



# ANNUAL FINANCIAL REPORT 2022

FOR FISCAL YEAR ENDED  
SEPTEMBER 30, 2022

CITY OF  
**RUSK, TEXAS**

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*ANNUAL FINANCIAL REPORT*

of the

**City of Rusk, Texas**

**For the Year Ended  
September 30, 2022**

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# City of Rusk, Texas

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## *INDEPENDENT AUDITOR'S REPORT*

To the Honorable Mayor and  
Members of the City Council  
City of Rusk, Texas:

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund, and the aggregate remaining fund information of the City of Rusk, Texas (the "City") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund, and the aggregate remaining fund information and each major fund of the City of Rusk, Texas, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Rusk, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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



## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in post-employment benefits other than pension liabilities and related ratios to 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 collectively comprise City of Rusk, Texas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Brooks Watson & Co.  
Certified Public Accountants  
Houston, Texas  
August 9, 2023

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***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

# City of Rusk, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

### September 30, 2022

The purpose of the Management's Discussion and Analysis (the "MD&A") is to give the readers an objective and easily readable analysis of the City of Rusk's financial activities for the year ending September 30, 2022. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current-year results with those of the prior year, and discusses the positive and negative aspects of that comparison. GASB Statement No. 34 establishes the content of the minimum requirements for the MD&A. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

The annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. This financial reporting model requires governments to present certain basic financial statements as well as an MD&A and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

#### **Financial Highlights**

- The City's total combined net position was \$7,332,220 at September 30, 2022.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$3,237,834, an increase of \$616,621.
- As of the end of the year, the unassigned fund balance of the general fund was \$1,634,774 or 47% of total general fund expenditures.
- The City had an overall increase in net position of \$1,233,354, and is primarily attributed to current year business-type operating revenues exceeding operating expenses, which is offset by the transfers to governmental activities to support the general fund activities.
- The City closed the year with a net pension asset of \$784,735. The City's Other Postemployment Benefit ("OPEB") liability was \$153,584.

#### **Government-Wide Statements**

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

# City of Rusk, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2022

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is 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 City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City'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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*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 City include general government, public safety, public works, culture and recreation, and community development. The business-type activities of the City include water, sewer and sanitation operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Rusk Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

### FUND FINANCIAL STATEMENTS

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

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City'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

# City of Rusk, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2022

so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Rusk maintains seventeen individual governmental funds. 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 and American Rescue Plan fund, which are considered major funds.

The City of Rusk adopts an annual appropriated budget for its general and proprietary funds. A budgetary comparison schedule has been provided to demonstrate compliance with the general fund budget.

### **Proprietary Funds**

The City maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its water distribution, wastewater collection/treatment, meter installation operations, and sanitation services. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

### **Notes to Financial Statements**

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

### **Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires includes a budgetary comparison schedule for the general fund and schedule of funding progress for Texas Municipal Retirement System. RSI can be found after the basic financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Rusk, assets and deferred outflows exceeded liabilities and deferred inflows by \$7,332,220 as of September 30, 2022, in the primary government.

**City of Rusk, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2022**

The largest portion of the City's net position, \$3,323,636, reflects its investment in capital assets (e.g., land, city library, police and park buildings, and water and sewer systems, as well as vehicles and equipment less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 3,396,085	\$ 3,163,975	\$ 6,560,060	\$ 2,849,057	\$ 3,436,945	\$ 6,286,002
Long-term assets	5,595,515	3,891,571	9,487,086	5,866,195	3,648,445	9,514,640
<b>Total Assets</b>	<b>8,991,600</b>	<b>7,055,546</b>	<b>16,047,146</b>	<b>8,715,252</b>	<b>7,085,390</b>	<b>15,800,642</b>
<b>Deferred Outflows</b>	<b>90,609</b>	<b>28,190</b>	<b>118,799</b>	<b>84,881</b>	<b>26,413</b>	<b>111,294</b>
Other liabilities	305,195	437,972	743,167	704,509	398,578	1,103,087
Long-term liabilities	5,513,620	2,618,473	8,132,093	5,783,580	2,640,394	8,423,974
<b>Total Liabilities</b>	<b>5,818,815</b>	<b>3,056,445</b>	<b>8,875,260</b>	<b>6,488,089</b>	<b>3,038,972</b>	<b>9,527,061</b>
<b>Deferred Inflows</b>	<b>630,058</b>	<b>113,142</b>	<b>743,200</b>	<b>218,130</b>	<b>67,879</b>	<b>286,009</b>
Net Position:						
Net investment in capital assets	(139,276)	3,462,912	3,323,636	(536,545)	3,321,518	2,784,973
Restricted	1,914,989	94,244	2,009,233	1,093,245	46,761	1,140,006
Unrestricted	1,456,140	543,211	1,999,351	1,537,214	636,673	2,173,887
<b>Total Net Position</b>	<b>\$ 3,231,853</b>	<b>\$ 4,100,367</b>	<b>\$ 7,332,220</b>	<b>\$ 2,093,914</b>	<b>\$ 4,004,952</b>	<b>\$ 6,098,866</b>

**City of Rusk, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2022**

**Statement of Activities:**

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

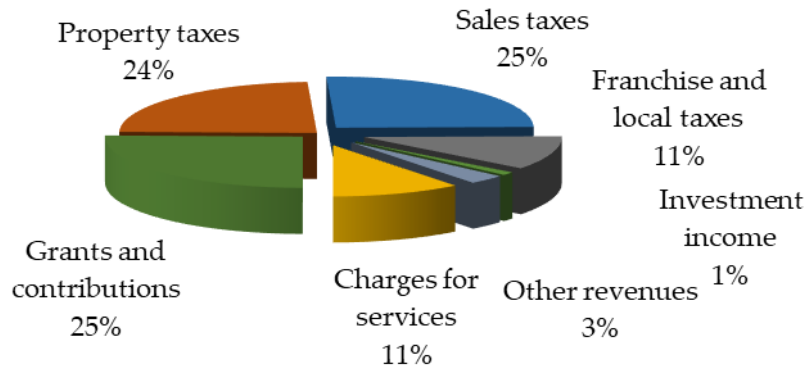
	For the Year Ended September 30, 2022			For the Year Ended September 30, 2021		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 304,058	\$ 4,097,117	\$ 4,401,175	\$ 374,907	\$ 4,031,592	\$ 4,406,499
Grants and contributions	728,966	10,290	739,256	1,011,215	-	1,011,215
General revenues:						
Property taxes	687,270	-	687,270	658,114	-	658,114
Sales taxes	734,316	-	734,316	567,549	-	567,549
Franchise and local taxes	307,485	-	307,485	278,622	-	278,622
Investment income	29,499	6,305	35,804	8,428	28	8,456
Other revenues	85,964	101,758	187,722	44,121	101,054	145,175
<b>Total Revenues</b>	<u>2,877,558</u>	<u>4,215,470</u>	<u>7,093,028</u>	<u>2,942,956</u>	<u>4,132,674</u>	<u>7,075,630</u>
<b>Expenses</b>						
General government	771,988	-	771,988	797,593	-	797,593
Public safety	1,395,390	-	1,395,390	1,392,384	-	1,392,384
Public works	709,430	-	709,430	477,849	-	477,849
Parks and recreation	231,467	-	231,467	145,333	-	145,333
Interest and fiscal charges	219,518	33,816	253,334	181,152	10,137	191,289
Water, sewer & sanitation	-	2,498,065	2,498,065	-	2,417,330	2,417,330
<b>Total Expenses</b>	<u>3,327,793</u>	<u>2,531,881</u>	<u>5,859,674</u>	<u>2,994,311</u>	<u>2,427,467</u>	<u>5,421,778</u>
<b>Change in Net Position</b>						
<b>Before Transfers</b>	<u>(450,235)</u>	<u>1,683,589</u>	<u>1,233,354</u>	<u>(51,355)</u>	<u>1,705,207</u>	<u>1,653,852</u>
Transfers	1,588,174	(1,588,174)	-	1,027,285	(1,027,285)	-
<b>Change in Net Position</b>	1,137,939	95,415	1,233,354	975,930	677,922	1,653,852
Beginning Net Position	2,093,914	4,004,952	6,098,866	1,117,984	3,327,030	4,445,014
<b>Ending Net Position</b>	<u>\$ 3,231,853</u>	<u>\$ 4,100,367</u>	<u>\$ 7,332,220</u>	<u>\$ 2,093,914</u>	<u>\$ 4,004,952</u>	<u>\$ 6,098,866</u>



**City of Rusk, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**September 30, 2022**

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

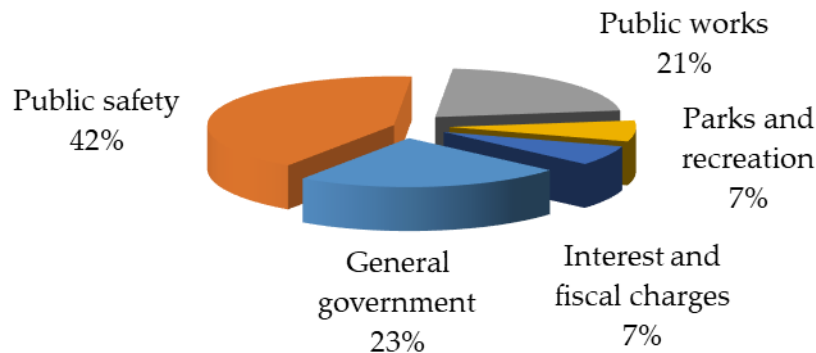
**Governmental Activities - Revenues**



For the year ended September 30, 2022, revenues from governmental activities totaled \$2,877,558. Property tax, grants and contributions, and sales tax are the City's largest revenue sources. Charges for services decreased by \$70,849 or 19% primarily due to a reduction in court collections in the current year. Grants and contributions decreased by \$282,249 due to nonrecurring federal grants received in the prior year. Sales taxes and franchise taxes increased by \$166,767 or 29% and \$28,863 or 10%, respectively primarily due to economic growth fueled by local purchases. Investment income increased by \$21,071 or 250% primarily due to the realization of higher interest rates and greater interest-bearing accounts in the current year. Other revenues increased by \$41,843 or 95% primarily due to nonrecurring insurance proceeds and income from East Texas Council of Governments. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:

**Governmental Activities - Expenses**



For the year ended September 30, 2022, expenses for governmental activities totaled \$3,327,793. This represents an increase of \$333,482 or 11% from the prior year. Public works expenses increased by

# City of Rusk, Texas

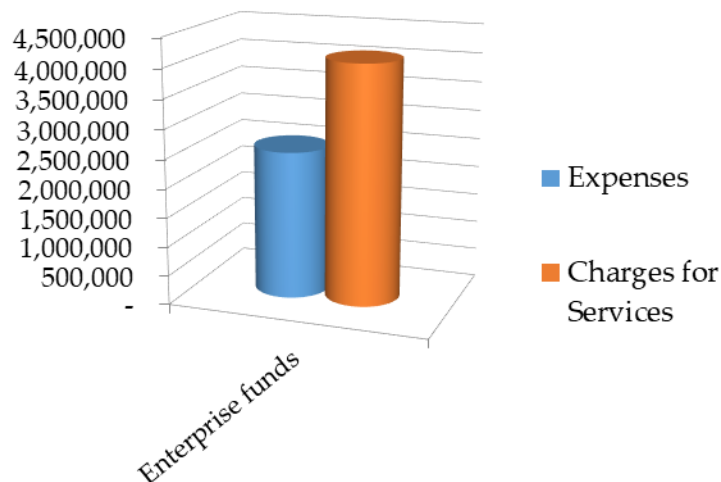
## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2022

\$231,581 or 48%, which is mainly attributed to nonrecurring building/grounds maintenance, vehicle repairs, and street and drainage maintenance. Parks and recreation increased by \$86,134 or 59% primarily due to nonrecurring cemetery lot maintenance and Musick Park expenses. Interest and fiscal charges increased by \$38,366 or 20% primarily due to nonrecurring bond issuance costs during the current year. All other expenses remained relatively stable when compared to the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.

### Business-Type Activities - Revenues and Expenses



For the year ended September 30, 2022, charges for services by business-type activities totaled \$4,097,117, and expenses totaled \$2,531,881. Charges for services remained consistent with the prior year. Total business-type activities expenses increased by \$104,414 or 4% over the course of the year, which is considered minimal. Interest and fiscal charges increased by \$23,679 primarily due to bonds issued at the end of the previous year, causing additional interest paid on outstanding bond obligations.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

# City of Rusk, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

September 30, 2022

As of the end of the year the general fund reflected a total fund balance of \$1,634,774. The entire fund balance was unassigned as of yearend. The general fund decreased by \$55,863 compared to the prior year, which is primarily due to greater than anticipated expenditures in the current year.

As of the end of the year the American Rescue Plan fund reflected a fund of balance \$1,302,969. The fund increased by \$691,421 due to federal grant revenues exceeding current year grant expenditures

There was a decrease in the nonmajor governmental fund balance of \$18,937 over the course of the year. The decrease was due to expenditures exceeding revenues and other financing sources in the current year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

### GENERAL FUND BUDGETARY HIGHLIGHTS

There was a total negative budget variance of \$70,655 in the general fund. This is a combination of a positive revenue and negative expenditure variances of \$85,577 and \$166,061, respectively, combined with a positive other financing sources variance of \$9,829. Parks and recreation, principal, interest and fiscal charges, and capital outlay expenditures exceeded appropriations at the legal level of control by \$6,943, \$316,765, \$167,273, and \$3,048, respectively.

### CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$4,996,998 in a variety of capital assets and infrastructure, net of accumulated depreciation. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34. The City's business-type activities funds had invested \$3,705,353 in a variety of capital assets and infrastructure, net of accumulated depreciation.

Major capital asset events during the current year include the following:

- Administration building renovations for \$24,024.
- Installed a new air conditioning unit for \$8,559.
- Purchased two new lawn mowers for \$20,448.
- Purchased two 2022 Ford F150 for \$59,605.
- Portable water storage and water well improvements totaling \$366,773.
- Gifford Street sewer extension project totaling \$16,560.
- Purchased a backhoe for \$119,250.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

**City of Rusk, Texas**  
*MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued*  
**September 30, 2022**

**LONG-TERM DEBT**

At the end of the current year, the City had total bonds outstanding of \$7,190,000. The City made principal payments on the outstanding bonds of \$432,937 in the current year. During the year, the City issued General Obligation Refunding Bonds, Series 2022 worth \$4,675,000. During the year, the City also refunded \$4,872,063 of the \$5,190,000 Certificates of Obligation, Series 2013. In addition, the City had notes payable totaling \$195,699 after principal payments of \$143,525. More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Rusk and improving services provided to their public citizens. The City is budgeting conservatively for the upcoming year and planning to maintain similar services.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City of Rusk's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City Clerk's Office at 205 South Main, Rusk, Texas 75785.

## ***FINANCIAL STATEMENTS***

**City of Rusk, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**September 30, 2022**

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Rusk EDC
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 2,691,196	\$ 346,415	\$ 3,037,611	\$ 749,454
Restricted cash	43,098	2,272,559	2,315,657	-
Investments	404,378	-	404,378	-
Receivables, net	257,413	545,001	802,414	68,610
<b>Total Current Assets</b>	<b>3,396,085</b>	<b>3,163,975</b>	<b>6,560,060</b>	<b>818,064</b>
Net pension asset	598,517	186,218	784,735	-
Capital assets:				
Non-depreciable	1,140,624	696,356	1,836,980	-
Net depreciable capital assets	3,856,374	3,008,997	6,865,371	-
<b>Noncurrent Assets</b>	<b>5,595,515</b>	<b>3,891,571</b>	<b>9,487,086</b>	<b>-</b>
<b>Total Assets</b>	<b>8,991,600</b>	<b>7,055,546</b>	<b>16,047,146</b>	<b>818,064</b>
<b>Deferred Outflows of Resources</b>				
Pension contributions	64,997	20,222	85,219	-
Pension changes in assumptions	3,042	946	3,988	-
OPEB contributions	1,119	348	1,467	-
OPEB difference in experience	18,678	5,812	24,490	-
OPEB changes in assumptions	2,773	862	3,635	-
<b>Total Deferred Outflows of Resources</b>	<b>90,609</b>	<b>28,190</b>	<b>118,799</b>	<b>-</b>

See Notes to Financial Statements.

# City of Rusk, Texas

## STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2022

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Rusk EDC
<b><u>Liabilities</u></b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 107,179	\$ 165,734	\$ 272,913	\$ -
Customer deposits	-	138,347	138,347	-
Accrued interest payable	17,405	6,650	24,055	-
Compensated absences, current	97,093	7,241	104,334	-
Current portion of long-term debt	83,518	120,000	203,518	-
<b>Total Current Liabilities</b>	<b>305,195</b>	<b>437,972</b>	<b>743,167</b>	<b>-</b>
Noncurrent liabilities:				
Long-term debt due in more than one year	4,787,181	2,395,000	7,182,181	-
Compensated absences, noncurrent	10,788	805	11,593	-
OPEB liability	117,134	36,450	153,584	-
<b>Total Liabilities</b>	<b>5,220,298</b>	<b>2,870,227</b>	<b>8,090,525</b>	<b>-</b>
<b><u>Deferred Inflows of Resources</u></b>				
Deferred gain on refunding	266,412	-	266,412	-
Pension investment returns	270,193	84,066	354,259	-
Pension difference in experience	93,453	29,076	122,529	-
<b>Total Deferred Inflows of Resources</b>	<b>630,058</b>	<b>113,142</b>	<b>743,200</b>	<b>-</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	(139,276)	3,462,912	3,323,636	-
Restricted for:				
Special services	10,100	-	10,100	-
Debt service	52,436	-	52,436	-
Capital projects	2,912	-	2,912	-
Municipal court	79,862	-	79,862	-
Public safety	31,807	-	31,807	-
Parks and recreation	131,778	-	131,778	-
Grant activities	1,303,184	-	1,303,184	-
Pension	302,910	94,244	397,154	-
Economic development	-	-	-	818,064
Unrestricted	1,456,140	543,211	1,999,351	-
<b>Total Net Position</b>	<b>\$ 3,231,853</b>	<b>\$ 4,100,367</b>	<b>\$ 7,332,220</b>	<b>\$ 818,064</b>

See Notes to Financial Statements.

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# City of Rusk, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities			Total
		Expenses	\$		\$	\$		
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General government	\$ 771,988	\$ 43,439	\$ 728,966	\$ 417	-	\$ 417	\$ -	
Public safety	1,395,390	222,110	-	(1,173,280)	-	(1,173,280)	-	
Public works	709,430	-	-	(709,430)	-	(709,430)	-	
Parks and recreation	231,467	38,509	-	(192,958)	-	(192,958)	-	
Interest and fiscal charges	219,518	-	-	(219,518)	-	(219,518)	-	
<b>Total Governmental Activities</b>	<u>3,327,793</u>	<u>304,058</u>	<u>728,966</u>	<u>(2,294,769)</u>	<u>-</u>	<u>(2,294,769)</u>	<u>-</u>	
<b>Business-Type Activities</b>								
Water, Sewer, and Sanitation	2,531,881	4,097,117	-	-	1,575,526	1,575,526	-	
<b>Total Business-Type Activities</b>	<u>2,531,881</u>	<u>4,097,117</u>	<u>-</u>	<u>-</u>	<u>1,575,526</u>	<u>1,575,526</u>	<u>-</u>	
<b>Total Primary Government Component Unit</b>	<u>\$ 5,859,674</u>	<u>\$ 4,401,175</u>	<u>\$ 728,966</u>	<u>(2,294,769)</u>	<u>1,575,526</u>	<u>(719,243)</u>	<u>-</u>	
<b>Economic Development Corp.</b>								
	339,557	-	-	-	-	-	(339,557)	
<b>Total Component Unit</b>	<u>\$ 339,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(339,557)</u>	
<b>General Revenues:</b>								
<b>Taxes</b>								
Property taxes				687,270	-	687,270	-	
Sales taxes				734,316	-	734,316	367,158	
Franchise and local taxes				307,485	-	307,485	-	
Investment income				29,499	6,305	35,804	6,151	
Other revenues				85,964	101,758	187,722	-	
<b>Transfers</b>				1,588,174	(1,588,174)	-	-	
<b>Total General Revenues and Transfers</b>				<u>3,432,708</u>	<u>(1,480,111)</u>	<u>1,952,597</u>	<u>373,309</u>	
<b>Change in Net Position</b>								
Beginning Net Position				1,137,939	95,415	1,233,354	33,752	
<b>Ending Net Position</b>				<u>2,093,914</u>	<u>4,004,952</u>	<u>6,098,866</u>	<u>784,312</u>	
	<u>\$ 3,231,853</u>			<u>\$ 4,100,367</u>		<u>\$ 7,332,220</u>	<u>\$ 818,064</u>	

See Notes to Financial Statements.

# City of Rusk, Texas

## BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2022

	General Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 1,085,949	\$ 1,302,969	\$ 302,278	\$ 2,691,196
Restricted cash	43,098	-	-	43,098
Investments	404,378	-	-	404,378
Receivables, net	256,022	-	1,391	257,413
Due from other funds	9,238	-	7,192	16,430
<b>Total Assets</b>	<b>\$ 1,798,685</b>	<b>\$ 1,302,969</b>	<b>\$ 310,861</b>	<b>\$ 3,412,515</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 107,007	\$ -	\$ 172	\$ 107,179
Due to other funds	7,192	-	9,238	16,430
<b>Total Liabilities</b>	<b>114,199</b>	<b>-</b>	<b>9,410</b>	<b>123,609</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property tax	49,712	-	1,360	51,072
<b>Total Deferred Inflows of Resources</b>	<b>49,712</b>	<b>-</b>	<b>1,360</b>	<b>51,072</b>
<b><u>Fund Balances</u></b>				
Restricted for:				
Special services	-	-	10,100	10,100
Debt service	-	-	52,436	52,436
Municipal court	-	-	79,862	79,862
Capital projects	-	-	2,912	2,912
Grant activities	-	1,302,969	215	1,303,184
Public safety	-	-	31,807	31,807
Parks and recreation	-	-	131,778	131,778
Unassigned reported in:				
General fund	1,634,774	-	-	1,634,774
Special revenue funds	-	-	(9,019)	(9,019)
<b>Total Fund Balances</b>	<b>1,634,774</b>	<b>1,302,969</b>	<b>300,091</b>	<b>3,237,834</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,798,685</b>	<b>\$ 1,417,168</b>	<b>\$ 310,861</b>	<b>\$ 3,361,443</b>

See Notes to Financial Statements.

# City of Rusk, Texas

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

September 30, 2022

<b>Fund Balances - Total Governmental Funds</b>	\$ 3,237,834
<b>Adjustments for the Statement of Net Position:</b>	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets - non-depreciable	1,140,624
Capital assets - net depreciable	3,856,374
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Property taxes	51,072
Net pension asset	598,517
Deferred outflows (inflows) of resources, represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow or inflow of resources (expenditure/revenues) until then.	
Pension contributions	64,997
Pension difference in experience	(93,453)
Deferred gain on refunding	3,042
Pension investment returns	(270,193)
OPEB contributions	1,119
OPEB difference in experience	18,678
OPEB changes in assumptions	2,773
Deferred gain on refunding	(266,412)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(17,405)
Compensated absences	(107,881)
Non-current liabilities due in one year	(83,518)
Non-current liabilities due in more than one year	(4,787,181)
OPEB liability	(117,134)
<b>Net Position of Governmental Activities</b>	<b>\$ 3,231,853</b>

See Notes to Financial Statements.

# City of Rusk, Texas

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	General Fund	American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property tax	\$ 661,156	\$ -	\$ 26,114	\$ 687,270
Sales tax	734,316	-	-	734,316
Franchise and other taxes	249,978	-	57,507	307,485
Intergovernmental	34,917	694,049	-	728,966
Recreation services	33,859	-	4,650	38,509
License and permits	43,439	-	-	43,439
Fines and forfeitures	212,085	-	10,025	222,110
Investment earnings	26,852	-	2,647	29,499
Miscellaneous revenue	70,616	-	15,348	85,964
<b>Total Revenues</b>	<b>2,067,218</b>	<b>694,049</b>	<b>116,291</b>	<b>2,877,558</b>
<b>Expenditures</b>				
Current:				
Administration	606,757	-	53,602	660,359
Police department	926,204	2,628	-	928,832
Municipal court	96,726	-	-	96,726
Fire department	334,154	-	-	334,154
Library	106,680	-	-	106,680
Parks and recreation	56,943	-	89,087	146,030
Public works	512,855	-	-	512,855
Transportation Program	167,389	-	-	167,389
Other	565	-	-	565
Debt Service:				
Principal	444,336	-	-	444,336
Interest and fiscal charges	250,253	-	-	250,253
Capital outlay	3,048	-	821	3,869
<b>Total Expenditures</b>	<b>3,505,910</b>	<b>2,628</b>	<b>143,510</b>	<b>3,652,048</b>
<b>Excess of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(1,438,692)</b>	<b>691,421</b>	<b>(27,219)</b>	<b>(774,490)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,604,392	-	24,500	1,628,892
Transfers (out)	(24,500)	-	(16,218)	(40,718)
Payment to refunded bonds escrow agent	(4,872,063)	-	-	(4,872,063)
Bond issuance	4,675,000	-	-	4,675,000
<b>Total Other Financing Sources (Uses)</b>	<b>1,382,829</b>	<b>-</b>	<b>8,282</b>	<b>1,391,111</b>
<b>Net Change in Fund Balances</b>	<b>(55,863)</b>	<b>691,421</b>	<b>(18,937)</b>	<b>616,621</b>
Beginning fund balances	1,690,637	611,548	319,028	2,621,213
<b>Ending Fund Balances</b>	<b>\$ 1,634,774</b>	<b>1,302,969</b>	<b>\$ 300,091</b>	<b>\$ 3,237,834</b>

See Notes to Financial Statements.

# City of Rusk, Texas

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

**For the Year Ended September 30, 2022**

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

Net changes in fund balances - total governmental funds	\$	616,621
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay		73,906
Depreciation expense		(341,615)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes

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.

Compensated absences		(23,585)
Pension expense		152,642
OPEB expense		(12,164)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these debt and related items.

Accrued interest		7,978
Amortization of debt premiums		12,049
Refunding bond issuance		(4,675,000)
Current year debt and premium refunding		5,149,183
Current year deferred gain on refunding		(277,120)
Amortization of deferred gain of refunding		10,708
Principal payments		444,336
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>1,137,939</u></b>

See Notes to Financial Statements.

**City of Rusk, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**PROPRIETARY FUND**  
**September 30, 2022**

	<b>Water, Sewer &amp; Sanitation</b>
<b><u>Assets</u></b>	
<b><u>Current Assets</u></b>	
Cash and cash equivalents	\$ 346,415
Restricted cash	2,272,559
Receivables, net	545,001
<b>Total Current Assets</b>	<b>3,163,975</b>
<b><u>Noncurrent Assets</u></b>	
Net pension asset	186,218
Capital assets:	
Non-depreciable	696,356
Net depreciable capital assets	3,008,997
<b>Total Noncurrent Assets</b>	<b>3,891,571</b>
<b>Total Assets</b>	<b>7,055,546</b>
<b><u>Deferred Outflows of Resources</u></b>	
Pension contributions	20,222
Pension changes in assumptions	946
OPEB contributions	348
OPEB difference in investment experience	5,812
OPEB changes in assumptions	862
<b>Total Deferred Outflows of Resources</b>	<b>28,190</b>

**City of Rusk, Texas**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**PROPRIETARY FUND**  
**September 30, 2022**

	<b>Water, Sewer &amp; Sanitation</b>
<b><u>Liabilities</u></b>	
<b><u>Current Liabilities</u></b>	
Accounts payable and accrued liabilities	\$ 165,734
Customer deposits	138,347
Accrued interest	6,650
Compensated absences, current	7,241
Long-term debt due within a year	120,000
<b>Total Current Liabilities</b>	<b>437,972</b>
<b><u>Noncurrent Liabilities</u></b>	
OPEB liability	36,450
Compensated absences, noncurrent	805
Long-term debt due in more than a year	2,395,000
<b>Total Liabilities</b>	<b>2,870,227</b>
<b><u>Deferred Inflows of Resources</u></b>	
Pension investment returns	84,066
Pension difference in experience	29,076
<b>Total Deferred Inflows of Resources</b>	<b>113,142</b>
<b><u>Net Position</u></b>	
Net investment in capital assets	3,462,912
Restricted for pension	94,244
Unrestricted	543,211
<b>Total Net Position</b>	<b>\$ 4,100,367</b>

See Notes to Financial Statements.

# City of Rusk, Texas

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended September 30, 2022

	<b>Water, Sewer &amp; Sanitation</b>
<b><u>Operating Revenues</u></b>	
Water sales	\$ 1,984,011
Sewer revenue	1,362,944
Sanitation revenue	728,677
Meter installations	21,485
Other revenue	101,758
<b>Total Operating Revenues</b>	<b>4,198,875</b>
 <b><u>Operating Expenses</u></b>	
Sewer	352,721
Water	560,270
Sanitation	702,725
Billing	108,650
Nondepartmental	476,468
Depreciation	297,231
<b>Total Operating Expenses</b>	<b>2,498,065</b>
<b>Operating Income (Loss)</b>	<b>1,700,810</b>
 <b><u>Nonoperating Revenues (Expenses)</u></b>	
Investment earnings	6,305
Interest expense	(33,816)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(27,511)</b>
<b>Income Before Transfers and Capital Contributions</b>	<b>1,673,299</b>
 <b><u>Transfers and Capital Contributions</u></b>	
Capital contributions	10,290
Transfers (out)	(1,588,174)
<b>Total Transfers and Capital Contributions</b>	<b>(1,577,884)</b>
<b>Change in Net Position</b>	<b>95,415</b>
Beginning Net Position	4,004,952
<b>Ending Net Position</b>	<b>\$ 4,100,367</b>

See Notes to Financial Statements.



**City of Rusk, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND (Page 1 of 2)**  
**For the Year Ended September 30, 2022**

	<b>Water, Sewer &amp; Sanitation</b>
<b><u>Cash Flows from Operating Activities</u></b>	
Receipts from customers	\$ 4,229,618
Payments to employees	(451,356)
Payments to suppliers and contractors	(1,746,230)
<b>Net Cash Provided by (Used) for Operating Activities</b>	<b>2,032,032</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Transfers (out) to other funds	(1,588,174)
<b>Net Cash Provided by (Used) Noncapital Financing Activities</b>	<b>(1,588,174)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Capital purchases	(531,023)
Payments on outstanding debt	(132,126)
Interest expense paid on debt	(33,816)
<b>Net Cash Provided by (Used) for Capital and Related Financing Activities</b>	<b>(696,965)</b>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest received	6,305
<b>Net Cash Provided by Investing Activities</b>	<b>6,305</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(246,802)</b>
Beginning Cash and Cash Equivalents	2,865,776
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 2,618,974</b>

See Notes to Financial Statements.

**City of Rusk, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND (Page 2 of 2)**  
**For the Year Ended September 30, 2022**

	<b>Water, Sewer &amp; Sanitation</b>
<b><u>Reconciliation of Operating Income (Loss)</u></b>	
<b><u>to Net Cash Provided by (Used for) Operating Activities</u></b>	
Operating Income (Loss)	\$ 1,700,810
Adjustments to reconcile operating income to net cash provided:	
Depreciation	297,231
<b>Changes in Operating Assets and Liabilities:</b>	
<b>(Increase) Decrease in:</b>	
Accounts receivable	26,168
Deferred Outflows of Resources:	
Pension liability (asset)	(1,100)
OPEB liability	185
Deferred Inflows of Resources:	
Pension liability (asset)	46,248
OPEB liability	(1,847)
<b>Increase (Decrease) in:</b>	
Accounts payable and accrued liabilities	46,945
Customer deposits	4,575
Net pension liability (asset)	(92,631)
OPEB liability	5,448
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 2,032,032</b>
 <b><u>Schedule of Non-Cash Capital and Financing Activities</u></b>	
Capital contributions	\$ 10,290

See Notes to Financial Statements.

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Rusk, Texas (the “City”), operates under a Council-Manager form of government.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**Discretely Presented Component Unit**

**The Rusk Economic Development Corporation**

The Rusk Economic Development Corporation (“REDC”) is governed by a seven-member board of directors appointed, at will, by the City Council. The REDC's main activities involve contributing to the City's construction of infrastructure within the City limits in order to improve economic development. The REDC does not provide services entirely, or almost entirely to the City, nor does it maintain debt of any type that are repaid using City resources. Accordingly, the REDC is report as a discretely presented component unit. The REDC collects a half cent sales tax to support its activities. The nature and significance of the relationship between the primary government and the REDC is such that exclusion would cause the City's financial statements to be misleading or incomplete. The REDC does not issue separate financial statements.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and the discretely presented component unit.

**B. Financial Statement Presentation**

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and*

# City of Rusk, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

*Analysis – for State and Local Governments.* Requirements of the statement include the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the City’s overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the City’s activities;
- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position and a statement of activities. It requires the classification of net position into three components: invested in net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets**—This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted**—This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted**—This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

### C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of

**City of Rusk, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2022

a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. In the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The government reports the following governmental funds:

**Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed. The government reports the following major governmental funds:

**General Fund**

The general fund is used to account for financial resources used for general operations. Any fund balances are considered resources available for current operations. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in this fund.

**American Rescue Plan Fund**

The ARP fund is used to account for revenues and grant expenditures related to funds received through the federal government's COVID-19 response.

**Proprietary Fund Types**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB. The proprietary fund types used by the City include enterprise funds.

**City of Rusk, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
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The government reports the following major enterprise fund:

**Water, Sewer, and Sanitation Fund**

This fund is used to account for the provision of water, sewer, and sanitation services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water production and distribution system, water collection and treatment systems, and contract garbage services. The fund also accounts for the accumulation of resources for and the payment of long-term debt. All costs are financed through charges to utility customers.

**D. Measurement Focus and Basis of Accounting**

The government-wide statements of net position and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net position. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and component units are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current position.

The City utilizes the modified accrual basis of accounting in the governmental fund type and component units. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

The accrual basis of accounting is used for the proprietary fund types. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

The statements of net position, statements of activities, and financial statements of proprietary fund types are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

**E. Assets, Liabilities, and Fund Equity or Net Position**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, are reported using the pools' share price.

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

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

**2. Receivables and Interfund Transactions**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables"

# City of Rusk, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

(i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as “due to/from component unit/primary government.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a fund balance reserve account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

### **3. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Penalties are calculated after February 1 up to the date collected by the government at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the government. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

### **4. Capital Assets**

Capital assets, which include property, machinery, equipment, and infrastructure assets (e.g., water and sewer system, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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



# City of Rusk, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20 to 40 years
Water and Sewer System	30 to 40 years
Vehicles	5 to 10 years
Infrastructure	5 to 15 years
Furniture, fixtures and equipment	4 to 10 years

### 5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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.

An example is a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines and forfeitures. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

### 6. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide statements, a flow assumption must be made about the order in which the resources are considered to be applied.

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**7. Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**8. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

# City of Rusk, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

### **9. Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. 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.

### **10. Other Postemployment Benefits ("OPEB")**

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

### **11. Compensated Absences**

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

**City of Rusk, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2022

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

**12. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**13. Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

# City of Rusk, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

### 14. Fair Value Measurement

The City has applied Governmental Accounting Standards Board (“GASB”) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

## 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.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

### 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.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

## III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, TSR Iowa Pacific, and the proprietary fund. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the department level. No funds can be transferred or added to a budgeted item without Council approval. Appropriations lapse at the end of the year.

# City of Rusk, Texas

## NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2022

### A. Expenditures In Excess of Appropriations

For the current year, general fund expenditures exceeded appropriations in the parks and recreation, debt service principal, debt service interest, and capital outlay departments by \$6,943, \$316,765, \$167,273 and \$3,048, respectively.

### B. Deficit Fund Equity

The economic development fund, fireman's retirement fund, and hotel/motel fund had a deficit fund balance of \$7,973, \$234, and \$1,000, respectively, as of September 30, 2022. These deficits will be replenished through interfund transfers, and/or future operating surpluses.

## IV. DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

As of September 30, 2022, the primary government had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 404,378	0.24
Total carrying value	<u>\$ 404,378</u>	
Portfolio weighted average maturity		

*Interest rate risk* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

*Credit risk* The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

*Custodial credit risk – deposits* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2022, the market values of pledged securities and FDIC exceeded bank balances.

*Custodial credit risk – investments* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

**B. Receivables**

The following comprise receivable balances of the primary government at year end:

	<b>General</b>	<b>Nonmajor Governmental</b>	<b>Water, Sewer, &amp; Sanitation</b>	<b>Total</b>
Property taxes	\$ 49,712	\$ 1,360	\$ -	\$ 51,072
Sales tax	137,159	-	-	137,159
Franchise taxes	68,912	-	-	68,912
Other	239	31	-	270
Accounts	-	-	562,654	562,654
Allowance	-	-	(17,653)	(17,653)
	<u>\$ 256,022</u>	<u>\$ 1,391</u>	<u>\$ 545,001</u>	<u>\$ 802,414</u>

The following comprise receivable balances of the component unit at year end:

	<b>Component Unit</b>
Sales tax	<u>\$ 68,610</u>
	<u>\$ 68,610</u>

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**C. Capital Assets**

A summary of changes in governmental activities capital assets for the year end was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases/ Reclassifications</b>	<b>Ending Balances</b>
Capital assets, not being depreciated:				
Land	\$ 1,140,624	\$ -	\$ -	\$ 1,140,624
Total capital assets not being depreciated	<u>1,140,624</u>	<u>-</u>	<u>-</u>	<u>1,140,624</u>
Capital assets, being depreciated:				
Buildings and improvements	5,239,860	32,583	-	5,272,443
Machinery, equipment, and vehicles	2,734,549	41,323	(64,438)	2,711,434
Infrastructure	1,157,238	-	-	1,157,238
Total capital assets being depreciated	<u>9,131,647</u>	<u>73,906</u>	<u>(64,438)</u>	<u>9,141,115</u>
Less accumulated depreciation				
Buildings and improvements	2,154,189	163,649	-	2,317,838
Machinery, equipment, and vehicles	2,170,284	110,231	(64,438)	2,216,077
Infrastructure	683,091	67,735	-	750,826
Total accumulated depreciation	<u>5,007,564</u>	<u>341,615</u>	<u>(64,438)</u>	<u>5,284,741</u>
Net capital assets being depreciated	<u>4,124,083</u>	<u>(267,709)</u>	<u>-</u>	<u>3,856,374</u>
Total capital assets	<u>\$ 5,264,707</u>	<u>\$ (267,709)</u>	<u>\$ -</u>	<u>\$ 4,996,998</u>

Depreciation was charged to governmental functions as follows:

Administration	\$ 29,206
Police department	75,514
Fire department	16,010
Library	36,891
Parks	95,225
Public works	88,769
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 341,615</u>



**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

A summary of changes in business-type activities capital assets for the year end was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases/ Reclassifications</b>	<b>Ending Balances</b>
Capital assets, not being depreciated:				
Land	\$ 313,701	\$ -	\$ -	\$ 313,701
Construction in progress	15,882	366,773	-	382,655
Total capital assets not being depreciated	<u>329,583</u>	<u>366,773</u>	<u>-</u>	<u>696,356</u>
Capital assets, being depreciated:				
Water and sewer system	9,933,962	16,560	-	9,950,522
Vehicles and equipment	598,111	157,980	-	756,091
Total capital assets being depreciated	<u>10,532,073</u>	<u>174,540</u>	<u>-</u>	<u>10,706,613</u>
Less accumulated depreciation				
Water and sewer system	6,946,720	277,677	-	7,224,397
Vehicles and equipment	453,665	19,554	-	473,219
Total accumulated depreciation	<u>7,400,385</u>	<u>297,231</u>	<u>-</u>	<u>7,697,616</u>
Net capital assets being depreciated	<u>3,131,688</u>	<u>(122,691)</u>	<u>-</u>	<u>3,008,997</u>
Total capital assets	<u>\$ 3,461,271</u>	<u>\$ 244,082</u>	<u>\$ -</u>	<u>\$ 3,705,353</u>

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**D. Long-term Debt**

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the general fund to liquidate governmental long-term liabilities.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Refunding/ Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due within One Year</b>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
Combination Tax and					
Revenue Certificate of Obligation	\$ 5,190,000	\$ -	\$ (5,190,000)	\$ -	\$ -
General Obligation Refunding Bonds	-	4,675,000	-	4,675,000	-
Less deferred amounts:					
For premiums	289,169	-	(289,169)	-	-
Total bonds payable	5,479,169	4,675,000	(5,479,169)	4,675,000	-
Notes payable	322,098	-	(126,399)	195,699	83,518
<b>Total Governmental Activities</b>	<b>\$ 5,801,267</b>	<b>\$ 4,675,000</b>	<b>\$ (5,605,568)</b>	<b>\$ 4,870,699</b>	<b>\$ 83,518</b>
<b>Long-term liabilities due in more than one year</b>				<b>\$ 4,787,181</b>	
<b>Business-Type Activities:</b>					
General Obligation Refunding Bonds	2,630,000	-	(115,000)	2,515,000	120,000
Total bonds payable	2,630,000	-	(115,000)	2,515,000	120,000
Notes payable	17,126	-	(17,126)	-	-
<b>Total Business-Type Activities</b>	<b>\$ 2,647,126</b>	<b>\$ -</b>	<b>\$ (132,126)</b>	<b>\$ 2,515,000</b>	<b>\$ 120,000</b>
<b>Long-term liabilities due in more than one year</b>				<b>\$ 2,395,000</b>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The net book value of the assets acquired through note payable financing for governmental activities totals \$249,649 as of yearend.

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

Long-term debt at year end was comprised of the following debt issues:

	<b>General Type Activities</b>	<b>Business - Type Activities</b>
<b>General Obligation bonds:</b>		
\$2,630,000 Certificates of Obligation, Series 2021, due in annual installments through 2041, interest at 1.10% to 1.53%	\$ -	\$ 2,515,000
\$ 4,675,000 General Obligation Refunding Bond, Series 2022, due in annual installments through 2034, interest at 2.9%	4,675,000	-
<b>Total General Obligation Bonds</b>	<b>\$ 4,675,000</b>	<b>\$ 2,515,000</b>
<b>Notes payable:</b>		
\$142,781 Note payable for police camera equipment, due in installments through 2023, interest at 3.89%	\$ 30,072	\$ -
\$267,508 Note payable for six Chevrolet Tahoes, due in installments through 2022, interest at 3.25%	165,627	-
<b>Total Notes Payable</b>	<b>195,699</b>	<b>-</b>
<b>Total Debt</b>	<b>\$ 4,870,699</b>	<b>\$ 2,515,000</b>

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

<b>Year ending September 30,</b>	<b>Governmental Activities</b>	
	<b>General Obligation Refunding Bond, 2022</b>	
	<b>Principal</b>	<b>Interest</b>
2023	\$ -	\$ 107,057
2024	150,000	105,340
2025	405,000	98,985
2026	415,000	89,596
2027	430,000	79,921
2028-2032	2,285,000	246,576
2033-2034	990,000	22,786
<b>Total</b>	<b>\$ 4,675,000</b>	<b>\$ 750,261</b>

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

Year ending September 30,	Governmental Activities	
	Notes Payable	
	Principal	Interest
2023	\$ 83,518	\$ 1,170
2024	55,173	3,655
2025	57,008	1,831
<b>Total</b>	<b>\$ 195,699</b>	<b>\$ 6,656</b>

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Year ending September 30,	Business-Type Activities	
	Certificates of Obligation, Series 2021	
	Principal	Interest
2023	\$ 120,000	\$ 28,765
2024	120,000	27,445
2025	120,000	26,125
2026	125,000	24,777
2027	125,000	23,402
2028-2032	645,000	95,945
2033-2037	685,000	59,397
2038-2041	575,000	16,832
<b>Total</b>	<b>\$ 2,515,000</b>	<b>\$ 302,688</b>

**E. Deferred Charges (Gains) on Refunding**

A deferred gain resulting from the issuance of the 2022 general obligation refunding bonds has been recorded as a deferred inflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for governmental activity totaled \$266,412. Current year amortization expense for governmental activities totaled \$10,708.

**F. Current Year Refunding**

On April 5, 2022, the City issued \$4,675,000 in general obligation refunding bonds with an interest rate of 2.29%. The proceeds were used to refund \$4,870,000 of outstanding 2013 certificate of obligation bonds which had an interest rate of 3% to 4%.

The net carrying amount of the old debt exceeded the reacquisition price by \$277,121. This amount was amortized over the remaining life of the refunding debt. This refunding reduced its total debt service payments by \$728,729 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$701,774.

# City of Rusk, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

### G. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. The general fund normally liquidates compensated absences for all governmental funds. The water, sewer, and sanitation fund liquidate their own portion of compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 84,296	\$ 30,874	\$ (7,289)	\$ 107,881	\$ 97,093
<b>Total Governmental Activities</b>	<b>\$ 84,296</b>	<b>\$ 30,874</b>	<b>\$ (7,289)</b>	<b>\$ 107,881</b>	<b>\$ 97,093</b>
<b>Other Long-term Liabilities Due in More than One Year</b>				<b>\$ 10,788</b>	
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 8,046	\$ -	\$ -	\$ 8,046	\$ 7,241
<b>Total Business-Type Activities</b>	<b>\$ 8,046</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,046</b>	<b>\$ 7,241</b>
<b>Other Long-term Liabilities Due in More than One Year</b>				<b>\$ 805</b>	

### H. Interfund Transactions

Transfers between the primary government funds during the 2022 year were as follows:

Transfer out	Transfer In	Amount
Water and Sewer	General Fund	\$ 1,588,174
Debt Service	General Fund	16,218
General	Cemetery	24,500
		<b>\$ 1,628,892</b>

Transfers between funds were primarily to support capital projects, internal administration costs and operation of funds.

The composition of interfund balances as of yearend were as follows:

Due From	Due To	Amount
Nonmajor governmental	General	7,192
General	Nonmajor governmental	9,238
		<b>\$ 16,430</b>

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**I. Fund Equity**

The City records restrictions to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures. The following is a list of restricted fund balances:

	<b>Restricted Fund Balance</b>	<b>Restricted Net Position</b>
Debt service	\$ 52,436	\$ 52,436
Capital projects	2,912	2,912
Municipal court	79,862 *	79,862
Grant activities	1,303,184	1,303,184
Public safety	31,807	31,807
Parks and recreation	131,778	131,778
Special services	10,100	10,100
Pension	-	397,154
<b>Total</b>	<b>\$ 1,612,079</b>	<b>\$ 2,009,233</b>

\*Restricted by enabling legislation

**V. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League’s Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**B. Contingent Liabilities**

Rusk Volunteer Fire Department (“RVFD”)

The City of Rusk has provided funding to the Rusk Volunteer Fire Department (“RVFD”). These RVFD used these funds by applying them to the principal and interest due on a loan, for which the RVFD is the borrower. The City is not obligated to make annual or additional payments to the RVFD in any amount. However, the City of Rusk is the guarantor of the loan. Accordingly, in the instance the RVFD defaults on the loan, the City of Rusk would be responsible to ensure payments were made in full. The RVFD entered into the loan with an original principal balance of \$350,000 on September 1, 2015, with an interest rate of 4.25% and a maturity date of October 1, 2025. As of September 30, 2022, the loan had an

**City of Rusk, Texas**  
*NOTES TO FINANCIAL STATEMENTS, Continued*  
September 30, 2022

outstanding balance of \$145,484. For the year ending September 30, 2022, the City of Rusk contributed \$83,000 to the RVFD.

**C. Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed correctly, a substantial liability to the City could result. The City does anticipate that it will have an arbitrage liability and performs annual calculations to estimate this potential liability. The City will also engage an arbitrage consultant to perform the calculations in accordance with Internal Revenue Service's rules and regulations if indicated.

**D. Pension Plans**

Texas Municipal Retirement System

**1. Plan Description**

The City of Rusk, Texas participates as one of 920 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.tMrs.com](http://www.tMrs.com).

All eligible employees of the city are required to participate in TMRS.

**2. Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity.

# City of Rusk, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2021</u>	<u>Plan Year 2020</u>
Employee deposit rate	6%	6%
Matching ratio (city to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

### **Employees covered by benefit terms**

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

Inactive employees or beneficiaries currently receiving benefits	20
Inactive employees entitled to but not yet receiving benefits	28
Active employees	<u>36</u>
<b>Total</b>	<b><u>84</u></b>

### **3. Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Rusk, Texas were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Rusk, Texas were 6.14% and



**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

6.39% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$114,219, and were equal to the required contributions.

**4. Net Pension Liability (Asset)**

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

**Actuarial assumptions**

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each

# City of Rusk, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public/Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

### Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

### Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ (23,055)	\$ (784,735)	\$ (1,406,317)

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**Changes in the Net Pension (Asset) Liability**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension (Asset) Liability (a) – (b)</b>
<b>Balance at 12/31/20</b>	\$ 4,911,535	\$ 5,305,866	\$ (394,331)
Changes for the year:			
Service cost	223,771	-	223,771
Interest	332,055	-	332,055
Difference between expected and actual experience	(46,230)	-	(46,230)
Changes of assumptions	-	-	-
Contributions – employer	-	106,638	(106,638)
Contributions – employee	-	104,241	(104,241)
Net investment income	-	692,299	(692,299)
Benefit payments, including refunds of emp. contributions	(208,185)	(208,185)	-
Administrative expense	-	(3,200)	3,200
Other changes	-	22	(22)
Net changes	301,411	691,815	(390,404)
<b>Balance at 12/31/21</b>	<b>\$ 5,212,946</b>	<b>\$ 5,997,681</b>	<b>\$ (784,735)</b>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2022, the City recognized pension income of \$85,939.

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

At September 30, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred (Inflows) of Resources</b>
Difference between projected and investment earnings	\$ -	\$ (122,529)
Changes in assumptions	3,988	-
Pension investment returns	-	(354,259)
Contributions subsequent to the measurement date	85,219	-
<b>Total</b>	<b>\$ 89,207</b>	<b>\$ (476,788)</b>

The City reported \$85,219 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Net Deferred Outflows (Inflows) of Resources</b>
<b>Year ended December 31:</b>	
2022	\$ (133,525)
2023	(177,769)
2024	(93,993)
2025	(67,513)
2026	-
Thereafter	-
	<b>\$ (472,800)</b>

**6. Supplemental Death Benefits Plan**

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. The SDBF covers both active and

# City of Rusk, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

retiree benefits with no segregation of assets and, therefore, doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

### Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	9
Active employees	36
Total	59

The City's retiree contribution rates to the TMRS SDBF for the years ended 2022, 2021 and 2020 were \$1,846, \$1,530 and \$540, respectively, which equaled the required contribution each year.

### Three-Year Contribution Information

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2020	0.03%	0.03%	100.0%
2021	0.09%	0.09%	100.0%
2022	0.11%	0.11%	100.0%

### Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2021, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**Actuarial assumptions:**

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	1.84%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

**Discount Rate:**

The discount rate used to measure the Total OPEB Liability was 1.84%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

<b>1% Decrease (0.84%)</b>	<b>Current Single Rate Assumption 1.84%</b>	<b>1% Increase (2.84%)</b>
\$ 190,592	\$ 153,584	\$ 125,564

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

**Changes in the Total OPEB Liability:**

	<b>Total OPEB Liability</b>
<b>Balance at 12/31/20</b>	<b>\$ 130,629</b>
Changes for the year:	
Service Cost	8,513
Interest	2,682
Difference between expected and actual experience	8,316
Changes of assumptions	5,008
Benefit payments	(1,564)
Net changes	22,955
<b>Balance at 12/31/21</b>	<b>\$ 153,584</b>

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$18,619.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<b>Deferred Outflows of Resources</b>
Changes in assumptions	\$ 3,635
Difference between expected and actual experience	24,490
Contributions subsequent to measurement date	1,467
<b>Total</b>	<b>\$ 29,592</b>

The City reported \$1,467 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2023.

**City of Rusk, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2022**

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended December 31:</b>		
2022	\$	7,424
2023		7,118
2024		6,472
2025		4,491
2026		2,581
Thereafter		39
	<u>\$</u>	<u>28,125</u>

**E. Subsequent Events**

The City approved the lease purchase agreement of public safety vehicles totaling \$173,464. The agreement has an interest rate of 5.94% and a maturity date of April 14, 2028.

There were no material subsequent events through August 9, 2023, the date the financial statements were issued.



***REQUIRED SUPPLEMENTARY INFORMATION***

# City of Rusk, Texas

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

### GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property tax	\$ 620,000	\$ 620,000	\$ 661,156	\$ 41,156
Sales tax	500,000	500,000	734,316	234,316
Franchise and other taxes	250,600	250,600	249,978	(622)
Intergovernmental	98,000	107,500	34,917	(72,583)
Recreation services	20,000	20,000	33,859	13,859
License and permits	31,250	31,250	43,439	12,189
Fines and forfeitures	358,250	358,250	212,085	(146,165)
Investment earnings	5,000	5,000	26,852	21,852
Miscellaneous revenue	46,000	89,041	70,616	(18,425)
<b>Total Revenues</b>	1,929,100	1,981,641	2,067,218	85,577
<b>Expenditures</b>				
Current:				
Administration	642,822	642,822	606,757	36,065
Police department	1,035,264	984,715	926,204	58,511
Municipal court	103,018	103,018	96,726	6,292
Fire department	331,096	335,596	334,154	1,442
Library	130,762	135,762	106,680	29,082
Parks and recreation	200,000	50,000	56,943	(6,943) *
Public works	492,830	673,369	512,855	160,514
Transportation Program	218,451	203,451	167,389	36,062
Other	565	565	565	-
Debt service				
Principal	60,000	127,571	444,336	(316,765) *
Interest and fiscal charges	-	82,980	250,253	(167,273) *
Capital outlay	-	-	3,048	(3,048) *
<b>Total Expenditures</b>	3,214,808	3,339,849	3,505,910	(166,061)
<b>Revenues Over (Under) Expenditures</b>	(1,285,708)	(1,358,208)	(1,438,692)	(80,484)

# City of Rusk, Texas

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

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	1,325,000	1,594,563	1,604,392	9,829
Transfers (out)	(24,500)	(24,500)	(24,500)	-
Payment to refunded bonds escrow agent	-	(4,872,063)	(4,872,063)	-
Bond issuance	-	4,675,000	4,675,000	-
<b>Total Other Financing Sources (Uses)</b>	1,300,500	1,373,000	1,382,829	9,829
<b>Net Change in Fund Balance</b>	\$ 14,792	\$ 14,792	(55,863)	\$ (70,655)
Beginning fund balance			1,690,637	
<b>Ending Fund Balance</b>			\$ 1,634,774	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

\* Expenditures exceeded appropriations at the legal level of control.

# City of Rusk, Texas

## SCHEDULE OF CHANGES IN NET PENSION (ASSET) LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Total pension liability				
Service cost	\$ 223,771	\$ 221,685	\$ 212,921	\$ 210,825
Interest	332,055	310,709	283,434	272,771
Differences between expected and actual experience	(46,230)	(59,864)	7,367	(193,442)
Changes of assumptions	-	-	12,785	-
Benefit payments, including refunds of participant contributions	(208,185)	(106,489)	(127,152)	(139,318)
<b>Net change in total pension liability</b>	<b>301,411</b>	<b>366,041</b>	<b>389,355</b>	<b>150,836</b>
<b>Total pension liability - beginning</b>	<b>4,911,535</b>	<b>4,545,494</b>	<b>4,156,139</b>	<b>4,005,303</b>
<b>Total pension liability - ending (a)</b>	<b>5,212,946</b>	<b>4,911,535</b>	<b>4,545,494</b>	<b>4,156,139</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 106,638	\$ 106,735	\$ 111,280	\$ 114,141
Contributions - members	104,241	106,579	101,472	100,712
Net investment income	692,299	367,281	636,785	(124,903)
Benefit payments, including refunds of participant contributions	(208,185)	(106,489)	(127,152)	(139,318)
Administrative expenses	(3,200)	(2,374)	(3,595)	(2,413)
Other	22	(93)	(109)	(125)
<b>Net change in plan fiduciary net position</b>	<b>691,815</b>	<b>471,639</b>	<b>718,681</b>	<b>(51,906)</b>
<b>Plan fiduciary net position - beginning</b>	<b>5,305,866</b>	<b>4,834,227</b>	<b>4,115,546</b>	<b>4,167,452</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 5,997,681</b>	<b>\$ 5,305,866</b>	<b>\$ 4,834,227</b>	<b>\$ 4,115,546</b>
<b>Fund's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (784,735)</b>	<b>\$ (394,331)</b>	<b>\$ (288,733)</b>	<b>\$ 40,593</b>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>				
	115.05%	108.03%	106.35%	99.02%
<b>Covered payroll</b>	\$ 1,737,354	\$ 1,776,325	\$ 1,691,192	\$ 1,678,540
<b>Fund's net position as a percentage of covered payroll</b>	-45.17%	-22.20%	-17.07%	2.42%

**Notes to schedule:**

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
\$	210,423	\$ 214,381	\$ 204,566	\$ 165,322
	254,501	231,241	212,408	188,613
	(69,947)	2,278	58,608	45,649
	-	-	(1,020)	-
	(109,707)	(92,928)	(83,248)	(75,300)
	<u>285,270</u>	<u>354,972</u>	<u>391,314</u>	<u>324,284</u>
	<u>3,720,033</u>	<u>3,365,061</u>	<u>2,973,747</u>	<u>2,649,463</u>
	<u>4,005,303</u>	<u>3,720,033</u>	<u>3,365,061</u>	<u>2,973,747</u>
\$	111,934	\$ 97,664	\$ 96,836	\$ 88,895
	100,842	102,985	103,753	90,268
	495,168	219,499	4,617	163,771
	(109,707)	(92,928)	(83,248)	(75,300)
	(2,566)	(2,479)	(2,812)	(1,710)
	(130)	(134)	(139)	(140)
	<u>595,541</u>	<u>324,607</u>	<u>119,007</u>	<u>265,784</u>
	<u>3,571,911</u>	<u>3,247,304</u>	<u>3,128,297</u>	<u>2,862,513</u>
\$	<u>4,167,452</u>	<u>\$ 3,571,911</u>	<u>\$ 3,247,304</u>	<u>\$ 3,128,297</u>
\$	<u>(162,149)</u>	<u>\$ 148,122</u>	<u>\$ 117,757</u>	<u>\$ (154,550)</u>
	104.05%	96.02%	96.50%	105.20%
\$	1,680,692	\$ 1,716,419	\$ 639,822	\$ 1,504,475
	-9.65%	8.63%	18.40%	-10.27%

# City of Rusk, Texas

## SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Fiscal Years Ended:

	9/30/2022	9/30/2021	9/30/2020	9/30/2019
Actuarially determined employer	\$ 114,219	\$ 105,997	\$ 111,108	\$ 110,766
Contributions in relation to the actuarially determined contribution	\$ 114,219	\$ 105,997	\$ 111,108	\$ 110,766
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 1,805,944	\$ 1,736,318	\$ 1,801,625	\$ 1,667,559
Employer contributions as a percentage of covered payroll	6.32%	6.10%	6.17%	6.64%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018

Mortality

Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

**Other Information:**

Notes There were no benefit changes during the year.

<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u> <sup>1</sup>
\$ 114,428	\$ 106,558	\$ 98,030	\$ 92,715
<u>\$ 114,428</u>	<u>\$ 106,558</u>	<u>\$ 98,030</u>	<u>\$ 92,715</u>
\$ -	\$ -	\$ -	\$ -
\$ 1,692,802	\$ 1,669,263	\$ 1,886,332	\$ 1,793,466
6.76%	6.38%	5.20%	5.17%

# City of Rusk, Texas

## SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Total OPEB liability				
Service cost	\$ 8,513	\$ 7,816	\$ 6,088	\$ 6,211
Interest	2,682	3,023	3,185	2,668
Differences between expected and actual experience	8,316	(3,345)	(4,934)	3,490
Changes of assumptions	5,008	17,374	19,395	(6,548)
Benefit payments	(1,564)	(533)	(507)	(504)
<b>Net changes</b>	22,955	24,335	23,227	5,317
<b>Total OPEB liability - beginning</b>	130,629	106,294	83,067	77,750
<b>Total OPEB liability - ending</b>	\$ 153,584	\$ 130,629	\$ 106,294	\$ 83,067
<b>Covered payroll</b>	\$ 1,737,354	\$ 1,776,325	\$ 1,691,192	\$ 1,678,540
<b>Total OPEB Liability as a percentage of covered payroll</b>	8.84%	7.35%	6.29%	4.95%

**Notes to schedule:**

<sup>1</sup> This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<sup>2</sup> No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.



12/31/2017 <sup>1</sup>

\$	5,378
	2,510
	-
	6,393
	(504)
	<u>13,777</u>
	<u>63,973</u>
\$	<u><u>77,750</u></u> <sup>2</sup>

\$ 1,680,692

4.63%

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***OTHER SUPPLEMENTARY INFORMATION***

# City of Rusk, Texas

## COMBINING BALANCE SHEET (Page 1 of 2) NONMAJOR GOVERNMENTAL FUNDS

September 30, 2022

	Time Pay Restricted	Municipal		Municipal		Child Seat Belt	TCLEOSE	Asset Forfeitures	Gun Range Grant	Recreational Fund
		Court Technology	Court Building Security	Court Building Security	Child Seat Belt					
<u>Assets</u>										
Cash and cash equivalents	\$ 9,623	\$ 188	\$ 70,239	\$ 11,346	\$ 14,096	\$ 6,365	\$ 215	\$ 124,736		
Receivables, net	-	-	-	-	-	-	-	-		7,192
Due from other funds	-	-	-	-	-	-	-	-		-
<b>Total Assets</b>	<b>\$ 9,623</b>	<b>\$ 188</b>	<b>\$ 70,239</b>	<b>\$ 11,346</b>	<b>\$ 14,096</b>	<b>\$ 6,365</b>	<b>\$ 215</b>	<b>\$ 131,928</b>		<b>\$ 131,928</b>
<u>Liabilities</u>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150
Due to other funds	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 150</b>
<u>Deferred Inflows of Resources</u>										
Unavailable revenue-property taxes	-	-	-	-	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<u>Fund Balances</u>										
Restricted for:										
Special purposes	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	131,778
Municipal court	9,623	-	70,239	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-
Grant activities	-	-	-	-	-	-	215	-	-	-
Public safety	-	-	-	11,346	14,096	6,365	-	-	-	-
Unassigned	-	188	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>\$ 9,623</b>	<b>\$ 188</b>	<b>\$ 70,239</b>	<b>\$ 11,346</b>	<b>\$ 14,096</b>	<b>\$ 6,365</b>	<b>\$ 215</b>	<b>\$ 131,778</b>		<b>\$ 131,778</b>
<b>Fund Balances, Liabilities, and Deferred Inflows of Resources</b>	<b>\$ 9,623</b>	<b>\$ 188</b>	<b>\$ 70,239</b>	<b>\$ 11,346</b>	<b>\$ 14,096</b>	<b>\$ 6,365</b>	<b>\$ 215</b>	<b>\$ 131,928</b>		<b>\$ 131,928</b>

# City of Rusk, Texas

## COMBINING BALANCE SHEET (Page 2 of 2) NONMAJOR GOVERNMENTAL FUNDS

September 30, 2022

<u>Assets</u>	Fireman's Retirement	Economic Development	Debt Service	TSR Iowa Pacific	Capital Projects	Hotel/ Motel Fund	Cemetery Fund	Total
Cash and cash equivalents	\$ -	\$ -	\$ 9,896	\$ 52,436	\$ 2,912	\$ -	\$ 226	\$ 302,278
Receivables, net	-	31	1,360	-	-	-	-	1,391
Due from other funds	-	-	-	-	-	-	-	7,192
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 31</b>	<b>\$ 11,256</b>	<b>\$ 52,436</b>	<b>\$ 2,912</b>	<b>\$ -</b>	<b>\$ 226</b>	<b>\$ 310,861</b>
<u>Liabilities</u>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22	\$ 172
Due to other funds	234	8,004	-	-	-	1,000	-	9,238
<b>Total Liabilities</b>	<b>234</b>	<b>8,004</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>22</b>	<b>9,410</b>
<u>Deferred Inflows of Resources</u>								
Unavailable revenue-property taxes	-	-	1,360	-	-	-	-	1,360
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>1,360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,360</b>
<u>Fund Balances</u>								
Restricted for:								
Special purposes	-	-	9,896	-	-	-	204	10,100
Debt service	-	-	-	52,436	-	-	-	52,436
Parks and recreation	-	-	-	-	-	-	-	131,778
Municipal court	-	-	-	-	-	-	-	79,862
Capital projects	-	-	-	-	2,912	-	-	2,912
Grant activities	-	-	-	-	-	-	-	215
Public safety	-	-	-	-	-	-	-	31,807
Unassigned	(234)	(7,973)	-	-	-	(1,000)	-	(9,019)
<b>Total Fund Balances</b>	<b>(234)</b>	<b>(7,973)</b>	<b>9,896</b>	<b>52,436</b>	<b>2,912</b>	<b>(1,000)</b>	<b>204</b>	<b>300,091</b>
<b>Fund Balances, Liabilities, and Deferred Inflows of Resources</b>	<b>\$ -</b>	<b>\$ 31</b>	<b>\$ 11,256</b>	<b>\$ 52,436</b>	<b>\$ 2,912</b>	<b>\$ -</b>	<b>\$ 226</b>	<b>\$ 310,861</b>

# City of Rusk, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 1 of 2)

### NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	Time Pay Restricted	Municipal		Municipal Court Building Security	Child Seat Belt	TCLEOSE	Asset Forfeitures	Gun Range Grant	Recreational Fund
		Court Technology							
<b>Revenues</b>									
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-	-
Hotel occupancy tax	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	4,616	5,409	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	1,205
Other revenues	24	-	-	550	550	1,068	-	-	7,071
<b>Total Revenues</b>	24	4,616	5,409	550	550	1,068	-	-	8,276
<b>Expenditures</b>									
Current:									
General government	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	30,580
Capital outlay	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-	-	-	-	30,580
<b>Revenues Over (Under) Expenditures</b>	24	4,616	5,409	550	550	1,068	-	-	(22,304)
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-	-
<b>Total Other Financing (Uses)</b>	-	-	-	-	-	-	-	-	-
<b>Net Change in Fund Balances</b>	24	4,616	5,409	550	550	1,068	-	-	(22,304)
Beginning fund balances	9,599	(4,428)	64,830	10,796	10,796	13,028	6,365	215	154,082
<b>Ending Fund Balances</b>	\$ 9,623	\$ 188	\$ 70,239	\$ 11,346	\$ 11,346	\$ 14,096	\$ 6,365	\$ 215	\$ 131,778

# City of Rusk, Texas

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 2 of 2) NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2022

	Fireman's Retirement	Economic Development	Debt Service	TSR Iowa Pacific	Capital Projects	Hotel/ Motel Fund	Cemetery Fund	Total
<b>Revenues</b>								
Property tax	\$ -	\$ -	\$ 26,114	\$ -	\$ -	\$ -	\$ -	\$ 26,114
Charges for services	-	-	-	-	-	-	4,650	4,650
Hotel occupancy tax	-	-	-	-	57,507	-	-	57,507
Fines and forfeitures	-	-	-	-	-	-	-	10,025
Investment income	8	-	-	-	1,434	-	-	2,647
Other revenues	-	-	-	-	-	-	6,635	15,348
<b>Total Revenues</b>	<b>8</b>	<b>-</b>	<b>26,114</b>	<b>-</b>	<b>1,434</b>	<b>57,507</b>	<b>11,285</b>	<b>116,291</b>
<b>Expenditures</b>								
Current:								
General government	17,409	-	-	-	612	-	35,581	53,602
Parks and recreation	-	-	-	-	-	58,507	-	89,087
Capital outlay	-	-	-	-	821	-	-	821
<b>Total Expenditures</b>	<b>17,409</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,433</b>	<b>58,507</b>	<b>35,581</b>	<b>143,510</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(17,401)</b>	<b>-</b>	<b>26,114</b>	<b>-</b>	<b>1</b>	<b>(1,000)</b>	<b>(24,296)</b>	<b>(27,219)</b>
<b>Other Financing Sources (Uses)</b>								
Transfers in	-	-	-	-	-	-	24,500	24,500
Transfers (out)	-	-	(16,218)	-	-	-	-	(16,218)
<b>Total Other Financing (Uses)</b>	<b>-</b>	<b>-</b>	<b>(16,218)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,500</b>	<b>8,282</b>
<b>Net Change in Fund Balances</b>	<b>(17,401)</b>	<b>-</b>	<b>9,896</b>	<b>-</b>	<b>1</b>	<b>(1,000)</b>	<b>204</b>	<b>(18,937)</b>
Beginning fund balances	17,167	(7,973)	-	52,436	2,911	-	-	319,028
<b>Ending Fund Balances</b>	<b>(234)</b>	<b>(7,973)</b>	<b>9,896</b>	<b>52,436</b>	<b>2,912</b>	<b>(1,000)</b>	<b>204</b>	<b>\$ 300,091</b>

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