	25,699
617,321	854,918	697,592	681,989	621,711
504,290	319,926	372,479	267,695	340,246
<u>\$ 5,082,507</u>	<u>\$ 5,327,512</u>	<u>\$ 4,965,170</u>	<u>\$ 4,797,663</u>	<u>\$ 5,056,535</u>
<u>\$ (18,696,805)</u>	<u>\$ (18,128,540)</u>	<u>\$ (18,453,897)</u>	<u>\$ (18,266,644)</u>	<u>\$ (17,258,692)</u>
\$ 19,696,484	\$ 18,968,825	\$ 19,071,911	\$ 19,057,736	\$ 18,535,575
10,314	11,451	11,207	10,476	8,638
412,759	583,411	967,619	1,463,750	1,560,647
287,403	105,619	-	-	-
<u>\$ 20,406,960</u>	<u>\$ 19,669,306</u>	<u>\$ 20,050,737</u>	<u>\$ 20,531,962</u>	<u>\$ 20,104,860</u>
<u>\$ 1,710,155</u>	<u>\$ 1,540,766</u>	<u>\$ 1,596,840</u>	<u>\$ 2,265,318</u>	<u>\$ 2,846,168</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund				
Nonspendable	\$ 136,591	\$ 127,494	\$ 120,845	\$ 110,250
Unassigned	13,088,897	11,323,125	13,077,681	14,294,913
Total General Fund	<u>\$ 13,225,489</u>	<u>\$ 11,450,619</u>	<u>\$ 13,198,526</u>	<u>\$ 14,405,163</u>
All Other Governmental Funds				
Nonspendable, Reported in:				
Special Revenue Funds	\$ 49,135	\$ 47,367	\$ 50,436	\$ 48,507
Permanent Funds	66,800	66,502	66,651	66,503
Restricted, Reported in:				
Special Revenue Funds	8,934,349	7,428,133	10,395,320	10,910,683
Debt Service Fund	1,596,937	1,196,087	1,027,466	1,194,738
Capital Projects Funds	-	-	-	-
Permanent Funds	395	397	551	724
Total All Other Governmental Funds	<u>\$ 10,647,616</u>	<u>\$ 8,738,486</u>	<u>\$ 11,540,424</u>	<u>\$ 12,221,155</u>

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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 104,793	\$ 95,779	\$ 86,895	\$ 92,152	\$ 73,843	\$ 90,602
13,949,592	12,828,116	11,010,688	9,499,518	8,072,463	6,875,744
<u>\$ 14,054,385</u>	<u>\$ 12,923,895</u>	<u>\$ 11,097,583</u>	<u>\$ 9,591,670</u>	<u>\$ 8,146,306</u>	<u>\$ 6,966,346</u>
\$ 42,186	\$ 40,762	\$ -	\$ 48,720	\$ 12,260	\$ 8,985
66,451	66,451	66,451	66,451	66,451	66,451
8,882,723	7,947,885	8,083,003	7,769,821	7,813,776	7,549,788
1,008,277	981,207	880,091	312,870	251,165	142,908
-	-	-	1,110,222	2,934,601	11,936,646
677	630	1,097	686	580	387
<u>\$ 10,000,314</u>	<u>\$ 9,036,935</u>	<u>\$ 9,030,642</u>	<u>\$ 9,308,770</u>	<u>\$ 11,078,833</u>	<u>\$ 19,705,165</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>					
Ad Valorem Taxes	\$ 22,622,172	\$ 17,834,933	\$ 19,022,552	\$ 20,182,741	\$ 20,098,925
Other Taxes	10,267	10,648	10,960	14,211	15,384
Intergovernmental	749,320	718,005	898,583	1,288,412	951,077
Fees	3,012,651	2,824,622	2,810,080	3,059,497	3,122,791
Fines and Forfeitures	585,722	647,526	639,067	448,113	693,184
Miscellaneous	1,607,837	1,459,496	2,458,966	2,837,623	820,265
<b>Total Revenues</b>	<b>\$ 28,587,969</b>	<b>\$ 23,495,230</b>	<b>\$ 25,840,208</b>	<b>\$ 27,830,597</b>	<b>\$ 25,701,626</b>
<b>Expenditures</b>					
General Government	\$ 1,505,452	\$ 1,431,311	\$ 1,579,228	\$ 1,494,580	\$ 1,387,736
Judicial	2,547,673	2,492,508	2,636,082	2,528,118	2,371,495
Legal	592,511	612,374	603,472	590,379	588,047
Elections	215,923	215,114	262,470	213,089	245,758
Financial Administration	2,005,787	1,899,748	1,874,290	1,813,263	1,778,856
Public Facilities	655,386	583,890	491,450	609,813	720,180
Public Safety	6,374,704	6,173,941	6,241,955	6,049,767	5,892,912
Public Transportation	6,103,770	6,180,075	6,364,781	6,233,731	5,792,902
Health and Welfare	471,053	584,107	565,817	534,943	534,078
Culture and Recreation	1,163,528	1,155,120	1,173,513	1,102,586	1,053,569
Conservation	177,036	177,642	177,636	168,177	170,305
Nondepartmental	581,619	645,394	606,213	647,634	766,886
Capital Outlay	1,107,953	4,830,199	3,697,361	1,516,008	847,772
Debt Service:					
Principal	1,128,226	1,080,000	1,040,000	1,000,000	965,000
Interest	272,041	282,483	412,585	456,894	492,263
Debt Issuance Cost	1,306	2,812	156,015	-	-
<b>Total Expenditures</b>	<b>\$ 24,903,969</b>	<b>\$ 28,346,718</b>	<b>\$ 27,882,868</b>	<b>\$ 24,958,982</b>	<b>\$ 23,607,759</b>
Excess of Revenues Over/(Under) Expenditures	\$ 3,684,000	\$ (4,851,488)	\$ (2,042,660)	\$ 2,871,615	\$ 2,093,867
<b>Other Financing Sources/(Uses)</b>					
Transfers in	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000
Transfers out	(120,000)	(120,000)	(120,000)	(420,000)	(120,000)
Certificates of Obligation Issued	-	-	7,115,000	-	-
Premium on Certificates of Obligation	-	-	785,570	-	-
Payment to Refunded Bond Escrow Agent	-	-	(7,745,277)	-	-
Capital Leases	-	301,643	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	<b>\$ -</b>	<b>\$ 301,643</b>	<b>\$ 155,293</b>	<b>\$ (300,000)</b>	<b>\$ -</b>
<b>Net Changes in Fund Balances</b>	<b>\$ 3,684,000</b>	<b>\$ (4,549,845)</b>	<b>\$ (1,887,367)</b>	<b>\$ 2,571,615</b>	<b>\$ 2,093,867</b>
Debt Service as a Percentage of Noncapital Expenditures	5.91%	5.53%	5.93%	5.99%	6.42%

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$	19,620,948	\$ 18,910,131	\$ 19,023,149	\$ 19,011,462	\$ 18,483,518
	10,314	11,451	11,207	10,476	8,638
	1,108,223	1,161,196	1,054,635	935,008	940,457
	3,206,652	3,218,023	2,961,380	2,933,010	3,107,887
	739,720	895,756	911,127	890,196	981,638
	760,937	780,753	1,227,452	1,454,803	1,540,018
\$	25,446,794	\$ 24,977,310	\$ 25,188,950	\$ 25,234,955	\$ 25,062,156
\$	1,511,136	\$ 1,366,604	\$ 1,315,372	\$ 1,320,775	\$ 1,434,205
	2,278,410	2,217,680	2,356,730	2,856,259	2,368,772
	590,146	571,069	598,231	541,061	448,985
	186,285	228,494	166,254	198,470	187,089
	1,729,954	1,712,623	1,663,473	1,610,118	1,549,434
	805,138	737,373	707,359	608,590	685,269
	5,691,604	5,628,597	5,453,515	5,227,551	5,379,212
	5,700,644	5,529,201	5,952,718	5,708,918	5,329,084
	687,931	693,254	742,309	736,447	625,991
	1,000,726	1,003,019	981,557	972,016	950,790
	165,143	151,287	159,044	133,084	126,541
	638,145	797,225	641,844	551,515	853,377
	1,173,537	1,617,263	3,278,808	10,720,338	5,855,945
	930,000	936,202	904,018	871,948	852,935
	525,388	559,634	592,417	624,237	655,038
	-	-	-	-	-
\$	23,614,187	\$ 23,749,525	\$ 25,513,649	\$ 32,681,327	\$ 27,302,667
\$	1,832,607	\$ 1,227,785	\$ (324,699)	\$ (7,446,372)	\$ (2,240,511)
\$	120,000	\$ 685,643	\$ 115,000	\$ 360,000	\$ 355,000
	(120,000)	(685,643)	(115,000)	(360,000)	(355,000)
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	-	\$ -	\$ -	\$ -	\$ -
\$	1,832,607	\$ 1,227,785	\$ (324,699)	\$ (7,446,372)	\$ (2,240,511)
	6.47%	6.75%	6.70%	6.75%	6.91%

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

<u>Tax Roll Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less Exemptions</u>	<u>Total Assessed</u>	<u>Estimated Actual Value</u>	<u>Ratio of Assessed Value to Total Estimated Actual Value</u>	<u>Total Direct Tax Rate</u>
2009	2,583,800	4,493,701	1,788,132	5,289,369	7,077,501	74.73	0.37200
2010	2,617,946	4,205,464	1,797,793	5,025,617	6,823,410	73.65	0.39750
2011	2,650,132	3,637,093	1,685,788	4,601,437	6,287,225	73.19	0.44170
2012	2,674,978	3,398,576	1,638,860	4,434,694	6,073,554	73.02	0.46908
2013	2,782,293	3,303,655	1,691,966	4,393,982	6,085,948	72.20	0.45492
2014	2,819,078	3,281,011	1,671,605	4,428,484	6,100,089	72.60	0.44711
2015	2,909,647	3,139,449	1,656,021	4,393,075	6,049,096	72.62	0.46576
2016	3,006,417	2,545,502	1,686,125	3,865,794	5,551,919	69.63	0.53067
2017	3,046,201	2,339,926	1,666,657	3,719,470	5,386,127	69.06	0.59336
2018	3,071,385	2,251,309	1,626,954	3,695,740	5,322,694	69.43	0.63758

Notes: Exemptions from tax are provided for:

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

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

Source: Rusk County Appraisal District

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

Table 6  
Page 1 of 2

<u>Name of Government</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Rusk County, Texas										
Operating	\$0.36612	\$0.40342	\$0.36247	\$0.31627	\$0.30611	\$0.31492	\$0.30600	\$0.28810	\$0.25780	\$0.24020
Debt Service	0.02876	0.04422	0.04548	0.03090	0.03667	0.03343	0.03468	0.03180	0.02980	0.02900
County School	0.02644	0.02575	0.02455	0.02139	0.02100	0.02100	0.02100	0.02100	0.01910	0.01780
Farm to Market	0.09751	0.09946	0.08562	0.07471	0.06800	0.06700	0.05640	0.05380	0.04880	0.04500
Special Roads	<u>0.05825</u>	<u>0.06473</u>	<u>0.06119</u>	<u>0.05339</u>	<u>0.05200</u>	<u>0.05200</u>	<u>0.05100</u>	<u>0.04700</u>	<u>0.04200</u>	<u>0.04000</u>
Total Rate	<u>\$0.57708</u>	<u>\$0.63758</u>	<u>\$0.57931</u>	<u>\$0.49666</u>	<u>\$0.48378</u>	<u>\$0.48835</u>	<u>\$0.46908</u>	<u>\$0.44170</u>	<u>\$0.39750</u>	<u>\$0.37200</u>
City of Henderson, Texas										
Operating	\$0.42900	\$0.43170	\$0.40710	\$0.41570	\$0.46100	\$0.36510	\$0.42960	\$0.41540	\$0.43860	\$0.43690
Debt Service	<u>0.09270</u>	<u>0.09000</u>	<u>0.11460</u>	<u>0.10600</u>	<u>0.05430</u>	<u>0.15660</u>	<u>0.09210</u>	<u>0.10630</u>	<u>0.08310</u>	<u>0.08480</u>
Total Rate	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.51530</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>
City of New London, Texas										
Operating	<u>\$1.22925</u>	<u>\$1.17382</u>	<u>\$1.15000</u>	<u>\$0.90445</u>	<u>\$0.06500</u>	<u>\$0.60528</u>	<u>\$0.51095</u>	<u>\$0.63481</u>	<u>\$0.63481</u>	<u>\$0.75130</u>
Total Rate	<u>\$1.22925</u>	<u>\$1.17382</u>	<u>\$1.15000</u>	<u>\$0.90445</u>	<u>\$0.06500</u>	<u>\$0.60528</u>	<u>\$0.51095</u>	<u>\$0.63481</u>	<u>\$0.63481</u>	<u>\$0.75130</u>
City of Kilgore, Texas										
Operating	\$0.50763	\$0.51311	\$0.46974	\$0.41987	\$0.40011	\$0.37011	\$0.34971	\$0.34765	\$0.33680	\$0.33680
Debt Service	<u>0.03137</u>	<u>0.02589</u>	<u>0.03598</u>	<u>0.04989</u>	<u>0.04989</u>	<u>0.04989</u>	<u>0.05029</u>	<u>0.05179</u>	<u>0.05557</u>	<u>0.05557</u>
Total Rate	<u>\$0.53900</u>	<u>\$0.53900</u>	<u>\$0.50572</u>	<u>\$0.46976</u>	<u>\$0.45000</u>	<u>\$0.42000</u>	<u>\$0.40000</u>	<u>\$0.39944</u>	<u>\$0.39237</u>	<u>\$0.39237</u>
City of Overton, Texas										
Operating	\$0.44800	\$0.41000	\$0.17500	\$0.41000	\$0.41000	\$0.40397	\$0.41735	\$0.39781	\$0.38090	\$0.38090
Debt Service	<u>0.28170</u>	<u>0.25800</u>	<u>0.00000</u>	<u>0.21800</u>	<u>0.21800</u>	<u>0.14921</u>	<u>0.15415</u>	<u>0.17872</u>	<u>0.17500</u>	<u>0.17500</u>
Total Rate	<u>\$0.72970</u>	<u>\$0.66800</u>	<u>\$0.17500</u>	<u>\$0.62800</u>	<u>\$0.62800</u>	<u>\$0.55318</u>	<u>\$0.57150</u>	<u>\$0.57653</u>	<u>\$0.55590</u>	<u>\$0.55590</u>
City of Tatum, Texas										
Operating	\$0.31201	\$0.31984	\$0.32015	\$0.33528	\$0.31670	\$0.31670	\$0.30596	\$0.31851	\$0.31943	\$0.33577
Total Rate	<u>\$0.31201</u>	<u>\$0.31984</u>	<u>\$0.32015</u>	<u>\$0.33528</u>	<u>\$0.31670</u>	<u>\$0.31670</u>	<u>\$0.30596</u>	<u>\$0.31851</u>	<u>\$0.31943</u>	<u>\$0.33577</u>
Henderson ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>0.23000</u>	<u>0.23000</u>	<u>0.23000</u>	<u>0.23000</u>	<u>0.23000</u>	<u>0.14000</u>	<u>0.14000</u>	<u>0.14000</u>	<u>0.14000</u>	<u>0.14000</u>
Total Rate	<u>\$1.27000</u>	<u>\$1.27000</u>	<u>\$1.27000</u>	<u>\$1.27000</u>	<u>\$1.27000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>
Laneville ISD										
Operating	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>
Total Rate	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>
Leverett's Chapel ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.22180	\$1.25180	\$1.25180
Debt Service	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Total Rate	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.22180</u>	<u>\$1.25180</u>	<u>\$1.25180</u>
Mt. Enterprise ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>0.06360</u>	<u>0.06360</u>	<u>0.06360</u>	<u>0.06360</u>	<u>0.06360</u>	<u>0.04360</u>	<u>0.04360</u>	<u>0.17360</u>	<u>0.16270</u>	<u>0.09798</u>
Total Rate	<u>\$1.23360</u>	<u>\$1.23360</u>	<u>\$1.23360</u>	<u>\$1.23360</u>	<u>\$1.23360</u>	<u>\$1.21360</u>	<u>\$1.21360</u>	<u>\$1.21360</u>	<u>\$1.20270</u>	<u>\$1.13798</u>
Overton ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>0.31900</u>	<u>0.31900</u>	<u>0.31900</u>	<u>0.31900</u>	<u>0.44900</u>	<u>0.44900</u>	<u>0.44900</u>	<u>0.46430</u>	<u>0.44000</u>	<u>0.40000</u>
Total Rate	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.48900</u>	<u>\$1.50430</u>	<u>\$1.48000</u>	<u>\$1.44000</u>

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

Table 6  
Page 2 of 2

<u>Name of Government</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Tatum ISD										
Operating	\$1.04000	\$1.04000	\$1.01070	\$0.94670	\$0.94670	\$0.88000	\$0.85500	\$0.76000	\$0.92890	\$0.76000
Debt Service	<u>0.16700</u>	<u>0.16700</u>	<u>0.18930</u>	<u>0.22330</u>	<u>0.22330</u>	<u>0.29000</u>	<u>0.31500</u>	<u>0.28000</u>	<u>0.11110</u>	<u>0.28000</u>
Total Rate	<u>\$1.20700</u>	<u>\$1.20700</u>	<u>\$1.20000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>
West Rusk CISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>\$0.32000</u>	<u>\$0.32000</u>	<u>\$0.32000</u>	<u>\$0.32000</u>	<u>\$0.32000</u>	<u>\$0.32000</u>	<u>\$0.32000</u>	<u>\$0.08000</u>	<u>\$0.08000</u>	<u>\$0.08820</u>
Total Rate	<u>\$1.36000</u>	<u>\$1.36000</u>	<u>\$1.36000</u>	<u>\$1.36000</u>	<u>\$1.36000</u>	<u>\$1.36000</u>	<u>\$1.36000</u>	<u>\$1.12000</u>	<u>\$1.12000</u>	<u>\$1.12820</u>
Rusk ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>0.11250</u>	<u>0.11250</u>	<u>0.11250</u>	<u>0.11250</u>	<u>0.11250</u>	<u>0.11250</u>	<u>0.11250</u>	<u>0.11750</u>	<u>0.11750</u>	<u>0.11750</u>
Total Rate	<u>\$1.15250</u>	<u>\$1.15250</u>	<u>\$1.15250</u>	<u>\$1.15250</u>	<u>\$1.15250</u>	<u>\$1.15250</u>	<u>\$1.15250</u>	<u>\$1.15750</u>	<u>\$1.15750</u>	<u>\$1.15750</u>
Kilgore ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>0.26920</u>	<u>0.26920</u>	<u>0.26920</u>	<u>0.26920</u>	<u>0.26920</u>	<u>0.26920</u>	<u>0.26920</u>	<u>0.26920</u>	<u>0.06920</u>	<u>0.06920</u>
Total Rate	<u>\$1.30920</u>	<u>\$1.30920</u>	<u>\$1.30920</u>	<u>\$1.30920</u>	<u>\$1.30920</u>	<u>\$1.30920</u>	<u>\$1.30920</u>	<u>\$1.30920</u>	<u>\$1.10920</u>	<u>\$1.10920</u>
Carlisle ISD										
Operating	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000
Debt Service	<u>0.35000</u>	<u>0.35000</u>	<u>0.38000</u>	<u>0.38000</u>	<u>0.38000</u>	<u>0.38000</u>	<u>0.30000</u>	<u>0.33500</u>	<u>0.08200</u>	<u>0.10000</u>
Total Rate	<u>\$1.52000</u>	<u>\$1.52000</u>	<u>\$1.55000</u>	<u>\$1.55000</u>	<u>\$1.55000</u>	<u>\$1.55000</u>	<u>\$1.47000</u>	<u>\$1.50500</u>	<u>\$1.25200</u>	<u>\$1.27000</u>
Kilgore College										
Operating	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>
Total Rate	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>
Gregg County ESD #1										
Operating	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>
Total Rate	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>
Rusk County ESD #1										
Operating	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>
Total Rate	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>	<u>\$0.03000</u>
Garrison ISD										
Operating	\$1.17000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.02200	\$1.02200	\$1.02200	\$1.02200	\$1.02200
Debt Service	<u>0.00000</u>	<u>0.06650</u>	<u>0.06650</u>	<u>0.07090</u>	<u>0.06885</u>	<u>0.07510</u>	<u>0.07312</u>	<u>0.07340</u>	<u>0.06700</u>	<u>0.05044</u>
Total Rate	<u>\$1.17000</u>	<u>\$1.10650</u>	<u>\$1.10650</u>	<u>\$1.11090</u>	<u>\$1.10885</u>	<u>\$1.09710</u>	<u>\$1.09512</u>	<u>\$1.09540</u>	<u>\$1.08900</u>	<u>\$1.07244</u>
Cushing ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>0.26000</u>	<u>0.26000</u>	<u>0.26000</u>	<u>0.26000</u>	<u>0.26000</u>	<u>0.26000</u>	<u>0.26000</u>	<u>0.26000</u>	<u>0.24000</u>	<u>0.24000</u>
Total Rate	<u>\$1.30000</u>	<u>\$1.30000</u>	<u>\$1.30000</u>	<u>\$1.30000</u>	<u>\$1.30000</u>	<u>\$1.30000</u>	<u>\$1.30000</u>	<u>\$1.30000</u>	<u>\$1.28000</u>	<u>\$1.28000</u>
Total	<u>\$19.49504</u>	<u>\$19.38274</u>	<u>\$18.79768</u>	<u>\$18.87605</u>	<u>\$17.95593</u>	<u>\$18.28061</u>	<u>\$18.07261</u>	<u>\$17.92349</u>	<u>\$17.36791</u>	<u>\$17.38016</u>

Table 7

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Rank</u>	<u>2018 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Rank</u>	<u>2009 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Luminant Generation Co. LP	Electric Generating	1	\$ 396,323,690	10.72%	1	1,404,727,960	26.56%
Tenaksa Gateway Partners LTD	Electric Generating	2	104,387,220	2.82			0.00
Sabine Oil and Gas LLC	Minerals	3	91,147,130	2.47			
Legend Energy Services	Personal Property	4	47,566,780	1.29			
Luminant Mining Co.	Lease Equipment	5	38,068,880	1.03	7	55,021,660	1.04
CCI East Texas Upstream LLC	Minerals	6	37,981,420	1.03			
Transcanda Keystone Pipeline	Pipeline	7	35,537,750	0.96			
AEP Southwestern Elec Power Co	Utility	8	34,749,360	0.94			
Management & Training Corp	Real Estate	9	31,926,970	0.86			
Oncor Electric Delivery Co LLC	Utility	10	31,416,000	0.85			
Sampson Lone Star LP	Minerals				2	142,979,890	2.70
Cabot Oil & Gas Corp.	Minerals				3	110,253,060	2.08
Anadarko E&P Co. LP	Utility				4	83,579,690	1.58
El Paso E&P Co. LP	Utility				5	69,548,510	1.31
Verado Energy	Minerals				6	65,308,490	1.23
NFR Energy, LLC	Utility				8	44,918,670	0.85
Pioneer Drilling	Rigs				9	42,772,500	0.81
Chinn Exploration	Minerals				10	41,498,370	0.78
Total			<u>\$ 849,105,200</u>	<u>22.98%</u>		<u>\$ 2,060,608,800</u>	<u>38.96%</u>

Source: Rusk County Appraisal District

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

Tax Roll Year	(1) Tax Levy	Current Tax Collections	(2) Percent of Current Taxes Collected	Delinquent Tax Collections	Total Collections	(2) Ratio of Total Tax Collections To Total Tax Levy	(3)/(4) Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2009	18,750,333	18,183,297	96.98	501,042	18,684,339	99.65	65,994	0.35
2010	18,787,026	18,275,059	97.27	436,701	18,711,760	99.60	75,266	0.40
2011	18,948,333	18,014,651	95.07	850,464	18,865,115	99.56	83,218	0.44
2012	19,400,068	18,777,015	96.79	609,081	19,386,096	99.93	13,972	0.07
2013	20,022,006	18,240,172	91.10	1,619,845	19,860,017	99.19	161,989	0.81
2014	20,063,813	19,458,347	96.98	430,299	19,888,646	99.13	175,167	0.87
2015	20,336,201	18,259,598	89.79	1,848,483	20,108,081	98.88	228,120	1.12
2016	20,622,331	17,011,299	82.49	3,298,430	20,309,729	98.48	312,602	1.52
2017	21,753,833	19,017,362	87.42	2,293,860	21,311,222	97.97	442,611	2.03
2018	19,853,735	7,291,533	36.73	N/A	7,291,533	36.73	N/A	N/A

(1) Years 2009 through 2017 represent adjusted tax levy and year 2018 represents original tax levy, as adjustments are not complete until the end of the tax roll year June 30, 2019, which will occur during the next fiscal year.

(2) 2018 percentage of collections and total collections is lower than other years because the 2018 tax roll is still in process of being collected.

(3) Outstanding delinquent taxes represent the balance of each tax roll year as of December 31, 2018.

(4) 2018 uncollected taxes are not delinquent until July 1, 2019.

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

Fiscal Year	General Bonded Debt		Total Outstanding Debt	(2) Percentage of Personal Income	Population (3)	Debt Per Capita
	General Obligation Bonds (1)	Capital Leases				
2009	15,374,446	117,168	15,491,614	1.00%	49,180	315
2010	14,525,783	80,220	14,606,003	0.99%	53,330	274
2011	13,647,120	41,202	13,688,322	0.88%	53,689	255
2012	12,738,457	-	12,738,457	0.77%	54,026	236
2013	11,794,794	-	11,794,794	0.66%	53,622	220
2014	10,816,131	-	10,816,131	0.58%	53,923	201
2015	9,802,468	-	9,802,468	0.51%	53,923	182
2016	8,930,850	-	8,930,850	0.46%	52,732	169
2017	7,731,523	301,643	8,033,166	0.43%	52,883	152
2018	6,547,196	238,417	6,785,613	0.36%	53,330	127

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

- (1) Presented net of original issuance discounts and premiums
- (2) Personal income is disclosed on Table 13
- (3) United States Census Bureau

Rusk County, Texas  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(Unaudited)

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<u>Fiscal Year</u>	<u>Certificates of Obligation (1)</u>	<u>Less: Amounts Avaliable in Debt Service Fund (2)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (3)</u>	<u>Per Capita (4)</u>
2009	15,374,446	-	15,374,446	0.22%	313
2010	14,525,783	53,803	14,471,980	0.21%	271
2011	13,647,120	140,522	13,506,598	0.21%	252
2012	12,738,457	719,849	12,018,608	0.20%	222
2013	11,794,794	856,191	10,938,603	0.18%	204
2014	10,816,131	894,578	9,921,553	0.16%	184
2015	9,802,468	1,107,643	8,694,825	0.14%	164
2016	8,930,850	1,027,466	7,903,384	0.14%	150
2017	7,731,523	1,196,087	6,535,436	0.12%	124
2018	6,547,196	1,596,937	4,950,259	0.09%	93

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

- (1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.
- (2) This is the amount restricted for debt service principal payments.
- (3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on Table 5 for property value data.
- (4) Population data can be found on Table 13.

Rusk County, Texas  
Direct and Overlapping Governmental Activities Debt  
December 31, 2018  
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Cities:			
City of Henderson, Texas	\$ 2,383,709	100.00%	\$ 2,383,709
City of Kilgore, Texas	3,900,000	13.33	519,870
City of Overton, Texas	907,000	89.29	809,860
Total Cities			<u>\$ 3,713,439</u>
Independent School Districts:			
Henderson	41,837,649	100.00%	\$ 41,837,649
Overton	8,554,738	100.00	8,554,738
Mt. Enterprise	2,610,000	100.00	2,610,000
Kilgore	44,600,000	31.69	14,133,740
Rusk	8,215,000	3.92	322,028
Tatum	21,693,435	94.75	20,554,530
West Rusk	18,425,000	100.00	18,425,000
Garrison	1,510,000	12.06	182,106
Carlisle	7,805,000	78.15	6,099,608
Total Independent School Districts			<u>\$ 112,719,398</u>
Subtotal, Overlapping Debt			\$ 116,432,837
Total Direct Debt			<u>7,865,613</u>
Total Direct and Overlapping Debt			<u><u>\$ 124,298,450</u></u>

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

Sources:

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



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

Property Tax Year	(1) Assessed Value of Taxable Property	(2) Debt Limit	(3) Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2009	5,289,369	1,322,342	15,307	1,307,035	1.16%
2010	5,025,617	1,256,404	14,435	1,241,969	1.15%
2011	4,601,437	1,150,359	13,531	1,136,828	1.18%
2012	4,434,694	1,108,674	12,595	1,096,079	1.14%
2013	4,393,981	1,098,495	11,665	1,086,830	1.06%
2014	4,428,484	1,107,121	10,700	1,096,421	0.97%
2015	4,393,075	1,098,269	9,700	1,088,569	0.88%
2016	3,865,795	966,449	8,931	957,518	0.92%
2017	3,719,470	929,868	8,033	921,834	0.86%
2018	3,695,740	923,935	6,786	917,149	0.73%

(1) Assessed valuation of taxable property can be found on Table 5.

(2) 25% of assessed value of real property (Article 3, Section 52, Constitution of the State of Texas)

(3) Debt outstanding can be found on Table 9

Rusk County, Texas  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)

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Fiscal <u>Year</u>	(1) <u>Population</u>	(2) Personal Income <i>(thousands of dollars)</i>	(2) Per Capita <u>Income</u>	(3) Median <u>Age</u>	(4) School Average Daily <u>Attendance</u>	(5) Unemployment Rate <u>Percentage</u>
2009	49,180	1,541,594	29,535	38.4	7,118	8.6
2010	53,330	1,480,892	28,048	38.1	7,144	7.3
2011	53,689	1,550,169	29,033	38.1	7,296	6.0
2012	54,026	1,656,894	30,821	38.1	7,369	5.5
2013	53,622	1,789,175	33,117	38.0	7,466	6.1
2014	53,923	1,852,146	34,541	38.4	7,649	4.9
2015	53,070	1,921,424	35,633	38.3	7,740	4.7
2016	52,732	1,936,195	36,484	38.7	7,669	5.8
2017	52,883	1,873,670	35,532	38.8	7,653	5.1
2018	53,330	1,876,004	35,508	39.1	7,583	4.1

## Sources:

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

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

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Henderson ISD	580	1	2.71%	569	2	2.52%
Sadler's Bar-B-Que	452	2	2.11%	304	6	1.35%
Wal-Mart Super Center	350	3	1.64%	320	5	1.42%
CCA-Bradshaw State Jail	307	4	1.44%	285	7	1.26%
Rusk County Courthouse	250	5	1.17%	250	8	1.11%
UT Health Henderson	196	6	0.92%			
Capco	165	7	0.77%	165	10	0.73%
Luminant	165	8	0.77%	930	1	4.12%
Citizens National Bank	160	9	0.75%			
West Fraser Inc.	155	10	0.72%			
ETMC of Henderson				400	3	1.77%
East Texas ISF				368	4	1.63%
Pioneer Drilling				240	9	1.06%
Total	<u>2,780</u>		<u>13.00%</u>	<u>3,831</u>		<u>16.97%</u>

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

Source: Henderson Area Chamber of Commerce

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

<u>Function</u>	<u>As of December 31,</u>								
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Government	21	21	21	20	20	18	18	19	18
Judicial	33	33	33	33	33	32	32	32	32
Legal	8	8	8	8	8	8	8	8	7
Elections	2	2	2	2	2	2	2	2	2
Financial Administration	19	19	19	19	19	19	19	19	18
Public Facilities	4	4	4	4	4	4	4	4	5
Public Safety	80	80	80	80	80	83	83	83	79
Public Transportation	58	58	58	58	58	60	60	60	59
Health and Welfare	2	2	2	2	2	3	3	3	2
Culture and Recreation	15	15	15	15	15	14	14	14	14
Conservation	4	4	4	4	4	4	4	4	4
Total	246	246	246	245	245	247	247	248	240

Source: County employment records.

Notes:

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

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

<u>Function</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Judicial</b>									
Cases Filed:									
District Court:									
Civil	304	342	269	345	325	495	450	470	560
Criminal	372	329	392	339	517	406	370	397	439
County Court-at-Law	49	718	1,069	1,030	1,287	1,083	1,236	839	863
Convictions:									
District Court	910	196	191	189	330	223	222	204	204
County Court-at-Law	52	442	383	415	406	93	430	348	379
<b>Elections</b>									
Registered Voters	29,359	30,737	31,339	28,807	30,361	30,021	30,880	29,772	29,118
<b>Public Safety</b>									
Arrests	1,902	2,094	1,991	2,053	1,964	2,132	2,527	1,945	1,849
Prisoner Days	36,656	37,845	32,632	36,676	42,997	40,620	37,905	32,933	31,849
<b>Culture and Recreation</b>									
Library Circulation	364,084	537,821	118,690	113,928	107,068	172,248	280,155	129,018	118,071
Library Attendance	11,322	12,266	71,821	56,762	11,091	11,093	9,862	9,441	10,198
Museum Attendance	32,551	32,825	33,025	33,234	29,995	25,589	26,413	23,180	20,486

## Note:

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

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

<u>Function</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Judicial									
Number of Justices of the Peace offices	5	5	5	5	5	5	5	5	5
Elections									
Number of voting boxes	17	17	17	17	17	22	22	22	22
Public Safety									
Number of Jails	1	1	1	1	1	1	1	1	1
Jail Capacity	292	292	292	292	292	292	292	292	96
Public Transportation									
Number of Precincts	5	5	5	5	5	4	4	4	4
Road Miles	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102
Bridges	109	109	109	109	109	109	109	109	109
Number of Airports	1	1	1	1	1	1	1	1	1
Number of Runways	2	2	2	2	2	2	2	2	2
Health and Welfare									
Number of Collection sites	6	6	5	6	6	6	6	6	6
Culture and Recreation									
Number of Libraries	4	4	4	4	4	4	4	4	4
Number of Museums	1	1	1	1	1	1	1	1	1
Number of Community Centers	2	2	2	2	2	3	3	3	3

## Note:

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

# Morgan LaGrone, CPA, PLLC

## Certified Public Accountant

Telephone: 903.657.0240  
Fax: 903.655.1324

116 S Marshall  
Henderson TX 75654

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

Rusk County Commissioners' Court  
Rusk County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas, ("County") as of and for the year ended December 31, 2018, 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 18, 2019.

#### Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

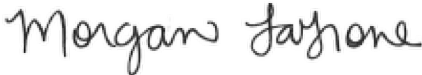
MEMBER

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

  
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Morgan LaGrone, CPA, PLLC

Henderson, Texas  
June 18, 2019



Rusk County, Texas  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2018

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development:</u>			
Passed through Texas Department of Agriculture: Community Development Block Grant	14.228	7217016	\$ 133,664
Total U.S. Department of Housing and Urban Development			<u>\$ 133,664</u>
<u>Institute of Museum and Library Services:</u>			
Passed through Texas State Library and Archives Commission: LSTA State Grant	45.31	LS-00-15-0044-15	7,959
Total U.S. Department of Homeland Security			<u>\$ 7,959</u>
<u>U.S. Department of Transportation:</u>			
Passed through Texas Department of Transportation: Airport Improvement Program	20.106	M1810HNDR1	\$ 27,173
Total U.S. Department of Transportation			<u>\$ 27,173</u>
<u>U.S. Department of Health and Human Services:</u>			
Passed through Texas Department of Family and Protective Services: Title IV-E, Foster Care Assistance	93.658	None	\$ 2,478
Total U.S. Department of Health and Human Services			<u>\$ 2,478</u>
Total Federal Financial Assistance			<u>\$ 171,274</u>

Rusk County, Texas  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2018

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

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

Rusk County, Texas  
Schedule of Expenditures of State Awards  
For the Year Ended December 31, 2018

<u>Grantor/Program Title</u>	<u>Grantor's Number</u>	<u>Program Expenditures</u>
Texas Juvenile Probation Commission:		
Juvenile Probation Services-State Aid	TJPC-A-2018-201	\$ 238,823
Juvenile Probation Services-State Aid	TJPC-A-2019-201	118,350
Total Texas Juvenile Probation Commission		<u>\$ 357,173</u>
Texas Task Force on Indigent Defense:		
Indigent Defense Services Grant	212-18-201	\$ 51,609
Total Texas Task Force on Indigent Defense		<u>\$ 51,609</u>
Texas Department of State Health Services		
RLSS-Local Public Health System	537-18-0243-00001	\$ 51,714
Total Texas Department of State Health Services		<u>\$ 51,714</u>
Texas Department of Transportation		
County Transportation Infrastructure Fund Grant	CTIF-01-201	\$ 91,564
		<u>\$ 91,564</u>
Total State Financial Assistance		<u>\$ 552,059</u>

Rusk County, Texas  
Schedule of Expenditures of State Awards  
For the Year Ended December 31, 2018

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

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

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

Rusk County, Texas  
Summary of Auditor's Results and  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2018

A. Summary of Auditor's Results

1. Financial Statements

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

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

Rusk County, Texas  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2018

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Finding

Current Status

Not Applicable for the year ended December 31, 2018.

Rusk County, Texas  
Corrective Action Plan  
For the Year Ended December 31, 2018

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Not applicable.