



RUSK COUNTY
GROUNDWATER CONSERVATION DISTRICT

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Board of Directors

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Small Taxing Unit Notice

The _____ will hold a meeting at _____
(Name of Taxing Unit) (Time)
 on _____ at _____
(Date) (Location)
 to consider adopting a proposed tax rate for tax year _____. The proposed tax rate is
(Year)
 _____ per \$100 of value.
(Rate)

*(*Include this statement if the proposed tax rate exceeds the taxing unit's no-new-revenue tax rate calculated under Tax Code Section 26.04.)*

The proposed tax rate would increase total taxes in _____ by _____%.*
(Name of Taxing Unit) (percentage by which the proposed tax rate exceeds the no-new-revenue tax rate)

The District will also hold a public hearing on the proposed budget for Fiscal Year 2022/2023 at the same meeting

Visit [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

Notice about 2022 Tax Rates

Property tax rates in Rusk County Groundwater Conservation District.

This notice concerns the 2022 property tax rates for Rusk County Groundwater Conservation District. This notice provides information about two tax rates used in adopting the current tax year's tax rate. The no-new-revenue tax rate would impose the same amount of taxes as last year if you compare properties taxed in both years. In most cases, the voter-approval tax rate is the highest tax rate a taxing unit can adopt without holding an election. In each case, these rates are calculated by dividing the total amount of taxes by the current taxable value with adjustments as required by state law. The rates are given per \$100 of property value.

This year's no-new-revenue tax rate	\$0.004381/\$100
This year's voter-approval tax rate	\$0.004747/\$100

To see the full calculations, please visit for a copy of the Tax Rate Calculation Worksheet.

Unencumbered Fund Balances

The following estimated balances will be left in the taxing unit's accounts at the end of the fiscal year. These balances are not encumbered by corresponding debt obligation.

Type of Fund	Balance
	0

Current Year Debt Service

The following amounts are for long-term debts that are secured by property taxes. These amounts will be paid from upcoming property tax revenues (or additional sales tax revenues, if applicable).

Description of Debt	Principal or Contract Payment to be Paid from Property Taxes	Interest to be Paid from Property Taxes	Other Amounts to be Paid	Total Payment
	0	0	0	0
Total required for 2022 debt service				\$0
- Amount (if any) paid from funds listed in unencumbered funds				\$0
- Amount (if any) paid from other resources				\$0
- Excess collections last year				\$0
= Total to be paid from taxes in 2022				\$0
+ Amount added in anticipation that the unit will collect only 100.00% of its taxes in 2022				\$0
= Total debt levy				\$0

This notice contains a summary of actual no-new-revenue and voter-approval calculations as certified by , on 07/28/2022 .

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The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

2022 Tax Rate Calculation Worksheet

Taxing Units Other Than School Districts or Water Districts

Form 50-856

Rusk County Groundwater Conservation District

903-657-1900

Taxing Unit Name

Phone (area code and number)

P.O. Box 97, Henderson, Texas 75653

www.rcgcd.org

Taxing Unit's Address, City, State, ZIP Code

Taxing Unit's Website Address

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue (NNR) tax rate and voter-approval tax rate for the taxing unit. These tax rates are expressed in dollars per \$100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

School districts do not use this form, but instead use Comptroller Form 50-859 *Tax Rate Calculation Worksheet, School District without Chapter 313 Agreements* or Comptroller Form 50-884 *Tax Rate Calculation Worksheet, School District with Chapter 313 Agreements*.

Water districts as defined under Water Code Section 49.001(1) do not use this form, but instead use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* or Comptroller Form 50-860 *Developed Water District Voter-Approval Tax Rate Worksheet*.

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

SECTION 1: No-New-Revenue Tax Rate

The NNR tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the NNR tax rate should decrease.

The NNR tax rate for a county is the sum of the NNR tax rates calculated for each type of tax the county levies.

While uncommon, it is possible for a taxing unit to provide an exemption for only maintenance and operations taxes. In this case, the taxing unit will need to calculate the NNR tax rate separately for the maintenance and operations tax and the debt tax, then add the two components together.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	2021 total taxable value. Enter the amount of 2021 taxable value on the 2021 tax roll today. Include any adjustments since last year's certification; exclude Tax Code Section 25.25(d) one-fourth and one-third over-appraisal corrections from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 6). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2) and the captured value for tax increment financing (adjustment is made by deducting TIF taxes, as reflected in Line 17). ¹	\$ 3,740,703,768
2.	2021 tax ceilings. Counties, cities and junior college districts. Enter 2021 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2021 or a prior year for homeowners age 65 or older or disabled, use this step. ²	\$ 0
3.	Preliminary 2021 adjusted taxable value. Subtract Line 2 from Line 1.	\$ 3,740,703,768
4.	2021 total adopted tax rate.	\$ 0.005000 /\$100
5.	2021 taxable value lost because court appeals of ARB decisions reduced 2021 appraised value.	
	A. Original 2021 ARB values:	\$ 0
	B. 2021 values resulting from final court decisions:	- \$ 0
	C. 2021 value loss. Subtract B from A. ³	\$ 0
6.	2021 taxable value subject to an appeal under Chapter 42, as of July 25.	
	A. 2021 ARB certified value:	\$ 0
	B. 2021 disputed value:	- \$ 0
	C. 2021 undisputed value. Subtract B from A. ⁴	\$ 0
7.	2021 Chapter 42 related adjusted values. Add Line 5C and Line 6C.	\$ 0

¹ Tex. Tax Code § 26.012(14)

² Tex. Tax Code § 26.017(14)

³ Tex. Tax Code § 26.012(13)

⁴ Tex. Tax Code § 26.012(13)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
8.	2021 taxable value, adjusted for actual and potential court-ordered adjustments. Add Line 3 and Line 7.	\$ 3,740,703,768
9.	2021 taxable value of property in territory the taxing unit deannexed after Jan. 1, 2021. Enter the 2021 value of property in deannexed territory. ⁵	\$ 0
10.	2021 taxable value lost because property first qualified for an exemption in 2022. If the taxing unit increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freeport, goods-in-transit, temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in 2022 does not create a new exemption or reduce taxable value. A. Absolute exemptions. Use 2021 market value: \$ 3,162,580 B. Partial exemptions. 2022 exemption amount or 2022 percentage exemption times 2021 value: + \$ 9,738,000 C. Value loss. Add A and B. ⁶	\$ 12,900,580
11.	2021 taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in 2022. Use only properties that qualified in 2022 for the first time; do not use properties that qualified in 2021. A. 2021 market value: \$ 16,000 B. 2022 productivity or special appraised value: - \$ 0 C. Value loss. Subtract B from A. ⁷	\$ 16,000
12.	Total adjustments for lost value. Add Lines 9, 10C and 11C.	\$ 12,916,580
13.	2021 captured value of property in a TIF. Enter the total value of 2021 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which 2021 taxes were deposited into the tax increment fund. ⁸ If the taxing unit has no captured appraised value in line 18D, enter 0.	\$ 0
14.	2021 total value. Subtract Line 12 and Line 13 from Line 8.	\$ 3,727,787,188
15.	Adjusted 2021 total levy. Multiply Line 4 by Line 14 and divide by \$100.	\$ 186,389
16.	Taxes refunded for years preceding tax year 2021. Enter the amount of taxes refunded by the taxing unit for tax years preceding tax year 2021. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2021. This line applies only to tax years preceding tax year 2021. ⁹	\$ 331
17.	Adjusted 2021 levy with refunds and TIF adjustment. Add Lines 15 and 16. ¹⁰	\$ 186,720
18.	Total 2022 taxable value on the 2022 certified appraisal roll today. This value includes only certified values or certified estimate of values and includes the total taxable value of homesteads with tax ceilings (will deduct in Line 20). These homesteads include homeowners age 65 or older or disabled. ¹¹ A. Certified values: \$ 4,302,236,033 B. Counties: Include railroad rolling stock values certified by the Comptroller's office: + \$ 0 C. Pollution control and energy storage system exemption: Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property: - \$ 0 D. Tax increment financing: Deduct the 2022 captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the 2022 taxes will be deposited into the tax increment fund. Do not include any new property value that will be included in Line 23 below. ¹² - \$ 0 E. Total 2022 value. Add A and B, then subtract C and D.	\$ 4,302,236,033

⁵ Tex. Tax Code § 26.012(15)⁶ Tex. Tax Code § 26.012(15)⁷ Tex. Tax Code § 26.012(15)⁸ Tex. Tax Code § 26.03(c)⁹ Tex. Tax Code § 26.012(13)¹⁰ Tex. Tax Code § 26.012(13)¹¹ Tex. Tax Code § 26.012, 26.04(c-2)¹² Tex. Tax Code § 26.03(c)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
19.	Total value of properties under protest or not included on certified appraisal roll. ¹³	
A.	2022 taxable value of properties under protest. The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest. ¹⁴	\$ 953,150
B.	2022 value of properties not under protest or included on certified appraisal roll. The chief appraiser gives taxing units a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties also are not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value of property not on the certified roll. ¹⁵	+ \$ 0
C.	Total value under protest or not certified. Add A and B.	\$ 953,150
20.	2022 tax ceilings. Counties, cities and junior colleges enter 2022 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in 2021 or a prior year for homeowners age 65 or older or disabled, use this step. ¹⁶	\$ 0
21.	2022 total taxable value. Add Lines 18E and 19C. Subtract Line 20. ¹⁷	\$ 4,303,189,183
22.	Total 2022 taxable value of properties in territory annexed after Jan. 1, 2021. Include both real and personal property. Enter the 2022 value of property in territory annexed. ¹⁸	\$ 0
23.	Total 2022 taxable value of new improvements and new personal property located in new improvements. New means the item was not on the appraisal roll in 2021. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the taxing unit after Jan. 1, 2021 and be located in a new improvement. New improvements do include property on which a tax abatement agreement has expired for 2022. ¹⁹	\$ 41,562,890
24.	Total adjustments to the 2022 taxable value. Add Lines 22 and 23.	\$ 41,562,890
25.	Adjusted 2022 taxable value. Subtract Line 24 from Line 21.	\$ 4,261,626,293
26.	2022 NNR tax rate. Divide Line 17 by Line 25 and multiply by \$100. ²⁰	\$ 0.004381 /\$100
27.	COUNTIES ONLY. Add together the NNR tax rates for each type of tax the county levies. The total is the 2022 county NNR tax rate. ²¹	\$ /\$100

SECTION 2: Voter-Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. The voter-approval tax rate is split into two separate rates:

- Maintenance and Operations (M&O) Tax Rate:** The M&O portion is the tax rate that is needed to raise the same amount of taxes that the taxing unit levied in the prior year plus the applicable percentage allowed by law. This rate accounts for such things as salaries, utilities and day-to-day operations.
- Debt Rate:** The debt rate includes the debt service necessary to pay the taxing unit's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The voter-approval tax rate for a county is the sum of the voter-approval tax rates calculated for each type of tax the county levies. In most cases the voter-approval tax rate exceeds the no-new-revenue tax rate, but occasionally decreases in a taxing unit's debt service will cause the NNR tax rate to be higher than the voter-approval tax rate.

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
28.	2021 M&O tax rate. Enter the 2021 M&O tax rate.	\$ 0.005000 /\$100
29.	2021 taxable value, adjusted for actual and potential court-ordered adjustments. Enter the amount in Line 8 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 3,740,703,768

¹³ Tex. Tax Code § 26.01(c) and (d).

¹⁴ Tex. Tax Code § 26.01(c).

¹⁵ Tex. Tax Code § 26.01(d).

¹⁶ Tex. Tax Code § 26.012(6)(B).

¹⁷ Tex. Tax Code § 26.012(6).

¹⁸ Tex. Tax Code § 26.012(17).

¹⁹ Tex. Tax Code § 26.012(17).

²⁰ Tex. Tax Code § 26.04(c).

²¹ Tex. Tax Code § 26.04(d).

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
30.	Total 2021 M&O levy. Multiply Line 28 by Line 29 and divide by \$100	\$ 187,035
31.	Adjusted 2021 levy for calculating NNR M&O rate.	
	A. M&O taxes refunded for years preceding tax year 2021. Enter the amount of M&O taxes refunded in the preceding year for taxes before that year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2021. This line applies only to tax years preceding tax year 2021. + \$ 331	
	B. 2021 taxes in TIF. Enter the amount of taxes paid into the tax increment fund for a reinvestment zone as agreed by the taxing unit. If the taxing unit has no 2022 captured appraised value in Line 18D, enter 0. - \$ 0	
	C. 2021 transferred function. If discontinuing all of a department, function or activity and transferring it to another taxing unit by written contract, enter the amount spent by the taxing unit discontinuing the function in the 12 months preceding the month of this calculation. If the taxing unit did not operate this function for this 12-month period, use the amount spent in the last full fiscal year in which the taxing unit operated the function. The taxing unit discontinuing the function will subtract this amount in D below. The taxing unit receiving the function will add this amount in D below. Other taxing units enter 0. +/- \$ 0	
	D. 2021 M&O levy adjustments. Subtract B from A. For taxing unit with C, subtract if discontinuing function and add if receiving function. \$ 331	
	E. Add Line 30 to 31D.	\$ 187,366
32.	Adjusted 2022 taxable value. Enter the amount in Line 25 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 4,261,626,293
33.	2022 NNR M&O rate (unadjusted). Divide Line 31E by Line 32 and multiply by \$100.	\$ 0.004396 /\$100
34.	Rate adjustment for state criminal justice mandate. ²³	
	A. 2022 state criminal justice mandate. Enter the amount spent by a county in the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. \$ 0	
	B. 2021 state criminal justice mandate. Enter the amount spent by a county in the 12 months prior to the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. Enter zero if this is the first time the mandate applies. - \$ 0	
	C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ 0/\$100	
	D. Enter the rate calculated in C. If not applicable, enter 0.	\$ 0/\$100
35.	Rate adjustment for indigent health care expenditures. ²⁴	
	A. 2022 indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2021 and ending on June 30, 2022, less any state assistance received for the same purpose. \$ 0	
	B. 2021 indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2020 and ending on June 30, 2021, less any state assistance received for the same purpose. - \$ 0	
	C. Subtract B from A and divide by Line 32 and multiply by \$100. \$ 0/\$100	
	D. Enter the rate calculated in C. If not applicable, enter 0.	\$ 0/\$100

²² (Reserved for expansion)²³ Tex. Tax Code § 26.044²⁴ Tex. Tax Code § 26.041

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
36.	Rate adjustment for county indigent defense compensation. ²⁵ A. 2022 indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2021 and ending on June 30, 2022, less any state grants received by the county for the same purpose \$ <u>0</u> B. 2021 indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2020 and ending on June 30, 2021, less any state grants received by the county for the same purpose. \$ <u>0</u> C. Subtract B from A and divide by Line 32 and multiply by \$100..... \$ <u>0</u> /\$100 D. Multiply B by 0.05 and divide by Line 32 and multiply by \$100..... \$ <u>0</u> /\$100 E. Enter the lesser of C and D. If not applicable, enter 0.	\$ <u>0</u> /\$100
37.	Rate adjustment for county hospital expenditures. ²⁶ A. 2022 eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2021 and ending on June 30, 2022. \$ <u>0</u> B. 2021 eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2020 and ending on June 30, 2021. \$ <u>0</u> C. Subtract B from A and divide by Line 32 and multiply by \$100..... \$ <u>0</u> /\$100 D. Multiply B by 0.08 and divide by Line 32 and multiply by \$100..... \$ <u>0</u> /\$100 E. Enter the lesser of C and D, if applicable. If not applicable, enter 0.	\$ <u>0</u> /\$100
38.	Rate adjustment for defunding municipality. This adjustment only applies to a municipality that is considered to be a defunding municipality for the current tax year under Chapter 109, Local Government Code. Chapter 109, Local Government Code only applies to municipalities with a population of more than 250,000 and includes a written determination by the Office of the Governor. See Tax Code 26.0444 for more information. A. Amount appropriated for public safety in 2021. Enter the amount of money appropriated for public safety in the budget adopted by the municipality for the preceding fiscal year \$ <u>0</u> B. Expenditures for public safety in 2021. Enter the amount of money spent by the municipality for public safety during the preceding fiscal year \$ <u>0</u> C. Subtract B from A and divide by Line 32 and multiply by \$100 \$ <u>0</u> /\$100 D. Enter the rate calculated in C. If not applicable, enter 0.	\$ <u>0</u> /\$100
39.	Adjusted 2022 NNR M&O rate. Add Lines 33, 34D, 35D, 36E, and 37E. Subtract Line 38D.	\$ <u>0.004396</u> /\$100
40.	Adjustment for 2021 sales tax specifically to reduce property values. Cities, counties and hospital districts that collected and spent additional sales tax on M&O expenses in 2021 should complete this line. These entities will deduct the sales tax gain rate for 2022 in Section 3. Other taxing units, enter zero. A. Enter the amount of additional sales tax collected and spent on M&O expenses in 2021, if any. Counties must exclude any amount that was spent for economic development grants from the amount of sales tax spent \$ <u>0</u> B. Divide Line 40A by Line 32 and multiply by \$100 \$ <u>0</u> /\$100 C. Add Line 40B to Line 39.	\$ <u>0.004396</u> /\$100
41.	2022 voter-approval M&O rate. Enter the rate as calculated by the appropriate scenario below. Special Taxing Unit. If the taxing unit qualifies as a special taxing unit, multiply Line 40C by 1.08. - or - Other Taxing Unit. If the taxing unit does not qualify as a special taxing unit, multiply Line 40C by 1.035.	\$ <u>0.004747</u> /\$100

²⁵ Tex. Tax Code § 26.0442²⁶ Tex. Tax Code § 26.0443

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
D41.	Disaster Line 41 (D41): 2022 voter-approval M&O rate for taxing unit affected by disaster declaration. If the taxing unit is located in an area declared a disaster area and at least one person is granted an exemption under Tax Code Section 11.35 for property located in the taxing unit, the governing body may direct the person calculating the voter-approval tax rate to calculate in the manner provided for a special taxing unit. The taxing unit shall continue to calculate the voter-approval tax rate in this manner until the earlier of 1) the first year in which total taxable value on the certified appraisal roll exceeds the total taxable value of the tax year in which the disaster occurred, or 2) the third tax year after the tax year in which the disaster occurred If the taxing unit qualifies under this scenario, multiply Line 40C by 1.08. ²⁷ If the taxing unit does not qualify, do not complete Disaster Line 41 (Line D41).	\$ _____ 0 /\$100
42.	Total 2022 debt to be paid with property taxes and additional sales tax revenue. Debt means the interest and principal that will be paid on debts that: (1) are paid by property taxes, (2) are secured by property taxes, (3) are scheduled for payment over a period longer than one year, and (4) are not classified in the taxing unit's budget as M&O expenses. A. Debt also includes contractual payments to other taxing units that have incurred debts on behalf of this taxing unit, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. If the governing body of a taxing unit authorized or agreed to authorize a bond, warrant, certificate of obligation, or other evidence of indebtedness on or after Sept. 1, 2021, verify if it meets the amended definition of debt before including it here. ²⁸ Enter debt amount \$ _____ 0 B. Subtract unencumbered fund amount used to reduce total debt. - \$ _____ 0 C. Subtract certified amount spent from sales tax to reduce debt (enter zero if none) - \$ _____ 0 D. Subtract amount paid from other resources - \$ _____ 0 E. Adjusted debt. Subtract B, C and D from A.	\$ _____ 0
43.	Certified 2021 excess debt collections. Enter the amount certified by the collector. ²⁹	\$ _____ 0
44.	Adjusted 2022 debt. Subtract Line 43 from Line 42E.	\$ _____ 0
45.	2022 anticipated collection rate. A. Enter the 2022 anticipated collection rate certified by the collector. ³⁰ 100.00 % B. Enter the 2021 actual collection rate. 100.00 % C. Enter the 2020 actual collection rate. 100.00 % D. Enter the 2019 actual collection rate. 100.00 % E. If the anticipated collection rate in A is lower than actual collection rates in B, C and D, enter the lowest collection rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. ³¹	100.00 %
46.	2022 debt adjusted for collections. Divide Line 44 by Line 45E.	\$ _____ 0
47.	2022 total taxable value. Enter the amount on Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 4,303,189,183
48.	2022 debt rate. Divide Line 46 by Line 47 and multiply by \$100.	\$ _____ 0 /\$100
49.	2022 voter-approval tax rate. Add Lines 41 and 48.	\$ 0.004747 /\$100
D49.	Disaster Line 49 (D49): 2022 voter-approval tax rate for taxing unit affected by disaster declaration. Complete this line if the taxing unit calculated the voter-approval tax rate in the manner provided for a special taxing unit on Line D41. Add Line D41 and 48.	\$ _____ /\$100

²⁷ Tex. Tax Code § 26.042(a)²⁸ Tex. Tax Code § 26.012(7)²⁹ Tex. Tax Code § 26.012(10) and 26.04(b)³⁰ Tex. Tax Code § 26.04(b)³¹ Tex. Tax Code §§ 26.04(h), (h-1) and (h-2)

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
50.	COUNTIES ONLY. Add together the voter-approval tax rates for each type of tax the county levies. The total is the 2022 county voter-approval tax rate.	\$ _____ 0 /\$100

SECTION 3: NNR Tax Rate and Voter-Approval Tax Rate Adjustments for Additional Sales Tax to Reduce Property Taxes

Cities, counties and hospital districts may levy a sales tax specifically to reduce property taxes. Local voters by election must approve imposing or abolishing the additional sales tax. If approved, the taxing unit must reduce its NNR and voter-approval tax rates to offset the expected sales tax revenue.

This section should only be completed by a county, city or hospital district that is required to adjust its NNR tax rate and/or voter-approval tax rate because it adopted the additional sales tax.

Line	Additional Sales and Use Tax Worksheet	Amount/Rate
51.	Taxable Sales. For taxing units that adopted the sales tax in November 2021 or May 2022, enter the Comptroller's estimate of taxable sales for the previous four quarters. ³² Estimates of taxable sales may be obtained through the Comptroller's Allocation Historical Summary webpage. Taxing units that adopted the sales tax before November 2021, enter 0.	\$ _____ 0
52.	Estimated sales tax revenue. Counties exclude any amount that is or will be spent for economic development grants from the amount of estimated sales tax revenue. ³³ Taxing units that adopted the sales tax in November 2021 or in May 2022. Multiply the amount on Line 51 by the sales tax rate (.01, .005 or .0025, as applicable) and multiply the result by .95. ³⁴ - or - Taxing units that adopted the sales tax before November 2021. Enter the sales tax revenue for the previous four quarters. Do not multiply by .95.	\$ _____ 0
53.	2022 total taxable value. Enter the amount from Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 4,303,189,183
54.	Sales tax adjustment rate. Divide Line 52 by Line 53 and multiply by \$100.	\$ _____ 0 /\$100
55.	2022 NNR tax rate, unadjusted for sales tax. ³⁵ Enter the rate from Line 26 or 27, as applicable, on the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 0.004381 /\$100
56.	2022 NNR tax rate, adjusted for sales tax. Taxing units that adopted the sales tax in November 2021 or in May 2022. Subtract Line 54 from Line 55. Skip to Line 57 if you adopted the additional sales tax before November 2021.	\$ 0.004381 /\$100
57.	2022 voter-approval tax rate, unadjusted for sales tax. ³⁶ Enter the rate from Line 49, Line D49 (disaster) or Line 50 (counties) as applicable, of the <i>Voter-Approval Tax Rate Worksheet</i> .	\$ 0.004747 /\$100
58.	2022 voter-approval tax rate, adjusted for sales tax. Subtract Line 54 from Line 57.	\$ 0.004747 /\$100

SECTION 4: Voter-Approval Tax Rate Adjustment for Pollution Control

A taxing unit may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The taxing unit's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The taxing unit must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a taxing unit that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
59.	Certified expenses from the Texas Commission on Environmental Quality (TCEQ). Enter the amount certified in the determination letter from TCEQ. ³⁷ The taxing unit shall provide its tax assessor-collector with a copy of the letter. ³⁸	\$ _____ 0
60.	2022 total taxable value. Enter the amount from Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 4,303,189,183
61.	Additional rate for pollution control. Divide Line 59 by Line 60 and multiply by \$100.	\$ _____ 0 /\$100
62.	2022 voter-approval tax rate, adjusted for pollution control. Add Line 61 to one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties) or Line 58 (taxing units with the additional sales tax).	\$ 0.004747 /\$100

³² Tex. Tax Code § 26.041(d)

³³ Tex. Tax Code § 26.041(i)

³⁴ Tex. Tax Code § 26.041(d)

³⁵ Tex. Tax Code § 26.04(c)

³⁶ Tex. Tax Code § 26.04(c)

³⁷ Tex. Tax Code § 26.045(d)

³⁸ Tex. Tax Code § 26.045(i)

SECTION 5: Voter-Approval Tax Rate Adjustment for Unused Increment Rate

The unused increment rate is the rate equal to the difference between the adopted tax rate and voter-approval tax rate before the unused increment rate for the prior three years.³⁹ In a year where a taxing unit adopts a rate by applying any portion of the unused increment rate, the unused increment rate for that year would be zero.

The difference between the adopted tax rate and voter-approval tax rate is considered zero in the following scenarios:

- a tax year before 2020;⁴⁰
- a tax year in which the municipality is a defunding municipality, as defined by Tax Code Section 26.0501(a);⁴¹ or
- after Jan. 1, 2022, a tax year in which the comptroller determines that the county implemented a budget reduction or reallocation described by Local Government Code Section 120.002(a) without the required voter approval.⁴²

This section should only be completed by a taxing unit that does not meet the definition of a special taxing unit.⁴³

Line	Unused Increment Rate Worksheet	Amount/Rate
63.	2021 unused increment rate. Subtract the 2021 actual tax rate and the 2021 unused increment rate from the 2021 voter-approval tax rate. If the number is less than zero, enter zero.	\$ _____ 0 / \$100
64.	2020 unused increment rate. Subtract the 2020 actual tax rate and the 2020 unused increment rate from the 2020 voter-approval tax rate. If the number is less than zero, enter zero.	\$ _____ 0 / \$100
65.	2019 unused increment rate. Subtract the 2019 actual tax rate and the 2019 unused increment rate from the 2019 voter-approval tax rate. If the number is less than zero, enter zero. If the year is prior to 2020, enter zero.	\$ _____ 0 / \$100
66.	2022 unused increment rate. Add Lines 63, 64 and 65.	\$ _____ 0 / \$100
67.	2022 voter-approval tax rate, adjusted for unused increment rate. Add Line 66 to one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (taxing units with the additional sales tax) or Line 62 (taxing units with pollution control).	\$ 0.004747 / \$100

SECTION 6: De Minimis Rate

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate, the rate that will raise \$500,000, and the current debt rate for a taxing unit.⁴⁴

This section should only be completed by a taxing unit that is a municipality of less than 30,000 or a taxing unit that does not meet the definition of a special taxing unit.⁴⁵

Line	De Minimis Rate Worksheet	Amount/Rate
68.	Adjusted 2022 NNR M&O tax rate. Enter the rate from Line 39 of the <i>Voter-Approval Tax Rate Worksheet</i>	\$ 0.004396 / \$100
69.	2022 total taxable value. Enter the amount on Line 21 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 4,303,189,183
70.	Rate necessary to impose \$500,000 in taxes. Divide \$500,000 by Line 69 and multiply by \$100.	\$ 0.011619 / \$100
71.	2022 debt rate. Enter the rate from Line 48 of the <i>Voter-Approval Tax Rate Worksheet</i> .	\$ _____ 0 / \$100
72.	De minimis rate. Add Lines 68, 70 and 71.	\$ 0.000000 / \$100

SECTION 7: Voter-Approval Tax Rate Adjustment for Emergency Revenue Rate

In the tax year after the end of the disaster calculation time period detailed in Tax Code Section 26.042(a), a taxing unit that calculated its voter-approval tax rate in the manner provided for a special taxing unit due to a disaster must calculate its emergency revenue rate and reduce its voter-approval tax rate for that year.⁴⁶

Similarly, if a taxing unit adopted a tax rate that exceeded its voter-approval tax rate, calculated normally, without holding an election to respond to a disaster, as allowed by Tax Code Section 26.042(d), in the prior year, it must also reduce its voter-approval tax rate for the current tax year.⁴⁷

This section will apply to a taxing unit other than a special taxing unit that:

- directed the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit in the prior year; and
- the current year is the first tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred or the disaster occurred four years ago.

³⁹ Tex. Tax Code § 26.013(a)

⁴⁰ Tex. Tax Code § 26.013(c)

⁴¹ Tex. Tax Code §§ 26.0501(a) and (c)

⁴² Tex. Local Gov't Code § 120.007(d), effective Jan. 1, 2022

⁴³ Tex. Tax Code § 26.063(a)(1)

⁴⁴ Tex. Tax Code § 26.012(8-a)

⁴⁵ Tex. Tax Code § 26.063(a)(1)

⁴⁶ Tex. Tax Code § 26.042(b)

⁴⁷ Tex. Tax Code § 26.042(f)

This section will apply to a taxing unit in a disaster area that adopted a tax rate greater than its voter-approval tax rate without holding an election in the prior year.

Note: This section does not apply if a taxing unit is continuing to calculate its voter-approval tax rate in the manner provided for a special taxing unit because it is still within the disaster calculation time period detailed in Tax Code Section 26.042(a) because it has not met the conditions in Tax Code Section 26.042(a)(1) or (2).

Line	Emergency Revenue Rate Worksheet	Amount/Rate
73.	2021 adopted tax rate. Enter the rate in Line 4 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 0.005000 /\$100
74.	Adjusted 2021 voter-approval tax rate. Use the taxing unit's Tax Rate Calculation Worksheets from the prior year(s) to complete this line. If a disaster occurred in 2021 and the taxing unit calculated its 2021 voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) of the 2021 worksheet due to a disaster, enter the 2021 voter-approval tax rate as calculated using a multiplier of 1.035 from Line 49. - or - If a disaster occurred prior to 2021 for which the taxing unit continued to calculate its voter-approval tax rate using a multiplier of 1.08 on Disaster Line 41 (D41) in 2021, complete the separate <i>Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet</i> to recalculate the voter-approval tax rate the taxing unit would have calculated in 2021 if it had generated revenue based on an adopted tax rate using a multiplier of 1.035 in the year(s) following the disaster. ⁴⁸ Enter the final adjusted 2021 voter-approval tax rate from the worksheet. - or - If the taxing unit adopted a tax rate above the 2021 voter-approval tax rate without calculating a disaster tax rate or holding an election due to a disaster, no recalculation is necessary. Enter the voter-approval tax rate from the prior year's worksheet.	\$ 0 /\$100
75.	Increase in 2021 tax rate due to disaster. Subtract Line 74 from Line 73.	\$ 0.005000 /\$100
76.	Adjusted 2021 taxable value. Enter the amount in Line 14 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 3,727,787,188
77.	Emergency revenue. Multiply Line 75 by Line 76 and divide by \$100.	\$ 186,389
78.	Adjusted 2022 taxable value. Enter the amount in Line 25 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 4,261,626,293
79.	Emergency revenue rate. Divide Line 77 by Line 78 and multiply by \$100. ⁴⁹	\$ 0 /\$100
80.	2022 voter-approval tax rate, adjusted for emergency revenue. Subtract Line 79 from one of the following lines (as applicable): Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (taxing units with the additional sales tax), Line 62 (taxing units with pollution control) or Line 67 (taxing units with the unused increment rate).	\$ 0.004747 /\$100

SECTION 8: Total Tax Rate

Indicate the applicable total tax rates as calculated above.

No-new-revenue tax rate.	\$ 0.004381 /\$100
As applicable, enter the 2022 NNR tax rate from: Line 26, Line 27 (counties), or Line 56 (adjusted for sales tax). Indicate the line number used: <u>26</u>	
Voter-approval tax rate.	\$ 0.004747 /\$100
As applicable, enter the 2022 voter-approval tax rate from: Line 49, Line D49 (disaster), Line 50 (counties), Line 58 (adjusted for sales tax), Line 62 (adjusted for pollution control), Line 67 (adjusted for unused increment), or Line 80 (adjusted for emergency revenue). Indicate the line number used: <u>49</u>	
De minimis rate.	\$ 0.000000 /\$100
If applicable, enter the 2022 de minimis rate from Line 72.	

SECTION 9: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the taxing unit. By signing below, you certify that you are the designated officer or employee of the taxing unit and have accurately calculated the tax rates using values that are the same as the values shown in the taxing unit's certified appraisal roll or certified estimate of taxable value, in accordance with requirements in Tax Code.⁵⁰

print
here

Debbie Cook

Printed Name of Taxing Unit Representative

sign
here

Debbie Cook

Taxing Unit Representative

Date

July 27, 2022

⁴⁸ Tex. Tax Code §26.042(c)

⁴⁹ Tex. Tax Code §26.042(b)

⁵⁰ Tex. Tax Code §§ 26.04(c-2) and (d-2)

Adopted 8/26/2019

Ordinary Income/Expense

Income

Tax Revenue (Tax Rev.+Settlements-Payables)
Permits & Reg. Fees (3020-6220,3030)
Other Income (3025,3035,3040)
Interest Income (8300)

Adopted Budget 2019/2020	
\$	186,327.63
\$	2,000.00
\$	3,000.00
\$	4,000.00

Total Income

\$	195,327.63
-----------	-------------------

Expense

Accounting & Bookkeeping (6020,6100)
Automobile (6110)
Consultant (6130)
Payroll & PR Tax (6131,6133,6245)
Texas Workforce (6246)
Office/Field Equipment (6241)
Office Expense (6134,6240,6250,6270)
Directors Fees (6150)
Dues & Subscriptions (6160)
Printing (office, Edu.,Article) (6170,6260)
Insurance (6180)
Legal & Professional Consultant (6190)
Rusk County Appraisal District (6300)
Telephone & Internet (6340)
Water Center & Student Ed. (5110)
Travel, Conference, Education (6350,6351)
Computer & Software (6135)
Well Plugging Reimbursement (6226)

\$	9,200.00
\$	3,000.00
\$	6,000.00
\$	125,500.00
\$	600.00
\$	2,000.00
\$	4,500.00
\$	6,000.00
\$	1,400.00
\$	1,000.00
\$	10,000.00
\$	6,000.00
\$	3,700.00
\$	3,200.00
\$	1,000.00
\$	2,000.00
\$	10,000.00
\$	-

Total Expense

\$	195,100.00
-----------	-------------------

Income-Expense

\$	227.63
-----------	---------------

Adopted 8/24/2020

Ordinary Income/Expense

Income

Tax Revenue (Tax Rev.+Settlements-Payables)
Permits & Reg. Fees (3020-6220,3030)
Other Income (3025,3035,3040)
Interest Income (8300)

Adopted Budget 2020/2021	
\$	180,867.48
\$	2,000.00
\$	3,000.00
\$	4,000.00

Total Income

\$	189,867.48
----	------------

Expense

Accounting & Bookkeeping (6020,6100)
Automobile (6110)
Consultant (6130)
Payroll & PR Tax (6131,6133,6245)
Texas Workforce (6246)
Office/Field Equipment (6241)
Office Expense (6134,6240,6250,6270)
Directors Fees (6150)
Dues & Subscriptions (6160)
Printing (office, Edu.,Article) (6170,6260)
Insurance (6180)
Legal & Professional Consultant (6190)
Rusk County Appraisal District (6300)
Telephone & Internet (6340)
Water Center & Student Ed. (5110)
Travel, Conference, Education (6350,6351)
Computer & Software (6135)
Well Plugging Reimbursement (6226)

\$	9,800.00
\$	3,200.00
\$	16,000.00
\$	99,143.92
\$	600.00
\$	3,000.00
\$	5,000.00
\$	6,000.00
\$	1,300.00
\$	975.00
\$	15,000.00
\$	6,000.00
\$	3,827.00
\$	3,371.56
\$	750.00
\$	1,900.00
\$	14,000.00
\$	-

Total Expense

\$	189,867.48
----	------------

Income-Expense

\$	-
----	---

Rusk County Groundwater Conservation District

2021/2022 ADOPTED BUDGET

Board Meeting 8/23/21

Ordinary Income/Expense

Income

Tax Revenue (Tax Rev.+Settlements-Payables)
Permits & Reg. Fees (3020-6220,3030)
Other Income (3025,3035,3040)
Interest Income (8300)

Total Income

Proposed 2021/2022 Budget	Percent of Budget	Comments
\$ 181,106.00	96.5%	
\$ 2,000.00	1.1%	
\$ 1,000.00	0.5%	
\$ 3,500.00	1.9%	
\$ 187,606.00	100%	

Expense

Accounting & Bookkeeping (6020,6100)
Automobile (6110)
Consultant (6130)
Payroll & PR Tax (6131,6133,6245)
Texas Workforce (6246)
Office/Field Equipment (6241)
Office Expense (6134,6240,6250,6270)
Directors Fees (6150)
Dues & Subscriptions (6160)
Printing (office, Edu.,Article) (6170,6260)
Insurance (6180)
Legal & Professional Consultant (6190)
Repairs & Office Maintenance (6295)
Rusk County Appraisal District (6300)
Telephone & Internet (6340)
Water Center & Student Ed. (5110)
Travel, Conference, Education (6350,6351)
Computer & Software (6135)
Well Plugging Reimbursement (6226)

\$ 10,100.00	5%	
\$ 3,200.00	2%	
\$ 9,700.00	5%	
\$ 99,785.00	54%	
\$ 600.00	0.3%	
\$ 3,000.00	1.6%	
\$ 5,100.00	2.8%	
\$ 6,000.00	3.2%	
\$ 1,800.00	1.0%	
\$ 800.00	0.4%	
\$ 16,540.00	8.9%	
\$ 6,000.00	3.2%	
\$ 250.00	0.1%	
\$ 4,100.00	2.2%	
\$ 3,400.00	1.8%	
\$ 500.00	0.3%	
\$ 1,200.00	0.6%	
\$ 13,000.00	7.0%	
\$ -	\$ -	

Total Expense

Income-Expense

\$ 185,075.00		
\$ 2,531.00		



RUSK COUNTY
GROUNDWATER CONSERVATION DISTRICT

P.O. BOX 97 | Henderson, TX 75653
Office (903)657-1900 | Fax (903)657-1922
www.rcgcd.org | rcgcd@suddenlinkmail.com

Change in Budget from FY 20-21 to FY 21-22

-\$2,261.48 or -1.2%



RUSK COUNTY
GROUNDWATER CONSERVATION DISTRICT

P.O. BOX 97 | Henderson, TX 75653
Office (903)657-1900 | Fax (903)657-1922
www.rcgcd.org | rcgcd@suddenlinkmail.com

Property Tax Revenue Budgeted - M&O: FY 19-20, FY 20-21, FY 21-22

FY 19-20: \$186,327.63

FY 20-21: \$180,867.48

FY 21-22: \$181,106.00



RUSK COUNTY
GROUNDWATER CONSERVATION DISTRICT

P.O. BOX 97 | Henderson, TX 75653
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M&O Tax Rates: FY 19-20, FY 20-21, & FY 21-22

FY 19-20: 0.005000/\$100

FY 20-21: 0.005000/\$100

FY 21-22: 0.005000/\$100

***RCGCD has no debt and no property tax revenue will be used for debt service. There was no adopted debt service tax rate in previous years.**

RUSK COUNTY
GROUNDWATER CONSERVATION DISTRICT
Rusk County, Texas

ANNUAL FINANCIAL REPORT
For the Year Ended
August 31, 2021

Rusk County Groundwater Conservation District
Financial Statements
For the Year Ended August 31, 2021

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Financial Section

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Morgan LaGrone, CPA, PLLC

Certified Public Accountant

Telephone: 903.657.0240
Fax: 903.655.1324

116 S Marshall
Henderson TX 75654

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rusk County Groundwater Conservation District
P.O. Box 97
Henderson, TX 75653

Members of the Board:

We have audited the accompanying financial statements of the governmental activities and each major fund of Rusk County Groundwater Conservation District as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions of these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

MEMBER

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Rusk County Groundwater Conservation District as of August 31, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and the schedule of employer contributions 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 the District's basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,



Morgan LaGrone
Certified Public Accountant
Henderson, Texas
February 10, 2022

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2021

This section of Rusk County Groundwater Conservation District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2021. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$579,373 at August 31, 2021.
- During the year, the District's expenses were \$34,241 less than the \$200,092 generated in taxes and other revenues for governmental activities.
- The general fund reported fund balance this year of \$542,944, of which \$167,944 was unassigned and \$375,000 was committed.
- Significant accomplishments during the 2021 fiscal year are published in the District's Annual Report 2021. Copies are available from the District's administrative offices.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

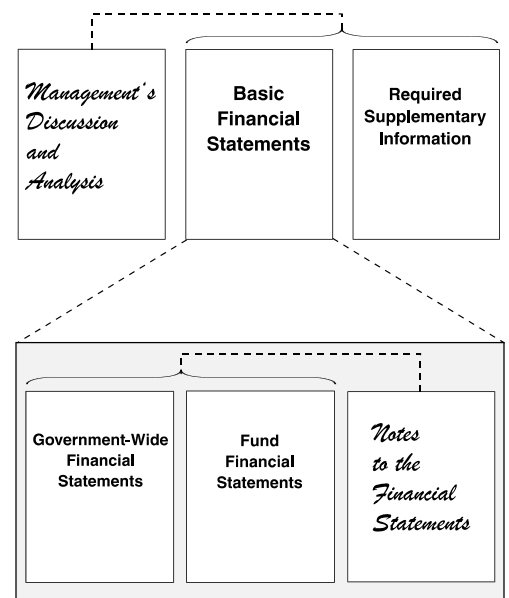
Government-Wide Statements

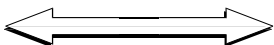
The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- The government-wide financial statements of the District include the governmental activities. All of the District's basic services are included here. Property taxes finance virtually all of the District's activities.

Figure A-1, Required Components of the District's Annual Financial Report



Summary  Detail

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2021

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds may be required by State law.
- The Board of Directors may establish other funds to control and manage money for particular purposes.

The District has the following kinds of funds:

- Governmental funds—All of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's net position was \$579,373 at August 31, 2021.

Rusk County Groundwater Conservation District				
Net Position				
	<u>2021</u>	<u>2020</u>	Increase/ (Decrease) <u>2020-2021</u>	Percentage Change <u>2020-2021</u>
Current Assets:				
Cash	\$ 554,843	\$ 512,605	\$ 42,238	8.24%
Net Pension Asset	1,189	11,423	(10,234)	-89.59%
Taxes Receivable, Net	19,568	22,090	(2,522)	-11.42%
Total Current Assets	<u>\$ 575,600</u>	<u>\$ 546,118</u>	<u>\$ 29,482</u>	<u>5.40%</u>
Noncurrent Assets:				
Furniture & Equipment	\$ 145,714	\$ 145,714	\$ (0)	0.00%
Software	37,700	37,700	-	0.00%
Less: Accumulated Depreciation	(169,985)	(164,425)	(5,560)	(3.38%)
Total Noncurrent Assets	<u>\$ 13,429</u>	<u>\$ 18,990</u>	<u>\$ (5,560)</u>	<u>(29.28%)</u>
Total Assets	<u>\$ 589,029</u>	<u>\$ 565,108</u>	<u>\$ 23,922</u>	<u>4.23%</u>
Deferred Outflows of Resources	<u>\$ 15,482</u>	<u>\$ 3,223</u>	<u>\$ 12,259</u>	<u>-(380.36%)</u>
Current Liabilities:				
Accounts Payable & Accrued Liabilities	\$ 11,899	\$ 10,231	\$ 1,668	-(16.30%)
Total Current Liabilities	<u>\$ 11,899</u>	<u>\$ 10,231</u>	<u>\$ 1,668</u>	<u>-(16.30%)</u>
Deferred Inflows of Resources	<u>\$ 13,239</u>	<u>\$ 12,967</u>	<u>\$ 272</u>	<u>2.10%</u>
Net Position:				
Net Investment in Capital Assets	\$ 13,429	\$ 18,990	\$ (5,561)	(29.28%)
Unrestricted	565,944	526,143	39,801	7.56%
Total Net Position	<u><u>\$ 579,373</u></u>	<u><u>\$ 545,133</u></u>	<u><u>\$ 34,240</u></u>	<u><u>6.28%</u></u>

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2021

The \$565,944 of unrestricted net position represents resources available to fund the programs of the District next year.

Change in net position. The District's total revenues were \$200,092. Of the District's revenue, 94.85% comes from property taxes, 2.49% comes from fees charged for permits and well inspections, and the remaining 2.66% comes from interest and miscellaneous.

The total cost of all programs and services was \$165,851.

Governmental Activities

Rusk County Groundwater Conservation District Change in Net Position				
	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease) 2020-2021</u>	<u>Percentage Change 2020-2021</u>
Program Revenues:				
Charges for Services	\$ 4,975	\$ 6,200	\$ (1,225)	(19.76%)
General Revenues:				
Tax Revenue	189,789	197,450	(7,661)	(3.88%)
Interest and Miscellaneous	5,328	5,342	(14)	(0.26%)
Total Revenues	<u>\$ 200,092</u>	<u>\$ 208,992</u>	<u>\$ (8,900)</u>	<u>(4.26%)</u>
Expenses:				
General Government	\$ 163,371	\$ 176,691	\$ (13,320)	(7.54%)
Education Center	2,479	2,479	-	(0.00%)
Total Expenses	<u>\$ 165,851</u>	<u>\$ 179,170</u>	<u>\$ (13,320)</u>	<u>(7.43%)</u>
Change in Net Position	<u>\$ 34,241</u>	<u>\$ 29,822</u>	<u>\$ 4,420</u>	<u>14.82%</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$200,092, a decrease of \$8,900 from the preceding year. Property tax revenue decreased \$2,204 because of a decrease in the District's property values and properties that settled with the appraisal district; and because of a decrease in the needs for services, revenues from the issuance of permits and inspection decreased \$1,225 from the prior year. Interest revenue only decreased \$72 because of an interest rate decrease as well as an increase in CD interest.

Expenditures from governmental fund types totaled \$162,043, a decrease of \$9,385 from the preceding year.

General Fund Budgetary Highlights

During the year, the District revised its budget. Actual expenditures were \$30,903 below budget amounts.

Fund balance in the General Fund increased by \$40,570.

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

AUGUST 31, 2021

CAPITAL ASSETS

At the end of 2021, the District had invested \$183,414 in capital assets, consisting of two vehicles, software, equipment, a computer server, and leasehold improvements for the education center (See Table A-3).

Table A-3
Rusk County Groundwater Conservation District
Capital Assets

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease) 2020-2021</u>	<u>Percentage Change 2020-2021</u>
Capital Assets				
Vehicles	\$ 36,096	\$ 36,096	\$ -	0.00%
Equipment	91,698	91,698	-	0.00%
Leasehold Improvements	17,920	17,920	-	0.00%
Software	37,700	37,700	-	0.00%
Total Capital Assets	<u>\$ 183,414</u>	<u>\$ 183,414</u>	<u>\$ -</u>	<u>0.00%</u>
Less Accumulated Depreciation	(169,985)	(164,424)	(5,561)	(3.38%)
Net Capital Assets	<u>\$ 13,429</u>	<u>\$ 18,990</u>	<u>\$ (5,561)</u>	<u>(29.28%)</u>

Capital assets are also presented in Note III B to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Amounts available for appropriation in the General Fund budget are \$187,606 which is a decrease of \$2,261 from the 2020-2021 adopted budget. Property tax revenue is expected to decrease because of a decrease in property values.
- General Fund spending increases in the 2021-2022 budget to \$185,075.
- The District anticipates fund balance remaining the same.

The District's major programs and initiatives for the coming year are outlined in the District's Annual Report 2021. Copies are available from the District's administrative offices and online at www.rcgcd.org.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT STAFF

This financial report is designed to provide residents residing within the District, creditors, and the general public with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Administrative Offices.

Basic Financial Statements

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Rusk County Groundwater Conservation District
Statement of Net Position
August 31, 2021

	Governmental Activities
<u>Assets</u>	
Cash	\$554,843
Taxes Receivable, Net	19,568
Net Pension Asset	1,189
Capital Assets, Net	13,429
Total Assets	<u>\$589,029</u>
<u>Deferred Outflows of Resources</u>	
Deferred Outflows Related to Pensions	\$15,482
Total Deferred Outflows of Resources	<u>\$15,482</u>
<u>Liabilities</u>	
Accounts Payable	\$3,878
Salaries Payable	4,049
Retirement Payable	712
Commissions Payable	44
Deposits	2,175
Payroll Tax Liabilities	1,041
Total Liabilities	<u>\$11,899</u>
<u>Deferred Inflows of Resources</u>	
Deferred Inflows Related to Pensions	\$13,239
Total Deferred Inflows of Resources	<u>\$13,239</u>
<u>Net Position</u>	
Net Investment in Capital Assets	\$13,429
Unrestricted	565,944
Total Net Position	<u><u>\$579,373</u></u>

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

Rusk County Groundwater Conservation District
Statement of Activities
For the Year Ended August 31, 2021

		<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	Charges for <u>Services</u>	Operating Grants and <u>Contributions</u>	Governmental <u>Activities</u>
<u>Functions/Programs</u>				
Governmental Activities:				
General Government	\$163,371	\$4,975	\$0	(\$158,397)
Education Center	2,479	0	0	(2,479)
Total Governmental Activities	<u>\$165,851</u>	<u>\$4,975</u>	<u>\$0</u>	<u>(\$160,876)</u>
General Revenues:				
Property Taxes				\$189,789
Interest				5,142
Miscellaneous				186
Total General Revenues				<u>\$195,117</u>
Change in Net Position				34,241
Net Position - Beginning				<u>545,133</u>
Net Position - Ending				<u><u>\$579,373</u></u>

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

Rusk County Groundwater Conservation District
Balance Sheet - General Fund
August 31, 2021

Assets

Cash	\$554,843
Taxes Receivable, Net	19,568
	<hr/>
Total Assets	\$574,411
	<hr/>

Liabilities, Deferred Inflows of Resources, and Fund Balances

Liabilities

Accounts Payable	\$3,878
Salaries Payable	4,049
Retirement Payable	712
Commissions Payable	44
Deposits	2,175
Payroll Tax Liabilities	1,041
	<hr/>
Total Liabilities	\$11,899
	<hr/>

Deferred Inflows of Resources

Deferred Revenue - Unavailable Property Taxes	\$19,568
	<hr/>
Total Deferred Inflows of Resources	\$19,568
	<hr/>

Fund Balances

Committed Fund Balance - Legal	375,000
Unassigned	167,944
	<hr/>
Total Fund Balance	\$542,944
	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$574,411
	<hr/>

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

Rusk County Groundwater Conservation District
Reconciliation of the Balance Sheet-General Fund
to the Statement of Net Position
August 31, 2021

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

Total Fund Balances-Total Governmental Funds (Page 9)	\$542,944
Net Delinquent Property Taxes Receivable is a "long-term asset" and not available to pay for current period expenditures and therefore is deferred in the funds.	19,568
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,429
Recognition of the District's proportionate share of the net pension asset is not reported in the funds.	1,189
Deferred Resource Inflows related to TCDRS are not reported in the funds	(13,239)
Deferred Resource Outflows related to TCDRS are not reported in the funds	15,482
Net Position of Governmental Activities (Page 7)	<u><u>\$579,373</u></u>

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

Rusk County Groundwater Conservation District
Statement of Revenues, Expenditures, and
Changes in Fund Balances-General Fund
For the Year Ended August 31, 2021

Revenues:

Tax Revenue	\$192,311
Interest	5,142
Permits and Fees	4,975
Miscellaneous	186

Total Revenues	<u>\$202,613</u>
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Expenditures:

Assessment - Appraisal District	\$3,770
Assessor Commissions	2,434
Audit/Bookkeeping	9,850
Automobile Expense	2,100
Consultant	10,000
Computer & Software	9,786
Director Fees	4,600
Dues, Fees, & Subscriptions	1,176
Education Center	500
Insurance	15,055
Legal & Professional	3,266
Office Expense	4,367
Payroll Taxes	7,169
Postage	386
Printing & Reproduction	585
Repairs & Maintenance	660
Salaries	79,598
Employee Benefits	3,474
Security	615
Telephone & Internet	2,226
Travel & Conferences	426

Total Expenditures	<u>\$162,043</u>
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Net Change in Fund Balance	<u>\$40,570</u>
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Fund Balance, September 1, 2020	<u>502,374</u>
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Fund Balance, August 31, 2021	<u><u>\$542,944</u></u>
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The notes to the financial statements are an integral part of this statement.

Rusk County Groundwater Conservation District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances-General Fund
To the Statement of Activities
For the Year Ended August 31, 2021

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

Net Change in Fund Balances-Total Governmental Funds (Page 11)	\$40,570
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(2,522)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(5,561)
Pension expense related to GASB 68 is recorded in the Statement of Activities but not in the funds.	1,753
	<hr/>
Changes in Net Position of Governmental Activities (Page 8)	<u><u>\$34,241</u></u>

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

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements
August 31, 2021

I. Summary of Significant Accounting Policies

Rusk County Groundwater Conservation District was established by acts of the 78th Legislature, House Bill No. 3569 and approved by the voters of Rusk County in a confirmation election held June 5, 2004. The organization functions under Chapter 36 of the Texas Water Code. The District is managed by a board of directors of nine members. The permanent board consists of nine members with one elected at large from the entire District and two each to be elected from each county commission's precinct. The purpose of the District is to provide for the conservation, preservation, and management of groundwater and the related issues of waste.

The District is authorized to levy taxes, and the current rate adopted is \$.0050 cent per \$100 of valuation. The District is also allowed under the act to establish production fees and charge for permits.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government's significant accounting policies are described below.

A. Reporting Entity

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units for which the District may be financially accountable and, as such, should be included within the District's financial statements. The District is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial burden on the District. Additionally, the District is required to consider other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. Based upon the application of those criteria, the District has no component units.

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. Any interfund activity is removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are to be reported separately from business-type activities. Rusk County Groundwater Conservation District has no business-type activities.

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

Major individual governmental funds are reported as separate columns in the Fund Financial Statements.

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements
August 31, 2021

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

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. The District considers property taxes measurable and available only when cash is received by the District.

The District reports the following major Governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government.

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The District's cash includes amounts on hand and in demand deposits.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

2. Property Taxes

The District's property taxes are levied on October 1 on the assessed value as of the previous January 1 for all real and personal property located in the District and are due on January 31. The District is limited by State statute to a tax rate of \$0.0050 per \$100 of assessed valuation. All unpaid taxes levied on October 1 become delinquent July 1 of the following year. Property taxes are recorded when levied. Revenue is recognized as taxes are levied on the government-wide statements and as collected on the fund statements. Property taxes that are not recognized as revenue in the current year are shown on the governmental funds balance sheet as deferred revenue.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. A capitalization threshold of \$5,000 and an estimated useful life in excess of three years is used.

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

August 31, 2021

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment & Vehicles	5
Software	3
Leasehold Improvements	20

4. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds Balance Sheet) 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 and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The District has deferred outflows of resources related to pensions.

In addition to liabilities, the statements 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. Deferred Revenue – Unavailable Property Taxes, which is reported in the governmental fund Balance Sheet and deferred inflows related to pensions.

5. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

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

Committed Fund Balance – represents amount that can only be used for a specific purpose because of a formal action by the District's Board of Directors. Committed amounts cannot be used for any other purpose unless the Board of Directors removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Directors. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Directors or by an official or body to which the Board of Directors delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose.

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

August 31, 2021

Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself. The Board of Directors has not authorized an individual to assign fund balance.

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

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

6. Net Position Flow Assumption

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

E. Pensions

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

At August 31, 2021 the District reported the following:

Net Pension Asset	\$ 1,189
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II. Stewardship, Compliance, and Accountability

Budgetary Information

Prior to September 1, the District discusses and considers an operating budget for the fiscal year commencing the following September 1. The operating budget includes expenditures and the means of financing them for the upcoming year. The budget for the 2020-2021 year was approved on August 24, 2020.

Once a budget is approved, it can be amended only by approval of a majority of the members of the Board of Directors. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements August 31, 2021

of the Board, and are not made after fiscal year end. The budget was amended during the year. All budget appropriations lapse at year-end.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

At August 31, 2021, the carrying amount of the District's deposits with financial institutions was \$554,843, and the bank balances were \$554,525. The bank balance was fully covered by federal depository insurance or collateral held by the pledging financial institution's agent in the District's name.

Investments

The District is required by Texas Water Code Chapter 49 and Government Code Chapter 2256, The Public Funds Investment Act ("Act"), to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper. During the year ended August 31, 2021, the District invested only in certificates of deposit with its depository bank.

Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

- **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The District was not exposed to credit risk.

- **Custodial Credit Risk**

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

August 31, 2021

deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

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

- **Concentration of Credit Risk**

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District was not exposed to concentration of credit risk.

- **Interest Rate Risk**

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District was not exposed to interest rate risk.

- **Foreign Currency Risk**

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

B. Capital Assets

Capital asset activity for the year ended August 31, 2021, was as follows:

	Balance September 1, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance August 31, <u>2021</u>
Capital Assets Being Depreciated:				
Vehicles & Equipment	\$ 127,794	\$ -	\$ -	\$ 127,794
Leasehold Improvements	17,920	-	-	17,920
Software	37,700	-	-	37,700
Total Capital Assets Being Depreciated	<u>\$ 183,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,414</u>
Less: Accumulated Depreciation for:				
Vehicles & Equipment	\$ (123,809)	\$ (1,083)	\$ -	\$ (124,892)
Leasehold Improvements	(6,496)	(896)	-	(7,392)
Software	(34,119)	(3,581)	-	(37,700)
Total Accumulated Depreciation	<u>\$ (164,424)</u>	<u>\$ (5,561)</u>	<u>\$ -</u>	<u>\$ (169,985)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 18,990</u>	<u>\$ (5,561)</u>	<u>\$ -</u>	<u>\$ 13,429</u>
Capital Assets, Net	<u>\$ 18,990</u>	<u>\$ (5,561)</u>	<u>\$ -</u>	<u>\$ 13,429</u>

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements
August 31, 2021

Depreciation was charged to functions as follows:

General Government	\$ 3,581
Education Center	1,979
	<u>\$ 5,561</u>

C. Property Taxes Receivable

Current Tax Year	\$ 5,020
Prior Tax Years	17,216
Total	<u>22,236</u>
Less: Allowance for Uncollectible Taxes	<u>(2,668)</u>
Net Taxes Receivable	<u>\$ 19,568</u>

D. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in insurance coverages during the year ended August 31, 2021.

E. Pension Plan

Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through an agent, multiple-employer pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of over 600 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2038.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 5 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements
August 31, 2021

Contributions

Employees for the Rusk County Groundwater Conservation District were required to contribute 7% of their gross earnings during the fiscal year. The contribution rates for the District were 4.74% and 4.21% in calendar 2020 and 2021, respectively. The District's contributions to TCDRS for the year ended August 31, 2021 were \$3,425 and were equal to the required contributions.

Net Pension Liability

At December 31, 2020, the District reported a net pension asset of \$1,189. The changes in the net pension asset were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2019	\$ 96,806	\$ 108,229	\$ (11,423)
Changes for the year:			
Service Cost	8,297	-	8,297
Interest	8,463	-	8,463
Effect of Plan Changes	-	-	-
Effect of economic/demographic G/L	-	-	-
Diff between expected/actual experience	1,230	-	1,230
Changes of assumptions	13,207	-	13,207
Contributions - employer	-	3,862	(3,862)
Contributions - employee	-	5,739	(5,739)
Net investment income	-	11,198	(11,198)
Benefit payments, including refunds of employee contributions	(1,271)	(1,271)	-
Administrative expenses	-	(94)	94
Other charges	-	257	(257)
Net changes	\$ 29,926	\$ 19,692	\$ 10,234
Balance at 12/31/2020	\$ 126,732	\$ 127,921	\$ (1,189)

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements
August 31, 2021

Discount Rate

The discount rate used to measure the total pension asset was 8.1%. There was no change in discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contribution employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current members. 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 asset.

Discount Rate Sensitivity Analysis

The following presents the net pension asset of the District, calculated using the discount rate of 8.10%, as well as what the District's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Net pension liability / (asset)	\$31,487	(\$1,189)	(\$26,066)

Deferred Outflows and Inflows of Resources Related to Pensions

For the year ended August 31, 2021 the District recognized pension expense in the amount of \$1,805.

At August 31, 2021, the District reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

Deferred Inflows/Outflows of Resources	Deferred Inflows Of Resources	Deferred Outflows Of Resources
Differences between expected and actual experience	\$9,980	\$1,163
Changes of assumptions	0	12,231
Net difference between projected and actual earnings	3,259	0
Contributions made subsequent to measurement date	<u>0</u>	<u>2,208</u>
Total	\$13,239	\$15,482

RUSK COUNTY GROUNDWATER CONSERVATION DISTRICT

Notes to Financial Statements

August 31, 2021

\$2,088 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset for the year ending August 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2022	\$(83)
2023	642
2024	(943)
2025	401
2026	819
Thereafter	(681)

Required Supplementary Information

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Rusk County Groundwater Conservation District
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
General Fund (Budgetary Basis)
For the Year Ended August 31, 2021

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Tax Revenue	\$180,867	\$190,177	\$189,877	(\$300)
Interest	4,000	4,806	5,142	336
Permits and Fees	2,000	3,950	4,975	1,025
Other Revenue	3,000	1,300	186	(1,114)
Total Revenues	\$189,867	\$200,233	\$200,180	(\$53)
<u>Expenditures:</u>				
Accounting	\$9,800	\$9,850	\$9,850	\$ -
Assessment-Appraisal District	3,827	3,827	3,770	57
Automobile Expense	3,200	3,200	2,100	1,100
Computer and Software	14,000	14,000	9,786	4,214
Consultant	16,000	16,000	10,000	6,000
Directors Fees	6,000	6,000	4,600	1,400
Dues and Subscriptions	1,300	1,300	1,176	124
Education/Conservation Printing	975	975	585	390
Equipment	3,000	3,000	-	3,000
Insurance	15,000	15,094	15,055	39
Repairs	-	500	660	(160)
Legal	6,000	6,000	3,266	2,734
Office Expense	5,000	5,000	5,368	(368)
Payroll and Related Taxes	99,144	99,144	89,708	9,436
Telephone and Internet	3,372	3,372	2,226	1,146
Travel and Conferences	1,900	1,900	426	1,474
Water Center	750	750	500	250
Texas Workforce	600	600	532	68
Total Expenditures	\$189,867	\$190,511	\$159,609	\$30,903
Net Change in Fund Balance	-	9,722	40,570	(30,848)
Fund Balance, September 1, 2020	502,374	502,374	502,374	-
Fund Balance, August 31, 2021	\$502,374	\$512,096	\$542,944	(\$30,848)

Rusk County Groundwater Conservation District
Reconciliation of the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - (Budgetary
Basis) - General Fund to the Statement of Revenues, Expenditures, and Changes in the Fund Balance - General Fund
For the Year Ended August 31, 2021

Total revenues - Exhibit 5	\$ 200,180
Tax Assessor Commissions	2,434
	<hr/>
Total revenues - General Fund - Exhibit 4	<u><u>\$ 202,613</u></u>
Total Expenditures - Exhibit 5	\$ 159,609
Tax Assessor Commissions	2,434
	<hr/>
Total expenditures - General Fund - Exhibit 4	<u><u>\$ 162,043</u></u>

Rusk County Groundwater Conservation District
Schedule of Changes in Net Position Liability and Related Ratios
Last Ten Years

	Year Ended December 31									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	
Total Pension Liability										
Service cost	\$ 8,297	\$ 10,700	\$ 10,137	\$ 10,097	\$ 10,345	\$ 8,359	\$ 14,212	N/A	N/A	
Interest on total pension liability	8,463	7,572	6,260	5,120	3,717	3,045	2,664	N/A	N/A	
Changes of benefit terms	-	-	394	-	-	(515)	-	N/A	N/A	
Difference between expected and actual experience	1,230	(3,605)	111	(113)	(677)	(3,802)	(6,831)	N/A	N/A	
Change of assumptions	13,207	-	-	171	-	848	-	N/A	N/A	
Benefit payments/refunds of contributions	(1,271)	(1,271)	(1,245)	(1,245)	(933)	-	(5,171)	N/A	N/A	
Net change in total pension liability	29,927	13,396	15,657	14,030	12,452	7,936	\$ 4,874	N/A	N/A	
Total pension liability, beginning	96,805	83,409	67,752	53,722	41,270	33,334	28,460	N/A	N/A	
Total pension liability, ending (a)	\$ 126,732	\$ 96,805	\$ 83,409	\$ 67,752	\$ 53,722	\$ 41,270	33,334	N/A	N/A	
Fiduciary Net Position										
Employer contributions	\$ 3,862	\$ 3,974	\$ 4,156	\$ 3,919	\$ 4,787	\$ 5,063	\$ 4,376	N/A	N/A	
Employee contributions	5,739	6,101	6,508	6,179	6,347	6,250	5,402	N/A	N/A	
Investment income net of investment expenses	11,198	13,984	(1,327)	8,782	3,385	(468)	1,613	N/A	N/A	
Benefit payments/refunds of contributions	(1,271)	(1,271)	(1,245)	(1,245)	(933)	-	(5,171)	N/A	N/A	
Administrative expenses	(94)	(82)	(68)	(51)	(37)	(29)	(24)	N/A	N/A	
Other	257	317	288	118	865	(3)	(2)	N/A	N/A	
Net change in fiduciary net position	19,691	23,023	8,312	17,702	14,414	10,812	\$ 6,194	N/A	N/A	
Fiduciary net position, beginning	108,229	85,206	76,894	59,192	44,778	33,966	\$ 27,772	N/A	N/A	
Fiduciary net position, ending (b)	\$ 127,920	\$ 108,229	\$ 85,206	\$ 76,894	\$ 59,192	\$ 44,778	33,966	N/A	N/A	
Net pension liability / (asset), ending = (a) - (b)	\$ (1,188)	\$ (11,424)	\$ (1,797)	\$ (9,142)	\$ (5,470)	\$ (3,508)	\$ (632)	N/A	N/A	
Fiduciary net position as a % of total pension liability	100.94%	111.80%	102.15%	113.49%	110.18%	108.50%	101.90%	N/A	N/A	
Pensionable covered payroll	\$ 81,969	\$ 74,933	\$ 92,971	\$ 88,268	\$ 90,670	\$ 89,291	\$ 77,170	N/A	N/A	
Net pension liability as a % of covered payroll	-1.45%	-15.25%	-1.93%	-10.36%	-6.03%	-3.93%	-0.82%	N/A	N/A	

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Rusk County Groundwater Conservation District
Schedule Of Contributions
For the Year Ended August 31, 2021

	Fiscal Year Ended August 31,					
	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 3,425	\$ 3,523	\$ 4,156	\$ 3,919	\$ 4,787	\$ 4,723
Contributions in relation to actuarially determined contribution	(3,425)	(3,523)	(4,156)	(3,919)	(4,787)	5,063
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (340)
Covered employee payroll	\$ 78,008	\$ 74,933	\$ 92,971	\$ 88,268	\$ 90,670	\$ 89,291
Contributions as a percentage of covered employee payroll	4.39%	4.70%	4.47%	4.44%	5.28%	5.29%

Rusk County Groundwater Conservation District
Notes to Schedule of Contributions
For the Year Ended August 31, 2021

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/20 valuation)
Asset Valuation Method	5-yr smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
Investment Rate of Return	7.5%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Other Information There were no benefit changes during the year.

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Compliance Section

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Morgan LaGrone, CPA, PLLC

Certified Public Accountant

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116 S Marshall
Henderson TX 75654

Independent Auditor's Report

Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

February 10, 2022

Board of Directors
Rusk County Groundwater Conservation District
P.O. Box 97
Henderson, TX 75653

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Rusk County Groundwater Conservation District as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 10, 2022.

Internal Control over Financial Reporting

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

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

MEMBER

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

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


Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rusk County Groundwater Conservation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,



Morgan LaGrone
Certified Public Accountant