



CPAs & Advisors

Bob J. Arnold, CPA, PFS
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August 22, 2019

Board of Directors
Van Zandt County Appraisal District
Canton, Texas

We have audited the statement of assets and liabilities arising from cash transactions and the related statement of receipts, disbursements and changes in cash of the Van Zandt County Appraisal District's Collection Fund as of and for the nine months ended September 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 12, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1-C to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the governmental unit during the nine months for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No material misstatements, either individually or in the aggregate were noted.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 22, 2019.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Respectfully,

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

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

**Board of Directors
Van Zandt County Appraisal District
Canton, Texas**

We have audited the statement of assets and liabilities arising from cash transactions of the Van Zandt County Appraisal District's Collection Fund (a tax collections agency fund of Van Zandt County Appraisal District) as of and for the nine months ended June 30, 2019 and the related statement of receipts, disbursements and changes in cash for the nine months then ended, and the related notes to the financial statements.

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. Accordingly, we do not express an opinion on the effectiveness of 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 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

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

Arnold, Walker, Arnold & Co., P.C.
August 22, 2019

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**VAN ZANDT COUNTY APPRAISAL DISTRICT
COLLECTIONS FUND**

FINANCIAL REPORT

FOR THE NINE MONTHS ENDED JUNE 30, 2019



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Van Zandt County Appraisal District
Canton, Texas

We have audited the statement of assets and liabilities arising from cash transactions of the Van Zandt County Appraisal District's Collection Fund (a tax collections agency fund of Van Zandt County Appraisal District) as of and for the nine months ended June 30, 2019 and the related statement of receipts, disbursements and changes in cash for the nine months 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-C; 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 Van Zandt County Appraisal District's Collection Fund at June 30, 2019, and its receipts and disbursements during the nine months then ended on the basis of accounting described in Note 1-C.

Basis of Accounting

We draw attention to Note 1-C 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 22, 2019

FINANCIAL STATEMENTS

**VAN ZANDT COUNTY APPRAISAL DISTRICT
AGENCY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2019**

ASSETS

Cash in bank:	
Collection clearing	506,365
VIT account	92,015
Mobile home escrow	15,256
NSF account	<u>4,767</u>
 Total Assets	 <u><u>618,403</u></u>

LIABILITIES

Due to Taxing Entities	504,258
Due to Others	98,889
Escrow	<u>15,256</u>
 Total Liabilities	 <u><u>618,403</u></u>

**VAN ZANDT COUNTY APPRAISAL DISTRICT
AGENCY FUND
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE NINE MONTHS ENDED JUNE 30, 2019**

	Balances <u>October 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	Balances <u>June 30, 2019</u>
ASSETS				
Cash in bank:				
Collection clearing	284,307	56,471,757	56,249,699	506,365
VIT account	148,421	161,053	217,459	92,015
Mobile home escrow	28,136	15,171	28,051	15,256
NSF account	4,750	17	-	4,767
	<u>465,614</u>	<u>56,647,998</u>	<u>56,495,209</u>	<u>618,403</u>
Total Assets	<u><u>465,614</u></u>	<u><u>56,647,998</u></u>	<u><u>56,495,209</u></u>	<u><u>618,403</u></u>
LIABILITIES				
Due to taxing entities	282,200	56,471,757	56,249,699	504,258
Due to others	155,278	161,070	217,459	98,889
Escrow	28,136	15,171	28,051	15,256
	<u>465,614</u>	<u>56,647,998</u>	<u>56,495,209</u>	<u>618,403</u>
Total Liabilities	<u><u>465,614</u></u>	<u><u>56,647,998</u></u>	<u><u>56,495,209</u></u>	<u><u>618,403</u></u>

The accompanying notes are an integral part of these financial statements.

**VAN ZANDT COUNTY APPRAISAL DISTRICT
AGENCY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED JUNE 30, 2019**

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. REPORTING ENTITY

The Van Zandt County Appraisal District (the District) is a governmental unit under the applicable laws and regulations of the State of Texas. It is responsible for the appraising of property for ad valorem tax purposes for each taxing unit that imposes ad valorem taxes on property in Van Zandt County. The Van Zandt County Appraisal District Collection Fund (the Fund) originated in 1984 when the District began collecting taxes for the jurisdictions. During this fiscal period of nine months the Fund collected for approximately twenty entities within the county. The Fund is governed by a board of directors chosen by vote of the governing bodies of the taxing jurisdictions in the District. Board members serve two-year terms.

B. BASIS OF PRESENTATION -- FUND ACCOUNTING

Agency (Collection) Funds are custodial in nature (assets equal liabilities) and do not involve measurement of operations and provide the most appropriate mechanism for accounting for assets and liabilities. The District's Collection Fund is used to account for the collection of ad valorem taxes, penalty and interest, and attorney fees collected for each taxing jurisdiction that has contracted with the District for collection.

C. BASIS OF ACCOUNTING

The Fund is accounted for using the cash basis of accounting.

NOTE 2--LIABILITIES

Liabilities of the Fund are comprised of collections not yet remitted to the various entities or accounts. These include:

- A. Due to taxing entities
- B. Due to others- State Vehicle Inventory Tax (VIT) and other
- C. Escrows

NOTE 3--SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 22, 2019. There were no subsequent events noted.