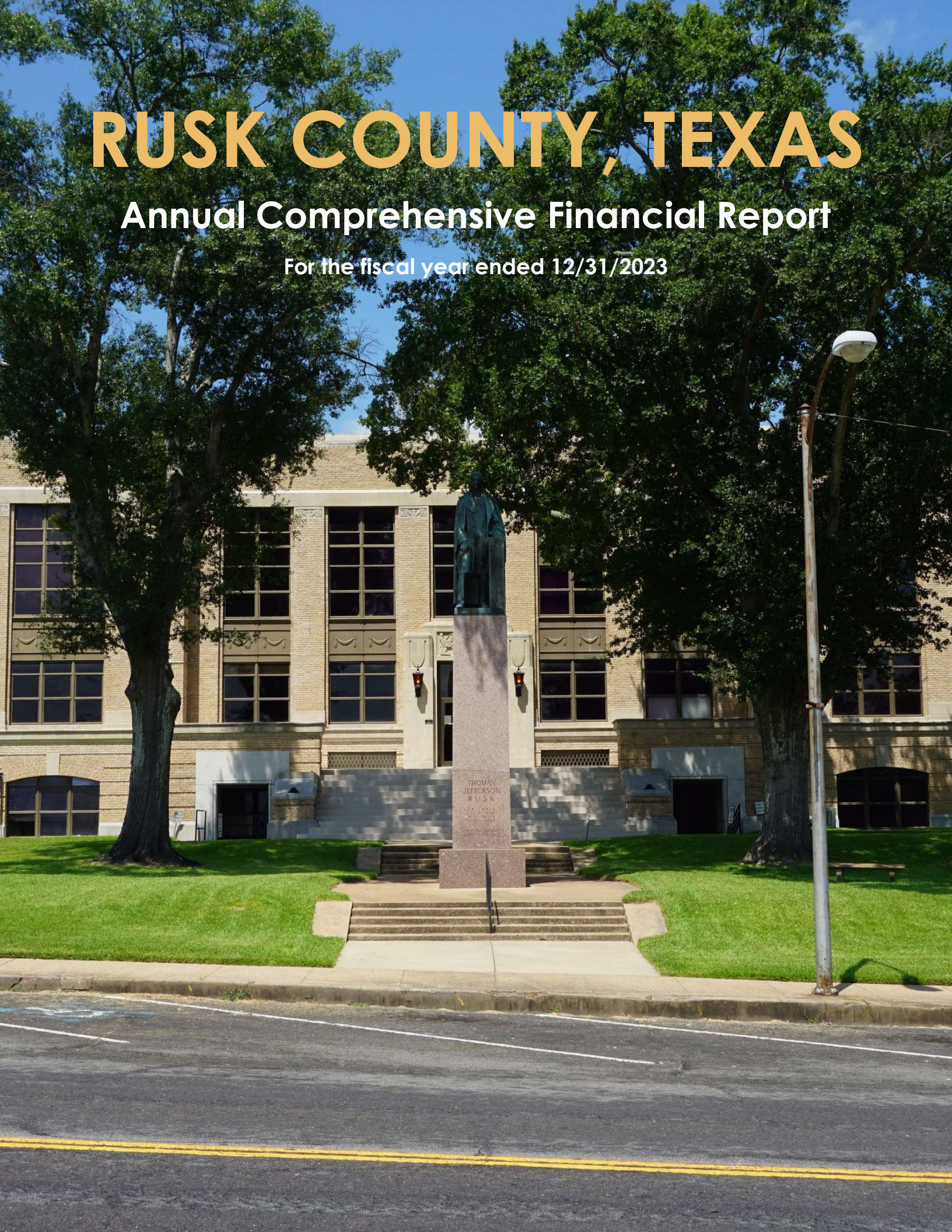


RUSK COUNTY, TEXAS

Annual Comprehensive Financial Report

For the fiscal year ended 12/31/2023



Rusk County, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2023



Prepared by:
County Auditor's Office

**RUSK COUNTY, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2023**

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**RUSK COUNTY, TEXAS
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INTRODUCTORY SECTION



**COUNTY AUDITOR:
Reagan McCauley**



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

July 30th, 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, 2023. 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 Gollob Morgan Peddy PC 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, 2023.

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 and should be read in conjunction with it. The County's MD&A can be found on 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 decreased average daily attendance (ADA) in 2023.

The County has a civilian labor force of 27,037, which is down 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.

Various costs associated with increased health care premiums for employees had a significant effect on the financial statements in 2023. 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 2023. The County chose to switch to United Healthcare due to more competitive pricing.

Respectfully submitted,

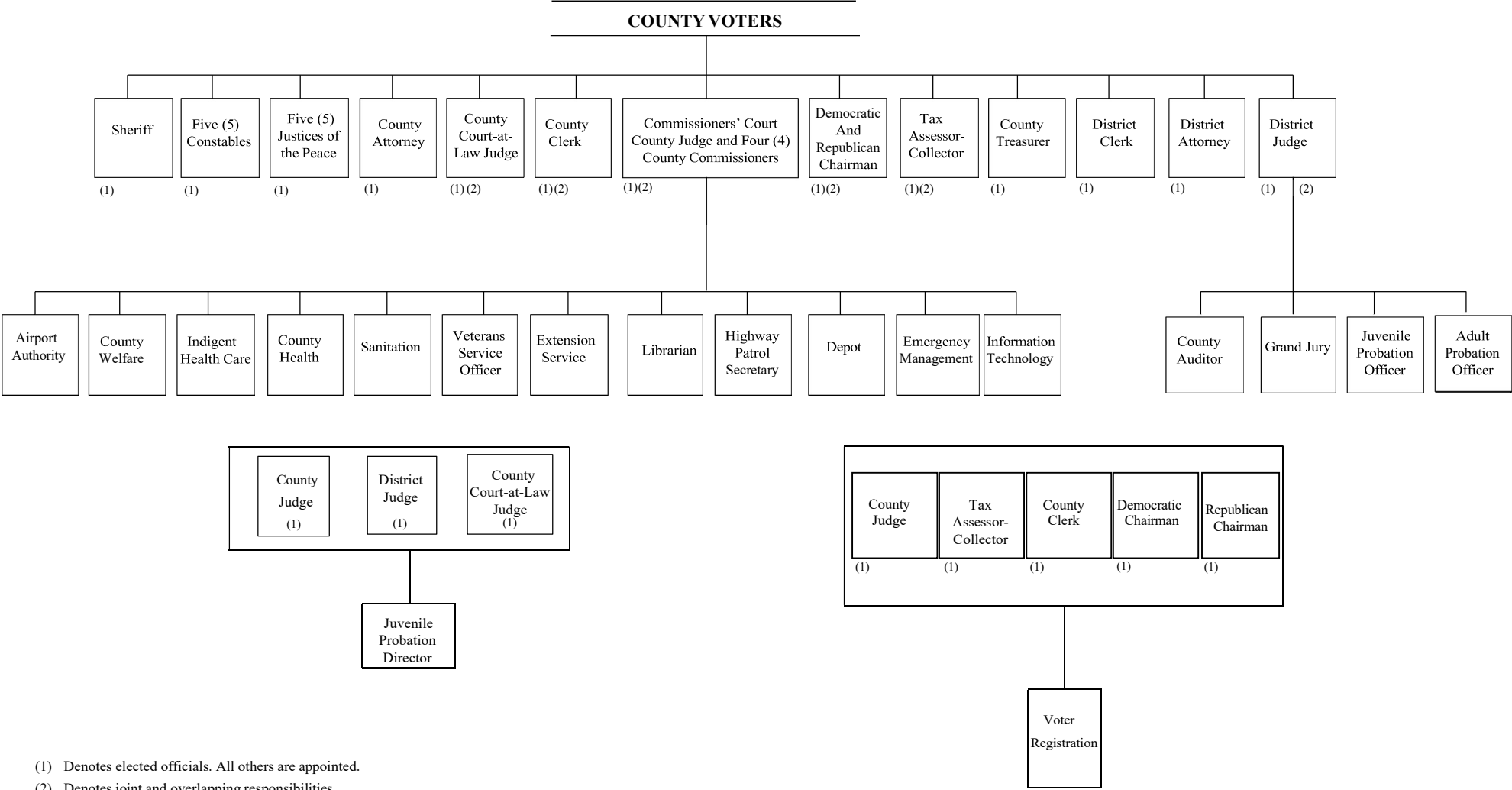
Reagan McCauley
Rusk County Auditor

**RUSK COUNTY, TEXAS
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2023**

<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	Rusty Hughes
Constable, Pct. #4	Jesse Stewart
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	Shannon Burkley
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.



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Honorable Commissioners' Court of Rusk County
Henderson, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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, 2023, 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 Rusk County, Texas as of December 31, 2023, 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 Rusk County Texas, 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.

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 date, including any currently known information that may raise substantial doubt shortly thereafter.

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 (MD&A) on pages 4-10; the budgetary comparison information contained in Schedules 1, 2 and 3 on pages 44-50; the Schedule of Changes in the County's Net Pension Liability and Related Ratios on page 51; the Schedule of Employer Contributions on page 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Rusk County, Texas' basic financial statements. The introductory section, additional supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are also 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. The 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 accompanying supplementary information 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 report. The other information comprises the introductory section and the statistical tables but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 July 30, 2025, on our consideration of Rusk County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rusk County, Texas' internal control over financial reporting and compliance.

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
July 30, 2025



RUSK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

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, 2023. 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 \$49,199,163 (net position). Of this amount, \$9,695,129 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 \$10,690,345.
- The County's total net position increased by \$7,292,780 from operations.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$26,841,443, an increase of \$2,948,127 from prior year. Approximately 62% of this amount, \$16,638,080 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 \$16,638,080, or approximately 84% 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.

RUSK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

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 14 individual governmental funds, 4 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, Airport, 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, airport, debt service, and select special revenue funds to demonstrate compliance with these budgets.

Proprietary Funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Fund is used to report activities that provide supplies and services for other programs and activities, such as the County's self-insurance program. Because these services predominantly benefit governmental rather than business-type functions, the Internal Service Fund is reported with governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the 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.

RUSK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

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 airport fund, as well as schedules of changes in net pension 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 \$49,199,163 as of December 31, 2023. This compares with \$41,906,383 from the prior fiscal year. A portion of the County's net position, \$28,813,689, 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	
	2023	2022
Current and other assets	\$ 42,118,372	\$ 44,817,464
Capital assets, net	29,146,202	24,758,428
Total assets	71,264,574	69,575,892
Deferred outflows - pensions	3,464,077	3,007,303
Total deferred outflows of resources	3,464,077	3,007,303
Current liabilities	4,889,598	10,690,210
Long-term liabilities	14,122,670	5,121,881
Total liabilities	19,012,268	15,812,091
Deferred inflows - advanced tax collections	6,241,313	6,747,617
Deferred inflows - pensions	275,907	8,117,104
Total deferred inflows of resources	6,517,220	14,864,721
Net position:		
Net investment in capital assets	28,813,689	22,847,734
Restricted	9,695,129	10,584,038
Unrestricted	10,690,345	8,474,611
Total net position	\$ 49,199,163	\$ 41,906,383

A portion of the County's net position, \$9,695,129, represents resources that are subject to external restriction on how they may be used. The County's total net position increased by \$7,292,780 during the current fiscal year.

RUSK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Statement of Activities

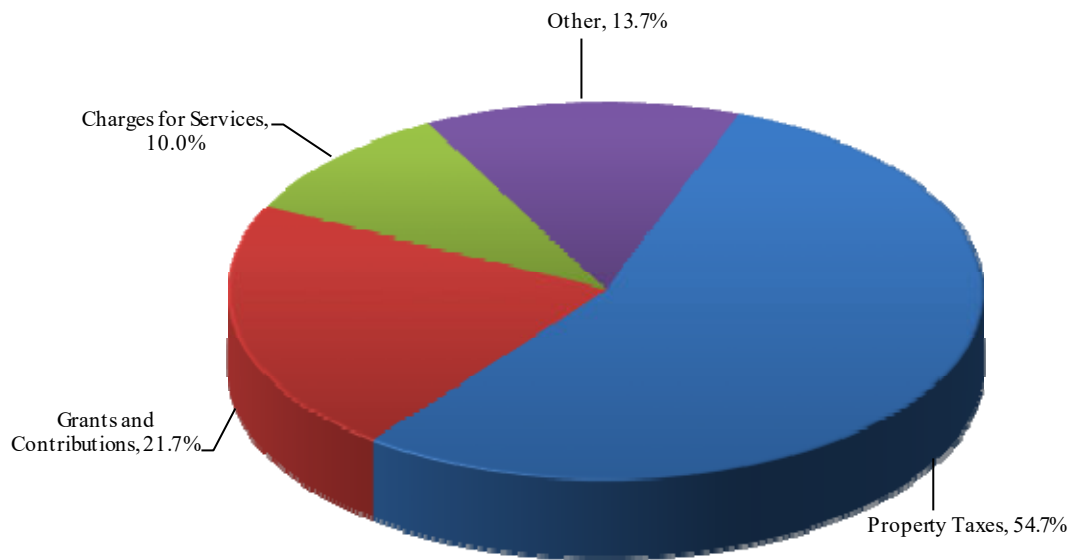
The following table provides a summary of the County's changes in net position:

	Governmental Activities	
	2023	2022
Revenues:		
<u>Program revenues:</u>		
Charges for services	\$ 4,207,375	\$ 4,495,012
Operating grants and contributions	6,681,074	2,351,576
Capital grants and contributions	2,490,174	399,108
<u>General revenues:</u>		
Property taxes	23,098,311	22,643,414
Other	5,772,153	1,102,389
Total revenues	<u>42,249,087</u>	<u>30,991,499</u>
Expenses:		
General government	2,724,276	2,385,329
Judicial	3,395,395	2,058,412
Legal	711,266	598,619
Elections	296,429	264,952
Financial administration	2,167,830	1,925,448
Public facilities	2,670,389	641,476
Public safety	8,704,054	7,690,602
Public transportation	11,923,908	9,920,977
Health and welfare	819,229	1,079,066
Culture and recreation	1,338,634	1,149,059
Conservation	189,794	200,542
Interest	15,103	6,340
Total expenses	<u>34,956,307</u>	<u>27,920,822</u>
Change in net position	7,292,780	3,070,677
Net position, beginning	41,906,383	40,748,979
Prior period adjustment	<u>-</u>	<u>(1,913,273)</u>
Net position, ending	<u>\$ 49,199,163</u>	<u>\$ 41,906,383</u>

**RUSK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

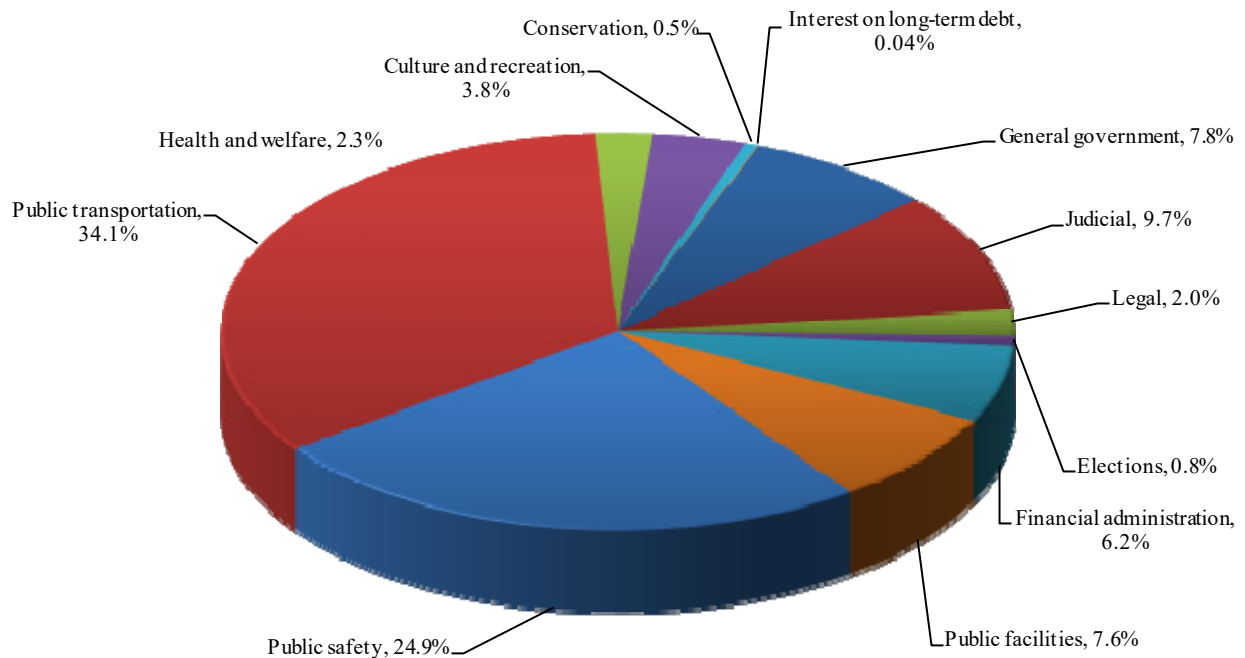
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the County's activities.

Governmental Activities – Revenues



Total governmental activity revenues increased 62% from the prior year. This increase is primarily due to an increase in operating and capital grants and other tax revenues for the year.

Governmental Activities - Expenses



Governmental expenses increased by \$7,035,485 from the prior year. The majority of the change is a result of increases in Public Safety, Public Transportation, and Judicial categories.

**RUSK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

For the year ended December 31, 2023, revenues from governmental activities totaled \$42,249,087, compared with \$30,991,499 in the prior year. This net increase occurred as the result of an increase in every revenue category except charges for service. 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 an increase in fund balance of \$2,698,530 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 \$16,638,080 and total fund balance was \$17,394,986. 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 \$1,522,759 of total general fund expenditures and other financing sources.

The road and bridge fund had an ending fund balance of \$2,364,397, an increase of \$743,724 from the prior year. An increase in tax revenue contributed to the increase in fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual general fund revenues were more than final budgeted revenues by \$3,440,438 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 \$1,522,759 less than budgeted. Overall, the general fund had a total positive budget variance of \$4,963,197 before capital leases and interfund transfers.

CAPITAL ASSETS

At the end of the year, the County's governmental activities had invested \$29,146,202 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$4,387,774.

Major capital asset events during the year included the following:

- Additions to machinery and equipment in the amount of \$1.1 million.
- Additions to construction in progress in the amount of \$4.6 million.

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 finance purchases, compensated absences and capital leases outstanding of \$1,124,678. During the year ended December 31, 2024, the County paid off its general obligation bonds in full in the amount of \$1,310,000.

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

**RUSK COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The unemployment rate for the County as of the end of the fiscal year was 3.7%, compared with a rate of 4.2% a year ago.
- The County's assessed valuation of property for the 2022 property tax year (2023 fiscal year) has increased \$640,937,792 to approximately \$4,914,726,000.
- The County's property tax rate decreased from \$0.55618 per \$100 of assessed valuation to \$0.51391 per \$100 assessed valuation for the 2024 budget year (2023 property tax year).

All of these factors were considered in preparing the County's budget for the 2024 fiscal year. During the current fiscal year, Unassigned Fund Balance in the General Fund increased to \$16,638,080. 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.





BASIC FINANCIAL STATEMENTS



RUSK COUNTY, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 15,391,411
Investments	19,293,788
Receivables, net	7,065,797
Due from other governments	8,009
Prepaid items	359,367
Capital assets:	
Nondepreciable	5,358,100
Net depreciable	23,788,102
Total assets	<u>71,264,574</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	<u>3,464,077</u>
Total deferred outflows of resources	<u>3,464,077</u>
LIABILITIES	
Accounts payable and accrued liabilities	742,286
Due to others	145,408
Unearned revenues	4,001,904
Noncurrent liabilities:	
Due within one year:	
Long-term debt	297,407
Due in more than one year:	
Long-term debt	827,271
Net pension liability	12,997,992
Total liabilities	<u>19,012,268</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes - advanced collections	6,241,313
Related to pensions	<u>275,907</u>
Total deferred inflows of resources	<u>6,517,220</u>
NET POSITION	
Net investment in capital assets	28,813,689
Restricted for:	
Permanent funds	
Nonspendable	370,892
County roads and bridges	2,313,329
Airport property	1,417,638
Law library	108,503
County officials' offices	1,525,705
Indigent health care services	2,804,507
Juvenile services	89,137
Debt service	815,684
District probation	202,209
American rescue funds	47,525
Unrestricted	<u>10,690,345</u>
Total net position	<u>\$ 49,199,163</u>

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

RUSK COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

					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	\$ 2,724,276	\$ 1,021,657	\$ 271,700	\$ 252,403	\$ (1,178,516)
Judicial	3,395,395	867,822	228,766	-	(2,298,807)
Legal	711,266	51,756	70,810	-	(588,700)
Elections	296,429	-	-	-	(296,429)
Financial administration	2,167,830	1,778,434	-	-	(389,396)
Public facilities	2,670,389	-	-	193,341	(2,477,048)
Public safety	8,704,054	167,790	441,447	-	(8,094,817)
Public transportation	11,923,908	276,361	45,370	2,044,430	(9,557,747)
Health and welfare	819,229	-	5,620,361	-	4,801,132
Culture and recreation	1,338,634	43,555	2,620	-	(1,292,459)
Conservation	189,794	-	-	-	(189,794)
Interest on long-term debt	15,103	-	-	-	(15,103)
Total governmental activities	<u>34,956,307</u>	<u>4,207,375</u>	<u>6,681,074</u>	<u>2,490,174</u>	<u>(21,577,684)</u>
Total primary government	<u>\$ 34,956,307</u>	<u>\$ 4,207,375</u>	<u>\$ 6,681,074</u>	<u>\$ 2,490,174</u>	<u>\$ (21,577,684)</u>
General revenues:					
Property taxes					23,098,311
Other taxes					31,622
Investment income					2,375,545
Loss on sale of capital assets					(2,703)
Miscellaneous					<u>3,367,689</u>
Total general revenues					<u>28,870,464</u>
Change in net position					7,292,780
Net position - beginning					41,906,383
Net position - ending					\$ 49,199,163

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

**RUSK COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Road and Bridge	American Rescue Plan	Airport	Nonmajor Governmental	Total Governmental
ASSETS						
Cash and cash equivalents	\$ 3,273,869	\$ 2,987,114	\$ 229,390	\$ 1,502,171	\$ 5,695,124	\$ 13,687,668
Investments	15,293,788	-	4,000,000	-	-	19,293,788
Receivables, net:						
Property taxes	1,161,108	495,034	-	-	88,259	1,744,401
Due from other governments	8,009	-	-	-	-	8,009
Accounts	3,533,598	1,223,099	-	74,650	238,152	5,069,499
Accrued interest	251,897	-	-	-	-	251,897
Prepays	7,839	51,068	-	-	360	59,267
Due from other funds	452,268	-	-	-	47,525	499,793
Total assets	23,982,376	4,756,315	4,229,390	1,576,821	6,069,420	40,614,322
LIABILITIES						
Accounts payable	456,321	86,221	26,213	146,819	10,862	726,436
Unearned revenue - grants	-	-	4,001,904	-	-	4,001,904
Due to other governments	127,135	-	-	-	18,273	145,408
Due to other funds	47,525	15,000	201,273	-	235,995	499,793
Total liabilities	630,981	101,221	4,229,390	146,819	265,130	5,373,541
DEFERRED INFLOWS OF RESOURCES						
Advance tax collections	4,417,410	1,823,903	-	-	-	6,241,313
Unavailable revenue - tax revenue	1,093,610	466,794	-	-	83,866	1,644,270
Unavailable revenue - fines and fees	445,389	-	-	-	-	445,389
Unavailable revenue - seized funds	-	-	-	-	56,002	56,002
Unavailable revenue - deposits	-	-	-	12,364	-	12,364
Total deferred inflows of resources	5,956,409	2,290,697	-	12,364	139,868	8,399,338
FUND BALANCES						
Nonspendable:						
Permanent funds	-	-	-	-	70,792	70,792
Prepays	7,839	51,068	-	-	360	59,267
Restricted:						
County roads & bridges	-	2,313,329	-	-	-	2,313,329
Airport property	-	-	-	1,417,638	-	1,417,638
Law library	-	-	-	-	108,503	108,503
County officials' offices	-	-	-	-	1,525,705	1,525,705
Indigent health care services	-	-	-	-	2,804,507	2,804,507
Juvenile services	-	-	-	-	89,137	89,137
Debt service	-	-	-	-	815,684	815,684
District probation	-	-	-	-	202,209	202,209
Opioid Abatement	-	-	-	-	47,525	47,525
Assigned for subsequent year's budget	749,067	-	-	-	-	749,067
Unassigned	16,638,080	-	-	-	-	16,638,080
Total fund balances	17,394,986	2,364,397	-	1,417,638	5,664,422	26,841,443
Total liabilities, fund balances, and deferred inflows of resources						
	<u>\$ 23,982,376</u>	<u>\$ 4,756,315</u>	<u>\$ 4,229,390</u>	<u>\$ 1,576,821</u>	<u>\$ 6,069,420</u>	<u>\$ 40,614,322</u>

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

RUSK COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION (EXHIBIT 1)
DECEMBER 31, 2023

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

Total fund balances - governmental funds balance sheet	\$ 26,841,443
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	
Court fines	445,389
Seized funds	56,002
Deposits	12,364
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Nondepreciable capital assets	5,358,100
Depreciable capital assets	52,583,508
Accumulated depreciation	(28,795,406)
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	
Prepaid assets	300,100
Delinquent property taxes	1,644,270
The assets and liabilities of the internal service fund are included in the governmental activities Statement of Net Position.	1,687,893
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	3,464,077
Deferred inflows - pension related	(275,907)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	
Financed purchases	(8,824)
Leases payable	(895,551)
Compensated absences payable	(220,303)
Net pension liability	(12,997,992)
Net position of governmental activities	<u><u>\$ 49,199,163</u></u>

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

RUSK COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General	Road and Bridge	American Rescue Plan	Airport	Nonmajor Governmental	Total Governmental
REVENUES						
Ad valorem taxes	\$ 16,332,871	\$ 6,688,188	\$ -	\$ -	\$ 37,449	\$ 23,058,508
Other taxes	31,622	-	-	-	-	31,622
Intergovernmental	595,163	44,314	5,483,214	2,044,430	863,221	9,030,342
Fees	1,769,985	921,069	-	368,124	470,136	3,529,314
Charges for services	156,450	-	-	-	-	156,450
Fines and forfeitures	338,439	126,559	-	-	33,963	498,961
Contributions	162,500	-	-	1,056	-	163,556
Investment earnings	1,733,247	275,153	-	85,481	205,067	2,298,948
Miscellaneous	1,427,015	99,531	-	1,769,974	69,012	3,365,532
Total revenues	22,547,292	8,154,814	5,483,214	4,269,065	1,678,848	42,133,233
EXPENDITURES						
Current:						
General government	2,406,755	-	193,640	-	346	2,600,741
Judicial	2,895,670	-	62,500	-	170,144	3,128,314
Legal	649,946	-	-	-	11,084	661,030
Elections	283,718	-	-	-	-	283,718
Financial administration	2,048,459	-	-	-	14,478	2,062,937
Public facilities	795,517	-	1,850,000	-	1,515	2,647,032
Public safety	7,031,444	-	318,921	-	840,809	8,191,174
Public transportation	-	6,855,303	1,862,935	879,303	-	9,597,541
Health and welfare	764,874	-	12,050	-	20,297	797,221
Culture and recreation	1,251,530	-	-	-	-	1,251,530
Conservation	184,233	-	-	-	-	184,233
Capital outlay	1,325,047	851,334	1,183,168	3,291,038	191,826	6,842,413
Debt service:						
Principal	152,449	95,844	-	-	1,310,000	1,558,293
Interest	14,663	13,778	-	-	26,200	54,641
Total expenditures	19,804,305	7,816,259	5,483,214	4,170,341	2,586,699	39,860,818
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,742,987	338,555	-	98,724	(907,851)	2,272,415
OTHER FINANCING SOURCES (USES)						
Transfers in	15,000	-	-	100,000	215,000	330,000
Transfers out	(315,000)	(15,000)	-	-	-	(330,000)
Issuance of leases	196,693	375,169	-	-	-	571,862
Sale of capital assets	58,850	45,000	-	-	-	103,850
Total other financing sources and uses	(44,457)	405,169	-	100,000	215,000	675,712
NET CHANGE IN FUND BALANCES	2,698,530	743,724	-	198,724	(692,851)	2,948,127
BEGINNING FUND BALANCE, AS ORIGINALLY STATED	13,312,367	2,883,316	121,446	1,218,914	6,357,273	23,893,316
PRIOR PERIOD ADJUSTMENT	1,384,089	(1,262,643)	(121,446)	-	-	-
BEGINNING FUND BALANCE, AS RESTATED	14,696,456	1,620,673	-	1,218,914	6,357,273	23,893,316
FUND BALANCES, ENDING	\$ 17,394,986	\$ 2,364,397	\$ -	\$ 1,417,638	\$ 5,664,422	\$ 26,841,443

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

RUSK COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (EXHIBIT 2)
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Net change in fund balances - total governmental funds	\$ 2,948,127
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	6,842,413
Prepaid assets	300,100
Depreciation expense	(2,348,086)
Net effect of capital disposals	(106,553)
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	39,803
Unavailable revenue - court fines	(68,875)
Unavailable revenue - seized funds	(2,934)
Unavailable revenue - deposits	5,091
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	(9,973,081)
Deferred outflows - pensions	456,774
Deferred inflows - pensions	7,841,197
Bonds and leases provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	
Proceeds on new leases	(571,862)
Lease payments	222,540
Principal payments	1,335,753
Amortization of deferred charges	19,888
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	19,650
Compensated absences, net change	(34,027)
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.	<u>366,862</u>
Change in net position of governmental activities	<u>\$ 7,292,780</u>

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

**RUSK COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2023**

	Internal Service
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,703,743
Total current assets	<u>1,703,743</u>
LIABILITIES	
Current liabilities:	
Accounts payable	15,850
Total current liabilities	<u>15,850</u>
NET POSITION	
Unrestricted	1,687,893
Total net position	<u><u>\$ 1,687,893</u></u>

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

RUSK COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	Internal Service
OPERATING REVENUES	
Charges for services	\$ 3,370,063
Total operating revenues	<u>3,370,063</u>
OPERATING EXPENSES	
Benefits, insurance & administrative cost	<u>3,079,798</u>
Total operating expenses	<u>3,079,798</u>
OPERATING INCOME	<u>290,265</u>
NONOPERATING REVENUES	
Investment income	<u>76,597</u>
Total nonoperating revenues	<u>76,597</u>
CHANGE IN NET POSITION	366,862
NET POSITION, BEGINNING	<u>1,321,031</u>
NET POSITION, ENDING	<u><u>\$ 1,687,893</u></u>

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

**RUSK COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services provided	\$ 3,370,063
Cash payments to suppliers for goods and services	(3,382,821)
Cash used in operating activities	<u>(12,758)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	76,597
Cash provided by investing activities	<u>76,597</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	63,839
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,639,904</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 1,703,743</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 290,265
Adjustments to reconcile operating income to net cash used by operating activities:	
Increase in accounts payable	5,746
Decrease in claims liability	(308,769)
Total adjustments	<u>(303,023)</u>
Net cash used in operating activities	<u><u>\$ (12,758)</u></u>

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

RUSK COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 13,258,040
Investments	289,733
Total assets	<u>13,547,773</u>
LIABILITIES	
Due to other governments	10,088,380
Total liabilities	<u>10,088,380</u>
NET POSITION	
Restricted for:	
Individuals and other governments	3,459,393
Total net position	<u><u>\$ 3,459,393</u></u>

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

RUSK COUNTY, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Custodial Funds
	<hr/>
INCREASES	
Taxes and fees collected on behalf of other governments	\$ 92,267,108
Registry and trust funds collected	1,975,227
Fees collected from program participants	793,983
Total increases	<hr/> 95,036,318 <hr/>
DECREASES	
Taxes and fees remitted to other governments	92,448,025
Registry and trust funds disbursed	1,042,397
Payments to others	672,300
Total decreases	<hr/> 94,162,722 <hr/>
NET CHANGE IN NET POSITION	873,596
NET POSITION, BEGINNING AS ORIGINALLY STATED	2,199,702
PRIOR PERIOD ADJUSTMENT	<hr/> 386,094 <hr/>
NET POSITION, BEGINNING AS RESTATED	<hr/> 2,585,796 <hr/>
NET POSITION, ENDING	<hr/> \$ 3,459,393 <hr/> <hr/>

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



RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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. Non-major funds include other special revenue, permanent, and the debt service funds. The combined amounts for these funds are reflected in a single column in the fund financial statements. Detailed statements for non-major funds are presented within the combining and individual fund statements and schedules.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, and postemployment benefits are recorded only when payments are due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes, licenses, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for the revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

All proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Claims incurred, but not reported are included in payables and expenses. All assets, liabilities, and deferred outflows/inflows of resources (current and noncurrent) associated with their activities are included in the fund's statement of net position.

The County reports the following major Governmental funds:

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

Road and Bridge 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.

American Rescue Plan Fund – 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.

Airport Fund – The Airport Fund (a Special Revenue Fund) is used to account for the revenues and operational expenditures of the Rusk County Airport property. Revenues are used for airport maintenance and upkeep costs of the airport.

Other fund types include proprietary and fiduciary funds which are considered as nonmajor funds. Nonmajor funds include special revenue funds, capital projects funds, and debt service funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. Internal Service funds are used to account for the financing of goods or services provided by one department or agency of the County to other County departments or agencies on a cost reimbursement basis. 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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The County has one proprietary fund which is classified as an internal service fund:

Internal Service Fund – 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.

The **Proprietary funds** are accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations (e.g. insurance payments).

Fiduciary fund level financial statements include fiduciary funds which are classified into pension (and other employee benefit) trust funds, external investment, private purpose trust and custodial funds. The County has only custodial funds which are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and other funds. Custodial funds do not involve a formal trust agreement. Custodial fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The County reports ten custodial funds as fiduciary funds.

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.

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 to 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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 are 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 and management's estimate.

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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Capital Assets (continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	30
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 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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Leases are recognized in accordance with GASB Statement No. 87, leases. A lessor is required to recognize a lease receivable and a deferred inflow in resources. A lease receivable is recognized at the net present value of the lease asset at a borrowing rate either explicitly described in the agreement or implicitly determined by the County and is reduced by the principal payments. The deferred inflow of resources is recognized in an amount equal to the sum of lease payments relating to a future period which were received prior to the lease commencement. These deferred inflows of resources are amortized equal to the amount of equal to the amount of the annual payments.

A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments and is adjusted over time by interest and payments. Future lease payments include fixed payments, variable payments based on index or rate, reasonably certain residual guarantees. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement and is subsequently amortized over the life of the lease.

In the government-wide, proprietary, and fiduciary fund financial statements, deferred inflows related to leases and any respective right-to-use assets are reported in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources. Under modified accrual accounting, lease payments are considered capital outlay and proceeds of lease contracts, and thereafter are recorded as principal and interest payments.

The County has chosen not to implement GASB 87 for the budgetary basis of accounting. For both the budgetary basis of accounting and for leases that do not meet the criteria for valuation under GASB 87, the County will report inflows of cash for lessor leases and outflows of cash for lessee leases.

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

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Subscription Based Information Technology Arrangements

Subscription-based information technology arrangements (SBITAs) are defined as a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in exchange or exchange-like transactions. The County recognizes an intangible subscription asset and subscription liability. The subscription liability is measured as the present value of the total subscription payments expected to be made to the vendor during the subscription term. The total future payments are discounted using the interest rate the vendor charges, or if the implicit interest rate is not readily determinable the County uses an estimated incremental borrowing rate. The subscription asset is measured as the initial value of the subscription liability plus any initial capitalized costs and less any vendor incentives received at the commencement of the subscription term.

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

Property taxes are recognized as revenues in the period for which the taxes are levied, regardless of the lien date. Property taxes for the County are levied based on taxable value on the lien date of January 1 prior to December 31 of the same year. They become due January 1 of the following year and delinquent after June 30 of the following year. Accordingly, receivables and revenues for prior-year levies delinquent at year-end are reflected on the government-wide statement based on the full accrual method of accounting and under the modified accrual method in the fund statements.

3. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation benefits. Vacation benefits are accrued by County employees in accordance with guidelines suggested in the County's personnel policy. Since various departments are supervised by elected and appointed officials, departmental policies established within the guidelines vary by department.

Upon termination of employment for any reason, an employee with accrued unused vacation time will be paid for such time at the employee's then current pay rate. An employee will not be paid for unused vacation time while still employed by Rusk County. Consequently, no provision is made for accrued vacation in the financial statements.

Sick pay policies are uniform throughout the departments. Unused sick leave is non-vesting and terminates upon cessation of employment. Accordingly, no provision is made for accrued sick leave at year end.

Compensatory time is accrued by employees in lieu of paid overtime. Any compensatory time is accumulated and carried forward from year to year. Employees are paid for any accrued compensatory time upon termination. Consequently, a liability has been recorded in the government-wide financial statements.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Implementation of New Standards

In the current year, the County implemented the following new standards:

GASB Statement No. 96, *Subscription Based Information Technology Arrangements* ("GASB 96"), provides guidance for subscription-based information technology arrangements ("SBITAs"). SBITAs are contracts that convey control of the right to use a SBITA vendor's IT software as specified in the contract for a period of time in exchange transactions. The statement requires the reporting of liabilities related to information technology arrangements that were previously not reported, and for subscribers to report liabilities under a single model. In addition, the statement requires enhanced disclosures related to the timing, significance, and purpose of a government's information technology arrangements. The County adopted this guidance as of January 1, 2023.

There were no material cumulative effect adjustments recorded to net position upon adoption, and no material SBITA activity was recognized during the year.

H. Future Implementation of New Standards

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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Future Implementation of New Standards (continued)

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, Opioid Fund, Tower Grant 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 ACTIVITIES AND 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, 2023, and throughout the year ended December 31, 2023, 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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

A. Deposits and Investments (continued)

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, 2023, the County had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Days)</u>
Certificates of Deposit - County Funds	\$ 19,293,788	183

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. The County does not have a specific policy regarding interest rate risk, as it does not contemplate the investment of funds in such instruments. During the year, the County was not exposed to interest rate risk.
- **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 and banks domiciled in the State of Texas. At December 31, 2023, 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 or banks domiciled in the State of Texas. 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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

A. Deposits and Investments (continued)

Analysis of Specific Deposit and Investment Risks (continued)

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	Airport	Nonmajor	Total
Delinquent property taxes	\$ 1,548,145	\$ 660,045	\$ -	\$ 117,679	\$ 2,325,869
Court fine receivables	8,907,782	-	-	-	8,907,782
Due from other governments	8,009	-	-	-	8,009
Accounts receivable	3,088,209	1,223,099	74,650	238,152	4,624,110
Accrued interest	251,897	-	-	-	251,897
(Allowance for uncollectible court fines)	(8,462,393)	-	-	-	(8,462,393)
(Allowance for uncollectible taxes)	(387,037)	(165,011)	-	(29,420)	(581,468)
Total	<u>\$ 4,954,612</u>	<u>\$ 1,718,133</u>	<u>\$ 74,650</u>	<u>\$ 326,411</u>	<u>\$ 7,073,806</u>

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

C. Capital Assets

A summary of changes in capital assets for governmental activities for the year ended December 31, 2023 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	89,181	4,326,075	89,181	4,326,075
Total assets not being depreciated	<u>1,121,206</u>	<u>4,326,075</u>	<u>89,181</u>	<u>5,358,100</u>
<u>Capital assets, being depreciated:</u>				
Buildings and improvements	27,715,790	854,099	-	28,569,889
Machinery and equipment	16,937,859	1,179,558	477,784	17,639,633
Infrastructure	5,175,745	-	-	5,175,745
Right to Use Assets	626,379	571,862	-	1,198,241
Total capital assets being depreciated	<u>50,455,773</u>	<u>2,605,519</u>	<u>477,784</u>	<u>52,583,508</u>
<u>Less accumulated depreciation:</u>				
Buildings and improvements	11,730,029	848,688	-	12,578,717
Machinery and equipment	11,630,907	1,188,808	371,231	12,448,484
Infrastructure	3,374,471	78,961	-	3,453,432
Right to Use Assets	83,144	231,629	-	314,773
Total accumulated depreciation	<u>26,818,551</u>	<u>2,348,086</u>	<u>371,231</u>	<u>28,795,406</u>
Total capital assets being depreciated, net	<u>23,637,222</u>	<u>257,433</u>	<u>106,553</u>	<u>23,788,102</u>
Total capital assets, net	<u>\$ 24,758,428</u>	<u>\$ 4,583,508</u>	<u>\$ 195,734</u>	<u>\$ 29,146,202</u>

Depreciation was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 18,916
Judicial	19,446
Legal	2,302
Elections	1,722
Public facilities	3,733
Public safety	299,408
Public transportation	1,994,396
Health and welfare	1,584
Culture and recreation	3,949
Conservation	2,630
Total	<u>\$ 2,348,086</u>

Right-of-Use Assets. A lease is defined as a contract that conveys control of the right of use of another entity's nonfinancial asset as specified in a contract for a period of time in an exchange or exchange-like transaction. The County is party to a several lease contracts as lessee for which right-of-use (ROU) has been recognized as an asset on the balance sheet.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

C. Capital Assets (continued)

Lease right-of-use asset activity was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Sheriff vehicles	\$ 626,379	\$ 196,693	\$ -	\$ 823,072
Equipment	-	375,169	-	375,169
Total Lease Assets	626,379	571,862	-	1,198,241
Less accumulated amortization for:				
Sheriff vehicles	(83,144)	(156,595)	-	(239,739)
Equipment	-	(75,034)	-	(75,034)
Total accumulated amortization	(83,144)	(231,629)	-	(314,773)
Net Total Lease Assets	\$ 543,235	\$ 340,233	\$ -	\$ 883,468

Construction Commitments. As of December 31, 2023, the County has active construction projects. At year end, the County's commitments with contractors are as follows:

Project	Spent To-Date	Estimated Remaining Commitments
Tower - Tatum	\$ 191,826	\$ 891,426
Roofing Replacements	2,139,819	1,584,368
Airport Improvement	1,994,430	11,040
	<u>\$ 4,326,075</u>	<u>\$ 2,486,834</u>

D. Long-Term Liabilities

The following is a summary of changes in the County's total long-term liabilities for the year ended December 31, 2023. 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	\$ 1,310,000	\$ -	\$ 1,310,000	\$ -	\$ -
Premium	19,888	-	19,888	-	-
Leases	546,229	571,862	222,540	895,551	274,542
Financed purchases	34,577	-	25,753	8,824	8,824
Compensated absences	186,276	35,801	1,774	220,303	14,041
Net pension liability	3,024,911	9,973,081	-	12,997,992	-
Total long-term liabilities	<u>\$ 5,121,881</u>	<u>\$ 10,580,744</u>	<u>\$ 1,579,955</u>	<u>\$ 14,122,670</u>	<u>\$ 297,407</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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

D. Long-Term Liabilities (continued)

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, 2023, is as follows

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Liability	Interest Current Year	Amounts Outstanding 12/31/23	Amounts Due Within One Year
Right to Use:						
Sheriff vehicles	2.45%-4.35%	2022	\$ 546,229	\$ 14,663	\$ 393,780	\$ 156,504
Precinct #1 equipment	4.66%	2023	\$ 164,750	\$ 7,677	\$ 134,731	\$ 31,418
Precinct #4 equipment	2.45%	2023	\$ 210,419	\$ 5,155	\$ 170,347	\$ 41,053
Sheriff vehicles	5.35%	2023	\$ 196,693	\$ -	\$ 196,693	\$ 45,567
Total			<u>\$ 1,118,091</u>	<u>\$ 27,495</u>	<u>\$ 895,551</u>	<u>\$ 274,542</u>

Future minimum payments to retire lease obligations are as follows:

Year Ending December 31,	Leases		Total Requirements
	Principal	Interest	
2024	\$ 274,542	\$ 31,352	\$ 305,894
2025	283,374	22,521	305,895
2026	204,451	13,146	217,597
2027	133,184	5,597	138,781
Total	<u>\$ 895,551</u>	<u>\$ 72,616</u>	<u>\$ 968,167</u>

E. Interfund Transfers and Receivables and Payables

Transfers between funds during 2023 were as follows:

Transfer In	Transfer Out	Amount
Nonmajor Governmental	General Fund	\$ 315,000
General Fund	Road & Bridge Fund	15,000
	Total	<u>\$ 330,000</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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

E. Interfund Transfers and Receivables and Payables (continued)

The composition of interfund balances as of December 31, 2023 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Official	\$ 25,995
General	Road and Bridge	15,000
General	Tower Grant	200,000
General	American Rescue Plan	201,273
General	Juvenile	10,000
Opioid	General	47,525
	Total	<u>\$ 499,793</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. Pension Plans

Texas County and District Retirement System (TCDRS)

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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. OTHER INFORMATION (continued)

B. Pension Plans (continued)

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 2023. 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, 2022: valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	219
Inactive employees entitled to but not yet receiving benefits	202
Active employees	<u>276</u>
Total	<u><u>697</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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. OTHER INFORMATION (continued)

B. Pension Plans (continued)

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 10.33 percent in calendar year 2023. The County's contributions to TCDRS for the calendar year ended December 31, 2023 were \$1,249,713 equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2022 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The valuation assumption for long-term expected return is reassessed at a minimum of every four years and is set based on a 30-year time horizon; the most recent analysis was performed in 2021. The following target asset allocation was adopted by the TCDRS board in March 2023. The geometric real rate of return is net of inflation, assumed at 2.6%.

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%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities	4.00%	7.60%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

⁽¹⁾ Target asset allocation adopted at the March 2023 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%.

⁽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.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. OTHER INFORMATION (continued)

B. Pension Plans (continued)

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2021	\$ 68,669,798	\$ 65,644,887	\$ 3,024,911
Changes for the year:			
Service cost	1,484,395	-	1,484,395
Interest on total pension liability ⁽¹⁾	5,192,517	-	5,192,517
Effect on plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	1,430,037	-	1,430,037
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(163,158)	(163,158)	-
Benefit payments	(3,568,363)	(3,568,363)	-
Administrative expenses	-	(35,189)	35,189
Member contributions	-	816,777	(816,777)
Net investment income	-	(3,705,270)	3,705,270
Employer contributions	-	1,238,767	(1,238,767)
Other ⁽³⁾	-	(181,217)	181,217
Balance at 12/31/2022	<u>\$ 73,045,226</u>	<u>\$ 60,047,234</u>	<u>\$ 12,997,992</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>\$ 22,249,553</u>	<u>\$ 12,997,992</u>	<u>\$ 5,274,248</u>

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. OTHER INFORMATION (continued)

B. Pension Plans (continued)

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.

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, 2023, the County recognized pension expense of \$2,924,824.

At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,233,424	\$ -
Changes in actuarial assumptions	-	275,907
Difference between projected and actual investment earnings	980,940	-
Contributions made subsequent to measurement date	<u>1,249,713</u>	<u>-</u>
Total	<u>\$ 3,464,077</u>	<u>\$ 275,907</u>

\$1,249,713 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended December 31</u>
2023	\$ (348,721)
2024	401,838
2025	160,604
2026	1,724,736
2027	-
Thereafter	<u>-</u>
	<u>\$ 1,938,457</u>

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. OTHER INFORMATION (continued)

C. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. At no time during the last three fiscal years have claims exceeded commercial coverage.

D. 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, 2023. The County does not contribute to the Plans.

E. Prior Period Adjustments – Error Correction

Beginning fund balance in the General Fund was increased by \$1,262,643 to correct an error causing an overstatement of deferred tax collections from the prior year. The beginning fund balance in the Road & Bridge Fund was decreased by the same amount.

The beginning fund balance in the General Fund was increased by \$121,446, while the ARPA Fund’s beginning fund balance was decreased by the same amount, to correct a prior year error in which interest earnings were incorrectly recognized in the ARPA Fund instead of the General Fund.

There was no change in beginning net position, as the prior period adjustments above offset each other.

Beginning net position in the County Clerk Registry Fund and District Clerk Registry Fund were restated by \$34,946 and \$351,148, respectively, to correct an error causing an understatement of payables from a prior year. Because these are fiduciary funds, there is no effect on governmental activities.

F. Tax Abatements

The County enters into property tax abatements agreements with local business under the State Property Redevelopment and Tax Abatement Act, chapter 312, as well as its own guidelines and criteria, which is required under the Act. Under the Act, including its guidelines and criteria, the County may grant property tax abatements for economic projects under the program that provide an increase of at least \$1,000,000 in property values, or an annual payroll increase of \$400,000 or the creation of one hundred new permanent full-time jobs. Abatements are granted up to 100% over a period of time specified on an individual basis. Abatement is given to provide significant, long-term, positive economic impact to the community using local contractors and the resident workforce to the maximum extent feasible and by developing, redeveloping, and improving real estate within the County. The County’s goal in providing tax abatements is to create additional jobs.

Uses available for tax abatement include local expanding industries as well as newly recruited businesses.

On September 1, 2022, the Commissioners’ Court approved a tax abatement agreement between Rusk County, Texas and West Fraser Wood Products, Inc. (“West Fraser”) effective on the January 1, 2023 tax valuation date. West Fraser intends to invest approximately \$270 million to develop property and construct a new lumber mill and create 10 to 15 new, permanent employment positions and as many as 250 construction jobs with opportunities with local contractors, laborers, vendors, and suppliers.

RUSK COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

IV. OTHER INFORMATION (continued)

F. Tax Abatements (continued)

In the event of termination of the agreement with West Fraser, all taxes previously abated will be recaptured by the County and paid by West Fraser within thirty (30) days of termination, together with penalties and interest.

Per the agreement, West Fraser will receive a 90% tax abatement for the first 5 years and an 80% tax abatement for the final 5 years

G. Subsequent Events

The County has evaluated subsequent events through July 30, 2025, that date the financial statements were available to be issued.



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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 16,636,850	\$ 16,636,850	\$ 16,332,871	\$ (303,979)
Other taxes	15,000	15,000	31,622	16,622
Intergovernmental	253,020	253,020	595,163	342,143
Fees	1,574,584	1,574,584	1,769,985	195,401
Charges for services	50,000	50,000	156,450	106,450
Fines and forfeitures	430,000	430,000	338,439	(91,561)
Contributions	-	-	162,500	162,500
Investment earnings	200,000	200,000	1,733,247	1,533,247
Miscellaneous	47,400	147,400	1,427,015	1,279,615
Total revenues	19,206,854	19,306,854	22,547,292	3,240,438
EXPENDITURES				
<u>Current:</u>				
General government:				
County judge	276,559	276,559	236,167	40,392
Commissioners' court	366,249	366,249	363,952	2,297
County clerk	687,275	687,275	590,032	97,243
Veterans' service	103,285	103,285	100,860	2,425
Emergency management	106,429	110,881	101,785	9,096
Nondepartmental	968,500	978,500	888,212	90,288
Information technology	144,128	144,128	125,747	18,381
Total general government	2,652,425	2,666,877	2,406,755	260,122
Judicial:				
County-court-at-law	388,071	388,071	373,739	14,332
District court	262,898	262,898	236,187	26,711
Justice of the peace court	111,600	152,710	151,393	1,317
District clerk	624,995	624,995	592,726	32,269
Justices of the peace	800,867	804,757	800,196	4,561
All courts	1,129,072	1,129,072	741,429	387,643
Total judicial	3,317,503	3,362,503	2,895,670	466,833
Legal:				
District attorney	873,741	873,741	649,946	223,795
Total legal	873,741	873,741	649,946	223,795
Elections:				
Elections	292,274	287,674	283,718	3,956
Total elections	292,274	287,674	283,718	3,956

RUSK COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (cont.)				
<u>Current (cont.):</u>				
Financial administration:				
County auditor	\$ 289,509	\$ 289,509	\$ 281,646	\$ 7,863
County treasurer	219,170	219,170	213,899	5,271
Tax assessor-collector	1,630,050	1,628,050	1,552,914	75,136
Total financial administration	<u>2,138,729</u>	<u>2,136,729</u>	<u>2,048,459</u>	<u>88,270</u>
Public facilities:				
Maintenance	630,739	689,336	795,517	(106,181)
Total public facilities	<u>630,739</u>	<u>689,336</u>	<u>795,517</u>	<u>(106,181)</u>
Public safety:				
Jail	3,218,729	3,198,809	2,925,180	273,629
Constables	329,470	329,470	319,695	9,775
Sheriff	3,605,643	3,634,441	3,603,955	30,486
Juvenile board	64,106	64,106	63,292	814
Highway patrol	121,342	121,342	119,322	2,020
Total public safety	<u>7,339,290</u>	<u>7,348,168</u>	<u>7,031,444</u>	<u>316,724</u>
Health and welfare:				
County health	112,073	112,073	106,539	5,534
Public health	132,462	132,462	96,099	36,363
County welfare	6,926	6,926	4,865	2,061
Ambulance and sanitation	348,657	514,640	513,596	1,044
Mental health	18,000	18,000	1,625	16,375
Juvenile room and board	42,000	42,150	42,150	-
Total health and welfare	<u>660,118</u>	<u>826,251</u>	<u>764,874</u>	<u>61,377</u>
Culture and recreation:				
Library complex	1,083,102	1,081,552	1,039,999	41,553
Depot/children's discovery center	211,584	216,084	211,531	4,553
Total culture and recreation	<u>1,294,686</u>	<u>1,297,636</u>	<u>1,251,530</u>	<u>46,106</u>
Conservation:				
Agriculture and home demo	207,332	201,732	184,233	17,499
Total conservation	<u>207,332</u>	<u>201,732</u>	<u>184,233</u>	<u>17,499</u>

RUSK COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (cont.)				
<u>Debt service:</u>				
Principal	\$ -	\$ -	\$ 152,449	\$ (152,449)
Interest	-	-	14,663	(14,663)
Total debt service	-	-	167,112	(167,112)
<u>Capital outlay</u>				
General government:				
Emergency management	13,500	9,048	-	9,048
Total general government	13,500	9,048	-	9,048
Elections:				
Elections	-	10,935	10,890	45
Total elections	-	10,935	10,890	45
Financial administration:				
Tax assessor-collector	-	2,000	-	2,000
Total financial administration	-	2,000	-	2,000
Public facilities:				
Maintenance	43,250	-	-	-
Total public facilities	43,250	-	-	-
Public safety:				
Jail	20,000	64,400	25,153	39,247
Sheriff	198,000	347,850	321,947	25,903
Total public safety	218,000	412,250	347,100	65,150
Culture and recreation:				
Library complex	-	101,400	100,000	1,400
Total culture and recreation	-	101,400	100,000	1,400
Conservation:				
Agriculture and home demo	-	5,600	5,543	57
Total conservation	-	5,600	5,543	57
Nondepartmental:				
Nondepartmental	470,000	1,095,184	861,514	233,670
Total nondepartmental	470,000	1,095,184	861,514	233,670
Total expenditures	20,151,587	21,327,064	19,804,305	1,522,759
EXCESS (DEFICIENCY) OF REVENUE				
OVER (UNDER) EXPENDITURES	(944,733)	(2,020,210)	2,742,987	4,763,197

RUSK COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Transfers out	(315,000)	(315,000)	(315,000)	-
Issuance of leases	-	-	196,693	196,693
Sale of capital assets	-	-	58,850	58,850
Total other financing sources (uses)	(300,000)	(300,000)	(44,457)	255,543
NET CHANGE IN FUND BALANCES	(1,244,733)	(2,320,210)	2,698,530	5,018,740
BEGINNING FUND BALANCE, AS ORIGINALLY STATED	13,312,367	13,312,367	13,312,367	-
PRIOR PERIOD ADJUSTMENT	-	-	1,384,089	1,384,089
BEGINNING FUND BALANCE, AS RESTATED	13,312,367	13,312,367	14,696,456	1,384,089
FUND BALANCES, ENDING	<u>\$ 12,067,634</u>	<u>\$ 10,992,157</u>	<u>\$ 17,394,986</u>	<u>\$ 6,402,829</u>

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 6,670,712	\$ 6,670,711	\$ 6,688,188	\$ 17,477
Intergovernmental	50,000	50,000	44,314	(5,686)
Fees	890,000	890,000	921,069	31,069
Fines and forfeitures	130,000	130,000	126,559	(3,441)
Investment earnings	50,000	50,000	275,153	225,153
Miscellaneous	800	5,800	99,531	93,731
Total revenues	7,791,512	7,796,511	8,154,814	358,303
EXPENDITURES				
<u>Current:</u>				
Public transportation:				
Precinct #1	1,362,276	1,373,982	1,218,178	155,804
Precinct #2	1,293,608	1,439,985	1,437,906	2,079
Precinct #3	2,019,649	2,020,295	1,796,813	223,482
Precinct #4	1,760,902	2,174,652	2,166,284	8,368
Weight & license	83,845	87,895	86,322	1,573
Right-of-way	32,000	32,000	-	32,000
Nondepartmental:	2,653,750	153,750	149,800	3,950
Total public transportation	9,206,030	7,282,559	6,855,303	427,256
<u>Debt service:</u>				
Principal	-	-	95,844	(95,844)
Interest	-	-	13,778	(13,778)
Total debt service	-	-	109,622	(109,622)
<u>Capital outlay:</u>				
Public transportation:				
Precinct #1	142,000	588,369	5,060	583,309
Precinct #2	360,000	1,009,139	78,800	930,339
Precinct #3	116,000	1,242,111	392,305	849,806
Precinct #4	265,000	98,891	-	98,891
Weight & license	30,600	26,550	-	26,550
Nondepartmental	-	-	375,169	(375,169)
Total public transportation	913,600	2,965,060	851,334	2,113,726
Total expenditures	10,119,630	10,247,619	7,816,259	2,431,360
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(2,328,118)	(2,451,108)	338,555	2,789,663

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ -
Issuance of leases	-	-	375,169	375,169
Sale of capital assets	-	-	45,000	45,000
Total other financing sources (uses)	(15,000)	(15,000)	405,169	420,169
NET CHANGE IN FUND BALANCES	(2,343,118)	(2,466,108)	743,724	3,209,832
BEGINNING FUND BALANCE, AS ORIGINALLY STATED	2,883,316	2,883,316	2,883,316	-
PRIOR PERIOD ADJUSTMENT	-	-	(1,262,643)	(1,262,643)
BEGINNING FUND BALANCE, AS RESTATED	2,883,316	2,883,316	1,620,673	(1,262,643)
FUND BALANCES, ENDING	<u>\$ 540,198</u>	<u>\$ 417,208</u>	<u>\$ 2,364,397</u>	<u>\$ 1,947,189</u>

**RUSK COUNTY, TEXAS
AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 2,044,430	\$ 2,044,430
Fees	310,000	310,000	368,124	58,124
Investment earnings	20,000	20,000	85,481	65,481
Contributions	-	-	1,056	1,056
Miscellaneous	100,000	1,270,275	1,769,974	499,699
Total revenues	430,000	1,600,275	4,269,065	2,668,790
EXPENDITURES				
Current:				
Public transportation:				
Aiport	869,875	851,905	879,303	(27,398)
Capital outlay:				
Public transportation:				
Aiport	208,000	1,404,275	3,291,038	(1,886,763)
Total expenditures	1,077,875	2,256,180	4,170,341	(1,914,161)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(647,875)	(655,905)	98,724	754,629
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	100,000	-
NET CHANGE IN FUND BALANCES	(547,875)	(555,905)	198,724	754,629
FUND BALANCES, BEGINNING	1,218,914	1,218,914	1,218,914	-
FUND BALANCES, ENDING	\$ 671,039	\$ 663,009	\$ 1,417,638	\$ 754,629

RUSK COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2023

Measurement Date December 31,	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service Cost	\$ 1,265,726	\$ 1,299,717	\$ 1,402,367	\$ 1,394,187	\$ 1,334,088	\$ 1,317,400	\$ 1,364,176	\$ 1,426,684	\$ 1,484,395
Interest total pension liability	3,446,888	3,639,457	3,865,500	4,128,704	4,257,598	4,532,375	4,766,808	4,973,580	5,192,517
Changes in benefit terms	-	(163,823)	-	-	-	-	-	-	-
Difference between expected and actual experience	-	671,526	(270,583)	(1,119,324)	540,491	(60,487)	4,238	840,194	1,430,037
Effect of assumption changes or inputs	(332,432)	(160,279)	-	(164,034)	-	-	3,620,979	(827,723)	-
Benefit payments/refunds of contributions	(2,252,086)	(2,285,289)	(2,309,912)	(2,604,843)	(2,570,801)	(2,881,614)	(3,004,442)	(3,452,971)	(3,731,521)
Net change in total pension liability	2,128,096	3,001,309	2,687,372	1,634,690	3,561,376	2,907,674	6,751,759	2,959,764	4,375,429
Total pension liability - beginning	43,037,756	45,165,853	48,167,162	50,854,534	52,489,224	56,050,600	58,958,274	65,710,033	68,669,798
Total pension liability - ending (a)	\$ 45,165,852	\$ 48,167,162	\$ 50,854,534	\$ 52,489,224	\$ 56,050,600	\$ 58,958,274	\$ 65,710,033	\$ 68,669,798	\$ 73,045,227
Plan Fiduciary Net Position									
Employer contributions	929,203	973,204	990,136	935,394	986,284	1,018,925	1,199,756	1,171,498	1,238,767
Member contributions	719,526	722,961	754,395	756,960	769,670	788,112	823,971	803,168	816,777
Investment income net of investment expenses	2,562,436	256,853	2,892,978	6,036,414	(876,021)	7,356,107	5,266,967	11,960,316	(3,705,270)
Benefit payments, including refunds of contributions	(2,252,086)	(2,285,289)	(2,309,912)	(2,604,843)	(2,570,801)	(2,881,614)	(3,004,442)	(3,452,971)	(3,731,521)
Administrative expenses	(29,640)	(28,253)	(31,484)	(30,947)	(35,974)	(38,866)	(40,409)	(35,515)	(35,189)
Other	(112,261)	128,486	2,147	(14,922)	(19,602)	(27,087)	(23,966)	(26,673)	(181,216)
Net change in plan fiduciary net position	1,817,178	(232,038)	2,298,260	5,078,056	(1,746,444)	6,215,577	4,221,877	10,419,823	(5,597,652)
Plan fiduciary net position - beginning	37,572,597	39,389,775	39,157,737	41,455,997	46,534,053	44,787,609	51,003,186	55,225,063	65,644,887
Plan fiduciary net position - ending (b)	\$ 39,389,775	\$ 39,157,737	\$ 41,455,997	\$ 46,534,053	\$ 44,787,609	\$ 51,003,186	\$ 55,225,063	\$ 65,644,887	\$ 60,047,235
Net pension liability (asset) - ending (a) - (b)	\$ 5,776,077	\$ 9,009,425	\$ 9,398,537	\$ 5,955,171	\$ 11,262,991	\$ 7,955,088	\$ 10,484,970	\$ 3,024,911	\$ 12,997,992
Fiduciary net position as a percentage of total pension liability	87.21%	81.30%	81.52%	88.65%	79.91%	86.51%	84.04%	95.59%	82.21%
Pensionable covered payroll	\$ 9,927,337	\$ 10,328,011	\$ 10,777,075	\$ 10,813,720	\$ 10,995,282	\$ 11,258,736	\$ 11,727,645	\$ 11,473,835	\$ 11,587,947
Net pension liability as a percentage of covered payroll	58.18%	87.23%	87.21%	55.07%	102.43%	70.66%	89.40%	26.36%	112.17%

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

RUSK COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

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%
2023	1,249,713	1,249,713	-	12,097,969	10.33%

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

RUSK COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

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	17.2 years (based on contribution rate calculated in 12/31/2022 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 Contributions	<p>2015: New inflation, mortality and other assumptions were reflected.</p> <p>2017: New mortality assumptions were reflected.</p> <p>2019: New inflation, mortality and other assumptions were reflected.</p> <p>2022: New investment return and inflation assumptions were reflected.</p>
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	<p>2015: Employer contributions reflect that a 50% CPI COLA was adopted.</p> <p>2016: Employer contributions reflect that a 50% CPI COLA was adopted.</p> <p>2017: Employer contributions reflect that a 50% CPI COLA was adopted. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017.</p> <p>2018, 2019, 2020, 2021, 2022: Employer contributions reflect that a 50% CPI COLA was adopted.</p>



ADDITIONAL SUPPLEMENTARY INFORMATION



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. (*Major Fund*)

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

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

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

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

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.

Opioid Fund – This fund is used to account for funds received in the legal settlement related to opioids.

Tower Grant Fund – This fund is used to account for grant funds received in relation to the tower capital project.

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.

GOVERNMENTAL FUNDS (continued)

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, 2023

	Special Revenue			
	Law Library	Rusk County Officials	Human Services	Juvenile Services
ASSETS				
Cash and cash equivalents	\$ 107,506	\$ 1,568,941	\$ 2,804,880	\$ 121,233
Receivables, net:				
Property taxes	-	-	-	-
Accounts	2,063	40,959	-	15
Prepays	-	-	-	360
Due from other funds	-	-	-	-
Total assets	<u>109,569</u>	<u>1,609,900</u>	<u>2,804,880</u>	<u>121,608</u>
LIABILITIES				
Accounts payable	1,066	2,198	373	3,838
Due to other governments	-	-	-	18,273
Due to other funds	-	25,995	-	10,000
Total liabilities	<u>1,066</u>	<u>28,193</u>	<u>373</u>	<u>32,111</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - seized funds	-	56,002	-	-
Unavailable revenue - tax revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>56,002</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Nonspendable:				
Permanent funds	-	-	-	-
Prepaid	-	-	-	360
Restricted for:				
Law library	108,503	-	-	-
County officials' offices	-	1,525,705	-	-
Indigent health care services	-	-	2,804,507	-
Juvenile services	-	-	-	89,137
Debt service	-	-	-	-
District probation	-	-	-	-
Opioid Abatement	-	-	-	-
Total fund balances	<u>108,503</u>	<u>1,525,705</u>	<u>2,804,507</u>	<u>89,497</u>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 109,569</u>	<u>\$ 1,609,900</u>	<u>\$ 2,804,880</u>	<u>\$ 121,608</u>

RUSK COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Special Revenue			
	Tower Grant	District Probation	Opioid Abatement	Debt Service
ASSETS				
Cash and cash equivalents	\$ 6,689	\$ 205,566	\$ -	\$ 809,517
Receivables, net:				
Property taxes	-	-	-	88,259
Accounts	193,341	-	-	1,774
Prepays	-	-	-	-
Due from other funds	-	-	47,525	-
Total assets	<u>200,030</u>	<u>205,566</u>	<u>47,525</u>	<u>899,550</u>
LIABILITIES				
Accounts payable	30	3,357	-	-
Due to other governments	-	-	-	-
Due to other funds	200,000	-	-	-
Total liabilities	<u>200,030</u>	<u>3,357</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - seized funds	-	-	-	-
Unavailable revenue - tax revenue	-	-	-	83,866
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,866</u>
FUND BALANCE				
Nonspendable:				
Permanent funds	-	-	-	-
Prepaid	-	-	-	-
Restricted for:				
Law library	-	-	-	-
County officials' offices	-	-	-	-
Indigent health care services	-	-	-	-
Juvenile services	-	-	-	-
Debt service	-	-	-	815,684
District probation	-	202,209	-	-
Opioid Abatement	-	-	47,525	-
Total fund balances	<u>-</u>	<u>202,209</u>	<u>47,525</u>	<u>815,684</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 200,030</u>	 <u>\$ 205,566</u>	 <u>\$ 47,525</u>	 <u>\$ 899,550</u>

RUSK COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	Permanent Funds		Total Nonmajor Governmental Funds
	Available School	Cemetery Trust	
ASSETS			
Cash and cash equivalents	\$ 54,687	\$ 16,105	\$ 5,695,124
Receivables, net:			
Property taxes	-	-	88,259
Accounts	-	-	238,152
Prepays	-	-	360
Due from other funds	-	-	47,525
Total assets	<u>54,687</u>	<u>16,105</u>	<u>6,069,420</u>
LIABILITIES			
Accounts payable	-	-	10,862
Due to other governments	-	-	18,273
Due to other funds	-	-	235,995
Total liabilities	<u>-</u>	<u>-</u>	<u>265,130</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - seized funds	-	-	56,002
Unavailable revenue - tax revenue	-	-	83,866
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>139,868</u>
FUND BALANCE			
Nonspendable:			
Permanent funds	54,687	16,105	70,792
Prepaid	-	-	360
Restricted for:			
Law library	-	-	108,503
County officials' offices	-	-	1,525,705
Indigent health care services	-	-	2,804,507
Juvenile services	-	-	89,137
Debt service	-	-	815,684
District probation	-	-	202,209
Opioid Abatement	-	-	47,525
Total fund balances	<u>54,687</u>	<u>16,105</u>	<u>5,664,422</u>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 54,687</u>	<u>\$ 16,105</u>	<u>\$ 6,069,420</u>

RUSK COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Special Revenue			
	Law Library	Rusk County Officials	Human Services	Juvenile Services
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	6,553	-	434,894
Fees	28,030	287,038	-	735
Fines and forfeitures	-	33,963	-	-
Investment earnings	4,858	70,731	88,516	4,427
Miscellaneous	-	11,881	-	-
Total revenues	32,888	410,166	88,516	440,056
EXPENDITURES				
Current:				
General government	-	-	-	-
Judicial	-	170,144	-	-
Legal	10,834	250	-	-
Public facilities	-	-	-	-
Public safety	-	19,525	-	477,584
Financial administration	-	14,478	-	-
Health and welfare	-	-	20,297	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	10,834	204,397	20,297	477,584
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	22,054	205,769	68,219	(37,528)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	100,000	115,000
Total other financing sources (uses)	-	-	100,000	115,000
NET CHANGE IN FUND BALANCE	22,054	205,769	168,219	77,472
FUND BALANCE, BEGINNING	86,449	1,319,936	2,636,288	12,025
FUND BALANCE, ENDING	\$ 108,503	\$ 1,525,705	\$ 2,804,507	\$ 89,497

RUSK COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Special Revenue			
	Tower Grant	District Probation	Opioid Abatement	Debt Service
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 37,449
Intergovernmental	193,341	228,433	-	-
Fees	-	154,333	-	-
Fines and forfeitures	-	-	-	-
Investment earnings	-	-	-	32,925
Miscellaneous	-	9,606	47,525	-
Total revenues	193,341	392,372	47,525	70,374
EXPENDITURES				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Legal	-	-	-	-
Public facilities	1,515	-	-	-
Public safety	-	343,700	-	-
Financial Administration	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	191,826	-	-	-
Debt service:				
Principal	-	-	-	1,310,000
Interest	-	-	-	26,200
Total expenditures	193,341	343,700	-	1,336,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	48,672	47,525	(1,265,826)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	-	48,672	47,525	(1,265,826)
FUND BALANCE, BEGINNING	-	153,537	-	2,081,510
FUND BALANCE, ENDING	\$ -	\$ 202,209	\$ 47,525	\$ 815,684

RUSK COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Permanent Funds		Total Nonmajor Governmental Funds
	Available School	Cemetery Trust	
REVENUES			
Ad valorem taxes	\$ -	\$ -	\$ 37,449
Intergovernmental	-	-	863,221
Fees	-	-	470,136
Fines and forfeitures	-	-	33,963
Investment earnings	2,666	944	205,067
Miscellaneous	-	-	69,012
Total revenues	<u>2,666</u>	<u>944</u>	<u>1,678,848</u>
EXPENDITURES			
Current:			
General government	346	-	346
Judicial	-	-	170,144
Legal	-	-	11,084
Public facilities	-	-	1,515
Public safety	-	-	840,809
Financial Administration	-	-	14,478
Health and welfare	-	-	20,297
Capital outlay	-	-	191,826
Debt service:			
Principal	-	-	1,310,000
Interest	-	-	26,200
Total expenditures	<u>346</u>	<u>-</u>	<u>2,586,699</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,320</u>	<u>944</u>	<u>(907,851)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	215,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>215,000</u>
NET CHANGE IN FUND BALANCE	<u>2,320</u>	<u>944</u>	<u>(692,851)</u>
FUND BALANCE, BEGINNING	<u>52,367</u>	<u>15,161</u>	<u>6,357,273</u>
FUND BALANCE, ENDING	<u>\$ 54,687</u>	<u>\$ 16,105</u>	<u>\$ 5,664,422</u>



**DETAILED SCHEDULES OF REVENUES
EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET TO ACTUAL**



**RUSK COUNTY, TEXAS
LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fees	\$ 30,000	\$ 30,000	\$ 28,030	\$ (1,970)
Investment earnings	800	800	4,858	4,058
Total revenues	<u>30,800</u>	<u>30,800</u>	<u>32,888</u>	<u>2,088</u>
EXPENDITURES				
Current:				
Legal:				
District attorney	30,800	30,800	10,834	19,966
Total expenditures	<u>30,800</u>	<u>30,800</u>	<u>10,834</u>	<u>19,966</u>
NET CHANGE IN FUND BALANCE	-	-	22,054	22,054
FUND BALANCE, BEGINNING	<u>86,449</u>	<u>86,449</u>	<u>86,449</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 86,449</u>	<u>\$ 86,449</u>	<u>\$ 108,503</u>	<u>\$ 22,054</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 7,950	\$ 7,950	\$ 6,553	\$ (1,397)
Fees	172,333	172,328	287,038	114,710
Fines and forfeitures	15,000	15,000	33,963	18,963
Investment earnings	-	-	70,731	70,731
Miscellaneous	10,000	10,000	11,881	1,881
Total revenues	205,283	205,278	410,166	204,888
EXPENDITURES				
Current:				
General government:				
County judge	300	300	-	300
Veterans' service	-	5	-	5
Judicial:				
County-court-at-law	50,300	50,300	56,530	(6,230)
District court	2,700	2,700	-	2,700
District clerk	100,000	100,000	50,000	50,000
Justices of the peace	42,500	42,500	9,339	33,161
All courts	56,900	67,400	54,275	13,125
Legal:				
District attorney	17,607	17,607	250	17,357
Financial administration:				
Tax Assessor-Collector	-	-	14,478	(14,478)
County treasurer	100	100	-	100
Public safety:				
Constables	8,004	8,004	4,410	3,594
Sheriff	21,546	21,546	15,115	6,431
Public facilities:				
Maintenance	6,000	6,000	-	6,000
Debt service:				
Interest	5,000	5,000	-	5,000
Total expenditures	310,957	321,462	204,397	117,065
NET CHANGE IN FUND BALANCE	(105,674)	(116,184)	205,769	321,953
FUND BALANCE, BEGINNING	1,319,936	1,319,936	1,319,936	-
FUND BALANCE, ENDING	<u>\$ 1,214,262</u>	<u>\$ 1,203,752</u>	<u>\$ 1,525,705</u>	<u>\$ 321,953</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, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 30,000	\$ 50,000	\$ 88,516	\$ 38,516
Total revenues	30,000	50,000	88,516	38,516
EXPENDITURES				
Current:				
Health and welfare:				
County welfare	426,868	426,901	20,297	406,604
Total expenditures	426,868	426,901	20,297	406,604
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(396,868)	(376,901)	68,219	445,120
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Total other financing sources (uses)	100,000	100,000	100,000	-
NET CHANGE IN FUND BALANCE	(296,868)	(276,901)	168,219	445,120
FUND BALANCE, BEGINNING	2,636,288	2,636,288	2,636,288	-
FUND BALANCE, ENDING	<u>\$ 2,339,420</u>	<u>\$ 2,359,387</u>	<u>\$ 2,804,507</u>	<u>\$ 445,120</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 45,000	\$ 45,000	\$ 37,449	\$ (7,551)
Investment earnings	30,000	30,000	32,925	2,925
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>70,374</u>	<u>(4,626)</u>
EXPENDITURES				
Debt service:				
Principal	1,310,000	1,310,000	1,310,000	-
Interest	29,200	29,200	26,200	3,000
Total expenditures	<u>1,339,200</u>	<u>1,339,200</u>	<u>1,336,200</u>	<u>3,000</u>
NET CHANGE IN FUND BALANCE	(1,264,200)	(1,264,200)	(1,265,826)	(1,626)
FUND BALANCE, BEGINNING	<u>2,081,510</u>	<u>2,081,510</u>	<u>2,081,510</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 817,310</u>	<u>\$ 817,310</u>	<u>\$ 815,684</u>	<u>\$ (1,626)</u>



FIDUCIARY FUNDS



RUSK COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	Custodial Funds							
	Tax Assessor Collector Ad Valorem	Tax Assessor Collector Other	County Clerk Registry	District Clerk Registry	Sheriff	Adult Probation	Juvenile Probation	Total Custodial Funds
ASSETS								
Cash and cash equivalents	\$ 9,109,398	\$ 978,982	\$ 310,302	\$ 2,639,598	\$ 205,584	\$ 14,161	\$ 15	\$ 13,258,040
Investments	-	-	30,645	259,088	-	-	-	289,733
Total assets	9,109,398	978,982	340,947	2,898,686	205,584	14,161	15	13,547,773
LIABILITIES								
Due to other governments	9,109,398	978,982	-	-	-	-	-	10,088,380
Total liabilities	9,109,398	978,982	-	-	-	-	-	10,088,380
NET POSITION								
Restricted for:								
Individuals and other governments	-	-	340,947	2,898,686	205,584	14,161	15	3,459,393
Total net position	\$ -	\$ -	\$ 340,947	\$ 2,898,686	\$ 205,584	\$ 14,161	\$ 15	\$ 3,459,393

RUSK COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	Custodial Funds							
	Tax Assessor Collector Ad Valorem	Tax Assessor Collector Other	County Clerk Registry	District Clerk Registry	Sheriff	Adult Probation	Juvenile Probation	Total Custodial Funds
INCREASES								
Taxes and fees collected on behalf of other governments	\$ 79,581,408	\$ 12,685,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,267,108
Registry and trust funds collected	-	-	113,216	1,862,011	-	-	-	1,975,227
Fees collected from program participants	-	-	-	-	610,643	182,478	862	793,983
Total increases	<u>79,581,408</u>	<u>12,685,700</u>	<u>113,216</u>	<u>1,862,011</u>	<u>610,643</u>	<u>182,478</u>	<u>862</u>	<u>95,036,318</u>
DECREASES								
Taxes and fees remitted to other governments	79,581,408	12,685,700	-	-	-	180,070	847	92,448,025
Registry and trust funds disbursed	-	-	127,601	914,796	-	-	-	1,042,397
Payments to others	-	-	-	-	672,300	-	-	672,300
Total decreases	<u>79,581,408</u>	<u>12,685,700</u>	<u>127,601</u>	<u>914,796</u>	<u>672,300</u>	<u>180,070</u>	<u>847</u>	<u>94,162,722</u>
NET CHANGE IN NET POSITION	-	-	(14,384)	947,215	(61,657)	2,408	15	873,596
NET POSITION, BEGINNING AS ORIGINALLY STATED	-	-	320,385	1,600,323	267,241	11,753	-	2,199,702
PRIOR PERIOD ADJUSTMENT	-	-	34,946	351,148	-	-	-	386,094
NET POSITION, BEGINNING AS RESTATED	-	-	355,331	1,951,471	267,241	11,753	-	2,585,796
NET POSITION, ENDING	\$ -	\$ -	\$ 340,947	\$ 2,898,686	\$ 205,584	\$ 14,161	\$ 15	\$ 3,459,393



STATISTICAL SECTION



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 (Tables 1-4) These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	69
Revenue Capacity (Tables 5-8) These schedules contain information to help the reader assess the County's most significant local revenue source, property taxes.	73
Debt Capacity (Tables 9-12) 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.	77
Demographic and Economic Information (Tables 13-14) These schedules offer economic and demographic information indicators to help the reader understand the environment within the County's financial activities take place.	81
Operating Information (Tables 15-17) 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.	83

TABLE 1

**RUSK COUNTY, TEXAS
NET POSITION BY COMPONENT
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Governmental Activities</u>										
Net investment in capital assets	\$ 12,116,832	\$ 12,107,820	\$ 14,450,087	\$ 17,401,492	\$ 18,133,773	\$ 20,506,285	\$ 21,546,062	\$ 21,800,302	\$ 22,847,734	\$ 28,813,689
Restricted	961,706	1,174,870	1,146,193	1,517,928	1,683,418	1,413,854	1,686,923	1,918,547	10,584,038	9,695,129
Unrestricted	22,786,112	20,482,094	19,687,992	15,981,688	12,790,180	16,033,244	17,651,580	17,030,130	8,546,473	10,690,345
Total Governmental Activities										
Net Position	<u>\$ 35,864,650</u>	<u>\$ 33,764,784</u>	<u>\$ 35,284,272</u>	<u>\$ 34,901,108</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>	<u>\$ 49,199,163</u>

TABLE 2

**RUSK COUNTY, TEXAS
CHANGES IN NET POSITION
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
Expenses	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	\$ 2,391,322	\$ 2,396,679	\$ 2,465,572	\$ 2,802,813	\$ 1,925,446	\$ 1,389,236	\$ 1,460,996	\$ 1,504,052	\$ 2,385,329	\$ 2,724,276
Judicial	2,431,208	2,589,015	2,694,105	2,281,266	2,595,988	2,572,480	2,634,316	2,622,843	2,058,412	3,395,395
Legal	602,142	593,937	609,600	622,483	599,587	599,651	651,022	685,262	598,619	711,266
Elections	249,122	217,098	266,954	225,542	217,943	213,563	314,672	210,658	264,952	296,429
Financial Administration	1,814,390	1,851,062	1,905,182	1,988,815	2,017,100	1,906,702	2,049,890	2,003,087	1,925,448	2,167,830
Public Facilities	761,845	645,729	559,044	678,806	673,318	535,180	592,737	833,321	641,476	2,670,389
Public Safety	6,885,164	6,962,714	7,482,411	8,015,223	6,679,591	6,585,145	7,355,782	7,673,745	7,690,602	8,704,054
Public Transportation	6,681,505	7,954,065	7,246,701	7,431,412	7,398,140	8,320,928	8,471,467	10,144,536	9,920,977	11,923,908
Health and Welfare	551,406	549,584	579,082	610,036	474,859	554,895	691,169	572,766	1,079,066	819,229
Culture and Recreation	1,106,036	1,152,304	1,211,220	1,244,740	1,181,155	1,143,551	1,203,003	1,195,170	1,149,059	1,338,634
Conservation	174,833	174,090	184,975	194,279	181,157	182,576	194,258	204,715	200,542	189,794
Nondepartmental	-	-	-	-	-	1,147,305	751,292	812,091	-	-
Interest on Long-Term Debt	478,600	429,168	454,537	179,505	150,658	101,478	66,399	8,958	6,340	15,103
Total Expenses	<u>\$ 24,127,573</u>	<u>\$ 25,515,445</u>	<u>\$ 25,659,383</u>	<u>\$ 26,274,920</u>	<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>	<u>\$ 34,956,307</u>
Program Revenues										
<u>Charges for services</u>										
General government	\$ 660,014	\$ 599,619	\$ 474,601	\$ 517,261	\$ 662,456	\$ 621,303	\$ 602,260	\$ 694,467	\$ 1,404,276	\$ 1,021,657
Judicial	840,343	751,698	759,768	782,230	925,813	918,440	657,877	786,702	902,444	867,822
Legal	45,287	37,960	47,759	36,654	35,826	36,754	32,699	31,300	39,087	51,756
Elections	44,852	10,115	22,998	23,964	30,988	14,963	19,041	19,231	-	-
Financial Administration	1,642,443	1,669,286	1,573,697	1,543,089	1,572,383	1,620,207	1,575,530	1,685,758	1,605,882	1,778,434
Public Facilities	6,150	8,450	8,462	7,680	10,502	5,450	25,712	28,351	-	-
Public Safety	121,028	114,880	135,473	126,021	119,172	125,427	75,383	83,473	188,348	167,790
Public Transportation	271,467	230,316	200,492	219,261	187,143	163,054	194,763	232,777	316,775	276,361
Health and Welfare	136,772	150,756	159,913	169,761	183,883	186,451	209,707	226,310	135	-
Culture and Recreation	31,156	33,800	30,453	29,002	35,966	40,660	7,843	40,237	38,065	43,555
<u>Operating Grants and Contributions</u>	609,584	682,323	831,974	642,054	583,986	604,110	934,620	988,346	2,351,576	6,681,074
<u>Capital grants and contributions</u>	427,699	716,590	292,842	171,724	252,401	1,127,224	2,040,678	1,225,392	399,108	2,490,174
Total Program Revenues	<u>\$ 4,836,795</u>	<u>\$ 5,005,793</u>	<u>\$ 4,538,432</u>	<u>\$ 4,268,701</u>	<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>\$ 13,378,623</u>
Total Net (Expense)	<u>\$ (19,290,778)</u>	<u>\$ (20,509,652)</u>	<u>\$ (21,120,951)</u>	<u>\$ (22,006,219)</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>	<u>\$ (21,577,684)</u>
General Revenues										
Property Taxes	\$ 20,209,323	\$ 20,296,606	\$ 20,082,905	\$ 19,952,562	\$ 15,875,812	\$ 23,500,202	\$ 21,207,257	\$ 21,143,130	\$ 22,643,414	\$ 23,098,311
Other Taxes	15,384	14,211	10,960	10,648	10,267	11,313	7,242	20,230	29,281	31,622
Miscellaneous	690,504	2,489,004	2,522,797	1,659,845	1,272,567	1,518,393	602,388	609,333	1,018,629	5,743,234
Gain (Loss) on Sales of Assets	51,770	143,943	23,777	-	42,040	104,751	-	520,580	54,479	(2,703)
Total General Revenues	<u>20,966,981</u>	<u>22,943,764</u>	<u>22,640,439</u>	<u>21,623,055</u>	<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>28,870,464</u>
Total Change in Net Position	<u>\$ 1,676,203</u>	<u>\$ 2,434,112</u>	<u>\$ 1,519,488</u>	<u>\$ (383,164)</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>	<u>\$ 7,292,780</u>

TABLE 3

**RUSK COUNTY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 104,793	\$ 110,250	\$ 120,845	\$ 127,494	\$ 136,591	\$ 1,537	\$ -	\$ 4,745	\$ 3,657	\$ 7,839
Assigned	-	-	-	-	-	-	3,103,381	3,103,381	1,234,710	749,067
Unassigned	13,949,592	14,294,913	13,077,681	11,323,125	13,088,897	12,584,517	11,685,838	11,734,479	12,145,862	16,638,080
Total General Fund	<u>\$ 14,054,385</u>	<u>\$ 14,405,163</u>	<u>\$ 13,198,526</u>	<u>\$ 11,450,619</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>	<u>\$ 17,394,986</u>
All Other Governmental Funds										
Nonspendable, Reported in:										
Special Revenue Funds	\$ 42,186	\$ 48,507	\$ 50,436	\$ 47,367	\$ 49,135	\$ 45,199	\$ 48,869	\$ 57,399	\$ 66,772	\$ 51,428
Permanent Funds	66,451	66,503	66,651	66,502	66,800	66,751	66,494	66,494	67,367	70,792
Restricted, Reported in:										
Special Revenue Funds	8,882,723	10,910,683	10,395,320	7,428,133	8,934,349	8,614,961	7,950,748	7,876,319	8,365,139	8,508,553
Debt Service Fund	1,008,277	1,194,738	1,027,466	1,196,087	1,596,937	1,346,807	1,573,431	1,794,772	2,081,510	815,684
Permanent Funds	677	724	551	397	395	296	373	161	161	-
Total All Other Governmental Funds	<u>\$ 10,000,314</u>	<u>\$ 12,221,155</u>	<u>\$ 11,540,424</u>	<u>\$ 8,738,486</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>	<u>\$ 9,446,457</u>

TABLE 4

RUSK COUNTY, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Ad Valorem Taxes	\$20,098,925	\$20,182,741	\$19,022,552	\$17,834,933	\$22,622,172	\$ 20,147,010	\$ 21,031,646	\$ 21,265,974	\$ 22,716,210	\$ 23,058,508
Other Taxes	15,384	14,211	10,960	10,648	10,267	11,313	7,242	20,230	29,281	31,622
Intergovernmental	951,077	1,288,412	898,583	718,005	749,320	1,671,864	2,759,059	1,960,969	2,343,546	9,030,342
Fees & charges for services	3,122,791	3,059,497	2,810,080	2,824,622	3,012,651	3,015,858	3,012,481	3,373,263	3,960,650	3,685,764
Fines and Forfeitures	693,184	448,113	639,067	647,526	585,722	568,260	410,265	651,965	531,500	498,961
Contributions	-	-	-	-	-	-	-	-	410,000	163,556
Investment earnings	-	-	-	-	-	-	-	-	673,090	2,298,948
Miscellaneous	820,265	2,837,623	2,458,966	1,459,496	1,607,837	1,645,016	824,655	668,491	255,777	3,365,532
Total Revenues	25,701,626	27,830,597	25,840,208	23,495,230	28,587,969	27,059,321	28,045,348	27,940,892	30,920,054	42,133,233
Expenditures										
General Government	1,387,736	1,494,580	1,579,228	1,431,311	1,505,452	1,393,802	1,432,362	1,429,452	1,541,325	1,712,529
Judicial	2,371,495	2,528,118	2,636,082	2,492,508	2,547,673	2,632,235	2,606,944	2,536,607	2,679,396	3,128,314
Legal	588,047	590,379	603,472	612,374	592,511	626,180	647,740	662,211	633,391	661,030
Elections	245,758	213,089	262,470	215,114	215,923	216,243	311,838	203,388	271,219	283,718
Financial Administration	1,778,856	1,813,263	1,874,290	1,899,748	2,005,787	1,959,623	2,042,934	1,959,112	2,002,400	2,062,937
Public Facilities	720,180	609,813	491,450	583,890	655,386	527,600	581,364	779,031	651,274	2,647,032
Public Safety	5,892,912	6,049,767	6,241,955	6,173,941	6,374,704	6,452,341	7,000,531	7,241,593	7,985,059	8,191,174
Public Transportation	5,792,902	6,233,731	6,364,781	6,180,075	6,103,770	6,540,834	6,725,067	7,776,513	8,060,311	9,597,541
Health and Welfare	534,078	534,943	565,817	584,107	471,053	555,686	687,210	565,963	1,092,408	797,221
Culture and Recreation	1,053,569	1,102,586	1,173,513	1,155,120	1,163,528	1,191,455	1,240,346	1,155,154	1,207,338	1,251,530
Conservation	170,305	168,177	177,636	177,642	177,036	188,415	190,954	194,963	200,329	184,233
Nondepartmental	766,886	647,634	606,213	645,394	581,619	1,194,449	751,292	812,091	949,071	888,212
Capital Outlay	847,772	1,516,008	3,697,361	4,830,199	1,107,953	3,572,553	1,854,859	2,026,171	2,058,898	6,842,413
Debt service										
Principal	965,000	1,000,000	1,040,000	1,080,000	1,128,226	1,180,030	1,226,886	1,302,506	1,397,565	1,558,293
Interest	492,263	456,894	412,585	282,483	272,041	226,637	180,588	134,598	111,186	54,641
Debt issuance costs	-	-	156,015	2,812	1,306	-	-	-	-	-
Total Expenditures	23,607,759	24,958,982	27,882,868	28,346,718	24,903,968	28,458,083	27,480,915	28,779,353	30,841,170	39,860,818
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,093,867	2,871,615	(2,042,660)	(4,851,488)	3,684,001	(1,398,762)	564,433	(838,461)	78,884	2,272,415
Other Financing Sources (Uses)										
Transfers in	120,000	120,000	120,000	120,000	120,000	120,000	130,000	135,000	215,000	330,000
Transfers out	(120,000)	(420,000)	(120,000)	(120,000)	(120,000)	(120,000)	(130,000)	(135,000)	(215,000)	(330,000)
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	-	-	-	-	-	-	-	-	293,804	571,862
Issuance of Financed Purchases	-	-	-	301,643	-	-	-	415,579	-	-
Sale of Capital Assets	-	-	-	-	-	185,726	29,449	631,495	105,007	103,850
Total Other Financing Sources (Uses)	-	(300,000)	155,293	301,643	-	185,726	29,449	1,047,074	398,811	675,712
Net Change in Fund Balance	<u>\$ 2,093,867</u>	<u>\$ 2,571,615</u>	<u>\$ (1,887,367)</u>	<u>\$ (4,549,845)</u>	<u>\$ 3,684,001</u>	<u>\$ (1,213,036)</u>	<u>\$ 593,882</u>	<u>\$ 208,613</u>	<u>\$ 477,695</u>	<u>\$ 2,948,127</u>
Debt service as a percentage of noncapital expenditures	6.47%	6.42%	5.99%	5.93%	5.53%	5.91%	5.55%	5.49%	5.29%	4.80%

TABLE 5

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

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
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
2023	4,926,958	3,260,097	3,272,329	4,914,726	8,187,055	60.03	0.51391

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

TABLE 6

**RUSK COUNTY, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Rusk County Direct Rates</u>										
Operating	0.366272	0.396218	0.425206	0.379410	0.361020	0.366120	0.403420	0.362470	0.316270	0.306110
Debt Service	-	-	0.042279	0.040844	0.039350	0.028760	0.044220	0.045480	0.030900	0.036670
County School	-	-	0.010322	0.010322	0.026437	0.026440	0.025750	0.024550	0.021390	0.021000
Farm to Market	0.097741	0.105951	0.105095	0.103308	0.097511	0.097510	0.099460	0.085620	0.074710	0.068000
Special Roads	0.049893	0.054015	0.059296	0.058253	0.058253	0.058250	0.064730	0.061190	0.053390	0.052000
Total Direct Rate	0.513906	0.556184	0.642198	0.592137	0.582571	0.577080	0.637580	0.579310	0.496660	0.483780
<u>Overlapping Rates</u>										
City and Town Rates:										
Henderson	0.541700	0.541800	0.551700	0.551700	0.551700	0.521700	0.521700	0.521700	0.521700	0.515300
New London	0.722274	0.824210	1.244680	1.114813	1.132819	1.229250	1.173820	1.150000	0.904450	0.065000
Kilgore	0.599000	0.599000	0.633396	0.539000	0.539000	0.539000	0.539000	0.505720	0.469760	0.450001
Overton	0.517611	0.569106	0.783022	0.783022	0.718000	0.729700	0.668000	0.175000	0.628000	0.628000
Tatum	0.231753	0.231753	0.299781	0.334937	0.337099	0.312010	0.319840	0.320150	0.335280	0.316700
School Districts Rates:										
Henderson ISD	0.929300	1.129900	1.193400	1.196400	1.200000	1.270000	1.270000	1.270000	1.270000	1.270000
Laneville ISD	0.779200	0.956700	1.054700	1.054700	1.068300	1.170000	1.170000	1.170000	1.170000	1.170000
Leverett's Chapel ISD	0.757500	0.942900	1.051700	1.054700	1.068300	1.170000	1.170000	1.170000	1.170000	1.170000
Mt. Enterprise ISD	0.757500	1.342800	1.060300	1.102800	1.131950	1.233600	1.233600	1.233600	1.233600	1.233600
Overton ISD	1.201200	1.261900	1.370700	1.387000	1.387000	1.489000	1.489000	1.489000	1.489000	1.489000
Tatum ISD	0.940500	1.207000	1.207000	1.207000	1.207000	1.207000	1.207000	1.200000	1.170000	1.170000
West Rusk CISD	0.989200	1.174600	1.283400	1.276400	1.290000	1.360000	1.360000	1.360000	1.360000	1.360000
Rusk ISD	0.781700	1.002000	1.018800	1.082500	1.152500	1.152500	1.152500	1.152500	1.152500	1.152500
Kilgore ISD	1.167500	1.385300	1.222600	1.225600	1.239200	1.309200	1.309200	1.309200	1.309200	1.309200
Carlisle ISD	1.115100	1.336500	1.399000	1.425400	1.407000	1.520000	1.520000	1.550000	1.550000	1.550000
Garrison ISD	1.092600	1.861415	1.360000	1.054700	1.068300	1.170000	1.106500	1.106500	1.110900	1.108850
Cushing ISD	0.942400	1.223400	1.223400	1.226400	1.230000	1.300000	1.300000	1.300000	1.300000	1.300000
Other Special District Rates:										
Kilgore College	0.175000	0.175000	0.175000	0.175000	0.175000	0.175000	0.175000	0.175000	0.175000	0.154000
Gregg County RFPD #1	0.030000	0.100000	0.030000	0.030000	0.030000	0.030000	0.030000	0.030000	0.030000	0.030000
Rusk County RFPD #1	0.030000	0.077500	0.030000	0.030000	0.030000	0.030000	0.030000	0.030000	0.030000	0.030000

Source: Various taxing entities

TABLE 7

**RUSK COUNTY, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	Type of Business	Rank	2023 Assessed Valuation	Percentage of Total Assessed Valuation	Rank	2014 Assessed Valuation	Percentage of Total Assessed Valuation
Luminant Generation Co. LP	Electric	1	\$ 408,445,690	8.31%	1	\$ 990,825,550	22.37%
Sabine Oil & Gas Corp (WI)	Minerals	2	186,178,690	3.79	4	99,578,780	2.25
Tenaksa Gateway Partners LTD	Electric	3	139,976,160	2.85	2	188,978,090	4.27
Atmos Energy/Mid-Tex Pipeline	Pipeline	4	79,368,510	1.61			
AEP Southwestern Elec Power Co	Utility	5	52,256,120	1.06			
Transcanada Keystone Pipeline	Pipeline	6	38,283,120	0.78			
Oncor Electric Delivery Co LLC	Utility	7	36,550,360	0.74			
Management & Training Corp.	Other	8	35,720,980	0.73			
Midcoast (East Texas) LP Trans	Minerals	9	32,473,110	0.66			
TGNR East Texas LLC	Minerals	10	26,552,300	0.54			
Luminant Mining Co.	Lease Equipment				3	107,863,060	2.44
Anadarko E&P Co. LP	Utility				5	83,143,490	1.88
Basa Resources	Minerals				6	56,156,790	1.27
Energy Transfer Fuel Company	Utility				7	47,592,990	1.07
Enbridge PL LP - G&P	Pipeline				8	41,584,300	0.94
Houston Pipe Line Company	Utility				9	40,568,270	0.92
Enbridge PL LP - Trnsmis	Pipeline				10	37,414,610	0.84
Total			<u>\$ 1,035,805,040</u>			<u>\$ 1,693,705,930</u>	
Total Assessed Value and Percentage of Total			<u>\$ 4,914,726,000</u>	<u>21.08%</u>		<u>\$ 4,428,484,000</u>	<u>38.25%</u>

Source: Rusk County Appraisal District

RUSK COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Tax Roll Year				(2) Percent of					
	(1) Tax Levy	Current Tax Collections	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	
2014	\$ 20,063,813	\$ 19,458,347	96.98	\$ 530,183	\$ 19,988,530	99.62	\$ 75,283	0.38	
2015	20,336,201	18,259,598	89.79	1,993,555	20,253,153	99.59	83,048	0.41	
2016	20,622,331	17,011,299	82.49	3,509,501	20,520,800	99.51	101,531	0.49	
2017	21,753,833	19,017,362	87.42	2,608,936	21,626,298	99.41	127,535	0.59	
2018	19,853,735	19,152,471	96.47	543,912	19,696,383	99.21	157,352	0.79	
2019	20,953,023	19,986,419	95.39	778,083	20,764,502	99.10	188,521	0.90	
2020	20,913,963	18,195,632	87.00	2,472,155	20,667,787	98.82	246,176	1.18	
2021	22,539,263	19,751,002	87.63	2,413,787	22,164,789	98.34	374,474	1.66	
2022	22,992,427	6,753,826	29.37	15,671,754	22,425,580	97.53	566,846	2.47	
2023	24,330,166	6,247,292	25.68	N/A	6,247,292	N/A	N/A	N/A	

(1) Years 2014 through 2022 represent adjusted tax levy and year 2023 represents original tax levy, as adjustments are not complete until the end of the tax roll year June 30, 2024, which will occur during the next fiscal year.

(2) 2023 percentage of collections and total collections is lower than other years because the 2023 tax roll is still in process of being collected.

(3) Outstanding delinquent taxes represent the balance of each tax roll year as of December 31, 2023.

(4) 2023 uncollected taxes are not delinquent until July 1, 2024.

TABLE 9

RUSK COUNTY, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	(1) General Bonded Debt				(2) Percentage of		(3) Population	Debt Per Capita
	General Obligation Bonds	Financed Purchases	Leases	Total Outstanding Debt	Personal Income			
2014	\$ 10,816,131	\$ -	\$ -	\$ 10,816,131	0.58%	53,923	201	
2015	9,802,468	-	-	9,802,468	0.51%	53,070	185	
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	3,133,789	0.15%	52,214	60	
2022	1,310,000	34,577	546,229	1,890,806	0.09%	53,338	35	
2023	-	8,824	895,551	904,375	0.04%	53,222	17	

Notes:

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

TABLE 10

RUSK COUNTY, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

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
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)
2023	-	815,684	(815,684)	-0.01%	(15)

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.

TABLE 11

**RUSK COUNTY, TEXAS
DIRECT AND OVERLAPPING DEBT
AS OF DECEMBER 31, 2023
(UNAUDITED)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Cities:			
City of Henderson, Texas	\$ 1,051,546	100.00%	\$ 1,051,546
City of Kilgore, Texas	42,035,000	13.33	5,603,266
Total Cities			<u>\$ 6,654,812</u>
Independent School Districts:			
Henderson	37,665,940	100.00%	\$ 37,665,940
Overton	6,310,000	100.00	6,310,000
Mt. Enterprise	11,550,000	100.00	11,550,000
Kilgore	134,490,000	31.69	42,619,881
Rusk	5,210,000	3.92	204,232
Tatum	10,150,000	94.75	9,617,125
West Rusk	12,235,000	100.00	12,235,000
Garrison	13,720,000	12.06	1,654,632
Carlisle	5,037,000	78.15	3,936,416
Total Independent School Districts			<u>\$ 125,793,226</u>
Subtotal, Overlapping Debt			\$ 132,448,037
Total Direct Debt			<u>904,375</u>
Total Direct and Overlapping Debt			<u>\$ 133,352,412</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

TABLE 12

**RUSK COUNTY, TEXAS
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(AMOUNTS EXPRESSED IN THOUSANDS)
(UNAUDITED)**

Property Tax Year	(1) Assessed Value of Taxable Property	(2) Debt Limit	(3) Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2014	\$ 4,428,484	\$ 1,107,121	\$ 10,816	\$ 1,096,305	0.99%
2015	4,393,075	1,098,269	9,802	1,088,466	0.90%
2016	3,865,794	966,449	8,931	957,518	0.93%
2017	3,719,470	929,868	8,033	921,834	0.87%
2018	3,695,740	923,935	6,786	917,149	0.74%
2019	3,786,002	946,501	5,486	941,014	0.58%
2020	3,709,869	927,467	4,140	923,327	0.45%
2021	3,713,952	928,488	3,134	925,354	0.34%
2022	4,273,788	1,068,447	1,891	1,066,556	0.18%
2023	4,914,726	1,228,681	904	1,227,777	0.07%

(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

TABLE 13

RUSK COUNTY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

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
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	29,210	38.6	7,291	4.6
2023	53,222	2,511,286	33,420	38.4	7,202	4.0

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

TABLE 14

**RUSK COUNTY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Luminant Mining Co.	930	1	4.49%	896	1	3.66%
Henderson ISD	569	2	2.75%	580	2	2.37%
MTC Henderson/Rusk Co.	493	3	2.38%			
UT Health Henderson	400	4	1.93%			
Wal-Mart Super Center	320	5	1.54%	350	5	1.43%
Sadler's Bar-B-Que	304	6	1.47%	325	6	1.33%
Bradshaw State Jail	285	7	1.38%	307	7	1.25%
Rusk County Courthouse	250	8	1.21%	250	8	1.02%
Tatum ISD	212	9	1.02%			
Capco	165	10	0.80%			
ETMC of Henderson				400	4	1.63%
East Texas ISF				500	3	2.04%
Pioneer Drilling				240	9	0.98%
Panel Truss				180	10	0.74%
Total	3,928		18.96%	4,028		16.45%

(*) - 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,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government	13	13	15	15	19	21	21	21	20	20
Judicial	22	21	21	28	29	33	33	33	33	33
Legal	8	7	7	8	8	8	8	8	8	8
Elections	2	2	2	2	2	2	2	2	2	2
Financial Administration	17	18	19	20	19	19	19	19	19	19
Public Facilities	4	4	4	4	4	4	4	4	4	4
Public Safety	86	86	84	84	84	80	80	80	80	80
Public Transportation	59	60	62	65	63	58	58	58	58	58
Health and Welfare	2	2	2	2	1	2	2	2	2	2
Culture and Recreation	14	14	13	14	14	15	15	15	15	15
Conservation	3	3	4	4	4	4	4	4	4	4
Total	230	230	233	246	247	246	246	246	245	245

Source: County employment records.

TABLE 16

RUSK COUNTY, TEXAS
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years
(Unaudited)

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Judicial										
Cases Filed:										
District Court:										
Civil	703	345	293	289	377	304	342	269	345	325
Criminal	317	456	508	396	397	372	329	392	339	517
County Court-at-Law	495	583	694	745	776	49	718	1,069	1,030	1,278
Convictions:										
District Court	185	166	107	103	182	910	196	191	189	330
County Court-at-Law	238	217	279	144	340	52	442	383	415	406
Elections										
Registered Voters	32,921	32,981	31,958	30,859	29,632	29,359	30,737	31,339	28,807	30,361
Public Safety										
Arrests	1,302	1,440	1,544	1,116	1,265	1,902	2,094	1,991	2,053	1,964
Prisoner Days	38,303	42,917	45,845	38,982	36,232	36,656	37,845	32,632	36,676	42,997
Culture and Recreation										
Library Circulation	91,933	90,513	228,605	195,375	98,551	364,084	537,821	118,690	113,928	107,068
Library Attendance	72,380	67,246	57,960	44,148	87,682	11,322	12,266	71,821	56,762	11,091
Museum Attendance	14,842	12,684	14,010	1,517	35,512	32,551	32,825	33,025	33,234	29,995

TABLE 17

RUSK COUNTY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years
(Unaudited)

<u>Function</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Judicial										
Number of Justices of the Peace offices	5	5	5	5	5	5	5	5	5	5
Elections										
Number of voting boxes	17	17	17	17	17	17	17	17	17	22
Public Safety										
Number of Jails	1	1	1	1	1	1	1	1	1	1
Jail Capacity	292	292	292	292	292	292	292	292	292	292
Public Transportation										
Number of Precincts	5	5	5	5	5	5	5	5	5	5
Road Miles	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102
Bridges	109	109	109	109	109	109	109	109	109	109
Number of Airports	1	1	1	1	1	1	1	1	1	1
Number of Runways	2	2	2	2	2	2	2	2	2	2
Health and Welfare										
Number of Collection sites	6	6	6	6	6	6	6	6	6	6
Culture and Recreation										
Number of Libraries	4	4	4	4	4	4	4	4	4	4
Number of Museums	1	1	1	1	1	1	1	1	1	1
Number of Community Centers	1	1	1	2	2	2	2	2	2	3



GOVERNMENTAL COMPLIANCE SECTION



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

The Honorable Commissioners' Court of Rusk County, Texas
Henderson, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Rusk County, Texas' basic financial statements, and have issued our report thereon dated July 30, 2025.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 item 2023-001 that we consider to be a significant deficiency.

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

Purpose of this Report

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

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
July 30, 2025

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To Honorable Commissioners' Court of Rusk County, Texas
Henderson, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rusk County, Texas' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Rusk County, Texas' major federal programs for the year ended December 31, 2023. Rusk County, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rusk County, Texas complied, in all material respects, with the types of 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, 2023.

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, 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 Rusk 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 Rusk 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 Rusk County's federal programs.

Auditors' 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 Rusk 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 Rusk 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 Rusk 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 Rusk 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 Rusk 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

In accordance with 49 USC 47107(l) and FAA policy, we reviewed the County's airport-related funding activities as part of the major program audit of the Airport Improvement Program. Based on our procedures, no instances of unallowable use of airport revenue were 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.

Gollob Morgan Peddy PC

Certified Public Accountants

Tyler, Texas
July 30, 2025

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RUSK COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Grantor or Pass-through Grantor's Number	Program Expenditures
U. S. DEPARTMENT OF TREASURY			
Passed Through Texas Division of Emergency Management:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	2020-CF-21019	\$ 5,483,213 +
TOTAL U. S. DEPARTMENT OF TREASURY			<u>5,483,213</u>
NATIONAL FOUNDATION ON THE ART AND THE HUMANITIES			
Passed Through Texas State Library and Archives Commission:			
ILL Lending Reimbursement Program	45.310	LS-252486-OLS-22	<u>2,620</u>
TOTAL NATIONAL FOUNDATION ON THE ART AND THE HUMANITIES			<u>2,620</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Department of State Health Services:			
<u>SNAP Program Cluster</u>			
Obesity Prevention Program	10.561	HHS000743500005	<u>96,099</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>96,099</u>
U. S. DEPARTMENT OF TRANSPORTATION			
Passed Through Texas Department of Transportation:			
Airport Improvement Program	20.106	2310HENDR	1,985,246 +
Airport Improvement Program	20.106	2010HENDR	9,184 +
Total Airport Improvement Program			<u>1,994,430</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,994,430</u>
U. S. DEPARTMENT OF JUSTICE			
Passed Through East Texas Council of Governments:			
<u>JAG Program Cluster</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0034	<u>18,377</u>
TOTAL U. S. DEPARTMENT OF JUSTICE			<u>18,377</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 7,594,739</u>

+ Denotes Major Program

See Notes to Schedule on following page.

RUSK COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE A – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Rusk County, Texas, under programs of the federal government for the year ended December 31, 2023 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of operations of Rusk County, Texas, it is not intended to and does not present the financial position, changes in net assets or cash flows of Rusk County, Texas.

NOTE 2 – INDIRECT COST RATES

The County did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

RUSK COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified
that are not considered to be
material weaknesses? X Yes _____ No

Noncompliance material to financial
statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified
that are not considered to be material
weakness(es)? X Yes _____ No

Type of auditors' 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)? _____ Yes X No

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program</i>
21.027	State and Local Fiscal Recovery Fund
20.106	Airport Improvement Program

Dollar threshold used to distinguish
Between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee: _____ Yes X No

**RUSK COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023**

Section II – Financial Statement Findings

Finding 2023-001:

Compliance Requirements: Reporting

Type of Finding: Significant deficiency.

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 year end or 30 days after the issuance of the audit report, whichever is earlier.

Condition: This is a repeat finding from the prior year. During the prior audit period, the County was two years behind in completing its financial reporting and did not meet the Data Collection Form submission deadline. Although the County remains one year behind as of the current audit period, improvements have been noted. The County has been responsive and timely in providing documentation requested during the current audit.

Questioned Costs: \$0

Effect: The financial statements were issued more than one year after fiscal year end.

Cause: The County did not have a formalized process or timeline in place to ensure year-end closing procedures, audit preparation, and reporting were completed in accordance with federal deadlines. Staffing limitations and competing priorities in prior years contributed to delays in the preparation of key financial information. While improvements have been made in the current year, the reporting package was still not finalized within the required timeframe.

Repeat Finding: Yes, but adjusted from material weakness to significant deficiency.

Recommendation: We recommend that the County formalize and implement a year-end financial reporting calendar with defined deadlines and assigned responsibilities to ensure timely completion of the audit and submission of the Data Collection Form. Additionally, management should continue to build on the improvements made by maintaining consistent communication with the audit team and ensuring that all required documentation is prepared and reviewed early in the audit process.

Management's Response: We agree with this finding and recommendation. Please see attached action plan related to this finding in this report.

RUSK COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

Section III – Federal Award Findings and Questioned Costs

Finding 2023-002:

Information on the Federal Program: Coronavirus State and Local Fiscal Recovery Funds (SLFRF) – 21.027

Compliance Requirements: Reporting – Timely Submission

Type of Finding: Significant deficiency.

Criteria: In accordance with 2 CFR 200.328 and the U.S. Department of the Treasury’s SLFRF Compliance and Reporting Guidance, recipients must submit accurate and timely Project and Expenditure Reports by the due dates established by Treasury. Additionally, under 2 CFR 200.303, recipients must establish and maintain effective internal controls over compliance with federal award requirements.

Condition: The County did not submit two quarterly Project & Expenditure Reports to the U.S. Department of the Treasury within the required deadlines during 2023 for the SLFRF program.

Questioned Costs: \$0

Effect: Noncompliance with federal reporting requirements. However, the reports were ultimately submitted and accepted.

Cause: Internal control process failure.

Repeat Finding: No

Recommendation: Management should implement procedures to ensure timely submission of all required SLFRF reports.

Management’s Response: We agree with this finding and recommendation. Please see attached action plan related to this finding in this report.

**RUSK COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2023**

Finding: 2022-001

Status: Repeat finding 2023-001.

Finding: 2022-002

Status: Corrected.

COUNTY AUDITOR:
Reagan McCauley



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

Federal Single Audit

Rusk County, Texas respectfully submits the following action plan for the year ended December 31, 2023.

Audit Period January 1, 2023, to December 31, 2023

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding 2023-001:

Compliance Requirements: Reporting

Type of Finding: Significant deficiency.

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 year end or 30 days after the issuance of the audit report, whichever is earlier.

Condition: This is a repeat finding from the prior year. During the prior audit period, the County was two years behind in completing its financial reporting and did not meet the Data Collection Form submission deadline. Although the County remains one year behind as of the current audit period, improvements have been noted. The County has been responsive and timely in providing documentation requested during the current audit.

Questioned Costs: \$0

Effect: The financial statements were issued more than one year after fiscal year end.

Cause: The County did not have a formalized process or timeline in place to ensure year-end closing procedures, audit preparation, and reporting were completed in accordance with federal deadlines. Staffing limitations and competing priorities in prior years contributed to delays in the preparation of key financial information. While improvements have been made in the current year, the reporting package was still not finalized within the required timeframe.

Repeat Finding: Yes, but adjusted from material weakness to significant deficiency.

Recommendation: We recommend that the County formalize and implement a year-end financial reporting calendar with defined deadlines and assigned responsibilities to ensure timely completion of the audit and submission of the Data Collection Form. Additionally, management should continue to build on the improvements made by maintaining consistent communication with the audit team and ensuring that all required documentation is prepared and reviewed early in the audit process.

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Explanation of Disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding:

Rusk County will formalize and implement a year-end financial reporting calendar with defined deadlines to ensure timely completion of the audit and submission of the Data collection form. The counties management team will have consistent communication with the audit team ensuring all required documentation is prepared early in the audit process.

Finding 2023-002:

Information on the Federal Program: Coronavirus State and Local Fiscal Recovery Funds (SLFRF) – 21.027

Compliance Requirements: Reporting – Timely Submission

Type of Finding: Significant deficiency.

Criteria: In accordance with 2 CFR 200.328 and the U.S. Department of the Treasury's SLFRF Compliance and Reporting Guidance, recipients must submit accurate and timely Project and Expenditure Reports by the due dates established by Treasury. Additionally, under 2 CFR 200.303, recipients must establish and maintain effective internal controls over compliance with federal award requirements.

Condition: The County did not submit two quarterly Project & Expenditure Reports to the U.S. Department of the Treasury within the required deadlines during 2023 for the SLFRF program.

Questioned Costs: \$0

Effect: Noncompliance with federal reporting requirements. However, the reports were ultimately submitted and accepted.

Cause: Internal control process failure.

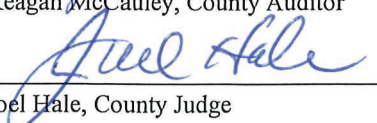
Repeat Finding: No

Recommendation: Management should implement procedures to ensure timely submission of all required SLFRF reports.

Action taken in response to finding:

Management will implement procedures to ensure timely submission of all required SLFRF reports.


Reagan McCauley, County Auditor


Joel Hale, County Judge