

A meeting was held September 21, 2022, at 7:30 A.M. in the District's office located at 24460 Hwy 124, Hamshire, Texas. Present were Chairman Frank R. Rose and Secretary Reggie Boykin. Absent was Commissioner Joel Levingston, Jr.

1. Meeting was called to order at 7:30 A.M. by Chairman Frank R. Rose. He announced that this meeting was being recorded for the purpose of transcribing the minutes.
2. Minutes of previous meeting were read and approved.
3. Office Update -
 - A. Commissioners reviewed the districts regular checks written August 30, 2022 to September 15, 2022.
 - B. Commissioners reviewed the monthly financial report presented by Shanna Verret which showed an ending fund balance of \$1,347,149.15 a decrease of \$84,356.77 from last month.
 - C. Motion was made by Commissioner Boykin and seconded by Commissioner Rose to make the following budget amendment, moving \$500.00 from category 5029 Attorney Fees to category 5021 Dues & Subscriptions.
 - D. Then monthly insurance summary through August 2022 was reviewed. There is a loss of \$15,224.67 for active employees and a profit of \$13,068.53 for retirees.
 - E. Commissioners reviewed the 2022 certified taxable value as presented by Jefferson Central Appraisal District in the amount of \$262,661,673.00
 - F. Discussion was held to approve the general fund budget FY2023 in the amount of \$1,624,935.00. Motion was made by Commissioner Boykin and seconded by Chairman Rose to approve the budget. All voted Aye.
 - G. Motion was made by Commissioner Boykin and seconded by Chairman Rose to adopt the 2022 tax rate. of .295126/\$100 Valuation. All voted Aye.
 - H. Motion made by Commissioner Boykin and seconded by Chairman Rose to ratify the approval of engagement with Pollan & Cohen to perform the 2022 Audit, and continuing to use Funchess, Mills, White to provide the Audit Reports. All voted AYE.
 - I. There was no executive session.
5. Project/Equipment Update –
 - A. Equipment Update
 1. Superintendent Folsom reported that all equipment is up and running including the Mini-X. The longstick trackhoe is out working on Brush Island Rd.
 - B. Project Update –
 1. Completed projects –
 - a) Kiker Property – Fig Plant Rd.
 2. Projects in Progress –
 - a) R. Revia – Brush Island Rd – Will need to use the Mini-X and Chipper on this property
 - b) T. Hebert – Brush Island Rd
 - c) D. Tobey – Powers Rd – This is an extension of the north fork of Mayhaw Bayou.


5. Project/Equipment Update (cont)

3. Upcoming Projects –

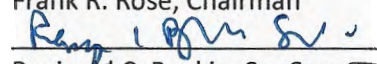
- a) Broussard Property – E. Hamshire Rd
 - b) Rose Ditch – E. Hamshire Rd – Contact information has been acquired for the two remaining landowners along this ditch. Superintendent Folsom will reach out to them to ask that they sign property access agreements.
 - c) Levingston Ranch
 - d) S. Juranka – Burr Lane – Landowner has purchased the pipe to be changed out in the crossing. This should only take 1-2 days to complete this project.
4. Mayhaw Bayou Study – L J A submitted a request to Jefferson County Commissioners Court to request a contract time extension on September 6, 2022. This request was granted and the expected completion date is October 29, 2022.

6. New Business –

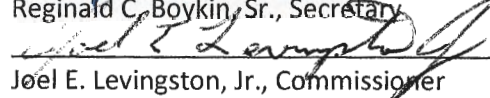
- A. No Meeting Updates
- B. Board Comments – The Board was asked to consider beginning the application process and requirements for the Superintendent position that will be available upon Superintendent Folsom’s retirement. Salary will depend upon experience of applicant.
- C. Next regular meeting date was set for Wednesday, October 19, 2022 at 7:30 a.m.
With no further business, meeting adjourned at 8:13 a.m.



Frank R. Rose, Chairman



Reginald C. Boykin, Sr., Secretary



Joel E. Levingston, Jr., Commissioner

DRAINAGE DISTRICT No. 3

Jefferson County, Texas

Maintaince Operations Fund

Expenditures

DATE	CHECK NO	PAYEE	AMOUNT	DESCRIPTION
08/30/2022	12491	PAYROLL ACCOUNT	14,065.50	Salary & Auto Allowance
08/30/2022	ACH	FICA	5,758.90	FICA Taxes
08/30/2022	ACH	Texas County & District Retirement System	2,156.75	Retirement
08/30/2022	12492	Amwins Group	3,154.80	Insurance
08/30/2022	12493	M & D Supply	26.98	Hardware
08/30/2022	12494	Office Depot	29.98	Office Supplies
08/30/2022	12495	Waukesha-Pearce Inc	2,336.26	Equipment Repairs
08/30/2022	12496	Windstream	302.29	Telephone
08/30/2022	12497	Entergy	333.35	Electricity
			28,164.81	
09/15/2022	12498	PAYROLL ACCOUNT	9,832.00	Salaries
09/15/2022	12499	Southeast Tx Gov't Employees Benefit Pool	17,016.53	Insurance
09/15/2022	12500	County Treasurer, Life Insurance	31.79	Insurance
09/15/2022	12501	Texas Labor Law Poster Service	99.50	Printed Matter
09/15/2022	12502	The Examiner	330.00	Printed Matter
09/15/2022	12503	Fred Folsom	357.61	Reimbursement for Lubricant Oil
09/15/2022	12504	Farm & Home Supply	19.97	Hardware
09/15/2022	12505	Waukesha Pearce	962.68	Filters
09/15/2022	12506	M & J Fertilizer	3,351.00	Fencing Materials
09/15/2022	12507	Southern Tire Mart	1,055.70	Tires
09/15/2022	12508	Tractor Supply	12.98	Welding Supplies
09/15/2022	12509	Coastal Welding	94.91	Welding Supplies
09/15/2022	12510	Stratton's	358.95	Tools
09/15/2022	12511	Sams Club	37.46	Sundries
09/15/2022	12512	Gulf Coast Screw & Supply	189.94	Tractor & Mower Repair
09/15/2022	12513	O'Reilly	188.97	Equipment Repair, Hardware
09/15/2022	12514	Centerpoint Energy	87.70	Natural Gas
09/15/2022	12515	AT&T	118.24	Telephone
09/15/2022	12516	West Jefferson Municipal Water Dist	43.50	Water
09/15/2022	12517	Hamshire Waste	68.00	Waste Disposal
09/15/2022	12518	Jux Technologies	68.00	Web Hosting
09/15/2022	12519	Rockin J On Site Waste Water	245.00	Dues & Subscriptions
09/15/2022	12520	TWCA	416.00	Dues & Subscriptions
09/15/2022	12521	Allison Getz - Tax Accessor	7.50	Dues & Subscriptions
09/15/2022	12522	Baldomero Lugo	7.50	Reimbursement for truck inspection 2014 Dodge
09/15/2022	12523	Jefferson Central Appraisal District	1,641.79	Appraisal District Fees
			36,643.22	
		TOTAL EXPENDITURES	64,808.03	

DRAINAGE DISTRICT No. 3
Profit & Loss Budget Performance
August 2022

	Aug 22	Budget	Oct '21 - Aug 22	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
REVENUES					
101 - Current Taxes	1,762.64	51,791.42	623,451.64	569,705.58	621,497.00
102 - Delinquent Taxes	2,541.86	666.67	18,864.33	7,333.33	8,000.00
103 - Interest	0.00	83.33	5,696.71	916.67	1,000.00
104 - Rendition Penalty	0.00	0.00	0.00	0.00	0.00
106 - Miscellaneous	0.00	0.00	6,815.20	0.00	0.00
Total REVENUES	4,304.50	52,541.42	654,827.88	577,955.58	630,497.00
Total Income	4,304.50	52,541.42	654,827.88	577,955.58	630,497.00
Gross Profit	4,304.50	52,541.42	654,827.88	577,955.58	630,497.00
Expense					
1 - SALARIES					
1002 - Clerical	4,077.00	4,078.00	44,847.00	44,858.00	48,936.00
1009 - Dept Head / Foreman	6,212.00	6,212.42	68,332.00	68,336.58	74,549.00
1010 - Commissioners	900.00	900.00	9,900.00	9,900.00	10,800.00
1015 - Extra Help	0.00	3,166.67	0.00	34,833.33	38,000.00
1048 - Equipment Operators/Asst	12,563.50	13,388.33	109,730.60	147,271.67	160,660.00
Total 1 - SALARIES	23,752.50	27,745.42	232,809.60	305,199.58	332,945.00
2 - FRINGE BENEFITS					
2001 - FICA Expenses	1,841.95	2,472.08	18,035.31	27,192.92	29,665.00
2002 - Retirement	2,156.75	2,784.17	20,771.60	30,625.83	33,410.00
2003 - Insurance	20,633.61	21,255.42	194,372.06	233,809.58	255,065.00
2004 - Worker's Compensation	0.00	916.67	4,159.00	10,083.33	11,000.00
2006 - Auto Allowance	1,650.00	1,650.00	18,150.00	18,150.00	19,800.00
2007 - Retirement Wage Contg	0.00	2,916.67	1,826.36	32,083.33	35,000.00
2008 - Health Ins. Savings Acct	0.00	1,000.00	1,880.19	11,000.00	12,000.00
Total 2 - FRINGE BENEFITS	26,282.31	32,995.01	259,194.52	362,944.99	395,940.00
3 - MATERIALS & SUPPLIES					
3006 Batteries	0.00	250.00	358.82	2,750.00	3,000.00
3008 Bolts Nuts Nails & Screws	67.53	83.33	992.84	916.67	1,000.00
3009 Antifreeze & Coolant	0.00	166.67	44.85	1,833.33	2,000.00
3010 Books & Printed Matter	0.00	416.67	0.00	4,583.33	5,000.00
3012 Prints, Maps & Etc	0.00	83.33	0.00	916.67	1,000.00
3014 Chains & Hooks	0.00	66.67	0.00	733.33	800.00
3016 Chemicals Weed Control	0.00	2,166.67	0.00	23,833.33	26,000.00
3018 Cleaners & Solvents	0.00	125.00	0.00	1,375.00	1,500.00
3019 - Additives & Lubricants	0.00	250.00	2,293.89	2,750.00	3,000.00
3020 Metal Culvert Pipe	0.00	4,166.67	20,010.88	45,833.33	50,000.00
3022 Copying Supplies	0.00	166.67	660.54	1,833.33	2,000.00

DRAINAGE DISTRICT No. 3
Profit & Loss Budget Performance
August 2022

	Aug 22	Budget	Oct '21 - Aug 22	YTD Budget	Annual Budget
3027 Electrical Supplies	0.00	250.00	0.00	2,750.00	3,000.00
3030 Fencing Material	0.00	541.67	0.00	5,958.33	6,500.00
3032 Concrete, Sand, Aggregat	0.00	583.33	0.00	6,416.67	7,000.00
3034 Diesel Fuel	0.00	3,333.33	15,531.52	36,666.67	40,000.00
3036 Diesel Fuel ON ROAD	0.00	1,500.00	5,669.27	16,500.00	18,000.00
3037 Gasoline	0.00	583.33	0.00	6,416.67	7,000.00
3040 Hardware - Misc	46.23	250.00	1,059.76	2,750.00	3,000.00
3041 Hose & Fittings & Filters	383.42	833.33	5,038.04	9,166.67	10,000.00
3048 Lumber, Timbers, Rope	0.00	208.33	766.29	2,291.67	2,500.00
3050 Medical & Safety	0.00	250.00	152.50	2,750.00	3,000.00
3051 Motor Oil & Grease	0.00	833.33	1,462.00	9,166.67	10,000.00
3056 Paint & Brushes	0.00	83.33	0.00	916.67	1,000.00
3072 Rope Wire Manila & Burlap	0.00	66.67	0.00	733.33	800.00
3073 Spare Parts, Heavy Equip	0.00	83.33	0.00	916.67	1,000.00
3077 Computer Supplies	0.00	125.00	94.10	1,375.00	1,500.00
3078 Office Supplies	29.98	208.33	1,174.34	2,291.67	2,500.00
3080 Steel Angle Iron Rods, Etc	0.00	208.33	0.00	2,291.67	2,500.00
3083 Tires & Tubes	0.00	750.00	5,551.20	8,250.00	9,000.00
3084 Minor Equipment	0.00	833.33	1,491.42	9,166.67	10,000.00
3095 Welding Supplies	0.00	166.67	641.28	1,833.33	2,000.00
3099 Sundry	57.71	166.67	847.08	1,833.33	2,000.00
Total 3 - MATERIALS & SUPPLIES	584.87	19,799.99	63,840.62	217,800.01	237,600.00
4 - MAINTENANCE & UTILITES					
4001 Cooling and Heating	0.00	83.33	0.00	916.67	1,000.00
4009 Building & Structure	0.00	291.67	216.80	3,208.33	3,500.00
4010 Tractors & Mowers	2,605.78	1,041.67	7,693.04	11,458.33	12,500.00
4011 Equipment Repairs	8,574.12	3,333.34	29,489.25	36,666.66	40,000.00
4013 Marine Craft	0.00	166.67	0.00	1,833.33	2,000.00
4014 - Auto - Truck	0.00	250.00	49.99	2,750.00	3,000.00
4015 Communication Equip	0.00	125.00	1,195.84	1,375.00	1,500.00
4020 Miscellaneous	0.00	41.67	0.00	458.33	500.00
4030 Tools	0.00	250.00	753.26	2,750.00	3,000.00
4051 Freight	0.00	25.00	0.00	275.00	300.00
4052 Postage	0.00	41.67	337.66	458.33	500.00
4053 Natural Gas/Butane	89.13	308.33	1,672.61	3,391.67	3,700.00
4054 Telephone	421.06	500.00	4,935.96	5,500.00	6,000.00
4056 Electricity	333.35	500.00	3,264.75	5,500.00	6,000.00
4057 Water & Sewer	36.80	166.67	313.50	1,833.33	2,000.00
4058 Garbage Waste Disposal	68.00	100.00	748.00	1,100.00	1,200.00
Total 4 - MAINTENANCE & UTILITES	12,128.24	7,225.02	50,670.66	79,474.98	86,700.00

DRAINAGE DISTRICT No. 3
Profit & Loss Budget Performance
August 2022

	Aug 22	Budget	Oct '21 - Aug 22	YTD Budget	Annual Budget
5 - MISCELLANEOUS SERVICES					
5009 Professional Services	0.00	833.33	4,338.18	9,166.67	10,000.00
5021 Dues & Subscriptions	175.50	208.33	1,838.76	2,291.67	2,500.00
5027 Engineering Fees	0.00	833.33	0.00	9,166.67	10,000.00
5028 Assessor/Collector Fees	0.00	166.67	1,440.18	1,833.33	2,000.00
5029 Attorney Fees	0.00	750.00	0.00	7,700.00	8,450.00
5031 Filing, Records & Photos	0.00	8.33	0.00	91.67	100.00
5032 Accounting Services	0.00	41.67	0.00	458.33	500.00
5036 Treasurer Commision	0.00	83.33	0.00	916.67	1,000.00
5038 Supplemenal Tax Refunds	0.00	166.67	0.00	1,833.33	2,000.00
5040 Insurance Autos & Trucks	0.00	500.00	4,658.00	5,500.00	6,000.00
5041 Insurance Property	0.00	291.67	4,037.00	3,758.33	4,050.00
5043 Insurance General Liab	0.00	166.67	773.00	1,833.33	2,000.00
5044 Insurance Official Liab	0.00	166.67	1,326.00	1,833.33	2,000.00
5045 Bonds Surety & Notary	0.00	83.33	406.78	916.67	1,000.00
5053 Equipment Rental	0.00	1,250.00	4,430.00	13,750.00	15,000.00
5054 Contract Aerial Spraying	0.00	1,333.33	0.00	14,666.67	16,000.00
5055 Contract Spraying	0.00	1,500.00	0.00	16,500.00	18,000.00
5062 Travel & Meeting Expense	0.00	66.67	0.00	733.33	800.00
5064 Training & Education	0.00	125.00	70.00	1,375.00	1,500.00
5074 Independent Auditor Fees	0.00	1,541.66	18,070.85	16,958.34	18,500.00
5095 Bank Service Charges	0.00	250.00	109.57	2,750.00	3,000.00
5098 Appraisal District Fees	0.00	750.00	4,925.40	8,250.00	9,000.00
5099 Sundry	0.00	83.33	0.00	916.67	1,000.00
Total 5 - MISCELLANEOUS SERVICES	175.50	11,199.99	46,423.72	123,200.01	134,400.00
6 - CAPITAL OUTLAY					
6001 Office Machines	0.00	375.00	1,985.48	4,125.00	4,500.00
6002 Excavation Equipment	0.00	25,000.00	0.00	275,000.00	300,000.00
6011 Machinery & Equipment	0.00	7,416.66	22,875.00	81,583.34	89,000.00
6014 Building & Structures	0.00	3,416.67	0.00	37,583.33	41,000.00
6022 Furniture & Fixtures	0.00	416.67	837.95	4,583.33	5,000.00
6042 Auto Truck & Trailer	0.00	7,583.33	10,996.75	83,416.67	91,000.00
6045 Land/ROW Acquisitions	0.00	416.67	0.00	4,583.33	5,000.00
Total 6 - CAPITAL OUTLAY	0.00	44,625.00	36,695.18	490,875.00	535,500.00
Reconciliation Discrepancies	0.00		-0.10		
Total Expense	62,923.42	143,590.43	689,634.20	1,579,494.57	1,723,085.00
Net Ordinary Income	-58,618.92	-91,049.01	-34,806.32	-1,001,538.99	-1,092,588.00

DRAINAGE DISTRICT No. 3
Profit & Loss Budget Performance
August 2022

	<u>Aug 22</u>	<u>Budget</u>	<u>Oct '21 - Aug 22</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
Other Income/Expense					
Other Expense					
Transfer Account	0.00		0.00	0.00	0.00
Total Other Expense	0.00		0.00	0.00	0.00
Net Other Income	0.00	0.00	0.00	0.00	0.00
Net Income	<u>-58,618.92</u>	<u>-91,049.01</u>	<u>-34,806.32</u>	<u>-1,001,538.99</u>	<u>-1,092,588.00</u>

DRAINAGE DISTRICT No. 3
Statement of Cash Flows
August 2022

	<u>Aug 22</u>
OPERATING ACTIVITIES	
Net Income	-84,356.77
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	-760.38
EMPLOYEE PAID EXPENSES:202-0400 Employee Insurance	<u>760.38</u>
Net cash provided by Operating Activities	<u>-84,356.77</u>
Net cash increase for period	-84,356.77
Cash at beginning of period	<u>1,431,505.92</u>
Cash at end of period	<u><u>1,347,149.15</u></u>

DRAINAGE DISTRICT NO. 3
Jefferson County, Texas**2021-22 BUDGET AMENDMENTS**
SEPTEMBER 21, 2022

EXPENSES MOVE FROM	AMOUNT	EXPENSES MOVE TO	AMOUNT
MATERIALS & SUPPLIES		MISCELLANEOUS SERVICES	
5029 - ATTORNEY FEES	500.00	5021- DUES & SUBSCRIPTIONS	500.00
	<hr/>		<hr/>
TOTAL	\$500.00	TOTAL	\$500.00

GROUP: DD3 Active
 PERIOD: 1/1/2022-12/31/2022

SUMMARY REPORT

MONTH	PAID MEDICAL CLAIMS	% OF TOTAL CLAIMS PAID	PAID VISION CLAIMS	% OF TOTAL CLAIMS PAID	PAID DENTAL CLAIMS	% OF TOTAL CLAIMS PAID	PAID PRESCRIPTION CLAIMS	% OF TOTAL CLAIMS PAID	TOTAL CLAIMS PAID	ADMIN	TOTAL EXPENSES	BILLED PREMIUM	NET PROFIT/(LOSS)
January	\$ 72,504.79	97.93%	\$ -	0.00%	\$ -	0.00%	\$ 1,535.44	2.07%	\$ 74,040.23	\$ 6,663.62	\$ 80,703.85	\$ 13,712.75	\$ (66,991.10)
February	\$ 13,847.74	62.66%	\$ -	0.00%	\$ -	0.00%	\$ 8,251.28	37.34%	\$ 22,099.02	\$ 1,988.91	\$ 24,087.93	\$ 13,712.75	\$ (10,375.18)
March	\$ 4,781.97	60.19%	\$ 52.00	0.65%	\$ 80.00	0.00%	\$ 3,031.39	38.15%	\$ 7,945.36	\$ 715.08	\$ 8,660.44	\$ 13,712.75	\$ 5,052.31
April	\$ 455.85	9.60%	\$ -	0.00%	\$ 2,340.67	0.00%	\$ 1,953.70	41.13%	\$ 4,750.22	\$ 427.52	\$ 5,177.74	\$ 13,712.75	\$ 8,535.01
May	\$ 297.04	3.37%	\$ -	0.00%	\$ -	0.00%	\$ 8,514.94	96.63%	\$ 8,811.98	\$ 793.08	\$ 9,605.06	\$ 9,776.98	\$ 171.92
June	\$ 887.43	30.47%	\$ -	0.00%	\$ 1,020.00	0.00%	\$ 1,005.38	34.52%	\$ 2,912.81	\$ 262.15	\$ 3,174.96	\$ 13,253.70	\$ 10,078.74
July	\$ 252.87	11.29%	\$ -	0.00%	\$ 400.00	0.00%	\$ 1,587.89	70.86%	\$ 2,240.76	\$ 201.67	\$ 2,442.43	\$ 13,253.70	\$ 10,811.27
August	\$ 2,545.97	-27.93%	\$ -	0.00%	\$ -	0.00%	\$ (11,660.96)	127.93%	\$ (9,114.99)	\$ (820.35)	\$ (9,935.34)	\$ 17,557.03	\$ 27,492.37
September													
October													
November													
December													
TOTALS	\$ 95,573.66	84.07%		0.00%	\$ 3,840.67	0.00%	\$ 14,219.06	12.51%	\$ 113,685.39	\$ 10,231.69	\$ 123,917.08	\$ 108,692.41	\$ (15,224.67)
MONTHLY AVERAGE	\$ 11,946.71		\$ 6.50		\$ 480.08		\$ 1,777.38		\$ 14,210.67	\$ 1,278.96	\$ 15,489.63	\$ 13,586.55	\$ (1,903.08)
ANNUAL PROJECTIONS	\$ 143,360.49		\$ 78.00		\$ 5,761.01		\$ 21,328.59		\$ 170,528.09	\$ 15,347.53	\$ 185,875.61	\$ 163,038.62	\$ (22,837.00)
PROJECTED MONTHLY AVERAGE PER ENROLLEE	\$ 1,991.12		\$ 1.08		\$ 80.01		\$ 296.23		\$ 2,368.45				
PROJECTED MONTHLY AVERAGE PER MEMBER	\$ 1,327.41		\$ 0.72		\$ 53.34		\$ 197.49		\$ 1,578.96				

GROUP: DD3 Retirees
 PERIOD: 1/1/2022-12/31/2022

SUMMARY REPORT

MONTH	PAID MEDICAL CLAIMS	% OF TOTAL CLAIMS PAID	PAID VISION CLAIMS	% OF TOTAL CLAIMS PAID	PAID DENTAL CLAIMS	% OF TOTAL CLAIMS PAID	PAID PRESCRIPTION CLAIMS	% OF TOTAL CLAIMS PAID	TOTAL CLAIMS PAID	ADMIN	TOTAL EXPENSES	BILLED PREMIUM	NET PROFIT/(LOSS)
January	\$ 346.00	93.26%	\$ -	0.00%	\$ -	0.00%	\$ 25.00	6.74%	\$ 371.00	33.39	\$ 404.39	\$ 1,674.41	\$ 1,270.02
February	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 1.58	100.00%	\$ 1.58	0.14	\$ 1.72	\$ 1,674.41	\$ 1,672.69
March	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 8.14	100.00%	\$ 8.14	0.73	\$ 8.87	\$ 1,674.41	\$ 1,665.54
April	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 27.80	100.00%	\$ 27.80	2.50	\$ 30.30	\$ 1,674.41	\$ 1,644.11
May	\$ 33.74	45.09%	\$ -	0.00%	\$ -	0.00%	\$ 41.08	54.91%	\$ 74.82	6.73	\$ 81.55	\$ 1,740.64	\$ 1,659.09
June	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 10.94	100.00%	\$ 10.94	0.98	\$ 11.92	\$ 1,740.64	\$ 1,728.72
July	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 41.08	100.00%	\$ 41.08	3.70	\$ 44.78	\$ 1,740.64	\$ 1,695.86
August	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 7.46	100.00%	\$ 7.46	0.67	\$ 8.13	\$ 1,740.64	\$ 1,732.51
September													
October													
November													
December													
TOTALS	\$ 379.74	69.96%	\$ -	0.00%	\$ -	0.00%	\$ 163.08	30.04%	\$ 542.82	48.85	\$ 591.67	\$ 13,660.20	\$ 13,068.53
MONTHLY AVERAGE	\$ 47.47		\$ -		\$ -		\$ 20.39		\$ 67.85	\$ 6.11	\$ 73.96	\$ 1,707.53	\$ 1,633.57
ANNUAL PROJECTIONS	\$ 569.61		\$ -		\$ -		\$ 244.62		\$ 814.23	\$ 73.28	\$ 887.51	\$ 20,490.30	\$ 19,602.79
PROJECTED MONTHLY AVERAGE PER ENROLLEE	\$ 47.47		\$ -		\$ -		\$ 20.39		\$ 67.85				
PROJECTED MONTHLY AVERAGE PER MEMBER	\$ 47.47		\$ -		\$ -		\$ 20.39		\$ 67.85				

STATE OF TEXAS

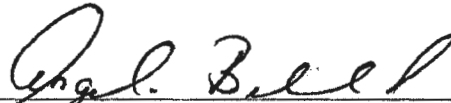
COUNTY OF JEFFERSON

CERTIFICATION OF 2022 APPRAISAL ROLL FOR Drainage District #3

I, Angela Bellard, Chief Appraiser for the Jefferson Central Appraisal District, solemnly swear that the attached is that portion of the approved Appraisal Roll of the Jefferson Central Appraisal District that lists property taxable by and constitutes the appraisal roll for Drainage District #3.

July 20, 2022

Date



Angela Bellard, RPA, RES, AAS

Chief Appraiser

Jefferson Central Appraisal District

2022 APPRAISAL ROLL INFORMATION

2022 Market Value	\$402,368,402
2022 Taxable Value	\$262,661,673

2022 CERTIFIED TOTALS

Property Count: 3,483

847 - DRAINAGE DISTRICT #3
Grand Totals

7/20/2022

12:01:00PM

Exemption Breakdown

Exemption	Count	Local	State	Total
DP	25	725,224	0	725,224
DV1	1	0	5,000	5,000
DV2	1	0	7,500	7,500
DV3	1	0	10,000	10,000
DV4	14	0	140,403	140,403
DV4S	1	0	12,000	12,000
DVHS	10	0	1,946,402	1,946,402
DVHSS	2	0	72,779	72,779
EX-XI	1	0	54,327	54,327
EX-XU	2	0	15,791	15,791
EX-XV	43	0	2,184,415	2,184,415
EX366	28	0	18,113	18,113
FR	2	6,543,682	0	6,543,682
HS	741	20,919,354	0	20,919,354
OV65	252	8,832,851	0	8,832,851
PC	3	174,280	0	174,280
Totals		37,195,391	4,466,730	41,662,121

2022 CERTIFIED TOTALS

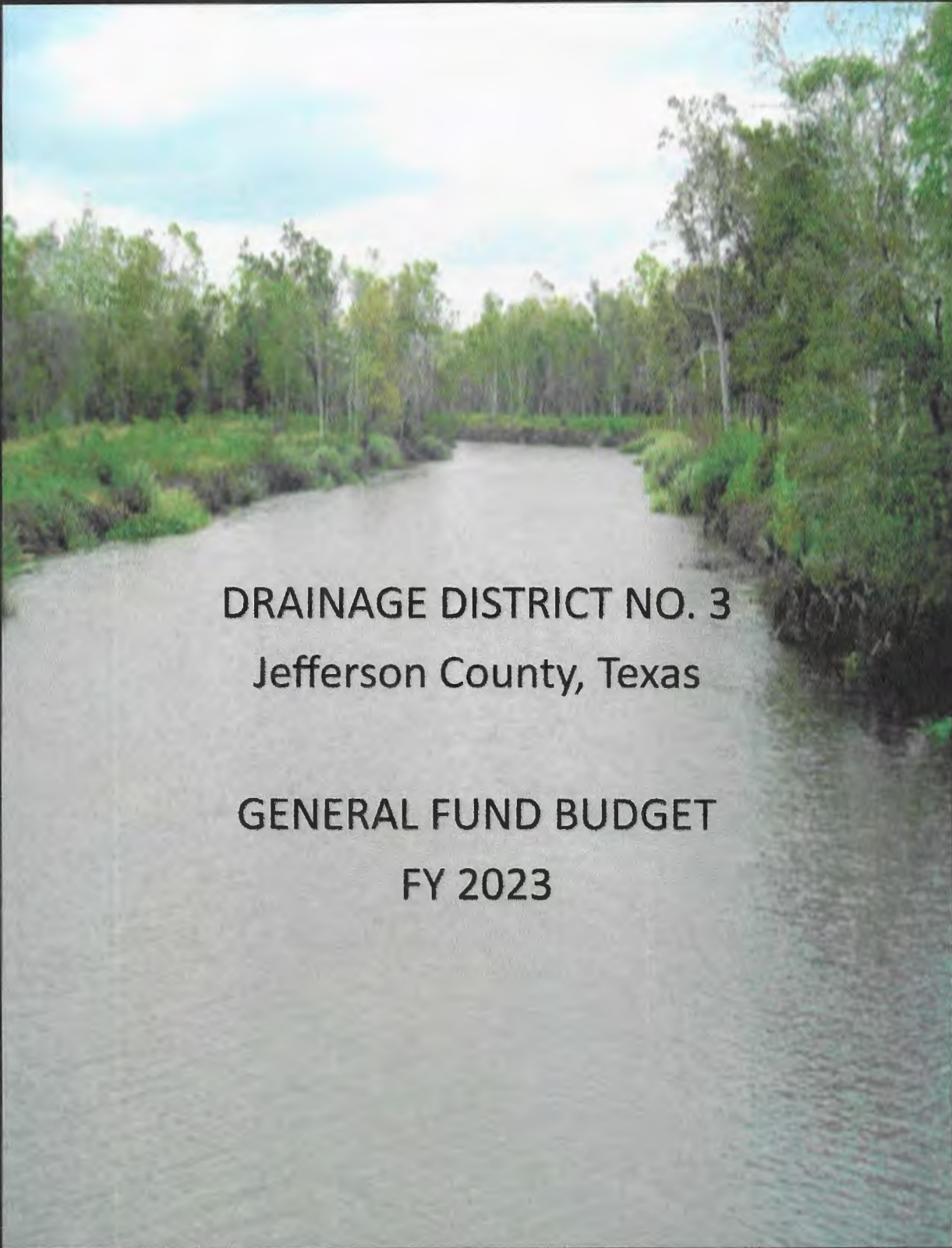
Property Count: 3,483

847 - DRAINAGE DISTRICT #3
Grand Totals

7/20/2022 12:01:00PM

CAD State Category Breakdown

State Code	Description	Count	Acres	New Value	Market Value	Taxable Value
A1	REAL, RESIDENTIAL, SINGLE-FAMILY	756	1,320.6056	\$1,922,450	\$124,252,797	\$87,823,608
A2	REAL, RESIDENTIAL, MOBILE HOME	63	102.5968	\$286,651	\$2,822,041	\$2,344,949
A7	REAL/RES/MH 5 AC/LESS-BY OWNER	193	193.5637	\$180,544	\$5,361,469	\$3,936,619
C1	REAL, VACANT PLATTED RESIDENTI	458	1,003.8303	\$0	\$8,270,140	\$8,270,140
C2	REAL, VACANT PLATTED COMMERCIA	7	65.6310	\$0	\$423,302	\$423,302
D1	REAL, ACREAGE, RANGELAND	866	38,242.2256	\$0	\$88,894,513	\$3,960,181
D2	REAL, ACREAGE, TIMBERLAND	109		\$475,347	\$2,560,070	\$2,560,070
D3	REAL, ACREAGE, FARMLAND	36	487.5382	\$86,328	\$5,516,407	\$5,363,677
D4	REAL, ACREAGE, UNDEVELOPED LA	164	2,178.2013	\$0	\$8,641,075	\$8,641,075
D5	UNFILLED LAND	7	129.3540	\$0	\$711,089	\$711,089
E1	REAL, FARM/RANCH, HOUSE	89	551.9910	\$339,944	\$21,843,549	\$15,622,816
E2	REAL, FARM/RANCH, MOBILE HOME	7	44.8810	\$0	\$589,766	\$391,336
E7	MH ON REAL PROP (5 AC/MORE) MH	34	144.7967	\$90,740	\$1,888,531	\$1,491,618
F1	REAL, Commercial	38	63.1212	\$840,477	\$12,794,799	\$12,794,799
F2	REAL, Industrial	9		\$0	\$14,400,662	\$14,226,382
F5	OPERATING UNITS ACREAGE	17	176.7287	\$0	\$983,598	\$983,598
G1	OIL AND GAS	464		\$0	\$8,572,571	\$8,572,571
J3	REAL & TANGIBLE PERSONAL, UTILI	5	0.8000	\$0	\$9,430,128	\$9,430,128
J4	REAL & TANGIBLE PERSONAL, UTILI	3	0.0964	\$0	\$231,644	\$231,644
J6	REAL & TANGIBLE PERSONAL, UTILI	27	2.5680	\$0	\$9,014,017	\$9,014,017
J8	REAL & TANGIBLE PERSONAL, UTILI	14		\$0	\$1,625,032	\$1,625,032
L1	TANGIBLE, PERSONAL PROPERTY, C	65		\$0	\$22,544,815	\$17,066,059
L2	TANGIBLE, PERSONAL PROPERTY, I	11		\$0	\$46,185,143	\$45,120,217
M1	TANGIBLE OTHER PERSONAL, MOBI	134		\$97,538	\$2,538,598	\$2,056,746
X		74	177.1269	\$0	\$2,272,646	\$0
	Totals		44,885.6564	\$4,320,019	\$402,368,402	\$262,661,673



DRAINAGE DISTRICT NO. 3
Jefferson County, Texas

GENERAL FUND BUDGET
FY 2023

DRAINAGE DISTRICT No. 3

Jefferson County, Texas

BUDGET SUMMARY FY 2023

RESOURCES	ACTUAL 2020-21	ESTIMATED 2021-22	PROPOSED 2022-23
FUND BALANCE OCTOBER 1	\$1,396,359.00	\$1,453,523.00	\$1,267,288.50
REVENUES			
Current Taxes	\$613,744.00	\$621,689.00	\$751,928.00
Delinquent Taxes	\$45,158.00	\$16,322.00	\$8,000.00
Interest from Investments	\$1,346.00	\$7,696.00	\$1,000.00
Participation	\$0.00	\$0.00	\$0.00
Prior Year Tax Settlement	\$0.00	\$0.00	\$0.00
Rendition Penalty	\$0.00	\$0.00	\$0.00
Miscellaneous	\$71.00	\$6,815.00	\$0.00
Total Revenues	\$660,319.00	\$652,522.00	\$760,928.00
Total Resources	\$2,056,678.00	\$2,106,045.00	\$2,028,216.50
EXPENDITURES			
Salaries and Wages	\$225,272.00	\$213,166.50	\$343,385.00
Fringe Benefits	\$259,861.00	\$328,669.00	\$410,850.00
Materials and Supplies	\$41,427.00	\$144,524.00	\$252,100.00
Maintenance and Utilities	\$23,477.00	\$60,663.00	\$96,700.00
Miscellaneous Services	\$48,661.00	\$55,038.00	\$141,400.00
Capital Outlay	\$4,457.00	\$36,696.00	\$380,500.00
Total Expenditures	\$603,155.00	\$838,756.50	\$1,624,935.00
Other Financing Sources	\$0.00	\$0.00	\$0.00
Total Expenditures and Transfers	\$603,155.00	\$838,756.50	\$1,624,935.00
Fund Balance September 30	\$1,453,523.00	\$1,267,288.50	\$403,281.50

*ASSUMES A TAX RATE OF .295126 CENTS PER \$100 VALUATION WITH A 97% COLLECTION RATE.

DRAINAGE DISTRICT No. 3

Jefferson County, Texas

GENERAL FUND BUDGET FY 2023

CHART OF ACCOUNTS	BUDGET 2021-22	ESTIMATED 2021-22	PROPOSED 2022-23
10-SALARIES			
02 - Clerical	48,936.00	4,935.50	50,368.00
09 - Dept. Heads/ Foreman	74,549.00	74,549.00	76,750.00
10 - Commissioners	10,800.00	10,800.00	10,800.00
15 - Extra Help	38,000.00	0.00	38,000.00
48 - Equipment, Operators & Asst.	160,660.00	122,882.00	167,467.00
50 - Over Time			
TOTAL SALARIES	332,945.00	213,166.50	343,385.00
20 - FRINGE BENEFITS			
01 - FICA Expense	29,665.00	24,608.00	30,462.00
02 - Employee's Retirement	33,410.00	23,011.00	23,861.00
03 - Employee's Insurance	255,065.00	210,091.00	278,727.00
04 - Worker's Compensation	11,000.00	4,159.00	11,000.00
06 - Automobile Allowance	19,800.00	19,800.00	19,800.00
07 - Retirement/Wage Contingency	35,000.00	35,000.00	35,000.00
08 - Health Ins. Savings Acct	12,000.00	12,000.00	12,000.00
TOTAL FRINGE BENEFITS	395,940.00	328,669.00	410,850.00
30 - MATERIALS & SUPPLIES			
06 - Batteries	3,000.00	1,959.00	3,000.00
08 - Bolts, Nuts, Nails, Screws	1,000.00	966.00	1,000.00
09 - Antifreeze & Coolant	2,000.00	545.00	2,000.00
10 - Books & Printed Matter	5,000.00	3,000.00	5,000.00
12 - Prints, Maps, Etc.	1,000.00	0.00	1,000.00
14 - Chains & Hooks	800.00	0.00	800.00
16 - Chemicals-Weed Control	26,000.00	2,400.00	26,000.00
18 - Cleaners & Solvents	1,500.00	750.00	1,500.00
19 - Additives & Lubricants		2,294.00	2,500.00
20 - Metal Culvert Pipe	50,000.00	41,011.00	50,000.00
22 - Copying Supplies	2,000.00	1,161.00	2,000.00
27 - Electrical Supplies	3,000.00	500.00	3,000.00
30 - Fencing Material	6,500.00	5,000.00	6,500.00
32 - Concrete, Sand, Aggregate	10,000.00	0.00	10,000.00
34 - Diesel Fuel Off Road Use	40,000.00	31,031.00	50,000.00
36 - Diesel Fuel On Road Use	18,000.00	10,670.00	20,000.00
37 - Gasoline Fuel	7,000.00	4,500.00	7,000.00
40 - Hardware - Miscellaneous	3,000.00	2,060.00	3,000.00

DRAINAGE DISTRICT No. 3

Jefferson County, Texas

GENERAL FUND BUDGET FY 2023

CHART OF ACCOUNTS	BUDGET 2021-22	ESTIMATED 2021-22	PROPOSED 2022-23
41 - Hose & Fittings & Filters	10,000.00	8,539.00	10,000.00
48 - Lumber, Timbers, Rope	2,500.00	2,466.00	2,500.00
50 - Medical and Safety	3,000.00	852.00	3,000.00
51 - Motor Oil & Grease	10,000.00	7,037.00	10,000.00
56 - Paint	1,000.00	200.00	1,000.00
72 - Rope Wire Manila/Burlap	800.00	200.00	800.00
73 - Spare Parts, Heavy Equipment	1,000.00	0.00	1,000.00
77 - Computer Supplies	1,500.00	600.00	1,500.00
78 - Office Supplies	2,500.00	2,500.00	2,500.00
80 - Steel-Angle Iron, Rods, Etc.	2,500.00	1,000.00	2,500.00
83 - Tires & Tubes	9,000.00	8,551.00	9,000.00
84 - Minor Equipment	10,000.00	2,241.00	10,000.00
95 - Welding Supplies	2,000.00	1,141.00	2,000.00
99 - Sundry	2,000.00	1,350.00	2,000.00
TOTAL MATERIALS & SUPPLIES	237,600.00	144,524.00	252,100.00
40 - MAINTENANCE & UTILITIES			
01 - Cooling and Heating	1,000.00	0.00	1,000.00
09 - Building and Structure	3,500.00	217.00	3,500.00
10 - Tractors and Mowers	12,500.00	12,794.00	12,500.00
11 - Equipment Repairs	40,000.00	32,153.00	50,000.00
13 - Marine Craft	2,000.00	250.00	2,000.00
14 - Auto - Truck	3,000.00	550.00	3,000.00
15 - Communication Equipment	1,500.00	1,195.00	1,500.00
20 - Miscellaneous	500.00	0.00	500.00
30 - Tools	3,000.00	1,253.00	3,000.00
51 - Freight	300.00	0.00	300.00
52 - Postage	500.00	500.00	500.00
53 - Natural Gas	3,700.00	1,773.00	3,700.00
54 - Telephone	6,000.00	5,054.00	6,000.00
56 - Electricity	6,000.00	3,742.00	6,000.00
57 - Water & Sewer	2,000.00	364.00	2,000.00
58 - Garbage & Waste Disposal	1,200.00	818.00	1,200.00
TOTAL MAINTENANCE & UTILITIES	86,700.00	60,663.00	96,700.00
50 - MISCELLANEOUS SERVICES			
09 - Professional Service	10,000.00	6,339.00	10,000.00
21 - Dues & Subscriptions	2,500.00	1,950.00	2,500.00
27 - Engineering Fees	10,000.00	0.00	10,000.00

DRAINAGE DISTRICT No. 3

Jefferson County, Texas

GENERAL FUND BUDGET FY 2023

CHART OF ACCOUNTS	BUDGET	ESTIMATED	PROPOSED
	2021-22	2021-22	2022-23
28 - Assessor/Collector Fees	2,000.00	1,441.00	2,000.00
29 - Attorney Fees	10,000.00	0.00	10,000.00
31 - Filing, Records and Photo	100.00	0.00	100.00
32 - Accounting Services	500.00	0.00	500.00
36 - Treasurer Commissions	1,000.00	1,000.00	1,000.00
38 - Supplemental Tax Refund	2,000.00	1,000.00	2,000.00
40 - Insurance - Auto & Liab.	6,000.00	4,658.00	6,000.00
41 - Insurance - Equipment & Property	4,050.00	4,037.00	5,000.00
43 - Insurance - General Liab.	2,000.00	773.00	2,000.00
44 - Insurance - Offical	2,000.00	1,326.00	2,000.00
45 - Bonds - Surety and Notary	1,000.00	407.00	1,000.00
53 - Equipment Rental	15,000.00	6,430.00	17,000.00
54 - Contract Aerial Spraying	16,000.00	0.00	16,000.00
55 - Contract Spraying	18,000.00	0.00	18,000.00
62 - Travel and Meeting Expense	800.00	0.00	800.00
64 - Training and Education	1,500.00	70.00	1,500.00
74 - Independent Auditor Fees	18,500.00	18,071.00	21,000.00
95 - Banking Service	3,000.00	110.00	3,000.00
98 - Appraisal District Fees	9,000.00	6,926.00	9,000.00
99 - Sundry	1,000.00	500.00	1,000.00
TOTAL MISCELLANEOUS SERVICES	135,950.00	55,038.00	141,400.00
60 - CAPITAL OUTLAY			
01 - Office Machines	4,500.00	1,986.00	4,500.00
02 - Excavation Equipment	300,000.00	0.00	175,000.00
11 - Machinery and Equipment	100,000.00	22,875.00	100,000.00
14 - Building and Structures	41,000.00	0.00	41,000.00
22 - Furniture & Fixtures	5,000.00	838.00	5,000.00
42 - Auto, Truck & Trailers	80,000.00	10,997.00	50,000.00
45 - Land/ROW Acquisitions	5,000.00	0.00	5,000.00
TOTAL CAPITAL OUTLAY	535,500.00	36,696.00	380,500.00
TOTAL EXPENDITURES	1,724,635.00	838,756.50	1,624,935.00

DRAINAGE DISTRICT No. 3

Jefferson County, Texas

BUDGET NOTES FY 2023

Salaries:	All current employees received a 3% salary increase.
Fringe Benefits:	Increase to FICA to allow for full time employee coverage Insurance reflects a 6% increase to health insurance TCDRS contribution rate to decrease from 9.08% to 7.01% for 2023 to insure 100% funding of plan.
Materials & Supplies	A category was add to allow for purchases of additives and lubricants. Increase in the categories of Diesel Fuel due to the rising cost of fuel.
Maintenance & Utilities	Increase in the category of equipment repairs due to increase use of mechanics for equipment repairs
Miscellaneous Services	Increases in the cost of Equipment & Property Insurance. Increase in Equipment Rental due to vendor cost increasing. Increase in cost of Independent Auditor Fees due to change in audit processing.
Capitol Outlay	Decrease in cost of Excavation Equipment and Truck and Trailer categories to allow for coverage of cost of increases in other categories

All other increases &/or decreases are a result of vendor price increases/decreases due to the cost of fuel, oil, materials and supplies. Additional increases are made to allow for upcoming projects and needs of the District to maintain services to the tax payers of the District.

qualified voters of the district by petition may require that an election be held to determine whether to reduce the operation and maintenance tax rate to the voter-approval tax rate under Section 49.23603, Water Code.

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.

POLLANS & COHEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

SUITE 810
470 ORLEANS
BEAUMONT, TEXAS 77701
(409) 832-7400
(409) 832-4288 FAX

August 17, 2022

Jefferson County Drainage District No. 3
Frank R. Rose, Chairman
P.O. Box 120
Hamshire, Texas 77622

Dear Mr. Rose:

We are pleased to confirm our understanding of the services we are to provide for Jefferson County Drainage District No. 3 for the year ended September 30, 2022.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, and fiduciary fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of Jefferson County Drainage District No. 3 as of and for the year then ended September 30, 2022. Accounting standards generally accepted in the United States provide for certain required supplemental information ("RSI"), such as management's discussion and analysis ("MD&A"), to supplement Jefferson County Drainage District No. 3's 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. As part of our engagement, we will apply certain limited procedures to Jefferson County Drainage District No. 3's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule
3. Schedule of Change in Net Pension Liability and Related Ratios
4. Schedule of Employer Contributions
5. Schedule of Changes in OPEB Liability and Related Ratios

We have also been engaged to report on supplementary information other than RSI, that accompanies the financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

1. Annual Audit Report Requirements for Texas Water Districts and Authorities

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the Organization and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. Tests of controls may be performed to test the

effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Jefferson County Drainage District No. 3's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported

on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other engagements or studies. The Organization is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Organization; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Pollans & Cohen, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Pollans & Cohen, P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the federal agency. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Jana Uribe is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit on approximately November 7, 2022.

We estimate that our fees for the audit will range from \$11,000 to \$12,000. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Reporting

We will issue a written report upon completion of our audit of Jefferson County Drainage District No. 3's financial statements. Our report will be addressed to board of directors of Jefferson County Drainage District No. 3. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of 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 on compliance and (2) 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. The report will also state that the report is not suitable for any other

purpose. If during our audit we become aware that Jefferson County Drainage District No. 3 is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

Pollans & Cohen, P.C.

Pollans & Cohen, P.C.

RESPONSE:

This letter correctly sets forth the understanding of Jefferson County Drainage District No. 3.

Management signature:

Fred Johnson

Title:

Superintendent

Date:

8/18/22

Governance signature:

F.K.

Title: Chairman

Date:

8/18/22