

VAN ZANDT COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

VAN ZANDT COUNTY, TEXAS

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge
and Commissioners' Court of Van Zandt County
Canton, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Van Zandt County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Van Zandt County, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Van Zandt County, Texas, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in fiscal year 2021 Van Zandt County, Texas adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and pension information be presented to supplement the 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the 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 do 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Van Zandt County, Texas’ basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements, the supplemental schedules, and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, the supplemental schedules, and the schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022, on our consideration of Van Zandt County, Texas’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Van Zandt County, Texas’ internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Van Zandt County, Texas’ internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
May 25, 2022

VAN ZANDT COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021

Our discussion and analysis of Van Zandt County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the County's financial statements and related disclosures.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$24,751,619 (*net position*). Of this amount, \$10,034,804 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$4,982,487, mainly as the result of increases in property tax and charges for services. These increases were due to an increase in appraised property values and various fees that had previously declined during the COVID-19 pandemic, respectively.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$15,569,184, an increase of \$4,497,529 in comparison with the prior year. The County has fund balance available for spending at the County's discretion as unassigned fund balance of \$8,004,372.
- At the end of the current fiscal year, unassigned fund balance for the General Fund totaled \$8,013,793, or 65% of General Fund expenditures for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to service as introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the County's assets, liabilities, and deferred outflows/inflows of resources, with the difference between the four reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net positions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, judicial, health and welfare, public safety, highways and bridges, sanitation, conservation and culture and recreation. The County had no business-type activities as of September 30, 2021.

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintained 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Road and Bridge Funds precincts #1-4, Debt Service Fund, the ARP Act Grant Fund, and the CARES Act Grant Fund, all 8 of which are considered to be major funds. Data from the other 23 governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning Van Zandt County, Texas' progress in funding its obligation to provide pension benefits to its employees. It also includes budgetary information for the General Fund and Road and Bridge Funds.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and budgetary comparisons.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position of the County's governmental activities increased from \$19,769,132 to \$24,751,619. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislations, or other legal requirements – was \$10,034,804 as of September 30, 2021.

The net position of the County increased by \$4,982,487 in fiscal year 2021, as opposed to an increase of \$5,217,329 in fiscal year 2020. Additionally, total assets increased \$10,075,858 when compared to fiscal year 2020. The main factor that caused this increase were the receipt of \$5,496,893 related to the ARP Act grant, which had not been spent as of year end. The County also saw an increase in property tax revenue during fiscal year 2021, primarily as the result of a continued increase in appraised property values.

TABLE 1
VAN ZANDT COUNTY, TEXAS
NET POSITION

	Governmental Activities	
	2021	2020
Current and other assets	\$ 25,286,457	\$ 15,250,539
Capital assets	<u>9,788,067</u>	<u>9,748,127</u>
Total assets	<u>35,074,524</u>	<u>24,998,666</u>
Deferred outflows of resources	<u>1,359,929</u>	<u>465,563</u>
Current liabilities	3,062,426	2,937,189
Non current liabilities	<u>1,803,817</u>	<u>1,916,989</u>
Total liabilities	<u>4,866,243</u>	<u>4,854,178</u>
Deferred inflows of resources	<u>1,320,619</u>	<u>840,919</u>
Net position		
Net invested in capital assets	7,909,594	6,839,904
Restricted	6,807,221	5,331,803
Unrestricted	<u>10,034,804</u>	<u>7,597,425</u>
Total net position	<u>\$ 24,751,619</u>	<u>\$ 19,769,132</u>

TABLE 2
VAN ZANDT COUNTY, TEXAS
CHANGES IN NET POSITION

	Governmental Activities	
	2021	2020
Revenues:		
Charges for services	\$ 5,046,013	\$ 4,445,841
Operating grants and contributions	2,911,379	1,959,790
Capital grants and contributions	-	232,965
General revenue:		
Property taxes	19,418,939	17,961,376
Miscellaneous	204,254	138,376
Gain on sale of capital assets	190,604	55,109
Interest income	<u>14,867</u>	<u>114,084</u>
Total revenues	<u>27,786,056</u>	<u>24,907,541</u>
Expenses:		
General government	4,548,311	4,094,357
Judicial	2,801,973	2,499,599
Public safety	5,914,662	5,582,293
Health and welfare	127,669	162,914
Highways and bridges	7,371,705	6,570,454
Culture and recreation	122,187	115,958
Conservation	1,765,184	500,980
Sanitation	85,586	70,390
Interest on long-term debt	<u>66,292</u>	<u>93,267</u>
Total expenses	<u>22,803,569</u>	<u>19,690,212</u>
Change in net position	4,982,487	5,217,329
Net position beginning of year	<u>19,769,132</u>	<u>14,551,803</u>
Net position end of year	<u>\$ 24,751,619</u>	<u>\$ 19,769,132</u>

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$15,569,184 which represents a \$4,497,529 increase from the previous year.

Over the course of the year, the Commissioners’ Court amended the County’s budget several times. These amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts that were estimated in September of 2020.) Also, the second category was the Commissioners’ Court approving several changes in appropriations to prevent budget overruns.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	Governmental Activities	
	2021	2020
Land	\$ 514,749	\$ 514,749
Buildings and improvements	2,648,702	2,946,228
Machinery and equipment	3,027,122	2,274,427
Infrastructure	<u>3,597,494</u>	<u>4,012,723</u>
Total	<u>\$ 9,788,067</u>	<u>\$ 9,748,127</u>

At the end of 2021, the County had approximately \$9,788,067 (net of accumulated depreciation) invested in a broad range of capital assets, including buildings and equipment, transportation equipment, and administrative and maintenance buildings and equipment.

Major additions to capital assets for the fiscal year were as follows:

- Volvo Wheeled Excavator for \$279,508
- Case Tractor for \$139,686
- Kubota Tractor for \$68,561

Debt

	Governmental Activities	
	2021	2020
Certificates of obligation	\$ 1,045,000	\$ 2,008,000
Notes payable	833,473	900,223
Compensated absences	<u>385,409</u>	<u>362,026</u>
Total	<u>\$ 2,263,882</u>	<u>\$ 3,270,249</u>

At year-end, the County had \$833,473 in notes payable for various County equipment and vehicles. The County issued \$279,508 in new debt and paid \$346,258 in principal payments for the year. The County also had \$1,045,000 of Certificates of Obligation outstanding at year-end. The County paid in principal payments of \$963,000 on these obligations in fiscal year 2020.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County’s General Fund balance of \$9,027,098 differs from the General Fund’s budgetary fund balance of \$5,140,314. The primary reason for the difference was the County staying under budgeted expenditures by \$3,154,278 . The County also collected \$494,598 more in revenues than were budgeted for in fiscal year 2021.

The County budget is prepared in accordance with financial policies approved by the Commissioners’ Court, and in accordance with accounting principles generally accepted in the United States. The budget is prepared by the Budget Officer and approved by the Commissioners’ Court. The approved budget is used as a management control device during the year, and appropriations are set at the expenditure line item level. Budgetary transfers between departments must be approved by the Commissioners’ Court.

As confirmed by recent U.S. Census figures, Van Zandt has experienced a population growth of approximately 10% since 2010. Accordingly, the requirements for services to citizens, in addition to ongoing unfunded mandates from the state and federal governments, have increased substantially while revenue options available to County government continue to be severely limited. Even state-authorized increases to fees such as court costs are usually tied to dedicated funds to be turned over to the state with any local retainage dedicated and not available to the County for General Fund expenditures.

The County continues to experience an increase in expenditures for federal mandates related to elections; and increased expenditures for state mandates relating to the reporting of case management. The increasing cost of materials and fuel continue to erode the purchase power of Road and Bridge precincts and law enforcement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For Fiscal Year 2022 the property tax rate is \$.52347174 and includes a \$.10 special road tax. The fiscal year 2022 budget is projected to raise additional property tax revenue of \$1,173,720, \$928,424 of which will be raised from new property added to the tax roll this year.

The County has considered many factors when setting the fiscal year 2022 budget and tax rates, with the overarching goal of maximizing revenue and minimizing expenditures to ensure fiscal sustainability into the future. The County expects expenditures to grow in future years, but at a slower pace than revenues.

During the year, the County also considered the impact of the COVID-19 pandemic. Although the County witnessed an increase in expenses during 2021, property tax revenue as well as federal and state grant funding have continued to increase. Furthermore, the County is sufficiently liquid to cover any shortfalls in revenue should they arise in the future.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's office, at 121 East Dallas, Room 102, Canton, Texas 75103.

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BASIC FINANCIAL STATEMENTS

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VAN ZANDT COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 22,540,607
Receivables (net of allowance for uncollectible)	2,611,292
Due from other governments	129,993
Prepaid expenditures	4,565
Capital assets (net of accumulated depreciation):	
Land	514,749
Buildings	2,648,702
Machinery and equipment	3,027,122
Infrastructure	3,597,494
Total capital assets	9,788,067
Total assets	35,074,524
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	1,359,929
Total deferred outflows of resources	1,359,929
LIABILITIES	
Accounts payable	1,389,920
Accrued liabilities	468,345
Accrued interest payable	47,555
Due to other governments	180,267
Unearned revenue	5,495,972
Noncurrent liabilities:	
Due within one year	
Long-term debt	976,339
Due in more than one year	
Long-term debt	1,287,543
Net pension liability	516,274
Total liabilities	10,362,215
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	1,320,619
Total deferred inflows of resources	1,320,619
NET POSITION	
Net investment in capital assets	7,909,594
Restricted for:	
Road and bridge	3,662,543
Court technology and security	102,173
Records management	1,331,510
Judicial	65,990
Public safety	427,051
Law library	78,731
Conservation	67,316
Economic development	357,735
Historical commission	8,833
Disaster relief	32,966
Debt service	672,373
Unrestricted	10,034,804
Total net position	\$ 24,751,619

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

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VAN ZANDT COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Primary Governmental Activities
Primary Government:				
Governmental activities:				
General government	\$ 4,548,311	\$ 1,052,227	\$ 94,787	\$(3,401,297)
Judicial	2,801,973	2,059,169	220,624	(522,180)
Public safety	5,914,662	570,063	241,867	(5,102,732)
Health and welfare	127,669	-	585,061	457,392
Highways and bridges	7,371,705	1,081,165	156,547	(6,133,993)
Cultural and recreation	122,187	4,464	-	(117,723)
Conservation	1,765,184	-	1,612,493	(152,691)
Sanitation	85,586	278,925	-	193,339
Interest on long-term debt	66,292	-	-	(66,292)
Total primary government	<u>\$ 22,803,569</u>	<u>\$ 5,046,013</u>	<u>\$ 2,911,379</u>	<u>\$(14,846,177)</u>
General revenues:				
Property taxes				19,418,939
Investment earnings				14,867
Gain on sale of capital assets				190,604
Other				204,254
Total general revenues				<u>19,828,664</u>
Change in net position				4,982,487
Net position - beginning of year				<u>19,769,132</u>
Net position - end of year				<u>\$ 24,751,619</u>

VAN ZANDT COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	<u>General</u>	<u>Road and Bridge Precinct #1</u>	<u>Road and Bridge Precinct #2</u>	<u>Road and Bridge Precinct #3</u>
ASSETS				
Cash and cash equivalents	\$ 9,905,587	\$ 880,407	\$ 1,219,635	\$ 1,177,276
Receivables (net of allowance for uncollectible) :				
Accounts	1,639,086	5,732	6,590	7,537
Property Taxes	561,565	57,209	75,319	68,596
Due from other governments	-	-	-	-
Prepaid expenditures	4,565	-	-	-
Due from other funds	<u>92,953</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>12,203,756</u>	<u>943,348</u>	<u>1,301,544</u>	<u>1,253,409</u>
LIABILITIES				
Accounts payable	746,279	166,698	70,102	201,219
Accrued Liabilities	364,690	22,124	17,015	28,789
Due to other governments	180,267	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	<u>5,922</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,297,158</u>	<u>188,822</u>	<u>87,117</u>	<u>230,008</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - fines	1,346,257	-	-	-
Unavailable revenue - property taxes	<u>533,243</u>	<u>55,636</u>	<u>66,615</u>	<u>65,820</u>
Total deferred inflows of resources	<u>1,879,500</u>	<u>55,636</u>	<u>66,615</u>	<u>65,820</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	4,565	-	-	-
Restricted for:				
Road and bridge	-	698,890	1,147,812	957,581
Court technology and security	-	-	-	-
Records management	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Debt service	-	-	-	-
Law library	-	-	-	-
Conservation	-	-	-	-
Economic development	-	-	-	-
Historical commission	-	-	-	-
Disaster relief	-	-	-	-
Assigned for:				
Subsequent year's budget	1,008,740	-	-	-
Unassigned	<u>8,013,793</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>9,027,098</u>	<u>698,890</u>	<u>1,147,812</u>	<u>957,581</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,203,756</u>	<u>\$ 943,348</u>	<u>\$ 1,301,544</u>	<u>\$ 1,253,409</u>

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

Road and Bridge Precinct #4	Debt Service Fund	ARP Act Grant Fund	CARES Act Grant Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 634,882	\$ 651,285	\$ 5,496,893	\$ -	\$ 2,574,642	\$ 22,540,607
5,679	-	-	-	64,732	1,729,356
56,526	62,721	-	-	-	881,936
-	-	-	-	129,993	129,993
-	-	-	-	-	4,565
-	5,922	-	-	-	98,875
<u>697,087</u>	<u>719,928</u>	<u>5,496,893</u>	<u>-</u>	<u>2,769,367</u>	<u>25,385,332</u>
5,815	-	-	-	199,807	1,389,920
21,083	-	-	-	14,644	468,345
-	-	-	-	-	180,267
-	-	5,495,972	-	-	5,495,972
-	-	-	-	92,953	98,875
<u>26,898</u>	<u>-</u>	<u>5,495,972</u>	<u>-</u>	<u>307,404</u>	<u>7,633,379</u>
-	-	-	-	-	1,346,257
<u>55,586</u>	<u>59,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>836,512</u>
<u>55,586</u>	<u>59,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,182,769</u>
-	-	-	-	-	4,565
614,603	-	-	-	-	3,418,886
-	-	-	-	102,173	102,173
-	-	-	-	1,331,510	1,331,510
-	-	-	-	65,990	65,990
-	-	-	-	427,051	427,051
-	660,316	-	-	-	660,316
-	-	-	-	78,731	78,731
-	-	-	-	67,316	67,316
-	-	921	-	356,814	357,735
-	-	-	-	8,833	8,833
-	-	-	-	32,966	32,966
-	-	-	-	-	1,008,740
-	-	-	-	(9,421)	8,004,372
<u>614,603</u>	<u>660,316</u>	<u>921</u>	<u>-</u>	<u>2,461,963</u>	<u>15,569,184</u>
<u>\$ 697,087</u>	<u>\$ 719,928</u>	<u>\$ 5,496,893</u>	<u>\$ -</u>	<u>\$ 2,769,367</u>	<u>\$ 25,385,332</u>

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VAN ZANDT COUNTY, TEXAS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances of governmental funds	\$	15,569,184
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.		
Beginning capital assets, net of depreciation		9,748,127
Depreciation on capital assets, current year	(	1,447,042)
Capital asset additions, net of disposals		1,486,982
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(	47,555)
Deferred outflows of resources represent the consumption of net position that are applicable to a future reported period.		1,359,929
Deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period.		
Property taxes		836,512
Court fines		1,346,257
Pensions	(	1,320,619)
The net pension liability is not recognized in the current period and, therefore, are not reported in the governmental funds balance sheet.	(	516,274)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.		
Certificates of obligation	(	1,045,000)
Notes payable and capital leases	(	833,473)
Compensated absences	(	<u>385,409</u>)
Net position of governmental activities	\$	<u>24,751,619</u>

VAN ZANDT COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General</u>	<u>Road and Bridge Precinct #1</u>	<u>Road and Bridge Precinct #2</u>	<u>Road and Bridge Precinct #3</u>
REVENUES				
Property taxes	\$ 11,644,598	\$ 830,593	\$ 1,002,003	\$ 844,909
Property taxes - special road tax	-	630,857	861,242	890,112
Permits, licenses and fees	2,798,014	255,934	314,113	260,347
Investment earnings	8,769	787	1,258	936
Intergovernmental revenues	288,531	-	-	-
Other revenues and fees	<u>116,608</u>	<u>360</u>	<u>3,572</u>	<u>120,509</u>
Total revenues	<u>14,856,520</u>	<u>1,718,531</u>	<u>2,182,188</u>	<u>2,116,813</u>
EXPENDITURES				
Current:				
General government	3,839,725	-	-	-
Judicial	2,700,364	-	-	-
Public safety	4,782,300	-	-	-
Conservation	93,942	-	-	-
Highways and bridges	58,298	1,262,613	1,800,853	1,640,795
Cultural and recreation	121,112	-	-	-
Sanitation	85,314	-	-	-
Health and welfare	127,213	-	-	-
Capital outlay	413,923	455,868	123,977	125,033
Debt service:				
Principal retirement	177,400	73,341	-	95,298
Interest and fiscal charges	<u>9,888</u>	<u>8,988</u>	<u>-</u>	<u>12,033</u>
Total expenditures	<u>12,409,479</u>	<u>1,800,810</u>	<u>1,924,830</u>	<u>1,873,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,447,041</u>	<u>(82,279)</u>	<u>257,358</u>	<u>243,654</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	279,508	-	-
Insurance recoveries	171,859	-	-	8,205
Sale of capital assets	66,549	-	-	-
Transfers in	56,788	-	-	-
Transfers out	<u>(283,776)</u>	<u>(25,084)</u>	<u>(27,337)</u>	<u>(25,439)</u>
Total other financing sources (uses)	<u>11,420</u>	<u>254,424</u>	<u>(27,337)</u>	<u>(17,234)</u>
Net change in fund balances	2,458,461	172,145	230,021	226,420
Fund balances, Beginning	<u>6,568,637</u>	<u>526,745</u>	<u>917,791</u>	<u>731,161</u>
Fund balances, Ending	\$ <u>9,027,098</u>	\$ <u>698,890</u>	\$ <u>1,147,812</u>	\$ <u>957,581</u>

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

Road and Bridge Precinct #4	Debt Service Fund	ARP Act Grant Fund	CARES Act Grant Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 813,836	\$ 1,229,417	\$ -	\$ -	\$ -	\$ 16,365,356
634,780	-	-	-	-	3,016,991
250,771	-	-	-	1,104,888	4,984,067
767	499	921	58	872	14,867
-	-	-	1,137,728	1,964,226	3,390,485
92,321	-	-	-	2,371	335,741
<u>1,792,475</u>	<u>1,229,916</u>	<u>921</u>	<u>1,137,786</u>	<u>3,072,357</u>	<u>28,107,507</u>
-	-	-	-	375,658	4,215,383
-	-	-	-	82,668	2,783,032
-	-	-	529,764	588,106	5,900,170
-	-	-	-	1,670,869	1,764,811
1,322,894	-	-	-	251,016	6,336,469
-	-	-	-	-	121,112
-	-	-	-	-	85,314
-	-	-	-	-	127,213
269,727	-	-	-	16,825	1,405,353
-	963,000	-	-	-	1,309,039
-	59,294	-	-	-	90,203
<u>1,592,621</u>	<u>1,022,294</u>	<u>-</u>	<u>529,764</u>	<u>2,985,142</u>	<u>24,138,099</u>
<u>199,854</u>	<u>207,622</u>	<u>921</u>	<u>608,022</u>	<u>87,215</u>	<u>3,969,408</u>
-	-	-	-	-	279,508
-	-	-	-	-	180,064
-	-	-	-	2,000	68,549
-	-	-	-	329,724	386,512
(24,876)	-	-	-	-	(386,512)
<u>(24,876)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>331,724</u>	<u>528,121</u>
174,978	207,622	921	608,022	418,939	4,497,529
439,625	452,694	-	(608,022)	2,043,024	11,071,655
<u>\$ 614,603</u>	<u>\$ 660,316</u>	<u>\$ 921</u>	<u>\$ -</u>	<u>\$ 2,461,963</u>	<u>\$ 15,569,184</u>

VAN ZANDT COUNTY, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Amounts report for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	4,497,529
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation in the current period exceeded capital outlay for County owned assets.</p>		
Expenditures for capital assets		1,544,991
Less: current year depreciation	(	1,447,042)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		
Insurance recoveries	(	180,064)
Sale of capital assets	(	68,549)
Gain on sale of capital assets		190,604
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Property taxes		36,592
Grants	(	604,806)
Court fines		56,159
<p>Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences	(	23,383)
Pension expense	(	73,205)
<p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Repayment of long-term liabilities		1,309,258
Issuance of long-term debt	(	279,508)
<p>Interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.</p>		
		<u>23,911</u>
Change in net position of governmental activities	\$	<u>4,982,487</u>

VAN ZANDT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and equivalents	\$ 5,795,201
Total Assets	<u>5,795,201</u>
LIABILITIES	
Accounts payable	4,609
Due to other governments	808,055
Due to others	<u>40,489</u>
Total Liabilities	<u>853,153</u>
NET POSITION	
Restricted for individuals and other governments	<u>4,942,048</u>
Total Net Position	<u>\$ 4,942,048</u>

VAN ZANDT COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Custodial Funds
ADDITIONS	
Fees on behalf of state comptroller	\$ 11,040,147
Fees on behalf of other governments	62,171
Bonds received	35,800
Fees on behalf of other contracting entities	93,316
Refunds and restitution	222,128
Commissary	77,016
Court registry	1,667,860
Trust accounts	529,170
Cash bonds	30,982
Escrow accounts	485,810
Interest earned	3,197
Total Additions	14,247,597
 DEDUCTIONS	
Fees on behalf of state comptroller	11,040,147
Disbursements on behalf of contracting entities	107,799
Bond returns	77,300
Trust returns	154,805
Court registry returns	899,504
Commissary	77,654
Fees on behalf of other governments	48,320
Refunds and restitution	222,987
Escrow accounts	581,558
Total Deductions	13,210,074
 Net Increase (Decrease) in Fiduciary Net Position	 1,037,523
Net Position Beginning	-
Prior Period Adjustment	3,904,525
Net Position, Beginning as restated	3,904,525
Net Position, Ending	\$ 4,942,048

VAN ZANDT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Van Zandt County (the County) is a public corporation and political subdivision of the state of Texas. The Commissioners' Court, which is made up of four commissioners and County Judge, is the general governing body of the County in accordance with Article 5, Paragraph 18 of the Texas Constitution. The County provides the following services as authorized by the statutes of the State of Texas: general government (e.g., tax collection), judicial (courts, juries, district attorney, etc.) public safety (sheriff, constables, jails and community supervision, etc.), health and welfare (assistance to indigents, veteran services, etc.), highways and bridges, cultural and recreation, conservation, and sanitation.

The accounting and reporting policies of the County relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *State and Local Governments – Audit and Accounting Guide* and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the County are described below.

The basic financial statements are prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. The County's statement of net position includes both noncurrent assets and noncurrent liabilities of the County. In addition, the government-wide statement of activities reflects depreciation expense on the County's capital assets, including infrastructure.

For financial reporting purposes, based on standards established by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, these financial statements present the County (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria; the primary government appoints the voting majority of its board and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. Under these standards, the County has no component units which are required to be reported, discretely or blended, in combination with the primary government.

Government-wide Financial Statements

The **government-wide financial statements** include the Statement of Net Position and the Statement of Activities. Government-wide statements report, except for County fiduciary activity, information on all of the activities of the County. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes, intergovernmental revenues, and charges for services.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

The Statement of Activities reflects the degree to which the direct expenses of the County's programs are offset by those programs' revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or function. Program revenues for governmental activities include those generated from general government, judicial, public safety, highways and bridges, cultural and recreation, and sanitation. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, the Road and Bridge Funds, the Debt Service Fund, and the ARP Act and CARES Act Grant Funds are classified as major governmental funds. Each major fund is reported in separate columns in the fund financial statements. Non-major funds include Special Revenue funds. The combined amounts for these funds are reflected in a single column in the Fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. Detailed statements for all non-major funds are presented within Combining Schedules.

Fund Financial Statements

Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers revenues as available if they are collected within 60 days after the fiscal year ends. Expenditure generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when a payment is due.

Property tax revenues, the County's primary revenue source, is susceptible to accrual and is considered available to the extent of delinquent taxes collected within 60 days after the end of the fiscal period. Grant and entitlement revenues are also subject to accrual. Encumbrances are used during the year and any liquidated items expire at year end.

Governmental funds are accounted for using the current financial resources measurement focus. This means that only current assets, current liabilities, and current deferred outflows/inflows of resources are generally included on their balance sheet. Their reported fund balance (net current assets and current deferred outflows of resources) is considered a measure of "available spending resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and current deferred outflows of resources. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

The County's accounts are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues and expenses or expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements are provided for governmental funds and fiduciary funds, although the latter are excluded from the government-wide statements.

The County reports the following major governmental funds:

- The **General Fund** is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, permits, licenses and fees, intergovernmental revenues and investment earnings. Primary expenditures are for general government, judicial, public safety, health and welfare, conservation, highways and bridges, cultural and recreation and sanitation.

- The **Road and Bridge Funds** account for the activities associated with the building, maintaining, or improving roads, highways, and bridges within the County, including maintenance of road and bridge facilities. Major revenue sources include property taxes and charges for services.
- The **Debt Service Fund** is used to account for the payment of the County's debt. Major revenue sources are from property taxes.
- The **ARP Act Grant Fund** is used to account for expenditures and receipts related to the coronavirus local fiscal recovery fund grant program. The purpose of this grant is to help alleviate the costs incurred by the County as a result of the COVID-19 pandemic.
- The **CARES Act Grant Fund** is used to account for expenditures and receipts related to the coronavirus relief fund grant program. The purpose of this grant is to help alleviate the costs incurred by the County as a result of the COVID-19 pandemic.

Additionally, the County reports the following fund type:

- The **Custodial Funds** are used to account for assets that the County holds on behalf of others as their agent.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenue includes all taxes.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and local government investment pools.

The County's investment in local government investment pools are reported at net asset value per share and are classified as cash equivalents. TexPool and Texas Class operate in accordance with appropriate laws and regulations.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advance between funds, are reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectables. Trade amounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectables. The property tax receivable allowance is equal to 21 percent of outstanding property taxes as of September 30, 2021.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The fund financial statements are offset by a reservation of fund balance which indicates they do not represent "available spendable resources." Prepaids are accounted for using the consumption method. Under the consumption method, prepaids are recorded as expenditures when they are used.

4. Capital Assets

Capital assets, which include land, buildings, improvements, machinery and equipment, and infrastructure assets (e.g., roads and bridges) are reported in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more and estimated useful lives in excess of one year. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	5-50
Machinery and equipment	5-20

5. Compensated Absences

The County allows full time regular employees to accumulate unused vacation time, based on years of service, to a maximum of 20 days and unused sick time to a maximum of 60 days. Employees may also accumulate compensatory time up to a maximum of 30 days (60 days for law enforcement officers). Upon termination, vacation leave and compensatory time computed under these provisions will be paid to the employees if two weeks' written notice is given. Accumulated sick leave is not paid upon termination but will be paid only upon illness while in the employment of the County. All vacation pay is accrued when incurred in the government-wide financial statements.

The regular workweek is based on 40 hours actually worked. Overtime, unless required to be paid by Federal statutes, is accumulated as compensatory (comp) time and earned at time and half for non-exempt employees and at straight time for exempt employees. Comp time is accumulated and either taken off or paid at the employee's current rate of pay on termination, resignation, retirement or death.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County had the following items that qualify for reporting in this category.

- Changes in actuarial assumptions and other inputs for pension – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to the future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has the following types of items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

8. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Net Position Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

11. Fund Balance Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

12. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or, (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the Commissioners' Court, the County's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for specific purpose but are neither restricted nor committed. This intent is determined by the Commissioners' Court or County Auditor.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

13. Equity Classification

Net position represents the difference between assets, deferred outflows/inflows of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

The VOICES Grant, ETCOG Residential Grant, Victim Coordinator Grant, and County Infrastructure funds have a deficit fund balance of (\$1,433), (\$1,347), (\$287), and (\$6,354) respectively. These deficits are primarily the result of the timing of receipt of grant proceeds relative to expenditures and are expected to reverse within the next year.

III. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Cash and investments as of September 30, 2021 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Governmental activities	
Cash and cash equivalents	\$ <u>22,540,607</u>
 Total cash and cash equivalents	 \$ <u><u>22,540,607</u></u>
 Cash on hand	 \$ 5,003
Checking and savings account	957,173
External investment pools	<u>21,578,431</u>
	\$ <u><u>22,540,607</u></u>

All deposits are held in the County’s main depository or subdepository bank except funds held in trust by the Justice of the Peace offices number 1 and 4, and Auto Registration, which are not under a subdepository contract.

As of September 30, 2021, the County had the following cash equivalents:

<u>Investment Type</u>	<u>Net Asset Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 5,927,230	34
Texas CLASS	<u>15,651,201</u>	53
 Total fair value	 \$ <u><u>21,578,431</u></u>	

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposits, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

TexPool and Texas Class have a redemption notice period of one day and may redeem daily. The investment pool’s authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool’s liquidity.

Interest Rate Risk. In accordance with its investment policy, the County manages its exposure to declines in fair market values by limiting the average dollar-weighted maturity of its portfolio to a maximum of 365 days.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations, those of its agencies and instrumentalities, or direct obligations of Texas or its agencies instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2021, the carrying value of the County's deposit balance was fully collateralized with securities held by the pledging financial institution in the County's name of by FDIC insurance.

Credit Risk. It is the County's policy, as defined in the Texas Public Funds Investment Act, to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization.

The State Comptroller of Public Accounts exercised oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Poor's, as well as the Office of the Comptroller of Public Accounts for review.

The County also invests in Municipal Investors Service Corporation (MBIA), Texas Class. MBIA Texas Class is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. These two Acts provide for the creation of public funds investment pools and authorize eligible governmental entities to invest their public funds and funds under their control through the investment pools. MBIA is currently rated AAAM by Standard & Poor's and has an investment objective of achieving and maintaining a stable net asset value of \$1.00 per share.

Receivables

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectable accounts, are as follows:

	General	Road & Bridge	Debt Service	Nonmajor Funds	Total
Receivables:					
Taxes	\$ 712,761	\$ 331,599	\$ 79,608	\$ -	\$ 1,123,968
Accounts	<u>13,755,397</u>	<u>25,538</u>	<u>-</u>	<u>64,732</u>	<u>13,845,667</u>
Gross receivables	<u>14,468,158</u>	<u>357,137</u>	<u>79,608</u>	<u>64,732</u>	<u>14,969,635</u>
Less: allowance for uncollectibles	<u>(12,267,507)</u>	<u>(73,949)</u>	<u>(16,887)</u>	<u>-</u>	<u>(12,358,343)</u>
Net total receivables	<u>\$ 2,200,651</u>	<u>\$ 283,188</u>	<u>\$ 62,721</u>	<u>\$ 64,732</u>	<u>\$ 2,611,292</u>

Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 514,749	\$ -	\$ -	\$ 514,749
Total capital assets, not being depreciated	<u>514,749</u>	<u>-</u>	<u>-</u>	<u>514,749</u>
Capital assets, being depreciated:				
Buildings and improvements	8,728,540	6,500	-	8,735,040
Machinery and equipment	10,258,097	1,526,342	(567,628)	11,216,811
Infrastructure	8,311,778	-	-	8,311,778
Total capital assets being depreciated	<u>27,298,415</u>	<u>1,532,842</u>	<u>(567,628)</u>	<u>28,263,629</u>
Less accumulated depreciation:				
Buildings and improvements	(5,782,312)	(304,026)	-	(6,086,338)
Machinery and equipment	(7,983,670)	(715,638)	509,619	(8,189,689)
Infrastructure	(4,299,055)	(415,229)	-	(4,714,284)
Total accumulated depreciation	<u>(18,065,037)</u>	<u>(1,434,893)</u>	<u>509,619</u>	<u>(18,990,311)</u>
Total capital assets, being depreciated, net	<u>9,233,378</u>	<u>97,949</u>	<u>(58,009)</u>	<u>9,273,318</u>
Governmental activities capital assets, net	<u>\$ 9,748,127</u>	<u>\$ 97,949</u>	<u>\$ (58,009)</u>	<u>\$ 9,788,067</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 314,071
Public safety	219,322
Highways and bridges	<u>901,500</u>
Total depreciation expense - governmental activities	<u>\$ 1,434,893</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances of as September 30, 2021, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Funds	\$ 92,953
Debt Service	General Fund	<u>5,922</u>
		<u>\$ 98,875</u>

Transfers In/out:

	Transfer In		Total
	General	Nonmajor Governmental	
Transfer out:			
General	\$ -	\$ 283,776	\$ 283,776
Road & Bridge 1-4	<u>56,788</u>	<u>45,948</u>	<u>102,736</u>
Total transfers	<u>\$ 56,788</u>	<u>\$ 329,724</u>	<u>\$ 386,512</u>

Long-Term Liabilities

The County has issued certificates of obligation in prior years for the construction and purchase of capital assets. The proceeds were used to construct a jail, improve county infrastructure and purchasing buildings for county use. The County has also entered into financing contracts or notes with Government Capital Finance Corporation and Texas Bank & Trust for the purchase of capital assets such as computer systems, road and bridge equipment, and law enforcement vehicles. Outstanding certificates of obligation and notes as of September 30, 2021 are comprised of the following issues:

<u>Certificates of Obligation - Private Placement:</u>				
<u>Name</u>	<u>Original Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Current Balance</u>
Series 2008 Certificates of Obligation	\$ 6,375,000	4/30/2023	3.39%	\$ 1,045,000
				\$ <u>1,045,000</u>

<u>Original Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Current Balance</u>
\$ 543,903	12/15/2021	3.06%	\$ 142,317
157,900	3/28/2023	4.29%	67,164
112,000	9/3/2024	3.25%	69,336
221,810	1/25/2023	3.65%	88,983
231,500	1/17/2023	3.65%	94,002
120,970	11/1/2023	3.25%	92,163
279,508	4/19/2025	2.72%	<u>279,508</u>
			\$ <u>833,473</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Certificates of obligation - private placement	\$ 2,008,000	\$ -	\$ 963,000	\$ 1,045,000	\$ 515,000
Notes/Leases	900,223	279,508	346,258	833,473	384,257
Compensated absences	362,026	576,858	553,475	385,409	77,082
Total governmental activities					
Long-term liabilities	\$ <u>3,270,249</u>	\$ <u>856,366</u>	\$ <u>1,862,733</u>	\$ <u>2,263,882</u>	\$ <u>976,339</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund and Road & Bridge funds. The County’s certificates of obligation were marketed as private placements. Should the County default on these certificates, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the County to make payment. Notes payable are secured by the financed assets.

Debt Service Requirements

Debt service requirements for certificates of obligation are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2022	\$ 515,000	\$ 35,426	\$ 550,426
2023	<u>530,000</u>	<u>17,967</u>	<u>547,967</u>
Total	\$ <u>1,045,000</u>	\$ <u>53,393</u>	\$ <u>1,098,393</u>

Debt Service requirements for notes are as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
2022	\$ 384,257	\$ 26,767	\$ 411,024
2023	250,149	14,203	264,352
2024	126,353	5,709	132,062
2025	72,714	1,978	74,692
Total	\$ 833,473	\$ 48,657	\$ 882,130

IV. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County’s risk management program encompasses various means of protecting the County against loss by obtaining property, casualty, liability and other coverage through participation in the Texas Association of Counties – County Government Risk Management Pool, a public entity risk pool. The County pays an annual premium for its coverage. As claims are filed, the County pays the applicable deductible amount and the risk pool pays the additional amounts over the deductible, up to the applicable limit of liability. As of September 30, 2021, the County had no liability for unpaid claims or adjustments under policies carried with the risk pool. During the year ended September 30, 2021, there was no reduction in insurance coverage from the prior year. There were no settlements in the prior three fiscal years, which exceeded insurance coverage carried by the County.

As of October 1, 2004, employees of the County were covered by a health insurance plan. All premiums were paid to a licensed insurer. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

V. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, many constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

There are currently claims and lawsuits pending against the County. It is the opinion of the County Attorney and County Staff that there is no pending litigation against the County that, if decided against the County, would have material adverse effect upon the operations of the County.

VI. DEFINED BENEFIT PENSION PLAN

Plan Description

Van Zandt County participates in 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 employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report that can be obtained at www.tcdrs.org.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided

TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at ages 60 and above with eight or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. 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 contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contribution to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Plan Membership

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	157
Inactive employees entitled to but not yet receiving benefits	423
Active employees	<u>189</u>
	<u>769</u>

Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 7.7% and 8.2% in calendar years 2019 and 2020, respectively. The County's contributions to TCDRS for the year ended September 30, 2021, were \$648,290 and were equal to the required contributions.

Net Pension Liability of the County

The County's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2020 actuarial evaluation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

The County has no automatic cost-of-living adjustments (COLA), nor one that is considered to be substantively automatic. Therefore, no assumption for future cost-of-living adjustments is included in the actuarial valuation. Each year, the County may elect an ad-hoc COLA for retirees.

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

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions that determined the Total Pension Liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013, through December 31, 2016, except for mortality assumptions. Mortality assumptions were updated for the 2018 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 7.6%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2021 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	25.00%	7.25%
Global Equities	MSCI World (net) Index	2.50%	4.55%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	4.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

⁽¹⁾ Target asset allocation adopted at the March 2021 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2021 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rates used to measure the Total Pension Liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that the employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2019	\$ 31,460,584	\$ 31,432,182	\$ 28,402
Changes for the year:			
Service cost	856,653	-	856,653
Interest on total pension liability ⁽¹⁾	2,545,639	-	2,545,639
Effect of economic/demographic gains or losses	(293,215)	-	(293,215)
Effect of assumptions changes or inputs	1,773,054		1,773,054
Refund of contributions	(119,445)	(119,445)	-
Benefit payments	(1,695,076)	(1,695,076)	-
Administrative expenses		(24,887)	24,887
Member contributions		548,139	(548,139)
Net investment income	-	3,245,876	(3,245,876)
Employer contributions	-	640,536	(640,536)
Other ⁽²⁾	-	(15,405)	15,405
Balance at 12/31/2020	<u>\$ 34,528,194</u>	<u>\$ 34,011,920</u>	<u>\$ 516,274</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Relates to allocation of system-wide items.

The required schedule of changes in the County’s net pension liability (asset) and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity Analysis

The following presents the net pension liability (asset) of the County, calculated using the discount rate of 7.6%, as well as what the Van Zandt County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.6%) or 1 percentage point higher (8.6%) than the current rate.

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Total pension liability	\$ 38,601,797	\$ 34,528,194	\$ 31,102,249
Fiduciary net position	<u>34,011,920</u>	<u>34,011,920</u>	<u>34,011,920</u>
Net pension liability/(asset)	<u>\$ 4,589,877</u>	<u>\$ 516,274</u>	<u>\$ (2,909,671)</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. The report may be obtained on the Internet at www.tcdrs.org

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the County recognized pension expense of \$743,358.

At September 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 146,608
Changes in actuarial assumptions	886,527	-
Net difference between projected and actual investment earnings	-	1,174,011
Contributions made subsequent to the measurement date	<u>473,402</u>	<u>-</u>
Total	<u>\$ 1,359,929</u>	<u>\$ 1,320,619</u>

County contributions subsequent to the measurement date of \$473,402 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended September 30,</u>	
2022	\$ 364,113
2023	(42,649)
2024	(610,291)
2025	(145,265)

VII. PRIOR PERIOD ADJUSTMENT

In the current fiscal year, fiduciary net position was restated by \$3,904,525 due to the implementation of Governmental Accounting Standards Board (GASB) Statement Number 84, *Fiduciary Activities*.

VIII. NEW ACCOUNTING STANDARDS

Significant new accounting standard not yet implemented by the County includes the following.

Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective in fiscal year 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB 96 will be implemented in fiscal year 2023 and the impact has not yet been determined.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

VAN ZANDT COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Measurement Date December 31	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Pension Liability			
Service cost	\$ 782,515	\$ 796,066	\$ 981,737
Interest on total pension liability	1,820,701	1,932,289	2,044,552
Effect of plan changes	-	(98,883)	-
Effect of assumption changes or inputs	-	267,104	-
Effect of economic/demographic (gains) or losses	(51,704)	(136,245)	(177,662)
Benefit payments/refunds of contributions	<u>(1,220,569)</u>	<u>(1,307,127)</u>	<u>(1,461,724)</u>
Net change in total pension liability	1,330,943	1,453,204	1,386,903
Total pension liability, beginning	<u>22,692,554</u>	<u>24,023,497</u>	<u>25,476,701</u>
Total pension liability, ending (a)	\$ <u>24,023,497</u>	\$ <u>25,476,701</u>	\$ <u>26,863,604</u>
Fiduciary Net Position			
Employer contributions	\$ 552,153	\$ 580,642	\$ 564,398
Member contributions	453,117	498,099	497,579
Investment income net of investment expenses	1,557,818	(24,407)	1,772,702
Benefit payments/refunds of contributions	(1,220,569)	(1,307,127)	(1,461,724)
Administrative expenses	(18,133)	(17,320)	(19,257)
Other	<u>(1,752)</u>	<u>13,222</u>	<u>134,251</u>
Net change in fiduciary net position	1,322,634	(256,891)	1,487,949
Fiduciary net position, beginning	<u>22,892,506</u>	<u>24,215,140</u>	<u>23,958,249</u>
Fiduciary net position, ending (b)	\$ 24,215,140	\$ 23,958,249	\$ 25,446,198
Net pension liability/(asset), ending = (a)-(b)	\$ <u>(191,643)</u>	\$ <u>1,518,452</u>	\$ <u>1,417,406</u>
Fiduciary net position as a % of total pension liability	100.80%	94.04%	94.72%
Pensionable covered payroll	\$ 6,473,107	\$ 7,115,698	\$ 7,108,278
Net pension liability (asset) as a % of covered payroll	-2.96%	21.34%	19.94%

Notes to the Schedule:

This schedule will present 10 years of information once it is accumulated.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 906,342	\$ 871,792	\$ 878,701	\$ 856,653
2,188,341	2,314,465	2,433,024	2,545,639
-	-	-	-
99,350	-	-	1,773,054
(53,732)	(56,246)	(97,492)	(293,215)
<u>(1,536,659)</u>	<u>(1,561,175)</u>	<u>(1,789,730)</u>	<u>(1,814,521)</u>
1,603,642	1,568,836	1,424,503	3,067,610
<u>26,863,604</u>	<u>28,467,246</u>	<u>30,036,082</u>	<u>31,460,584</u>
\$ <u>28,467,246</u>	\$ <u>30,036,082</u>	\$ <u>31,460,585</u>	\$ <u>34,528,194</u>
\$ 537,372	\$ 576,948	\$ 592,371	\$ 640,536
506,244	520,443	540,627	548,139
3,706,326	(538,619)	4,532,832	3,245,876
(1,536,659)	(1,561,175)	(1,789,730)	(1,814,521)
(19,042)	(22,167)	(23,953)	(24,887)
<u>(6,787)</u>	<u>(10,941)</u>	<u>(18,106)</u>	<u>(15,405)</u>
3,187,454	(1,035,511)	3,834,041	2,579,738
<u>25,446,198</u>	<u>28,633,652</u>	<u>27,598,141</u>	<u>31,432,182</u>
\$ 28,633,652	\$ 27,598,141	\$ 31,432,182	\$ 34,011,920
\$ <u>(166,406)</u>	\$ <u>2,437,941</u>	\$ <u>28,403</u>	\$ <u>516,274</u>
100.58%	91.88%	99.91%	98.50%
\$ 7,222,134	\$ 7,434,894	\$ 7,723,239	\$ 8,317,546
-2.30%	32.79%	0.37%	6.21%

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VAN ZANDT COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Fiscal Year Ended September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 552,153	\$ 552,153	\$ -	\$ 6,473,107	8.5%
2015	559,065	559,065	-	6,781,850	8.2%
2016	563,702	563,705	-	7,032,802	8.0%
2017	545,832	545,832	-	7,215,223	7.6%
2018	556,336	556,336	-	7,250,803	7.7%
2019	594,450	594,450	-	7,725,649	7.7%
2020	626,543	626,543	-	8,136,926	7.7%
2021	648,290	648,290	-	8,044,474	8.1%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Timing

Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Actuarial Cost Method

Entry Age

Amortization Method

Level percentage of payroll, closed

Remaining Amortization Period

20.0 years (based on contribution rate calculated in 12/31/2020 valuation)

Asset Valuation Method

5-year smoothed market

Inflation

2.50%

Salary Increases

Varies by age and service. 4.6% average over career including inflation.

Investment Rate of Return

7.50%, net of administrative and investment expenses, including inflation

Retirement Age

Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.

Mortality

130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Changes in Assumptions and Methods

2015: New inflation, mortality and other assumptions were reflected.

2017: New mortality assumptions were reflected.

2019: New inflation, mortality and other assumptions were reflected.

Changes in Plan Provisions

2015: No changes in plan provisions were reflected in the Schedule.

2016: No changes in plan provisions were reflected in the Schedule.

2017: New Annuity Purchase Rates for benefits earned after 2017.

2018: No changes in plan provisions were reflected in the Schedule.

2019: Employer contributions reflect that a 2% flat COLA was adopted.

2020: No changes in plan provisions were reflected in the Schedule.

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

VAN ZANDT COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes:				
Taxes - current	\$ 11,050,711	\$ 11,050,711	\$ 11,169,433	\$ 118,722
Taxes - delinquent	190,000	190,000	265,984	75,984
Penalty and collection fees	<u>140,000</u>	<u>140,000</u>	<u>209,181</u>	<u>69,181</u>
Total Property Taxes	<u>11,380,711</u>	<u>11,380,711</u>	<u>11,644,598</u>	<u>263,887</u>
Fees of Office:				
County judge	4,300	4,300	4,491	191
County sheriff	62,000	62,000	71,101	9,101
County clerk fees	392,500	392,500	508,486	115,986
County library fees	7,800	7,800	4,464	(3,336)
Tyler eagle internet	15,500	15,500	21,773	6,273
Tax assessor-collector	536,300	536,300	530,058	(6,242)
Child safety-tax office	74,000	74,000	91,471	17,471
District attorney	8,100	8,100	7,380	(720)
District clerk	132,600	132,600	121,673	(10,927)
Justice of the peace	112,350	112,350	99,885	(12,465)
Constable	22,650	22,650	27,578	4,928
Probation	-	-	16	16
County court at law	200,100	200,100	247,765	47,665
Jury fees	12,700	12,700	10,105	(2,595)
District court	218,000	218,000	227,416	9,416
Justice court	302,000	302,000	258,767	(43,233)
Legal fees/reimbursements	131,000	132,880	123,562	(9,318)
Abatement officer	227,300	227,300	286,075	58,775
Citizens collection station	76,000	76,000	76,685	685
Inmate telephone revenue	<u>80,000</u>	<u>80,000</u>	<u>79,263</u>	<u>(737)</u>
Total fees	<u>2,615,200</u>	<u>2,617,080</u>	<u>2,798,014</u>	<u>180,934</u>
Intergovernmental Revenues:				
Intergovernmental revenues	<u>261,739</u>	<u>288,531</u>	<u>288,531</u>	<u>-</u>
Total Intergovernmental Revenues	<u>261,739</u>	<u>288,531</u>	<u>288,531</u>	<u>-</u>
Investment Earnings:				
Depository interest	<u>45,400</u>	<u>45,400</u>	<u>8,769</u>	<u>(36,631)</u>
Total Investment Earnings	<u>45,400</u>	<u>45,400</u>	<u>8,769</u>	<u>(36,631)</u>
Other Revenues and Fees:				
Rentals	7,700	7,700	12,345	4,645
Lease-adult probation	2,000	2,000	1,942	(58)
Other revenues	20,000	20,000	101,873	81,873
Open records request	<u>500</u>	<u>500</u>	<u>448</u>	<u>(52)</u>
Total Other Revenues and Fees	<u>30,200</u>	<u>30,200</u>	<u>116,608</u>	<u>86,408</u>
Total Revenues	\$ <u>14,333,250</u>	\$ <u>14,361,922</u>	\$ <u>14,856,520</u>	\$ <u>494,598</u>

VAN ZANDT COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
General Government:				
County judge	\$ 157,150	\$ 157,150	\$ 148,503	\$ 8,647
Commissioners court	350	350	65	285
Human Resources	86,790	89,660	83,805	5,855
County clerk	337,461	337,461	305,012	32,449
Elections	120,400	120,400	104,870	15,530
Non-department	437,225	607,109	484,250	122,859
Contracts	720,891	688,599	646,851	41,748
Veterans	17,131	17,131	16,207	924
Collection department	53,335	53,335	52,250	1,085
County auditor	302,201	301,201	232,813	68,388
County treasurer	160,251	160,251	159,612	639
Tax collector	364,127	364,127	336,900	27,227
Data processing	612,661	861,082	859,696	1,386
Public buildings	<u>290,701</u>	<u>424,063</u>	<u>408,891</u>	<u>15,172</u>
Total General Government	<u>3,660,674</u>	<u>4,181,919</u>	<u>3,839,725</u>	<u>342,194</u>
Judicial System:				
County court	12,500	12,500	4,673	7,827
Juvenile county court	8,700	10,580	9,802	778
District courts	590,424	671,259	623,928	47,331
Adult district court	468,800	468,800	243,234	225,566
Juvenile district court	2,500	2,500	-	2,500
County court at law	422,853	422,853	414,327	8,526
District clerk	289,569	289,569	263,487	26,082
Justices of the peace	483,906	483,907	455,150	28,757
District attorney	<u>656,850</u>	<u>675,261</u>	<u>685,763</u>	<u>(10,502)</u>
Total Judicial System	<u>2,936,102</u>	<u>3,037,229</u>	<u>2,700,364</u>	<u>336,865</u>
Public Safety:				
Constables	248,298	248,140	240,281	7,859
Adult probation	1,300	1,300	203	1,097
Abatement Officer	152,550	151,250	116,627	34,623
Truancy prevention	4,200	4,200	150	4,050
Emergency management	4,750	4,250	3,255	995
Sheriff's department	4,812,854	4,420,618	2,161,146	2,259,472
Jail	2,795,673	2,592,986	2,220,364	372,622
Department of public safety	<u>41,123</u>	<u>41,123</u>	<u>40,274</u>	<u>849</u>
Total Public Safety	<u>8,060,748</u>	<u>7,463,867</u>	<u>4,782,300</u>	<u>2,681,567</u>
Conservation:				
Extension service	<u>93,360</u>	<u>94,360</u>	<u>93,942</u>	<u>418</u>
Total Conservation	<u>\$ 93,360</u>	<u>\$ 94,360</u>	<u>\$ 93,942</u>	<u>\$ 418</u>

VAN ZANDT COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
EXPENDITURES (Cont'd)				
Culture and Recreation:				
County free library	\$ 118,573	\$ 118,573	\$ 109,078	\$ 9,495
Office	<u>19,981</u>	<u>19,981</u>	<u>12,034</u>	<u>7,947</u>
Total Culture and Recreation	<u>138,554</u>	<u>138,554</u>	<u>121,112</u>	<u>17,442</u>
Highways and Bridges:				
Support	<u>58,131</u>	<u>58,298</u>	<u>58,298</u>	<u>-</u>
Total Highways and Bridges	<u>58,131</u>	<u>58,298</u>	<u>58,298</u>	<u>-</u>
Sanitation:				
Collection	<u>71,564</u>	<u>88,545</u>	<u>85,314</u>	<u>3,231</u>
Total Sanitation	<u>71,564</u>	<u>88,545</u>	<u>85,314</u>	<u>3,231</u>
Health & Welfare				
Indigent health	49,779	49,779	47,510	2,269
Office	<u>176,490</u>	<u>176,490</u>	<u>79,703</u>	<u>96,787</u>
Total Health & Welfare	<u>226,269</u>	<u>226,269</u>	<u>127,213</u>	<u>99,056</u>
Capital Outlay:				
Jail	50,000	46,000	18,889	27,111
Sheriff's department	-	-	353,150	(353,150)
Constable	-	-	1,267	(1,267)
Abatement officer	<u>40,000</u>	<u>41,300</u>	<u>40,617</u>	<u>683</u>
Total Capital Outlay	\$ <u>90,000</u>	\$ <u>87,300</u>	\$ <u>413,923</u>	\$ <u>(326,623)</u>

VAN ZANDT COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
EXPENDITURES (Cont'd)				
Debt Service:				
Principal	\$ 177,564	\$ 177,528	\$ 177,400	\$ 128
Interest	<u>9,852</u>	<u>9,888</u>	<u>9,888</u>	<u>-</u>
Total Debt Service	<u>187,416</u>	<u>187,416</u>	<u>187,288</u>	<u>128</u>
Total Expenditures	<u>15,522,818</u>	<u>15,563,757</u>	<u>12,409,479</u>	<u>3,154,278</u>
Excess of Revenues Over Expenditures	(1,189,568)	(1,201,835)	2,447,041	3,648,876
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	500	500	171,859	171,359
Sale of capital assets	-	-	66,549	66,549
Transfers in	56,620	56,788	56,788	-
Transfers out	<u>(283,776)</u>	<u>(283,776)</u>	<u>(283,776)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(226,656)</u>	<u>(226,488)</u>	<u>11,420</u>	<u>237,908</u>
NET CHANGE IN FUND BALANCE	(1,416,224)	(1,428,323)	2,458,461	3,886,784
FUND BALANCE, BEGINNING	<u>6,568,637</u>	<u>6,568,637</u>	<u>6,568,637</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u>5,152,413</u>	\$ <u>5,140,314</u>	\$ <u>9,027,098</u>	\$ <u>3,886,784</u>

VAN ZANDT COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SPECIAL REVENUE FUND - ROAD AND BRIDGE - PRECINCT 1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes:				
Taxes - current	\$ 785,605	\$ 785,605	\$ 796,827	\$ 11,222
Taxes - delinquent	11,000	11,000	18,901	7,901
Penalty/interest	<u>8,000</u>	<u>8,000</u>	<u>14,865</u>	<u>6,865</u>
Total Property Taxes:	<u>804,605</u>	<u>804,605</u>	<u>830,593</u>	<u>25,988</u>
Property taxes - special road tax:				
Taxes - special road tax - current	571,847	599,447	609,711	10,264
Taxes - special road tax - delinquent	5,300	5,300	11,874	6,574
Penalty/interest - special road tax	<u>5,000</u>	<u>5,000</u>	<u>9,272</u>	<u>4,272</u>
Total Property taxes - special road tax	<u>582,147</u>	<u>609,747</u>	<u>630,857</u>	<u>21,110</u>
Permits, Licenses and Fees:				
Other Fees	<u>259,250</u>	<u>259,250</u>	<u>255,934</u>	<u>(3,316)</u>
Total Permits, Licenses and Fees	<u>259,250</u>	<u>259,250</u>	<u>255,934</u>	<u>(3,316)</u>
Investment Earnings:				
Depository interest	<u>5,000</u>	<u>5,000</u>	<u>787</u>	<u>(4,213)</u>
Total Investment Earnings	<u>5,000</u>	<u>5,000</u>	<u>787</u>	<u>(4,213)</u>
Other Revenue:				
Other misc. revenue	<u>-</u>	<u>-</u>	<u>360</u>	<u>360</u>
Total Other Revenue	<u>-</u>	<u>-</u>	<u>360</u>	<u>360</u>
Total Revenues	<u>1,651,002</u>	<u>1,678,602</u>	<u>1,718,531</u>	<u>39,929</u>
EXPENDITURES				
Current:				
Highways and bridges	<u>1,404,004</u>	<u>1,380,812</u>	<u>1,262,613</u>	<u>118,199</u>
Total Highways and Bridges	<u>1,404,004</u>	<u>1,380,812</u>	<u>1,262,613</u>	<u>118,199</u>
Capital Outlay:				
Equipment	<u>50,000</u>	<u>456,908</u>	<u>455,868</u>	<u>1,040</u>
Total Capital Outlay	<u>50,000</u>	<u>456,908</u>	<u>455,868</u>	<u>1,040</u>
Debt Service:				
Principal payments	73,341	73,341	73,341	-
Interest and fiscal charges	<u>8,990</u>	<u>9,027</u>	<u>8,988</u>	<u>39</u>
Total Debt Service	<u>82,331</u>	<u>82,368</u>	<u>82,329</u>	<u>39</u>
Total Expenditures	<u>1,536,335</u>	<u>1,920,088</u>	<u>1,800,810</u>	<u>119,278</u>
Excess of Revenues Over (Under) Expenditures	<u>114,667</u>	<u>(241,486)</u>	<u>(82,279)</u>	<u>159,207</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	-	-	279,508	279,508
Insurance recoveries	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers out	<u>(14,155)</u>	<u>(25,084)</u>	<u>(25,084)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(14,155)</u>	<u>(25,084)</u>	<u>254,424</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	100,512	(266,570)	172,145	438,715
FUND BALANCE, BEGINNING	<u>526,745</u>	<u>526,745</u>	<u>526,745</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 627,257</u>	<u>\$ 260,175</u>	<u>\$ 698,890</u>	<u>\$ 438,715</u>

VAN ZANDT COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SPECIAL REVENUE FUND - ROAD AND BRIDGE- PRECINCT 2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Tax Revenue:				
Taxes - current	\$ 946,357	\$ 946,357	\$ 961,269	\$ 14,912
Taxes - delinquent	15,000	15,000	22,802	7,802
Penalty/interest	<u>10,000</u>	<u>10,000</u>	<u>17,932</u>	<u>7,932</u>
Total Property Taxes:	<u>971,357</u>	<u>971,357</u>	<u>1,002,003</u>	<u>30,646</u>
Property taxes - special road tax:				
Taxes - special road tax - current	781,333	781,333	833,115	51,782
Taxes - special road tax - delinquent	7,000	7,000	16,223	9,223
Penalty/interest - special road tax	<u>6,500</u>	<u>6,500</u>	<u>11,904</u>	<u>5,404</u>
Total Property taxes - special road tax	<u>794,833</u>	<u>794,833</u>	<u>861,242</u>	<u>66,409</u>
Permits, Licenses and Fees:				
Other fees	<u>301,000</u>	<u>301,000</u>	<u>314,113</u>	<u>13,113</u>
Total Permits, Licenses and Fees	<u>301,000</u>	<u>301,000</u>	<u>314,113</u>	<u>13,113</u>
Investment Earnings:				
Depository interest	<u>5,000</u>	<u>5,000</u>	<u>1,258</u>	<u>(3,742)</u>
Total Investment Earnings	<u>5,000</u>	<u>5,000</u>	<u>1,258</u>	<u>(3,742)</u>
Other Revenues:				
Donations	<u>-</u>	<u>-</u>	<u>3,572</u>	<u>3,572</u>
Total Other Revenues	<u>-</u>	<u>-</u>	<u>3,572</u>	<u>3,572</u>
Total Revenues	<u>2,072,190</u>	<u>2,072,190</u>	<u>2,182,188</u>	<u>109,998</u>
EXPENDITURES				
Current:				
Highways and bridges	<u>1,932,437</u>	<u>2,039,958</u>	<u>1,800,853</u>	<u>239,105</u>
Total Highways and Bridges	<u>1,932,437</u>	<u>2,039,958</u>	<u>1,800,853</u>	<u>239,105</u>
Capital Outlay:				
Capital outlay	<u>100,000</u>	<u>123,977</u>	<u>123,977</u>	<u>-</u>
Total Capital Outlays	<u>100,000</u>	<u>123,977</u>	<u>123,977</u>	<u>-</u>
Total Expenditures	<u>2,032,437</u>	<u>2,163,935</u>	<u>1,924,830</u>	<u>239,105</u>
Excess of Revenues Over (Under) Expenditures	<u>39,753</u>	<u>(91,745)</u>	<u>257,358</u>	<u>349,103</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(14,155)</u>	<u>(14,155)</u>	<u>(27,337)</u>	<u>(13,182)</u>
Total Other Financing Source (Uses)	<u>(14,155)</u>	<u>(14,155)</u>	<u>(27,337)</u>	<u>(13,182)</u>
NET CHANGE IN FUND BALANCE	25,598	(105,900)	230,021	335,921
FUND BALANCE, BEGINNING	<u>917,791</u>	<u>917,791</u>	<u>917,791</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u>943,389</u>	\$ <u>811,891</u>	\$ <u>1,147,812</u>	\$ <u>335,921</u>

VAN ZANDT COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SPECIAL REVENUE FUND - ROAD AND BRIDGE - PRECINCT 3
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Tax Revenue:				
Taxes - current	\$ 799,139	\$ 799,139	\$ 810,561	\$ 11,422
Taxes - delinquent	11,000	11,000	19,227	8,227
Penalty/interest	8,000	8,000	15,121	7,121
Total Property Taxes:	<u>818,139</u>	<u>818,139</u>	<u>844,909</u>	<u>26,770</u>
Property taxes - special road tax:				
Taxes - special road tax - current	806,220	806,220	859,534	53,314
Taxes - special road tax - delinquent	7,500	7,500	16,740	9,240
Penalty/interest - special road tax	7,000	7,000	13,838	6,838
Total Property taxes - special road tax	<u>820,720</u>	<u>820,720</u>	<u>890,112</u>	<u>69,392</u>
Permits, Licenses and Fees:				
Other fees	253,650	253,650	260,347	6,697
Total Permits, Licenses and Fees	<u>253,650</u>	<u>253,650</u>	<u>260,347</u>	<u>6,697</u>
Investment Earning:				
Depository interest	4,000	4,000	936	(3,064)
Total Investment Earning	<u>4,000</u>	<u>4,000</u>	<u>936</u>	<u>(3,064)</u>
Other Revenue:				
Donations	-	-	117,800	117,800
Other misc. revenue	-	-	2,709	2,709
Total Other Revenue	<u>-</u>	<u>-</u>	<u>120,509</u>	<u>120,509</u>
Total Revenues	<u>1,896,509</u>	<u>1,896,509</u>	<u>2,116,813</u>	<u>220,304</u>
EXPENDITURES				
Current:				
Highways and bridges	1,613,318	1,947,597	1,640,795	306,802
Total Highways and Bridges	<u>1,613,318</u>	<u>1,947,597</u>	<u>1,640,795</u>	<u>306,802</u>
Capital Outlay:				
Equipment	225,000	131,367	125,033	6,334
Total Capital Outlay	<u>225,000</u>	<u>131,367</u>	<u>125,033</u>	<u>6,334</u>
Debt Service:				
Principal payments	95,353	95,353	95,298	55
Interest and fiscal charges	11,978	11,978	12,033	(55)
Total Debt Services	<u>107,331</u>	<u>107,331</u>	<u>107,331</u>	<u>-</u>
Total Expenditures	<u>1,945,649</u>	<u>2,186,295</u>	<u>1,873,159</u>	<u>313,136</u>
Excess of Revenues Over (Under) Expenditures	<u>(49,140)</u>	<u>(289,786)</u>	<u>243,654</u>	<u>533,440</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	-	8,205	8,205
Transfers out	(14,155)	(14,323)	(25,439)	(11,116)
Total Other Financing Sources (Uses)	<u>(14,155)</u>	<u>(14,323)</u>	<u>(17,234)</u>	<u>(2,911)</u>
NET CHANGE IN FUND BALANCE	<u>(63,295)</u>	<u>(304,109)</u>	<u>226,420</u>	<u>530,529</u>
FUND BALANCE, BEGINNING	<u>731,161</u>	<u>731,161</u>	<u>731,161</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 667,866</u>	<u>\$ 427,052</u>	<u>\$ 957,581</u>	<u>\$ 530,529</u>

VAN ZANDT COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION
SPECIAL REVENUE FUND - ROAD AND BRIDGE - PRECINCT 4
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Tax Revenue:				
Taxes - current	\$ 769,761	\$ 769,761	\$ 780,751	\$ 10,990
Taxes - delinquent	18,000	18,000	18,520	520
Penalty/interest	<u>7,500</u>	<u>7,500</u>	<u>14,565</u>	<u>7,065</u>
Total Property Taxes:	<u>795,261</u>	<u>795,261</u>	<u>813,836</u>	<u>18,575</u>
Property taxes - special road tax:				
Taxes - special road tax - current	575,402	598,202	613,502	15,300
Taxes - special road tax - delinquent	8,300	8,300	11,948	3,648
Penalty/interest - special road tax	<u>6,500</u>	<u>6,500</u>	<u>9,330</u>	<u>2,830</u>
Total Property taxes - special road tax	<u>590,202</u>	<u>613,002</u>	<u>634,780</u>	<u>21,778</u>
Permits, Licenses and Fees:				
Other fees	<u>251,500</u>	<u>251,500</u>	<u>250,771</u>	<u>(729)</u>
Total Permits, Licenses and Fees	<u>251,500</u>	<u>251,500</u>	<u>250,771</u>	<u>(729)</u>
Investment Earning:				
Depository interest	<u>5,000</u>	<u>5,000</u>	<u>767</u>	<u>(4,233)</u>
Total Investment Earning	<u>5,000</u>	<u>5,000</u>	<u>767</u>	<u>(4,233)</u>
Other Revenue:				
Other misc. revenue	<u>-</u>	<u>-</u>	<u>92,321</u>	<u>92,321</u>
Total Other Revenues	<u>-</u>	<u>-</u>	<u>92,321</u>	<u>92,321</u>
Total Revenues	<u>1,641,963</u>	<u>1,664,763</u>	<u>1,792,475</u>	<u>127,712</u>
EXPENDITURES				
Current:				
Highways and bridges	<u>1,417,173</u>	<u>1,354,613</u>	<u>1,322,894</u>	<u>31,719</u>
Total Highway and Bridges	<u>1,417,173</u>	<u>1,354,613</u>	<u>1,322,894</u>	<u>31,719</u>
Capital Outlay:				
Equipment	<u>-</u>	<u>-</u>	<u>269,727</u>	<u>(269,727)</u>
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>269,727</u>	<u>(269,727)</u>
Total Expenditures	<u>1,417,173</u>	<u>1,354,613</u>	<u>1,592,621</u>	<u>(238,008)</u>
Excess of Revenues Over (Under) Expenditures	<u>224,790</u>	<u>310,150</u>	<u>199,854</u>	<u>(110,296)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers out	<u>(14,155)</u>	<u>(14,155)</u>	<u>(24,876)</u>	<u>(10,721)</u>
Total Other Financing Sources (Uses)	<u>(14,155)</u>	<u>(14,155)</u>	<u>(24,876)</u>	<u>(10,721)</u>
NET CHANGE IN FUND BALANCE	210,635	295,995	174,978	(121,017)
FUND BALANCE, BEGINNING	<u>439,625</u>	<u>439,625</u>	<u>439,625</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 650,260</u>	<u>\$ 735,620</u>	<u>\$ 614,603</u>	<u>\$(121,017)</u>

VAN ZANDT COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2021

Budgetary Information

The Commissioners' Court adopted an "appropriated budget" for the General Fund and Road and Bridge Precincts #1 – 4, which is included in the Special Revenue Funds. An appropriated budget is also adopted for the Debt Service Fund. The County is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds. The County compares the final amended budget to actual revenue and expenditures. An appropriated budget is not adopted for the ARP Act or CARES Act Grant Funds.

The following procedures are followed in establishing the budget:

1. Prior to September 1, the County prepares a budget for the next succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them. The budget is prepared on the GAAP basis of accounting.
2. Public meetings are conducted to obtain taxpayer comments.
3. The budget is then legally enacted through adoption by the Commissioners' Court. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Court. Amendments are presented to the Court at its regular meetings. Each amendment must have Court approval. As required by law, such amendments made before the fact, are reflected in the official minutes of the Court, and are not made after fiscal year-end. Because the County has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Court. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at September 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. The County had no outstanding end-of-year encumbrances.

OTHER SUPPLEMENTARY INFORMATION

VAN ZANDT COUNTY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	<u>Law Library</u>	<u>Records Management</u>	<u>Building Security</u>	<u>District Attorney Check Collection</u>
ASSETS				
Cash and investments	\$ 78,329	\$ 1,300,634	\$ 30,164	\$ 9,919
Receivables (net of allowance for uncollectible)				
Accounts	2,590	31,076	2,802	7,410
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>80,919</u>	 <u>1,331,710</u>	 <u>32,966</u>	 <u>17,329</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	2,188	200	2	7,094
Accrued liabilities	-	-	3,980	169
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>2,188</u>	 <u>200</u>	 <u>3,982</u>	 <u>7,263</u>
 Fund Balances:				
Restricted:				
Court technology and security	-	-	28,984	-
Records management	-	1,331,510	-	-
Judicial	-	-	-	10,066
Public safety	-	-	-	-
Law library	78,731	-	-	-
Conservation	-	-	-	-
Economic development	-	-	-	-
Historical commission	-	-	-	-
Disaster relief	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Fund Balances	 <u>78,731</u>	 <u>1,331,510</u>	 <u>28,984</u>	 <u>10,066</u>
 Total Liabilities and Fund Balances	 <u>\$ 80,919</u>	 <u>\$ 1,331,710</u>	 <u>\$ 32,966</u>	 <u>\$ 17,329</u>

District Attorney Supplemental	LEOSE	Community Development Block Grant	Justice Court Technology	Justice Court Building Security	Asset Forfeiture	VOICES Grant
\$ -	\$ 29,457	\$ -	\$ 59,868	\$ 12,595	\$ 152,806	\$ -
7,500	350	-	561	165	9,666	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,481</u>
<u>7,500</u>	<u>29,807</u>	<u>-</u>	<u>60,429</u>	<u>12,760</u>	<u>162,472</u>	<u>14,481</u>
-	-	-	-	-	54,084	-
1,203	-	-	-	-	458	-
<u>3,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,914</u>
<u>4,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,542</u>	<u>15,914</u>
-	-	-	60,429	12,760	-	-
-	-	-	-	-	-	-
3,278	-	-	-	-	-	-
-	29,807	-	-	-	107,930	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,433)</u>
<u>3,278</u>	<u>29,807</u>	<u>-</u>	<u>60,429</u>	<u>12,760</u>	<u>107,930</u>	<u>(1,433)</u>
\$ <u>7,500</u>	\$ <u>29,807</u>	\$ <u>-</u>	\$ <u>60,429</u>	\$ <u>12,760</u>	\$ <u>162,472</u>	\$ <u>14,481</u>

VAN ZANDT COUNTY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	<u>Historical Commission</u>	<u>Supplemental Guardianship</u>	<u>County Child Abuse</u>	<u>Appellate Justice</u>
ASSETS				
Cash and investments	\$ 9,708	\$ 39,930	\$ 11,062	\$ 1,315
Receivables (net of allowance for uncollectible)				
Accounts	-	400	19	370
Due from other governments	-	-	-	-
	<u>9,708</u>	<u>40,330</u>	<u>11,081</u>	<u>1,685</u>
Total Assets				
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	875	450	-	-
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
	<u>875</u>	<u>450</u>	<u>-</u>	<u>-</u>
Total Liabilities				
Fund Balances:				
Restricted:				
Court technology and security	-	-	-	-
Records management	-	-	-	-
Judicial	-	39,880	11,081	1,685
Public safety	-	-	-	-
Law library	-	-	-	-
Conservation	-	-	-	-
Economic development	-	-	-	-
Historical commission	8,833	-	-	-
Disaster relief	-	-	-	-
Unassigned	-	-	-	-
	<u>8,833</u>	<u>39,880</u>	<u>11,081</u>	<u>1,685</u>
Total Fund Balances				
Total Liabilities and Fund Balances	\$ <u>9,708</u>	\$ <u>40,330</u>	\$ <u>11,081</u>	\$ <u>1,685</u>

Juvenile Probation	Soil Conservation District	ETCOG Residential Grant	Victim Coordinator Grant	Capital Credit Economic Development	HAVA Cares Grant	Contribution Relief Fund
\$ 333,691	\$ 115,384	\$ -	\$ -	\$ 356,814	\$ 16,883	\$ 16,083
1,823	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,711</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>335,514</u>	<u>115,384</u>	<u>-</u>	<u>11,711</u>	<u>356,814</u>	<u>16,883</u>	<u>16,083</u>
40,118	48,068	-	2	-	-	-
6,082	-	-	2,752	-	-	-
<u>-</u>	<u>-</u>	<u>1,347</u>	<u>9,244</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>46,200</u>	<u>48,068</u>	<u>1,347</u>	<u>11,998</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
289,314	-	-	-	-	-	-
-	-	-	-	-	-	-
-	67,316	-	-	-	-	-
-	-	-	-	356,814	-	-
-	-	-	-	-	-	-
-	-	-	-	-	16,883	16,083
<u>-</u>	<u>-</u>	<u>(1,347)</u>	<u>(287)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>289,314</u>	<u>67,316</u>	<u>(1,347)</u>	<u>(287)</u>	<u>356,814</u>	<u>16,883</u>	<u>16,083</u>
<u>\$ 335,514</u>	<u>\$ 115,384</u>	<u>\$ -</u>	<u>\$ 11,711</u>	<u>\$ 356,814</u>	<u>\$ 16,883</u>	<u>\$ 16,083</u>

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VAN ZANDT COUNTY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	County Infrastructure Fund	Total Nonmajor Governmental Funds
ASSETS		
Cash and investments	\$ -	\$ 2,574,642
Receivables (net of allowance for uncollectible)		
Accounts	-	64,732
Due from other governments	103,801	129,993
Total Assets	103,801	2,769,367
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	46,726	199,807
Accrued liabilities	-	14,644
Due to other funds	63,429	92,953
Total Liabilities	110,155	307,404
Fund Balances:		
Restricted:		
Court technology and security	-	102,173
Records management	-	1,331,510
Judicial	-	65,990
Public safety	-	427,051
Law library	-	78,731
Conservation	-	67,316
Economic development	-	356,814
Historical commission	-	8,833
Disaster relief	-	32,966
Unassigned	(6,354)	(9,421)
Total Fund Balances	(6,354)	2,461,963
Total Liabilities and Fund Balances	\$ 103,801	\$ 2,769,367

VAN ZANDT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Law Library	Records Management	Building Security	District Attorney Check Collection
REVENUES				
Permits, licenses and fees	\$ 33,636	\$ 351,039	\$ 33,796	\$ 1,211
Intergovernmental	-	-	-	-
Investment earnings	35	503	10	4
Other	-	-	-	-
	<u>33,671</u>	<u>351,542</u>	<u>33,806</u>	<u>1,215</u>
Total Revenues				
EXPENDITURES				
Current:				
General government	-	45,967	67,118	3,168
Judicial	27,695	-	-	-
Public safety	-	-	-	-
Conservation	-	-	-	-
Highways and bridges	-	-	-	-
Capital outlay	-	-	-	-
	<u>27,695</u>	<u>45,967</u>	<u>67,118</u>	<u>3,168</u>
Total Expenditures				
EXCESS (DEFICIENCY) OVER REVENUES OVER (UNDER) EXPENDITURES	5,976	305,575	(33,312)	(1,953)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	38,000	-
Transfers out	-	-	-	-
Sale of capital assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>38,000</u>	<u>-</u>
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	5,976	305,575	4,688	(1,953)
FUND BALANCES, BEGINNING	<u>72,755</u>	<u>1,025,935</u>	<u>24,296</u>	<u>12,019</u>
FUND BALANCES, ENDING	\$ <u><u>78,731</u></u>	\$ <u><u>1,331,510</u></u>	\$ <u><u>28,984</u></u>	\$ <u><u>10,066</u></u>

District Attorney Supplemental	LEOSE	Community Development Block Grant	Justice Court Technology	Justice Court Building Security	Asset Forfeiture	VOICES Grant
\$ -	\$ -	\$ -	\$ 9,534	\$ 2,735	\$ 177,855	\$ -
22,500	5,431	9,075	-	-	-	49,005
11	6	-	18	5	39	-
-	-	-	-	-	51	-
<u>22,511</u>	<u>5,437</u>	<u>9,075</u>	<u>9,552</u>	<u>2,740</u>	<u>177,945</u>	<u>49,005</u>
22,243	-	9,075	11,136	1,545	81,457	-
-	-	-	-	-	-	50,438
-	3,918	-	-	-	49,741	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	16,825	-
<u>22,243</u>	<u>3,918</u>	<u>9,075</u>	<u>11,136</u>	<u>1,545</u>	<u>148,023</u>	<u>50,438</u>
268	1,519	-	(1,584)	1,195	29,922	(1,433)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,000	-
-	-	-	-	-	2,000	-
268	1,519	-	(1,584)	1,195	31,922	(1,433)
<u>3,010</u>	<u>28,288</u>	<u>-</u>	<u>62,013</u>	<u>11,565</u>	<u>76,008</u>	<u>-</u>
<u>\$ 3,278</u>	<u>\$ 29,807</u>	<u>\$ -</u>	<u>\$ 60,429</u>	<u>\$ 12,760</u>	<u>\$ 107,930</u>	<u>\$ (1,433)</u>

VAN ZANDT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Historical Commission	Supplemental Guardianship	County Child Abuse	Appellate Justice
REVENUES				
Permits, licenses and fees	\$ -	\$ 4,840	\$ 420	\$ 4,795
Intergovernmental	-	-	-	-
Investment earnings	3	17	4	-
Other	<u>2,170</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Revenues	 <u>2,173</u>	 <u>4,857</u>	 <u>424</u>	 <u>4,795</u>
EXPENDITURES				
Current:				
General government	1,220	450	-	-
Judicial	-	-	-	4,535
Public safety	-	-	-	-
Conservation	-	-	-	-
Highways and bridges	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>1,220</u>	 <u>450</u>	 <u>-</u>	 <u>4,535</u>
EXCESS (DEFICIENCY) OVER REVENUES OVER (UNDER) EXPENDITURES	953	4,407	424	260
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Other Financing Sources (Uses)	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
NET CHANGE IN FUND BALANCES	953	4,407	424	260
FUND BALANCES, BEGINNING	<u>7,880</u>	<u>35,473</u>	<u>10,657</u>	<u>1,425</u>
FUND BALANCES, ENDING	\$ <u>8,833</u>	\$ <u>39,880</u>	\$ <u>11,081</u>	\$ <u>1,685</u>

Juvenile Probation	Soil Conservation District	ETCOG Residential Grant	Victim Coordinator Grant	Capital Credit Economic Development	HAVA Cares Grant	Contribution Relief Fund
\$ 422,684	\$ -	\$ -	\$ -	\$ 62,343	\$ -	\$ -
23,508	1,612,493	-	43,500	-	-	-
-	35	-	-	175	7	-
150	-	-	-	-	-	-
<u>446,342</u>	<u>1,612,528</u>	<u>-</u>	<u>43,500</u>	<u>62,518</u>	<u>7</u>	<u>-</u>
-	-	-	58,581	55,000	18,698	-
-	-	-	-	-	-	-
534,447	-	-	-	-	-	-
-	1,670,869	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>534,447</u>	<u>1,670,869</u>	<u>-</u>	<u>58,581</u>	<u>55,000</u>	<u>18,698</u>	<u>-</u>
(88,105)	(58,341)	-	(15,081)	7,518	(18,691)	-
225,000	6,000	-	14,776	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>225,000</u>	<u>6,000</u>	<u>-</u>	<u>14,776</u>	<u>-</u>	<u>-</u>	<u>-</u>
136,895	(52,341)	-	(305)	7,518	(18,691)	-
<u>152,419</u>	<u>119,657</u>	<u>(1,347)</u>	<u>18</u>	<u>349,296</u>	<u>35,574</u>	<u>16,083</u>
<u>\$ 289,314</u>	<u>\$ 67,316</u>	<u>\$(1,347)</u>	<u>\$(287)</u>	<u>\$ 356,814</u>	<u>\$ 16,883</u>	<u>\$ 16,083</u>

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VAN ZANDT COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	County Infrastructure Fund	Total Nonmajor Governmental Funds
REVENUES		
Permits, licenses and fees	\$ -	\$ 1,104,888
Intergovernmental	198,714	1,964,226
Investment earnings	-	872
Other	-	2,371
	198,714	3,072,357
Total Revenues		
EXPENDITURES		
Current:		
General government	-	375,658
Judicial	-	82,668
Public safety	-	588,106
Conservation	-	1,670,869
Highways and bridges	251,016	251,016
Capital outlay	-	16,825
	251,016	2,985,142
Total Expenditures		
EXCESS (DEFICIENCY) OVER REVENUES OVER (UNDER) EXPENDITURES	(52,302)	87,215
OTHER FINANCING SOURCES (USES)		
Transfers in	45,948	329,724
Transfers out	-	-
Sale of capital assets	-	2,000
	45,948	331,724
Total Other Financing Sources (Uses)		
NET CHANGE IN FUND BALANCES	(6,354)	418,939
FUND BALANCES, BEGINNING	-	2,043,024
FUND BALANCES, ENDING	\$(6,354)	\$ 2,461,963

VAN ZANDT COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

SEPTEMBER 30, 2021

	<u>Justice of the Peace</u>	<u>Constable</u>	<u>County Clerk</u>	<u>District Clerk</u>
ASSETS				
Cash and equivalents	\$ 21,923	\$ 2,853	\$ 1,247,189	\$ 2,646,755
Total Assets	<u>21,923</u>	<u>2,853</u>	<u>1,247,189</u>	<u>2,646,755</u>
LIABILITIES				
Accounts payable	-	-	-	-
Due to other governments	-	-	-	-
Due to others	<u>2,023</u>	<u>-</u>	<u>2,413</u>	<u>26</u>
Total Liabilities	<u>2,023</u>	<u>-</u>	<u>2,413</u>	<u>26</u>
NET POSITION				
Restricted for individuals and other governments	<u>19,900</u>	<u>2,853</u>	<u>1,244,776</u>	<u>2,646,729</u>
Total Net Position	<u>\$ 19,900</u>	<u>\$ 2,853</u>	<u>\$ 1,244,776</u>	<u>\$ 2,646,729</u>

<u>Tax Assessor/ Collector</u>	<u>District Attorney</u>	<u>CSCD</u>	<u>Juvenile Probation</u>	<u>Sheriff</u>	<u>Total Custodial Funds</u>
<u>\$ 845,883</u>	<u>\$ 129,899</u>	<u>\$ 794,543</u>	<u>\$ 36,649</u>	<u>\$ 69,507</u>	<u>\$ 5,795,201</u>
<u>845,883</u>	<u>129,899</u>	<u>794,543</u>	<u>36,649</u>	<u>69,507</u>	<u>5,795,201</u>
-	-	-	-	4,609	4,609
808,055	-	-	-	-	808,055
<u>-</u>	<u>-</u>	<u>36,027</u>	<u>-</u>	<u>-</u>	<u>40,489</u>
<u>808,055</u>	<u>-</u>	<u>36,027</u>	<u>-</u>	<u>4,609</u>	<u>853,153</u>
<u>37,828</u>	<u>129,899</u>	<u>758,516</u>	<u>36,649</u>	<u>64,898</u>	<u>4,942,048</u>
<u>\$ 37,828</u>	<u>\$ 129,899</u>	<u>\$ 758,516</u>	<u>\$ 36,649</u>	<u>\$ 64,898</u>	<u>\$ 4,942,048</u>

VAN ZANDT COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Justice of the Peace	Constable	County Clerk	District Clerk
ADDITIONS				
Fees on behalf of state comptroller	\$ 245,520	\$ -	\$ 135,172	\$ 145,345
Fees on behalf of other governments	37,446	-	-	14,152
Bonds received	5,000	-	-	30,800
Fees on behalf of other contracting entities	73,080	-	2,570	2,570
Refunds and restitution	-	-	19,990	29,764
Commissary	-	-	-	-
Court registry	-	-	-	1,667,860
Trust accounts	-	-	529,170	-
Cash bonds	-	-	30,982	-
Escrow accounts	-	-	-	-
Interest earned	-	-	540	540
Total Additions	361,046	-	718,424	1,891,031
 DEDUCTIONS				
Fees on behalf of state comptroller	245,520	-	135,172	145,345
Disbursements on behalf of contracting entities	73,080	-	2,570	16,722
Bond returns	5,000	-	34,000	38,300
Trust returns	-	-	48,831	105,974
Court registry returns	-	-	-	899,504
Commissary	-	-	-	-
Fees on behalf of other governments	37,446	-	-	-
Refunds and restitution	-	-	19,990	29,764
Escrow accounts	-	-	-	-
Total Deductions	361,046	-	240,563	1,235,609
Net Increase (Decrease) in Fiduciary Net Position	-	-	477,861	655,422
Net Position Beginning	-	-	-	-
Prior Period Adjustment	19,900	2,853	766,915	1,991,307
Net Position, Beginning as restated	19,900	2,853	766,915	1,991,307
Net Position, Ending	\$ 19,900	\$ 2,853	\$ 1,244,776	\$ 2,646,729

Tax Assessor/ Collector	District Attorney	CSCD	Juvenile Probation	Sheriff	Total Custodial Funds
\$ 10,514,110	\$ -	\$ -	\$ -	\$ -	\$ 11,040,147
7,220	-	2,225	-	1,128	62,171
-	-	-	-	-	35,800
-	-	-	-	15,096	93,316
-	18,441	153,933	-	-	222,128
-	-	-	-	77,016	77,016
-	-	-	-	-	1,667,860
-	-	-	-	-	529,170
-	-	-	-	-	30,982
-	93,379	-	-	392,431	485,810
<u>2,092</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,197</u>
<u>10,523,422</u>	<u>111,845</u>	<u>156,158</u>	<u>-</u>	<u>485,671</u>	<u>14,247,597</u>
10,514,110	-	-	-	-	11,040,147
427	-	-	-	15,000	107,799
-	-	-	-	-	77,300
-	-	-	-	-	154,805
-	-	-	-	-	899,504
-	-	-	-	77,654	77,654
7,220	-	2,526	-	1,128	48,320
-	19,300	153,933	-	-	222,987
<u>-</u>	<u>193,093</u>	<u>-</u>	<u>-</u>	<u>388,465</u>	<u>581,558</u>
<u>10,521,757</u>	<u>212,393</u>	<u>156,459</u>	<u>-</u>	<u>482,247</u>	<u>13,210,074</u>
1,665	(100,548)	(301)	-	3,424	1,037,523
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>36,163</u>	<u>230,447</u>	<u>758,817</u>	<u>36,649</u>	<u>61,474</u>	<u>3,904,525</u>
<u>36,163</u>	<u>230,447</u>	<u>758,817</u>	<u>36,649</u>	<u>61,474</u>	<u>3,904,525</u>
<u>\$ 37,828</u>	<u>\$ 129,899</u>	<u>\$ 758,516</u>	<u>\$ 36,649</u>	<u>\$ 64,898</u>	<u>\$ 4,942,048</u>

VAN ZANDT COUNTY, TEXAS

OTHER SUPPLEMENTARY INFORMATION
DEBT SERVICE FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Tax Revenue:				
Taxes - current	\$ 990,217	\$ 990,217	\$ 1,175,073	\$ 184,856
Taxes - delinquent	20,000	20,000	29,763	9,763
Penalty/interest	<u>10,000</u>	<u>10,000</u>	<u>24,581</u>	<u>14,581</u>
Total Tax Revenue	<u>1,020,217</u>	<u>1,020,217</u>	<u>1,229,417</u>	<u>209,200</u>
Investment Earnings:				
Depository interest	<u>2,500</u>	<u>2,500</u>	<u>499</u>	<u>(2,001)</u>
Total Investment Earnings	<u>2,500</u>	<u>2,500</u>	<u>499</u>	<u>(2,001)</u>
Total Revenues	<u>1,022,717</u>	<u>1,022,717</u>	<u>1,229,916</u>	<u>207,199</u>
EXPENDITURES				
Debt Service:				
Principal payments	963,000	963,000	963,000	-
Interest and fiscal charges	59,273	59,273	59,273	-
Debt service fees	<u>50</u>	<u>21</u>	<u>21</u>	<u>-</u>
Total Debt Service	<u>1,022,323</u>	<u>1,022,294</u>	<u>1,022,294</u>	<u>-</u>
Total Expenditures	<u>1,022,323</u>	<u>1,022,294</u>	<u>1,022,294</u>	<u>-</u>
Net change in fund balance	394	423	207,622	207,199
FUND BALANCE, BEGINNING	<u>452,694</u>	<u>452,694</u>	<u>452,694</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 453,088</u>	<u>\$ 453,117</u>	<u>\$ 660,316</u>	<u>\$ 207,199</u>

SINGLE AUDIT SECTION

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

Honorable County Judge
And Commissioners' Court of Van Zandt County
Canton, Texas

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Van Zandt County, Texas (the "County") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 25, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
May 25, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE STATE OF TEXAS
UNIFORM GRANT MANAGEMENT STANDARDS**

Honorable County Judge and
Commissioners Court of Van Zandt County
Canton, Texas

Report on Compliance for Each Major State Program

We have audited the compliance of Van Zandt County, Texas (the "County") with the types of compliance requirements described in the State of Texas' *Uniform Grant Management Standards* ("UGMS") that could have a direct and material effect on each of the County's major state programs for the year ended September 30, 2021. The County's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of *UGMS*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with *UGMS*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *UGMS*. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
May 25, 2022

VAN ZANDT COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

State Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
<u>State Awards</u>			
<u>Office of the Attorney General</u>			
Direct Program:			
VINE Grant	N/A	1877877	\$ <u>13,928</u>
Total Office of the Attorney General			<u>13,928</u>
<u>Office of Court Administration</u>			
Direct Program:			
Formula Grant (IDER)	N/A	212-04-234	<u>43,945</u>
Total Office of Court Administration			<u>43,945</u>
<u>Department of Transportation</u>			
Direct Program:			
County Transportation Infrastructure Fund Grant	N/A	N/A	<u>198,714</u>
Total Secretary of State			<u>198,714</u>
<u>State Soil and Water Conservation Board</u>			
Direct Program:			
Soil Conservation Grant	N/A	CEDR135C-REP-ST-007-19	<u>1,612,493</u>
Total State Soil and Water Conservation Board			<u>1,612,493</u>
Total Expenditures of State Awards			\$ <u>1,869,080</u>

VAN ZANDT COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES
OF STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of State Awards (the "Schedule") includes the state grant activity of the County under programs of the State of Texas for the year ended September 30, 2021. The information in this schedule is presented in accordance with the requirements of the *State of Texas Single Audit Circular*. Because the schedule presents only a selected portion of the operations of the County, it is not intended and does not present the financial position, changes in net position/fund balance or cash flows of the County.

Note 2 - Summary of Significant Accounting Policies

Van Zandt County, Texas, accounts for state funding using the modified accrual method of accounting. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences, claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Equipment purchases for grant purposes are treated as expenditures in the Schedule of Expenditures of State Awards. State grant funds are considered to be earned to the extent of qualifying expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenue until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

VAN ZANDT COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Summary of Auditor's Results

Financial Statements:

Type of auditors' report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

State Awards:

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the State of Texas <i>Uniform Grant Management Standards</i>	No

Identification of major programs:

<u>State Grant Number</u>	<u>Name of State Program</u>
CEDR135C-REP-ST-007-19	Soil Conservation Grant
Dollar threshold used to distinguish between type A and type B programs	\$300,000
Auditee qualified as low-risk auditee?	No

**Findings Relating to the Financial Statements Which Are
Required to be Reported in Accordance With
Generally Accepted Government Auditing Standards**

None

Findings and Questioned Costs for State Awards

None

VAN ZANDT COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

None