

RUSK COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

Prepared by:
County Auditor

Rusk County, Texas
Comprehensive Annual Financial Report
For the Year Ended December 31, 2019

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COUNTY AUDITOR:
Rebeckah Acres



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

June 18, 2020

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

Conforming to statutory requirements of the duties of the County Auditor, submitted herewith is the Comprehensive Annual Financial Report (CAFR) for Rusk County for the year ended December 31, 2019. The report was prepared by the County Auditor's Office. This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Texas State law requires the County's financial statements be audited by a licensed independent certified public accountant. The Commissioners' Court selected Morgan LaGrone, CPA, PLLC to perform the audit for the current fiscal year. The auditors have issued an unmodified opinion on Rusk County's financial statements for the year ended December 31, 2019, and their report may be found on pages 7-9 in the Financial Section of this report.

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

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

Profile of the Government

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

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

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

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

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

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

The Commissioners' Court invites any interested citizen to appear for a budget hearing concerning the County's budget prior to adoption. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts as proposed in the budget. 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 Airport Fund (the County's three (3) major funds), this comparison is on pages 35-37 as part of the Basic Financial Statements. For other governmental funds, this comparison is presented in the Combining and Individual Fund Financial Statements and Schedules section of this report, starting on page 79.

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

Local Economy

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

Seven (7) of the school districts in the County have decreased average daily attendance (ADA), and one (1) has had an increase.

The County has a civilian labor force of 28,346, which is up slightly from the prior year.

Long-term Financial Planning

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

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

Various costs associated with increased health care premiums for active and retired employees had a significant effect on the financial statements in 2019. The County continues to participate in the insurance program provided through the Texas Association of Counties. This insurance pool allows the County to limit increases in premiums at an amount less than the national average.

During the year ended December 31, 2019, the Commissioners' Court voted to change the policy on providing health insurance to retirees, which had a significant impact on the County's current period financial statements. Only employees who retired on or before December 31, 2019 are eligible. This change reduced the OPEB liability by approximately \$2,000,000.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Rusk County for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018. This was the twenty-ninth (29th) consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both GAAP and applicable legal requirements.

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

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

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

Respectfully submitted,



Rebekah Acres
Rusk County Auditor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Rusk County
Texas

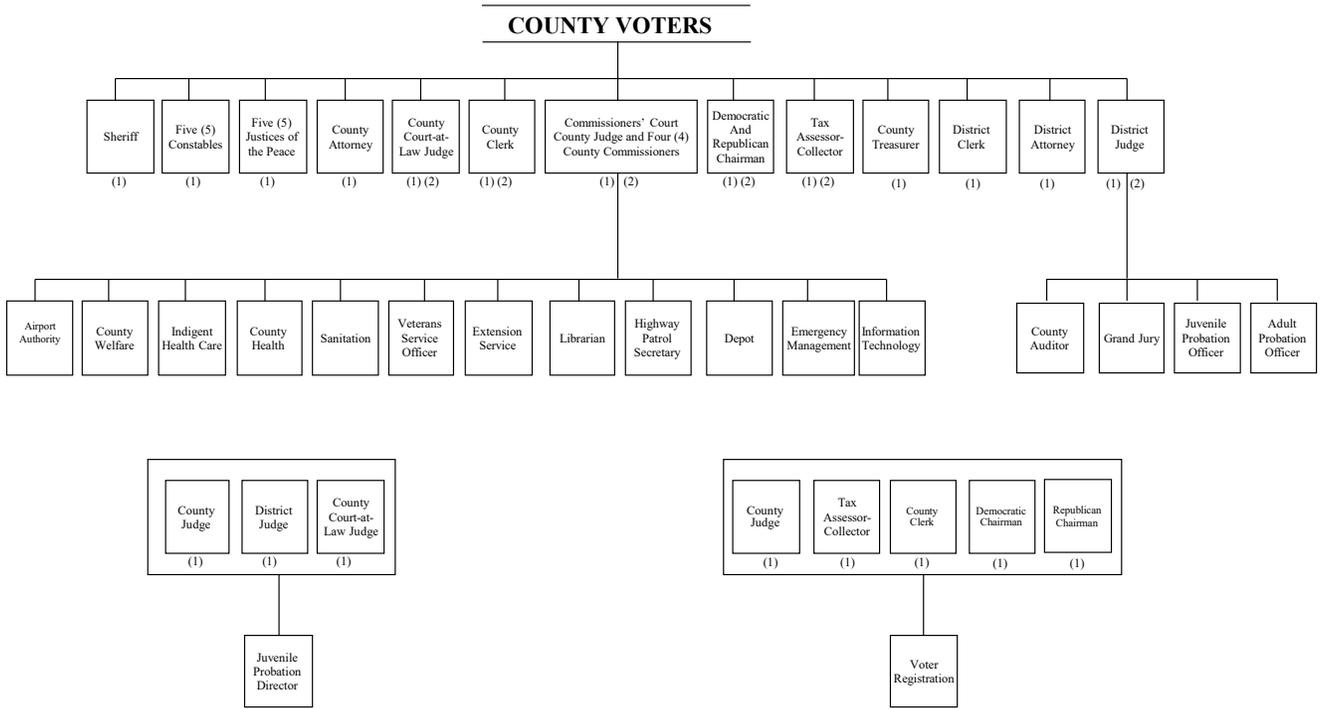
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

RUSK COUNTY, TEXAS ORGANIZATIONAL CHART



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

(2) Denotes joint and overlapping responsibilities.

Rusk County, Texas
List of Elected and Appointed Officials
December 31, 2019

Elected Officials

4th Judicial District Judge	Honorable J. Clay Gossett
County Judge	Honorable Joel Hale
County Commissioner, Precinct #1	Honorable W.D. Bill Hale
County Commissioner, Precinct #2	Honorable Robert Kuykendal
County Commissioner, Precinct #3	Honorable Greg Gibson
County Commissioner, Precinct #4	Honorable Bennie Whitworth
County Court-at-Law Judge	Honorable Chad Dean
County Attorney	Micheal Jimerson
County Clerk	Trudy McGill
County Sheriff	Jeff Price
County Tax Assessor-Collector	Lanita Whitehead
County Treasurer	Andy Vinson
District Clerk	Terri Willard
Constable, Precinct #1	Sammy Nichols
Constable, Precinct #2	Chuck McDonald
Constable, Precinct #3	Kenneth Miley
Constable, Precinct #4	David Guy
Constable, Precinct #5	Kenneth Logan
Justice of the Peace, Precinct #1	Pat McCrury
Justice of the Peace, Precinct #2	Cynthia Redmon
Justice of the Peace, Precinct #3	Jackie Risinger
Justice of the Peace, Precinct #4	Darlene Childress
Justice of the Peace, Precinct #5	Jana Ross-Enloe

Appointed Officials

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

Morgan LaGrone, CPA, PLLC

Certified Public Accountant

Telephone: 903.657.0240
Fax: 903.655.1324

116 S Marshall
Henderson TX 75654

INDEPENDENT AUDITOR'S REPORT

Rusk County Commissioners' Court
Rusk County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas, ("County") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We have also audited the internal service fund type of Rusk County, Texas, as of and for the year ended December 31, 2019, as displayed in the County's basic financial statements. We also have audited the financial statements of each of the County's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended December 31, 2019, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

MEMBER

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison schedules for the General Fund, the Road and Bridge Fund, and the Airport Fund (major special revenue funds) for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of Rusk County, Texas, as of December 31, 2019, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 21, the schedule of changes in net pension liability and schedule of contributions on pages 70-71, and the schedule of changes in net OPEB and schedule of contributions on pages 73-74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise Rusk County, Texas' basic and combining and individual fund financial statements. The introductory section, the Budgetary Comparison for the General Fund, Road and Bridge Fund, Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Airport Fund, Juvenile Services Fund, Debt Service Fund, and the Water Supply Grant Fund; the Capital Assets Used in the Operation of Governmental Funds schedules; and the 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 and the Schedule of Expenditures of State Awards are presented for purposes of additional analysis as required by the State of Texas Single audit Circular and is also not a required part of the basic financial statements of the County.

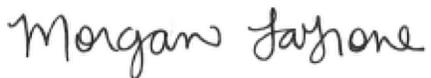
The Budgetary Comparison for the General Fund, Road and Bridge Fund, Law Library Fund, Rusk County Officials' Fund, Human Services Fund, Airport Fund, Juvenile Services Fund, and the Debt Service Fund; the Capital Assets Used in the Operation of Governmental Funds schedules; the Schedule of Expenditures of Federal Awards; and the Schedule of Expenditures of State Awards are the responsibility of management

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2020, on our consideration of Rusk County, Texas, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Morgan LaGrone, CPA, PLLC

Henderson, Texas
June 16, 2020

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Management's Discussion and Analysis

As management of Rusk County, Texas, (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-3 of this report.

Financial Highlights

- ◆ The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the year by \$37,853,383 (Net Position). Of this amount, \$16,033,244 (Unrestricted Net Position) may be used to meet the County's ongoing obligations to citizens and creditors.
- ◆ The County's total net position increased by \$5,346,012.
- ◆ As of the close of the current year, the County's governmental funds reported combined ending fund balances of \$22,660,069, a decrease of \$1,213,036 in comparison with the prior year. \$12,584,517 of this amount is available for spending at the County's discretion (Unassigned Fund Balance). The principal reason for the increase in fund balance is attributable to the refunding of taxes from the years 2012-2017 for compressors that the Texas Legislature allowed to be removed from the tax rolls.
- ◆ At the end of the current year, Unassigned Fund Balance for the General Fund was \$12,584,517, or 70.78% of total General Fund expenditures.
- ◆ On August 8, 2016, the Commissioners' Court authorized the issuance of \$7,115,000 in general obligation refunding bonds to advance refund a portion of the County's Series 2008 certificates of obligation. The refunding resulted in an overall savings of \$816,462.

Overview of the Financial Statements

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

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

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

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensatory time).

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

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

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

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

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

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

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

The County adopts annual appropriated budgets for the General Fund, the Road and Bridge Fund, and the Airport Fund, its three (3) major funds. A Governmental Fund Statement of Revenues, Expenditures,

and Changes in Fund Balances-Budget (Budgetary Basis) and Actual is presented at the functional level of detail for each of these funds on pages 35-38 of this report. In addition, a Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget (Budgetary Basis) and Actual is presented for the General Fund, the Road and Bridge Fund, and the Airport Fund at the activity or departmental level to demonstrate legal compliance with the budget on pages 85-87, page 88, and page 92 respectively.

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

The basic Governmental Fund Financial Statements can be found on pages 31-38 of this report.

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

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

The basic Proprietary Fund Financial Statements can be found on pages 39-41 of this report.

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

The County's basic Fiduciary Fund Financial Statement can be found on page 42 of this report.

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

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

Government-wide Financial Analysis.

Net Position. As noted earlier, Net Position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$37,853,383 at the close of the most recent fiscal year.

A large portion of the County’s Net Position (54.17%) reflects its investment in capital assets (e.g., Land, Buildings, Machinery and Equipment, and Infrastructure), less the related outstanding debt to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$ 46,269,042	\$ 46,436,129
Capital Assets	25,956,306	24,871,708
Total Assets	<u>\$ 72,225,348</u>	<u>\$ 71,307,837</u>
 Total Deferred Outflows of Resources	 <u>\$ 4,209,761</u>	 <u>\$ 1,201,869</u>
 Long-Term Liabilities Outstanding	 \$ 17,045,446	 \$ 14,903,262
Other Liabilities	627,993	682,520
Total Liabilities	<u>\$ 17,673,439</u>	<u>\$ 15,585,782</u>
 Total Deferred Inflows of Resources	 <u>\$ 20,808,287</u>	 <u>\$ 24,316,553</u>
 Net Position:		
Net Investment in Capital Assets	\$ 20,506,285	\$ 18,133,773
Restricted	1,413,854	1,683,418
Unrestricted	16,033,244	12,790,180
Total Net Position	<u>\$ 37,953,383</u>	<u>\$ 32,607,371</u>

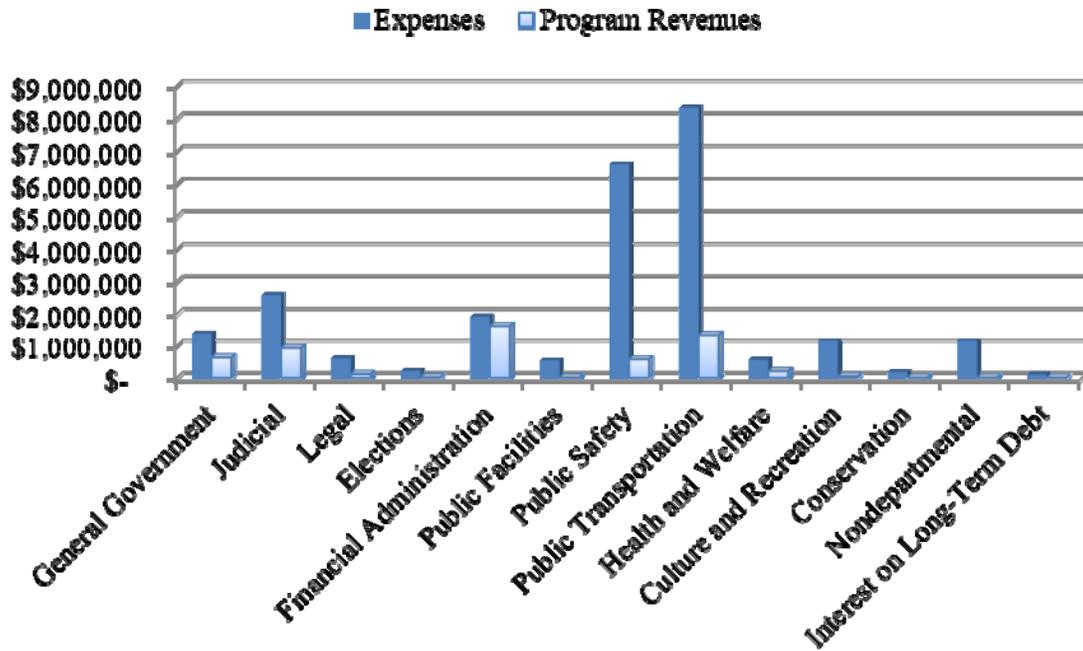
At the end of the current fiscal year, the County is able to report positive balances in all three (3) categories of Net Position. The same situation held true for the prior fiscal year.

Changes in Net Position. Net Position for the County increased \$5,346,012 from the prior year. The most significant County revenue source is Ad Valorem Taxes, which represented 76.80% of total revenue in the most recently completed fiscal year. Fees and fines charged and collected by County Officials generated another 12.20% of revenue. Grants received from the State and Federal government constituted 3.68% of revenue. The remaining balance of the County’s revenue, 5.34% came from other taxes, oil and gas royalties, interest, and other miscellaneous revenues.

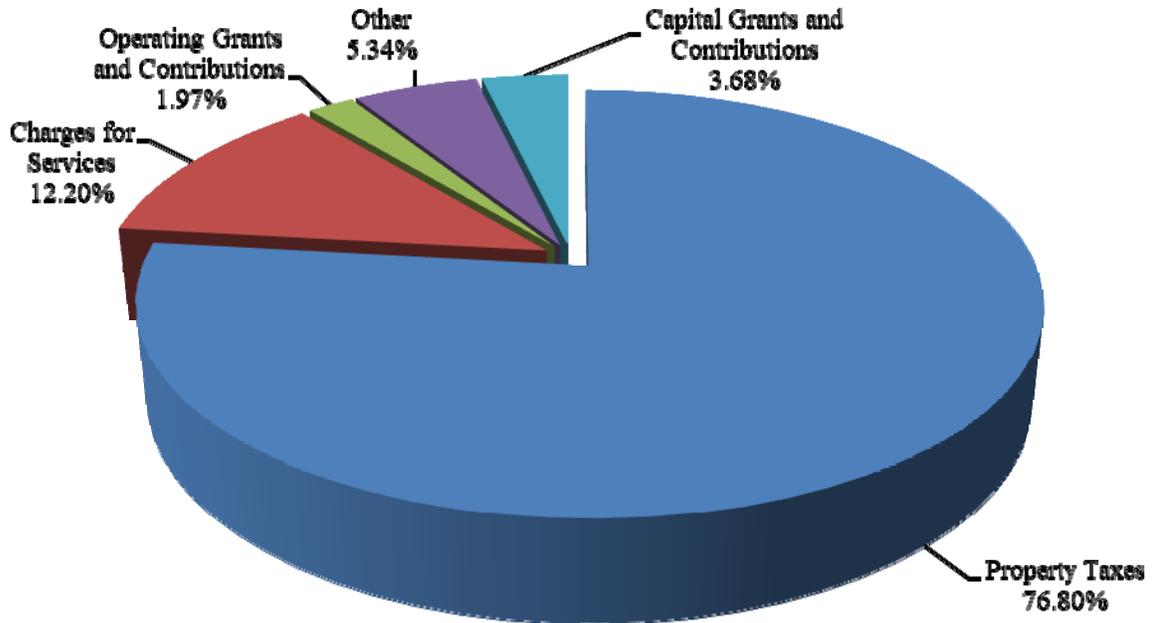
Rusk County, Texas
Changes in Net Position of Governmental Activities
(Table 2)

Revenues:	<u>2019</u>	<u>2018</u>
Program Revenues:		
Charges for Services	\$ 3,732,709	\$ 3,764,132
Operating Grants and Contributions	604,110	583,986
Capital Grants and Contributions	1,127,224	252,401
General Revenues:		
Property Taxes	23,500,202	15,875,812
Other	1,634,457	1,324,874
Total Revenues	<u>\$ 30,598,702</u>	<u>\$ 21,801,205</u>
Expenses:		
General Government	\$ 1,389,236	\$ 1,925,446
Judicial	2,572,480	2,595,988
Legal	599,651	599,587
Elections	213,563	217,943
Financial Administration	1,906,702	2,017,100
Public Facilities	535,180	673,318
Public Safety	6,585,145	6,679,591
Public Transportation	8,320,928	7,398,140
Health and Welfare	554,895	474,859
Culture and Recreation	1,143,551	1,181,155
Conservation	182,576	181,157
Nondepartmental	1,147,305	-
Interest on Long-Term Debt	101,478	150,658
Total Expenses	<u>\$ 25,252,690</u>	<u>\$ 24,094,942</u>
Increase/(Decrease) in Net Position	\$ 5,346,012	\$ (2,293,737)
Net Position - Beginning	<u>32,607,371</u>	<u>34,901,108</u>
Net Position - Ending	<u>\$ 37,953,383</u>	<u>\$ 32,607,371</u>

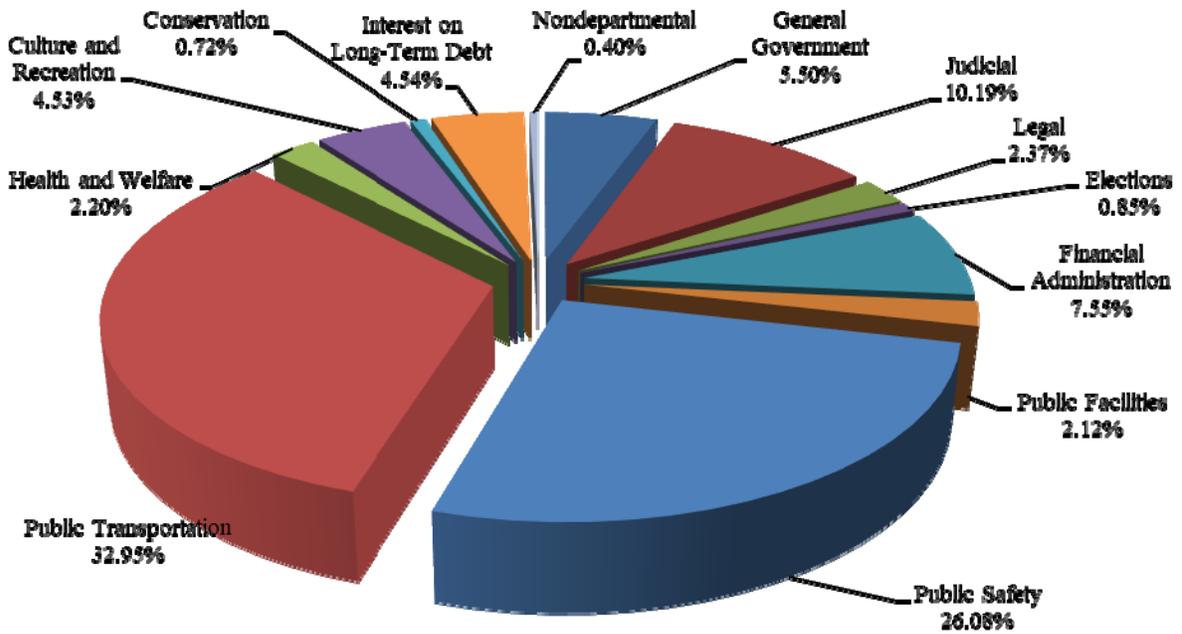
Rusk County, Texas
 Governmental Activities
 Expenses and Program Revenues
 2019
 (Chart 1)



**Rusk County, Texas
Governmental Activities
Revenues by Source
2019
(Chart 2)**



**Rusk County, Texas
Governmental Activities
Expenses by Function
2019
(Chart 3)**



Financial Analysis of the County's Funds.

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

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

As of the end of the current fiscal year, the County's Governmental Funds reported combined ending Fund Balances of \$22,660,069, a decrease of \$1,213,036 in comparison with the prior year. 55.54% of this (\$12,584,517) constitutes Unassigned Fund Balance, which is available for spending at the County's discretion. The remainder of Fund Balance is nonspendable or restricted to indicate that it is 1) not in spendable form (\$113,487), or 2) restricted for particular purposes (\$9,962,064).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, Unassigned Fund Balance of the General Fund was \$12,584,517, while total Fund Balance was \$22,660,069. As a measure of the General Fund's liquidity, it may be useful to compare Fund Balance to total fund expenditures. Unassigned Fund Balance represents 70.78% of total General Fund expenditures.

The Fund Balance of the County's General Fund decreased by \$639,434 during the current fiscal year. Contributing to the decrease was the fact that the County had to refund property taxes assessed on compressors from 2012 through 2017 because the 2011 Texas Legislature changed the law with regard to heavy equipment. For the general fund, the refunds were almost \$400,000.

The Road and Bridge Fund has a total Fund Balance of \$3,417,760 all of which is Restricted Fund Balance (for County roads and bridges) and nonspendable. The net decrease in Fund Balance during the year was \$221,736. Approximately \$157,000 in Road and Bridge funds were required to be refunded due to the change in the law mentioned above.

The Airport Fund has a total Fund Balance of \$2,013,422, a decrease of \$424,087 from the prior year. Oil and gas royalties decreased 28.78%. In addition, many capital improvements were made during the year, and capital outlay was \$507,244 more than in the prior year.

Proprietary Funds. The County's Proprietary Funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The County's only Proprietary Fund is the Insurance Internal Service Fund. Unrestricted Net Position at the end of the current year amounted to \$1,494,351. The County provides employees and retirees' health and life insurance through traditional insurance.

General Fund Budgetary Highlights.

Differences between the original budget and the final amended budget were a net increase in appropriations of \$146,350. Significant among the increases were:

- ◆ \$283,348 net increase in expenditures allocated to the Elections Department.
- ◆ \$64,984 increase in current expenditures allocated to nondepartmental.

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

As a result of the favorable budget variances in expenditures, it was unnecessary to draw upon as much Fund Balance as was originally anticipated. As indicated by the final budget, the County anticipated using \$2,277,312 of fund balance. However, only \$639,434 of fund balance was used.

Differences between the final amended budget and actual General Fund expenditures were a net positive variance of \$1,502,756. Significant among the net positive variances were:

- ◆ *\$267,300 in positive budget variances in Judicial/All Courts, due to less than anticipated costs for capital murder trials.*
- ◆ *\$121,710 in positive budget variance in Financial Administration/Tax Assessor-Collector due to contract work and appraisal district costs.*
- ◆ *\$80,600 in positive budget variances in Public Facilities/Maintenance due to less than expected costs for utilities, minor repairs, and maintenance.*
- ◆ *\$96,000 in positive budget variances in Legal/District Attorney due to less than anticipated special trial expenditures.*
- ◆ *\$62,000 in positive budget variances in Public Safety/Jail due to savings in insurance, medical fees, and utilities.*
- ◆ *\$127,000 in positive budget variances in Public Safety/Sheriff due mostly to savings in salaries (car deputy, animal control officer, narcotic officer), workers compensation, and deputy training.*
- ◆ *\$49,230 in positive budget variances in Health and Welfare/Public Health due to less than anticipated expenditures in for coordinator.*
- ◆ *\$186,000 in positive budget variances in Capital Outlay due to less than anticipated major renovations and other capital improvements.*
- ◆ *The balance of the positive variance resulted from a general cost savings in all departments within the County.*

Governmental Activities Capital Asset and Debt Administration.

Governmental Activities Capital Assets. The County's investment in Governmental Activities Capital Assets as of December 31, 2019, amounts to \$25,956,306, net of accumulated depreciation. This investment in Governmental Activities Capital Assets includes Land, Buildings, Machinery and Equipment, and Infrastructure (e.g., roads and bridges).

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

- ◆ *Airport improvements resulting in an increase of \$1,196,823 in infrastructure.*
- ◆ *Approximately \$1,304,000 of equipment purchased for the County's Road & Bridge Department.*
- ◆ *Approximately \$665,000 of equipment purchased for various departments in the General Fund, including \$154,704 for the Sheriff's Department and \$465,000 for Election Equipment.*

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

	<u>2019</u>	<u>2018</u>
Land	\$ 1,032,025	\$ 1,032,025
Construction in Progress	-	154,346
Buildings	17,875,526	18,788,028
Machinery and Equipment	4,758,709	3,702,178
Infrastructure	2,290,046	1,195,131
Total Capital Assets	<u>\$ 25,956,306</u>	<u>\$ 24,871,708</u>

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

Long-Term Debt. At the end of the current fiscal year, the County had total debt of \$17,045,526.

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

	<u>2019</u>	<u>2018</u>
Certificates of Obligation:		
Principal Amount of Debt	\$ 4,935,000	\$ 6,050,000
Premium on Issuance of Debt	377,869	497,196
OPEB Liability	164,344	2,041,309
Net Pension Liability	11,262,991	5,955,171
Capital Leases	173,387	238,417
Compensated Absences	131,935	121,169
Total Long-Term Debt	<u>\$ 17,045,526</u>	<u>\$ 14,903,262</u>

The Texas State Constitution limits the amount of general obligation bonded debt the County may issue to 25% of the assessed value of the real property in the County. The current debt limit for the County is \$946,501,000. The County presently has \$4,935,000 in general obligation bonded debt.

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

Economic Factors and Next Year's Budgets and Rates.

- ◆ The unemployment rate for the County as of the end of the fiscal year was 3.5%, compared with a rate of 3.8% a year ago.
- ◆ The County's assessed valuation of property for the 2018 property tax year (2019 fiscal year) has increased \$90,262,976 to approximately \$3,786,001,986.
- ◆ The County's property tax rate increased from \$0.577084 per \$100 of assessed valuation to \$0.582571 per \$100 assessed valuation for the 2020 budget year (2019 property tax year).

All of these factors were considered in preparing the County's budget for the 2020 fiscal year.

During the current fiscal year, Unassigned Fund Balance in the General Fund decreased to \$12,586,055. That amount represents approximately eight and a half months of General Fund operations, and the County believes that to be a reasonable reserve. As a result, the County utilized \$2,708,138 of fund balance to avoid fee increases when preparing the 2020 budget.

Requests for Information.

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

Rebekah Acres
County Auditor
Rusk County Courthouse
115 N. Main Street Suite 103
Henderson, TX 75652
(903) 657-0306
racres@co.rusk.tx.us

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BASIC FINANCIAL STATEMENTS

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

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Rusk County, Texas
Statement of Net Position
December 31, 2019

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash	\$ 29,697,581
Investments	1,390,185
Receivables (net of allowances for uncollectibles):	
Property Taxes	15,084,704
Due from Other Governments	34,665
Accounts	15,171
Prepays	46,736
Capital Assets (not being depreciated)	
Land	1,032,025
Capital Assets (net of accumulated depreciation):	
Buildings	17,875,525
Machinery & Equipment	4,758,710
Infrastructure	2,290,046
	Total Assets
	\$ 72,225,348
<u>Deferred Outflows of Resources</u>	
Deferred Amount on Bond Refunding	\$ 36,235
Deferred Outflows - Pensions	4,173,526
	Total Deferred Outflows of Resources
	\$ 4,209,761
<u>Liabilities</u>	
Accounts Payable and Accrued Expenses	\$ 469,832
Due to Other Governments	158,161
Long-term Debt:	
Portion due or payable within on year:	
Compensated Absences	9,838
Bonds Payable	1,160,000
Capital Leases	66,886
Portion due or payable after one year:	
Compensated Absences	122,097
Bonds Payable	4,152,869
Capital Leases	106,501
Net Pension Liability	11,262,911
Other Post-Employment Benefit Liability	164,344
	Total Liabilities
	\$ 17,673,439
<u>Deferred Inflows of Resources</u>	
Deferred Revenue - Advance Tax Collections	\$ 6,479,367
Deferred Revenue	13,460,191
Deferred Inflows - OPEB	159,406
Deferred Inflows - Pensions	709,323
	Total Deferred Inflows of Resources
	\$ 20,808,287
<u>Net Position</u>	
Net Investment in Capital Assets	\$ 20,506,285
Restricted for:	
Debt Service	1,346,807
Perpetual Care:	
Expendable	296
Nonexpendable	15,000
County Independent School Districts:	
Nonexpendable	51,751
Unrestricted	16,033,244
	Total Net Position
	\$ 37,953,383

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

Rusk County, Texas
Statement of Activities
For the Year Ended December 31, 2019

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense)/ Revenue and Changes in Net Position</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<u>Functions/Programs:</u>					<u>Governmental Activities</u>
General Government	\$ 1,389,236	\$ 621,303	\$ 4,592	\$ -	\$ (763,341)
Judicial	2,572,480	918,440	353	-	(1,653,687)
Legal	599,651	36,754	77,439	-	(485,458)
Elections	213,563	14,963	-	-	(198,600)
Financial Administration	1,906,702	1,620,207	-	-	(286,495)
Public Facilities	535,180	5,450	-	1,580	(528,150)
Public Safety	6,585,145	125,427	446,881	-	(6,012,837)
Public Transportation	8,320,928	163,054	50,808	1,125,644	(6,981,422)
Health and Welfare	554,895	186,451	19,171	-	(349,273)
Culture and Recreation	1,143,551	40,660	4,866	-	(1,098,025)
Conservation	182,576	-	-	-	(182,576)
Nondepartmental	1,147,305	-	-	-	(1,147,305)
Interest on Long-Term Debt	101,478	-	-	-	(101,478)
Net (Expense)/Revenue	<u>\$ 25,252,690</u>	<u>\$ 3,732,709</u>	<u>\$ 604,110</u>	<u>\$ 1,127,224</u>	<u>\$ (19,788,647)</u>
General Revenues:					
Property Taxes					\$ 23,500,202
Other Taxes					11,313
Interest Earned					751,297
Gain on Sale of Capital Assets					104,751
Miscellaneous					767,096
Total General Revenues					<u>\$ 25,134,659</u>
Change in Net Position					\$ 5,346,012
Net Position - Beginning					<u>32,607,371</u>
Net Position - Ending					<u>\$ 37,953,383</u>

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

FUND FINANCIAL STATEMENTS

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Rusk County, Texas
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Road & Bridge Fund	Airport Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 15,732,358	\$ 5,262,251	\$ 2,041,392	\$ 5,126,608	\$ 28,162,609
Investments	1,338,434	-	-	51,751	1,390,185
Receivables (net of allowances for uncollectibles):					
Property Taxes	9,782,660	4,226,789	-	1,075,255	15,084,704
Due from Other Governments	34,664	-	-	-	34,664
Accounts	15,171	-	-	-	15,171
Prepays	1,537	45,199	-	-	46,736
Due from Other Funds	-	-	-	144	144
Total Assets	<u>\$ 26,904,824</u>	<u>\$ 9,534,239</u>	<u>\$ 2,041,392</u>	<u>\$ 6,253,758</u>	<u>\$ 44,734,213</u>
<u>Liabilities</u>					
Accounts Payable	\$ 224,647	\$ 50,558	\$ 23,055	\$ 9,650	\$ 307,910
Due to Other Governments	158,162	-	-	-	158,162
Due to Other Funds	144	-	-	-	144
Total Liabilities	<u>\$ 382,953</u>	<u>\$ 50,558</u>	<u>\$ 23,055</u>	<u>\$ 9,650</u>	<u>\$ 466,216</u>
<u>Deferred Inflows of Resources</u>					
Unavailable Revenue - Advance Tax Collections	\$ 4,153,421	\$ 1,838,885	\$ -	\$ 487,061	\$ 6,479,367
Unavailable Revenue - Other	-	-	4,915	38,960	43,875
Unavailable Revenue - Tax Revenue	9,782,396	4,227,036	-	1,075,255	15,084,687
Total Deferred Inflows of Resources	<u>\$ 13,935,817</u>	<u>\$ 6,065,921</u>	<u>\$ 4,915</u>	<u>\$ 1,601,276</u>	<u>\$ 21,607,929</u>
<u>Fund Balances</u>					
Nonspendable	\$ 1,537	\$ 45,199	\$ -	\$ 66,751	\$ 113,487
Restricted	-	3,372,561	2,013,422	4,576,081	9,962,064
Unassigned	12,584,517	-	-	-	12,584,517
Total Fund Balances	<u>\$ 12,586,055</u>	<u>\$ 3,417,760</u>	<u>\$ 2,013,422</u>	<u>\$ 4,642,832</u>	<u>\$ 22,660,069</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,904,824</u>	<u>\$ 9,534,239</u>	<u>\$ 2,041,392</u>	<u>\$ 6,253,758</u>	<u>\$ 44,734,213</u>

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

Rusk County, Texas
 Reconciliation of the Balance Sheet-Governmental Funds
 to the Statement of Net Position
 December 31, 2019

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

Total Fund Balances-Total Governmental Funds (Page 31)	\$ 22,660,069
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,956,306
The Internal Service Fund is used to charge the costs of health insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	1,494,351
Net Delinquent Property Taxes Receivable is a "long-term asset" and not available to pay for current period expenditures and therefore is deferred in the funds.	1,624,496
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (See Note II.A.)	(5,659,381)
Net OPEB Liability and the related deferred outflows and deferred inflows of resources are not reported in the funds. (See Note II.A.)	(323,750)
Net Pension Liability and the related deferred outflows and deferred inflows of resources are not reported in the funds. (See Note II.A.)	(7,798,708)
Net Position of Governmental Activites (page 27)	\$ 37,953,383

Rusk County, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Road & Bridge Fund	Airport Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad Valorem Taxes	\$ 13,016,907	\$ 5,750,480	\$ -	\$ 1,379,623	\$ 20,147,010
Other Taxes	11,313	-	-	-	11,313
Intergovernmental	1,193,794	-	48,503	429,567	1,671,864
Fees	1,665,051	911,446	251,258	188,103	3,015,858
Fines and Forfeitures	511,458	50,808	-	5,994	568,260
Miscellaneous	797,257	353,890	394,937	98,932	1,645,016
Total Revenues	\$ 17,195,780	\$ 7,066,624	\$ 694,698	\$ 2,102,219	\$ 27,059,321
Expenditures:					
Current:					
General Government	\$ 1,386,999	\$ -	\$ -	\$ 6,803	\$ 1,393,802
Judicial	2,559,166	-	-	73,069	2,632,235
Legal	596,714	-	-	29,466	626,180
Elections	216,243	-	-	-	216,243
Financial Administration	1,950,207	-	-	9,416	1,959,623
Public Facilities	525,330	-	-	2,270	527,600
Public Safety	5,924,743	-	-	527,598	6,452,341
Public Transportation	-	5,934,691	606,143	-	6,540,834
Health and Welfare	438,344	-	-	117,342	555,686
Culture and Recreation	1,191,455	-	-	-	1,191,455
Conservation	188,415	-	-	-	188,415
Nondepartmental	976,684	170,621	-	47,144	1,194,449
Capital Outlay	1,824,749	1,223,765	524,039	-	3,572,553
Debt Service:		-			
Principal	-	65,030	-	1,115,000	1,180,030
Interest	-	6,937	-	219,700	226,637
Total Expenditures	\$ 17,779,049	\$ 7,401,044	\$ 1,130,182	\$ 2,147,808	\$ 28,458,083
Excess (Deficiency) of Revenues over Expenditures	\$ (583,269)	\$ (334,420)	\$ (435,484)	\$ (45,589)	\$ (1,398,762)
Other Financing Sources (Uses):					
Transfers in	\$ 15,000	\$ -	\$ -	\$ 105,000	\$ 120,000
Transfers out	(105,000)	(15,000)	-	-	(120,000)
Sale of Capital Assets	33,835	127,684	11,397	12,810	185,726
Total Other Financing Sources (Uses)	\$ (56,165)	\$ 112,684	\$ 11,397	\$ 117,810	\$ 185,726
Net Change in Fund Balances	\$ (639,434)	\$ (221,736)	\$ (424,087)	\$ 72,221	\$ (1,213,036)
Fund Balances - Beginning	13,225,489	3,639,496	2,437,509	4,570,611	23,873,105
Fund Balances - Ending	\$ 12,586,055	\$ 3,417,760	\$ 2,013,422	\$ 4,642,832	\$ 22,660,069

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

Rusk County, Texas
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances-Governmental Funds
 To the Statement of Activities
 For the Year Ended December 31, 2019

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

Net Change in Fund Balances-Total Governmental Funds (Page 33)	\$ (1,213,036)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (See Note II.B.)	1,118,929
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(34,329)
The repayment of long-term debt (e.g. certificates of obligation and capital leases) consumes current financial resources of governmental funds, but the transaction has no effect on net position.	1,180,030
Delinquent property tax collections provide current financial resources to the funds but has no effect on net position.	(558,630)
Delinquent property taxes receivable, which do not provide current financial resources, are not reported as revenue in the funds.	3,911,822
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (See Note II.B.)	114,393
Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. This amount reflects the change in pension expense as a result of GASB 68.	(1,112,949)
Governmental funds report all payments to other post employment benefits as expenditures. However, in the government-wide statement of activities the actuarial annually required contribution is considered an expense. Any deficit amount is considered a liability. Change in net other post employment benefit obligation.	1,717,559
The Internal Service Fund is used to charge the costs of health insurance to individual funds. The net revenue (expense) of the activity of the Internal Service Fund is reported with governmental activities.	222,223
Changes in Net Position of Governmental Activities (Page 28)	\$ 5,346,012

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

Rusk County, Texas
 Schedule of Revenues, Expenditures, and Changes in Fund Balances-
 Budget and Actual (Budgetary Basis)-General Fund and Major Special Revenue Funds
 For the Year Ended December 31, 2019

	General Fund			Variance with Final Budget Positive/ (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Ad Valorem Taxes	\$ 13,439,748	\$ 13,525,954	\$ 13,016,907	\$ (509,047)
Other Taxes	10,500	10,500	11,313	813
Intergovernmental	139,960	144,081	116,653	(27,428)
Fees	1,514,202	1,514,202	1,665,051	150,849
Fines and Forfeitures	420,000	420,000	511,458	91,458
Miscellaneous	334,200	368,780	797,257	428,477
Total Revenues	\$ 15,858,610	\$ 15,983,517	\$ 16,118,639	\$ 135,122
Expenditures:				
Current:				
General Government	\$ 1,563,727	\$ 1,569,797	\$ 1,386,999	\$ 182,798
Judicial	2,912,637	2,910,087	2,559,166	350,921
Legal	692,722	692,522	596,714	95,808
Elections	267,890	269,890	216,243	53,647
Financial Administration	2,060,846	2,084,856	1,950,207	134,649
Public Facilities	580,623	605,923	525,330	80,593
Public Safety	6,159,063	6,127,863	5,924,743	203,120
Health and Welfare	562,199	557,564	438,344	119,220
Culture and Recreation	1,252,793	1,251,959	1,191,455	60,504
Conservation	181,164	189,281	188,415	866
Nondepartmental	911,700	976,684	976,684	-
Capital Outlay	912,950	968,238	747,608	220,630
Total Expenditures	\$ 18,058,314	\$ 18,204,664	\$ 16,701,908	\$ 1,502,756
Excess (Deficiency) of Revenues over Expenditures	\$ (2,199,704)	\$ (2,221,147)	\$ (583,269)	\$ 1,637,878
Other Financing Sources (Uses):				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Transfers out	(105,000)	(105,000)	(105,000)	-
Sale of Capital Assets	-	33,835	33,835	-
Total Other Financing Sources (Uses)	\$ (90,000)	\$ (56,165)	\$ (56,165)	\$ -
Net Change in Fund Balances	\$ (2,289,704)	\$ (2,277,312)	\$ (639,434)	\$ 1,637,878
Fund Balances - Beginning	13,225,489	13,225,489	13,225,489	-
Fund Balances - Ending	\$ 10,935,785	\$ 10,948,177	\$ 12,586,055	\$ 1,637,878

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

Rusk County, Texas
Reconciliation of the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - (Budgetary Basis)-
General Fund to the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2019

Total Revenue - Exhibit #5	\$ 16,118,639
Intergovernmental Revenue - Airport Grant	<u>1,077,141</u>
Total Revenues - Exhibit #4 (page 33)	<u>\$ 17,195,780</u>
Total Expenditures - Exhibit #5	\$ 16,701,908
Capital Outlay	<u>1,077,141</u>
Total Expenditures - Exhibit #4 (page 33)	<u>\$ 17,779,049</u>

Rusk County, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual (Budgetary Basis)-General Fund and Major Special Revenue Funds
For the Year Ended December 31, 2019

	<u>Major Special Revenue Funds</u>			Variance with Final Budget Positive/ (Negative)
	<u>Road & Bridge Fund</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	
<u>Original</u>	<u>Final</u>	<u>Actual</u>		
Revenues:				
Ad Valorem Taxes	\$ 5,700,409	\$ 5,835,726	\$ 5,750,481	\$ (85,245)
Intergovernmental	-	-	-	-
Fees	890,000	890,000	911,446	21,446
Fines and Forfeitures	200,000	200,000	50,808	(149,192)
Miscellaneous	60,800	60,800	353,889	293,089
Total Revenues	\$ 6,851,209	\$ 6,986,526	\$ 7,066,624	\$ 80,098
Expenditures:				
Current:				
Public Transportation	\$ 6,093,992	\$ 6,407,961	\$ 5,789,041	\$ 618,920
Nondepartmental	180,954	316,271	316,271	-
Capital Outlay	2,984,497	2,798,513	1,223,765	1,574,748
Debt Service	71,967	71,967	71,967	-
Total Expenditures	\$ 9,331,410	\$ 9,594,712	\$ 7,401,044	\$ 2,193,668
Excess (Deficiency) of Revenues over Expenditures	\$ (2,480,201)	\$ (2,608,186)	\$ (334,420)	\$ 2,273,766
Other Financing Sources (Uses):				
Transfers out	\$ (15,000)	\$ (15,000)	\$ (15,000)	-
Sale of Capital Assets	-	127,684	127,684	-
Total Other Financing Sources (Uses)	\$ (15,000)	\$ 112,684	\$ 112,684	-
Net Change in Fund Balances	\$ (2,495,201)	\$ (2,495,502)	\$ (221,736)	\$ 2,273,766
Fund Balances - Beginning	3,639,496	3,639,496	3,639,496	-
Fund Balances - Ending	\$ 1,144,295	\$ 1,143,994	\$ 3,417,760	\$ 2,273,766

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

Rusk County, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual (Budgetary Basis)-General Fund and Major Special Revenue Funds
For the Year Ended December 31, 2019

	<u>Major Special Revenue Funds</u>			
	<u>Airport Fund</u>			Variance with Final Budget Positive/ (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 48,503	\$ 48,503
Fees	260,000	260,000	251,258	(8,742)
Miscellaneous	418,000	418,000	394,937	(23,063)
Total Revenues	<u>\$ 678,000</u>	<u>\$ 678,000</u>	<u>\$ 694,698</u>	<u>\$ 16,698</u>
Expenditures:				
Current:				
Public Transportation	\$ 695,158	\$ 794,558	\$ 606,143	\$ 188,415
Capital Outlay	360,000	797,339	524,039	273,300
Total Expenditures	<u>\$ 1,055,158</u>	<u>\$ 1,591,897</u>	<u>\$ 1,130,182</u>	<u>\$ 461,715</u>
Revenues Over (Under) Expenditures	\$ (377,158)	\$ (913,897)	\$ (435,484)	\$ (445,017)
Other Financing Sources (Uses):				
Sale of Capital Assets	\$ -	\$ 11,397	\$ 11,397	
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 11,397</u>	<u>\$ 11,397</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ (377,158)</u>	<u>\$ (902,500)</u>	<u>\$ (424,087)</u>	<u>\$ (445,017)</u>
Fund Balances - Beginning	<u>2,437,509</u>	<u>2,437,509</u>	<u>2,437,509</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,060,351</u>	<u>\$ 1,535,009</u>	<u>\$ 2,013,422</u>	<u>\$ (445,017)</u>

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

Rusk County, Texas
Statement of Net Position
Proprietary Funds
December 31, 2019

	Governmental <u>Activities</u> Internal Service <u>Fund</u>
<u>Assets</u>	
Current Assets:	
Cash	\$ 1,534,972
Total Current Assets	<u>\$ 1,534,972</u>
Total Assets	<u>\$ 1,534,972</u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts Payable	\$ 40,621
Total Current Liabilities	<u>\$ 40,621</u>
Total Liabilities	<u>\$ 40,621</u>
<u>Net Position</u>	
Unrestricted	<u>\$ 1,494,351</u>
Total Net Position	<u><u>\$ 1,494,351</u></u>

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

Rusk County, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues:	
Charges for Services	\$ 3,172,319
Total Operating Revenues	<u>\$ 3,172,319</u>
Operating Expenses:	
Benefits, Insurance & Administrative Cost	\$ 2,984,889
Total Operating Expenses	<u>\$ 2,984,889</u>
Operating Income (Loss)	<u>\$ 187,430</u>
Nonoperating Revenues (Expenses):	
Interest Income	\$ 34,793
Total Nonoperating Revenues (Expenses)	<u>\$ 34,793</u>
Change in Net Position	\$ 222,223
Total Net Position - Beginning	<u>1,272,128</u>
Total Net Position - Ending	<u><u>\$ 1,494,351</u></u>

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

Rusk County, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Governmental <u>Activities</u> Internal Service <u>Fund</u>
Cash Flows from Operating Activities:	
Receipts from Interfund Services Provided	\$ 3,172,319
Payments to Suppliers and Providers	<u>(2,949,176)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 223,143</u>
Cash Flows from Investing Activities:	
Interest Income	<u>\$ 34,793</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 34,793</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 257,936
Cash and Cash Equivalents, January 1	<u>1,277,036</u>
Cash and Cash Equivalents, December 31 (See below)	<u><u>\$ 1,534,972</u></u>
Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Operating Income (Loss)	<u>\$ 187,430</u>
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Increase/(Decrease) in Payables	<u>\$ 35,713</u>
Total Adjustments	<u>\$ 35,713</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 223,143</u></u>
Exhibit #6 - Page 39:	
Cash	<u>\$ 1,534,972</u>
Total Cash and Cash Equivalents - Exhibit #6	<u><u>\$ 1,534,972</u></u>

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

Rusk County, Texas
Statement of Net Position
Fiduciary Funds
December 31, 2019

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	\$ 9,932,486
Investments	775,275
	Total Assets
	\$ 10,707,761
<u>Liabilities</u>	
Due to Other Governments	\$ 7,606,256
Court Ordered Deposits	779,502
Inmate Trust Funds	177,132
Court Ordered Trust Funds	2,144,871
	Total Liabilities
	\$ 10,707,761

The accompanying notes are an integral part of this statement.

RUSK COUNTY, TEXAS

Notes to the Financial Statements

December 31, 2019

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The County reports the following major Governmental funds:

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

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

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

Additionally, the County reports the following fund types:

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

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

As a general rule, the effect of interfund activity has been eliminated from the Government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

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

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

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

1. Deposits and Investments

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

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

Investments are stated at fair value.

2. Receivables and Payables

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

Property Taxes Receivable are shown net of an allowance for uncollectibles. The allowance is equal to seven (7) percent of current property taxes receivable plus twenty (20) percent of delinquent taxes receivable at December 31, 2019.

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

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

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

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

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

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

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

5. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three items that qualify for reporting in this category. Unearned Revenue and Unearned Deferred Revenue are reported in the government-wide Statement of Net Position. Any current taxes levied and collected between October 1 and December 31 are not available for use until January 1, the beginning of the next fiscal year. Therefore, all collections of current taxes during this period and all current taxes receivable as of December 31 are recorded as Unearned Revenue and Unearned Deferred Revenue, respectively. These liabilities are reflected in the Government-wide financial statements, since the tax revenue has not been earned as of December 31, 2019. The governmental funds report unavailable revenues for advance tax collections, property taxes receivable, and resources that have been received, but not earned for grant drawdowns and deposits. In addition, the County reports deferred inflows of resources related to pensions.

6. *Net Position Flow Assumption*

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

7. *Long-term Obligations*

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

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

8. *Fund Balances – Governmental Funds*

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes

receivable or principal of a permanent fund).

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

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

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

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

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

9. Statement of Cash Flows

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

E. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. *Property Taxes*

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

3. *Compensated Absences*

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

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

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

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

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

F. Pensions

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

G. New Accounting Standards Adopted

In fiscal year 2019, the County adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

--Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

The primary objective of this Statement is to improve the information that is disclosed in notes to the financial statements related to debt, including direct borrowing and direct placements, by requiring additional essential information related to debt be disclosed, including unused lines of

credit; assets pledge as collateral for debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance -related consequences, and significant acceleration clauses. There was no significant impact of this statement on the County’s financial statements.

II. Reconciliation of Government-wide and Fund Financial Statements

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

Exhibit 3-A on page 32 is a reconciliation between Total Fund Balances-Total Governmental Funds and Net Position-Governmental Activities. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$5,659,381 difference are as follows:

Certificates of Obligation Payable	\$ (4,935,000)
Premium on Debt Issuance	(377,869)
Accrued Interest Payable	(77,426)
Capital Leases	(173,387)
Deferred Resource Outflows - Bond Refunding	36,235
Compensated Absences	<u>(131,934)</u>
Net Adjustment to Reduce Total Fund Balances-Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u><u>\$ (5,659,381)</u></u>

Another element of that reconciliation states that “Net Pension/OPEB Liability and the related deferred outflows and deferred inflows of resources are not reported in the funds.” The details of this \$8,122,458 difference are as follows:

Net Pension Liability	\$ (11,262,911)
Net OPEB Liability	(164,344)
Deferred Resource Outflows - Related to Pensions	4,173,526
Deferred Resource Inflows - Related to OPEB	(159,406)
Deferred Resource Inflows - Related to Pensions	<u>(709,323)</u>
Net Adjustment to Reduce Total Fund Balances-Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u><u>\$ (8,122,458)</u></u>

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

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

allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,118,929 difference are as follows:

Capital Outlay	\$3,116,566
Depreciation Expense	<u>(1,997,637)</u>
Net Adjustment to Increase Net Changes in Fund Balance- Total Governmental Funds to Arrive at Changes in Net Position- Governmental Activities	<u><u>\$1,118,929</u></u>

Another element of that reconciliation states that “The issuance of long-term debt (bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$1,180,030 difference are as follows:

Principal Payments on Certificates of Obligation	<u>\$ 1,180,030</u>
Total Governmental Funds to Arrive at Changes in Net Position- Governmental Activities	<u><u>\$ 1,180,030</u></u>

Another element of that reconciliation states that “Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$114,393 difference are as follows:

Increase in Compensated Absences	\$ (10,766)
Decrease in Accrued Interest	17,275
Amortization of Deferred Amount on Refunding	(11,443)
Amortization of Premium on Certificates of Obligation	<u>119,327</u>
Net Adjustment to Decrease Net Changes in Fund Balance- Total Governmental Funds to Arrive at Changes in Net Position- Governmental Activities	<u><u>\$ 114,393</u></u>

III. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are canceled, consequently there are none as of December 31, 2019.

IV. Detailed Notes on All Funds

A. Deposits and Investments

Deposits. The County's funds are required to be deposited and invested under the terms of a depository contract pursuant to Texas State Law. The depository bank deposits for safekeeping and trust with the County's agent bank, approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance. At December 31, 2019, and throughout the year ended December 31, 2019, the County's bank balances were fully covered by federal depository insurance or collateral held by the pledging financial institution's agent in the County's name.

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

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

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

During the year ended December 31, 2019, the County’s only investments were in certificates of deposit with its depository bank. As of December 31, 2019, the County’s investments were as indicated below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Certificates of Deposit - County Funds	\$ 1,338,434	N/A
Certificates of Deposit - Agency Funds	775,275	N/A
Total Investments	<u>\$ 2,113,709</u>	

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

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

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

At December 31, 2019, the County’s only investments were certificates of deposit and was not exposed to credit risk.

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

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

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

The County was not exposed to custodial credit risk.

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

B. Receivables

Receivables at December 31, 2019 for the County's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectibles, are as follows:

	General <u>Fund</u>	Road & Bridge <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Current Property Taxes	\$ 9,379,815	\$ 4,045,014	\$ 1,048,828	\$ 14,473,657
Delinquent Property Taxes	1,324,224	581,219	124,806	2,030,249
Due from Other Governments	-	-	-	-
Accounts	15,171	-	-	15,171
	<hr/>	<hr/>	<hr/>	<hr/>
Total Gross Receivables	\$ 10,719,210	\$ 4,626,233	\$ 1,173,634	\$ 16,519,077
Less: Allowance for Uncollectible Taxes	(921,379)	(399,444)	(98,379)	(1,419,202)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$ 9,797,831</u>	<u>\$ 4,226,789</u>	<u>\$ 1,075,255</u>	<u>\$ 15,099,875</u>

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

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

	General <u>Fund</u>	Road & Bridge <u>Fund</u>	Airport <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
<u>Deferred Revenue</u>					
Advance Tax Collections	\$ 4,153,421	\$ 1,838,885	\$ -	\$ 487,061	\$ 6,479,367
Seized Funds	-	-	-	23,130	23,130
Grant Funds	-	-	-	15,830	15,830
Deposits	-	-	4,915	-	4,915
Total Unearned Revenue	<u>\$ 4,153,421</u>	<u>\$ 1,838,885</u>	<u>\$ 4,915</u>	<u>\$ 526,021</u>	<u>\$ 6,523,242</u>
<u>Unearned Deferred Revenue:</u>					
Current Property Taxes Receivable	\$ 9,379,815	\$ 4,045,014	\$ -	\$ 1,048,828	\$ 14,473,657
Less: Allowance for Uncollectible Taxes	<u>(656,897)</u>	<u>(283,151)</u>	<u>-</u>	<u>(73,418)</u>	<u>(1,013,466)</u>
Net Current Property Taxes Receivable	<u>\$ 8,722,918</u>	<u>\$ 3,761,863</u>	<u>\$ -</u>	<u>\$ 975,410</u>	<u>\$ 13,460,191</u>

C. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2019, was as follows:

	Balance January 1, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2019</u>
Capital Assets Not Being Depreciated:				
Land	\$ 1,032,025	\$ -	\$ -	\$ 1,032,025
Construction in Progress	154,346	-	154,346	-
Total Capital Assets Not Being Depreciated	<u>\$ 1,186,371</u>	<u>\$ -</u>	<u>\$ 154,346</u>	<u>\$ 1,032,025</u>
Capital Assets Being Depreciated:				
Buildings	\$ 27,205,525	\$ 50,544	\$ -	\$ 27,256,069
Machinery & Equipment	14,812,071	2,023,545	1,361,435	15,474,181
Infrastructure	3,978,922	1,196,823	-	5,175,745
Total Capital Assets Being Depreciated	<u>\$ 45,996,518</u>	<u>\$ 3,270,912</u>	<u>\$ 1,361,435</u>	<u>\$ 47,905,995</u>
Less Accumulated Depreciation for:				
Buildings	\$ 8,417,497	\$ 963,046	\$ -	\$ 9,380,543
Machinery & Equipment	11,109,893	932,683	1,327,104	10,715,472
Infrastructure	2,783,791	101,908	-	2,885,699
Total Accumulated Depreciation	<u>\$ 22,311,181</u>	<u>\$ 1,997,637</u>	<u>\$ 1,327,104</u>	<u>\$ 22,981,714</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 23,685,337</u>	<u>\$ 1,273,275</u>	<u>\$ 34,331</u>	<u>\$ 24,924,281</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,871,708</u>	<u>\$ 1,273,275</u>	<u>\$ 188,677</u>	<u>\$ 25,956,306</u>

Depreciation expense was charged to Functions/Programs as follows:

General Government	\$ 16,993
Judicial	28,974
Legal	1,982
Elections	2,332
Public Facilities	15,301
Public Transportation	1,612,886
Public Safety	312,912
Health and Welfare	1,814
Culture and Recreation	2,009
Conservation	<u>2,434</u>
Total Depreciation Expense	<u>\$ 1,997,637</u>

D. Pension Plan

Plan Description

The County provides retirement benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). The Board of Trustees is responsible for the administration of the statewide agent multi-employer public employee retirement system. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The most recent CAFR is available at <https://www.tcdrs.org/TCDRS%20Publications/2018CAFR.pdf>.

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

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

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions

Employees for the County were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the County were 8.97% and 9.08% in calendar 2018 and 2019, respectively. The County's contributions to TCDRS for the year ended December 31, 2019 were \$1,018,925 and were equal to the required contributions.

Changes in Net Pension Liability

At December 31, 2018 the County reported a net pension liability of \$11,262,991. The changes in net pension liability (asset) were as follows:

	Total Pension <u>Liability</u> (a)	Increase (Decrease) Plan Fiduciary <u>Net Position</u> (b)	Net Pension <u>Liability</u> (a) - (b)
Balance at 12/31/2017	\$ 52,489,224	\$ 46,534,053	5,955,171
Changes for the year:			
Service Cost	1,334,088	-	1,334,088
Interest	4,257,598	-	4,257,598
Change in benefit terms	-	-	-
Diff between expected/actual experience	540,491		540,491
Changes of assumptions	-	-	-
Contributions - employer	-	986,284	(986,284)
Contributions - employee	-	769,670	(769,670)
Net investment income	-	(876,021)	876,021
Benefit payments, including refunds of employee contributions	(2,570,801)	(2,570,801)	-
Administrative expenses	-	(35,974)	35,974
Other charges	-	(19,602)	19,602
Net changes	<u>3,561,376</u>	<u>(1,746,444)</u>	<u>5,307,820</u>
Balance at 12/31/2018	<u>\$ 56,050,600</u>	<u>\$ 44,787,609</u>	<u>\$ 11,262,991</u>

Long-Term Expected Rate of Return

The long term rate of return on pension plan investments is 8.1%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown below are based on January 2019 information for a 10-year time horizon.

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

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
U.S. Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	10.00%	5.40%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	2.00%	7.20%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

⁽¹⁾ Target asset allocation adopted at the April 2019 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 capital market assumptions.

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate Sensitivity Analysis.

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

	1% Decrease	Current Discount Rate	1% Increase
	(7.1%)	(8.1%)	(9.1%)
Net pension liability / (asset)	\$18,167,985	\$11,262,991	\$5,458,012

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

For the year ended December 31, 2018 the County recognized pension expenses in the amount of \$2,131,930.

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

Deferred Inflows/Outflows of Resources	Deferred Inflows Of Resources	Deferred Outflows Of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 627,307	\$ 405,368
Changes in actuarial assumptions	82,017	-
Differences between projected and actual investment earnings (net of current year amortization)	-	2,749,234
Contributions made subsequent to measurement date	-	1,018,925
Total	\$ 2,339,245	\$4,173,526

\$1,018,925 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be expense as follows:

Year ended December 31:	
2019	\$ 765,021
2020	244,157
2021	513,958
2022	922,142
2023	-
Thereafter	-

E. Post-retirement Healthcare Benefits

Plan Description

In addition to the pension benefits described in Note IV (D) above, the County provides post-retirement healthcare benefits, in accordance with County policy, to all employees hired prior to September 1, 2012 and retired on or before December 31, 2019. Employees must have eight (8) or more years of service and elect to begin receiving their annuity pension from TCDRS. Coverage terminates for both the employee and their covered dependents at age 65, when eligible for Medicare, or when covered by another group health insurance plan. Benefit provisions are established by the Commissioners' Court.

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

The retiree premium was \$599 per month for 2019.

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

Plan Membership

At the December 31, 2019 valuation date, the following employees were covered by the benefit terms:

	<u>12/31/2019</u>
Inactive employees currently receiving benefits:	5
Active employees	-
	<u>5</u>

Funding Policy

The County is funding the plan on a “pay as you go” basis. During the year ended December 31, 2019, expenses of \$38,907, net of premiums received from retirees, were recognized for post-retirement healthcare.

Total OPEB Liability

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

	Increase (Decrease) Total OPEB <u>Liability</u> (a)
Balance at 12/31/2018	\$ 2,041,309
Changes for the year:	
Service Cost	75,750
Interest	86,002
Change in benefit terms	(1,840,404)
Diff between expected/actual experience	(139,345)
Changes of assumptions	(20,061)
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(38,907)
Administrative expenses	-
Other charges	-
Net changes	<u>(1,876,965)</u>
Balance at 12/31/2019	<u>\$ 164,344</u>

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

The following presents the total OPEB liability of the County, calculated using the discount rate of 2.74%, as well as what the County’s total OPEB liability would have been if it were calculated using a discount rate that is 1 percentage point lower 1.74% or 1 percentage point higher 3.74% than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	(1.74%)	(2.74%)	(3.74%)
Net OPEB liability	\$160,412	\$164,344	\$168,455

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the County recognized OPEB expense in the amount of (\$1,838,058.)

Total OPEB Expense	FY2019
Service Cost	75,750
Interest	86,002
Change in benefit terms	(1,840,404)
Diff between expected/actual experience	(139,345)
Changes of assumptions	(20,061)
Administrative expenses	-
Other charges	-
Total OPEB Expense	\$ (1,838,058)

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 20,061
Changes in assumptions	139,345
Total	\$159,406

Actuarial Valuation Information

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

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

In the latest actuarial valuation, as of December 31, 2019, the projected unit cost method was used. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. If experience is in accordance with the assumptions used, ARC will increase at approximately the same rate as active member payroll, and the ARC as a percentage of payroll will remain basically level on a year-to-year basis. The actuarial assumptions include a 4% discount rate (1.00% real rate of return plus 3.00% inflation) and an annual healthcare cost trend of 7.50% initially, reduced by decrements to an ultimate rate of 5%. The investment rate of return was assumed to be 0%, because the plan has no assets. There are no planned post-retirement benefit increases. The remaining amortization period on an open basis at January 1, 2014, was 30 years.

F. Risk Management

Rusk County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the County carries commercial insurance. There have been no significant reductions in insurance coverages during the year ended December 31, 2019. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three (3) years.

Rusk County is a member of the Texas Association of Counties (TAC) Risk Management Pool, a public entity risk pool participating in Public Official and Law Enforcement Liability coverages. The pool is authorized by Chapter 119, Local Government Code, and provides coverage through an interlocal agreement (The Interlocal Cooperation Act - Chapter 791, Texas Government Code). The interlocal agreement provides that the TAC pool will be self-sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$500,000 for each insured event. Premiums paid to the pool during 2019 have been reported as expenditures in the general fund and special revenue funds.

During the year ended December 31, 2019, employees of the County were covered by a fully insured health insurance plan (the Plan). The County contributed \$925 per month per employee to the Plan, and employees, at their option, authorized payroll withholding to pay contributions for their

dependents. All contributions were paid to an internal service fund maintained by the County. The internal service fund paid premiums to the Texas Association of Counties to provide for health insurance coverage for employees, dependents, and retirees.

G. Leases

Operating Leases. Rusk County is obligated under certain leases for equipment accounted for as operating leases. General revenues of the General Fund will be used to pay these leases. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one (1) year as of December 31, 2019.

<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2020	3,718
2021	1,666
Total minimum lease payments	<u>\$ 5,384</u>

Total cost for these leases for the year ended December 31, 2019 was \$3,718.

H. Long-term debt

Certificates of Obligation

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

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

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	1,160,000	174,200	1,334,200
2021	1,210,000	126,800	1,336,800
2022	1,255,000	77,500	1,332,500
2023	1,310,000	26,200	1,336,200
Total	<u>\$ 4,935,000</u>	<u>\$ 404,700</u>	<u>\$ 5,339,700</u>

The Tax Reform Act of 1986 (“Act”) substantially revised the treatment to be afforded to earnings on the proceeds of tax-exempt debt. The County is required to calculate and remit any rebatable arbitrage earnings attributable to the 2008 certificates of obligation to the Internal Revenue Service. As of December 31, 2019, the County had no arbitrage rebate liability.

Capital Leases

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

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery & Equipment	\$ 297,190
Less: Accumulated Depreciation	(112,702)
Total	<u>\$ 184,488</u>

Depreciation expense on assets under capital lease for the year ended December 31, 2019 was \$42,406.

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

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	66,886	5,082	71,968
2021	68,796	3,172	71,967
2022	37,705	1,207	38,911
Total	<u>\$ 173,387</u>	<u>\$ 9,460</u>	<u>\$ 182,847</u>

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2019</u>	Due Within <u>One Year</u>
2016 Refunding Bonds	\$ 6,050,000	\$ -	\$ 1,115,000	\$ 4,935,000	\$ 1,160,000
Add: Premium on Issuance	497,196	-	119,327	377,869	-
Net Certificates of Obligation	<u>\$ 6,547,196</u>	<u>-</u>	<u>\$ 1,234,327</u>	<u>\$ 5,312,869</u>	<u>\$ 1,160,000</u>
OPEB Liability	2,041,309	-	1,876,965	164,344	-
Net Pension Liability	5,955,171	5,307,820	-	11,262,991	-
Capital Leases	238,417	-	65,030	173,387	66,886
Compensated Absences	<u>121,169</u>	<u>17,024</u>	<u>6,258</u>	<u>131,935</u>	<u>9,838</u>
Total Governmental Activity Long-Term Liabilities	<u>\$ 14,903,262</u>	<u>\$ 5,324,844</u>	<u>\$ 3,182,580</u>	<u>\$ 17,045,526</u>	<u>\$ 1,236,724</u>

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

I. Governmental Fund Balances

Components of nonspendable fund balance and specific purposes for restricted fund balances as of December 31, 2019 are as follows:

	General <u>Fund</u>	<u>Major Special Revenue Funds</u>			<u>Total</u>
		Road & Bridge <u>Fund</u>	Airport <u>Fund</u>	Other <u>Funds</u>	
Nonspendable:					
Prepaid Items	\$ 1,537	\$ 45,199	\$ -	\$ -	\$ 46,736
Permanent Fund Principal	-	-	-	66,751	66,751
Restricted:					
County Roads & Bridges	-	3,372,561	-	-	3,372,561
Airport Property	-	-	2,013,422	-	2,013,422
Law Library	-	-	-	49,545	49,545
County Officials' Offices	-	-	-	823,190	823,190
Indigent Health Care Services	-	-	-	2,339,264	2,339,264
Juvenile Services	-	-	-	16,978	16,978
General Obligation Debt	-	-	-	1,346,807	1,346,807
Cemetery Maintenance	-	-	-	296	296
Unassigned	12,584,517	-	-	-	12,584,517
Total Fund Balances	<u>\$ 12,586,054</u>	<u>\$ 3,417,760</u>	<u>\$ 2,013,422</u>	<u>\$ 4,642,831</u>	<u>\$ 22,660,067</u>

J. Interfund Balances and Activities

1. Transfers to and From Other Funds

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

The purpose of these transfers was to supplement revenue.

2. Due To and From Other Funds

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Law Library Fund	General Fund	\$ 144	Supplement Funds

K. Tax Abatements

As of December 31, 2019, the County did not provide any tax abatements.

L. Contingencies and Commitments

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

M. Subsequent Events

The COVID-19 pandemic sweeping across the country has resulted in mandatory closure of many businesses resulting in layoffs of much of the workforce. The economic effects of those closures are not yet known but could potentially affect collectability of future taxes of the County due to the significant economic impact on unemployment of the County's residents.

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REQUIRED SUPPLEMENTARY INFORMATION

Rusk County, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended December 31, 2019

	Plan Year Ended December 31,				
	2018	2017	2016	2015	2014
Total Pension Liability					
Service cost	\$ 1,334,088	\$ 1,394,187	\$ 1,402,367	\$ 1,299,717	\$ 1,265,726
Interest (on the total pension liability)	4,257,598	4,128,704	3,865,500	3,639,457	3,446,888
Changes of benefit terms	-	-	-	(163,823)	-
Difference between expected and actual experience	540,491	(1,119,324)	(270,583)	671,526	-
Changes of assumptions	-	(164,034)	-	(160,279)	(332,432)
Benefit payments, including refunds of employee contributions	(2,570,801)	(2,604,843)	(2,309,912)	(2,285,289)	(2,252,086)
Net Change in Total Pension Liability	3,561,376	1,634,690	2,687,372	3,001,309	2,128,097
Total Pension Liability - Beginning	52,489,224	50,854,534	48,167,162	45,165,853	43,037,756
Total Pension Liability - Ending (a)	<u>\$ 56,050,600</u>	<u>\$ 52,489,224</u>	<u>\$ 50,854,534</u>	<u>\$ 48,167,162</u>	<u>\$ 45,165,853</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 986,284	\$ 935,394	\$ 990,136	\$ 973,204	\$ 929,203
Contributions - employee	769,670	756,960	754,395	722,961	719,526
Net investment income	(876,021)	6,036,414	2,892,978	256,853	2,562,436
Benefit payments, including refunds of employee contributions	(2,570,801)	(2,604,843)	(2,309,912)	(2,285,289)	(2,252,086)
Administrative expense	(35,974)	(30,947)	(31,484)	(28,253)	(29,640)
Other	(19,602)	(14,922)	2,147	128,486	(112,261)
Net Change in Plan Fiduciary Net Position	(1,746,444)	5,078,056	2,298,260	(232,038)	1,817,178
Plan Fiduciary Net Position - Beginning	46,534,053	41,455,997	39,157,737	39,389,775	37,572,597
Plan Fiduciary Net Position - Ending (b)	<u>\$ 44,787,609</u>	<u>\$ 46,534,053</u>	<u>\$ 41,455,997</u>	<u>\$ 39,157,737</u>	<u>\$ 39,389,775</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 11,262,991</u>	<u>\$ 5,955,171</u>	<u>\$ 9,398,537</u>	<u>\$ 9,009,425</u>	<u>\$ 5,776,077</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.91%	88.65%	81.52%	81.30%	87.21%
Covered Payroll	\$ 10,995,282	\$ 10,813,720	\$ 10,777,075	\$ 10,328,011	\$ 9,927,337
Net Pension Liability as a Percentage of Covered Payroll	102.43%	55.07%	87.21%	87.23%	58.18%

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

Rusk County, Texas
Schedule of Contributions
For the Year Ended December 31, 2019

	Fiscal Year Ended December 31,				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,018,925	\$ 986,311	\$ 935,394	\$ 990,136	\$ 972,899
Contributions in relation to actuarially determined contribution	(1,018,925)	(986,311)	(935,394)	(990,136)	(972,899)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 11,261,108	\$ 10,995,651	\$ 10,813,720	\$ 10,777,075	\$ 10,328,011
Contributions as a percentage of covered payroll	9.08%	8.97%	8.65%	9.19%	9.42%

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

Rusk County, Texas
Notes to the Schedule of Contributions
For the Year Ended December 31, 2019

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.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.5 years
Asset Valuation Method	5-yr smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Other Information:	New mortality assumptions were reflected. Employer contributions reflect that a 50% CPI COLA was adopted. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017.

Rusk County, Texas
 Schedule of Changes in Net Pension Liability and Related Ratios
 For the Year Ended December 31, 2019

	Plan Year Ended December 31,	
	2019	2018
Total OPEB Liability		
Service cost	\$ 75,750	\$ 72,767
Interest (on the total pension liability)	86,002	81,525
Changes of benefit terms	(1,840,404)	-
Difference between expected and actual experience	(139,345)	-
Change of assumptions	(20,061)	-
Benefit payments, including refunds of employee contributions	(38,907)	(57,255)
Net Change in Total OPEB Liability	(1,876,965)	97,037
Total OPEB Liability - Beginning	2,041,309	1,944,272
Total OPEB Liability - Ending (a)	<u>\$ 164,344</u>	<u>\$ 2,041,309</u>
Covered Payroll	n/a	\$ 5,361,111
Net Pension Liability as a Percentage of Covered Payroll	n/a	38.08%

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

Rusk County, Texas
 Schedule of Contributions
 For the Year Ended December 31, 2019

	Fiscal Year Ended December 31,	
	2019	2018
Actuarially determined contribution	\$ 38,907	\$ 57,225
Contributions in relation to actuarially determined contribution	<u>(38,907)</u>	<u>(57,225)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	n/a	\$ 5,361,111
Contributions as a percentage of covered payroll	n/a	1.07%

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

Rusk County, Texas
Notes to the Schedule of Contributions
For the Year Ended December 31, 2019

Valuation Date:	December 31, 2019
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry age
Amortization Method	Individual Entry Age Normal Cost Method - Level Percentage of Projected Salary
Asset Valuation Method	The plan is not prefunded.
Discount Rate	2.74% (-.26% real rate of return plus 3.00% inflation)
Healthcare Cost Trend Rates	5.00%
Eligibility	The earlier of a) age 60 with 8 years of service or b) the sum of age plus service equals 75 with 8 years of service. Must be hired prior to September 1, 2012 and retired on or before December 31, 2019.
Mortality	RPH-2014 Total Table with Projection MP-2019
Other Information:	Dental benefits are provided with the medical plan on the same cost sharing basis.
Change in Plan Provisions:	Plan was amended to limit medical benefits to eligible retirees retiring on or before December 31, 2019.

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

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Governmental Funds

General Fund

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

Special Revenue Funds

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

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

Airport Fund-Revenues and operational expenditures of the Rusk County Airport 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.

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

Debt Service Fund

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

Permanent Funds

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

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

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

Proprietary Funds

Internal Service Fund

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

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

Fiduciary Funds

Agency Funds

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

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

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

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

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

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

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

Rusk County, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	<u>Permanent Funds</u>					Total Nonmajor Governmental Funds
	Special Revenue Funds	Debt Service Fund	Available School Fund	Cemetery Trust Fund	Total Permanent Funds	
<u>Assets</u>						
Cash	\$ 3,276,944	\$ 1,834,368	\$ -	\$ 15,296	\$ 15,296	\$ 5,126,608
Investments	-	-	51,751	-	51,751	51,751
Receivables: (net of allowances for uncollectibles):						
Property Taxes Accounts	-	1,075,255	-	-	-	1,075,255
Due from Other Funds	144	-	-	-	-	144
Total Assets	<u>\$ 3,277,088</u>	<u>\$ 2,909,623</u>	<u>\$ 51,751</u>	<u>\$ 15,296</u>	<u>\$ 67,047</u>	<u>\$ 6,253,758</u>
<u>Liabilities</u>						
Accounts Payable	\$ 9,150	\$ 500	\$ -	\$ -	\$ -	\$ 9,650
Total Liabilities	<u>\$ 9,150</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,650</u>
<u>Deferred Inflows of Resources</u>						
Unavailable Revenue - Advance Tax	\$ -	\$ 487,061	\$ -	\$ -	\$ -	\$ 487,061
Unavailable Revenue - Other	38,960	-	-	-	-	38,960
Unavailable Revenue - Tax Revenue	-	1,075,255	-	-	-	1,075,255
Total Deferred Inflows of Resources	<u>\$ 38,960</u>	<u>\$ 1,562,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,601,276</u>
<u>Fund Balances</u>						
Nonspendable	\$ -	\$ -	\$ 51,751	\$ 15,000	\$ 66,751	\$ 66,751
Restricted	3,228,978	1,346,807	-	296	296	4,576,081
Total Fund Balances	<u>\$ 3,228,978</u>	<u>\$ 1,346,807</u>	<u>\$ 51,751</u>	<u>\$ 15,296</u>	<u>\$ 67,047</u>	<u>\$ 4,642,832</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,277,088</u>	<u>\$ 2,909,623</u>	<u>\$ 51,751</u>	<u>\$ 15,296</u>	<u>\$ 67,047</u>	<u>\$ 6,253,758</u>

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

Rusk County, Texas
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	<u>Permanent Funds</u>					Total Nonmajor Governmental Funds
	Special Revenue Funds	Debt Service Fund	Available School Fund	Cemetery Trust Fund	Total Permanent Funds	
Revenues:						
Ad Valorem Taxes	\$ 275,000	\$ 1,104,623	\$ -	\$ -	\$ -	\$ 1,379,623
Intergovernmental	429,567	-	-	-	-	429,567
Fees	188,103	-	-	-	-	188,103
Fines and Forfeitures	5,994	-	-	-	-	5,994
Miscellaneous	70,433	27,091	1,087	321	1,408	98,932
Total Revenues	\$ 969,097	\$ 1,131,714	\$ 1,087	\$ 321	\$ 1,408	\$ 2,102,219
Expenditures:						
Current:						
General Government	\$ 5,667	\$ -	\$ 1,136	\$ -	\$ 1,136	\$ 6,803
Judicial	73,069	-	-	-	-	73,069
Legal	29,466	-	-	-	-	29,466
Financial Administration	9,416	-	-	-	-	9,416
Public Facilities	1,850	-	-	420	420	2,270
Public Safety	527,598	-	-	-	-	527,598
Health and Welfare	117,342	-	-	-	-	117,342
Nondepartmental	-	47,144	-	-	-	47,144
Debt Service:						
Principal	-	1,115,000	-	-	-	1,115,000
Interest	-	219,700	-	-	-	219,700
Total Expenditures	\$ 764,408	\$ 1,381,844	\$ 1,136	\$ 420	\$ 1,556	\$ 2,147,808
Excess (Deficiency) of Revenues over Expenditures	\$ 204,689	\$ (250,130)	\$ (49)	\$ (99)	\$ (148)	\$ (45,589)
Other Financing Sources (Uses):						
Transfers In	\$ 105,000	\$ -	\$ -	\$ -	\$ -	\$ 105,000
Sale of Capital Assets	12,810	-	-	-	-	12,810
Total Other Financing Sources (Uses)	\$ 117,810	\$ -	\$ -	\$ -	\$ -	\$ 117,810
Net Change in Fund Balances	\$ 322,499	\$ (250,130)	\$ (49)	\$ (99)	\$ (148)	\$ 72,221
Fund Balances - Beginning	2,906,479	1,596,937	51,800	15,395	67,195	4,570,611
Fund Balances - Ending	\$ 3,228,978	\$ 1,346,807	\$ 51,751	\$ 15,296	\$ 67,047	\$ 4,642,832

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

Rusk County, Texas
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019

	<u>Law Library Fund</u>	<u>Rusk County Officials' Fund</u>	<u>Human Services Fund</u>	<u>Juvenile Services Fund</u>	<u>Total</u>
<u>Assets</u>					
Cash	\$ 51,029	\$ 847,715	\$ 2,341,275	\$ 36,925	\$ 3,276,944
Investments	-	-	-	-	-
Due from Other Funds	144	-	-	-	144
Total Assets	<u>\$ 51,173</u>	<u>\$ 847,715</u>	<u>\$ 2,341,275</u>	<u>\$ 36,925</u>	<u>\$ 3,277,088</u>
<u>Liabilities</u>					
Accounts Payable	\$ 1,628	\$ 1,394	\$ 2,011	\$ 4,117	\$ 9,150
Total Liabilities	<u>\$ 1,628</u>	<u>\$ 1,394</u>	<u>\$ 2,011</u>	<u>\$ 4,117</u>	<u>\$ 9,150</u>
<u>Deferred Inflows of Resources</u>					
Unavailable Revenue - Other	\$ -	\$ 23,130	\$ -	\$ 15,830	38,960
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 23,130</u>	<u>\$ -</u>	<u>\$ 15,830</u>	<u>38,960</u>
<u>Fund Balances</u>					
Restricted	\$ 49,545	\$ 823,191	\$ 2,339,264	\$ 16,978	\$ 3,228,978
Total Fund Balances	<u>\$ 49,545</u>	<u>\$ 823,191</u>	<u>\$ 2,339,264</u>	<u>\$ 16,978</u>	<u>\$ 3,228,978</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 51,173</u>	<u>\$ 847,715</u>	<u>\$ 2,341,275</u>	<u>\$ 36,925</u>	<u>\$ 3,277,088</u>

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

Rusk County, Texas
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2019

	Law Library Fund	Rusk County Officials' Fund	Human Services Fund	Juvenile Services Fund	Water Supply Grant Fund	Totals
Revenues:						
Ad Valorem Taxes	\$ -	\$ -	\$ 275,000	\$ -	\$ -	\$ 275,000
Intergovernmental	-	9,422	-	418,295	1,850	429,567
Fees	28,171	158,038	-	1,894	-	188,103
Fines and Forfeitures	-	5,994	-	-	-	5,994
Miscellaneous	932	18,569	49,264	1,668	-	70,433
Total Revenues	\$ 29,103	\$ 192,023	\$ 324,264	\$ 421,857	\$ 1,850	\$ 969,097
Expenditures:						
Current:						
General Government	\$ -	\$ 5,667	\$ -	\$ -	\$ -	\$ 5,667
Judicial	-	73,069	-	-	-	73,069
Legal	21,573	7,893	-	-	-	29,466
Financial Administration	-	9,416	-	-	-	9,416
Public Facilities	-	-	-	-	1,850	1,850
Public Safety	-	11,299	-	516,299	-	527,598
Health and Welfare	-	-	117,342	-	-	117,342
Total Expenditures	\$ 21,573	\$ 107,344	\$ 117,342	\$ 516,299	\$ 1,850	\$ 764,408
Excess (Deficiency) of Revenues over Expenditures	\$ 7,530	\$ 84,679	\$ 206,922	\$ (94,442)	\$ -	\$ 204,689
Other Financing Sources (Uses):						
Transfers In	\$ -	\$ -	\$ -	\$ 105,000	\$ -	\$ 105,000
Sale of Capital Assets	-	12,810	-	-	-	12,810
Total Other Financing Sources (Uses)	\$ -	\$ 12,810	\$ -	\$ 105,000	\$ -	\$ 117,810
Net Change in Fund Balances	\$ 7,530	\$ 97,489	\$ 206,922	\$ 10,558	\$ -	\$ 322,499
Fund Balances - Beginning	42,014	725,702	2,132,342	6,421	-	2,906,479
Fund Balances - Ending	\$ 49,544	\$ 823,191	\$ 2,339,264	\$ 16,979	\$ -	\$ 3,228,978

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

Rusk County, Texas
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (Budgetary Basis) and Actual
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad Valorem Taxes:				
Current Taxes	\$ 12,989,748	\$ 12,989,748	\$ 12,376,691	\$ (613,057)
Delinquent Taxes	250,000	336,206	360,798	24,592
Interest and Penalty	200,000	200,000	279,418	79,418
Other Taxes:				
Liquor Drink Tax	10,500	10,500	11,313	813
Intergovernmental	139,960	144,081	116,653	(27,428)
Fees	1,514,202	1,514,202	1,665,051	150,849
Fines and Forfeitures	420,000	420,000	511,458	91,458
Miscellaneous:				
Interest	160,000	160,000	437,606	277,606
Other	174,200	208,780	359,651	150,871
Total Revenues	\$ 15,858,610	\$ 15,983,517	\$ 16,118,639	\$ 135,122
Expenditures:				
Current:				
General Government:				
County Judge	\$ 278,557	\$ 280,557	\$ 231,893	\$ 48,664
Commissioners' Court	333,903	333,903	329,860	4,043
County Clerk	693,804	693,804	589,844	103,960
Veterans' Service	99,185	96,755	85,942	10,813
Emergency Management	24,454	24,954	13,336	11,618
Information Technology	133,824	139,824	136,124	3,700
Judicial:				
County Court-at-Law	339,934	340,784	315,097	25,687
District Court	226,070	228,070	211,951	16,119
Justice of the Peace Court	87,700	82,300	72,377	9,923
District Clerk	584,421	584,421	576,583	7,838
Justices of the Peace	734,687	734,687	710,592	24,095
All Courts	939,825	939,825	672,556	267,269
Legal:				
District Attorney	692,722	692,522	596,714	95,808
Elections	267,890	269,890	216,243	53,647
Financial Administration:				
County Auditor	255,173	255,173	247,380	7,793
County Treasurer	197,257	195,832	190,686	5,146
Tax Assessor-Collector	1,608,416	1,633,851	1,512,141	121,710
Public Facilities:				
Maintenance	580,623	605,923	525,330	80,593
Public Safety:				
Jail	2,412,883	2,417,883	2,355,606	62,277
Constables	309,411	309,411	301,951	7,460
Sheriff	3,262,669	3,226,469	3,098,536	127,933

Rusk County, Texas
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (Budgetary Basis) and Actual
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Juvenile Board	62,639	62,639	61,880	759
Highway Patrol	111,461	111,461	106,770	4,691
Health and Welfare:				
County Health	106,615	106,615	96,282	10,333
Public Health	52,248	52,248	3,018	49,230
County Welfare	7,438	7,438	4,615	2,823
Ambulance and Sanitation	335,898	331,263	296,818	34,445
Mental Health	18,000	18,000	467	17,533
Juvenile Room and Board	42,000	42,000	37,144	4,856
Culture and Recreation:				
Library Complex	1,047,870	1,046,036	1,002,775	43,261
Depot/Children's Discovery Center	204,923	205,923	188,680	17,243
Conservation:				
Agriculture and Home Demo	181,164	189,281	188,415	866
Nondepartmental	911,700	976,684	942,030	34,654
Capital Outlay:				
General Government:				
County Judge	2,000	-	-	-
County Clerk	10,000	10,000	-	10,000
Veterans' Service	29,000	31,430	31,430	-
Emergency Management	13,500	13,000	-	13,000
Information Technology	6,000	-	-	-
Judicial:				
County Court-at-Law	1,500	650	-	650
District Court	2,000	-	-	-
District Clerk	10,000	10,000	-	10,000
Legal:				
District Attorney	10,000	10,200	10,171	29
Elections	197,000	480,348	464,823	15,525
Financial Administration:				
County Auditor	6,000	6,000	-	6,000
County Treasurer	-	1,425	1,425	-
Tax Assessor-Collector	2,500	3,908	3,908	-
Public Facilities:				
Maintenance	43,250	17,950	4,800	13,150
Public Safety:				
Jail	20,000	36,222	34,721	1,501
Sheriff	130,000	178,886	178,669	217
Highway Patrol	-	-	-	-
Health and Welfare:				
County Welfare	-	-	-	-
Ambulance and Sanitation	10,000	14,635	-	14,635
Culture and Recreation:				
Library Complex	12,000	47,080	47,080	-
Depot/Children's Discovery Center	7,000	6,000	5,245	755

Rusk County, Texas
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (Budgetary Basis) and Actual
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Conservation:				
Agriculture and Home Demo	1,200	-	-	-
Nondepartmental	400,000	100,504	-	100,504
Total Expenditures	\$ 18,058,314	\$ 18,204,664	\$ 16,701,908	\$ 1,502,756
Excess (Deficiency) of Revenues over Expenditures	\$ (2,199,704)	\$ (2,221,147)	\$ (583,269)	\$ 1,637,878
Other Financing Sources (Uses):				
Transfers in	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Transfers out	(105,000)	(105,000)	(105,000)	-
Sale of Capital Assets	-	33,835	33,835	-
Total Other Financing Sources (Uses)	\$ (90,000)	\$ (56,165)	\$ (56,165)	\$ -
Net Change in Fund Balances	\$ (2,289,704)	\$ (2,277,312)	\$ (639,434)	\$ 1,637,878
Fund Balances - Beginning	13,225,489	13,225,489	13,225,489	-
Fund Balances - Ending	\$ 10,935,785	\$ 10,948,177	\$ 12,586,055	\$ 1,637,878

Reconciliation of Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Budgetary Basis) and Actual - General Fund to the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Total Revenue - Exhibit C-1	\$ 16,118,639
Intergovernmental Revenue - Airport Grant	<u>1,077,141</u>
Total Revenues - Exhibit #4 (page 33)	<u>\$ 17,195,780</u>
Total Expenditures - Exhibit C-1	\$ 16,701,908
Capital Outlay	<u>1,077,141</u>
Total Expenditures - Exhibit #4 (page 33)	<u>\$ 17,779,049</u>

Rusk County, Texas
Road and Bridge Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad Valorem Taxes:				
Current Taxes	\$ 5,515,409	\$ 5,515,409	\$ 5,464,027	\$ (51,382)
Delinquent Taxes	105,000	240,317	161,436	(78,881)
Interest and Penalty	80,000	80,000	125,018	45,018
Intergovernmental	-	-	-	-
Fees	890,000	890,000	911,446	21,446
Fines and Forfeitures	200,000	200,000	50,808	(149,192)
Miscellaneous:				
Interest	60,000	60,000	352,355	292,355
Other	800	800	1,534	734
Total Revenues	<u>\$ 6,851,209</u>	<u>\$ 6,986,526</u>	<u>\$ 7,066,624</u>	<u>\$ 80,098</u>
Expenditures:				
Current:				
Public Transportation:				
Precinct #1	\$ 1,239,170	\$ 1,399,170	\$ 1,297,883	\$ 101,287
Precinct #2	1,188,487	1,275,786	1,106,445	169,341
Precinct #3	1,896,436	1,913,106	1,694,925	218,181
Precinct #4	1,691,707	1,741,707	1,617,832	123,875
Weight & License	78,192	78,192	71,956	6,236
Nondepartmental	180,954	316,271	316,271	-
Capital Outlay:				
Public Transportation:				
Precinct #1	330,882	241,548	169,438	72,110
Precinct #2	646,303	573,792	272,279	301,513
Precinct #3	970,372	960,950	332,899	628,051
Precinct #4	1,006,340	991,623	449,149	542,474
Weight & License	30,600	30,600	-	30,600
Debt Service:				
Principal	65,030	65,030	65,030	-
Interest	6,937	6,937	6,937	-
Total Expenditures	<u>\$ 9,331,410</u>	<u>\$ 9,594,712</u>	<u>\$ 7,401,044</u>	<u>\$ 2,193,668</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (2,480,201)</u>	<u>\$ (2,608,186)</u>	<u>\$ (334,420)</u>	<u>\$ 2,273,766</u>
Other Financing Sources (Uses):				
Transfers Out	\$ (15,000)	\$ (15,000)	\$ (15,000)	-
Sale of Capital Assets	-	127,684	127,684	-
Total Other Financing Sources (Uses)	<u>\$ (15,000)</u>	<u>\$ 112,684</u>	<u>\$ 112,684</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ (2,495,201)</u>	<u>\$ (2,495,502)</u>	<u>\$ (221,736)</u>	<u>\$ 2,273,766</u>
Fund Balances - Beginning	<u>3,639,496</u>	<u>3,639,496</u>	<u>3,639,496</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,144,295</u>	<u>\$ 1,143,994</u>	<u>\$ 3,417,760</u>	<u>\$ 2,273,766</u>

Rusk County, Texas
 Law Library Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fees	\$ 30,000	\$ 30,000	\$ 28,171	\$ (1,829)
Miscellaneous:				
Interest	200	200	933	733
Total Revenues	<u>\$ 30,200</u>	<u>\$ 30,200</u>	<u>\$ 29,104</u>	<u>\$ (1,096)</u>
Expenditures:				
Current:				
Legal:				
District Attorney	\$ 30,000	\$ 30,000	\$ 21,573	\$ 8,427
Total Expenditures	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 21,573</u>	<u>\$ 8,427</u>
Net Change in Fund Balances	\$ 200	\$ 200	\$ 7,531	\$ 7,331
Fund Balances - Beginning	<u>42,014</u>	<u>42,014</u>	<u>42,014</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 42,214</u></u>	<u><u>\$ 42,214</u></u>	<u><u>\$ 49,545</u></u>	<u><u>\$ 7,331</u></u>

Rusk County, Texas
Rusk County Officials' Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 9,350	\$ 9,350	\$ 9,422	\$ 72
Fees	115,306	128,116	158,038	29,922
Fines and Forfeitures	5,000	5,000	5,994	994
Miscellaneous:				
Other	12,000	12,000	31,379	19,379
Total Revenues	<u>\$ 141,656</u>	<u>\$ 154,466</u>	<u>\$ 204,833</u>	<u>\$ 50,367</u>
Expenditures:				
Current:				
General Government:				
County Clerk	\$ 138,200	\$ 138,200	\$ 5,667	\$ 132,533
Judicial:				
District Clerk	15,600	15,600	-	15,600
Justices of the Peace	30,000	39,000	32,878	6,122
All courts	37,000	43,564	40,191	3,373
Legal:				
District Attorney	13,426	13,726	7,893	5,833
Financial Administration:				
Tax Assessor-Collector	4,500	9,416	9,416	-
Public Safety:				
Constables	3,500	3,950	1,594	2,356
Sheriff	21,869	33,972	9,706	24,266
Total Expenditures	<u>\$ 264,095</u>	<u>\$ 297,428</u>	<u>\$ 107,345</u>	<u>\$ 190,083</u>
Net Change in Fund Balances	\$ (122,439)	\$ (142,962)	\$ 97,488	\$ 240,450
Fund Balances - Beginning	<u>725,702</u>	<u>725,702</u>	<u>725,702</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 603,263</u></u>	<u><u>\$ 582,740</u></u>	<u><u>\$ 823,190</u></u>	<u><u>\$ 240,450</u></u>

Rusk County, Texas
Human Services Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad Valorem Taxes				
Current Taxes	\$ 100,000	\$ 100,000	\$ 275,000	\$ 175,000
Miscellaneous:				
Interest	50,000	50,000	49,264	(736)
Total Revenues	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 324,264</u>	<u>\$ 174,264</u>
Expenditures:				
Current:				
Health and Welfare:				
County Welfare	\$ 427,209	\$ 427,209	\$ 117,342	\$ 309,867
Total Expenditures	<u>\$ 427,209</u>	<u>\$ 427,209</u>	<u>\$ 117,342</u>	<u>\$ 309,867</u>
Net Change in Fund Balances	\$ (277,209)	\$ (277,209)	\$ 206,922	\$ 484,131
Fund Balances - Beginning	<u>2,132,342</u>	<u>2,132,342</u>	<u>2,132,342</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,855,133</u>	<u>\$ 1,855,133</u>	<u>\$ 2,339,264</u>	<u>\$ 484,131</u>

Rusk County, Texas
 Airport Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 48,503	\$ 48,503
Fees	260,000	260,000	251,258	(8,742)
Miscellaneous:				
Interest	18,000	18,000	47,294	29,294
Donations	-	-	4,592	4,592
Oil & Gas Royalties	400,000	400,000	343,050	(56,950)
Total Revenues	<u>\$ 678,000</u>	<u>\$ 678,000</u>	<u>\$ 694,697</u>	<u>\$ 16,697</u>
Expenditures:				
Current:				
Public Transportation:				
Airport	\$ 695,158	\$ 794,558	\$ 606,142	\$ 188,416
Capital Outlay:				
Public Transportation:				
Airport	360,000	797,339	524,039	273,300
Total Expenditures	<u>\$ 1,055,158</u>	<u>\$ 1,591,897</u>	<u>\$ 1,130,181</u>	<u>\$ 461,716</u>
Revenues Over (Under) Expenditures	(377,158)	(913,897)	(435,484)	(445,019)
Other Financing Sources (Uses):				
Sale of Capital Assets	-	11,397	11,397	
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 11,397</u>	<u>\$ 11,397</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ (377,158)	\$ (902,500)	\$ (424,087)	\$ (445,019)
Fund Balances - Beginning	<u>2,437,509</u>	<u>2,437,509</u>	<u>2,437,509</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 2,060,351</u>	<u>\$ 1,535,009</u>	<u>\$ 2,013,422</u>	<u>\$ (445,019)</u>

Rusk County, Texas
 Juvenile Services Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 377,343	\$ 377,343	\$ 418,295	\$ 40,952
Fees	1,100	1,100	1,894	794
Miscellaneous:				
Interest	400	400	1,668	1,268
Total Revenues	<u>\$ 378,843</u>	<u>\$ 378,843</u>	<u>\$ 421,857</u>	<u>\$ 43,014</u>
Expenditures:				
Current:				
Public Safety:				
Juvenile Services	\$ 483,543	\$ 491,429	\$ 516,299	\$ (24,870)
Total Expenditures	<u>\$ 483,543</u>	<u>\$ 491,429</u>	<u>\$ 516,299</u>	<u>\$ (24,870)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (104,700)</u>	<u>\$ (112,586)</u>	<u>\$ (94,442)</u>	<u>\$ 18,144</u>
Other Financing Sources (Uses):				
Transfers in	\$ 105,000	\$ 105,000	\$ 105,000	\$ -
Total Other Financing Sources (Uses)	<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ -</u>
Net Change in Fund Balances	\$ 300	\$ (7,586)	\$ 10,558	\$ 18,144
Fund Balances - Beginning	6,421	6,421	6,421	-
Fund Balances - Ending	<u><u>\$ 6,721</u></u>	<u><u>\$ (1,165)</u></u>	<u><u>\$ 16,979</u></u>	<u><u>\$ 18,144</u></u>

Rusk County, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad Valorem Taxes:				
Current Taxes	\$ 1,020,343	\$ 1,020,343	\$ 1,038,773	\$ 18,430
Delinquent Taxes	25,000	72,143	36,450	(35,693)
Interest and Penalty	20,000	20,000	29,400	9,400
Miscellaneous				
Interest	10,000	10,000	27,091	17,091
Total Revenues	<u>\$ 1,075,343</u>	<u>\$ 1,122,486</u>	<u>\$ 1,131,714</u>	<u>\$ 9,228</u>
Expenditures:				
Debt Service:				
Principal	\$ 1,115,000	\$ 1,115,000	\$ 1,115,000	\$ -
Interest and Fees	222,700	222,700	219,700	3,000
Other Fees	-	47,143	47,143	-
Total Expenditures	<u>\$ 1,337,700</u>	<u>\$ 1,384,843</u>	<u>\$ 1,381,843</u>	<u>\$ 3,000</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (262,357)	\$ (262,357)	\$ (250,129)	\$ 12,228
Fund Balances - Beginning	<u>1,596,937</u>	<u>1,596,937</u>	<u>1,596,937</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 1,334,580</u></u>	<u><u>\$ 1,334,580</u></u>	<u><u>\$ 1,346,808</u></u>	<u><u>\$ 12,228</u></u>

Rusk County, Texas
 Water Supply Grant Fund
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balances - Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 2019

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

Rusk County, Texas
Agency Funds
Combining Statement of Assets and Liabilities
December 31, 2019

	Tax Assessor- Collector <u>Fund</u>	County Clerk <u>Fund</u>	District Clerk <u>Fund</u>	Sheriff <u>Fund</u>	Justices of the Peace <u>Fund</u>	Library System <u>Fund</u>	Adult Probation <u>Fund</u>	Juvenile Probation <u>Fund</u>	<u>Totals</u>
<u>Assets</u>									
Cash	\$ 7,410,210	\$ 265,802	\$ 1,841,809	\$ 218,619	\$ -	\$ -	\$ 196,046	\$ -	\$ 9,932,486
Investments	-	311,242	464,033	-	-	-	-	-	775,275
Total Assets	<u>\$ 7,410,210</u>	<u>\$ 577,044</u>	<u>\$ 2,305,842</u>	<u>\$ 218,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,046</u>	<u>\$ -</u>	<u>\$ 10,707,761</u>
<u>Liabilities</u>									
Due to Other Governments	\$ 7,410,210	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,046	\$ -	\$ 7,606,256
Court Ordered Deposits	-	265,802	472,213	41,487	-	-	-	-	779,502
Inmate Trust Funds	-	-	-	177,132	-	-	-	-	177,132
Court Ordered Trust Funds	-	311,242	1,833,629	-	-	-	-	-	2,144,871
Total Liabilities	<u>\$ 7,410,210</u>	<u>\$ 577,044</u>	<u>\$ 2,305,842</u>	<u>\$ 218,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,046</u>	<u>\$ -</u>	<u>\$ 10,707,761</u>

The accompanying notes are an integral part of this statement.

Rusk County, Texas
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2019

	Balance January 1, 2019	<u>Additions</u>	<u>Deductions</u>	Balance December 31, 2019
<i><u>Tax Assessor-Collector Fund:</u></i>				
<u>Assets</u>				
Cash	\$ 7,293,407	\$ 86,945,247	\$ 86,828,444	\$ 7,410,210
Total Assets	<u>\$ 7,293,407</u>	<u>\$ 86,945,247</u>	<u>\$ 86,828,444</u>	<u>\$ 7,410,210</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 7,293,407	\$ 86,945,247	\$ 86,828,444	\$ 7,410,210
Total Liabilities	<u>\$ 7,293,407</u>	<u>\$ 86,945,247</u>	<u>\$ 86,828,444</u>	<u>\$ 7,410,210</u>
<i><u>County Clerk Fund:</u></i>				
<u>Assets</u>				
Cash	\$ 271,046	\$ 689,177	\$ 694,421	\$ 265,802
Investments	314,090	4,345	7,193	311,242
Total Assets	<u>\$ 582,136</u>	<u>\$ 693,522</u>	<u>\$ 701,614</u>	<u>\$ 577,044</u>
<u>Liabilities</u>				
Court Ordered Deposits	\$ 271,046	\$ 689,177	\$ 694,421	\$ 265,802
Court Ordered Trust Funds	314,090	4,345	7,193	311,242
Total Liabilities	<u>\$ 582,136</u>	<u>\$ 693,522</u>	<u>\$ 701,614</u>	<u>\$ 577,044</u>
<i><u>District Clerk Fund:</u></i>				
<u>Assets</u>				
Cash	\$ 1,823,883	\$ 947,804	\$ 929,878	\$ 1,841,809
Investments	515,354	46,024	97,345	464,033
Total Assets	<u>\$ 2,339,237</u>	<u>\$ 993,828</u>	<u>\$ 1,027,223</u>	<u>\$ 2,305,842</u>
<u>Liabilities</u>				
Court Ordered Deposits	\$ 477,178	\$ 491,043	\$ 496,008	\$ 472,213
Court Ordered Trust Funds	1,862,059	502,785	531,214	1,833,629
Total Liabilities	<u>\$ 2,339,237</u>	<u>\$ 993,828</u>	<u>\$ 1,027,222</u>	<u>\$ 2,305,842</u>

The accompanying notes are an integral part of this statement.

Rusk County, Texas
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2019

	Balance January 1, 2019	<u>Additions</u>	<u>Deductions</u>	Balance December 31, 2019
<i>Sheriff Fund:</i>				
<u>Assets</u>				
Cash	\$ 207,955	\$ 504,109	\$ 493,445	\$ 218,619
Total Assets	<u>\$ 207,955</u>	<u>\$ 504,109</u>	<u>\$ 493,445</u>	<u>\$ 218,619</u>
<u>Liabilities</u>				
Court Ordered Deposits	\$ 52,052	\$ 107,662	\$ 118,227	\$ 41,487
Inmate Trust Funds	155,903	396,447	375,218	177,132
Total Liabilities	<u>\$ 207,955</u>	<u>\$ 504,109</u>	<u>\$ 493,445</u>	<u>\$ 218,619</u>
<i>Justices of the Peace Fund:</i>				
<u>Assets</u>				
Cash	\$ 11,853	\$ 1,108,544	\$ 1,120,397	\$ -
Total Assets	<u>\$ 11,853</u>	<u>\$ 1,108,544</u>	<u>\$ 1,120,397</u>	<u>\$ -</u>
<u>Liabilities</u>				
Court Ordered Deposits	\$ 11,853	\$ 1,108,544	\$ 1,120,397	\$ -
Total Liabilities	<u>\$ 11,853</u>	<u>\$ 1,108,544</u>	<u>\$ 1,120,397</u>	<u>\$ -</u>
<i>Library System:</i>				
<u>Assets</u>				
Cash	\$ 21	\$ 24,459	\$ 24,480	\$ -
Total Assets	<u>\$ 21</u>	<u>\$ 24,459</u>	<u>\$ 24,480</u>	<u>\$ -</u>
<u>Liabilities</u>				
Due to Other Governments	\$ 21	\$ 24,459	\$ 24,480	\$ -
Total Liabilities	<u>\$ 21</u>	<u>\$ 24,459</u>	<u>\$ 24,480</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Rusk County, Texas
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2019

	Balance		Balance	
	January 1, 2019	Additions	Deductions	December 31, 2019
<u>Adult Probation:</u>				
<u>Assets</u>				
Cash	\$ 194,407	\$ 661,682	\$ 660,043	\$ 196,046
Total Assets	\$ 194,407	\$ 661,682	\$ 660,043	\$ 196,046
<u>Liabilities</u>				
Due to Other Governments	\$ 192,768	\$ 610,363	\$ 607,085	\$ 196,046
Court Ordered Deposits	(5)	51,319	51,314	-
Inmate Trust	1,644	-	1,644	-
Total Liabilities	\$ 194,407	\$ 661,682	\$ 660,043	\$ 196,046
<u>Juvenile Probation Fund:</u>				
<u>Assets</u>				
Cash	\$ -	\$ 2,161	\$ 2,161	\$ -
Total Assets	\$ -	\$ 2,161	\$ 2,161	\$ -
<u>Liabilities</u>				
Court Ordered Deposits	\$ -	\$ 2,161	\$ 2,161	\$ -
Total Liabilities	\$ -	\$ 2,161	\$ 2,161	\$ -
<u>Total All Agency Funds:</u>				
<u>Assets</u>				
Cash	\$ 9,799,572	\$ 90,883,183	\$ 90,753,269	\$ 9,932,486
Investments	829,444	50,369	104,538	775,275
Total Assets	\$ 10,629,016	\$ 90,933,552	\$ 90,857,807	\$ 10,707,761
<u>Liabilities</u>				
Due to Other Governments	\$ 7,486,196	\$ 87,580,069	\$ 87,460,009	\$ 7,606,256
Court Ordered Deposits	809,124	2,449,906	2,482,528	779,502
Inmate Trust Funds	157,547	396,447	376,862	177,132
Court Ordered Trust Funds	2,176,149	507,130	538,407	2,144,871
Total Liabilities	\$ 10,629,016	\$ 90,933,552	\$ 90,857,807	\$ 10,707,761

The accompanying notes are an integral part of this statement.

Rusk County, Texas
 Capital Assets Used in the Operation of Governmental Funds
 Comparative Schedules By Source
 December 31, 2019

	2019	2018
Governmental Funds Capital Assets:		
Land	\$ 1,032,025	\$ 1,032,025
Construction in Progress	-	154,346
Buildings	27,256,069	27,205,525
Machinery and Equipment	15,474,181	14,812,070
Infrastructure	5,175,745	3,978,922
	<u>\$ 48,938,020</u>	<u>\$ 47,182,888</u>
Total Governmental Funds Capital Assets		
Investments in Governmental Funds Capital Assets by Source:		
General Revenues	28,837,382	27,082,250
Certificates of Obligation	19,103,202	19,103,202
Capital Leases	301,643	301,643
Donations	673,965	673,965
Drug Seizures	21,828	21,828
	<u>\$ 48,938,020</u>	<u>\$ 47,182,888</u>
	<u>\$ 48,938,020</u>	<u>\$ 47,182,888</u>
Total Governmental Funds Capital Assets		

Rusk County, Texas
 Capital Assets Used in the Operation of Governmental Funds
 Schedule By Function and Activity
 December 31, 2019

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
General Government:					
County Clerk	\$ -	\$ -	\$ 69,911	\$ -	\$ 69,911
District Clerk	-	-	6,100	-	6,100
Veteran's Service	-	-	88,234	-	88,234
Information Technology	-	-	28,389	-	28,389
Emergency Management	-	-	336,797	-	336,797
Total General Government	\$ -	\$ -	\$ 529,431	\$ -	\$ 529,431
Judicial:					
Justices of the Peace	\$ 1,060	\$ 243,927	\$ 12,137	\$ -	\$ 257,124
District Court	-	-	-	-	-
Total Judicial	\$ 1,060	\$ 243,927	\$ 12,137	\$ -	\$ 257,124
Legal:					
District Attorney	\$ -	\$ -	\$ 25,095	\$ -	\$ 25,095
Total District Attorney	\$ -	\$ -	\$ 25,095	\$ -	\$ 25,095
Elections:					
Elections	\$ 16,665	\$ -	\$ 475,925	\$ -	\$ 492,590
Total Elections	\$ 16,665	\$ -	\$ 475,925	\$ -	\$ 492,590
Financial Administration:					
Tax Assessor-Collector	\$ -	\$ 248,887	\$ 5,362	\$ -	\$ 254,249
Treasurer	-	-	5,000	-	5,000
Total Financial Administration	\$ -	\$ 248,887	\$ 10,362	\$ -	\$ 259,249
Public Facilities:					
Courthouse	\$ 191,486	\$ 1,172,370	\$ 368,345	\$ -	\$ 1,732,201
Miscellaneous and Nondepartmental	11,100	-	134,506	-	145,606
Total Public Facilities	\$ 202,586	\$ 1,172,370	\$ 502,851	\$ -	\$ 1,877,807
Public Safety:					
Jail	\$ 225,000	\$ 19,433,216	\$ 72,151	\$ -	\$ 19,730,367
Sheriff	50,000	386,847	1,687,189	-	2,124,036
Courthouse Security	-	-	16,388	-	16,388
Juvenile Probation	-	137,493	56,459	-	193,952
Total Public Safety	\$ 275,000	\$ 19,957,556	\$ 1,832,187	\$ -	\$ 22,064,743
Public Transportation:					
Road & Bridge-Precinct #1	\$ 4,667	\$ -	\$ 2,256,092	\$ 981,240	\$ 3,241,999
Road & Bridge-Precinct #2	6,268	-	2,378,552	1,487,698	3,872,518
Road & Bridge-Precinct #3	8,050	-	2,947,500	1,173,944	4,129,494
Road & Bridge-Precinct #4	17,624	-	3,784,428	336,040	4,138,092
Road & Bridge-Miscellaneous	-	-	31,597	-	31,597
License & Weight	-	-	72,675	-	72,675
Airport	346,420	680,393	429,537	1,196,823	2,653,173
Total Public Transportation	\$ 383,029	\$ 680,393	\$ 11,900,381	\$ 5,175,745	\$ 18,139,548

Rusk County, Texas
 Capital Assets Used in the Operation of Governmental Funds
 Schedule By Function and Activity
 December 31, 2019

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Health and Welfare:					
County Health	\$ -	\$ -	\$ 29,506	\$ -	\$ 29,506
Sanitation	12,165	-	23,572	-	35,737
Total Health and Welfare	\$ 12,165	\$ -	\$ 53,078	\$ -	\$ 65,243
Culture and Recreation:					
Library Complex	\$ 90,580	\$ 990,586	\$ 115,216	\$ -	\$ 1,196,382
Depot/Children's Discovery Center	40,440	173,684	9,450	-	223,574
Community Center	10,500	-	-	-	10,500
Total Culture and Recreation	\$ 141,520	\$ 1,164,270	\$ 124,666	\$ -	\$ 1,430,456
Conservation and Agriculture:					
Agriculture & Home Demo	\$ -	\$ 137,493	\$ 8,068	\$ -	\$ 145,561
Youth Expo Center	-	3,651,173	-	-	3,651,173
Total Conservation and Agriculture	\$ -	\$ 3,788,666	\$ 8,068	\$ -	\$ 3,796,734
Total Governmental Funds Capital Assets	\$ 1,032,025	\$ 27,256,069	\$ 15,474,181	\$ 5,175,745	\$ 48,938,020

Rusk County, Texas
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 For the Year Ended December 31, 2019

<u>Function and Activity</u>	<u>Beginning Balance January 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets December 31, 2019</u>
General Government:				
County Clerk	\$ 69,911	\$ -		\$ 69,911
District Clerk	6,100	-		6,100
Veteran's Service	56,804	31,430		88,234
Information Technology	28,389	-		28,389
Emergency Management	336,797	-		336,797
Total General Government	\$ 498,001	\$ 31,430	\$ -	\$ 529,431
Judicial:				
Justices of the Peace	\$ 257,124	\$ -	\$ -	\$ 257,124
District Court	-	-	-	-
Total Judicial	\$ 257,124	\$ -	\$ -	\$ 257,124
Legal:				
District Attorney	\$ 17,261	\$ 7,834	\$ -	\$ 25,095
Total Legal	\$ 17,261	\$ 7,834	\$ -	\$ 25,095
Elections:				
Elections	\$ 114,267	\$ 464,823	\$ 86,500	\$ 492,590
Total Elections	\$ 114,267	\$ 464,823	\$ 86,500	\$ 492,590
Financial Administration:				
Tax Assessor-Collector	\$ 254,249	\$ -	\$ -	\$ 254,249
Treasurer	5,000	-	-	5,000
Total Financial Administration	\$ 259,249	\$ -	\$ -	\$ 259,249
Public Facilities:				
Courthouse	\$ 1,726,701	\$ 5,500	\$ -	\$ 1,732,201
Miscellaneous and Nondepartmental	145,606	-	-	145,606
Total Public Facilities	\$ 1,872,307	\$ 5,500	\$ -	\$ 1,877,807
Public Safety:				
Jail	\$ 19,730,367	\$ -		\$ 19,730,367
Sheriff	2,015,460	154,704	46,128	2,124,036
Courthouse Security	16,388	-	-	16,388
Juvenile Probation	162,522	31,430	-	193,952
Total Public Safety	\$ 21,924,737	\$ 186,134	\$ 46,128	\$ 22,064,743

Rusk County, Texas
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes By Function and Activity
 For the Year Ended December 31, 2019

<u>Function and Activity</u>	<u>Beginning Balance January 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets December 31, 2019</u>
Public Transportation:				
Road & Bridge-Precinct #1	\$ 3,520,565	\$ 242,574	\$ 521,140	\$ 3,241,999
Road & Bridge-Precinct #2	3,807,617	256,588	191,687	3,872,518
Road & Bridge-Precinct #3	4,125,896	375,503	371,905	4,129,494
Road & Bridge-Precinct #4	3,826,603	429,470	117,981	4,138,092
Road & Bridge-Miscellaneous	31,597	-	-	31,597
License & Weight	72,675	-	-	72,675
Airport	1,542,464	1,110,709	-	2,653,173
Total Public Transportation	\$ 16,927,417	\$ 2,414,845	\$ 1,202,714	\$ 18,139,548
Health and Welfare:				
County Health	\$ 29,506	\$ -	\$ -	\$ 29,506
Sanitation	43,437	-	7,700	35,737
Total Health and Welfare	\$ 72,943	\$ -	\$ 7,700	\$ 65,243
Culture and Recreation:				
Library Complex	\$ 1,202,137	\$ 6,000	\$ 11,756	\$ 1,196,381
Depot/Children's Discovery Center	223,574	-	-	223,574
Community Center	10,500	-	-	10,500
Total Culture and Recreation	\$ 1,436,211	\$ 6,000	\$ 11,756	\$ 1,430,455
Conservation and Agriculture:				
Agriculture & Home Demo	\$ 152,198	\$ -	\$ 6,637	\$ 145,561
Youth Expo Center	3,651,173	-	-	3,651,173
Total Conservation and Agriculture	\$ 3,803,371	\$ -	\$ 6,637	\$ 3,796,734
Total Governmental Funds Capital Assets	\$ 47,182,888	\$ 3,116,566	\$ 1,361,435	\$ 48,938,019

Statistical Section

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

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net Investment in Capital Assets	\$ 20,506,285	\$ 18,133,773	\$ 17,401,492	\$ 14,450,087
Restricted	1,413,854	1,683,418	1,517,928	1,146,193
Unrestricted	16,033,244	12,790,180	15,981,688	19,687,992
 Total	 \$ 37,953,383	 \$ 32,607,371	 \$ 34,901,108	 \$ 35,284,272

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$	12,107,820	\$ 12,116,832	\$ 12,114,324	\$ 11,939,360	\$ 12,149,550	\$ 11,710,141
	1,174,870	961,706	923,225	787,396	207,659	120,834
	20,482,094	22,786,112	21,150,898	19,751,536	18,580,317	17,742,764
\$	33,764,784	\$ 35,864,650	\$ 34,188,447	\$ 32,478,292	\$ 30,937,526	\$ 29,573,739

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Expenses					
General Government	\$ 1,389,236	\$ 1,925,446	\$ 2,802,813	\$ 2,465,572	\$ 2,396,679
Judicial	2,572,480	2,595,988	2,281,266	2,694,105	2,589,015
Legal	599,651	599,587	622,483	609,600	593,937
Elections	213,563	217,943	225,542	266,954	217,098
Financial Administration	1,906,702	2,017,100	1,988,815	1,905,182	1,851,062
Public Facilities	535,180	673,318	678,806	559,044	645,729
Public Safety	6,585,145	6,679,591	8,015,223	7,482,411	6,962,714
Public Transportation	8,320,928	7,398,140	7,431,412	7,246,701	7,954,065
Health and Welfare	554,895	474,859	610,036	579,082	549,584
Culture and Recreation	1,143,551	1,181,155	1,244,740	1,211,220	1,152,304
Conservation	182,576	181,157	194,279	184,975	174,090
Interest on Long-Term Debt	101,478	150,658	179,505	454,537	429,168
Nondepartmental	1,147,305	-	-	-	-
Total Expenses	\$ 25,252,690	\$ 24,094,942	\$ 26,274,920	\$ 25,659,383	\$ 25,515,445
Program Revenues					
Charges for Services:					
General Government	\$ 621,303	\$ 662,456	\$ 517,261	\$ 474,601	\$ 599,619
Judicial	918,440	925,813	782,230	759,768	751,698
Legal	36,754	35,826	36,654	47,759	37,960
Elections	14,963	30,988	23,964	22,998	10,115
Financial Administration	1,620,207	1,572,383	1,543,089	1,573,697	1,669,286
Public Facilities	5,450	10,502	7,680	8,462	8,450
Public Safety	125,427	119,172	126,021	135,473	114,880
Public Transportation	163,054	187,143	219,261	200,492	230,316
Health and Welfare	186,451	183,883	169,761	159,913	150,756
Culture and Recreation	40,660	35,966	29,002	30,453	33,800
Operating Grants and Contributions	604,110	583,986	642,054	831,974	682,323
Capital Grants and Contributions	1,127,224	252,401	171,724	292,842	716,590
Total Program Revenues	\$ 5,464,043	\$ 4,600,519	\$ 4,268,701	\$ 4,538,432	\$ 5,005,793
Net (Expense)/Revenue	\$ (19,788,647)	\$ (19,494,423)	\$ (22,006,219)	\$ (21,120,951)	\$ (20,509,652)
General Revenues and Other Changes in Net Position					
Property Taxes	\$ 23,500,202	\$ 15,875,812	\$ 19,952,562	\$ 20,082,905	\$ 20,296,606
Other Taxes	11,313	10,267	10,648	10,960	14,211
Miscellaneous	1,518,393	1,272,567	1,659,845	2,522,797	2,489,004
Gain (Loss) on Sales of Assets	104,751	42,040	-	23,777	143,943
Total General Revenues and Other Changes in Net Position	\$ 25,134,659	\$ 17,200,686	\$ 21,623,055	\$ 22,640,439	\$ 22,943,764
Change in Net Position	\$ 5,346,012	\$ (2,293,737)	\$ (383,164)	\$ 1,519,488	\$ 2,434,112

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$	2,391,322	\$ 2,500,971	\$ 2,569,722	\$ 2,307,567	\$ 2,506,904
	2,431,208	2,308,514	2,278,032	2,386,602	2,866,978
	602,142	597,931	584,071	605,541	531,893
	249,122	188,382	238,372	172,758	203,611
	1,814,390	1,748,139	1,746,186	1,682,757	1,609,417
	761,845	863,205	756,369	725,521	621,606
	6,885,164	6,582,485	6,244,736	5,828,528	5,494,159
	6,681,505	6,604,989	6,566,057	7,163,046	6,698,275
	551,406	701,967	706,938	754,206	754,302
	1,106,036	1,029,227	1,075,540	1,042,855	1,007,038
	174,833	166,649	155,805	165,767	136,763
	478,600	486,853	534,224	583,919	633,361
	-	-	-	-	-
\$	24,127,573	\$ 23,779,312	\$ 23,456,052	\$ 23,419,067	\$ 23,064,307
\$	660,014	\$ 778,666	\$ 781,522	\$ 589,945	\$ 658,536
	840,343	934,457	1,127,809	1,104,447	1,113,590
	45,287	57,797	58,122	69,742	58,488
	44,852	25,336	52,635	37,224	39,114
	1,642,443	1,608,048	1,551,377	1,512,021	1,495,621
	6,150	5,400	5,000	5,400	5,475
	121,028	148,074	135,416	137,485	125,535
	271,467	222,748	264,019	256,426	188,516
	136,772	153,723	144,323	154,083	138,677
	31,156	26,647	32,445	28,326	24,427
	609,584	617,321	854,918	697,592	681,989
	427,699	504,290	319,926	372,479	267,695
\$	4,836,795	\$ 5,082,507	\$ 5,327,512	\$ 4,965,170	\$ 4,797,663
\$	(19,290,778)	\$ (18,696,805)	\$ (18,128,540)	\$ (18,453,897)	\$ (18,266,644)
\$	20,209,323	\$ 19,696,484	\$ 18,968,825	\$ 19,071,911	\$ 19,057,736
	15,384	10,314	11,451	11,207	10,476
	690,504	412,759	583,411	967,619	1,463,750
	51,770	287,403	105,619	-	-
\$	20,966,981	\$ 20,406,960	\$ 19,669,306	\$ 20,050,737	\$ 20,531,962
\$	1,676,203	\$ 1,710,155	\$ 1,540,766	\$ 1,596,840	\$ 2,265,318

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund					
Nonspendable	\$ 1,537	\$ 136,591	\$ 127,494	\$ 120,845	\$ 110,250
Unassigned	12,584,517	13,088,897	11,323,125	13,077,681	14,294,913
Total General Fund	\$ 12,586,054	\$ 13,225,489	\$ 11,450,619	\$ 13,198,526	\$ 14,405,163
All Other Governmental Funds					
Nonspendable, Reported in:					
Special Revenue Funds	\$ 45,199	\$ 49,135	\$ 47,367	\$ 50,436	\$ 48,507
Permanent Funds	66,751	66,800	66,502	66,651	66,503
Restricted, Reported in:					
Special Revenue Funds	8,614,961	8,934,349	7,428,133	10,395,320	10,910,683
Debt Service Fund	1,346,807	1,596,937	1,196,087	1,027,466	1,194,738
Capital Projects Funds	-	-	-	-	-
Permanent Funds	296	395	397	551	724
Total All Other Governmental Funds	\$ 10,074,014	\$ 10,647,616	\$ 8,738,486	\$ 11,540,424	\$ 12,221,155

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

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues					
Ad Valorem Taxes	\$ 20,147,010	\$ 22,622,172	\$ 17,834,933	\$ 19,022,552	\$ 20,182,741
Other Taxes	11,313	10,267	10,648	10,960	14,211
Intergovernmental	1,671,864	749,320	718,005	898,583	1,288,412
Fees	3,015,858	3,012,651	2,824,622	2,810,080	3,059,497
Fines and Forfeitures	568,260	585,722	647,526	639,067	448,113
Miscellaneous	1,645,016	1,607,837	1,459,496	2,458,966	2,837,623
Total Revenues	\$ 27,059,321	\$ 28,587,969	\$ 23,495,230	\$ 25,840,208	\$ 27,830,597
Expenditures					
General Government	\$ 1,393,802	\$ 1,505,452	\$ 1,431,311	\$ 1,579,228	\$ 1,494,580
Judicial	2,632,235	2,547,673	2,492,508	2,636,082	2,528,118
Legal	626,180	592,511	612,374	603,472	590,379
Elections	216,243	215,923	215,114	262,470	213,089
Financial Administration	1,959,623	2,005,787	1,899,748	1,874,290	1,813,263
Public Facilities	527,600	655,386	583,890	491,450	609,813
Public Safety	6,452,341	6,374,704	6,173,941	6,241,955	6,049,767
Public Transportation	6,540,834	6,103,770	6,180,075	6,364,781	6,233,731
Health and Welfare	555,686	471,053	584,107	565,817	534,943
Culture and Recreation	1,191,455	1,163,528	1,155,120	1,173,513	1,102,586
Conservation	188,415	177,036	177,642	177,636	168,177
Nondepartmental	1,194,449	581,619	645,394	606,213	647,634
Capital Outlay	3,572,553	1,107,953	4,830,199	3,697,361	1,516,008
Debt Service:					
Principal	1,180,030	1,128,226	1,080,000	1,040,000	1,000,000
Interest	226,637	272,041	282,483	412,585	456,894
Debt Issuance Cost	-	1,306	2,812	156,015	-
Total Expenditures	\$ 28,458,083	\$ 24,903,969	\$ 28,346,718	\$ 27,882,868	\$ 24,958,982
Excess of Revenues Over/(Under) Expenditures	\$ (1,398,762)	\$ 3,684,000	\$ (4,851,488)	\$ (2,042,660)	\$ 2,871,615
Other Financing Sources/(Uses)					
Transfers in	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000
Transfers out	(120,000)	(120,000)	(120,000)	(120,000)	(420,000)
Certificates of Obligation Issued	-	-	-	7,115,000	-
Premium on Certificates of Obligation	-	-	-	785,570	-
Payment to Refunded Bond Escrow Agent	-	-	-	(7,745,277)	-
Capital Leases	-	-	301,643	-	-
Sale of Capital Assets	185,726	-	-	-	-
Total Other Financing Sources/(Uses)	\$ 185,726	\$ -	\$ 301,643	\$ 155,293	\$ (300,000)
Net Changes in Fund Balances	\$ (1,213,036)	\$ 3,684,000	\$ (4,549,845)	\$ (1,887,367)	\$ 2,571,615
Debt Service as a Percentage of Noncapital Expenditures	4.94%	5.91%	5.53%	5.93%	5.99%

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$	20,098,925	\$ 19,620,948	\$ 18,910,131	\$ 19,023,149	\$ 19,011,462
	15,384	10,314	11,451	11,207	10,476
	951,077	1,108,223	1,161,196	1,054,635	935,008
	3,122,791	3,206,652	3,218,023	2,961,380	2,933,010
	693,184	739,720	895,756	911,127	890,196
	820,265	760,937	780,753	1,227,452	1,454,803
\$	25,701,626	\$ 25,446,794	\$ 24,977,310	\$ 25,188,950	\$ 25,234,955
\$	1,387,736	\$ 1,511,136	\$ 1,366,604	\$ 1,315,372	\$ 1,320,775
	2,371,495	2,278,410	2,217,680	2,356,730	2,856,259
	588,047	590,146	571,069	598,231	541,061
	245,758	186,285	228,494	166,254	198,470
	1,778,856	1,729,954	1,712,623	1,663,473	1,610,118
	720,180	805,138	737,373	707,359	608,590
	5,892,912	5,691,604	5,628,597	5,453,515	5,227,551
	5,792,902	5,700,644	5,529,201	5,952,718	5,708,918
	534,078	687,931	693,254	742,309	736,447
	1,053,569	1,000,726	1,003,019	981,557	972,016
	170,305	165,143	151,287	159,044	133,084
	766,886	638,145	797,225	641,844	551,515
	847,772	1,173,537	1,617,263	3,278,808	10,720,338
	965,000	930,000	936,202	904,018	871,948
	492,263	525,388	559,634	592,417	624,237
	-	-	-	-	-
\$	23,607,759	\$ 23,614,187	\$ 23,749,525	\$ 25,513,649	\$ 32,681,327
\$	2,093,867	\$ 1,832,607	\$ 1,227,785	\$ (324,699)	\$ (7,446,372)
\$	120,000	\$ 120,000	\$ 685,643	\$ 115,000	\$ 360,000
	(120,000)	(120,000)	(685,643)	(115,000)	(360,000)
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	-	\$ -	\$ -	\$ -	\$ -
\$	2,093,867	\$ 1,832,607	\$ 1,227,785	\$ (324,699)	\$ (7,446,372)
	6.42%	6.47%	6.75%	6.70%	6.75%

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

<u>Tax Roll Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less Exemptions</u>	<u>Total Assessed</u>	<u>Estimated Actual Value</u>	<u>Ratio of Assessed Value to Total Estimated Actual Value</u>	<u>Total Direct Tax Rate</u>
2010	2,617,946	4,205,464	1,797,793	5,025,617	6,823,410	73.65	0.39750
2011	2,650,132	3,637,093	1,685,788	4,601,437	6,287,225	73.19	0.44170
2012	2,674,978	3,398,576	1,638,860	4,434,694	6,073,554	73.02	0.46908
2013	2,782,293	3,303,655	1,691,966	4,393,982	6,085,948	72.20	0.45492
2014	2,819,078	3,281,011	1,671,605	4,428,484	6,100,089	72.60	0.44711
2015	2,909,647	3,139,449	1,656,021	4,393,075	6,049,096	72.62	0.46576
2016	3,006,417	2,545,502	1,686,125	3,865,794	5,551,919	69.63	0.53067
2017	3,046,201	2,339,926	1,666,657	3,719,470	5,386,127	69.06	0.59336
2018	3,071,385	2,251,309	1,626,954	3,695,740	5,322,694	69.43	0.63758
2019	3,153,420	2,372,716	1,740,134	3,786,002	5,526,136	68.51	0.63758

Notes: Exemptions from tax are provided for:

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

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

Source: Rusk County Appraisal District

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

Table 6
Page 1 of 2

<u>Name of Government</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Rusk County, Texas										
Operating	\$0.36102	\$0.36612	\$0.40342	\$0.36247	\$0.31627	\$0.30611	\$0.31492	\$0.30600	\$0.28810	\$0.25780
Debt Service	\$0.03935	0.02876	0.04422	0.04548	0.03090	0.03667	0.03343	0.03468	0.03180	0.02980
County School	\$0.02644	0.02644	0.02575	0.02455	0.02139	0.02100	0.02100	0.02100	0.02100	0.01910
Farm to Market	\$0.09751	0.09751	0.09946	0.08562	0.07471	0.06800	0.06700	0.05640	0.05380	0.04880
Special Roads	<u>\$0.05825</u>	<u>0.05825</u>	<u>0.06473</u>	<u>0.06119</u>	<u>0.05339</u>	<u>0.05200</u>	<u>0.05200</u>	<u>0.05100</u>	<u>0.04700</u>	<u>0.04200</u>
Total Rate	<u>\$0.58257</u>	<u>\$0.57708</u>	<u>\$0.63758</u>	<u>\$0.57931</u>	<u>\$0.49666</u>	<u>\$0.48378</u>	<u>\$0.48835</u>	<u>\$0.46908</u>	<u>\$0.44170</u>	<u>\$0.39750</u>
City of Henderson, Texas										
Operating	\$0.45539	\$0.42900	\$0.43170	\$0.40710	\$0.41570	\$0.46100	\$0.36510	\$0.42960	\$0.41540	\$0.43860
Debt Service	<u>\$0.09631</u>	<u>0.09270</u>	<u>0.09000</u>	<u>0.11460</u>	<u>0.10600</u>	<u>0.05430</u>	<u>0.15660</u>	<u>0.09210</u>	<u>0.10630</u>	<u>0.08310</u>
Total Rate	<u>\$0.55170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.51530</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>	<u>\$0.52170</u>
City of New London, Texas										
Operating	\$1.13282	<u>\$1.22925</u>	<u>\$1.17382</u>	<u>\$1.15000</u>	<u>\$0.90445</u>	<u>\$0.06500</u>	<u>\$0.60528</u>	<u>\$0.51095</u>	<u>\$0.63481</u>	<u>\$0.63481</u>
Total Rate	<u>\$1.13282</u>	<u>\$1.22925</u>	<u>\$1.17382</u>	<u>\$1.15000</u>	<u>\$0.90445</u>	<u>\$0.06500</u>	<u>\$0.60528</u>	<u>\$0.51095</u>	<u>\$0.63481</u>	<u>\$0.63481</u>
City of Kilgore, Texas										
Operating	\$0.50763	\$0.50763	\$0.51311	\$0.46974	\$0.41987	\$0.40011	\$0.37011	\$0.34971	\$0.34765	\$0.33680
Debt Service	<u>\$0.03137</u>	<u>0.03137</u>	<u>0.02589</u>	<u>0.03598</u>	<u>0.04989</u>	<u>0.04989</u>	<u>0.04989</u>	<u>0.05029</u>	<u>0.05179</u>	<u>0.05557</u>
Total Rate	<u>\$0.53900</u>	<u>\$0.53900</u>	<u>\$0.53900</u>	<u>\$0.50572</u>	<u>\$0.46976</u>	<u>\$0.45000</u>	<u>\$0.42000</u>	<u>\$0.40000</u>	<u>\$0.39944</u>	<u>\$0.39237</u>
City of Overton, Texas										
Operating	\$0.41000	\$0.44800	\$0.41000	\$0.17500	\$0.41000	\$0.41000	\$0.40397	\$0.41735	\$0.39781	\$0.38090
Debt Service	\$0.25800	0.28170	0.25800	0.00000	0.21800	0.21800	0.14921	0.15415	0.17872	0.17500
Cemetary	<u>\$0.05000</u>	<u>0.00000</u>								
Total Rate	<u>\$0.71800</u>	<u>\$0.72970</u>	<u>\$0.66800</u>	<u>\$0.17500</u>	<u>\$0.62800</u>	<u>\$0.62800</u>	<u>\$0.55318</u>	<u>\$0.57150</u>	<u>\$0.57653</u>	<u>\$0.55590</u>
City of Tatum, Texas										
Operating	\$0.33710	\$0.31201	\$0.31984	\$0.32015	\$0.33528	\$0.31670	\$0.31670	\$0.30596	\$0.31851	\$0.31943
Total Rate	<u>\$0.33710</u>	<u>\$0.31201</u>	<u>\$0.31984</u>	<u>\$0.32015</u>	<u>\$0.33528</u>	<u>\$0.31670</u>	<u>\$0.31670</u>	<u>\$0.30596</u>	<u>\$0.31851</u>	<u>\$0.31943</u>
Henderson ISD										
Operating	\$0.97000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>\$0.23000</u>	<u>0.23000</u>	<u>0.23000</u>	<u>0.23000</u>	<u>0.23000</u>	<u>0.23000</u>	<u>0.14000</u>	<u>0.14000</u>	<u>0.14000</u>	<u>0.14000</u>
Total Rate	<u>\$1.20000</u>	<u>\$1.27000</u>	<u>\$1.27000</u>	<u>\$1.27000</u>	<u>\$1.27000</u>	<u>\$1.27000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>	<u>\$1.18000</u>
Laneville ISD										
Operating	<u>\$1.06830</u>	<u>\$1.17000</u>								
Total Rate	<u>\$1.06830</u>	<u>\$1.17000</u>								
Leverett's Chapel ISD										
Operating	\$1.06830	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.22180	\$1.25180
Debt Service	<u>\$0.00000</u>	<u>0.00000</u>								
Total Rate	<u>\$1.06830</u>	<u>\$1.17000</u>	<u>\$1.22180</u>	<u>\$1.25180</u>						
Mt. Enterprise ISD										
Operating	\$1.06835	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.04000	\$1.04000
Debt Service	<u>\$0.06360</u>	<u>0.06360</u>	<u>0.06360</u>	<u>0.06360</u>	<u>0.06360</u>	<u>0.06360</u>	<u>0.04360</u>	<u>0.04360</u>	<u>0.17360</u>	<u>0.16270</u>
Total Rate	<u>\$1.13195</u>	<u>\$1.23360</u>	<u>\$1.23360</u>	<u>\$1.23360</u>	<u>\$1.23360</u>	<u>\$1.23360</u>	<u>\$1.21360</u>	<u>\$1.21360</u>	<u>\$1.21360</u>	<u>\$1.20270</u>
Overton ISD										
Operating	\$1.06800	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>\$0.31900</u>	<u>0.31900</u>	<u>0.31900</u>	<u>0.31900</u>	<u>0.31900</u>	<u>0.44900</u>	<u>0.44900</u>	<u>0.44900</u>	<u>0.46430</u>	<u>0.44000</u>
Total Rate	<u>\$1.38700</u>	<u>\$1.48900</u>	<u>\$1.50430</u>	<u>\$1.48000</u>						

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

Table 6
Page 2 of 2

<u>Name of Government</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Tatum ISD										
Operating	\$0.97000	\$1.04000	\$1.04000	\$1.01070	\$0.94670	\$0.94670	\$0.88000	\$0.85500	\$0.76000	\$0.92890
Debt Service	<u>\$0.23700</u>	<u>0.16700</u>	<u>0.16700</u>	<u>0.18930</u>	<u>0.22330</u>	<u>0.22330</u>	<u>0.29000</u>	<u>0.31500</u>	<u>0.28000</u>	<u>0.11110</u>
Total Rate	<u>\$1.20700</u>	<u>\$1.20700</u>	<u>\$1.20700</u>	<u>\$1.20000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.17000</u>	<u>\$1.04000</u>	<u>\$1.04000</u>
West Rusk CISD										
Operating	\$0.97000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>\$0.32000</u>	<u>\$0.08000</u>	<u>\$0.08000</u>							
Total Rate	<u>\$1.29000</u>	<u>\$1.36000</u>	<u>\$1.12000</u>	<u>\$1.12000</u>						
Rusk ISD										
Operating	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>\$0.11250</u>	<u>0.11250</u>	<u>0.11750</u>	<u>0.11750</u>						
Total Rate	<u>\$1.15250</u>	<u>\$1.15750</u>	<u>\$1.15750</u>							
Kilgore ISD										
Operating	\$0.97000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>\$0.26920</u>	<u>0.26920</u>	<u>0.06920</u>							
Total Rate	<u>\$1.23920</u>	<u>\$1.30920</u>	<u>\$1.10920</u>							
Carlisle ISD										
Operating	\$1.06700	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000	\$1.17000
Debt Service	<u>\$0.34000</u>	<u>0.35000</u>	<u>0.35000</u>	<u>0.38000</u>	<u>0.38000</u>	<u>0.38000</u>	<u>0.38000</u>	<u>0.30000</u>	<u>0.33500</u>	<u>0.08200</u>
Total Rate	<u>\$1.40700</u>	<u>\$1.52000</u>	<u>\$1.52000</u>	<u>\$1.55000</u>	<u>\$1.55000</u>	<u>\$1.55000</u>	<u>\$1.55000</u>	<u>\$1.47000</u>	<u>\$1.50500</u>	<u>\$1.25200</u>
Kilgore College										
Operating	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>
Total Rate	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.17500</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>	<u>\$0.15400</u>
Gregg County ESD #1										
Operating	<u>\$0.03000</u>									
Total Rate	<u>\$0.03000</u>									
Rusk County ESD #1										
Operating	<u>\$0.03000</u>									
Total Rate	<u>\$0.03000</u>									
Garrison ISD										
Operating	\$1.06830	\$1.17000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.02200	\$1.02200	\$1.02200	\$1.02200
Debt Service	<u>\$0.00000</u>	<u>0.00000</u>	<u>0.06650</u>	<u>0.06650</u>	<u>0.07090</u>	<u>0.06885</u>	<u>0.07510</u>	<u>0.07312</u>	<u>0.07340</u>	<u>0.06700</u>
Total Rate	<u>\$1.06830</u>	<u>\$1.17000</u>	<u>\$1.10650</u>	<u>\$1.10650</u>	<u>\$1.11090</u>	<u>\$1.10885</u>	<u>\$1.09710</u>	<u>\$1.09512</u>	<u>\$1.09540</u>	<u>\$1.08900</u>
Cushing ISD										
Operating	\$0.97000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000	\$1.04000
Debt Service	<u>\$0.26000</u>	<u>0.26000</u>	<u>0.24000</u>							
Total Rate	<u>\$1.23000</u>	<u>\$1.30000</u>	<u>\$1.28000</u>							
Total	<u>\$18.54574</u>	<u>\$19.49504</u>	<u>\$19.38274</u>	<u>\$18.79768</u>	<u>\$18.87605</u>	<u>\$17.95593</u>	<u>\$18.28061</u>	<u>\$18.07261</u>	<u>\$17.92349</u>	<u>\$17.36791</u>

Table 7

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Rank</u>	<u>2019 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Rank</u>	<u>2010 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	
Luminant Generation Co. LP	Electric Generating	1	\$ 386,093,230	10.20%	1	1,296,215,820	25.79%	
Sabine Oil and Gas LLC	Minerals	2	97,111,040	2.57				
Tenaksa Gateway Partners LTD	Electric Generating	3	95,819,240	2.53				
CCI East Texas Upstream LLC	Minerals	4	86,787,000	2.29				
AEP Southwestern Elec Power Co	Utility	5	39,807,410	1.05				
Houston Pipe Line Company	Utility	6	37,895,550	1.00	7	56,724,410	1.13%	
KJ Energy LLC (Min)	Utility	7	36,283,340	0.96				
Transcanda Keystone Pipeline	Pipeline	8	34,123,500	0.90				
Luminant Mining Co.	Lease Equipment	9	33,793,900	0.89	5	79,496,540	1.58	
Oncor Electric Delivery Co LLC	Utility	10	33,754,740	0.89				
Cabot Oil & Gas Corp.	Minerals				2	104,913,310	2.09	
Sampson Lone Star LP	Minerals				3	104,180,630	2.07	
Verado Energy	Minerals				4	89,154,700	1.77	
Anadarko E&P Co. LP	Utility				6	62,292,970	1.24	
Energy Transfer Fuel Company	Utility				8	54,348,050	1.08	
Basa Resources	Minerals				9	42,765,440	0.85	
El Paso E&P Co. LP	Utility				10	41,948,910	0.83	
Total			\$ 881,468,950	23.28%			\$ 1,932,040,780	38.44%

Source: Rusk County Appraisal District

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

Tax Roll Year	(1) Tax Levy	Current Tax Collections	(2) Percent of Current Taxes Collected	Delinquent Tax Collections	Total Collections	(2) Ratio of Total Tax Collections To Total Tax Levy	(3)/(4) Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2010	18,787,026	18,275,059	97.27	434,009	18,709,068	99.59	77,958	0.41
2011	18,948,333	18,014,651	95.07	848,151	18,862,802	99.55	85,531	0.45
2012	19,400,068	18,777,015	96.79	518,633	19,295,648	99.46	104,420	0.54
2013	20,022,006	18,240,172	91.10	1,663,399	19,903,571	99.41	118,435	0.59
2014	20,063,813	19,458,347	96.98	464,890	19,923,237	99.30	140,576	0.70
2015	20,336,201	18,259,598	89.79	1,899,466	20,159,064	99.13	177,137	0.87
2016	20,622,331	17,011,299	82.49	3,380,983	20,392,283	98.88	230,048	1.12
2017	21,753,833	19,017,362	87.42	2,406,921	21,424,283	98.49	329,550	1.51
2018	19,853,735	19,152,471	96.47	250,454	19,152,471	96.47	450,810	2.27
2019	20,953,023	6,479,366	30.92	N/A	6,479,366	30.92	N/A	N/A

(1) Years 2010 through 2018 represent adjusted tax levy and year 2019 represents original tax levy, as adjustments are not complete until the end of the tax roll year June 30, 2020, which will occur during the next fiscal year.

(2) 2019 percentage of collections and total collections is lower than other years because the 2019 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, 2019.

(4) 2019 uncollected taxes are not delinquent until July 1, 2020.

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

Fiscal Year	General Bonded Debt		Total Outstanding Debt	(2) Percentage of Personal Income	Population (3)	Debt Per Capita
	General Obligation Bonds (1)	Capital Leases				
2010	14,525,783	80,220	14,606,003	0.99%	53,330	274
2011	13,647,120	41,202	13,688,322	0.88%	53,689	255
2012	12,738,457	-	12,738,457	0.77%	54,026	236
2013	11,794,794	-	11,794,794	0.66%	53,622	220
2014	10,816,131	-	10,816,131	0.58%	53,923	201
2015	9,802,468	-	9,802,468	0.51%	53,923	182
2016	8,930,850	-	8,930,850	0.46%	52,732	169
2017	7,731,523	301,643	8,033,166	0.43%	52,883	152
2018	6,547,196	238,417	6,785,613	0.36%	53,330	127
2019	5,312,869	173,387	5,486,256	0.28%	54,450	101

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

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

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

Property Tax Year	Certificates of Obligation (1)	Less: Amounts Available in Debt Service Fund (2)	Total	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita
2010	14,525,783	53,803	14,471,980	0.21%	271
2011	13,647,120	140,522	13,506,598	0.21%	252
2012	12,738,457	719,849	12,018,608	0.20%	222
2013	11,794,794	856,191	10,938,603	0.18%	204
2014	10,816,131	894,578	9,921,553	0.16%	184
2015	9,802,468	1,107,643	8,694,825	0.14%	164
2016	8,930,850	1,027,466	7,903,384	0.14%	150
2017	7,731,523	1,196,087	6,535,436	0.12%	124
2018	6,547,196	1,596,937	4,950,259	0.09%	93
2019	5,312,869	1,346,807	3,966,062	0.07%	73

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

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

Rusk County, Texas
Direct and Overlapping Governmental Activities Debt
December 31, 2019
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Cities:			
City of Henderson, Texas	\$ 8,835,186	100.00%	\$ 8,835,186
City of Kilgore, Texas	9,381,179	13.33	1,250,511
City of Overton, Texas	715,000	89.29	638,424
Total Cities			<u>\$ 10,724,121</u>
Independent School Districts:			
Henderson	42,149,688	100.00%	\$ 42,149,688
Overton	9,150,634	100.00	9,150,634
Mt. Enterprise	2,510,000	100.00	2,510,000
Kilgore	44,585,000	31.69	14,128,987
Rusk	7,625,000	3.92	298,900
Tatum	21,693,435	94.75	20,554,530
West Rusk	17,925,000	100.00	17,925,000
Garrison	1,420,000	12.06	171,252
Carlisle	7,105,000	78.15	5,552,558
Total Independent School Districts			<u>\$ 112,441,548</u>
Subtotal, Overlapping Debt			\$ 123,165,668
Total Direct Debt			<u>5,486,256</u>
Total Direct and Overlapping Debt			<u><u>\$ 128,651,924</u></u>

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

Sources:

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

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

Property Tax Year	(1) Assessed Value of Taxable Property	(2) Debt Limit	(3) Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2010	5,025,617	1,256,404	14,435	1,241,969	1.15%
2011	4,601,437	1,150,359	13,531	1,136,828	1.18%
2012	4,434,694	1,108,674	12,595	1,096,079	1.14%
2013	4,393,981	1,098,495	11,665	1,086,830	1.06%
2014	4,428,484	1,107,121	10,700	1,096,421	0.97%
2015	4,393,075	1,098,269	9,700	1,088,569	0.88%
2016	3,865,795	966,449	8,931	957,518	0.92%
2017	3,719,470	929,868	8,033	921,834	0.86%
2018	3,695,740	923,935	6,786	917,149	0.73%
2019	3,786,002	946,501	5,313	941,188	0.56%

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

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

(3) Debt outstanding can be found on Table 9

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

Fiscal <u>Year</u>	(1) <u>Population</u>	(2) Personal Income <i>(thousands of dollars)</i>	(2) Per Capita <u>Income</u>	(3) Median <u>Age</u>	(4) School Average Daily <u>Attendance</u>	(5) Unemployment Rate <u>Percentage</u>
2010	53,330	1,480,892	28,048	38.1	7,144	7.3
2011	53,689	1,550,169	29,033	38.1	7,296	6.0
2012	54,026	1,656,894	30,821	38.1	7,369	5.5
2013	53,622	1,789,175	33,117	38.0	7,466	6.1
2014	53,923	1,852,146	34,541	38.4	7,649	4.9
2015	53,070	1,921,424	35,633	38.3	7,740	4.7
2016	52,732	1,936,195	36,484	38.7	7,669	5.8
2017	52,883	1,873,670	35,532	38.8	7,653	5.1
2018	53,330	1,876,004	35,508	39.1	7,583	4.1
2019	54,450	1,986,623	36,485	39.0	7,412	3.6

Sources:

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

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

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
MTC Henderson/Rusk Co.	662	1	3.10%			
Henderson ISD	580	2	2.71%	569	2	2.54%
Sadler's Bar-B-Que	452	3	2.11%	325	6	1.45%
Wal-Mart Super Center	350	4	1.64%	350	5	1.56%
CCA-Bradshaw State Jail			0.00%	307	7	1.37%
Rusk County Courthouse	250	5	1.17%	250	8	1.12%
UT Health Henderson	196	6	0.92%			
Capco	165	7	0.77%	235	10	1.05%
Luminant	165	8	0.77%	896	1	4.00%
Citizens National Bank	160	9	0.75%			
West Fraser Inc.	155	10	0.72%			
ETMC of Henderson				400	3	1.79%
East Texas ISF				308	4	1.38%
Pioneer Drilling				250	9	1.12%
Total	<u>3,135</u>		<u>14.66%</u>	<u>3,890</u>		<u>17.38%</u>

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

Source: Henderson Area Chamber of Commerce

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

<u>Function</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>As of December 31,</u>		<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
					<u>2015</u>	<u>2014</u>				
General Government	19	21	21	21	20	20	18	18	19	18
Judicial	29	33	33	33	33	33	32	32	32	32
Legal	8	8	8	8	8	8	8	8	8	7
Elections	2	2	2	2	2	2	2	2	2	2
Financial Administration	19	19	19	19	19	19	19	19	19	18
Public Facilities	4	4	4	4	4	4	4	4	4	5
Public Safety	84	80	80	80	80	80	83	83	83	79
Public Transportation	63	58	58	58	58	58	60	60	60	59
Health and Welfare	1	2	2	2	2	2	3	3	3	2
Culture and Recreation	14	15	15	15	15	15	14	14	14	14
Conservation	4	4	4	4	4	4	4	4	4	4
Total	247	246	246	246	245	245	247	247	248	240

Source: County employment records.

Notes:

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

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

Function	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Judicial										
Cases Filed:										
District Court:										
Civil	377	304	342	269	345	325	495	450	470	560
Criminal	397	372	329	392	339	517	406	370	397	439
County Court-at-Law	776	49	718	1,069	1,030	1,287	1,083	1,236	839	863
Convictions:										
District Court	182	910	196	191	189	330	223	222	204	204
County Court-at-Law	340	52	442	383	415	406	93	430	348	379
Elections										
Registered Voters	29,632	29,359	30,737	31,339	28,807	30,361	30,021	30,880	29,772	29,118
Public Safety										
Arrests	1,265	1,902	2,094	1,991	2,053	1,964	2,132	2,527	1,945	1,849
Prisoner Days	36,232	36,656	37,845	32,632	36,676	42,997	40,620	37,905	32,933	31,849
Culture and Recreation										
Library Circulation	98,551	364,084	537,821	118,690	113,928	107,068	172,248	280,155	129,018	118,071
Library Attendance	87,682	11,322	12,266	71,821	56,762	11,091	11,093	9,862	9,441	10,198
Museum Attendance	35,512	32,551	32,825	33,025	33,234	29,995	25,589	26,413	23,180	20,486

Note:

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

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

<u>Function</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Judicial										
Number of Justices of the Peace offices	5	5	5	5	5	5	5	5	5	5
Elections										
Number of voting boxes	17	17	17	17	17	17	22	22	22	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	96
Public Transportation										
Number of Precincts	5	5	5	5	5	5	4	4	4	4
Road Miles	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	1,102	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	2	2	2	2	2	3	3	3	3

Note:

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

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Henderson TX 75654

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

Rusk County Commissioners' Court
Rusk County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rusk County, Texas, ("County") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 15, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

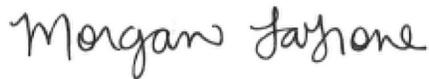
MEMBER

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

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

Purpose of this Report

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



Morgan LaGrone, CPA, PLLC

Henderson, Texas
June 15, 2020

Morgan LaGrone, CPA, PLLC

Certified Public Accountant

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116 S Marshall
Henderson TX 75654

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TEXAS *UNIFORM GRANT MANAGEMENT STANDARDS*

Rusk County Commissioners' Court
Rusk County, Texas

Report on Compliance for Each Major State Program

We have audited Rusk County, Texas' ("County") compliance with the types of compliance requirements described in the State of Texas Single Audit Circular that could have a direct and material effect on each of the County's major state programs for the year ended December 31, 2019. The County's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of Texas *Uniform Grant Management Standards*. Those standards and the *Uniform Grant Management Standards* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Program

In our opinion, the County 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 state programs for the year ended December 31, 2019.

MEMBER

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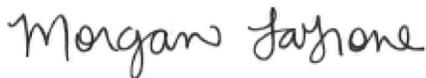
Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with State of Texas *Uniform Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a state 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 state 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 requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This 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 State of Texas *Uniform Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.



Morgan LaGrone
Certified Public Accountant

Henderson, Texas
June 16, 2020

Rusk County, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<u>U.S. Department of Housing and Urban Development:</u>				
Passed through Texas Department of Agriculture: Community Development Block Grant	14.228	7217016	\$ 1,850	\$ -
Total U.S. Department of Housing and Urban Development			<u>\$ 1,850</u>	<u>\$ -</u>
<u>Institute of Museum and Library Services:</u>				
Passed through Texas State Library and Archives Commission: LSTA State Grant	45.31	LS-00-15-0044-15	\$ 3,726	-
Total U.S. Department of Homeland Security			<u>\$ 3,726</u>	<u>\$ -</u>
<u>U.S. Department of Transportation:</u>				
Passed through Texas Department of Transportation: Airport Improvement Program	20.106	M1810HNDR1	\$ 48,503	-
Total U.S. Department of Transportation			<u>\$ 48,503</u>	<u>\$ -</u>
<u>U.S. Department of Health and Human Services:</u>				
Passed through Texas Department of Family and Protective Services: Title IV-E, Foster Care Assistance	93.658	None	\$ 10,080	-
Total U.S. Department of Health and Human Services			<u>\$ 10,080</u>	<u>\$ -</u>
<u>U.S. Department of Justice</u>				
Direct Programs:				
State Criminal Alien Assistance Program	16.606	2019-AP-BX-0022	\$ 7,544	-
State Criminal Alien Assistance Program	16.606	2019-AP-BX-0896	8,715	-
Total U.S. Department of Justice			<u>\$ 16,259</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 80,418</u>	<u>\$ -</u>

Rusk County, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

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

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

Rusk County, Texas
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2019

<u>Grantor/Program Title</u>	<u>Grantor's Number</u>	<u>Program Expenditures</u>	<u>Amount Provided to Subrecipients</u>
Texas Juvenile Probation Commission:			
Juvenile Probation Services-State Aid	TJPC-A-2019-201	\$ 285,927	\$ -
Juvenile Probation Services-State Aid	TJPC-A-2020-201	112,494	-
Total Texas Juvenile Probation Commission		<u>\$ 398,421</u>	<u>\$ -</u>
Texas Task Force on Indigent Defense:			
Indigent Defense Services Grant	212-18-201	\$ 32,846	\$ -
Total Texas Task Force on Indigent Defense		<u>\$ 32,846</u>	<u>\$ -</u>
Texas Department of State Health Services			
RLSS-Local Public Health System	537-18-0243-00001	\$ 2,091	\$ -
Total Texas Department of State Health Services		<u>\$ 2,091</u>	<u>\$ -</u>
Texas Department of Transportation			
Federally Assisted Airport Development Grant	1710HENDR	\$ 1,077,141	\$ -
		<u>\$ 1,077,141</u>	<u>\$ -</u>
Total State Financial Assistance		<u>\$ 1,510,499</u>	<u>\$ -</u>

Rusk County, Texas
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2019

Notes to Schedule of Expenditures of State Awards:

Note 1 - Significant Accounting Policies Used in Preparing the Schedule

The accompanying schedule of expenditures of state awards includes the state award activity of Rusk County, Texas, under programs of the state government for the year ended December 31, 2019. The information in this schedule is presented in requirements of Title 2 U.S. Code of Federal Awards(Uniform Guidance) and the State of Texas *Uniform Grant Management Standards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

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
Summary of Auditor's Results and
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

2. State Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State of Texas Single Audit Circular?

_____ Yes X No

Identification of major programs:

<u>Name of State Program or Cluster</u>	<u>State Agency</u>	<u>Grant Number</u>
Federally Assisted Airport Development Grant	Texas Department of Transportation	1710HENDR

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

B. Financial Statement Findings

None noted

C. State Award Findings and Questioned Costs

Note noted.

Rusk County, Texas
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2019

Finding

Current Status

Not Applicable for the year ended December 31, 2019.

Rusk County, Texas
Corrective Action Plan
For the Year Ended December 31, 2019

Not applicable.