



ARMSTRONG, BACKUS & CO., LLP

Certified Public Accountants



Financial Statement

For the Year Ended December 31, 2016

515 West Harris Avenue • Post Office Box 71 • San Angelo, Texas 76902-0071

Phone (325) 653-6854 • Fax (325) 655-5857 • www.armstrongbackus.com

TOM GREEN COUNTY APPRAISAL DISTRICT

Financial Statement

For the Year Ended December 31, 2016

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-4
Statement of Cash Receipts and Disbursements and Changes in Cash Balances – Cash Basis	5
Notes to the Financial Statement	6-8
Other Supplemental Information: Schedule of Cash Disbursements (Budget and Actual)	10



ARMSTRONG, BACKUS & CO., LLP

Certified Public Accountants

American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Tom Green County Appraisal District
San Angelo, Texas

Report on the Financial Statements

We have audited the accompanying Statement of Cash Receipts and Disbursements and Changes in Cash Balances – Cash Basis of the Tom Green County Appraisal District (the “District”) for the year ended December 31, 2016, and the related notes to the financial statement, which collectively comprise the District’s basic financial statement. This financial statement is the responsibility of the District’s management. Our responsibility is to express an opinion on this financial statement based on our audit.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in conformity with the cash basis of accounting; 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on this financial statement 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 auditors’ 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 statement referred to in the first paragraph presents fairly the cash receipts and disbursements and changes in cash balances for the year ended December 31, 2016, on the basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statement, which describes the basis of accounting. The financial statement is 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 this matter.

Other Matters

Our audit for the year ended December 31, 2016 was conducted for the purpose of forming an opinion on the financial statement of the Tom Green County Appraisal District Tax Distribution Fund (the "District"). The management's discussion and analysis and schedule of cash disbursements (budget and actual) for the year ended December 31, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The management's discussion and analysis and schedule of cash disbursements (budget and actual) have been subjected to the auditing procedures applied in the audit of the basic financial statement for the year ended December 31, 2016, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the management's discussion and analysis and schedule of cash disbursements (budget and actual) are fairly stated in all material respects in relation to the financial statement as a whole for the year ended December 31, 2016.

Armstrong, Backus & Co., L.L.P.

July 7, 2017



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Tom Green County Appraisal District's annual financial statement presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2016. Please read it in conjunction with the District's financial statement, which follows this section.

Financial Highlights

- The District's receipts exceeded its disbursements at the close of 2016 by \$135,996.
- Cash increased \$135,996 over the prior year cash balance of \$1,345,321.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statement. The District's basic financial statement was prepared on the cash basis of accounting, which is an accounting basis other than U.S. generally accepted accounting principles. This report also contains supplementary information in addition to the basic financial statement itself.

The financial statement also includes notes to the financial statement that explain some of the information in the financial statement and provide more detailed data. The statement and related notes are followed by a section of *other supplementary information* that further explains the information in the financial statement.

Local governmental entities provide most of the funding for the operations of the District. These entities and the percentage of receipts they provide are as follows:

Christoval Independent School District	2.02020%
City of San Angelo	26.71698%
Grape Creek Independent School District	1.37930%
Irion County Water District	0.00310%
Lipan-Kickapoo Water District	0.07310%
Miles Independent School District	0.32800%
Red Creek Municipal Utility District	0.04080%
San Angelo Independent School District	42.35773%
Sterling County Water District	0.00320%
Tom Green County	23.75299%
Tom Green County Emergency Services District	0.04080%
Veribest Independent School District	0.60700%
Wall Independent School District	1.66180%
Water Valley Independent School District	1.01500%
	<u>100.00000%</u>

Notes to the Financial Statement

The Notes to the Financial Statement provide additional information that is essential to a full understanding of the data provided in the basic financial statement.

OTHER INFORMATION

A comparison between actual and budgeted figures can be found in the supplementary information immediately following the notes to the financial statement.

General Receipts

The District's total receipts were \$2,362,900 representing an increase of \$48,322 or 2% over fiscal year 2015 figures. A significant portion, 98% in 2016, of the District's revenue comes from jurisdiction funding. Interest income and miscellaneous charges for services both contribute 2% to the revenue total.

General Receipts by Source

Jurisdiction funding	\$ 2,325,930
Interest income	8,216
Miscellaneous	<u>28,754</u>
Total	<u>\$ 2,362,900</u>

General Disbursements

The District's total disbursements were \$2,226,904. All disbursements were general disbursements.

Change in Cash

Calculation of Ending Cash

Receipts:	
General receipts	\$ 2,362,900
Disbursements:	
General disbursements	<u>(2,226,904)</u>
Change in cash	\$ 135,996
Cash balance, beginning of the year	<u>1,345,321</u>
Cash balance, end of the year	<u>\$ 1,481,317</u>

Budget

General fund budgeted disbursements exceeded actual disbursements by \$99,026.

TOM GREEN COUNTY APPRAISAL DISTRICT

Statement of Cash Receipts and Disbursements and Changes in Cash Balances - Cash Basis

For the Year Ended December 31, 2016

Receipts:

Contributions from Local Taxing Authorities:	
Christoval Independent School District	\$ 46,985
City of San Angelo	621,418
Grape Creek Independent School District	32,080
Irion County Water District	75
Lipan-Kickapoo Water District	1,698
Miles Independent School District	7,629
Red Creek Municipal Utility District	950
San Angelo Independent School District	985,212
Sterling County Water District	75
Tom Green County	552,478
Tom Green County Emergency Services District	950
Veribest Independent School District	14,119
Wall Independent School District	38,653
Water Valley Independent School District	23,608
Interest	8,216
Miscellaneous	28,754
	<hr/>
Total Receipts	\$ 2,362,900

Disbursements:

Administrative Boards	\$ 4,333
Advertising and Public Notices	3,637
Automotive	75,913
Capital Outlay	6,536
Computer Maintenance and Support	38,695
Dues	3,150
Insurance-General and Building	11,941
Insurance-Health	340,508
Insurance-Unemployment and Workers' Comp.	13,271
Office Supplies and Forms	78,024
Payroll	1,159,491
Postage	70,486
Professional Services	219,604
Rent, Lease and Building	74,999
Repairs and Maintenance	2,098
Retirement	103,076
Telephone and Website	15,714
Tuition and Travel	5,428
	<hr/>
Total Disbursements	\$ 2,226,904

Excess of Receipts Over Disbursements	\$ 135,996
Available Cash, December 31, 2015	<hr/> 1,345,321
Available Cash, December 31, 2016	\$ 1,481,317
Less: Reserved Cash, December 31, 2016	<hr/> (1,255,059)
Unobligated Cash, December 31, 2016	<hr/> <hr/> \$ 226,258

The accompanying notes are an integral part of this financial statement.

TOM GREEN COUNTY APPRAISAL DISTRICT

Notes to the Financial Statement

For the Year Ended December 31, 2016

NOTE A – SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Principles Determining Scope of Reporting Entity

The financial statement of the District consists only of the funds of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or are dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

Collection and Distribution Account

The District maintains a separate cash collection account (the Distribution Fund) for the District's collection and distribution of property taxes for other governmental agencies. These funds are handled by the District as a fiduciary.

Basis of Accounting

The books and records of the Tom Green County Appraisal District are maintained using the cash basis of accounting. Cash receipts are recorded when received rather than when earned, and disbursements are recorded when paid rather than when incurred. Capital expenditures made by the District are expensed; therefore, no depreciation has been recorded.

NOTE B - CASH

The District maintains two cash operating accounts and the cash collection account, all of which are interest bearing. These funds are deposited at a bank where the District has a depository service contract which collateralizes funds in excess of the \$250,000 FDIC limit.

All of the District's cash balances are collateralized by federal deposit insurance up to \$250,000 and collateral held in the safekeeping department of an affiliated bank pledged in the District's name totaling \$15,143,864 as of December 31, 2016. At various times during the year, cash balances may exceed collateralized funds.

NOTE C – RESERVED FUND BALANCES

Buildings - The Board maintains a cash reserve (\$225,838 as of December 31, 2016) for the purpose of covering the loan on the building and additional building costs.

Computer Equipment - The Board has established a cash reserve (\$41,522 as of December 31, 2016) for the purpose of replacing computer equipment as such need arises. From 2006 to 2016, some of these reserved funds were utilized to update the District's tax software and equipment.

Unemployment Benefits - The District maintains a cash reserve (\$13,610 as of December 31, 2016) for the purpose of providing unemployment benefits to its employees. Benefits are based upon Texas Workforce Commission regulations. Funding was provided at the rate of 0.7% of gross wages in 1983, 1984, 1985, and 1986. However, the 1985 and 1986 contributions were returned to the jurisdictions. No

TOM GREEN COUNTY APPRAISAL DISTRICT

Notes to the Financial Statement

For the Year Ended December 31, 2016

additional funding has been provided in the years after 1986. No benefit claims were outstanding against the fund as of December 31, 2016.

Mapping - The District maintains a cash reserve (\$34,473 as of December 31, 2016) for the purpose of purchasing additional hardware and software for the mapping program.

Legal - The District maintains a cash reserve (\$280,231 as of December 31, 2016) for the purpose of defraying attorney fees if suits are brought against the District.

Utilities - The District maintains a cash reserve (\$2,400 as of December 31, 2016) for the purpose of covering utility rate increases.

Insurance - The District maintains a cash reserve (\$53,810 as of December 31, 2016) for the purpose of covering unexpected increases in insurance.

Appraisal Software - The District maintains a cash reserve (\$288,064 as of December 31, 2016) for the purpose of covering future purchases of appraisal software.

Building Remodel - The District maintains a cash reserve (\$63,273 as of December 31, 2016) for the purpose of future building renovations.

Professional Services - The District maintains a cash reserve (\$182,161 as of December 31, 2016) for the purpose of contracting with a personal property appraiser.

Other Fees - The District maintains a cash reserve (\$69,677 as of December 31, 2016) for the purpose of emergency funding.

NOTE D - RETIREMENT PLAN

The District contributes to the Tom Green County Appraisal District Money Purchase Pension Plan and Trust, which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions. As established by state statute, all full time employees of the District must participate in the pension plan from the date they are hired. Contributions made by an employee vest immediately, and contributions made by the District vest fully after five years of full-time employment. An employee who leaves the employment of the District is entitled to his or her contributions and the District's contributions if the vesting requirements are satisfied, plus earnings on the account. Each employee must contribute 5% of his or her gross earnings to the pension plan. The District contributes an amount equal to 10% of the employee's gross earnings.

During the year, the District's required and actual contributions amounted to \$103,076, which was 8.9% of its current-year covered payroll. Employees' required and actual contributions amounted to \$58,057, which was 5% of the District's current-year covered payroll.

TOM GREEN COUNTY APPRAISAL DISTRICT

Notes to the Financial Statement

For the Year Ended December 31, 2016

No pension provision changes occurred during the year that affected the required contributions to be made by the District or its employees. The pension plan held no securities of the District or other related parties during the year or as of the close of the fiscal year.

NOTE E – ECONOMIC DEPENDENCY

Funding for the operations of the District is provided by local governmental entities, which use the District's property valuations and collection services for ad valorem taxation purposes. These entities, and the percentage of jurisdictional revenue they provide, are as follows:

Christoval Independent School District	2.02020%
City of San Angelo	26.71698%
Grape Creek Independent School District	1.37930%
Irion County Water District	0.00310%
Lipan-Kickapoo Water District	0.07310%
Miles Independent School District	0.32800%
Red Creek Municipal Utility District	0.04080%
San Angelo Independent School District	42.35773%
Sterling County Water District	0.00320%
Tom Green County	23.75299%
Tom Green County Emergency Services District	0.04080%
Veribest Independent School District	0.60700%
Wall Independent School District	1.66180%
Water Valley Independent School District	1.01500%
	<u>100.00000%</u>

NOTE F – DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through July 7, 2017, the financial statement issuance date.

TOM GREEN COUNTY APPRAISAL DISTRICT

Schedule of Cash Disbursements (Budget and Actual)

For the Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Disbursements:				
Administrative Boards	\$ 5,500	\$ 5,500	\$ 4,333	\$ 1,167
Advertising and Public Notices	6,700	6,700	3,637	3,063
Automotive	84,600	84,600	75,913	8,687
Capital Outlay	1,700	1,700	6,536	(4,836)
Computer Maintenance and Support	43,125	43,125	38,695	4,430
Dues	4,000	4,000	3,150	850
Insurance-General and Building	9,300	9,300	11,941	(2,641)
Insurance-Health	321,250	321,250	340,508	(19,258)
Insurance-Unemployment and Workers' Comp.	12,860	12,860	13,271	(411)
Office Supplies and Forms	50,850	50,850	78,024	(27,174)
Payroll	1,260,120	1,260,120	1,159,491	100,629
Postage	58,990	58,990	70,486	(11,496)
Professional Services	226,600	226,600	219,604	6,996
Rent, Lease and Building	88,500	88,500	74,999	13,501
Repairs and Maintenance	5,500	5,500	2,098	3,402
Retirement	126,010	126,010	103,076	22,934
Taxpayer Liaison Officer	25	25	-0-	25
Telephone and Website	14,400	14,400	15,714	(1,314)
Tuition and Travel	5,900	5,900	5,428	472
Total Disbursements	\$ 2,325,930	\$ 2,325,930	\$ 2,226,904	\$ 99,026

