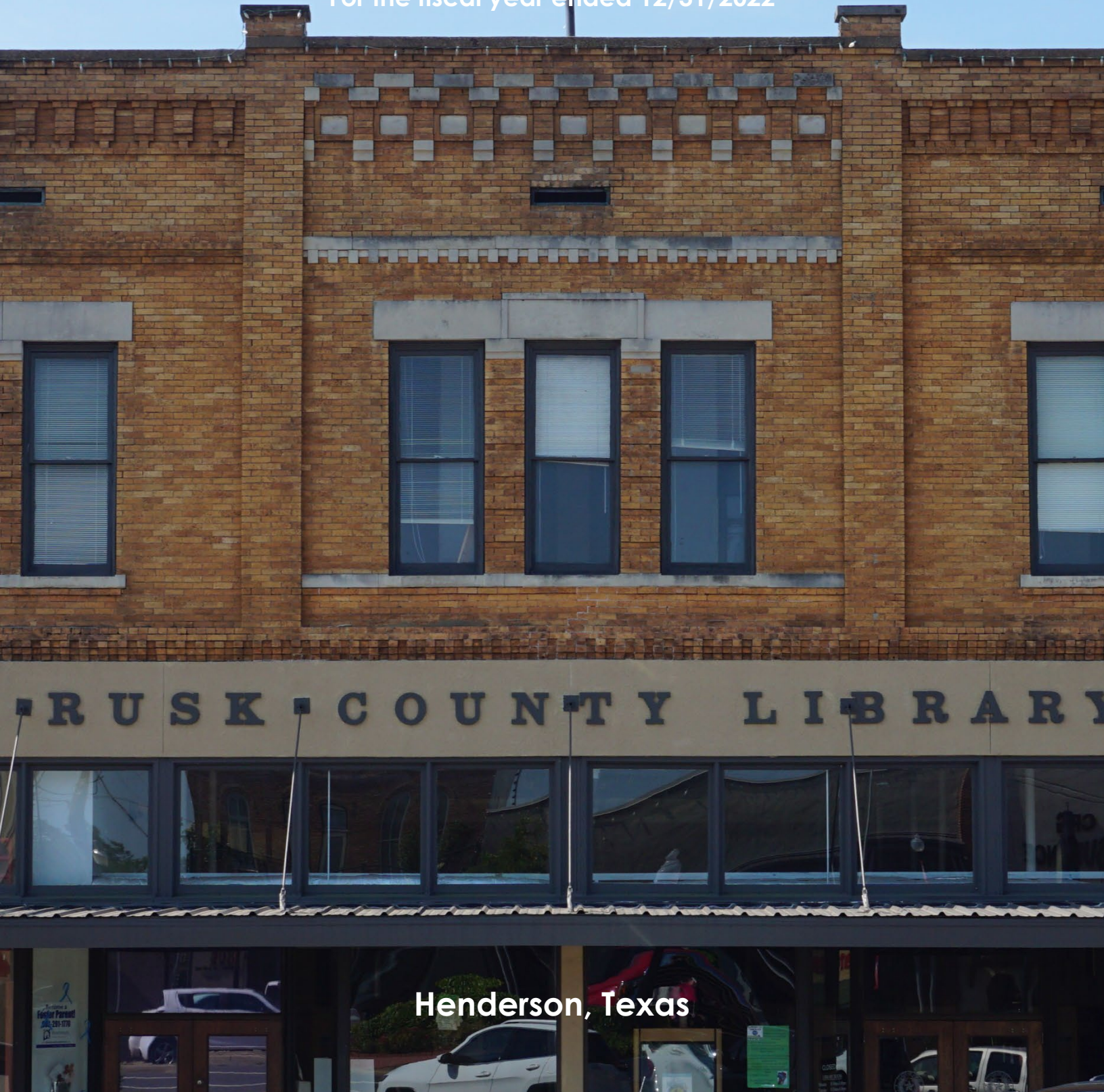


RUSK COUNTY

Annual Comprehensive Financial Report

For the fiscal year ended 12/31/2022



Henderson, Texas

Rusk County, Texas

Annual Comprehensive Financial Report

For the fiscal year ended December 31, 2022



Prepared by:
County Auditor's Office

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RUSK COUNTY, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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INTRODUCTORY SECTION

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COUNTY AUDITOR:
Reagan McCauley



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

March 21, 2025

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 Annual Comprehensive Financial Report (ACFR) for Rusk County for the year ended December 31, 2022. 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 Pattillo, Brown & Hill L.L.P. 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, 2022.

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*.

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 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 52,338. 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. Final budgeted expenditures cannot exceed the estimated revenues and available fund balance. A tax rate is then set, which will generate the estimated ad valorem tax revenues in the budget.

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

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

Budget to actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted. For the General Fund, the Road Bridge Fund, and the American Rescue Plan Fund (the County's three (3) major funds), this comparison is included in Required Supplementary Information. For other governmental funds, this comparison is presented in the Combining and Individual Fund Financial Statements and Schedules section of this report.

The Capital Projects Fund, the Permanent Funds, the Internal Service Fund, and the Fiduciary Funds (Custodial 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.

The school districts in the County have increased average daily attendance (ADA) in 2022. The County has a civilian labor force of 28,838, which is up from 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 employees had a significant effect on the financial statements in 2022. The County no longer participates in the insurance program provided through the Texas Association of Counties and chose to go out for bid for new insurance for the year 2022. The County chose to switch to United Healthcare due to more competitive pricing.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rusk County for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. This was the thirty-first (32nd) 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 Annual Comprehensive 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 Annual Comprehensive 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.

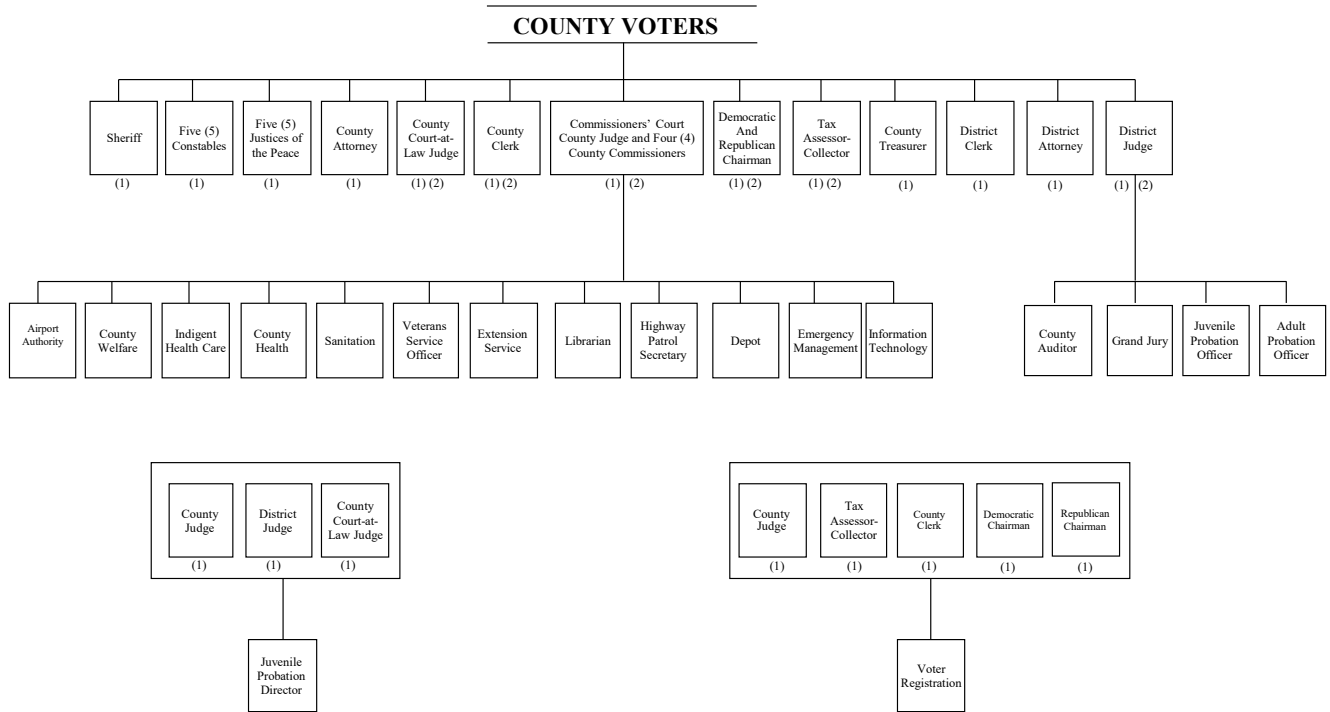
Respectfully submitted,

Reagan McCauley
Rusk County Auditor

RUSK COUNTY, TEXAS
LIST OF PRINCIPAL OFFICIALS
December 31, 2022

<u>Title</u>	<u>Name</u>
4 th Judicial District Judge	Honorable J. Clay Gossett
County Judge	Honorable Joel Hale
County Commissioner, Pct. #1	Honorable Randy Gaut
County Commissioner, Pct. #2	Honorable Robert Kuykendall
County Commissioner, Pct. #3	Honorable Greg Gibson
County Commissioner, Pct. #4	Honorable Bennie Whitworth
County Court-at-Law Judge	Honorable Chad Dean
County Attorney	Michael Jimmerson
County Auditor	Reagan McCauley
County Clerk	Trudy McGill
County Sheriff	Johnwayne Valdez
County Tax Assessor-Collector	Nesha Partin
County Treasurer	Andy Vinson
District Clerk	Terri Willard
Constable, Pct. #1	Richard Stanely
Constable, Pct. #2	Matt Allison
Constable, Pct. #3	Kenneth Miley
Constable, Pct. #4	David Guy
Constable, Pct. #5	Trey Hacker
Justice of the Peace, Pct. #1	Pat McCrory
Justice of the Peace, Pct. #2	Cindy Redmon
Justice of the Peace, Pct. #3	Jackie Risinger
Justice of the Peace, Pct. #4	Darlene Childress
Justice of the Peace, Pct. #5	Jana Enloe
Chief Adult Probation Officer	Mark Hogberg
Chief Juvenile Probation Officer	Fay Terry

RUSK COUNTY, TEXAS ORGANIZATIONAL CHART



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

(2) Denotes joint and overlapping responsibilities.

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge and
Commissioners' Court
Rusk County, Texas

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in 2022 the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement due date, including any currently known information that may raise substantial doubt shortly thereafter.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of 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.

Patillo, Brown & Hill, L.L.P.

Waco, Texas
March 21, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of Rusk County, Texas (the "County") for the year ending December 31, 2022. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the County's activities, compares the current year's results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the County's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the fiscal year by \$41,906,383 (net position). Of this amount, \$10,584,038 represents net position restricted for various purposes. Unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors, is \$8,474,611.
- The County's total net position increased by \$3,070,677 from operations.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$23,893,316, an increase of \$477,695 from prior year. Included in the current year is a reduction of beginning fund balance in the amount of \$1,150,266. Approximately 51% of this amount, \$12,074,000 is available for spending at the County's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12,074,000, or approximately 67% of total General Fund expenditures.

THE STRUCTURE OF OUR ANNUAL REPORT

The County's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information for the County as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the County as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the County's financial statements, report information on the County's activities that enable the reader to understand the financial condition of the County. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the County's assets, liabilities, and deferred outflows/inflows 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. Other nonfinancial factors, such as the County's property tax base and the condition of the County's infrastructure, need to be considered in order to assess the overall health of the County.

The Statement of Activities presents information showing how the County's net position changed during the most recent 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 - the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities summarizes the County's financials into governmental activities. The County's basic services are reported here including general government, judicial, financial administration, public safety, public transportation, health and welfare, and culture and recreation. Interest payments on the County's debt are also reported here. Property tax, fees, fines and forfeitures, and other revenue finance most of these activities.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the County. They are usually segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of County funds are governmental and fiduciary.

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 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 13 individual governmental funds, 3 major and 10 nonmajor. 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, Road and Bridge, and American Rescue Plan, which are considered to be major funds for reporting purposes.

The County adopts an annual appropriated budget for its general, road and bridge, debt service, and select special revenue funds. Budgetary comparison schedules have been provided for the general, road and bridge, debt service, and select special revenue funds to demonstrate compliance with these budgets.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County maintains 6 custodial funds. The County's fiduciary activities are reported separately and can be found just before the footnotes in this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes budgetary comparison schedules for the general fund, road and bridge fund, and health services fund, as well as schedules of changes in net pension and total other postemployment benefit liabilities and, related ratios, and schedule of contributions for the Texas County and District Retirement System. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$41,906,383 as of December 31, 2022. This compares with \$40,748,979 from the prior fiscal year. A portion of the County's net position, \$22,847,734, reflects its investment in capital assets (e.g., construction in progress, building, equipment, and infrastructure) less any debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities	
	2022	2021
Current and other assets	\$ 44,817,464	\$ 55,370,670
Capital assets, net	<u>24,758,428</u>	<u>24,920,738</u>
Total assets	<u>69,575,892</u>	<u>80,291,408</u>
Deferred outflows - pensions	<u>3,007,303</u>	<u>3,736,781</u>
Total deferred outflows of resources	<u>3,007,303</u>	<u>3,736,781</u>
Current liabilities	10,690,210	6,026,987
Long-term liabilities	<u>5,121,881</u>	<u>13,849,925</u>
Total liabilities	<u>15,812,091</u>	<u>19,876,912</u>
Deferred inflows - advanced tax collections	6,747,617	21,467,102
Deferred inflows - pensions	<u>8,117,104</u>	<u>1,935,196</u>
Total deferred inflows of resources	<u>14,864,721</u>	<u>23,402,298</u>
Net position:		
Net investment in capital assets	22,847,734	21,800,302
Restricted	10,584,038	1,918,547
Unrestricted	<u>8,474,611</u>	<u>17,030,130</u>
Total net position	<u>\$ 41,906,383</u>	<u>\$ 40,748,979</u>

A portion of the County's net position, \$10,584,038, represents resources that are subject to external restriction on how they may be used. The County's total net position increased by \$3,070,677 during the current fiscal year. The County experienced a decrease in the net pension liability, which contributed to the increase in net position.

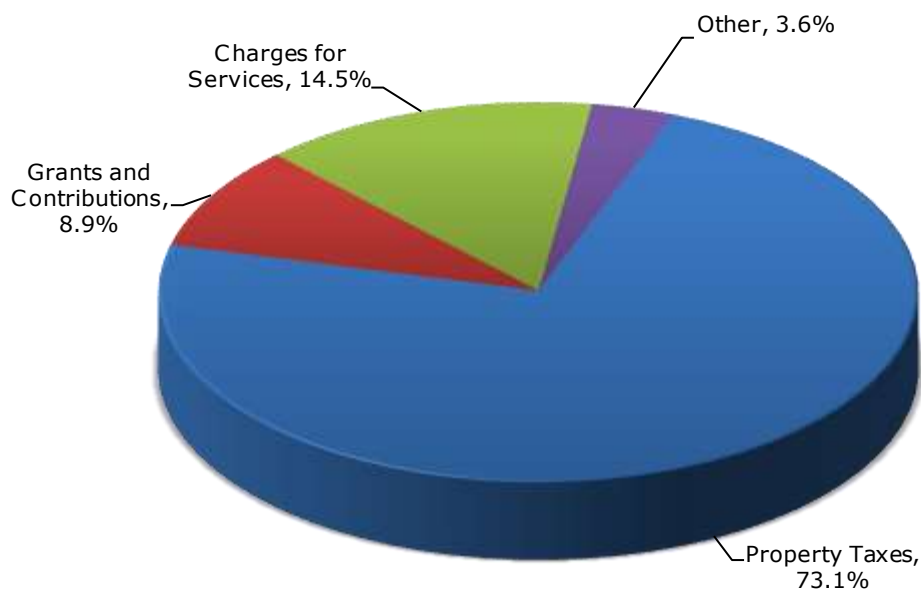
Statement of Activities

The following table provides a summary of the County's changes in net position:

	Governmental Activities	
	2022	2021
Revenues:		
<u>Program revenues:</u>		
Charges for services	\$ 4,495,012	\$ 3,828,607
Operating grants and contributions	2,351,576	988,346
Capital grants and contributions	399,108	1,225,392
<u>General revenues:</u>		
Property taxes	22,643,414	21,143,130
Other	<u>1,102,389</u>	<u>1,150,143</u>
Total revenues	<u>30,991,499</u>	<u>28,335,618</u>
Expenses:		
General government	2,385,329	2,316,143
Judicial	2,058,412	2,622,843
Legal	598,619	685,262
Elections	264,952	210,658
Financial administration	1,925,448	2,003,087
Public facilities	641,476	833,321
Public safety	7,690,602	7,673,745
Public transportation	9,920,977	10,144,536
Health and welfare	1,079,066	572,766
Culture and recreation	1,149,059	1,195,170
Conservation	200,542	204,715
Interest	<u>6,340</u>	<u>8,958</u>
Total expenses	<u>27,920,822</u>	<u>28,471,204</u>
Change in net position	3,070,677	(135,586)
Net position, beginning	40,748,979	40,884,565
Prior period adjustment	<u>(1,913,273)</u>	<u>-</u>
Net position, ending	<u>\$ 41,906,383</u>	<u>\$ 40,748,979</u>

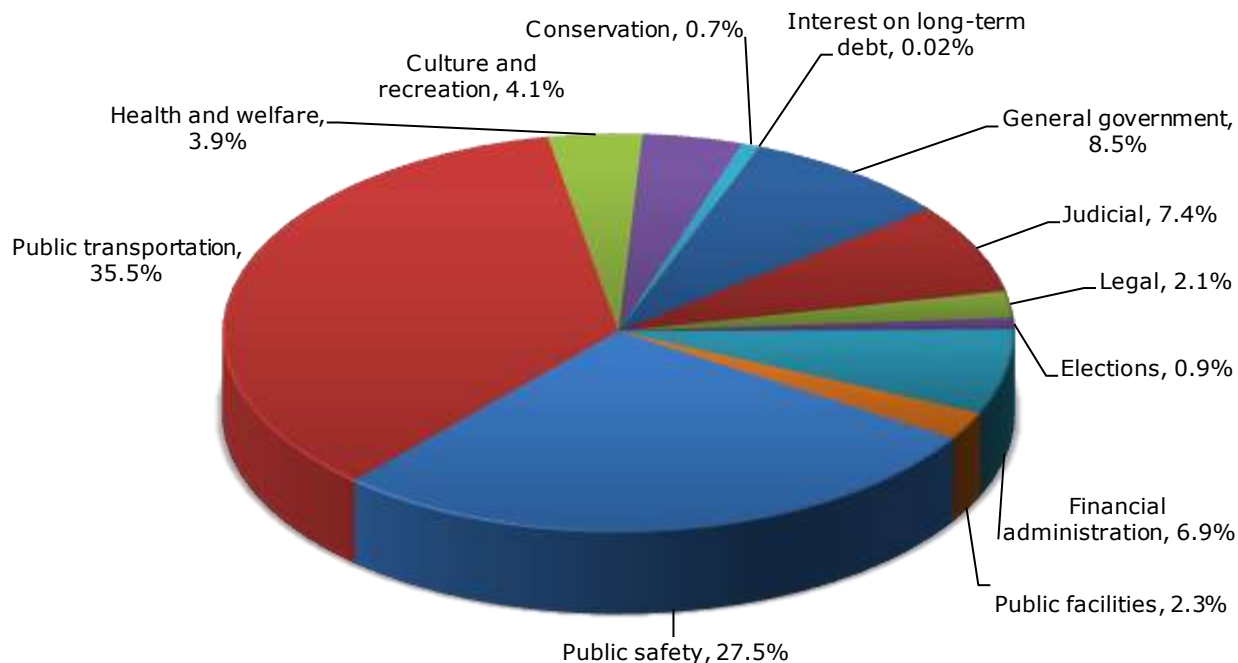
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the County's activities.

Governmental Activities – Revenues



Total governmental activity revenues increased 51% from the prior year. This increase is primarily due to an increase in property tax and other tax revenues for the year.

Governmental Activities - Expenses



Governmental expenses decreased by \$550,382 from the prior year. The majority of the change is a result of decreases in general government, Legal, and Judicial categories.

For the year ended December 31, 2022, revenues from governmental activities totaled , compared with \$28,335,618 in the prior year. This net increase occurred as the result of an increase in every revenue category except other and capital grants and contributions. Property tax revenue increased due to growing property tax values in the area.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure 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, the unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year.

The general fund is the chief operating fund of the County. The general fund experienced a decrease in fund balance of \$308,110 due to increases in ad valorem taxes, contributions, and intergovernmental revenues. At the end of the current fiscal year, unassigned fund balance of the general fund was \$12,074,000 and total fund balance was \$13,312,367. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents \$2,130,771 percent of total general fund expenditures.

The road and bridge fund had an ending fund balance of \$2,883,316, an increase of \$117,991 from the prior year. An increase in tax revenue contributed to the increase in fund balance.

The American Rescue Plan fund had an ending fund balance of \$121,446, an increase of \$114,530 from the prior. The increase in fund balance was caused by investment earnings that were not spent during the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues were less than final budgeted revenues by \$425,707 during the year. This net positive variance is primarily attributable to more taxes and fees received than the anticipated amount in the final budget. Actual expenditures were \$2,130,771 less than budgeted. Overall, the general fund had a total positive budget variance of \$1,705,064 before capital leases and interfund transfers.

CAPITAL ASSETS

At the end of the year, the County's governmental activities had invested \$24,758,428 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of - \$162,310.

Major capital asset events during the year included the following:

- Additions to machinery and equipment in the amount of \$1.2 million.
- Additions to right-to-use assets in the amount of \$293 thousand.

More detailed information about the County's capital assets is presented in the notes to the financial statements.

LONG-TERM LIABILITIES

At the end of the year, the County reported total general obligation bonds, tax notes, and capital leases outstanding of \$2,096,970.

All of the County's bond issues have been successful in qualifying for bond insurance resulting in a rating of "AA" by Standard and Poor's.

More detailed information about the County's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate for the County as of the end of the fiscal year was 4.9%, compared with a rate of 7.4% a year ago.
- The County's assessed valuation of property for the 2020 property tax year (2021 fiscal year) has increased \$4,082,344 to approximately \$3,713,951,555.
- The County's property tax rate increased from \$0.592137 per \$100 of assessed valuation to \$0.631876 per \$100 assessed valuation for the 2022 budget year (2021 property tax year).

All of these factors were considered in preparing the County's budget for the 2022 fiscal year. During the current fiscal year, Unassigned Fund Balance in the General Fund decreased to \$14,842,605. That amount represents approximately ten and a half months of General Fund operations, and the County believes that to be a reasonable reserve.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances. Questions concerning this report or requests for additional financial information should be directed to Reagan McCauley, County Auditor, Rusk County, 115 N. Main Street, Suite 103, Henderson, TX 75652.

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**BASIC
FINANCIAL STATEMENTS**

RUSK COUNTY, TEXAS**STATEMENT OF NET POSITION**

DECEMBER 31, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 22,897,674
Investments	19,540,848
Receivables, net	2,300,504
Due from other governments	8,009
Prepaid items	70,429
Capital assets:	
Nondepreciable	1,121,206
Net depreciable	<u>23,637,222</u>
Total assets	<u>69,575,892</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	<u>3,007,303</u>
Total deferred outflows of resources	<u>3,007,303</u>
LIABILITIES	
Accounts payable and accrued liabilities	721,231
Accrued interest payable	19,650
Due to others	155,443
Claims liability	308,769
Unearned revenues	9,485,117
Noncurrent liabilities:	
Due within one year:	
Long-term debt	1,536,746
Due in more than one year:	
Long-term debt	560,224
Net pension liability	<u>3,024,911</u>
Total liabilities	<u>15,812,091</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes - advanced collections	6,747,617
Related to pensions	<u>8,117,104</u>
Total deferred inflows of resources	<u>14,864,721</u>
NET POSITION	
Net investment in capital assets	22,847,734
Restricted for:	
Permanent funds	
Nonspendable	70,429
Expendable	161
County roads and bridges	2,883,343
Airport property	1,218,914
Law library	86,449
County officials' offices	1,319,936
Indigent health care services	2,636,288
Juvenile services	12,025
Debt service	2,081,510
District probation	153,537
American rescue funds	121,446
Unrestricted	<u>8,474,611</u>
Total net position	<u>\$ 41,906,383</u>

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

RUSK COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

					Net (Expense) Revenue and Changes in Position
		Program Revenue			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government					
<u>Governmental activities:</u>					
General government	\$ 2,385,329	\$ 1,404,276	\$ 498,200	\$ 38,293	\$ (444,560)
Judicial	2,058,412	902,444	201,473	-	(954,495)
Legal	598,619	39,087	67,569	-	(491,963)
Elections	264,952	-	-	-	(264,952)
Financial administration	1,925,448	1,605,882	-	-	(319,566)
Public facilities	641,476	-	-	-	(641,476)
Public safety	7,690,602	188,348	340,812	-	(7,161,442)
Public transportation	9,920,977	316,775	50,464	360,815	(9,192,923)
Health and welfare	1,079,066	135	1,188,213	-	109,282
Culture and recreation	1,149,059	38,065	4,845	-	(1,106,149)
Conservation	200,542	-	-	-	(200,542)
Interest on long-term debt	6,340	-	-	-	(6,340)
Total governmental activities	<u>27,920,822</u>	<u>4,495,012</u>	<u>2,351,576</u>	<u>399,108</u>	<u>(20,675,126)</u>
Total primary government	<u>\$ 27,920,822</u>	<u>\$ 4,495,012</u>	<u>\$ 2,351,576</u>	<u>\$ 399,108</u>	<u>\$ (20,675,126)</u>
General revenues:					
Property taxes					22,643,414
Other taxes					29,281
Investment income					696,643
Gain on sale of capital assets					54,479
Miscellaneous					<u>321,986</u>
Total general revenues					<u>23,745,803</u>
Change in net position					3,070,677
Net position - beginning					40,748,979
Prior period adjustment					<u>(1,913,273)</u>
Net position - beginning, restated					<u>38,835,706</u>
Net position - ending					<u>\$ 41,906,383</u>

RUSK COUNTY, TEXAS**BALANCE SHEET****GOVERNMENTAL FUNDS**

DECEMBER 31, 2022

	General	Road and Bridge	American Rescue Plan
ASSETS			
Cash and cash equivalents	\$ 5,208,926	\$ 2,772,313	\$ 5,606,563
Investments	12,539,437	1,001,411	6,000,000
Receivables, net:			
Property taxes	1,392,368	181,116	-
Due from other governments	8,009	-	-
Accounts	563,988	260	-
Prepays	3,657	66,772	-
Due from other funds	2,000,000	-	-
Total assets	<u>21,716,385</u>	<u>4,021,872</u>	<u>11,606,563</u>
LIABILITIES			
Accounts payable	357,487	270,826	-
Unearned revenue	-	-	9,485,117
Due to other governments	155,443	-	-
Due to other funds	-	-	2,000,000
Total liabilities	<u>512,930</u>	<u>270,826</u>	<u>11,485,117</u>
DEFERRED INFLOWS OF RESOURCES			
Advance tax collections	6,052,359	695,258	-
Unavailable revenue - tax revenue	1,324,465	172,472	-
Unavailable revenue - fines and fees	514,264	-	-
Unavailable revenue - seized funds	-	-	-
Unavailable revenue - deposits	-	-	-
Total deferred inflows of resources	<u>7,891,088</u>	<u>867,730</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Permanent funds	-	-	-
Prepays	3,657	66,772	-
Restricted:			
County roads & bridges	-	2,816,544	-
Airport property	-	-	-
Law library	-	-	-
County officials' offices	-	-	-
Indigent health care services	-	-	-
Juvenile services	-	-	-
Debt service	-	-	-
Cemetery maintenance	-	-	-
District probation	-	-	-
American rescue funds	-	-	121,446
Assigned for subsequent year's budget	1,234,710	-	-
Unassigned	12,074,000	-	-
Total fund balances	<u>13,312,367</u>	<u>2,883,316</u>	<u>121,446</u>
Total liabilities, fund balances, and deferred inflows of resources	<u>\$ 21,716,385</u>	<u>\$ 4,021,872</u>	<u>\$ 11,606,563</u>

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

<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
\$ 7,669,968	\$ 21,257,770
-	19,540,848
112,636	1,686,120
-	8,009
50,136	614,384
-	70,429
-	2,000,000
<u>7,832,740</u>	<u>45,177,560</u>
82,814	711,127
-	9,485,117
-	155,443
-	2,000,000
<u>82,814</u>	<u>12,351,687</u>
-	6,747,617
107,530	1,604,467
-	514,264
58,936	58,936
<u>7,273</u>	<u>7,273</u>
<u>173,739</u>	<u>8,932,557</u>
67,367	67,367
-	70,429
-	2,816,544
1,218,914	1,218,914
86,449	86,449
1,319,936	1,319,936
2,636,288	2,636,288
12,025	12,025
2,081,510	2,081,510
161	161
153,537	153,537
-	121,446
-	1,234,710
-	12,074,000
<u>7,576,187</u>	<u>23,893,316</u>
<u>\$ 7,832,740</u>	<u>\$ 45,177,560</u>

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RUSK COUNTY, TEXAS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

DECEMBER 31, 2022

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

Total fund balances - governmental funds balance sheet	\$ 23,893,316
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	
Court fines	514,264
Seized funds	58,936
Deposits	7,273
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Nondepreciable capital assets	1,121,206
Depreciable capital assets	50,455,773
Accumulated depreciation	(26,818,551)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	
Delinquent property taxes	1,604,467
The assets and liabilities of the internal service fund are included in the governmental activities Statement of Net Position.	1,321,031
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.	
Deferred outflows - pension related	3,007,303
Deferred inflows - pension related	(8,117,104)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	
Accrued interest payable	(19,650)
Premium on bonds	(19,888)
Bonds payable	(1,310,000)
Financed purchases	(34,577)
Leases payable	(546,229)
Compensated absences payable	(186,276)
Net pension liability	<u>(3,024,911)</u>
Net position of governmental activities	<u>\$ 41,906,383</u>

RUSK COUNTY, TEXAS**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Road and Bridge	American Rescue Plan
REVENUES			
Ad valorem taxes	\$ 13,899,243	\$ 7,232,521	\$ -
Other taxes	29,281	-	-
Intergovernmental	310,245	349,650	1,082,611
Fees	1,641,260	905,799	-
Charges for services	519,732	-	-
Fines and forfeitures	347,330	136,622	-
Contributions	410,000	-	-
Investment earnings	362,661	70,300	114,530
Miscellaneous	60,693	3,115	-
Total revenues	<u>17,580,445</u>	<u>8,698,007</u>	<u>1,197,141</u>
EXPENDITURES			
Current:			
General government	2,490,396	-	-
Judicial	2,607,536	-	-
Legal	613,657	-	-
Elections	271,219	-	-
Financial administration	2,002,400	-	-
Public facilities	648,249	-	-
Public safety	6,718,720	-	381,000
Public transportation	-	7,319,080	-
Health and welfare	625,589	-	451,611
Culture and recreation	1,207,338	-	-
Conservation	200,329	-	-
Capital outlay	574,801	1,213,100	250,000
Debt service:			
Principal	80,150	62,415	-
Interest	8,148	3,196	-
Total expenditures	<u>18,048,532</u>	<u>8,597,791</u>	<u>1,082,611</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(468,087)</u>	<u>100,216</u>	<u>114,530</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(215,000)	-	-
Issuance of leases	293,804	-	-
Sale of capital assets	81,173	17,775	-
Total other financing sources and uses	<u>159,977</u>	<u>17,775</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(308,110)</u>	<u>117,991</u>	<u>114,530</u>
FUND BALANCES, BEGINNING	<u>14,842,605</u>	<u>2,765,325</u>	<u>6,916</u>
PRIOR PERIOD ADJUSTMENT	<u>(1,222,128)</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 13,312,367</u>	<u>\$ 2,883,316</u>	<u>\$ 121,446</u>

<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
\$ 1,584,446	\$ 22,716,210
-	29,281
601,040	2,343,546
893,859	3,440,918
-	519,732
47,548	531,500
-	410,000
125,599	673,090
191,969	255,777
<u>3,444,461</u>	<u>30,920,054</u>
-	2,490,396
71,860	2,679,396
19,734	633,391
-	271,219
-	2,002,400
3,025	651,274
885,339	7,985,059
741,231	8,060,311
15,208	1,092,408
-	1,207,338
-	200,329
20,997	2,058,898
1,255,000	1,397,565
99,842	111,186
<u>3,112,236</u>	<u>30,841,170</u>
<u>332,225</u>	<u>78,884</u>
215,000	215,000
-	(215,000)
-	293,804
6,059	105,007
<u>221,059</u>	<u>398,811</u>
553,284	477,695
7,022,903	24,637,749
-	(1,222,128)
<u>\$ 7,576,187</u>	<u>\$ 23,893,316</u>

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RUSK COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

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

Net change in fund balances - total governmental funds	\$ 477,695
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,695,958
Depreciation expense	(2,140,311)
Net effect of capital disposals	(50,528)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.

Unavailable revenue - delinquent property taxes	(72,796)
Unavailable revenue - court fines	514,264
Unavailable revenue - seized funds	58,936
Unavailable revenue - deposits	7,273

Net pension and other postemployment benefit (OPEB) liability and deferred outflows and deferred inflows related to pensions and OPEB liability are not reported in the governmental funds

Net pension liability	7,460,057
Net OPEB liability	90,195
Deferred outflows - pensions	(716,128)
Deferred inflows - pensions	(6,181,908)

Bonds and leases provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position

Leases	38,771
Principal payments	1,397,565
Amortization of deferred charges	105,977

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 the governmental funds.

Interest payable, net change	33,715
Compensated absences, net change	(45,303)

The internal service fund is used by management to charge the costs of health insurance to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.

397,245

Change in net position of governmental activities	<u>\$ 3,070,677</u>
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RUSK COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	<u>Internal Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,639,904
Total current assets	<u>1,639,904</u>
Total assets	<u>1,639,904</u>
LIABILITIES	
Current liabilities:	
Accounts payable	10,104
Health claims	<u>308,769</u>
Total current liabilities	<u>318,873</u>
 Total liabilities	 <u>318,873</u>
NET POSITION	
Unrestricted	<u>1,321,031</u>
Total net position	<u>\$ 1,321,031</u>

RUSK COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Internal Service
OPERATING REVENUES	
Charges for services	\$ 3,376,188
Total operating revenues	<u>3,376,188</u>
OPERATING EXPENSES	
Benefits, insurance & administrative cost	<u>3,002,497</u>
Total operating expenses	<u>3,002,497</u>
OPERATING INCOME (LOSS)	<u>373,691</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	<u>23,553</u>
Total nonoperating revenues (expenses)	<u>23,553</u>
CHANGE IN NET POSITION	397,244
NET POSITION, BEGINNING	1,614,932
PRIOR PERIOD ADJUSTMENT	<u>(691,145)</u>
NET POSITION, BEGINNING (AS RESTATED)	<u>923,787</u>
NET POSITION, ENDING	<u>\$ 1,321,031</u>

RUSK COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services provided	\$ 3,376,188
Cash payments to suppliers for goods and services	<u>(3,379,534)</u>
Cash provided (used) by operating activities	<u>(3,346)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>23,553</u>
Cash provided (used) by investing activities	<u>23,553</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,207
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,619,697</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>1,639,904</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	373,691
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease) in accounts payable	5,339
Increase (decrease) in claims liability	<u>(382,376)</u>
Total adjustments	<u>(377,037)</u>
Net cash provided (used) by operating activities	<u>\$ (3,346)</u>

RUSK COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

DECEMBER 31, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 12,559,877
Investments	<u>38,194</u>
Total assets	<u>12,598,071</u>
LIABILITIES	
Due to other governments	<u>10,398,369</u>
Total liabilities	<u>10,398,369</u>
NET POSITION	
Restricted for:	
Individuals and other governments	<u>2,199,702</u>
Total net position	<u><u>\$ 2,199,702</u></u>

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RUSK COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Custodial Funds</u>
INCREASES	
Taxes and fees collected on behalf of other governments	\$ 63,986,405
Registry and trust funds collected	379,457
Fees collected from program participants	<u>821,729</u>
Total increases	<u>65,187,591</u>
DECREASES	
Taxes and fees remitted to other governments	64,164,551
Registry and trust funds disbursed	905,765
Payments to others	<u>659,362</u>
Total decreases	<u>65,729,678</u>
NET CHANGE IN NET POSITION	(542,087)
NET POSITION, BEGINNING	277,174
PRIOR PERIOD ADJUSTMENT	<u>2,464,615</u>
NET POSITION, BEGINNING AS RESTATED	<u>2,741,789</u>
NET POSITION, ENDING	<u>\$ 2,199,702</u>

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RUSK COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

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 that are normally 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 Custodial 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 *American Rescue Plan Fund (a Special Revenue Fund)* is used to account for the American Rescue Plan recovery funds received from the U.S. Treasury. Revenues are to be used according to the U.S. Treasury Department's Final Rule defining acceptable uses.

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.

Custodial Funds utilize the economic resources measurement focus. Custodial 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. However, interfund services provided and used are not eliminated in the process of consolidation.

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. Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

The County has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the County is authorized invest in:

- a) obligations of the United States or its agencies and instrumentalities;
- b) direct obligations of the State of Texas or its agencies and instrumentalities;
- c) other obligations, the principal and interest on which are unconditionally guaranteed or insured or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities;
- d) certificates of deposit issued by state and national banks or savings and loans domiciled in Texas in accordance with specific criteria;
- e) public funds investment pools.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at yearend 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 uncollectible. The allowance is estimated base on prior year collection history.

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 deferred inflows of resources.

5. 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:

Assets	Years
Buildings	30
Infrastructure	25-30
Machinery and equipment	3-7
Right-to-use equipment	3-5

6. 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 assets 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 four items that qualify for reporting in this category on the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflow of resources have been recognized as a result of the change in actuarial assumptions and for differences between the expected and the actual economic experience related to the County's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the County's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

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 assets 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 in the government-wide Statement of Net Position. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience related to the County's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. Deferred charges have also been recognized as a result of the difference between the projected and actual investments earnings on the pension and OPEB plan assets. This amount is deferred and amortized over a period of five years. At the fund level, the County has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. 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.

8. Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, if material. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as 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.

The property tax rate is allocated each year between the general, road and bridge, and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

Assets acquired under the terms of a financed purchases or notes payable are recorded as liabilities and capitalized in the government-wide financial statements. In the year of acquisition, these transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. The payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

9. Leases

The County is a lessee for a noncancellable lease of equipment. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

10. 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.

11. 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.

E. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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.

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. Change in Accounting Principle

GASB issued Statement No. 87, *Leases*, which requires recognition of certain leased assets and liabilities for leases that were previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The statement is effective for fiscal years beginning on or after June 15, 2021.

H. Forthcoming Accounting Standards

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

GASB Statement No. 102, *Certain Risk Disclosures* - The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2024, and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* - The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* - The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be presented separately in the note disclosures, including right-to-use assets related to leases, Subscription-Based Information Technology Arrangements, and public-private or public-public partnerships. Other intangible assets are also required to be presented separately by major class. Additional disclosures have also been required for capital assets held for sale. This Statement will become effective for reporting periods beginning after June 15, 2025, and the impact has not yet been determined.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles in all governmental funds except the American Rescue Plan Fund and the Permanent Funds.

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. 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 year end.

III. 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, 2022, and throughout the year ended December 31, 2022, 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.

As of December 31, 2022, the County had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Days)</u>
Certificates of Deposit - County Funds	\$ 19,540,848	226

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

Analysis of Specific Deposit and Investment Risks. Accounting standards require 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, 2022, 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

Amounts are aggregated into several accounts receivable (net of allowance for uncollectible) lines for certain funds and aggregated columns.

The following comprise receivable balances at year end:

	Governmental activities			
	General	Road and Bridge	Nonmajor	Total
Delinquent property taxes	\$ 1,856,491	\$ 241,488	\$ 150,181	\$ 2,248,160
Court fine receivables	10,285,282	-	-	10,285,282
Due from other governments	8,009	-	-	8,009
Accounts receivable	49,724	260	50,136	100,120
(Allowance for uncollectible court fines)	(9,771,018)	-	-	(9,771,018)
(Allowance for uncollectible taxes)	(464,123)	(60,372)	(37,545)	(562,040)
Total	<u>\$ 1,964,365</u>	<u>\$ 181,376</u>	<u>\$ 162,772</u>	<u>\$ 2,308,513</u>

C. Capital Assets

A summary of changes in capital assets for governmental activities for the year ended December 31, 2022 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Capital assets, not being depreciated:</u>				
Land	\$ 1,032,025	\$ -	\$ -	\$ 1,032,025
Construction in progress	<u>89,181</u>	<u>-</u>	<u>-</u>	<u>89,181</u>
Total assets not being depreciated	<u>1,121,206</u>	<u>-</u>	<u>-</u>	<u>1,121,206</u>
<u>Capital assets, being depreciated:</u>				
Buildings and improvements	27,558,361	180,955	23,526	27,715,790
Machinery and equipment	16,038,972	1,221,194	322,307	16,937,859
Infrastructure	5,175,745	-	-	5,175,745
Right to Use Assets	<u>332,575</u>	<u>293,804</u>	<u>-</u>	<u>626,379</u>
Total capital assets being depreciated	<u>49,105,653</u>	<u>1,695,953</u>	<u>345,833</u>	<u>51,147,439</u>
<u>Less accumulated depreciation:</u>				
Buildings and improvements	10,933,647	796,382	-	11,730,029
Machinery and equipment	10,744,405	1,181,807	295,305	11,630,907
Infrastructure	3,295,493	78,978	-	3,374,471
Right to Use Assets	<u>-</u>	<u>83,144</u>	<u>-</u>	<u>83,144</u>
Total accumulated depreciation	<u>24,973,545</u>	<u>2,140,311</u>	<u>295,305</u>	<u>27,409,161</u>
Total capital assets being depreciated, net	<u>24,132,108</u>	<u>(444,358)</u>	<u>50,528</u>	<u>23,637,222</u>
Total capital assets, net	<u>\$ 25,253,314</u>	<u>\$ (444,358)</u>	<u>\$ 50,528</u>	<u>\$ 24,758,428</u>

Depreciation was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 17,241
Judicial	17,725
Legal	2,098
Elections	1,570
Public facilities	3,403
Public safety	272,914
Public transportation	1,817,919
Health and welfare	1,444
Culture and recreation	3,600
Conservation	<u>2,397</u>
Total	<u>\$ 2,140,311</u>

D. Long-Term Debt

The following is a summary of changes in the County's total long-term liabilities for the year ended December 31, 2022. In general, the County uses the general and debt service funds to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Retirements	Ending Balance	Due within One year
General obligation bonds	\$ 2,565,000	\$ -	\$ 1,255,000	\$ 1,310,000	\$ 1,310,000
Premium	139,215	-	119,327	19,888	-
Leases	332,575	293,804	80,150	546,229	152,449
Financed purchases	96,992	-	62,415	34,577	25,753
Compensated absences	140,973	53,202	7,899	186,276	48,544
Total long-term debt	<u>\$ 3,274,755</u>	<u>\$ 347,006</u>	<u>\$ 1,524,791</u>	<u>\$ 2,096,970</u>	<u>\$ 1,536,746</u>

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

A summary of the County's debt service requirements, including interest rates, are as follows:

	Interest Rate	Original Amount	Balance
General Obligation Bonds			
Series 2016 General Obligation Refunding Bonds	4.00%	\$ 7,115,000	<u>\$ 1,310,000</u>

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.

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

Year Ending December 31,	General Obligation Bonds Principal	Interest	Total Requirements
2023	<u>\$ 1,310,000</u>	<u>\$ 26,200</u>	<u>\$ 1,336,200</u>
Total	<u>\$ 1,310,000</u>	<u>\$ 26,200</u>	<u>\$ 1,336,200</u>

Lease Payable

The County has entered into various lease agreements as the lessee for financing the acquisition of vehicles and equipment for the Road and Bridge and Public Safety departments. These lease agreements qualify as leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

A summary of the governmental activities long-term lease payable as of December 31, 2022, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Liability	Interest Current Year	Amounts Outstanding 12/31/22	Amounts Due Within One Year
Right to Use:						
Sheriff vehicles	2.45%-4.35%	2022	<u>\$ 626,379</u>	<u>\$ 8,148</u>	<u>\$ 546,229</u>	<u>\$ 152,449</u>
Total			<u>\$ 626,379</u>	<u>\$ 8,148</u>	<u>\$ 546,229</u>	<u>\$ 152,449</u>

Future minimum payments to retire lease obligations are as follows:

Year Ending December 31,	Leases		Total Requirements
	Principal	Interest	
2023	\$ 152,449	\$ 14,663	\$ 167,112
2024	156,504	10,608	167,112
2025	160,658	6,454	167,112
2026	<u>76,618</u>	<u>2,197</u>	<u>78,815</u>
Total	<u>\$ 546,229</u>	<u>\$ 33,922</u>	<u>\$ 580,151</u>

E. Interfund Transfers and Receivables and Payables

Transfers between funds during 2022 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor Governmental	General Fund	<u>\$ 215,000</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the County must account for in the other governmental funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

The composition of interfund balances as of December 31, 2022 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	American Rescue Plan	<u>\$ 2,000,000</u>

Amounts recorded as due to/from are considered temporary loans and will be repaid during the following year.

IV. OTHER INFORMATION

A. Contingent Liabilities

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.

B. Employee Health Benefits

Effective January 1989, the County established a partially self-funded trust plan which offers medical and life insurance coverage to employees and their dependents. The County maintains excess loss insurance, which limits annual claims paid from the plan to a maximum of \$300,000 per plan participant. This excess loss reinsurance policy includes a contract provision that eliminates a large claim run off liability. A third party administrator is employed by the plan to administer claims. A trustee has been engaged to receive employer and employee contributions and to disburse payments to the providers of the plan. Costs relating to the plan are recorded as expenditures in the internal service fund. In prior years these costs were recorded in the General Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The plan is funded to discharge liabilities as they become due. Claims incurred and reported, but not paid at December 31, 2022 are reported in the table below. Estimates are not based on actuarial calculations, but rather on historical trends.

Changes in the health claims liability for the fiscal year ended December 31, 2022 are as follows:

	<u>Liability Beginning</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Liability Ending</u>
Health insurance	\$ 691,145	\$ 2,823,347	\$ 3,205,723	\$ 308,769

C. Pension Plans

Texas County and District Retirement System

Plan Description

TCDRS is a statewide, agent multiple-employer, public-employee retirement system. TCDRS serves 700 actively participating counties and districts throughout Texas. Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the Board of Directors of each employer, within the options available in the TCDRS Act. Because of that, the County has the flexibility and local control to select benefits and pay for those benefits based on its needs and budgets.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TCDRS issues a publicly available comprehensive annual financial report that can be obtained at www.tcdrs.org.

All eligible employees (except temporary staff) of the County must be enrolled in the TCDRS.

Benefits Provided

TCDRS provides retirement, disability, and death benefits. The benefits provisions are adopted by the Commissioners' Court within the options available in Texas state statutes governing TCDRS. Members can retire at age 60 and above with eight 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 eight years of service, but must leave their accumulated contributions in TCDRS to receive any County-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Benefit amounts are determined by the sum of the employee's contribution to TCDRS, with interest, and County-financed monetary credits. The level of these monetary credits is adopted by the Commissioners' Court within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County'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 County-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

The Commissioner's Court adopted the rate of seven percent as the contributed rate payable by the employee members for calendar year 2022. The Commissioners' Court may change the employee contribution rate and the County contribution rate within the options available in the TCDRS Act.

Employees Covered by Benefit Terms

At the December 31, 2021: valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	210
Inactive employees entitled to but not yet receiving benefits	201
Active employees	<u>280</u>
Total	<u><u>691</u></u>

Contributions

A combination of three elements funds each employer's plan: employee deposits, employer contributions, and investment income.

- The deposit rate for employees is four percent, five percent, six percent, or seven percent of compensation, as adopted by the employer's governing body.
- Participating employers are required, by law, to contribute at actuarially determined rates, which are determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method.
- Investment income funds a large part of the benefits employees earn.

Employers have the option of paying more than the required contribution rate each year. Extra contributions can help employers "prefund" benefit increases, such as a cost-of-living adjustment to retirees, and they can be used to help offset or mitigate future increases in the required rate due to negative plan experience. There are two approaches for making extra contributions:

- a) paying an elected contribution rate higher than the required rate and
- b) making an extra lump-sum contribution to the employer account.

Employees for the County were required to contribute seven percent of their annual gross earnings during the calendar year. The contribution rate for the County was 10.69 percent in calendar year 2022. The County's contributions to TCDRS for the calendar year ended December 31, 2022 were \$1,238,767 equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2021 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The actuarial assumptions that determined the TPL as of December 31, 2021 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except where required to be different by GASB 68.

The long-term expected rate of return of TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The target allocation and best estimate of geometric real rate of return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	3.80%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

⁽¹⁾ Target asset allocation adopted at the March 2022 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 capital market assumptions

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

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

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the TPL was 7.6 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2020	\$ 65,710,032	\$ 55,225,063	\$ 10,484,969
Changes for the year:			
Service cost	1,426,684	-	1,426,684
Interest on total pension liability ⁽¹⁾	4,973,580	-	4,973,580
Effect on plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	840,196	-	840,196
Effect of assumptions changes or inputs	(827,723)	-	(827,723)
Refund of contributions	(159,844)	(159,844)	-
Benefit payments	(3,293,127)	(3,293,127)	-
Administrative expenses	-	(35,515)	35,515
Member contributions	-	803,168	(803,168)
Net investment income	-	11,960,316	(11,960,316)
Employer contributions	-	1,171,498	(1,171,498)
Other ⁽³⁾	-	(26,672)	26,672
Balance at 12/31/2021	<u>\$ 68,669,798</u>	<u>\$ 65,644,887</u>	<u>\$ 3,024,911</u>

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

⁽²⁾ No plan changes valued.

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

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the County, calculated using the discount rate of 7.6 percent, as well as what the County's NPL would be if it were calculated using a discount rate that is one percentage point lower (6.6%) or one percentage point higher (8.6%) than the current rate:

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
County's Net Pension Liability / (Asset)	\$ <u>11,880,791</u>	\$ <u>3,024,911</u>	\$ <u>(4,370,077)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at www.tcdrs.org.

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

For the calendar year ended December 31, 2022, the County recognized pension expense of \$676,745.

At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 561,543	\$ 15,121
Changes in actuarial assumptions	1,206,993	551,815
Difference between projected and actual investment earnings	-	7,550,168
Contributions subsequent to the measurement date	1,238,767	-
Total	<u>\$ 3,007,303</u>	<u>\$ 8,117,104</u>

\$1,238,767 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 NPL for the fiscal year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year
Ended December 31,

2023	\$ (434,716)
2024	(2,550,138)
2025	(1,799,579)
2026	(1,564,135)

D. Other Postemployment Benefits

Plan Description

In addition to the pension benefits described in Note IV (D) above, the County provides postretirement healthcare benefits, in accordance with County policy, to all employees hired prior to September 1, 2012 and retired on or before December 31, 2019. The plan is a single-employer 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.

Due to this plan becoming unavailable to new retirees in 2019 and inactive employees losing their benefits, the expenses and liability associated with this plan are considered immaterial by management.

E. Deferred Compensation Plans

The County offers its employees deferred compensation plans (the "Plans") created in accordance with Internal Revenue Service Code, Section 457. The Plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until retirement, termination, death, or unforeseeable emergencies.

Federal law requires all assets and income of Section 457 plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. The County's Plans are administered by private corporations under contract with the County. Total participant contributions were approximately \$89,938 for the year ended December 31, 2022. The County does not contribute to the Plans.

F. Prior Period Adjustments – Error Correction

Beginning fund balance in the general fund was reduced by \$1,222,128 to correct an error causing an overstatement of accounts receivable from a prior year.

Beginning net position in the internal service fund was restated by \$691,145 to correct an error causing an understatement of claims payable from the prior year.

Beginning net position was restated by \$1,841,411 because of the two restatements noted above.

Beginning net position in the County Clerk Registry Fund, District Clerk Registry Fund, and Adult Probation Fund were restated by \$607,602, \$1,839,414, \$17,599 to correct an error causing an overstatement of payables from a prior year. Because these are fiduciary funds, there is no effect on governmental activities.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

RUSK COUNTY, TEXAS**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Ad valorem taxes	\$ 15,452,348	\$ 15,452,348	\$ 13,899,243	\$ (1,553,105)
Other taxes	10,500	10,500	29,281	18,781
Intergovernmental	255,520	255,520	310,245	54,725
Fees	1,549,384	1,549,384	1,641,260	91,876
Charges for services	20,000	20,000	519,732	499,732
Fines and forfeitures	475,000	475,000	347,330	(127,670)
Contributions	-	-	410,000	410,000
Investment earnings	200,000	200,000	362,661	162,661
Miscellaneous	43,400	43,400	60,693	17,293
Total revenues	<u>18,006,152</u>	<u>18,006,152</u>	<u>17,580,445</u>	<u>(425,707)</u>
EXPENDITURES				
<u>Current:</u>				
General government:				
County judge	267,035	269,035	235,629	33,406
Commissioners' court	351,469	351,469	349,667	1,802
County clerk	688,325	695,825	642,883	52,942
Veterans' service	99,220	99,740	92,303	7,437
Emergency management	101,484	104,454	94,335	10,119
Nondepartmental	1,072,900	1,102,495	949,071	153,424
Information technology	139,581	140,581	126,508	14,073
Total general government	<u>2,720,014</u>	<u>2,763,599</u>	<u>2,490,396</u>	<u>273,203</u>
Judicial:				
County-court-at-law	386,284	386,284	365,534	20,750
District court	246,195	246,195	219,533	26,662
Justice of the peace court	101,600	101,600	97,726	3,874
District clerk	588,575	588,575	580,534	8,041
Justices of the peace	767,271	766,671	761,601	5,070
All courts	<u>1,123,052</u>	<u>1,123,052</u>	<u>582,608</u>	<u>540,444</u>
Total judicial	<u>3,212,977</u>	<u>3,212,377</u>	<u>2,607,536</u>	<u>604,841</u>
Legal:				
District attorney	<u>746,740</u>	<u>756,740</u>	<u>613,657</u>	<u>143,083</u>
Total legal	<u>746,740</u>	<u>756,740</u>	<u>613,657</u>	<u>143,083</u>
Elections:				
Elections	<u>261,085</u>	<u>277,430</u>	<u>271,219</u>	<u>6,211</u>
Total elections	<u>261,085</u>	<u>277,430</u>	<u>271,219</u>	<u>6,211</u>
Financial administration:				
County auditor	268,404	275,803	274,660	1,143
County treasurer	204,739	208,329	207,680	649
Tax assessor-collector	<u>1,640,740</u>	<u>1,640,740</u>	<u>1,520,060</u>	<u>120,680</u>
Total financial administration	<u>2,113,883</u>	<u>2,124,872</u>	<u>2,002,400</u>	<u>122,472</u>
Public facilities:				
Maintenance	<u>569,082</u>	<u>660,908</u>	<u>648,249</u>	<u>12,659</u>
Total public facilities	<u>569,082</u>	<u>660,908</u>	<u>648,249</u>	<u>12,659</u>

RUSK COUNTY, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Public safety:				
Jail	\$ 3,265,800	\$ 3,290,310	\$ 2,806,540	\$ 483,770
Constables	322,421	322,421	318,540	3,881
Sheriff	3,435,087	3,441,779	3,415,380	26,399
Juvenile board	63,950	63,950	63,433	517
Highway patrol	115,416	115,410	114,827	583
Total public safety	7,202,674	7,233,870	6,718,720	515,150
Health and welfare:				
County health	108,681	108,681	105,901	2,780
Public health	125,715	125,715	88,960	36,755
County welfare	6,823	6,825	3,607	3,218
Ambulance and sanitation	350,028	424,578	386,771	37,807
Mental health	18,000	18,000	-	18,000
Juvenile room and board	42,000	42,000	40,350	1,650
Total health and welfare	651,247	725,799	625,589	100,210
Culture and recreation:				
Library complex	1,045,855	1,054,305	1,010,024	44,281
Depot/children's discovery center	200,748	204,063	197,314	6,749
Total culture and recreation	1,246,603	1,258,368	1,207,338	51,030
Conservation:				
Agriculture and home demo	196,030	202,590	200,329	2,261
Total conservation	196,030	202,590	200,329	2,261
<u>Capital outlay</u>				
General government:				
County judge	2,000	-	-	-
County clerk	7,500	-	-	-
Veterans' service	24,300	23,800	-	23,800
Emergency management	13,500	11,175	5,000	6,175
Information technology	6,000	5,000	3,813	1,187
Total general government	53,300	39,975	8,813	31,162
Judicial:				
County-court-at-law	1,500	1,500	1,500	-
District court	1,000	1,000	-	1,000
District clerk	5,000	5,000	1,959	3,041
Total judicial	7,500	7,500	3,459	4,041
<u>Capital outlay (continued)</u>				
Legal:				
District attorney	10,000	-	-	-
Total legal	10,000	-	-	-
Elections:				
Elections	27,000	10,655	-	10,655
Total elections	27,000	10,655	-	10,655

RUSK COUNTY, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Financial administration:				
County auditor	\$ 6,000	\$ 2,501	\$ 2,450	\$ 51
Tax assessor-collector	2,000	2,000	1,712	288
Total financial administration	8,000	4,501	4,162	339
Public facilities:				
Maintenance	43,250	-	-	-
Total public facilities	43,250	-	-	-
Public safety:				
Jail	20,000	26,360	9,964	16,396
Sheriff	130,000	554,264	465,943	88,321
Total public safety	150,000	580,624	475,907	104,717
Culture and recreation:				
Library complex	10,000	1,550	-	1,550
Depot/children's discovery center	7,000	3,685	3,685	-
Total culture and recreation	17,000	5,235	3,685	1,550
Conservation:				
Agriculture and home demo	1,200	-	-	-
Total conservation	1,200	-	-	-
Nondepartmental:				
Nondepartmental	400,000	314,260	78,775	235,485
Total nondepartmental	400,000	314,260	78,775	235,485
Debt service:				
Principal	-	-	80,150	(80,150)
Interest	-	-	8,148	(8,148)
Total debt service	-	-	88,298	(88,298)
Total expenditures	19,637,585	20,179,303	18,048,532	2,130,771
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(1,631,433)	(2,173,151)	(468,087)	1,705,064
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	-	(15,000)
Transfers out	(215,000)	(215,000)	(215,000)	-
Issuance of leases	-	293,804	293,804	-
Sale of capital assets	-	-	81,173	81,173
Total other financing sources (uses)	(200,000)	93,804	159,977	66,173
NET CHANGE IN FUND BALANCES	(1,831,433)	(2,079,347)	(308,110)	1,771,237
FUND BALANCES, BEGINNING	14,842,605	14,842,605	14,842,605	-
PRIOR PERIOD ADJUSTMENT	-	-	(1,222,128)	(1,222,128)
FUND BALANCES, ENDING	\$ 13,011,172	\$ 12,763,258	\$ 13,312,367	\$ 549,109

RUSK COUNTY, TEXAS**ROAD AND BRIDGE FUND****SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad valorem taxes	\$ 5,974,920	\$ 5,974,920	\$ 7,232,521	\$ 1,257,601
Intergovernmental	50,000	50,000	349,650	299,650
Fees	890,000	890,000	905,799	15,799
Fines and forfeitures	200,000	200,000	136,622	(63,378)
Investment earnings	150,000	150,000	70,300	(79,700)
Miscellaneous	800	800	3,115	2,315
Total revenues	<u>7,265,720</u>	<u>7,265,720</u>	<u>8,698,007</u>	<u>1,432,287</u>
EXPENDITURES				
<u>Current:</u>				
Public transportation:				
Precinct #1	1,324,482	1,461,688	1,346,852	114,836
Precinct #2	1,253,200	1,448,000	1,366,693	81,307
Precinct #3	1,957,540	2,254,340	2,114,141	140,199
Precinct #4	1,711,598	2,359,877	2,267,418	92,459
Weight & license	81,863	86,763	82,859	3,904
Nondepartmental:	<u>151,761</u>	<u>151,761</u>	<u>141,117</u>	<u>10,644</u>
Total public transportation	<u>6,480,444</u>	<u>7,762,429</u>	<u>7,319,080</u>	<u>443,349</u>
<u>Capital outlay:</u>				
Public transportation:				
Precinct #1	176,481	420,925	81,816	339,109
Precinct #2	377,065	880,728	235,288	645,440
Precinct #3	624,613	1,554,460	736,738	817,722
Precinct #4	344,807	174,060	138,894	35,166
Weight & license	<u>30,600</u>	<u>25,700</u>	<u>20,364</u>	<u>5,336</u>
Total public transportation	<u>1,553,566</u>	<u>3,055,873</u>	<u>1,213,100</u>	<u>1,842,773</u>
<u>Debt service:</u>				
Principal	-	-	62,415	(62,415)
Interest	<u>-</u>	<u>-</u>	<u>3,196</u>	<u>(3,196)</u>
Total debt service	<u>-</u>	<u>-</u>	<u>65,611</u>	<u>(65,611)</u>
Total expenditures	<u>8,034,010</u>	<u>10,818,302</u>	<u>8,597,791</u>	<u>2,220,511</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(768,290)</u>	<u>(3,552,582)</u>	<u>100,216</u>	<u>3,652,798</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(15,000)	(15,000)	-	15,000
Sale of capital assets	<u>-</u>	<u>-</u>	<u>17,775</u>	<u>17,775</u>
Total other financing sources (uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>17,775</u>	<u>32,775</u>
NET CHANGE IN FUND BALANCES	(783,290)	(3,567,582)	117,991	3,685,573
FUND BALANCES, BEGINNING	<u>2,765,325</u>	<u>2,765,325</u>	<u>2,765,325</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,982,035</u>	<u>\$ (802,257)</u>	<u>\$ 2,883,316</u>	<u>\$ 3,685,573</u>

RUSK COUNTY, TEXAS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED DECEMBER 31, 2022

Measurement Date December 31, Total Pension Liability	2014	2015	2016
Service Cost	\$ 1,265,726	\$ 1,299,717	\$ 1,402,367
Interest total pension liability	3,446,888	3,639,457	3,865,500
Changes in benefit terms	-	(163,823)	-
Difference between expected and actual experience	-	671,526	(270,583)
Effect of assumption changes or inputs	(332,432)	(160,279)	-
Benefit payments/refunds of contributions	<u>(2,252,086)</u>	<u>(2,285,289)</u>	<u>(2,309,912)</u>
Net change in total pension liability	2,128,096	3,001,309	2,687,372
Total pension liability - beginning	<u>43,037,756</u>	<u>45,165,853</u>	<u>48,167,162</u>
Total pension liability - ending (a)	<u>\$ 45,165,852</u>	<u>\$ 48,167,162</u>	<u>\$ 50,854,534</u>
Plan Fiduciary Net Position			
Employer contributions	929,203	973,204	990,136
Member contributions	719,526	722,961	754,395
Investment income net of investment expenses	2,562,436	256,853	2,892,978
Benefit payments, including refunds of contributions	(2,252,086)	(2,285,289)	(2,309,912)
Administrative expenses	(29,640)	(28,253)	(31,484)
Other	<u>(112,261)</u>	<u>128,486</u>	<u>2,147</u>
Net change in plan fiduciary net position	1,817,178	(232,038)	2,298,260
Plan fiduciary net position - beginning	<u>37,572,597</u>	<u>39,389,775</u>	<u>39,157,737</u>
Plan fiduciary net position - ending (b)	<u>\$ 39,389,775</u>	<u>\$ 39,157,737</u>	<u>\$ 41,455,997</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 5,776,077</u>	<u>\$ 9,009,425</u>	<u>\$ 9,398,537</u>
Fiduciary net position as a percentage of total pension liability	87.21%	81.30%	81.52%
Pensionable covered payroll	\$ 9,948,462	\$ 9,927,337	\$ 10,328,011
Net pension liability as a percentage of covered payroll	58.06%	90.75%	91.00%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

2017	2018	2019	2020	2021
\$ 1,394,187	\$ 1,334,088	\$ 1,317,400	\$ 1,364,176	\$ 1,426,684
4,128,704	4,257,598	4,532,375	4,766,808	4,973,580
-	-	-	-	-
(1,119,324)	540,491	(60,487)	4,238	840,194
(164,034)	-	-	3,620,979	(827,723)
<u>(2,604,843)</u>	<u>(2,570,801)</u>	<u>(2,881,614)</u>	<u>(3,004,442)</u>	<u>(3,452,971)</u>
1,634,690	3,561,376	2,907,674	6,751,759	2,959,764
<u>50,854,534</u>	<u>52,489,224</u>	<u>56,050,600</u>	<u>58,958,274</u>	<u>65,710,033</u>
<u>\$ 52,489,224</u>	<u>\$ 56,050,600</u>	<u>\$ 58,958,274</u>	<u>\$ 65,710,033</u>	<u>\$ 68,669,797</u>
935,394	986,284	1,018,925	1,199,756	1,171,498
756,960	769,670	788,112	823,971	803,168
6,036,414	(876,021)	7,356,107	5,266,967	11,960,316
(2,604,843)	(2,570,801)	(2,881,614)	(3,004,442)	(3,452,971)
(30,947)	(35,974)	(38,866)	(40,409)	(35,515)
<u>(14,922)</u>	<u>(19,602)</u>	<u>(27,087)</u>	<u>(23,966)</u>	<u>(26,673)</u>
5,078,056	(1,746,444)	6,215,577	4,221,877	10,419,823
<u>41,455,997</u>	<u>46,534,053</u>	<u>44,787,609</u>	<u>51,003,186</u>	<u>55,225,063</u>
<u>\$ 46,534,053</u>	<u>\$ 44,787,609</u>	<u>\$ 51,003,186</u>	<u>\$ 55,225,063</u>	<u>\$ 65,644,886</u>
<u>\$ 5,955,171</u>	<u>\$ 11,262,991</u>	<u>\$ 7,955,088</u>	<u>\$ 10,484,970</u>	<u>\$ 3,024,911</u>
88.65%	79.91%	86.51%	84.04%	95.59%
\$ 10,777,075	\$ 10,813,720	\$ 10,995,282	\$ 11,727,871	\$ 11,473,835
55.26%	104.15%	72.35%	89.40%	26.36%

RUSK COUNTY, TEXAS**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

FOR THE YEAR ENDED DECEMBER 31, 2022

Fiscal Year Ended December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a % of Covered Payroll
2014	\$ 929,203	\$ 929,203	\$ -	\$ 9,927,337	9.36%
2015	972,899	972,899	-	10,328,011	9.42%
2016	990,136	990,136	-	10,777,075	9.19%
2017	935,394	935,394	-	10,813,720	8.65%
2018	986,284	986,284	-	10,995,651	8.97%
2019	1,018,925	1,018,925	-	11,261,108	9.05%
2020	1,199,759	1,199,759	-	11,727,871	10.23%
2021	1,171,498	1,171,498	-	11,473,488	10.21%
2022	1,238,767	1,238,767	-	11,587,947	10.69%

(1) Payroll is calculated based on contributions as reported to TCDRS.

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

RUSK COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

Valuation Date	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.
<u>Methods and assumptions used to determine contributions rates:</u>	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	18.7 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: Employer contributions reflect that a 50% CPI COLA was adopted. 2016: Employer contributions reflect that a 50% CPI COLA was adopted. 2017: Employer contributions reflect that a 50% CPI COLA was adopted. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017. 2018, 2019, 2020, 2021: Employer contributions reflect that a 50% CPI COLA was adopted.

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COMBINING 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

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure 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*)

American Rescue Plan Fund – This fund is used to account for the American Rescue Plan recovery funds received from the U.S. Treasury. These funds are to be used according to the U.S. Treasury Department's Final Rule defining acceptable uses for American Rescue Plan Recovery Funds. (*Major Fund*)

Airport Fund – Revenues and operational expenditures of the Rusk County Airport property are accounted for in this 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.

District Probation Fund – This fund is used to account for the revenues and expenditures associated with the supervision and administration of adult probationers. Financing is provided by the State.

DEBT SERVICE FUND

Debt Service Fund – This fund is used to account for mineral lease revenue derived from property awarded in Texas land grants to be held for the benefit of schools within the County. These funds may be distributed, if approved by the Commissioners' Court.

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PERMANENT FUNDS

Permanent Funds are used 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 property tax revenue and expenditures related to construction and maintenance of roads.

Cemetery Fund – This fund and the associated fee assessed were established for probate guardian fees collected through the Constitutional County Court.

PROPRIETARY FUNDS

INTERNAL SERVICE FUND

Internal Service Funds are used 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

CUSTODIAL FUNDS

Tax Assessor-Collector Ad Valorem Fund - This fund is used to account for assets held by the Tax Assessor-Collector related to ad valorem taxes. 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.

Tax Assessor-Collector Other Fund - This fund is used to account for assets held by the Tax Assessor Collector for sales tax and other fees. Collections for the state government are remitted to them.

County Clerk Fund - This fund is used to account for assets held by the County Clerk related to criminal bonds, probate, and guardianship cases. Court costs and probate assets are held pending final disposition by the Court.

District Clerk Fund - This fund is used to account for assets held by the District Clerk related to receiverships, bonds, and settlement funds. Once the owner of the funds is located or becomes of age, the funds are disbursed.

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.

Adult Probation Fund - Restitution payments are accounted for in this fund. 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, 2022

	Special Revenue			
	Law Library	Rusk County Officials	Human Services	Juvenile Services
ASSETS				
Cash and cash equivalents	\$ 85,413	\$ 1,359,808	\$ 2,636,290	\$ 12,542
Receivables, net:				
Property taxes	-	-	-	-
Accounts	1,924	22,180	-	135
Total assets	<u>87,337</u>	<u>1,381,988</u>	<u>2,636,290</u>	<u>12,677</u>
LIABILITIES				
Accounts payable	888	3,116	2	652
Total liabilities	<u>888</u>	<u>3,116</u>	<u>2</u>	<u>652</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - seized funds	-	58,936	-	-
Unavailable revenue - deposits	-	-	-	-
Unavailable revenue - tax revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>58,936</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Nonspendable:				
Permanent funds	-	-	-	-
Restricted for:				
Airport property	-	-	-	-
Law library	86,449	-	-	-
County officials' offices	-	1,319,936	-	-
Indigent health care services	-	-	2,636,288	-
Juvenile services	-	-	-	12,025
Debt service	-	-	-	-
Cemetery maintenance	-	-	-	-
District probation	-	-	-	-
Total fund balances	<u>86,449</u>	<u>1,319,936</u>	<u>2,636,288</u>	<u>12,025</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 87,337</u>	 <u>\$ 1,323,052</u>	 <u>\$ 2,636,290</u>	 <u>\$ 12,677</u>

Special Revenue				Permanent Funds		Total Nonmajor Governmental Funds
Water Supply	Airport	District Probation	Debt Service	Available School	Cemetery Trust	
\$ -	\$ 1,281,406	\$ 153,943	\$ 2,073,038	\$ 52,367	\$ 15,161	\$ 7,669,968
-	-	-	112,636	-	-	112,636
-	22,531	-	3,366	-	-	50,136
-	1,303,937	153,943	2,189,040	52,367	15,161	7,832,740
-	77,750	406	-	-	-	82,814
-	77,750	406	-	-	-	82,814
-	-	-	-	-	-	58,936
-	7,273	-	-	-	-	7,273
-	-	-	107,530	-	-	107,530
-	7,273	-	107,530	-	-	173,739
-	-	-	-	52,367	15,000	67,367
-	1,218,914	-	-	-	-	1,218,914
-	-	-	-	-	-	86,449
-	-	-	-	-	-	1,319,936
-	-	-	-	-	-	2,636,288
-	-	-	-	-	-	12,025
-	-	-	2,081,510	-	-	2,081,510
-	-	-	-	-	161	161
-	-	153,537	-	-	-	153,537
-	1,218,914	153,537	2,081,510	52,367	15,161	7,576,187
\$ -	\$ 1,296,664	\$ 153,943	\$ 2,081,510	\$ 52,367	\$ 15,161	\$ 7,659,001

RUSK COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Special Revenue			
	Law Library	Rusk County Officials	Human Services	Juvenile Services
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	8,011	-	330,201
Fees	27,826	308,876	-	635
Fines and forfeitures	-	47,548	-	-
Investment earnings	1,346	14,089	43,023	11,802
Miscellaneous	-	30,790	-	-
Total revenues	<u>29,172</u>	<u>409,314</u>	<u>43,023</u>	<u>342,638</u>
EXPENDITURES				
Current:				
Judicial	-	71,860	-	-
Legal	11,048	8,686	-	-
Public facilities	-	-	-	-
Public safety	-	66,134	-	481,088
Public transportation	-	-	-	-
Health and welfare	-	-	15,208	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	24,732	-	-
Total expenditures	<u>11,048</u>	<u>171,412</u>	<u>15,208</u>	<u>481,088</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>18,124</u>	<u>237,902</u>	<u>27,815</u>	<u>(138,450)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	100,000	115,000
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>115,000</u>
NET CHANGE IN FUND BALANCE	18,124	237,902	127,815	(23,450)
FUND BALANCE, BEGINNING	<u>68,325</u>	<u>1,082,034</u>	<u>2,508,473</u>	<u>35,475</u>
FUND BALANCE, ENDING	<u>\$ 86,449</u>	<u>\$ 1,319,936</u>	<u>\$ 2,636,288</u>	<u>\$ 12,025</u>

Special Revenue				Permanent Funds		Total Nonmajor Governmental Funds
Water Supply	Airport	District Probation	Debt Service	Available School	Cemetery Trust	
\$ -	\$ -	\$ -	\$ 1,584,446	\$ -	\$ -	\$ 1,584,446
-	61,629	201,199	-	-	-	601,040
-	400,527	155,995	-	-	-	893,859
-	-	-	-	-	-	47,548
-	22,064	-	32,402	873	-	125,599
-	161,179	-	-	-	-	191,969
-	645,399	357,194	1,616,848	873	-	3,444,461
-	-	-	-	-	-	71,860
-	-	-	-	-	-	19,734
3,025	-	-	-	-	-	3,025
-	-	338,117	-	-	-	885,339
-	741,231	-	-	-	-	741,231
-	-	-	-	-	-	15,208
-	20,997	-	-	-	-	20,997
-	-	-	1,255,000	-	-	1,255,000
-	-	-	75,110	-	-	99,842
3,025	762,228	338,117	1,330,110	-	-	3,112,236
(3,025)	(116,829)	19,077	286,738	873	-	332,225
-	-	-	-	-	-	215,000
-	6,059	-	-	-	-	6,059
-	6,059	-	-	-	-	221,059
(3,025)	(110,770)	19,077	286,738	873	-	553,284
3,025	1,329,684	134,460	1,794,772	51,494	15,161	7,022,903
\$ -	\$ 1,218,914	\$ 153,537	\$ 2,081,510	\$ 52,367	\$ 15,161	\$ 7,576,187

RUSK COUNTY, TEXAS**LAW LIBRARY FUND****SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Fees	\$ 30,000	\$ 30,000	\$ 27,826	\$ (2,174)
Investment earnings	<u>800</u>	<u>800</u>	<u>1,346</u>	<u>546</u>
Total revenues	<u>30,800</u>	<u>30,800</u>	<u>29,172</u>	<u>(1,628)</u>
EXPENDITURES				
Current:				
Legal:				
District attorney	<u>30,800</u>	<u>30,800</u>	<u>11,048</u>	<u>19,752</u>
Total expenditures	<u>30,800</u>	<u>30,800</u>	<u>11,048</u>	<u>19,752</u>
NET CHANGE IN FUND BALANCES	-	-	18,124	18,124
FUND BALANCES, BEGINNING	<u>68,325</u>	<u>68,325</u>	<u>68,325</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 68,325</u>	<u>\$ 68,325</u>	<u>\$ 86,449</u>	<u>\$ 18,124</u>

RUSK COUNTY, TEXAS**RUSK COUNTY OFFICIALS' FUND****SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 8,750	\$ 8,750	\$ 8,011	\$ (739)
Fees	140,633	140,633	308,876	168,243
Fines and forfeitures	5,000	5,000	47,548	42,548
Investment earnings	-	-	14,089	14,089
Miscellaneous	<u>16,000</u>	<u>16,000</u>	<u>30,790</u>	<u>14,790</u>
Total revenues	<u>170,383</u>	<u>170,383</u>	<u>409,314</u>	<u>238,931</u>
EXPENDITURES				
Current:				
Judicial:				
County-court-at-law	46,300	46,300	2,636	43,664
District clerk	20,400	20,400	39,812	(19,412)
Justices of the peace	27,000	27,000	8,339	18,661
All courts	44,500	44,500	21,073	23,427
Legal:				
District attorney	16,129	16,129	8,686	7,443
Public safety:				
Constables	9,504	9,504	7,888	1,616
Sheriff	11,546	11,546	58,246	(46,700)
Debt service:				
Interest	<u>5,000</u>	<u>5,000</u>	<u>24,732</u>	<u>(19,732)</u>
Total expenditures	<u>180,379</u>	<u>180,379</u>	<u>171,412</u>	<u>8,967</u>
NET CHANGE IN FUND BALANCES	(9,996)	(9,996)	237,902	247,898
FUND BALANCES, BEGINNING	<u>1,082,034</u>	<u>1,082,034</u>	<u>1,082,034</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,072,038</u>	<u>\$ 1,072,038</u>	<u>\$ 1,319,936</u>	<u>\$ 247,898</u>

RUSK COUNTY, TEXAS**HUMAN SERVICES FUND****SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Miscellaneous	\$ 50,000	\$ 30,000	\$ 43,023	\$ 13,023
Total revenues	<u>50,000</u>	<u>30,000</u>	<u>43,023</u>	<u>13,023</u>
EXPENDITURES				
Current:				
Health and welfare:				
County welfare	<u>426,743</u>	<u>426,868</u>	<u>15,208</u>	<u>411,660</u>
Total expenditures	<u>426,743</u>	<u>426,868</u>	<u>15,208</u>	<u>411,660</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(376,743)	(396,868)	27,815	424,683
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(276,743)	(296,868)	127,815	424,683
FUND BALANCES, BEGINNING	<u>2,508,473</u>	<u>2,508,473</u>	<u>2,508,473</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,231,730</u>	<u>\$ 2,211,605</u>	<u>\$ 2,636,288</u>	<u>\$ 424,683</u>

RUSK COUNTY, TEXAS**JUVENILE SERVICES FUND****SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 375,455	\$ 375,455	\$ 330,201	\$ (45,254)
Fees	-	-	635	635
Investment earnings	-	-	11,802	11,802
Total revenues	<u>375,455</u>	<u>375,455</u>	<u>342,638</u>	<u>(32,817)</u>
EXPENDITURES				
Current:				
Public safety:				
Juvenile services	<u>383,059</u>	<u>383,059</u>	<u>481,088</u>	<u>(98,029)</u>
Total expenditures	<u>383,059</u>	<u>383,059</u>	<u>481,088</u>	<u>(98,029)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>-</u>
Total other financing sources (uses)	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	107,396	107,396	(23,450)	65,212
FUND BALANCES, BEGINNING	<u>35,475</u>	<u>35,475</u>	<u>35,475</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 142,871</u>	<u>\$ 142,871</u>	<u>\$ 12,025</u>	<u>\$ (130,846)</u>

RUSK COUNTY, TEXAS

WATER SUPPLY GRANT FUND

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Current:				
Public facilities:				
Water improvements	<u>3,025</u>	<u>3,025</u>	<u>3,025</u>	<u>-</u>
Total expenditures	<u>3,025</u>	<u>3,025</u>	<u>3,025</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(3,025)</u>	<u>(3,025)</u>	<u>(3,025)</u>	<u>-</u>
FUND BALANCES, BEGINNING	<u>3,025</u>	<u>3,025</u>	<u>3,025</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RUSK COUNTY, TEXAS**AIRPORT FUND****SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 61,629	\$ 61,629
Fees	240,000	240,000	400,527	160,527
Investment earnings	20,000	20,000	22,064	2,064
Miscellaneous	<u>180,000</u>	<u>180,000</u>	<u>161,179</u>	<u>(18,821)</u>
Total revenues	<u>440,000</u>	<u>440,000</u>	<u>645,399</u>	<u>205,399</u>
EXPENDITURES				
Current:				
Public transportation:				
Aiport	855,293	864,783	741,231	123,552
Capital outlay:				
Public transportation:				
Aiport	<u>208,000</u>	<u>204,569</u>	<u>20,997</u>	<u>183,572</u>
Total expenditures	<u>1,063,293</u>	<u>1,069,352</u>	<u>762,228</u>	<u>307,124</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(623,293)	(629,352)	(116,829)	512,523
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	<u>6,059</u>	<u>6,059</u>	<u>6,059</u>	<u>-</u>
Total other financing sources (uses)	<u>6,059</u>	<u>6,059</u>	<u>6,059</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(617,234)	(623,293)	(110,770)	512,523
FUND BALANCES, BEGINNING	<u>1,329,684</u>	<u>1,329,684</u>	<u>1,329,684</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 712,450</u>	<u>\$ 706,391</u>	<u>\$ 1,218,914</u>	<u>\$ 512,523</u>

RUSK COUNTY, TEXAS**DISTRICT PROBATION FUND****SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 185,655	\$ 185,655	\$ 201,199	\$ 15,544
Fees	<u>112,009</u>	<u>112,009</u>	<u>155,995</u>	<u>43,986</u>
Total revenues	<u>297,664</u>	<u>297,664</u>	<u>357,194</u>	<u>59,530</u>
EXPENDITURES				
Current:				
Public safety:				
Adult services	<u>390,064</u>	<u>390,064</u>	<u>338,117</u>	<u>51,947</u>
Total expenditures	<u>390,064</u>	<u>390,064</u>	<u>338,117</u>	<u>51,947</u>
NET CHANGE IN FUND BALANCES	(92,400)	(92,400)	19,077	111,477
FUND BALANCES, BEGINNING	<u>134,460</u>	<u>134,460</u>	<u>134,460</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 42,060</u>	<u>\$ 42,060</u>	<u>\$ 153,537</u>	<u>\$ 111,477</u>

RUSK COUNTY, TEXAS**DEBT SERVICE FUND****SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Ad valorem taxes	\$ 1,536,711	\$ 1,536,711	\$ 1,584,446	\$ 47,735
Investment earnings	<u>25,000</u>	<u>25,000</u>	<u>32,402</u>	<u>7,402</u>
Total revenues	<u>1,561,711</u>	<u>1,561,711</u>	<u>1,616,848</u>	<u>55,137</u>
EXPENDITURES				
Debt service:				
Principal	1,332,500	1,332,500	1,255,000	77,500
Interest	<u>80,500</u>	<u>80,500</u>	<u>75,110</u>	<u>5,390</u>
Total expenditures	<u>1,413,000</u>	<u>1,413,000</u>	<u>1,330,110</u>	<u>82,890</u>
NET CHANGE IN FUND BALANCES	148,711	148,711	286,738	138,027
FUND BALANCES, BEGINNING	<u>1,794,772</u>	<u>1,794,772</u>	<u>1,794,772</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,943,483</u>	<u>\$ 1,943,483</u>	<u>\$ 2,081,510</u>	<u>\$ 138,027</u>

RUSK COUNTY, TEXAS**COMBINING STATEMENT OF FIDUCIARY NET POSITION
ALL FIDUCIARY FUNDS**

DECEMBER 31, 2022

	Custodial Funds			
	Tax Assessor Collector Ad Valorem	Tax Assessor Collector Other	County Clerk Registry	District Clerk Registry
ASSETS				
Cash and cash equivalents	\$ 9,429,828	\$ 968,541	\$ 282,191	\$ 1,600,323
Investments	-	-	38,194	-
Total assets	<u>9,429,828</u>	<u>968,541</u>	<u>320,385</u>	<u>1,600,323</u>
LIABILITIES				
Due to other governments	<u>9,429,828</u>	<u>968,541</u>	-	-
Total liabilities	<u>9,429,828</u>	<u>968,541</u>	-	-
NET POSITION				
Restricted for:				
Individuals and other governments	-	-	320,385	1,600,323
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,385</u>	<u>\$ 1,600,323</u>

Custodial Funds			
Sheriff	Adult Probation	Juvenile Probation	Total Custodial Funds
\$ 267,241	\$ 11,753	\$ -	\$ 12,559,877
-	-	-	38,194
<u>267,241</u>	<u>11,753</u>	<u>-</u>	<u>12,598,071</u>
-	-	-	10,398,369
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,398,369</u>
267,241	11,753	-	2,199,702
<u>\$ 267,241</u>	<u>\$ 11,753</u>	<u>\$ -</u>	<u>\$ 2,199,702</u>

RUSK COUNTY, TEXAS**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
ALL FIDUCIARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2022

	Custodial Funds			
	Tax Assessor Collector Ad Valorem	Tax Assessor Collector Other	County Clerk Registry	District Clerk Registry
INCREASES				
Taxes and fees collected on behalf of other governments	\$ 51,978,337	\$ 12,008,068	\$ -	\$ -
Registry and trust funds collected	-	-	65,570	313,887
Fees collected from program participants	-	-	-	-
Total increases	<u>51,978,337</u>	<u>12,008,068</u>	<u>65,570</u>	<u>313,887</u>
DECREASES				
Taxes and fees remitted to other governments	51,978,337	12,008,068	-	-
Registry and trust funds disbursed	-	-	352,787	552,978
Payments to others	-	-	-	-
Total decreases	<u>51,978,337</u>	<u>12,008,068</u>	<u>352,787</u>	<u>552,978</u>
NET CHANGE IN NET POSITION	-	-	(287,217)	(239,091)
NET POSITION, BEGINNING	-	-	-	-
PRIOR PERIOD ADJUSTMENT	-	-	607,602	1,839,414
NET POSITION, BEGINNING AS RESTATED	-	-	607,602	1,839,414
NET POSITION, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,385</u>	<u>\$ 1,600,323</u>

Custodial Funds			
Sheriff	Adult Probation	Juvenile Probation	Total Custodial Funds
\$ -	\$ -	\$ -	\$ 63,986,405
-	-	-	379,457
649,429	171,575	725	821,729
<u>649,429</u>	<u>171,575</u>	<u>725</u>	<u>65,187,591</u>
-	177,421	725	64,164,551
-	-	-	905,765
659,362	-	-	659,362
<u>659,362</u>	<u>177,421</u>	<u>725</u>	<u>65,729,678</u>
(9,933)	(5,846)	-	(542,087)
277,174	-	-	277,174
<u>-</u>	<u>17,599</u>	<u>-</u>	<u>2,464,615</u>
<u>277,174</u>	<u>17,599</u>	<u>-</u>	<u>2,741,789</u>
<u>\$ 267,241</u>	<u>\$ 11,753</u>	<u>\$ -</u>	<u>\$ 2,199,702</u>

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STATISTICAL SECTION

(Unaudited)

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	67
Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, property taxes.	74
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	81
Demographic and Economic Information These schedules offer economic and demographic information indicators to help the reader understand the environment within the County's financial activities take place.	85
Operating Information 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.	87

RUSK COUNTY, TEXAS

NET POSITION BY COMPONENT

Last Ten Years
(Accrual basis of accounting)

	Fiscal Year				
	2013	2014	2015	2016	2017
<u>Governmental Activities</u>					
Net investment in capital assets	\$12,114,324	\$12,116,832	\$12,107,820	\$14,450,087	\$17,401,492
Restricted	923,225	961,706	1,174,870	1,146,193	1,517,928
Unrestricted	<u>21,150,898</u>	<u>22,786,112</u>	<u>20,482,094</u>	<u>19,687,992</u>	<u>15,981,688</u>
Total Governmental Activities					
Net Position	<u>\$34,188,447</u>	<u>\$35,864,650</u>	<u>\$33,764,784</u>	<u>\$35,284,272</u>	<u>\$34,901,108</u>

TABLE 1

Fiscal Year				
2018	2019	2020	2021	2022
\$18,133,773	\$20,506,285	\$21,546,062	\$21,800,302	\$22,847,734
1,683,418	1,413,854	1,686,923	1,918,547	10,584,038
<u>12,790,180</u>	<u>16,033,244</u>	<u>17,651,580</u>	<u>17,030,130</u>	<u>8,546,473</u>
<u>\$32,607,371</u>	<u>\$37,953,383</u>	<u>\$40,884,565</u>	<u>\$40,748,979</u>	<u>\$41,978,245</u>

RUSK COUNTY, TEXAS

CHANGES IN NET POSITION

Last Ten Years
(Accrual basis of accounting)

Expenses	Fiscal Year				
	2013	2014	2015	2016	2017
General Government	\$ 2,500,971	\$ 2,391,322	\$ 2,396,679	\$ 2,465,572	\$ 2,802,813
Judicial	2,308,514	2,431,208	2,589,015	2,694,105	2,281,266
Legal	597,931	602,142	593,937	609,600	622,483
Elections	188,382	249,122	217,098	266,954	225,542
Financial Administration	1,748,139	1,814,390	1,851,062	1,905,182	1,988,815
Public Facilities	863,205	761,845	645,729	559,044	678,806
Public Safety	6,582,485	6,885,164	6,962,714	7,482,411	8,015,223
Public Transportation	6,604,989	6,681,505	7,954,065	7,246,701	7,431,412
Health and Welfare	701,967	551,406	549,584	579,082	610,036
Culture and Recreation	1,029,227	1,106,036	1,152,304	1,211,220	1,244,740
Conservation	166,649	174,833	174,090	184,975	194,279
Nondepartmental	-	-	-	-	-
Interest on Long-Term Debt	486,853	478,600	429,168	454,537	179,505
Total Expenses	<u>\$ 23,779,312</u>	<u>\$ 24,127,573</u>	<u>\$ 25,515,445</u>	<u>\$ 25,659,383</u>	<u>\$ 26,274,920</u>
Program Revenues					
<u>Charges for services</u>					
General government	\$ 778,666	\$ 660,014	\$ 599,619	\$ 474,601	\$ 517,261
Judicial	934,457	840,343	751,698	759,768	782,230
Legal	57,797	45,287	37,960	47,759	36,654
Elections	25,336	44,852	10,115	22,998	23,964
Financial Administration	1,608,048	1,642,443	1,669,286	1,573,697	1,543,089
Public Facilities	5,400	6,150	8,450	8,462	7,680
Public Safety	148,074	121,028	114,880	135,473	126,021
Public Transportation	222,748	271,467	230,316	200,492	219,261
Health and Welfare	153,723	136,772	150,756	159,913	169,761
Culture and Recreation	26,647	31,156	33,800	30,453	29,002
<u>Operating Grants and Contributions</u>	617,321	609,584	682,323	831,974	642,054
<u>Capital grants and contributions</u>	504,290	427,699	716,590	292,842	171,724
Total Program Revenues	<u>\$ 5,082,507</u>	<u>\$ 4,836,795</u>	<u>\$ 5,005,793</u>	<u>\$ 4,538,432</u>	<u>\$ 4,268,701</u>
Total Net (Expense)	<u>\$(18,696,805)</u>	<u>\$(19,290,778)</u>	<u>\$(20,509,652)</u>	<u>\$(21,120,951)</u>	<u>\$(22,006,219)</u>
General Revenues					
Property Taxes	\$ 19,696,484	\$ 20,209,323	\$ 20,296,606	\$ 20,082,905	\$ 19,952,562
Other Taxes	10,314	15,384	14,211	10,960	10,648
Miscellaneous	412,759	690,504	2,489,004	2,522,797	1,659,845
Gain (Loss) on Sales of Assets	287,403	51,770	143,943	23,777	-
Total General Revenue	<u>20,406,960</u>	<u>20,966,981</u>	<u>22,943,764</u>	<u>22,640,439</u>	<u>21,623,055</u>
Total Change in Net Position	<u>\$ 1,710,155</u>	<u>\$ 1,676,203</u>	<u>\$ 2,434,112</u>	<u>\$ 1,519,488</u>	<u>\$ (383,164)</u>

TABLE 2

Fiscal Year				
2018	2019	2020	2021	2022
\$ 1,925,446	\$ 1,389,236	\$ 1,460,996	\$ 1,504,052	\$ 2,385,329
2,595,988	2,572,480	2,634,316	2,622,843	2,058,412
599,587	599,651	651,022	685,262	598,619
217,943	213,563	314,672	210,658	264,952
2,017,100	1,906,702	2,049,890	2,003,087	1,925,448
673,318	535,180	592,737	833,321	641,476
6,679,591	6,585,145	7,355,782	7,673,745	7,690,602
7,398,140	8,320,928	8,471,467	10,144,536	9,920,977
474,859	554,895	691,169	572,766	1,079,066
1,181,155	1,143,551	1,203,003	1,195,170	1,149,059
181,157	182,576	194,258	204,715	200,542
-	1,147,305	751,292	812,091	-
150,658	101,478	66,399	8,958	6,340
<u>\$ 24,094,942</u>	<u>\$ 25,252,690</u>	<u>\$ 26,437,003</u>	<u>\$ 28,471,204</u>	<u>\$ 27,920,822</u>
\$ 662,456	\$ 621,303	\$ 602,260	\$ 694,467	\$ 1,404,276
925,813	918,440	657,877	786,702	902,444
35,826	36,754	32,699	31,300	39,087
30,988	14,963	19,041	19,231	-
1,572,383	1,620,207	1,575,530	1,685,758	1,605,882
10,502	5,450	25,712	28,351	-
119,172	125,427	75,383	83,473	188,348
187,143	163,054	194,763	232,777	316,775
183,883	186,451	209,707	226,310	135
35,966	40,660	7,843	40,237	38,065
583,986	604,110	934,620	988,346	2,351,576
252,401	1,127,224	2,040,678	1,225,392	399,108
<u>\$ 4,600,519</u>	<u>\$ 5,464,043</u>	<u>\$ 6,376,113</u>	<u>\$ 6,042,344</u>	<u>\$ 7,245,696</u>
<u>\$(19,494,423)</u>	<u>\$(19,788,647)</u>	<u>\$(20,060,890)</u>	<u>\$(22,428,860)</u>	<u>\$(20,675,126)</u>
\$ 15,875,812	\$ 23,500,202	\$ 21,207,257	\$ 21,143,130	\$ 22,643,414
10,267	11,313	7,242	20,230	29,281
1,272,567	1,518,393	602,388	609,333	1,018,629
42,040	104,751	-	520,580	54,479
<u>17,200,686</u>	<u>25,134,659</u>	<u>21,816,887</u>	<u>22,293,273</u>	<u>23,745,803</u>
<u>\$ (2,293,737)</u>	<u>\$ 5,346,012</u>	<u>\$ 1,755,997</u>	<u>\$ (135,587)</u>	<u>\$ 3,070,677</u>

RUSK COUNTY, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(Modified accrual basis of accounting)

	Fiscal Year				
	2013	2014	2015	2016	2017
General Fund					
Nonspendable	\$ 95,779	\$ 104,793	\$ 110,250	\$ 120,845	\$ 127,494
Assigned	-	-	-	-	-
Unassigned	<u>12,828,116</u>	<u>13,949,592</u>	<u>14,294,913</u>	<u>13,077,681</u>	<u>11,323,125</u>
Total General Fund	<u>\$12,923,895</u>	<u>\$14,054,385</u>	<u>\$14,405,163</u>	<u>\$13,198,526</u>	<u>\$11,450,619</u>
All Other Governmental Funds					
Nonspendable, Reported in:					
Special Revenue Funds	\$ 40,762	\$ 42,186	\$ 48,507	\$ 50,436	\$ 47,367
Permanent Funds	66,451	66,451	66,503	66,651	66,502
Restricted, Reported in:					
Special Revenue Funds	7,947,885	8,882,723	10,910,683	10,395,320	7,428,133
Debt Service Fund	981,207	1,008,277	1,194,738	1,027,466	1,196,087
Permanent Funds	<u>630</u>	<u>677</u>	<u>724</u>	<u>551</u>	<u>397</u>
Total All Other Governmental Funds	<u>\$ 9,036,935</u>	<u>\$10,000,314</u>	<u>\$12,221,155</u>	<u>\$11,540,424</u>	<u>\$ 8,738,486</u>

TABLE 3

Fiscal Year				
2018	2019	2020	2021	2022
\$ 136,591	\$ 1,537	\$ -	\$ 4,745	\$ 3,657
-	-	3,103,381	3,103,381	1,234,710
<u>13,088,897</u>	<u>12,584,517</u>	<u>11,685,838</u>	<u>11,734,479</u>	<u>12,145,862</u>
<u>\$13,225,488</u>	<u>\$12,586,054</u>	<u>\$14,789,219</u>	<u>\$14,842,605</u>	<u>\$13,384,229</u>
\$ 49,135	\$ 45,199	\$ 48,869	\$ 57,399	\$ 66,772
66,800	66,751	66,494	66,494	67,367
8,934,349	8,614,961	7,950,748	7,876,319	8,365,139
1,596,937	1,346,807	1,573,431	1,794,772	2,081,510
<u>395</u>	<u>296</u>	<u>373</u>	<u>161</u>	<u>161</u>
<u>\$10,647,616</u>	<u>\$10,074,014</u>	<u>\$ 9,639,915</u>	<u>\$ 9,795,145</u>	<u>\$10,580,949</u>

RUSK COUNTY, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(Modified accrual basis of accounting)

	Fiscal Year				
	2013	2014	2015	2016	2017
Revenues					
Ad Valorem Taxes	\$19,620,948	\$20,098,925	\$20,182,741	\$19,022,552	\$17,834,933
Other Taxes	10,314	15,384	14,211	10,960	10,648
Intergovernmental	1,108,223	951,077	1,288,412	898,583	718,005
Fees & charges for services	3,206,652	3,122,791	3,059,497	2,810,080	2,824,622
Fines and Forfeitures	739,720	693,184	448,113	639,067	647,526
Contributions	-	-	-	-	-
Investment earnings	-	-	-	-	-
Miscellaneous	760,937	820,265	2,837,623	2,458,966	1,459,496
Total Revenues	<u>25,446,794</u>	<u>25,701,626</u>	<u>27,830,597</u>	<u>25,840,208</u>	<u>23,495,230</u>
Expenditures					
General Government	1,511,136	1,387,736	1,494,580	1,579,228	1,431,311
Judicial	2,278,410	2,371,495	2,528,118	2,636,082	2,492,508
Legal	590,146	588,047	590,379	603,472	612,374
Elections	186,285	245,758	213,089	262,470	215,114
Financial Administration	1,729,954	1,778,856	1,813,263	1,874,290	1,899,748
Public Facilities	805,138	720,180	609,813	491,450	583,890
Public Safety	5,691,604	5,892,912	6,049,767	6,241,955	6,173,941
Public Transportation	5,700,644	5,792,902	6,233,731	6,364,781	6,180,075
Health and Welfare	687,931	534,078	534,943	565,817	584,107
Culture and Recreation	1,000,726	1,053,569	1,102,586	1,173,513	1,155,120
Conservation	165,143	170,305	168,177	177,636	177,642
Nondepartmental	638,145	766,886	647,634	606,213	645,394
Capital Outlay	1,173,537	847,772	1,516,008	3,697,361	4,830,199
Debt service					
Principal	930,000	965,000	1,000,000	1,040,000	1,080,000
Interest	525,388	492,263	456,894	412,585	282,483
Debt issuance costs	-	-	-	156,015	2,812
Total Expenditures	<u>23,614,187</u>	<u>23,607,759</u>	<u>24,958,982</u>	<u>27,882,868</u>	<u>28,346,718</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,832,607	2,093,867	2,871,615	(2,042,660)	(4,851,488)
Other Financing Sources (Uses)					
Transfers in	120,000	120,000	120,000	120,000	120,000
Transfers out	(120,000)	(120,000)	(420,000)	(120,000)	(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)	-
Issuance of Leases	-	-	-	-	-
Issuance of Financed Purchases	-	-	-	-	301,643
Sale of Capital Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>155,293</u>	<u>301,643</u>
Net Change in Fund Balance	<u>\$ 1,832,607</u>	<u>\$ 2,093,867</u>	<u>\$ 2,571,615</u>	<u>\$(1,887,367)</u>	<u>\$(4,549,845)</u>
Debt service as a percentage of noncapital expenditures	6.47%	6.42%	5.99%	5.93%	5.53%

TABLE 4

Fiscal Year				
2018	2019	2020	2021	2022
\$22,622,172	\$20,147,010	\$21,031,646	\$21,265,974	\$22,716,210
10,267	11,313	7,242	20,230	29,281
749,320	1,671,864	2,759,059	1,960,969	2,343,546
3,012,651	3,015,858	3,012,481	3,373,263	3,960,650
585,722	568,260	410,265	651,965	531,500
-	-	-	-	410,000
-	-	-	-	673,090
1,607,837	1,645,016	824,655	668,491	255,777
<u>28,587,969</u>	<u>27,059,321</u>	<u>28,045,348</u>	<u>27,940,892</u>	<u>30,920,054</u>
1,505,452	1,393,802	1,432,362	1,429,452	1,541,325
2,547,673	2,632,235	2,606,944	2,536,607	2,679,396
592,511	626,180	647,740	662,211	633,391
215,923	216,243	311,838	203,388	271,219
2,005,787	1,959,623	2,042,934	1,959,112	2,002,400
655,386	527,600	581,364	779,031	651,274
6,374,704	6,452,341	7,000,531	7,241,593	7,985,059
6,103,770	6,540,834	6,725,067	7,776,513	8,060,311
471,053	555,686	687,210	565,963	1,092,408
1,163,528	1,191,455	1,240,346	1,155,154	1,207,338
177,036	188,415	190,954	194,963	200,329
581,619	1,194,449	751,292	812,091	949,071
1,107,953	3,572,553	1,854,859	2,026,171	2,058,898
1,128,226	1,180,030	1,226,886	1,302,506	1,397,565
272,041	226,637	180,588	134,598	111,186
1,306	-	-	-	-
<u>24,903,968</u>	<u>28,458,083</u>	<u>27,480,915</u>	<u>28,779,353</u>	<u>30,841,170</u>
3,684,001	(1,398,762)	564,433	(838,461)	78,884
120,000	120,000	130,000	135,000	215,000
(120,000)	(120,000)	(130,000)	(135,000)	(215,000)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	293,804
-	-	-	415,579	-
-	185,726	29,449	631,495	105,007
-	185,726	29,449	1,047,074	398,811
<u>\$ 3,684,001</u>	<u>\$ (1,213,036)</u>	<u>\$ 593,882</u>	<u>\$ 208,613</u>	<u>\$ 477,695</u>
5.91%	5.55%	5.49%	5.29%	5.18%

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RUSK COUNTY, TEXAS**TABLE 5****ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY****LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)**

Tax Roll Year	Real Property	Personal Property	Less Exemptions	Total Assessed	Estimated Actual Value	Ratio of Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
2013	\$ 2,782,293	\$ 3,303,655	\$ 1,691,966	\$ 4,393,982	\$ 6,085,948	72.20	0.48835
2014	2,819,078	3,281,011	1,671,605	4,428,484	6,100,089	72.60	0.48378
2015	2,909,647	3,139,449	1,656,021	4,393,075	6,049,096	72.62	0.49666
2016	3,006,417	2,545,502	1,686,125	3,865,794	5,551,919	69.63	0.57931
2017	3,046,201	2,339,926	1,666,657	3,719,470	5,386,127	69.06	0.63758
2018	3,071,385	2,251,309	1,626,954	3,695,740	5,322,694	69.43	0.57708
2019	3,153,420	2,372,716	1,740,134	3,786,002	5,526,136	68.51	0.58257
2020	3,577,106	2,178,433	2,045,670	3,709,869	5,755,539	64.46	0.59214
2021	3,876,960	2,091,239	2,254,247	3,713,952	5,968,199	62.23	0.64220
2022	4,557,677	2,414,723	2,698,612	4,273,788	6,972,401	61.30	0.55618

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 OVERLAPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

<u>Name of Government</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Rusk County, Texas					
Operating	0.396218	0.425206	0.379410	0.361020	0.366120
Debt Service	-	0.042279	0.040844	0.039350	0.028760
County School	-	0.010322	0.010322	0.026437	0.026440
Farm to Market	0.105951	0.105095	0.103308	0.097511	0.097510
Special Roads	<u>0.054015</u>	<u>0.059296</u>	<u>0.058253</u>	<u>0.058253</u>	<u>0.058250</u>
Total Rate	<u>0.556184</u>	<u>0.642198</u>	<u>0.592137</u>	<u>0.582571</u>	<u>0.577080</u>
City of Henderson, Texas					
Operating	0.454400	0.453200	0.474500	0.455388	0.429000
Debt Service	<u>0.087400</u>	<u>0.098500</u>	<u>0.077200</u>	<u>0.096312</u>	<u>0.092700</u>
Total Rate	<u>0.541800</u>	<u>0.551700</u>	<u>0.551700</u>	<u>0.551700</u>	<u>0.521700</u>
City of New London, Texas					
Operating	0.824210	1.244680	1.114813	1.132819	<u>1.229250</u>
Total Rate	<u>0.824210</u>	<u>1.244680</u>	<u>1.114813</u>	<u>1.132819</u>	<u>1.229250</u>
City of Kilgore, Texas					
Operating	0.570784	0.599617	0.509118	0.507626	0.507630
Debt Service	<u>0.028216</u>	<u>0.033779</u>	<u>0.029882</u>	<u>0.031374</u>	<u>0.031370</u>
Total Rate	<u>0.599000</u>	<u>0.633396</u>	<u>0.539000</u>	<u>0.539000</u>	<u>0.539000</u>
City of Overton, Texas					
Operating	0.386734	0.470339	0.470339	0.410000	0.448000
Debt Service	0.132372	0.262683	0.262683	0.258000	0.281700
Cemetery	<u>0.050000</u>	<u>0.050000</u>	<u>0.050000</u>	<u>0.050000</u>	-
Total Rate	<u>0.569106</u>	<u>0.783022</u>	<u>0.783022</u>	<u>0.718000</u>	<u>0.729700</u>
City of Tatum, Texas					
Operating	0.231753	0.299781	0.334937	0.337099	0.312010
Debt Service	-	-	-	-	-
Total Rate	<u>0.231753</u>	<u>0.299781</u>	<u>0.334937</u>	<u>0.337099</u>	<u>0.312010</u>
Henderson ISD					
Operating	0.899900	0.963400	0.966400	0.970000	1.040000
Debt Service	<u>0.230000</u>	<u>0.230000</u>	<u>0.230000</u>	<u>0.230000</u>	<u>0.230000</u>
Total Rate	<u>1.129900</u>	<u>1.193400</u>	<u>1.196400</u>	<u>1.200000</u>	<u>1.270000</u>
Laneville ISD					
Operating	<u>0.956700</u>	<u>1.054700</u>	<u>1.054700</u>	<u>1.068300</u>	<u>1.170000</u>
Total Rate	<u>0.956700</u>	<u>1.054700</u>	<u>1.054700</u>	<u>1.068300</u>	<u>1.170000</u>
Leverett's Chapel ISD					
Operating	<u>0.942900</u>	<u>1.051700</u>	<u>1.054700</u>	<u>1.068300</u>	<u>1.170000</u>
Total Rate	<u>0.942900</u>	<u>1.051700</u>	<u>1.054700</u>	<u>1.068300</u>	<u>1.170000</u>
Mt. Enterprise ISD					
Operating	0.942900	0.996700	1.039200	1.068350	1.170000
Debt Service	<u>0.399900</u>	<u>0.063600</u>	<u>0.063600</u>	<u>0.063600</u>	<u>0.063600</u>
Total Rate	<u>1.342800</u>	<u>1.060300</u>	<u>1.102800</u>	<u>1.131950</u>	<u>1.233600</u>
Overton ISD					
Operating	0.942900	1.051700	1.068000	1.068000	1.170000
Debt Service	<u>0.319000</u>	<u>0.319000</u>	<u>0.319000</u>	<u>0.319000</u>	<u>0.319000</u>
Total Rate	<u>1.261900</u>	<u>1.370700</u>	<u>1.387000</u>	<u>1.387000</u>	<u>1.489000</u>

TABLE 6

2017	2016	2015	2014	2013
0.403420	0.362470	0.316270	0.306110	0.314920
0.044220	0.045480	0.030900	0.036670	0.033430
0.025750	0.024550	0.021390	0.021000	0.021000
0.099460	0.085620	0.074710	0.068000	0.067000
0.064730	0.061190	0.053390	0.052000	0.052000
0.637580	0.579310	0.496660	0.483780	0.488350
0.431700	0.407100	0.415700	0.461000	0.365100
0.090000	0.114600	0.106000	0.054300	0.156600
0.521700	0.521700	0.521700	0.515300	0.521700
1.173820	1.150000	0.904450	0.065000	0.605280
1.173820	1.150000	0.904450	0.065000	0.605280
0.513110	0.469740	0.419870	0.400111	0.370110
0.025890	0.035980	0.049890	0.049890	0.049890
0.539000	0.505720	0.469760	0.450001	0.420000
0.410000	0.175000	0.410000	0.410000	0.403970
0.258000	-	0.218000	0.218000	0.149210
-	-	-	-	-
0.668000	0.175000	0.628000	0.628000	0.553180
0.319840	0.320150	0.335280	0.316700	0.316700
-	-	-	-	-
0.319840	0.320150	0.335280	0.316700	0.316700
1.040000	1.040000	1.040000	1.040000	1.040000
0.230000	0.230000	0.230000	0.230000	0.140000
1.270000	1.270000	1.270000	1.270000	1.180000
1.170000	1.170000	1.170000	1.170000	1.170000
1.170000	1.170000	1.170000	1.170000	1.170000
1.170000	1.170000	1.170000	1.170000	1.170000
1.170000	1.170000	1.170000	1.170000	1.170000
0.063600	0.063600	0.063600	0.063600	0.043600
1.233600	1.233600	1.233600	1.233600	1.213600
1.170000	1.170000	1.170000	1.040000	1.040000
0.319000	0.319000	0.319000	0.449000	0.449000
1.489000	1.489000	1.489000	1.489000	1.489000

RUSK COUNTY, TEXAS

DIRECT AND OVERLAPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

<u>Name of Government</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tatum ISD					
Operating	0.914800	0.966400	0.970000	0.970000	1.040000
Debt Service	<u>0.292200</u>	<u>0.240600</u>	<u>0.237000</u>	<u>0.237000</u>	<u>0.167000</u>
Total Rate	<u>1.207000</u>	<u>1.207000</u>	<u>1.207000</u>	<u>1.207000</u>	<u>1.207000</u>
West Rusk CISD					
Operating	0.854600	0.963400	0.956400	0.970000	1.040000
Debt Service	<u>0.320000</u>	<u>0.320000</u>	<u>0.320000</u>	<u>0.320000</u>	<u>0.320000</u>
Total Rate	<u>1.174600</u>	<u>1.283400</u>	<u>1.276400</u>	<u>1.290000</u>	<u>1.360000</u>
Rusk ISD					
Operating	0.889500	0.906300	0.970000	1.040000	1.040000
Debt Service	<u>0.112500</u>	<u>0.112500</u>	<u>0.112500</u>	<u>0.112500</u>	<u>0.112500</u>
Total Rate	<u>1.002000</u>	<u>1.018800</u>	<u>1.082500</u>	<u>1.152500</u>	<u>1.152500</u>
Kilgore ISD					
Operating	0.895300	0.963400	0.966400	0.970000	1.040000
Debt Service	<u>0.490000</u>	<u>0.259200</u>	<u>0.259200</u>	<u>0.269200</u>	<u>0.269200</u>
Total Rate	<u>1.385300</u>	<u>1.222600</u>	<u>1.225600</u>	<u>1.239200</u>	<u>1.309200</u>
Carlisle ISD					
Operating	0.976500	1.034000	1.053400	1.067000	1.170000
Debt Service	<u>0.360000</u>	<u>0.365000</u>	<u>0.372000</u>	<u>0.340000</u>	<u>0.350000</u>
Total Rate	<u>1.336500</u>	<u>1.399000</u>	<u>1.425400</u>	<u>1.407000</u>	<u>1.520000</u>
Kilgore College					
Operating	<u>0.175000</u>	<u>0.175000</u>	<u>0.175000</u>	<u>0.175000</u>	<u>0.175000</u>
Total Rate	<u>0.175000</u>	<u>0.175000</u>	<u>0.175000</u>	<u>0.175000</u>	<u>0.175000</u>
Gregg County RFPD #1					
Operating	0.100000	0.030000	0.030000	0.030000	0.030000
Total Rate	<u>0.100000</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>
Rusk County RFPD #1					
Operating	<u>0.077500</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>
Total Rate	<u>0.077500</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>
Garrison ISD					
Operating	1.541415	1.040000	1.054700	1.068300	1.170000
Debt Service	<u>0.320000</u>	<u>0.320000</u>	-	-	-
Total Rate	<u>1.861415</u>	<u>1.360000</u>	<u>1.054700</u>	<u>1.068300</u>	<u>1.170000</u>
Cushing ISD					
Operating	0.963400	0.963400	0.966400	0.970000	1.040000
Debt Service	<u>0.260000</u>	<u>0.260000</u>	<u>0.260000</u>	<u>0.260000</u>	<u>0.260000</u>
Total Rate	<u>1.223400</u>	<u>1.223400</u>	<u>1.226400</u>	<u>1.230000</u>	<u>1.300000</u>
Total	<u>\$ 18.498968</u>	<u>\$ 18.834777</u>	<u>\$ 18.444209</u>	<u>\$ 18.545739</u>	<u>\$ 19.495040</u>

TABLE 6

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>1.040000</u>	<u>1.010700</u>	<u>0.946700</u>	<u>0.946700</u>	<u>0.880000</u>
<u>0.167000</u>	<u>0.189300</u>	<u>0.223300</u>	<u>0.223300</u>	<u>0.290000</u>
<u>1.207000</u>	<u>1.200000</u>	<u>1.170000</u>	<u>1.170000</u>	<u>1.170000</u>
<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>
<u>0.320000</u>	<u>0.320000</u>	<u>0.320000</u>	<u>0.320000</u>	<u>0.320000</u>
<u>1.360000</u>	<u>1.360000</u>	<u>1.360000</u>	<u>1.360000</u>	<u>1.360000</u>
<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>
<u>0.112500</u>	<u>0.112500</u>	<u>0.112500</u>	<u>0.112500</u>	<u>0.112500</u>
<u>1.152500</u>	<u>1.152500</u>	<u>1.152500</u>	<u>1.152500</u>	<u>1.152500</u>
<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>
<u>0.269200</u>	<u>0.269200</u>	<u>0.269200</u>	<u>0.269200</u>	<u>0.269200</u>
<u>1.309200</u>	<u>1.309200</u>	<u>1.309200</u>	<u>1.309200</u>	<u>1.309200</u>
<u>1.170000</u>	<u>1.170000</u>	<u>1.170000</u>	<u>1.170000</u>	<u>1.170000</u>
<u>0.350000</u>	<u>0.380000</u>	<u>0.380000</u>	<u>0.380000</u>	<u>0.380000</u>
<u>1.520000</u>	<u>1.550000</u>	<u>1.550000</u>	<u>1.550000</u>	<u>1.550000</u>
<u>0.175000</u>	<u>0.175000</u>	<u>0.175000</u>	<u>0.154000</u>	<u>0.154000</u>
<u>0.175000</u>	<u>0.175000</u>	<u>0.175000</u>	<u>0.154000</u>	<u>0.154000</u>
<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>
<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>
<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>
<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>	<u>0.030000</u>
<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>	<u>1.022000</u>
<u>0.066500</u>	<u>0.066500</u>	<u>0.070900</u>	<u>0.068850</u>	<u>0.075100</u>
<u>1.106500</u>	<u>1.106500</u>	<u>1.110900</u>	<u>1.108850</u>	<u>1.097100</u>
<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>	<u>1.040000</u>
<u>0.260000</u>	<u>0.260000</u>	<u>0.260000</u>	<u>0.260000</u>	<u>0.260000</u>
<u>1.300000</u>	<u>1.300000</u>	<u>1.300000</u>	<u>1.300000</u>	<u>1.300000</u>
<u>\$ 19.382740</u>	<u>\$ 18.797680</u>	<u>\$ 18.876050</u>	<u>\$ 17.955931</u>	<u>\$ 18.280610</u>

RUSK COUNTY, TEXAS

TABLE 7

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	Rank	2022 Assessed Valuation	Percentage of Total Assessed Valuation	Rank	2013 Assessed Valuation	Percentage of Total Assessed Valuation
Luminant Generation Co. LP	Electric	1	\$ 344,539,730	9.28%	1	\$ 921,695,500	20.98%
Sabine Oil & Gas Corp (WI)	Minerals	2	130,709,480	3.52			
Tenaksa Gateway Partners LTD	Electric	3	93,408,620	2.52	2	118,291,440	2.69
AEP Southwestern Elec Power Co	Utility	4	53,618,550	1.44			
Houston Pipe Line Company	Utility	5	48,349,060	1.30	8	52,529,640	1.20
Luminant Mining Co.	Lease				4	83,023,990	1.89
Oncor Electric Delivery Co LLC	Utility	6	37,818,210	1.02			0.00
Rockcliff Energy Operating LLC	Minerals	7	32,973,830	0.89			
Atmos Energy/Mid-tex Pipeline	Utility	8	32,970,300	0.89			
Transcanada Keystone Pipeline	Pipeline	9	32,470,010	0.87			
Management & Training Corp.	Other	10	31,462,940	0.85			
NFR Energy	Pipeline				3	99,087,850	2.26
Cabot Oil & Gas	Minerals				7	54,492,170	1.24
Sampson Lone Star LP	Minerals				9	46,721,100	1.06
Energy Transfer Fuel Company	Utility				6	57,197,930	1.30
Anadarko E&P Co. LP	Utility				10	41,410,260	0.94
Basa Resources	Minerals				5	70,302,440	1.60
Total			<u>\$ 838,320,730</u>	<u>22.57%</u>		<u>\$ 1,544,752,320</u>	<u>35.16%</u>

Source: Rusk County Appraisal District

RUSK COUNTY, TEXAS

TABLE 8

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

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
2013	\$ 20,022,006	\$ 18,240,172	91.10	\$ 1,683,573	\$ 19,923,745	99.51	\$ 98,261	0.49
2014	20,063,813	19,458,347	96.98	489,264	19,947,611	99.42	116,202	0.58
2015	20,336,201	18,259,598	89.79	1,939,075	20,198,673	99.32	137,528	0.68
2016	20,622,331	17,011,299	82.49	3,441,007	20,452,306	99.18	170,025	0.82
2017	21,753,833	19,017,362	87.42	2,506,166	21,523,528	98.94	230,305	1.06
2018	19,853,735	19,152,471	96.47	400,475	19,152,471	96.47	300,789	1.52
2019	20,953,023	19,986,419	95.39	291,612	19,986,419	95.39	674,992	3.22
2020	20,913,963	18,195,632	87.00	2,246,883	18,195,632	87.00	471,448	2.25
2021	22,539,263	19,751,002	87.63	2,223,092	19,751,002	87.63	565,169	2.51
2022	22,992,427	6,753,826	29.37	N/A	6,753,826	29.37	N/A	N/A

- (1) Years 2012 through 2020 represent adjusted tax levy and year 2021 represents original tax levy, as adjustments are not complete until the end of
- (2) 2021 percentage of collections and total collections is lower than other years because the 2021 tax roll is still in process of being collected.
- (3) Outstanding delinquent taxes represent the balance of each tax roll year as of
- (4) 2021 uncollected taxes are not delinquent until July 1, 2022.

RUSK COUNTY, TEXAS**TABLE 9****RATIOS OF OUTSTANDING DEBT BY TYPE****LAST TEN FISCAL YEARS**

Fiscal Year	(1) General Bonded Debt General Obligation Bonds	Financed Purchases	Leases	Total Outstanding Debt	(2) Percentage of Personal Income	(3) Population	Debt Per Capita
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
2019	5,312,869	173,387	-	5,486,256	0.28%	54,450	101
2020	4,033,542	106,501	-	4,140,043	0.20%	54,406	76
2021	2,704,215	-	429,574	2,704,215	0.13%	52,214	52
2022	1,310,000	34,577	546,229	1,890,806	0.09%	53,338	35

Notes:

- (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

TABLE 10

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Property Tax Year	(1) Certificates of Obligation	(2) Less: Amounts Available in Debt Service Fund	Total	(3) Percentage of Estimated Actual Taxable Value of Property	Per Capita
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
2019	5,312,869	1,346,807	3,966,062	0.07%	73
2020	4,033,542	1,573,431	2,460,111	0.04%	45
2021	2,704,215	1,794,772	909,443	0.02%	17
2022	1,336,200	2,081,510	(745,310)	-0.01%	(14)

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

- (1) This is the general bonded debt of governmental 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 the property value data.
- (3) Population data can be found on Table 13.

RUSK COUNTY, TEXAS

TABLE 11

DIRECT AND OVERLAPPING DEBT

AS OF DECEMBER 31, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Cities:			
City of Henderson, Texas	\$6,990,192	100.00%	\$ 6,990,192
City of Kilgore, Texas	23,185,000	13.33	3,090,561
City of Overton, Texas	-	89.29	-
Total Cities			<u>\$ 10,080,753</u>
Independent School Districts:			
Henderson	34,843,904	100.00%	\$ 34,843,904
Overton	7,339,814	100.00	7,339,814
Mt. Enterprise	11,710,000	100.00	11,710,000
Kilgore	138,945,000	31.69	44,031,671
Rusk	5,805,000	3.92	227,556
Tatum	17,128,144	94.75	16,228,916
West Rusk	12,235,000	100.00	12,235,000
Garrison	13,970,000	12.06	1,684,782
Carlisle	5,962,000	78.15	4,659,303
Total Independent School Districts			<u>\$ 132,960,946</u>
Subtotal, Overlapping Debt			\$ 143,041,698
Total Direct Debt			<u>1,876,117</u>
Total Direct and Overlapping Debt			<u>\$ 144,917,815</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**TABLE 12****LEGAL DEBT MARGIN**

LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)

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
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%
2019	3,786,002	946,501	5,313	941,188	0.56%
2020	3,709,869	927,467	4,034	923,434	0.43%
2021	3,713,952	928,488	2,704	925,784	0.29%
2022	4,273,788	1,068,447	-	1,068,447	0.00%

(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

TABLE 13

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	(2) Personal Income (<i>thousands of dollars</i>)	(1) Per Capita Income	(1) Median Age	(3) School Average Daily Attendance	(4) Unemployment Rate Percentage
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
2019	54,450	1,986,623	36,485	39.0	7,412	3.6
2020	54,406	2,050,937	37,697	38.2	7,128	7.4
2021	52,214	2,148,568	26,658	38.2	7,235	4.9
2022	53,338	2,124,327	30,365	38.4	7,677	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) All Independent School Districts - Rusk County
- (4) www.lmi.com - Texas Labor Market Information

RUSK COUNTY, TEXAS

TABLE 14

PRINCIPAL EMPLOYERS

CURRENT AND NINE YEARS AGO

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
MTC Henderson/Rusk Co.	662	1	3.19%			
Henderson ISD	580	2	2.80%	580	2	2.29%
Sadler's Bar-B-Que	452	3	2.18%	325	6	1.29%
Wal-Mart Super Center	350	4	1.69%	350	5	1.38%
Rusk County Courthouse	250	5	1.21%	250	8	0.99%
UT Health Henderson	196	6	0.95%			
Capco	165	7	0.80%			
Luminant Mining Co.	406	8	1.96%	896	1	3.55%
Verabank	160	9	0.77%			
West Fraser Inc.	155	10	0.75%			
Bradshaw State Jail				307	7	1.21%
ETMC of Henderson				400	4	1.58%
East Texas ISF				500	3	1.98%
Pioneer Drilling				240	9	0.95%
Panel Truss				180	10	0.71%
Total	3,376		16.29%	4,028		15.93%

(*) - 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 Ten Fiscal Years
(Unaudited)

Function	As of December 31,					
	2022	2021	2020	2019	2018	2017
General Government	13	18	15	19	21	21
Judicial	21	32	28	29	33	33
Legal	7	7	8	8	8	8
Elections	2	2	2	2	2	2
Financial Administration	18	18	20	19	19	19
Public Facilities	4	5	4	4	4	4
Public Safety	86	79	84	84	80	80
Public Transportation	60	59	65	63	58	58
Health and Welfare	2	2	2	1	2	2
Culture and Recreation	14	14	14	14	15	15
Conservation	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Total	<u>230</u>	<u>240</u>	<u>246</u>	<u>247</u>	<u>246</u>	<u>246</u>

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.

TABLE 15

As of December 31,			
2016	2015	2014	2013
21	20	20	18
33	33	33	32
8	8	8	8
2	2	2	2
19	19	19	19
4	4	4	4
80	80	80	83
58	58	58	60
2	2	2	3
15	15	15	14
<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
<u>246</u>	<u>245</u>	<u>245</u>	<u>247</u>

RUSK COUNTY, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years
(Unaudited)

Function	2022	2021	2020	2019	2018
Judicial					
Cases Filed:					
District Court:					
Civil	293	293	289	377	304
Criminal	508	508	396	397	372
County Court-at-Law	694	694	745	776	49
Convictions:					
District Court	107	107	103	182	910
County Court-at-Law	279	279	144	340	52
Elections					
Registered Voters	31,958	31,958	30,859	29,632	29,359
Public Safety					
Arrests	1,544	1,544	1,116	1,265	1,902
Prisoner Days	45,845	45,845	38,982	36,232	36,656
Culture and Recreation					
Library Circulation	228,605	228,605	195,375	98,551	364,084
Library Attendance	57,960	57,960	44,148	87,682	11,322
Museum Attendance	14,010	14,010	1,517	35,512	32,551

TABLE 16

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
342	269	345	325	495
329	392	339	517	406
718	1,069	1,030	1,287	1,083
196	191	189	330	223
442	383	415	406	93
30,737	31,339	28,807	30,361	30,021
2,094	1,991	2,053	1,964	2,132
37,845	32,632	36,676	42,997	40,620
537,821	118,690	113,928	107,068	172,248
12,266	71,821	56,762	11,091	11,093
32,825	33,025	33,234	29,995	25,589

RUSK COUNTY, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years
(Unaudited)

<u>Function</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Judicial					
Number of Justices of the Peace offices	5	5	5	5	5
Elections					
Number of voting boxes	17	17	17	17	17
Public Safety					
Number of Jails	1	1	1	1	1
Jail Capacity	292	292	292	292	292
Public Transportation					
Number of Precincts	5	5	5	5	5
Road Miles	1,102	1,102	1,102	1,102	1,102
Bridges	109	109	109	109	109
Number of Airports	1	1	1	1	1
Number of Runways	2	2	2	2	2
Health and Welfare					
Number of Collection sites	6	6	6	6	6
Culture and Recreation					
Number of Libraries	4	4	4	4	4
Number of Museums	1	1	1	1	1
Number of Community Centers	1	1	1	2	2

Note:

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

TABLE 17

2017	2016	2015	2014	2013
5	5	5	5	5
17	17	17	17	22
1	1	1	1	1
292	292	292	292	292
5	5	5	5	4
1,102	1,102	1,102	1,102	1,102
109	109	109	109	109
1	1	1	1	1
2	2	2	2	2
6	6	6	6	6
4	4	4	4	4
1	1	1	1	1
2	2	2	2	3

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RUSK COUNTY, TEXAS

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

Prepared by:
County Auditor's Office

Reagan McCauley
County Auditor

RUSK COUNTY, TEXAS

SINGLE AUDIT REPORT

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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

Honorable County Judge
and Commissioners Court
Rusk County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Rusk County, Texas' basic financial statements, and have issued our report thereon dated March 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rusk County, Texas' internal control over financial reporting (internal control) as a basis for designing 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 Rusk County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Rusk County, Texas' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Rusk County, Texas' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

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

Waco, Texas
March 21, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable County Judge
and Members of the Commissioners' Court
Rusk County, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rusk County's (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas
March 21, 2025

RUSK COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
FEDERAL AWARDS			
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
Passed through Texas Division of Emergency Management:			
COVID-19 Coronavirus Local Fiscal Recovery Fund	21.027	2020-CF-21019	<u>\$1,082,611</u>
Total Passed through Texas Division of Emergency Management			<u>1,082,611</u>
Total U.S. Department of the Treasury			<u>1,082,611</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>			
Passed through Texas State Library and Archives Commission:			
ILL Lending Reimbursement Program	45.310	LS-00-18-0044-18	<u>4,285</u>
Total Passed through Texas State Library and Archives Commission			<u>4,285</u>
Total Institute of Museum and Library Services			<u>4,285</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Texas Department of State Health Services:			
RLSS - Local Public Health System	93.822	HHS000743500005	<u>88,961</u>
Total Passed through Texas Department of State Health Services			<u>88,961</u>
Total U.S. Department of Health and Human Services			<u>88,961</u>
Total Federal Expenditures			<u>\$1,175,857</u>

RUSK COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2022

1. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Rusk County, Texas, and is presented on the accrual basis of accounting. The information in the SEFA is presented in accordance with the requirements of *OMB Compliance Supplement*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. INDIRECT COST RATE

The County has elected not to use the de minimis indirect cost rate allowed in the Uniform Guidance.

3. PASS-THROUGH EXPENDITURES

None of the expenditures on the schedule of expenditures of federal awards were passed through to subrecipients.

RUSK COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of Uniform Guidance	None
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Identification of major programs:

Assistance Listing Number(s)	Name of Program:
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between type A and type B federal programs	\$750,000
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Auditee qualified as low-risk auditee for federal single audit?	Yes
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Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

2022-001, 2022-002

Findings and Questioned Costs for Federal Awards

None

RUSK COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COST

FOR THE YEAR ENDED DECEMBER 31, 2022

Finding 2022-001 - Material Weakness

Criteria

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. This system ensures the accuracy, completeness, reliability, and timeliness of financial reporting. In addition, according to 2 CFR 200.512(b), an auditee must submit the Data Collection Form and reporting package to the Federal Audit Clearinghouse within nine months of yearend or 30 days after the issuance of the audit report, whichever is earlier.

Condition

Some of the information needed to complete the audit was not available in a timely manner. The County missed the Data Collection Form submission deadline.

Effect

The financial statements were issued more than two years after fiscal year end.

Recommendation

We recommend that the County strengthen its internal controls related to financial reporting to ensure necessary documentation is available in a timely manner.

Management's Response

The County agrees with the recommendation. We will implement a formal process for tracking and ensuring timely preparation of yearend adjustments and documents needed to complete the audit.

Finding 2022-002 - Material Weakness

Criteria

Management is responsible for establishing and maintaining an effective system of internal control over financial reporting. This system ensures the accuracy, completeness, reliability, and timeliness of financial reporting.

Condition

Several balance sheet accounts required material adjustments proposed by the auditor.

Effect

Accounts receivable in the General Fund were overstated by \$1,222,128. Payables in custodial funds were overstated by \$2,741,789. Claims payable in the internal service fund were understated by \$691,145.

Recommendation

We recommend that the County enhance internal controls to ensure timely and accurate reconciliation of all balance sheet accounts.

Management's Response

The County agrees with the recommendation. The issue was immediately corrected.

RUSK COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2022

None

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