

**DELTA COUNTY APPRAISAL DISTRICT**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,**  
**AND RESULTING CASH BALANCES**  
**FOR THE**  
**YEAR ENDED**  
**DECEMBER 31, 2023**



**DELTA COUNTY APPRAISAL DISTRICT  
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FOR THE YEAR ENDED DECEMBER 31, 2023**

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# FINANCIAL SECTION

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## Mike Ward Accounting & Financial Consulting, PLLC

Mike Ward, CPA  
266 RCR 1397  
Point, Texas 75472

(903) 269-6211  
[mward@mikewardcpa.com](mailto:mward@mikewardcpa.com)

### INDEPENDENT AUDITOR'S REPORT

Board of Directors of  
Delta County Appraisal District  
P.O. Box 47  
Cooper, Texas 75432

Members of the Board of Directors:

#### **Opinions**

I have audited the accompanying statement of cash receipts, disbursements, and resulting cash balances of the business-type activities of the Delta County Appraisal District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the recorded cash receipts, disbursements, and resulting cash balances of the business-type activities of the District as of and for the year ended December 31, 2023, in accordance with the cash basis of accounting as described in Note B.

#### **Basis of Opinions**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Emphasis of a Matter – Basis of Accounting**

I draw attention to Note B 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. My opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting as described in Note B; and for 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 fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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, misrepresentations, or override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Respectfully Submitted,

*Mike Ward Accounting & Financial Consulting, PLLC*

**Mike Ward Accounting & Financial Consulting, PLLC**

Point, Texas  
September 5, 2024

**DELTA COUNTY APPRAISAL DISTRICT  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND RESULTING CASH BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Operating Receipts**

2023 Budgeted Assessments	\$ 317,306
2024 Budgeted Assessments	106,184
<b>Total Operating Receipts</b>	<b><u>\$ 423,490</u></b>

**Operating Disbursements**

Legal Services	\$ 22,131
Contingent Fund	2,217
Appraisal Engineers	7,900
Appraisal Review Board	5,057
Appraisal Manuals	300
Office Expense	23,092
Postage	5,886
Legal Notices	6,585
Audit	6,100
Auto Allowance	8,400
Mileage	150
Property Insurance	821
General Liability	803
Bond Premium	348
Professional Dues and Registration Fees	1,314
Education and Training	4,280
Telephone and Internet	3,750
Utilities	4,828
Maintenance Support for Software	14,953
GIS Maintenance and Licensing	3,576
Office Equipment and Maintenance	309
Software License Fees	1,216
Payroll	144,120
Employee Retirement	10,385
Payroll Taxes	10,963
Workers Compensation	463
Employee Insurance	25,201
Grounds and Building Maintenance	1,013
MAPS and TDLR Compliance	46,000
DIS Consulting Expenses	35,677
Bank Fees	28
<b>Total Operating Disbursements</b>	<b><u>\$ 397,866</u></b>

**Excess Operating Receipts Over (Under) Operating Disbursements** **\$ 25,624**

**Other Receipts (Disbursements)**

Interest Income	\$ 121
Other Income	2,439
<b>Net Other Receipts (Disbursements)</b>	<b><u>2,560</u></b>

**Excess Receipts Over (Under) Disbursements** **28,184**

**Beginning Cash Balances** **181,289**

**Ending Cash Balances** **209,473**

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



**DELTA COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**A. Organization**

The Delta County Appraisal District (the District) was created in 1980 in compliance with Senate Bill 621, which was enacted into law during Texas 66th Legislative Session. The District has the task and authority to appraise all taxable property within Delta County and certain areas of Fannin and Hunt Counties, Texas for the six governmental entities that it serves.

**B. Summary of Significant Accounting Policies**

**Reporting Guidelines**

The accompanying basic financial statements of the District are prepared in conformity with the cash basis of accounting. The District is a special-purpose government engaged in business-type activities.

**Basis of Accounting**

The accompanying financial statement is presented on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The statement of cash receipts, disbursements, and resulting cash balances is a summary of the cash activity and does not present transactions that would be included in the financial statements presented on the accrual basis of accounting, as provided by generally accepted accounting principles. Accordingly, the statement of cash receipts, disbursements, and resulting cash balances of the District is not intended to present financial position or results of operations in conformity with generally accepted accounting principles.

**Budgetary Information**

As provided by the Texas Property Tax Code, Section 6.06(b), the Chief Appraiser presents a proposed budget for the appraisal functions of the District for the following tax year before June 15. After public hearings are held, and the proposed budget is amended as needed by the board, the budget is approved prior to September 15.

**Cash and Cash Equivalents**

The District's cash and cash equivalents are comprised of deposits in financial institutions. The District has \$209,473 of financial assets available within one year of the financial statement to meet cash needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the financial statement. The District's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**Authorized Investments**

Authorized legal investments for District funds include demand and time deposits at the depository bank; obligations of Agencies or Instrumentalities of the United States; investment pools; repurchase agreements; bankers' acceptances; and commercial paper.

**Cash Deposits with Financial Institutions**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires deposits to be 100% secured by collateral valued at market less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The District's carrying amount of deposits was \$209,473 and the bank's balance was \$210,439. At December 31, 2023, the District had no deposits exposed to custodial credit risk since all deposits were covered by FDIC.

**Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges for appraisal services. Operating expenses include personnel, operational, insurance, and contract and professional service expenses. All revenues not meeting this definition are reported as nonoperating revenues and expenses.

**DELTA COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

**Use of Estimates**

The preparation of financial statements in conformity with the cash basis of accounting used by the District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as retirement plan disclosures). Actual results could differ from those estimates.

**Composition of Ending Cash Balances**

Cash balances at December 31, 2023 are as follows:

Interest Bearing Demand Deposit Operating Account	\$ 209,473
<b>Total Cash</b>	<b><u>\$ 209,473</u></b>

**Risk Management**

The District is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases insurance coverage through the Texas Municipal League (TML) Intergovernmental Risk Pool to limit the risk of loss in these areas. There were no reductions in coverage in the past fiscal year. Settled claims have not exceeded insurance coverage.

**Defined Benefit Pension Plan**

**Plan Description**

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public retirement system consisting of 850 nontraditional defined benefit pension plans. TCDRS issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034, or by calling 1-800-823-7782. TCDRS' ACFR is also available at [www.tcdrs.org](http://www.tcdrs.org).

The plan provisions are adopted by the Board of Directors of the District, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at age 60 and above with (8) or more years of service, with 20-years or 30-years of service regardless of age, or when the sum of their age and years of service equals 75 or 80. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contribution in a lump sum are not entitled to any amounts contributed by the District. At retirement, the employee's account balance is combined with employer matching and converted into a lifetime monthly benefit.

Disability retirement benefits for a member who is vested and who is totally and permanently disabled is eligible for a disability retirement benefit. A member who is not vested is eligible for disability retirement benefits if the total and permanent disability was a result of an on-the-job injury.

Survivor benefits are payable to the beneficiaries or estate of a deceased member. The eligibility requirement for an employer-provided Survivor Benefit is four years of TCDRS service. Otherwise, the Survivor Benefit is the deceased member's account balance.

**Benefits Provided**

The plan provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS. Plan provisions for the District were as follows:

	<u>Plan Year 2023</u>
Employee Deposit Rate	7%
Employer Deposit Rate	7.30%
Employer Matching (Future Deposits)	125%
Prior Service Credit	0%
Age 60 (Vesting)	8 years of service
Rule of	75 years total age + service
At Any Age	30 years of service

**DELTA COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

**Employees Covered by Benefit Terms**

At December 31, 2022, valuation and measurement date, the following employees were covered by the benefit terms:

Current Active Members	2
Current Inactive Members	1
Current Retirees and Beneficiaries	1
<b>Total</b>	<b><u>4</u></b>

The funded status as of December 31, 2022, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	12/31/2022
Actuarial Value of Assets (AVA)	\$ 247,743
Actuarial Accrued Liability (AAL)	\$ 242,274
Funded Ratio	102.3%
Unfunded AAL (UAAL)	\$ (5,469)
Covered Payroll	\$ 135,200
UAAL as a Percentage of Covered Payroll	4.05%

**Contributions**

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross, as adopted by the employer's governing body. The District selects a matching rates are at least 1:1(dollar for dollar), up to \$2.50 per \$1.00 in the employee's account, both as adopted by the governing body of the District. Participating employers are required to contribute at the actuarially determined rates to ensure adequate funding for each employer's plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected contribution rate that is higher than the required rate or by making an additional elective contribution as a lump sum. Extra contributions can help employers "pre-fund" benefit increases, such as a cost-of-living adjustment to retirees, and they can be used to help offset or mitigate future increases in required rate due to negative plan experiences. In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

Employees for the District were required to contribute 7% of their annual gross earnings during the year. The full contribution rates for the Districts were 7.20% and 7.30% in calendar years 2023 and 2022, respectively. The District's contributions to TCDRS for the year ended December 31, 2023 and 2022 respectively were \$10,385 and \$9,870, respectively. The District contributes more than required.

**Net Pension Liability**

The District's Net Pension Liability (NPL) was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

TCDRS system-wide economic assumptions:	
Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.00%
Employer-specific economic assumptions:	
Growth in membership	0.00%
Payroll growth for funding calculations	0.00%

**DELTA COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	135% of PUB-2010 General Employees Amount-Weighted Mortality Table for Males and 120% PUB-2010 General Employees Amount Weighted Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of PUB-2010 General Employees Amount-Weighted Mortality Tables for Males and 125% PUB-2010 General Employees Amount-Weighted Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of PUB-2010 General Employees Amount-Weighted Mortality Table for Males and 125% PUB-2010 General Employees Amount Weighted Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term horizon; the most recent analysis was performed in 2022. The following target asset allocation was adopted by the TCDRS board in March 2022. The assumption for long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the experience of Cliffwater in this assessment.

Asset Class	Target Allocation	Geometric Real Rate of Return
U.S. Equities	11.50%	4.95%
Global Equities	2.50%	4.95%
Int'l Equities-Developed Markets	5.00%	4.95%
Int'l Equities-Emerging Markets	6.00%	4.95%
Investment-Grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.95%
Hedge Funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.60%. This rate reflected the long-term rate of return valuation assumption of 7.50% plus 0.10% adjustment to be gross of administrative expense as required by GASB 68.

The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

**Sensitivity Analysis**

The following presents the net pension liability of the employer, calculated using the discount rate of 7.60%, as well as what the Delta County Appraisal District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

**DELTA COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>1% Decrease 6.60%</b>	<b>Current Discount Rate 7.60%</b>	<b>1% Increase 8.60%</b>
Total pension liability	\$ 261,113	\$ 235,470	\$ 213,042
Fiduciary net position	254,918	254,917	254,918
Net pension liability / (asset)	6,195	(19,447)	(41,876)

**Change in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (c)</b>
Balance at 12/31/2021	\$ 210,620	\$ 254,611	\$ (43,991)
Changes for the year:			
Service cost	17,336	-	17,336
Interest on total pension liability	17,139	-	17,139
Effect on plan change	-	-	-
Effect of economic/demographic gains or losses	(4,662)	-	(4,662)
Effect on assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	(4,963)	(4,963)	-
Administrative expenses	-	(149)	149
Member contributions	-	9,464	(9,464)
Net investment income	-	(16,151)	16,151
Employer contributions	-	9,870	(9,870)
Other	-	2,235	(2,235)
Net changes	<u>24,850</u>	<u>306</u>	<u>24,544</u>
Balance at 12/31/2022	<u>235,470</u>	<u>254,917</u>	<u>(19,447)</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TCDRS financial report. This report may be obtained on the TCDRS website at [www.TCDRS.org](http://www.TCDRS.org).

**Pending Litigation**

The District has been named as a defendant in several lawsuits disputing an appeal of valuation or exemption decisions made by the District. None of these cases involve claims for monetary damages against the District, except for claims for attorney's fees if the Plaintiff is successful. The District has instructed its Council to vigorously in relation to the financial statements of the District.

**Subsequent Events**

Subsequent events have been evaluated through September 5, 2024, the date the financial statements were available to be issued.



**DELTA COUNTY APPRAISAL DISTRICT  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>Operating Disbursements</b>				
Legal Services	\$ 10,000	\$ 10,000	\$ 22,131	\$ (12,131)
Contingent Fund	5,000	5,000	2,217	2,783
Appraisal Engineers	7,900	7,900	7,900	-
Appraisal Review Board	6,000	6,000	5,057	943
Appraisal Manuals	1,000	1,000	300	700
Office Expense	10,000	10,000	9,854	146 <sup>A</sup>
Postage	8,000	8,000	5,886	2,114
Legal Notices	3,000	3,000	6,585	(3,585)
Audit	6,000	6,000	6,100	(100)
Auto Allowance	8,400	8,400	8,400	-
Mileage	300	300	150	150
Property Insurance	800	800	821	(21)
General Liability	800	800	803	(3)
Bond Premium	400	400	348	52
Professional Dues and Registration Fees	3,250	3,250	1,314	1,936
Education and Training	6,000	6,000	4,280	1,720
Telephone and Internet	6,000	6,000	3,750	2,250
Utilities	5,000	5,000	4,828	172
Maintenance Support for Software	14,955	14,955	14,953	2
GIS Maintenance and Licensing	1,250	1,250	3,576	(2,326)
Office Equipment and Maintenance	300	300	309	(9)
Software License Fees	2,000	2,000	1,216	784
Payroll	166,400	166,400	144,120	22,280
Employee Retirement	12,147	12,147	10,385	1,762
Payroll Taxes	13,530	13,530	10,963	2,567
Workers Compensation	700	700	463	237
Employee Insurance	35,643	35,643	25,201	10,442
Grounds and Building Maintenance	15,000	15,000	1,013	13,987
MAPS and TDLR Compliance	46,000	46,000	46,000	-
BIS Consulting Expenses	54,825	54,825	35,677	19,148
Bank Fees	-	-	28	(28)
<b>Total Operating Disbursements</b>	<b>\$ 450,600</b>	<b>\$ 450,600</b>	<b>\$ 384,628</b>	<b>\$ 65,972</b>

<sup>A</sup>

Excludes approximately \$13,000 in Pucuniary expenditures originally classified as other expenditures.

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## Mike Ward Accounting & Financial Consulting, PLLC

Mike Ward, CPA  
266 RCR 1397  
Point, Texas 75472

(903) 269-6211  
[mward@mikewardcpa.com](mailto:mward@mikewardcpa.com)

### **COMMUNICATION WITH THOSE IN CHARGE OF GOVERNANCE**

Board of Directors of  
Delta County Appraisal District  
P.O. Box 47  
Cooper, Texas 75432

Members of the Board of Directors:

I have audited the accompanying statement of cash receipts, disbursements, and resulting cash balances of the business-type activities of the Delta County Appraisal District (the District) as of and for the year ended December 31, 2023. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of my audit. I have communicated such information to you in my letter dated March 3, 2024. Professional standards also require that I communicate to you the following information related to my audit.

#### **Significant Audit Matters**

##### **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 B to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2023. I noted no transactions entered into by the District during the year 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.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimates for retirement plan disclosures are based on reports received from Texas County and District Retirement System. The amounts are based on actuarial valuations that utilize various assumptions including discount rates, expected rates of investment returns, salary increases, payroll growth rates, and mortality rates.

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

##### **Difficulties Encountered in Performing the Audit**

I encountered no significant difficulties in dealing with management in performing and completing the audit.



### **Corrected and Uncorrected Misstatements**

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements of the financial statements that management has determined that their effects are immaterial, both individually and in the aggregate to the financial statements taken as a whole.

### **Disagreements with Management**

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

### **Management Representation**

I have requested certain representations from management that are included in the attached management representation letter dated September 5, 2024.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Losses**

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

### **Other Matters**

I was not engaged to report on the schedule of expenditures compared to budget, which accompanies the financial statements, but is not Required Supplementary Information (RSI). Such information has not been subjected to auditing procedures applied in the audit of the financial statement and, accordingly, I do not express an opinion of provide any assurance on it.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing my audit of the financial statement of the business-type activities of the District, as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, I considered the District's internal control over financial reporting (internal control) as a basis for designing my audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses may exist that were not identified. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statement will not be prevented or detected and corrected on a timely basis. I did not identify any deficiencies in internal control that I consider to be material weaknesses.

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. I consider the following deficiencies in internal control to be significant deficiencies.

**Segregation of Duties**

A critical element in any internal control structure is the characteristic known as segregation of duties. Assigning different personnel, the responsibility of authorizing transactions, recording transactions, and maintaining custody of assets to achieve this internal control attribute. Due to the District's small number of personnel, there is limited segregation of duties in substantially all areas of the accounting system. To the extent possible, every effort should be made to utilize a "best practices" approach when considering controls over cash transactions and preparation of accounting records. I encourage the Board to closely monitor its financial activities which may help offset the weaknesses associated with limited segregation of duties.

**Restriction on Use**

This information is intended solely for the information and use of the District and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully Submitted,

*Mike Ward Accounting & Financial Consulting, PLLC*

**Mike Ward Accounting & Financial Consulting, PLLC**

Point, Texas  
September 5, 2024

**Delta County Appraisal District**  
P.O. Box 47  
Cooper, Texas 75432

September 5, 2024

Mike Ward Accounting & Financial Consulting, PLLC  
266 RCR 1397  
Point, Texas 75472

This representation letter is provided in connection with your audit of the financial statement of the Delta County Appraisal District, which comprise the, statement of cash receipts, disbursements, and resulting cash balances of the business-type activities and the aggregate remaining fund information as of December 31, 2023, and the, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance in accordance with the cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 5, 2024, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the 2023 audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting.
- 2) We acknowledge our responsibility 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 fraud or error.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 5) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 6) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 7) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 8) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

## Information Provided

9) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
- d) Minutes of the meetings of the District or summaries of actions of recent meetings for which minutes have not yet been prepared.

10) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

11) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

12) We have no knowledge of any fraud or suspected fraud that affects the District and involves:

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.

13) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.

14) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

15) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

16) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

18) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

19) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

20) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

21) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

22) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

23) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- 24) As part of your audit, you prepared the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We acknowledge that this could result in a material misstatement since, essentially, the auditors cannot be a part of the District's internal control.
- 25) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 26) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 27) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

Signature: Ken Gregory RA, CEA

Title: Chief Appraiser