

RUSK COUNTY APPRAISAL DISTRICT

ANNUAL FINANCIAL REPORT
Year Ended December 31, 2020

**Rusk County Appraisal District
Annual Financial Report
For the Year Ended December 31, 2020**

TABLE OF CONTENTS

FINANCIAL SECTION	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1
Management's Discussion and Analysis		3
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	7
Statement of Activities	2	8
Fund Financial Statements:		
Balance Sheet-Governmental Funds	3	9
Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Position	3-A	10
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	4	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds to the Statement of Activities	4-A	12
Notes to the Financial Statements		13
Required Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) – General Fund	5	23
Schedule of Changes in Net Pension Liability and Related Ratios	6	24
Schedule of Contributions	7	25
Notes to Schedule of Contributions	8	26
 INTERNAL CONTROL AND COMPLIANCE SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		27
Schedule of Findings and Questioned Costs		29
Schedule of Prior Year Findings		30

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Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rusk County Appraisal District
P.O. Box 7
Henderson, Texas 75653

Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Rusk County Appraisal District as of and for the year ended December 31, 2020, 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 on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor 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 on 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.

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 Appraisal District as of

MEMBER

and for the year ended December 31, 2020 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters


Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 23, as well as the schedule of changes in net pension liability and the schedule of contributions on pages 24-26, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2021, on our consideration of the Rusk County Appraisal District's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rusk County Appraisal District's internal control over financial reporting and compliance.

Respectfully submitted,



Morgan LaGrone
Certified Public Accountant

Henderson, Texas
August 3, 2021

RUSK COUNTY APPRAISAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

This section of Rusk County Appraisal District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$802,281 at December 31, 2020.
- During the year, the District's expenses were \$13,172 more than the \$1,417,771 generated in revenues for governmental activities.
- The general fund reported a fund balance this year of \$608,980, of which \$376,540 is committed and \$232,440 is unassigned.

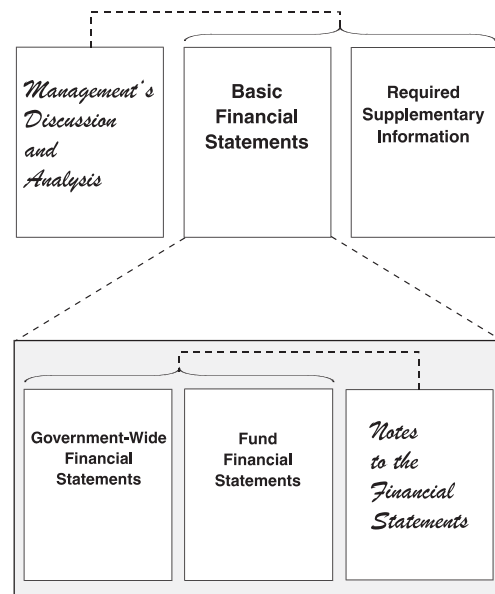
OVERVIEW OF THE FINANCIAL STATEMENTS

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.

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



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 is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider non-financial factors as well.
- The government-wide financial statements of the District include the governmental activities. All of the District's basic services are included here, such as general government and public safety. Property taxes finance all of the District's activities.

RUSK COUNTY APPRAISAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

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.

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 explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's net position was \$802,281 at December 31, 2020.

Table A-1
Rusk County Appraisal District
Net Position

	<u>2020</u>	<u>2019</u>	<u>Change</u> <u>2019-2020</u>	<u>% Change</u> <u>2019-2020</u>
Current Assets:				
Cash and Cash Equivalents	\$ 886,608	\$ 842,092	\$ 44,516	5.29%
Total Current Assets	<u>\$ 886,608</u>	<u>\$ 842,092</u>	<u>\$ 44,516</u>	<u>5.29%</u>
Noncurrent Assets:				
Capital Assets	\$ 351,959	\$ 345,610	\$ 6,349	1.84%
Less: Accumulated Depreciation	(139,319)	(129,275)	(10,044)	(7.77%)
Total Noncurrent Assets	<u>\$ 212,640</u>	<u>\$ 216,335</u>	<u>\$ (3,695)</u>	<u>(1.71%)</u>
Total Assets	<u>\$ 1,099,248</u>	<u>\$ 1,058,427</u>	<u>\$ 40,821</u>	<u>3.86%</u>
Total Deferred Outflows Related to Pensions	<u>\$ 94,402</u>	<u>\$ 214,923</u>	<u>\$ (120,521)</u>	<u>(56.08%)</u>
Current Liabilities:				
Accounts Payable	\$ 23,393	\$ 823	\$ 22,570	2742.41%
Total Current Liabilities	<u>\$ 23,393</u>	<u>\$ 823</u>	<u>\$ 22,570</u>	<u>2742.41%</u>
Noncurrent Liabilities:				
Net Pension Liability	\$ 6,715	\$ 213,380	\$ (206,665)	(96.85%)
Total Noncurrent Liabilities	<u>\$ 6,715</u>	<u>\$ 213,380</u>	<u>\$ (206,665)</u>	<u>(96.85%)</u>
Total Liabilities	<u>\$ 30,108</u>	<u>\$ 214,203</u>	<u>\$ (184,095)</u>	<u>(85.94%)</u>
Deferred Inflows of Resources:				
Deferred Inflows Related to Pensions	\$ 107,026	\$ 10,337	\$ 96,689	935.37%
Unearned Revenue	254,235	233,356	20,879	8.95%
Total Deferred Inflows of Resources	<u>\$ 361,261</u>	<u>\$ 243,693</u>	<u>\$ 117,568</u>	<u>48.24%</u>
Net Position:				
Net Investment in Capital Assets	\$ 212,640	\$ 216,334	\$ (3,694)	(1.71%)
Unrestricted	589,641	599,119	(9,478)	(1.58%)
Total Net Position	<u>\$ 802,281</u>	<u>\$ 815,453</u>	<u>\$ (13,172)</u>	<u>(1.62%)</u>

The \$589,641 of unrestricted net position represents resources available to fund the programs of the District next year.

RUSK COUNTY APPRAISAL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

Change in net position. The District's total revenues were \$1,417,771. Virtually all the District's revenue comes from tax jurisdiction assessments.

The total cost of all programs and services was \$1,430,943.

Governmental Activities

Table A-2
Rusk County Appraisal District
Change in Net Position

	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease) 2019-2020</u>	<u>Percentage Change 2019-2020</u>
Program Revenues:				
Tax Jurisdiction Assessments	\$ 1,416,460	\$ 1,426,958	\$ (10,498)	(0.74%)
General Revenues:				
Other	1,311	843	468	(55.52%)
Total Revenues	<u>\$ 1,417,771</u>	<u>\$ 1,427,801</u>	<u>\$ (10,030)</u>	<u>(0.70%)</u>
Functions/Programs:				
General Government	\$ 1,430,943	\$ 1,733,125	\$ (302,182)	(17.44%)
Total Expenses	<u>\$ 1,430,943</u>	<u>\$ 1,733,125</u>	<u>\$ (302,182)</u>	<u>(17.44%)</u>
Increase/(Decrease) in Net Position	<u>\$ (13,172)</u>	<u>\$ (305,324)</u>	<u>\$ 292,152</u>	<u>(95.69%)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$1,417,771 a decrease of \$10,030 from the preceding year.

Expenditures from governmental fund types totaled \$1,430,943 a decrease of \$302,182 from the preceding year. This decrease is primarily attributable to a decrease in pension expenditures.

General Fund Budgetary Highlights

Over the course of the year, the District did not revise its budget. Actual expenditures were \$244 above budget amounts, due to retirement and salary expenses.

Fund balance in the General Fund increased by \$1,067, as a result of the factors discussed above.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2020, the District had invested \$351,959 in capital assets consisting of equipment, land, building, and improvements. (See Table A-3.)

RUSK COUNTY APPRAISAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2020

Table A-3
 Rusk County Appraisal District
 Capital Assets

	<u>Governmental Activities</u>			
	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease) 2019-2020</u>	<u>Percentage Change 2019-2020</u>
Land	\$ 50,000	\$ 50,000	\$ -	0.00%
Building and Improvements	267,004	267,004	-	0.00%
Furniture and Equipment	34,955	28,605	6,350	22.20%
Total Capital Assets	<u>\$ 351,959</u>	<u>\$ 345,609</u>	<u>\$ 6,350</u>	<u>1.84%</u>
Less: Accumulated Depreciation	<u>\$ (139,319)</u>	<u>\$ (129,275)</u>	<u>\$ (10,044)</u>	<u>(7.77%)</u>
Net Capital Assets	<u>\$ 212,640</u>	<u>\$ 216,334</u>	<u>\$ (3,694)</u>	<u>(1.71%)</u>

More detailed information about the District's capital assets is presented in Note III (B) to the financial statements.

Long Term Debt

At year-end, the District had no long-term debt outstanding.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's 2021 budget includes \$1,467,080 in proposed expenditures. The District uses that amount to determine the total amount of tax jurisdiction assessments. The tax jurisdiction assessments are allocated to County taxing entities in proportion to the amount of property taxes levied by each of the entities.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT STAFF

This financial report is designed to provide residents residing within Rusk County, 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, please contact the District.

Rusk County Appraisal District
Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 886,608
Capital Assets (net of accumulated depreciation)	
Land	50,000
Buildings and Improvements	155,924
Furniture and Equipment	<u>6,716</u>
Total Assets	<u>\$ 1,099,248</u>
<u>Deferred Outflows of Resources</u>	
Deferred Outflows Related to Pensions	<u>\$ 94,402</u>
Total Deferred Outflows of Resources	<u>\$ 94,402</u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts Payable	<u>\$ 23,393</u>
Total Current Liabilities	<u>\$ 23,393</u>
Noncurrent Liabilities	
Net Pension Liability	<u>\$ 6,715</u>
Total Noncurrent Liabilities	<u>\$ 6,715</u>
Total Liabilities	<u>\$ 30,108</u>
<u>Deferred Inflows of Resources</u>	
Deferred Inflows Related to Pensions	\$ 107,026
Unearned Revenue	<u>254,235</u>
Total Deferred Inflows of Resources	<u>\$ 361,261</u>
<u>Net Position</u>	
Net Position, Investment in Capital Assets	\$ 212,640
Unrestricted	<u>589,641</u>
Total Net Position	<u><u>\$ 802,281</u></u>

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

Rusk County Appraisal District
Statement of Activities
For the Year Ended December 31, 2020

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Functions/Programs:</u>				
Governmental activities:				
General Government	\$ 1,430,943	\$ 1,416,460		\$ (14,483)
Total governmental activities	<u>\$ 1,430,943</u>	<u>\$ 1,416,460</u>		<u>\$ (14,483)</u>
General Revenues:				
Interest				\$ 1,311
Total general revenues				<u>\$ 1,311</u>
Change in Net Position				(13,172)
Net Position - Beginning				<u>815,453</u>
Net Position - Ending				<u><u>\$ 802,281</u></u>

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

Rusk County Appraisal District
Balance Sheet - Governmental Funds
December 31, 2020

	<u>General Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 886,608
Total Assets	<u>\$ 886,608</u>
<u>Liabilities</u>	
Accounts Payable	\$ 23,393
Total Liabilities	<u>\$ 23,393</u>
<u>Deferred Inflows of Resources</u>	
Unearned Revenue	\$ 254,235
Total Deferred Inflows of Resources	<u>\$ 254,235</u>
<u>Fund Balances</u>	
Committed	\$ 376,540
Unassigned	232,440
Total Fund Balance	<u>\$ 608,980</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 886,608</u>

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

Rusk County Appraisal District
Reconciliation of the Balance Sheet-Governmental Funds
to the Statement of Net Position
December 31, 2020

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

Total Fund Balances-Total Governmental Funds (Page 9)	\$ 608,980
Net Pension Liability and the related deferred outflows and deferred inflows of resources are not reported in the funds	(19,339)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>212,640</u>
Net Position of Governmental Activities (Page 7)	<u><u>\$ 802,281</u></u>

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

Rusk County Appraisal District
Statement of Revenues, Expenditures and
Changes in Fund Balances-Governmental Funds
For the Year Ended December 31, 2020

<hr/>	
Revenues:	
Tax Jurisdiction Assessments	\$ 1,416,460
Interest	1,311
 Total Revenues	 <u>\$ 1,417,771</u>
Expenditures:	
Current:	
General Government:	
Auto Allowances	\$ 51,904
Capital Outlay	6,395
Dues, Memberships & Subscriptions	17,882
Insurance	130,867
Legal, Audit, Board of Review	34,178
Office Expense	993
Maintenance Building	22,394
Postage & Freight	10,697
Retirement	79,166
Salaries	498,316
Supplies	9,910
Employment Taxes	42,968
Contractual Services	487,834
Telephone	10,771
Travel	2,456
Utilities	9,973
 Total Expenditures	 <u>\$ 1,416,704</u>
 Net Change in Fund Balance	 \$ 1,067
 Fund Balance, January 1, 2020	 <u>607,913</u>
 Fund Balance, December 31, 2020	 <u><u>\$ 608,980</u></u>

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

Rusk County Appraisal District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances-Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2020

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

Net Change in Fund Balances-Total Governmental Funds (Page 11)	\$	1,067
Negative pension expense related to GASB 68 is recorded in the statement of activities but not in the funds.		(10,545)
Capital outlays are not reported as expenses in the statement of activities.		6,350
The depreciation of capital assets used in governmental activities is not reported in the funds.		<u>(10,044)</u>
Changes in Net Position of Governmental Activities (Page 8)	\$	<u><u>(13,172)</u></u>

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

RUSK COUNTY APPRAISAL DISTRICT

Notes to Financial Statements

December 31, 2020

I. Summary of Significant Accounting Policies

Rusk County Appraisal District, ("District") operates in accordance with the laws of the State of Texas, Property Tax Code, Chapter 6, to provide property tax appraisal services for the taxing authorities located within Rusk County, Texas. There were twenty-four (24) taxing authorities during the year.

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 more significant government's 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 service fee revenues, are to be reported separately from business-type activities. Rusk County Appraisal 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. Interest 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.

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the year, except for Tax Jurisdiction Assessments, which are recognized in the period for which assessed. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

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

State statutes and the District's investment policy authorize the District to invest in certificates of deposit with the District's depository bank, direct obligations of the United States Government, its agencies and instrumentalities, direct obligations of the State of Texas or its agencies, and money market accounts.

2. Capital Assets

Capital assets, which include equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost where records are available or at an estimated fair market value at the date of acquisition where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

Equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Furniture and Equipment	5-10

3. Compensated Absences

Compensated vacations are granted to all full-time permanent employees of the District. The number of days range from ten (10) days to twenty (20) days, depending upon length of continuous service. Vacations do not accumulate from year to year unless authorized by the Board of Directors or the Chief Appraiser. At termination, payment for unused, accrued vacation determined to be due to an employee will be included in the employee's final pay. No accrual has been provided for in the financial statements.

All permanent employees of the District are eligible to accrue one (1) working day (8 hours) of paid sick leave per month of service. Sick leave may be carried over from year to year to a maximum of ninety (90) days or 720 hours. Employees are not entitled to payment for unused sick leave upon termination. Employees who retire from service with the District and begin receiving retirement and/or Social Security payments, that employee will be paid for up to thirty (30) days of accumulated sick leave days.

4. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Unearned Revenue-Tax Jurisdiction Assessments which is reported both in the Statement of Net Position and the governmental fund Balance Sheet.

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 prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

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

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the 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 accomplished through a resolution of the Board. 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. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the fund itself.

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

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the 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, then 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 their fair value.

II. Stewardship, Compliance and Accountability

Budgetary Information

Prior to June 15th, the Chief Appraiser prepares a proposed budget for the operation of the District for the

following year and submits copies to each taxing unit participating in the District and the District's Board of Directors. He includes in the budget a list showing each proposed position, the proposed salary for the position, all benefits proposed for the position, each proposed capital expenditure, and an estimate of the amount of the budget that will be allocated to each taxing unit. Each taxing unit entitled to vote on the appointment of Board members shall maintain a copy of the proposed budget for public inspection at its principal administrative office.

The Board holds a public hearing to consider the budget. Not later than the 10th day before the date of the hearing, the District shall provide the presiding officer of the governing body of each taxing unit participating in the District a written notice of the date, time, and place fixed for the hearing. The Board shall approve a budget before September 15th. If governing bodies of a majority of the taxing units entitled to vote on the appointment of board members adopt resolutions disapproving a budget and file them with the secretary of the Board within 30 days after its adoption, the budget does not take effect, and the Board shall adopt a new budget within 30 days of the disapproval.

The Board may amend the approved budget at any time, but must deliver a written copy of a proposed amendment to the presiding officer of the governing body of each taxing unit participating in the District not later than the 30th day before the date the Board acts on it. The budget was not amended during the year.

Each taxing unit participating in the District is allocated a portion of the amount of the budget equal to the proportion that the total dollar amount of property taxes imposed in the District by the unit for the tax year in which the budget proposal is prepared bears to the sum of the total dollar amount of property taxes imposed in the District by each participating unit for that year.

All budget appropriations lapse at year-end.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits. The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to Texas State Law. The depository bank deposits for safekeeping and trust with the District's agent bank, approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance.

The District's cash deposits at December 31, 2020 with the contracted depository bank were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank. The cash deposits at December 31, 2020 were collateralized in accordance with Texas Law.

Cash deposits were properly secured at all times during the year ended December 31, 2020.

Investments: The District is required by Government Code Chapter 2256, The Public Funds Investment 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.

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.

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's investment policy limits its investments to certificates of deposit in its depository bank or banks domiciled in the State of Texas. 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 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. As discussed above, the District's investment policy limits its investments to certificates of deposit in its depository bank or banks domiciled in the State of Texas. 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 December 31, 2020 was as follows:

	Balance January 1, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2020</u>
Capital Assets Not Being Depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total Capital Assets Not Being Depreciated	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>
Capital Assets Being Depreciated:				
Buildings	\$ 175,325	\$ -	\$ -	\$ 175,325
Building Improvements	91,679	-	-	91,679
Furniture & Equipment	28,605	6,350	-	34,955
Total Capital Assets Being Depreciated	<u>\$ 295,609</u>	<u>\$ 6,350</u>	<u>\$ -</u>	<u>\$ 301,959</u>
Less Accumulated Depreciation for:				
Buildings	\$ 73,963	\$ 4,383	\$ -	\$ 78,346
Building Improvements	28,926	3,807	-	32,733
Furniture & Equipment	26,386	1,854	-	28,240
Total Accumulated Depreciation	<u>\$ 129,275</u>	<u>\$ 10,044</u>	<u>\$ -</u>	<u>\$ 139,319</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 166,334</u>	<u>\$ (3,694)</u>	<u>\$ -</u>	<u>\$ 162,640</u>
Governmental Activities Capital Assets, Net	<u>\$ 216,334</u>	<u>\$ (3,694)</u>	<u>\$ -</u>	<u>\$ 212,640</u>

C. Unearned Revenue

Tax assessments were paid early by 20 entities in the amount of \$254,235. This deferred inflow of resources is reflected both in the Government-wide financial statements and the Fund Financial Statements, since the revenue has not been earned as of December 31, 2020.

D. Governmental Fund Balances

Components of fund balances as of December 31, 2020 are as follows:

	General <u>Fund</u>
Committed:	
Building Reserve	\$ 15,260
Contingency Reserve	202,690
Legal Reserve	158,590
Unassigned:	<u>232,440</u>
Total Fund Balances	<u>\$ 608,980</u>

IV. Other Information

A. 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 December 31, 2020. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three (3) years.

B. Pension Plan

Plan Description

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

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 80 or more. Members are vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump-sum are not entitled to any amounts contributed by their employer.

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

Contributions

Employees for the District were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the District were 19.40% and 13.10% in calendar 2019 and 2020, respectively. The District's contributions to TCDRS for the year ended December 31, 2020 were \$73,692.42 and were equal to the required contributions.

Net Pension Liability

At December 31, 2020, the District reported a net pension liability of \$6,715. The changes in net pension liability were as follows:

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	<u>Liability</u>	<u>Net Position</u>	<u>Liability/(Asset)</u>
	(a)	(b)	(a) - (b)
Balance at 12/31/2018	\$ 2,191,128	\$ 1,977,748	\$ 213,379
Changes for the year:			
Service Cost	90,078	-	90,078
Interest	180,051	-	180,051
Change in benefit terms	-	-	-
Diff between expected/actual experience	(48,236)	-	(48,236)
Changes of assumptions	-	-	-
Contributions - employer	-	68,887	(68,887)
Contributions - employee	-	36,754	(36,754)
Net investment income	-	324,799	(324,799)
Benefit payments, including refunds of employee contributions	(119,033)	(119,033)	-
Administrative expenses	-	(1,743)	1,743
Other charges	-	(140)	140
Net changes	102,860	309,524	(206,665)
Balance at 12/31/2019	<u>\$ 2,293,987</u>	<u>\$ 2,287,272</u>	<u>\$ 6,714</u>

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the District, calculated using the discount rate of 8.1%, 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 (7.1%) or 1 percentage point higher (9.1%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	(7.1%)	(8.1%)	(9.1%)
Net pension liability / (asset)	\$ 270,445	\$ 6,715	\$ (218,470)

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 liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2020 the District recognized pension expense in the amount of \$84,238.

At December 31, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Inflows/Outflows of Resources	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 4,345	\$ 50,729
Changes of assumptions	16,365	-
Differences between projected and actual investment earnings (net of current year amortization)	-	56,297
Contributions made subsequent to measurement date	73,692	-
Total	\$ 94,402	\$ 107,026

The \$73,692 reported as deferred outflows of resources related to pensions resulted from contributions made subsequent to the measurement date. This amount will be recognized as a decrease of the net pension liability for the year ended December 31, 2021. 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:	
2021	\$ (17,150)
2022	(19,342)
2023	3,808
2024	(35,030)
2025	(3,885)
Thereafter	(14,627)

Rusk County Appraisal District
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 General Fund
 For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Tax Jurisdiction Assessments	\$ 1,416,460	\$ 1,416,460	\$ 1,416,460	\$ -
Interest	400	400	1,311	911
Total Revenues	\$ 1,416,860	\$ 1,416,860	\$ 1,417,771	\$ 911
Expenditures:				
Current:				
General Government:				
Auto Allowances	\$ 50,400	\$ 50,400	\$ 50,400	\$ -
Dues, Memberships & Subscriptions	24,000	24,000	17,882	6,118
Insurance	148,100	148,100	130,867	17,233
Legal, Audit, Board of Review	40,000	40,000	34,178	5,822
Office Expense	750	750	993	(243)
Maintenance Building	14,600	14,600	22,394	(7,794)
Mileage Reimbursement	4,000	4,000	1,504	2,496
Postage & Freight	20,000	20,000	10,697	9,303
Retirement	71,200	71,200	79,166	(7,966)
Salaries	495,750	495,750	498,316	(2,566)
Supplies	6,500	6,500	9,910	(3,410)
Employment Taxes	43,890	43,890	42,968	922
Contractual Services	458,870	458,870	487,834	(28,964)
Telephone	8,400	8,400	10,771	(2,371)
Travel	9,000	9,000	2,456	6,544
Utilities	12,300	12,300	9,973	2,327
Equipment	8,700	8,700	6,395	2,305
Total Expenditures	\$ 1,416,460	\$ 1,416,460	\$ 1,416,704	\$ (244)
Net Change in Fund Balance	\$ 400	\$ 400	\$ 1,067	\$ 667
Fund Balance, January 1, 2020	607,913	607,913	607,913	-
Fund Balance, December 31, 2020	\$ 608,313	\$ 608,313	\$ 608,980	\$ 667

Rusk County Appraisal District
Schedule of Changes in Net Position Liability and Related Ratios
For the Year Ended December 31, 2020

	Plan Year Ended December 31,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	
Total Pension Liability										
Service cost	\$ 90,078	\$ 73,468	\$ 80,305	\$ 68,566	\$ 61,872	\$ 68,246	N/A	N/A	N/A	
Interest on total pension liability	180,051	147,571	134,848	119,494	108,448	100,265	N/A	N/A	N/A	
Changes of benefit terms	-	255,459	-	-	(5,316)	-	N/A	N/A	N/A	
Difference between expected and actual experience	(48,236)	(229)	(6,200)	4,780	3,322	(14,161)	N/A	N/A	N/A	
Change of assumptions	-	-	15,401	-	13,717	-	N/A	N/A	N/A	
Benefit payments/refunds of contributions	(119,033)	(65,785)	(55,308)	(44,841)	(44,841)	(63,437)	N/A	N/A	N/A	
Net change in total pension liability	102,860	410,484	169,046	147,999	137,202	90,913	N/A	N/A	N/A	
Total pension liability, beginning	2,191,128	1,780,645	1,611,600	1,463,601	1,326,397	1,235,483	N/A	N/A	N/A	
Total pension liability, ending (a)	\$ 2,293,988	\$ 2,191,129	\$ 1,780,646	\$ 1,611,600	\$ 1,463,599	\$ 1,326,396	N/A	N/A	N/A	
Fiduciary Net Position										
Employer contributions	\$ 68,887	\$ 112,838	\$ 36,842	\$ 40,239	\$ 37,971	\$ 39,880	N/A	N/A	N/A	
Employee contributions	36,754	40,621	40,614	38,691	33,266	32,199	N/A	N/A	N/A	
Investment income net of investment expenses	324,799	(34,859)	242,646	112,265	(6,140)	92,834	N/A	N/A	N/A	
Benefit payments/refunds of contributions	(119,033)	(65,785)	(55,308)	(44,841)	(44,841)	(63,437)	N/A	N/A	N/A	
Administrative expenses	(1,743)	(1,589)	(1,279)	(1,215)	(1,079)	(1,105)	N/A	N/A	N/A	
Other	(140)	2,805	285	7,603	3,797	4,830	N/A	N/A	N/A	
Net change in fiduciary net position	309,524	54,031	263,800	152,742	22,974	105,201	N/A	N/A	N/A	
Fiduciary net position, beginning	1,977,748	1,923,717	1,659,917	1,507,175	1,484,199	1,378,997	N/A	N/A	N/A	
Fiduciary net position, ending (b)	\$ 2,287,272	\$ 1,977,748	\$ 1,923,717	\$ 1,659,917	\$ 1,507,173	1,484,198	N/A	N/A	N/A	
Net pension liability / (asset), ending = (a) - (b)	\$ 6,716	\$ 213,381	\$ (143,071)	\$ (48,317)	\$ (43,574)	\$ (157,802)	N/A	N/A	N/A	
Fiduciary net position as a % of total pension liability	99.71%	90.26%	108.03%	103.00%	102.98%	111.90%	N/A	N/A	N/A	
Pensionable covered payroll	\$ 525,051	\$ 580,297	\$ 580,195	\$ 552,726	\$ 475,236	\$ 459,980	N/A	N/A	N/A	
Net pension liability as a % of covered payroll	1.28%	36.77%	-24.66%	-8.74%	-9.17%	-34.31%	N/A	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 Appraisal District
Schedule Of Contributions
For the Year Ended December 31, 2020

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 73,692	\$ 68,887	\$ 112,835	\$ 36,842	\$ 40,238	\$ 38,067
Contributions in relation to actuarially determined contribution	(73,692)	(68,887)	(112,835)	(36,842)	(40,238)	(38,067)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 548,716	\$ 525,051	\$ 580,297	\$ 580,195	\$ 552,726	\$ 475,236
Contributions as a percentage of covered employee payroll	13.43%	13.20%	19.44%	6.35%	7.28%	8.01%

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

Rusk County Appraisal District
Notes To Schedule Of Contributions
For the Year Ended December 31, 2020

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 12.2 years (based on contribution rate calculated in 12/31/2019 valuation)

Asset Valuation Method 5-yr smoothed market

Inflation 2.75%

Salary Increases Varies by age and service. 4.90% average over career including inflation

Investment Rate of Return 8%, net of investment expenses, including inflation

Retirement Age Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.

Mortality 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Other Information: Employer contributions reflect that the current service matching rate was increased to 200%

Morgan LaGrone, CPA, PLLC

Certified Public Accountant

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116 S Marshall
Henderson TX 75654

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

Board of Directors
Rusk County Appraisal District
P.O. Box 7
Henderson, Texas 75653

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Rusk County Appraisal District, ("District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 3, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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.

Our consideration of internal control over financial reporting 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.

MEMBER

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

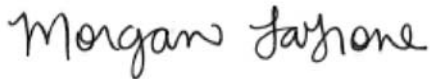
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Morgan LaGrone
Certified Public Accountant

Henderson, Texas
August 3, 2021

Rusk County Appraisal District
Schedule of Findings
For the Year Ended December 31, 2020

Not applicable for the year ended December 31, 2020.

Rusk County Appraisal District
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2020

Prior Year Finding

Current Status

Not applicable for the year ended December 31, 2020.