

Titus County Appraisal District

AUDIT REPORT ON TAX  
COLLECTIONS ACCOUNT

For the year ended June 30, 2018



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Titus County Appraisal District  
Mt. Pleasant, Texas

We have audited the statement of assets and liabilities arising from cash transactions of the Titus County Appraisal District's tax collection account as of June 30, 2018 and the related statement of receipts, disbursements and changes in cash for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly the assets and liabilities arising from cash transactions of the Titus County Appraisal District's tax collection account at June 30, 2018, and its revenues collected and expenditures paid during the year then ended on the basis of accounting described in Note 1.

Our audit was made for the purpose of expressing an opinion on the financial statements referred to above. The supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements referred to above. This information has been subjected to the auditing procedures applied in the audit of the financial statements referred to above, and is fairly stated in all material respects in relation to the financial statements taken as a whole.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

*Arnold, Walker, Arnold & Co., P.C.*

Arnold, Walker, Arnold & Co., P.C.

August 23, 2018

Titus County Appraisal District  
AGENCY FUND--TAX COLLECTION ACCOUNT  
STATEMENT OF ASSETS AND LIABILITIES  
At June 30, 2018

ASSETS

Cash in bank--tax  
collection account

12,767

LIABILITIES

Due to entities--  
undistributed tax collections

12,767

The accompanying notes are an integral part of this statement.

Titus County Appraisal District  
AGENCY FUND--TAX COLLECTION ACCOUNT  
STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH  
For the year ended June 30, 2018

RECEIPTS

|   |            |
|---|------------|
| Collections for other governmental entities | 23,405,443 |
|---|------------|

DISBURSEMENTS

|  |                   |
|--|-------------------|
| Remittances to other governmental entities | 23,125,264        |
| Attorney fees                              | 130,579           |
| Refunds of overpayments                    | 148,116           |
| Total disbursements                        | <u>23,403,959</u> |

|   |       |
|---|-------|
| Excess of receipts over (disbursements) | 1,484 |
|---|-------|

|                   |               |
|-------------------|---------------|
| Cash July 1, 2017 | <u>11,283</u> |
|-------------------|---------------|

|                    |                      |
|--------------------|----------------------|
| Cash June 30, 2018 | <u><u>12,767</u></u> |
|--------------------|----------------------|

The accompanying notes are an integral part of this statement.

Titus County Appraisal District  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2018

Note 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Titus County Appraisal District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

REPORTING ENTITY

For the year June 30, 2018, the District has collection agreements with seven taxing entities within Titus County to collect for and remit their property taxes to them. This activity is transacted through a separate tax collection account. This audit report covers this collection account. Funding for the District comes from each taxing entity each year based on an approved budget. Receipts and disbursements related to the budgeted operations are transacted through a separate operating account. This is audited on a calendar year basis and is a separate audit from the audit of tax collections. The last audit for the budget operations was done for the year ended December 31, 2017.

The assessed valuation determined by the District is used by all taxing entities within the county.

FUND ACCOUNTING

The tax collection account is accounted for as a trust and agency account. The District acts in a fiduciary capacity in collecting and remitting taxes to the seven entities. An agency fund has no equity. Assets are equal to liabilities.

BASIS OF ACCOUNTING

The agency fund is accounted for using a cash basis of accounting.

Note 2--DUE TO ENTITIES--UNDISTRIBUTED COLLECTIONS

Collections of \$12,767 are owed to entities that have not yet been distributed.

Note 3—SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 23, 2018 the financial statement issuance date.

TITUS COUNTY APPRAISAL DISTRICT

SUPPLEMENTAL INFORMATION

Titus County Appraisal District  
 SUPPLEMENTAL SCHEDULE  
 OF COLLECTIONS BY ENTITY  
 For the year ended June 30, 2018

|                      | City<br>of<br>Winfield | City<br>of<br>Talco | Chapel<br>Hill<br>ISD | Harts<br>Bluff<br>ISD | Mount<br>Pleasant<br>ISD | Winfield<br>ISD | City of<br>Mount<br>Pleasant | Total             |
|----------------------|------------------------|---------------------|-----------------------|-----------------------|--------------------------|-----------------|------------------------------|-------------------|
| <b>COLLECTIONS</b>   |                        |                     |                       |                       |                          |                 |                              |                   |
| Current taxes—       |                        |                     |                       |                       |                          |                 |                              |                   |
| 2017 roll            | 36,854                 | 43,943              | 1,384,623             | 1,420,900             | 15,946,657               | 448,831         | 3,109,161                    | 22,390,969        |
| Delinquent taxes     | 4,937                  | 3,004               | 53,259                | 32,396                | 404,152                  | 17,565          | 76,750                       | 592,063           |
| Penalty and interest | 2,552                  | 2,133               | 28,321                | 17,263                | 196,331                  | 10,051          | 35,161                       | 291,812           |
| Attorney fees        | 1,329                  | 638                 | 11,970                | 5,825                 | 90,226                   | 4,863           | 15,728                       | 130,579           |
| Tax certificates     | -                      | -                   | -                     | -                     | 10                       | 10              | -                            | 20                |
| <b>Total</b>         | <b>45,672</b>          | <b>49,718</b>       | <b>1,478,173</b>      | <b>1,476,384</b>      | <b>16,637,376</b>        | <b>481,320</b>  | <b>3,236,800</b>             | <b>23,405,443</b> |



Titus County Appraisal District  
 SUPPLEMENTAL SCHEDULE  
 OF CHANGES IN DELINQUENT TAXES  
 RECEIVABLE BY ENTITY  
 For the year ended June 30, 2018

|  | City<br>of<br>Winfield | City<br>of<br>Talco | Chapel<br>Hill<br>ISD | Harts<br>Bluff<br>ISD | Mount<br>Pleasant<br>ISD | Winfield<br>ISD | City of<br>Mount<br>Pleasant | Total             |
|--|------------------------|---------------------|-----------------------|-----------------------|--------------------------|-----------------|------------------------------|-------------------|
| Delinquent taxes<br>receivable 7/1/17                      | 12,759                 | 73,857              | 109,131               | 83,721                | 7,651,471                | 81,803          | 190,563                      | 8,203,305         |
| Add: 2017 tax roll   | 43,692                 | 56,544              | 1,428,200             | 1,509,575             | 18,953,277               | 498,939         | 3,197,456                    | 25,687,683        |
| Add (Less): Net supplements/<br>adjustments for the period | (239)                  | (2,289)             | (11,608)              | (5,467)               | (33,901)                 | (1,907)         | (2,786)                      | (58,197)          |
| (Less): Current collections<br>for the period              | (36,854)               | (43,943)            | (1,384,623)           | (1,420,900)           | (15,946,657)             | (448,831)       | (3,109,161)                  | (22,390,969)      |
| (Less): Delinquent collections<br>for the period           | (4,937)                | (3,004)             | (53,259)              | (32,396)              | (404,152)                | (17,565)        | (76,750)                     | (592,063)         |
| Add: Refunds from current<br>collections for the period    | 17                     | 397                 | 6,202                 | 6,741                 | 94,881                   | 1,317           | 18,293                       | 127,848           |
| Add: Refunds from delinquent<br>collections for the period | 45                     | -                   | 1,072                 | 1,974                 | 11,595                   | 125             | 2,802                        | 17,613            |
| <b>Delinquent taxes receivable<br/>6/30/18</b>             | <b>14,483</b>          | <b>81,562</b>       | <b>95,115</b>         | <b>143,248</b>        | <b>10,326,514</b>        | <b>113,881</b>  | <b>220,417</b>               | <b>10,995,220</b> |