

VAN ZANDT COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in fiscal year 2022 the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

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 is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and individual nonmajor fund financial statements and schedules and Schedule of Expenditures of Federal 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 June 21, 2023, on our consideration of the County’s 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 the County’s 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 the County’s internal control over financial reporting and compliance.

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

Waco, Texas
June 21, 2023

VAN ZANDT COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2022

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, 2022. 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 \$28,452,775 (*net position*). Of this amount, \$13,515,694 (*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 \$3,701,156, mainly as the result of decreases in pension expenses due to the County's net pension liability converting to a net pension asset during the current year.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$17,244,733, an increase of \$1,675,549 in comparison with the prior year. The County has fund balance available for spending at the County's discretion as unassigned fund balance of \$9,887,756.
- At the end of the current fiscal year, unassigned fund balance for the General Fund totaled \$9,890,920, or 75% 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, 2022.

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, and the ARP Act Grant Fund, all 7 of which are considered to be major funds. Data from the other 24 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 \$24,751,619 to \$28,452,775. 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 \$13,515,694 as of September 30, 2022.

The net position of the County increased by \$3,701,156 in fiscal year 2022, as opposed to an increase of \$4,982,487 in fiscal year 2021. Additionally, total assets increased \$10,228,340 when compared to fiscal year 2021. The main factor that caused this increase was the County's net pension liability converting to a net pension asset of \$4,491,800 during the current year.

TABLE 1
VAN ZANDT COUNTY, TEXAS
NET POSITION

	Governmental Activities	
	2022	2021
Current and other assets	\$ 36,194,544	\$ 25,286,457
Capital assets	<u>9,318,013</u>	<u>9,997,760</u>
Total assets	<u>45,512,557</u>	<u>35,284,217</u>
Deferred outflows of resources	<u>750,599</u>	<u>1,359,929</u>
Current liabilities	12,525,817	8,558,398
Non current liabilities	<u>523,978</u>	<u>2,013,510</u>
Total liabilities	<u>13,049,795</u>	<u>10,571,908</u>
Deferred inflows of resources	<u>4,760,586</u>	<u>1,320,619</u>
Net position		
Net invested in capital assets	8,712,011	7,909,594
Restricted	6,225,070	6,807,221
Unrestricted	<u>13,515,694</u>	<u>10,034,804</u>
Total net position	<u>\$ 28,452,775</u>	<u>\$ 24,751,619</u>

TABLE 2
VAN ZANDT COUNTY, TEXAS
CHANGES IN NET POSITION

	Governmental Activities	
	2022	2021
Revenues:		
Charges for services	\$ 5,296,178	\$ 5,046,013
Operating grants and contributions	2,078,286	2,911,379
Capital grants and contributions	518,072	-
General revenue:		
Property taxes	20,264,366	19,418,939
Miscellaneous	97,874	204,254
Gain on sale of capital assets	183,302	190,604
Interest income	<u>260,206</u>	<u>14,867</u>
Total revenues	<u>28,698,284</u>	<u>27,786,056</u>
Expenses:		
General government	6,733,351	4,548,311
Judicial	2,577,181	2,801,973
Public safety	5,696,300	5,914,662
Health and welfare	210,271	127,669
Highways and bridges	9,219,080	7,371,705
Culture and recreation	116,645	122,187
Conservation	321,504	1,765,184
Sanitation	81,514	85,586
Interest on long-term debt	<u>41,282</u>	<u>66,292</u>
Total expenses	<u>24,997,128</u>	<u>22,803,569</u>
Change in net position	3,701,156	4,982,487
Net position beginning of year	<u>24,751,619</u>	<u>19,769,132</u>
Net position end of year	<u>\$ 28,452,775</u>	<u>\$ 24,751,619</u>

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$17,244,733 which represents a \$1,675,549 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 2021.) 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	
	2022	2021
Land	\$ 514,749	\$ 514,749
Buildings and improvements	2,356,649	2,648,702
Machinery and equipment	3,107,484	3,027,122
Right-to-use equipment	156,024	209,693
Infrastructure	3,183,107	3,597,494
Total	<u>\$ 9,318,013</u>	<u>\$ 9,997,760</u>

At the end of 2022, the County had approximately \$9,318,013 (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:

- Chiller System for \$186,986
- Tractor for \$139,686
- Dump Truck for \$100,388

Debt

	Governmental Activities	
	2022	2021
Certificates of obligation	\$ -	\$ 1,045,000
Financing arrangements	449,216	833,473
Leases	156,786	209,693
Compensated absences	282,446	385,409
Total	<u>\$ 888,448</u>	<u>\$ 2,473,575</u>

At year-end, the County had \$449,216 in financing arrangements for various County equipment and vehicles. The County issued \$0 in new debt and paid \$384,257 in principal payments for the year. The County also had \$0 of Certificates of Obligation outstanding at year-end. The County paid in principal payments of \$1,045,000 on these obligations in fiscal year 2022.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County’s General Fund balance of \$11,358,466 differs from the General Fund’s budgetary fund balance of \$5,752,554. The primary reason for the difference was the County staying under budgeted expenditures by \$5,165,837. The County also collected \$380,668 more in revenues than were budgeted for in fiscal year 2022.

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 due to inflation and COVID related disruptions to the supply chain.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For Fiscal Year 2023 the property tax rate is \$.44269380 and includes a \$.10 special road tax. The fiscal year 2023 budget is projected to raise additional property tax revenue of \$871,482, \$678,088 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 2023 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.

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.

BASIC FINANCIAL STATEMENTS

VAN ZANDT COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 28,280,839
Receivables (net of allowance for uncollectible)	2,827,454
Due from other governments	590,116
Prepaid expenditures	4,335
Net pension asset	4,491,800
Capital assets (net of accumulated depreciation):	
Land	514,749
Buildings	2,356,649
Machinery and equipment	3,107,484
Right-to-use equipment	156,024
Infrastructure	3,183,107
Total capital assets	9,318,013
Total assets	45,512,557
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	750,599
Total deferred outflows of resources	750,599
LIABILITIES	
Accounts payable	1,800,088
Accrued liabilities	278,704
Accrued interest payable	6,346
Due to other governments	139,892
Unearned revenue	9,936,317
Noncurrent liabilities:	
Due within one year	
Long-term debt	364,470
Due in more than one year	
Long-term debt	523,978
Total liabilities	13,049,795
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	4,760,586
Total deferred inflows of resources	4,760,586
NET POSITION	
Net investment in capital assets	8,712,011
Restricted for:	
Road and bridge	3,313,082
Court technology and security	98,764
Records management	1,218,591
Judicial	67,720
Public safety	736,018
Law library	85,092
Conservation	39,944
Economic development	444,520
Historical commission	9,981
Disaster relief	33,070
Debt service	178,288
Unrestricted	13,515,694
Total net position	\$ 28,452,775

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

VAN ZANDT COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 6,733,351	\$ 1,203,544	\$ 398,922	\$ -	\$(5,130,885)
Judicial	2,577,181	2,120,405	227,566	-	(229,210)
Public safety	5,696,300	533,357	1,106,490	518,072	(3,538,381)
Health and welfare	210,271	-	73,610	-	(136,661)
Highways and bridges	9,219,080	1,104,368	60,368	-	(8,054,344)
Cultural and recreation	116,645	6,228	-	-	(110,417)
Conservation	321,504	-	211,330	-	(110,174)
Sanitation	81,514	328,276	-	-	246,762
Interest on long-term debt	<u>41,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(41,282)</u>
Total primary government	<u>\$ 24,997,128</u>	<u>\$ 5,296,178</u>	<u>\$ 2,078,286</u>	<u>\$ 518,072</u>	<u>\$(17,104,592)</u>
General revenues:					
Property taxes					20,264,366
Investment earnings					260,206
Gain on sale of capital assets					183,302
Other					<u>97,874</u>
Total general revenues					<u>20,805,748</u>
Change in net position					3,701,156
Net position - beginning of year					<u>24,751,619</u>
Net position - end of year					<u>\$ 28,452,775</u>

VAN ZANDT COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	<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	\$ 11,892,503	\$ 751,411	\$ 1,144,112	\$ 964,007
Receivables (net of allowance for uncollectible) :				
Accounts	1,665,313	12,756	16,614	14,249
Property Taxes	608,522	68,195	90,503	82,577
Due from other governments	47,154	-	-	-
Prepaid expenditures	4,335	-	-	-
Due from other funds	<u>71,396</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>14,289,223</u>	<u>832,362</u>	<u>1,251,229</u>	<u>1,060,833</u>
LIABILITIES				
Accounts payable	692,113	111,968	22,924	347,038
Accrued Liabilities	131,805	8,642	8,033	9,157
Due to other governments	139,892	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	<u>5,922</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>969,732</u>	<u>120,610</u>	<u>30,957</u>	<u>356,195</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - fines	1,382,910	-	-	-
Unavailable revenue - property taxes	<u>578,115</u>	<u>65,580</u>	<u>80,290</u>	<u>78,327</u>
Total deferred inflows of resources	<u>1,961,025</u>	<u>65,580</u>	<u>80,290</u>	<u>78,327</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	4,335	-	-	-
Restricted for:				
Road and bridge	-	646,172	1,139,982	626,311
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	1,463,211	-	-	-
Unassigned	<u>9,890,920</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>11,358,466</u>	<u>646,172</u>	<u>1,139,982</u>	<u>626,311</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>14,289,223</u>	\$ <u>832,362</u>	\$ <u>1,251,229</u>	\$ <u>1,060,833</u>

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

Road and Bridge Precinct #4	Debt Service Fund	ARP Act Grant Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 717,699	\$ 123,155	\$ 10,028,428	\$ 2,659,524	\$ 28,280,839
12,448	-	-	133,290	1,854,670
67,430	55,557	-	-	972,784
-	-	-	542,962	590,116
-	-	-	-	4,335
-	<u>5,922</u>	-	-	<u>77,318</u>
<u>797,577</u>	<u>184,634</u>	<u>10,028,428</u>	<u>3,335,776</u>	<u>31,780,062</u>
112,129	-	15,472	498,444	1,800,088
9,028	-	-	112,039	278,704
-	-	-	-	139,892
-	-	9,936,317	-	9,936,317
-	-	-	<u>71,396</u>	<u>77,318</u>
<u>121,157</u>	<u>-</u>	<u>9,951,789</u>	<u>681,879</u>	<u>12,232,319</u>
-	-	-	-	1,382,910
<u>65,450</u>	<u>52,338</u>	<u>-</u>	<u>-</u>	<u>920,100</u>
<u>65,450</u>	<u>52,338</u>	<u>-</u>	<u>-</u>	<u>2,303,010</u>
-	-	-	-	4,335
610,970	-	-	-	3,023,435
-	-	-	98,764	98,764
-	-	-	1,218,591	1,218,591
-	-	-	67,720	67,720
-	-	-	736,018	736,018
-	132,296	-	-	132,296
-	-	-	85,092	85,092
-	-	-	39,944	39,944
-	-	76,639	367,881	444,520
-	-	-	9,981	9,981
-	-	-	33,070	33,070
-	-	-	-	1,463,211
-	-	-	<u>(3,164)</u>	<u>9,887,756</u>
<u>610,970</u>	<u>132,296</u>	<u>76,639</u>	<u>2,653,897</u>	<u>17,244,733</u>
\$ <u>797,577</u>	\$ <u>184,634</u>	\$ <u>10,028,428</u>	\$ <u>3,335,776</u>	\$ <u>31,780,062</u>

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VAN ZANDT COUNTY, TEXAS

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

SEPTEMBER 30, 2022

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

Total fund balances of governmental funds	\$	17,244,733
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		9,997,760
Depreciation on capital assets, current year	(1,563,137)
Capital asset additions, net of disposals		883,390
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.		
	(6,346)
Deferred outflows of resources represent the consumption of net position that are applicable to a future reported period.		
		750,599
Deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period.		
Property taxes		920,100
Court fines		1,382,910
Pensions	(4,760,586)
The net pension asset is not recognized in the current period and, therefore, is not reported in the governmental funds balance sheet.		
		4,491,800
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.		
Financing arrangements	(449,216)
Leases	(156,786)
Compensated absences	(<u>282,446)</u>
Net position of governmental activities	\$	<u>28,452,775</u>

VAN ZANDT COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<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	\$ 12,072,928	\$ 966,816	\$ 1,179,957	\$ 972,339
Property taxes - special road tax	-	770,292	970,258	1,000,702
Permits, licenses and fees	2,799,681	264,620	326,422	266,192
Investment earnings	119,106	10,042	15,291	12,718
Intergovernmental revenues	398,379	-	-	-
Other revenues and fees	<u>143,597</u>	<u>29,206</u>	<u>1,670</u>	<u>22,992</u>
Total revenues	<u>15,533,691</u>	<u>2,040,976</u>	<u>2,493,598</u>	<u>2,274,943</u>
EXPENDITURES				
Current:				
General government	3,886,899	-	-	-
Judicial	2,699,158	-	-	-
Public safety	5,266,824	-	-	-
Conservation	80,929	-	-	-
Highways and bridges	53,466	1,687,146	2,381,799	2,437,299
Cultural and recreation	128,855	-	-	-
Sanitation	83,956	-	-	-
Health and welfare	215,792	-	-	-
Capital outlay	521,900	303,315	138,679	74,210
Debt service:				
Principal retirement	193,695	144,521	-	98,948
Interest and fiscal charges	<u>6,138</u>	<u>14,115</u>	<u>-</u>	<u>8,383</u>
Total expenditures	<u>13,137,612</u>	<u>2,149,097</u>	<u>2,520,478</u>	<u>2,618,840</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,396,079</u>	<u>(108,121)</u>	<u>(26,880)</u>	<u>(343,897)</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	50,060	57,878	-	-
Sale of capital assets	100,001	13,986	33,050	29,121
Transfers in	56,000	-	-	-
Transfers out	<u>(270,772)</u>	<u>(16,461)</u>	<u>(14,000)</u>	<u>(16,494)</u>
Total other financing sources (uses)	<u>(64,711)</u>	<u>55,403</u>	<u>19,050</u>	<u>12,627</u>
Net change in fund balances	2,331,368	(52,718)	(7,830)	(331,270)
Fund balances, Beginning	<u>9,027,098</u>	<u>698,890</u>	<u>1,147,812</u>	<u>957,581</u>
Fund balances, Ending	\$ <u>11,358,466</u>	\$ <u>646,172</u>	\$ <u>1,139,982</u>	\$ <u>626,311</u>

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

Road and Bridge Precinct #4	Debt Service Fund	ARP Act Grant Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 902,633	\$ 569,991	\$ -	\$ -	\$ 16,664,664
774,862	-	-	-	3,516,114
247,134	-	-	1,265,261	5,169,310
11,822	844	75,718	14,665	260,206
-	-	1,055,627	1,126,613	2,580,619
3,913	-	-	2,450	203,828
<u>1,940,364</u>	<u>570,835</u>	<u>1,131,345</u>	<u>2,408,989</u>	<u>28,394,741</u>
-	-	1,055,627	1,622,300	6,564,826
-	-	-	96,848	2,796,006
-	-	-	531,807	5,798,631
-	-	-	244,928	325,857
1,884,068	-	-	5,251	8,449,029
-	-	-	-	128,855
-	-	-	-	83,956
-	-	-	-	215,792
60,579	-	-	-	1,098,683
-	1,045,000	-	-	1,482,164
-	53,855	-	-	82,491
<u>1,944,647</u>	<u>1,098,855</u>	<u>1,055,627</u>	<u>2,501,134</u>	<u>27,026,290</u>
(4,283)	(528,020)	75,718	(92,145)	1,368,451
-	-	-	-	107,938
15,000	-	-	8,002	199,160
-	-	-	276,077	332,077
(14,350)	-	-	-	(332,077)
<u>650</u>	<u>-</u>	<u>-</u>	<u>284,079</u>	<u>307,098</u>
(3,633)	(528,020)	75,718	191,934	1,675,549
<u>614,603</u>	<u>660,316</u>	<u>921</u>	<u>2,461,963</u>	<u>15,569,184</u>
\$ <u>610,970</u>	\$ <u>132,296</u>	\$ <u>76,639</u>	\$ <u>2,653,897</u>	\$ <u>17,244,733</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, 2022

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

Net change in fund balances - total governmental funds	\$	1,675,549
<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		1,007,186
Less: current year depreciation	(1,563,137)
<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	(107,938)
Sale of capital assets	(199,160)
Gain on sale of capital assets		183,302
<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		83,588
Court fines		36,653
<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		102,963
Pension expense		958,777
<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		1,482,164
<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>41,209</u>
Change in net position of governmental activities	\$	<u>3,701,156</u>

VAN ZANDT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and equivalents	\$ 9,357,627
Total Assets	<u>9,357,627</u>
LIABILITIES	
Accounts payable	15,439
Due to other governments	963,189
Due to others	<u>36,279</u>
Total Liabilities	<u>1,014,907</u>
NET POSITION	
Restricted for individuals and other governments	<u>8,342,720</u>
Total Net Position	\$ <u><u>8,342,720</u></u>

VAN ZANDT COUNTY, TEXAS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Fees on behalf of state comptroller	\$ 11,338,801
Fees on behalf of other governments	65,946
Bonds received	1,000
Fees on behalf of other contracting entities	83,245
Refunds and restitution	126,684
Commissary	151,184
Court registry	2,286,423
Trust accounts	2,591,892
Cash bonds	76,000
Escrow accounts	713,984
Interest earned	5,726
Total Additions	<u>17,440,885</u>
DEDUCTIONS	
Fees on behalf of state comptroller	11,338,017
Disbursements on behalf of contracting entities	128,580
Bond returns	38,300
Trust returns	201,003
Court registry returns	1,463,548
Commissary	70,781
Fees on behalf of other governments	33,915
Refunds and restitution	128,137
Escrow accounts	637,190
Total Deductions	<u>14,039,471</u>
Net Increase (Decrease) in Fiduciary Net Position	3,401,414
Net Position Beginning	<u>4,941,306</u>
Net Position, Ending	<u>\$ 8,342,720</u>

VAN ZANDT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 Grant Fund 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.

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 24 percent of outstanding property taxes as of September 30, 2022.

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:

Assets	Years
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. Leases

The County has entered into various lease agreements as a lessee. Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.
- The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

Lessee. The County is a lessee for noncancellable leases of equipment. The County recognizes a lease liability in the government-wide financial statements. At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

8. 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 assets 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 assets 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. Change in Accounting Principle

GASB Statement No. 87, Leases, was adopted effective October 1, 2021. The statement addresses accounting and financial reporting for lease contracts. Statement No. 87 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to leases in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets and liabilities were recognized, and more extensive note disclosures were required.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

The VOICES Grant, ETCOG Residential Grant, and Victim Coordinator Grant funds have a deficit fund balance of (\$1,248), (\$811), and (\$1,105), 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, 2022 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Governmental activities	
Cash and cash equivalents	\$ <u>28,280,839</u>
Total cash and cash equivalents	\$ <u>28,280,839</u>
Cash on hand	\$ 5,003
Checking and savings account	690,360
External investment pools	<u>27,585,476</u>
	<u>\$ 28,280,839</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, 2022, the County had the following cash equivalents:

<u>Investment Type</u>	<u>Net Asset Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 5,985,020	34
Texas CLASS	<u>21,600,456</u>	53
Total fair value	<u>\$ 27,585,476</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, 2022, 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	\$ 798,449	\$ 405,515	\$ 72,897	\$ -	\$ 1,276,861
Accounts	<u>14,111,511</u>	<u>56,067</u>	<u>-</u>	<u>133,290</u>	<u>14,300,868</u>
Gross receivables	<u>14,909,960</u>	<u>461,582</u>	<u>72,897</u>	<u>133,290</u>	<u>15,577,729</u>
Less: allowance for uncollectibles	<u>(12,636,125)</u>	<u>(96,810)</u>	<u>(17,340)</u>	<u>-</u>	<u>(12,750,275)</u>
Net total receivables	<u>\$ 2,273,835</u>	<u>\$ 364,772</u>	<u>\$ 55,557</u>	<u>\$ 133,290</u>	<u>\$ 2,827,454</u>

Capital Assets

Capital asset activity for the year ended September 30, 2022, 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	8,735,040	13,353	(95,449)	8,652,944
Machinery and equipment	11,216,811	980,626	(370,122)	11,827,315
Infrastructure	8,311,778	-	-	8,311,778
Right to use	<u>209,693</u>	<u>-</u>	<u>-</u>	<u>209,693</u>
Total capital assets being depreciated	<u>28,473,322</u>	<u>993,979</u>	<u>(465,571)</u>	<u>29,001,730</u>
Less accumulated depreciation:				
Buildings and improvements	(6,086,338)	(272,780)	62,823	(6,296,295)
Machinery and equipment	(8,189,689)	(809,094)	278,952	(8,719,831)
Infrastructure	(4,714,284)	(414,387)	-	(5,128,671)
Right to use	<u>-</u>	<u>(53,669)</u>	<u>-</u>	<u>(53,669)</u>
Total accumulated depreciation	<u>(18,990,311)</u>	<u>(1,549,930)</u>	<u>341,775</u>	<u>(20,198,466)</u>
Total capital assets, being depreciated, net	<u>9,483,011</u>	<u>(555,951)</u>	<u>(123,796)</u>	<u>8,803,264</u>
Governmental activities capital assets, net	<u>\$ 9,997,760</u>	<u>\$ (555,951)</u>	<u>\$ (123,796)</u>	<u>\$ 9,318,013</u>

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

Governmental activities:	
General government	\$ 340,172
Public safety	246,572
Highways and bridges	<u>963,186</u>
Total depreciation expense - governmental activities	<u>\$ 1,549,930</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances of as September 30, 2022, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Funds	\$ 71,396
Debt Service	General Fund	<u>5,922</u>
		<u>\$ 77,318</u>

Transfers In/out:

	Transfer In		
	General	Nonmajor Governmental	Total
Transfer out:			
General	\$ -	\$ 270,772	\$ 270,772
Road & Bridge 1-4	<u>56,000</u>	<u>5,305</u>	<u>61,305</u>
Total transfers	<u>\$ 56,000</u>	<u>\$ 276,077</u>	<u>\$ 332,077</u>

Long-Term Liabilities

Certificates of Obligation

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 certificates were paid in full as of September 30, 2022.

Financing Arrangements

The County has entered into financing arrangements for the purchase of certain road and bridge equipment. Annual payments range from \$22,377 to \$67,090, with interest rates ranging from 2.72% to 4.29%. These agreements are classified as financing arrangements because title passes to the County at the end of the agreement term, and are included as financed purchases in the Long-Term Debt portion of the government-wide statements.

The following is a summary of the outstanding financing arrangements as of September 30, 2022:

Original Issue Amount	Maturity Date	Interest Rate	Current Balance
\$ 543,903	12/15/2021	3.06%	\$ -
157,900	3/28/2023	4.29%	34,287
112,000	9/3/2024	3.25%	46,959
221,810	1/25/2023	3.65%	45,289
231,500	1/17/2023	3.65%	47,843
120,970	11/1/2023	3.25%	62,419
279,508	4/19/2025	2.72%	<u>212,419</u>
			<u>\$ 449,216</u>

Debt Service requirements to maturity for the financing arrangements are as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
2023	250,149	14,203	264,352
2024	126,353	5,709	132,062
2025	<u>72,714</u>	<u>1,978</u>	<u>74,692</u>
Total	<u>\$ 449,216</u>	<u>\$ 21,890</u>	<u>\$ 471,106</u>

Leases

The County entered into multiple leases as lessee for the right to use various equipment and buildings. The County is required to make fixed monthly payments between \$5,447 and \$44,626. The leases bear interest of 3.8%.

Debt service requirements to maturity for the leases are as follows:

Year Ending September 30,	Principal	Interest	Total Requirements
2023	\$ 57,832	\$ 2,291	\$ 60,123
2024	47,563	1,523	49,086
2025	38,412	785	39,197
2026	12,512	222	12,734
2027	<u>467</u>	<u>4</u>	<u>471</u>
Total	<u>\$ 156,786</u>	<u>\$ 4,825</u>	<u>\$ 161,611</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Certificates of obligation - private placement	\$ 1,045,000	\$ -	\$ 1,045,000	\$ -	\$ -
Financing Arrangements	833,473	-	384,257	449,216	250,149
Leases	209,693	-	52,907	156,786	57,832
Compensated absences	<u>385,409</u>	<u>767,078</u>	<u>870,041</u>	<u>282,446</u>	<u>56,489</u>
Total governmental activities					
Long-term liabilities	<u>\$ 2,473,575</u>	<u>\$ 767,078</u>	<u>\$ 2,352,205</u>	<u>\$ 888,448</u>	<u>\$ 364,470</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. Financing arrangements and leases are secured by the financed and leased assets.

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, 2022, the County had no liability for unpaid claims or adjustments under policies carried with the risk pool. During the year ended September 30, 2022, 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, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	154
Inactive employees entitled to but not yet receiving benefits	444
Active employees	<u>233</u>
	<u><u>831</u></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 8.2% and 8.0% in calendar years 2021 and 2022, respectively. The County's contributions to TCDRS for the year ended September 30, 2022, were \$759,129 were equal to the required contributions.

Net Pension Asset

The County's Net Pension Asset (NPA) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Asset was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021 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	7.60%, 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	135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The actuarial assumptions that determined the Total Pension Liability as of December 31, 2021 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 2022 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 long-term time horizon; the most recent analysis was performed in 2022. 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%	3.80%
Global Equities	MSCI World (net) Index	2.50%	4.10%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	3.80%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.30%
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%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

⁽¹⁾ Target asset allocation adopted at the March 2022 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 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/(Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2020	\$ 34,528,195	\$ 34,011,920	\$ 516,275
Changes for the year:			
Service cost	812,528	-	812,528
Interest on total pension liability ⁽¹⁾	2,613,780	-	2,613,780
Effect of economic/demographic gains or losses	352,698	-	352,698
Effect of assumptions changes or inputs	(191,989)	-	(191,989)
Refund of contributions	(204,142)	(204,142)	-
Benefit payments	(1,729,007)	(1,729,007)	-
Administrative expenses	-	(22,005)	22,005
Member contributions	-	578,163	(578,163)
Net investment income	-	7,390,704	(7,390,704)
Employer contributions	-	658,281	(658,281)
Other ⁽²⁾	-	(10,051)	10,051
Balance at 12/31/2021	<u>\$ 36,182,063</u>	<u>\$ 40,673,863</u>	<u>\$(4,491,800)</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 (asset) 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.

	Current		
	1% Decrease 6.6%	Discount Rate 7.6%	1% Increase 8.6%
Total pension liability	\$ 40,603,025	\$ 36,182,063	\$ 32,459,075
Fiduciary net position	<u>40,673,863</u>	<u>40,673,863</u>	<u>40,673,863</u>
Net pension liability/(asset)	<u>\$(70,838)</u>	<u>\$(4,491,800)</u>	<u>\$(8,214,788)</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, 2022, the County recognized pension income of \$199,648.

At September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 176,349	\$ -
Changes in actuarial assumptions	-	95,994
Net difference between projected and actual investment earnings	-	4,664,592
Contributions made subsequent to the measurement date	<u>574,250</u>	<u>-</u>
Total	<u>\$ 750,599</u>	<u>\$ 4,760,586</u>

County contributions subsequent to the measurement date of \$574,250 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2023	\$(928,891)
2024	(1,576,888)
2025	(1,111,861)
2026	(966,597)

VII. NEW ACCOUNTING STANDARDS

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

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

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. This Statement will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

**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, 2022

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>	<u>2021</u>
\$ 906,342	\$ 871,792	\$ 878,701	\$ 856,653	\$ 812,528
2,188,341	2,314,465	2,433,024	2,545,639	2,613,780
-	-	-	-	-
99,350	-	-	1,773,054	(191,989)
(53,732)	(56,246)	(97,492)	(293,215)	352,698
<u>(1,536,659)</u>	<u>(1,561,175)</u>	<u>(1,789,730)</u>	<u>(1,814,521)</u>	<u>(1,933,149)</u>
1,603,642	1,568,836	1,424,503	3,067,610	1,653,868
<u>26,863,604</u>	<u>28,467,246</u>	<u>30,036,082</u>	<u>31,460,585</u>	<u>34,528,195</u>
\$ <u>28,467,246</u>	\$ <u>30,036,082</u>	\$ <u>31,460,585</u>	\$ <u>34,528,195</u>	\$ <u>36,182,063</u>
\$ 537,372	\$ 576,948	\$ 592,371	\$ 640,536	\$ 658,281
506,244	520,443	540,627	548,139	578,163
3,706,326	(538,619)	4,532,832	3,245,876	7,390,704
(1,536,659)	(1,561,175)	(1,789,730)	(1,814,521)	(1,933,149)
(19,042)	(22,167)	(23,953)	(24,887)	(22,005)
<u>(6,787)</u>	<u>(10,941)</u>	<u>(18,106)</u>	<u>(15,405)</u>	<u>(10,051)</u>
3,187,454	(1,035,511)	3,834,041	2,579,738	6,661,943
<u>25,446,198</u>	<u>28,633,652</u>	<u>27,598,141</u>	<u>31,432,182</u>	<u>34,011,920</u>
\$ 28,633,652	\$ 27,598,141	\$ 31,432,182	\$ 34,011,920	\$ 40,673,863
\$ <u>(166,406)</u>	\$ <u>2,437,941</u>	\$ <u>28,403</u>	\$ <u>516,275</u>	\$ <u>(4,491,800)</u>
100.58%	91.88%	99.91%	98.50%	112.41%
\$ 7,222,134	\$ 7,434,894	\$ 7,723,239	\$ 8,317,546	\$ 8,259,477
-2.30%	32.79%	0.37%	6.21%	-54.38%

VAN ZANDT COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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%
2022	759,129	759,129	-	8,808,366	8.6%

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	18.8 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.60%, 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
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. 2021: 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, 2022

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes:				
Taxes - current	\$ 11,626,468	\$ 11,626,468	\$ 11,672,570	\$ 46,102
Taxes - delinquent	190,000	190,000	212,313	22,313
Penalty and collection fees	<u>140,000</u>	<u>140,000</u>	<u>188,045</u>	<u>48,045</u>
Total Property Taxes	<u>11,956,468</u>	<u>11,956,468</u>	<u>12,072,928</u>	<u>116,460</u>
Fees of Office:				
County judge	3,652	3,652	4,454	802
County sheriff	64,555	64,555	57,523	(7,032)
County clerk fees	511,201	511,201	543,207	32,006
County library fees	3,700	3,700	6,228	2,528
Tyler eagle internet	21,012	21,012	17,162	(3,850)
Tax assessor-collector	526,725	526,725	591,777	65,052
Child safety-tax office	86,719	86,719	85,295	(1,424)
District attorney	5,308	5,308	4,405	(903)
District clerk	122,785	122,785	111,724	(11,061)
Justice of the peace	100,911	100,911	89,958	(10,953)
Constable	23,150	26,275	35,563	9,288
Probation	-	-	6	6
County court at law	218,536	218,536	271,967	53,431
Jury fees	6,821	6,821	27,700	20,879
District court	232,000	232,000	213,871	(18,129)
Justice court	284,531	284,531	211,745	(72,786)
Legal fees/reimbursements	126,115	126,115	110,065	(16,050)
Abatement officer	257,185	257,185	327,045	69,860
Citizens collection station	70,900	77,695	89,986	12,291
Inmate telephone revenue	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Total fees	<u>2,740,806</u>	<u>2,750,726</u>	<u>2,799,681</u>	<u>48,955</u>
Intergovernmental Revenues:				
Intergovernmental revenues	<u>265,052</u>	<u>398,379</u>	<u>398,379</u>	<u>-</u>
Total Intergovernmental Revenues	<u>265,052</u>	<u>398,379</u>	<u>398,379</u>	<u>-</u>
Investment Earnings:				
Depository interest	<u>8,615</u>	<u>8,615</u>	<u>119,106</u>	<u>110,491</u>
Total Investment Earnings	<u>8,615</u>	<u>8,615</u>	<u>119,106</u>	<u>110,491</u>
Other Revenues and Fees:				
Recycling	-	-	215	215
Rentals	12,200	12,200	7,200	(5,000)
Lease-adult probation	2,000	2,000	2,147	147
Other revenues	17,500	24,385	133,595	109,210
Open records request	<u>250</u>	<u>250</u>	<u>440</u>	<u>190</u>
Total Other Revenues and Fees	<u>31,950</u>	<u>38,835</u>	<u>143,597</u>	<u>104,762</u>
Total Revenues	\$ <u>15,002,891</u>	\$ <u>15,153,023</u>	\$ <u>15,533,691</u>	\$ <u>380,668</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	\$ 171,503	\$ 171,796	\$ 161,361	\$ 10,435
Commissioners court	350	1,850	1,317	533
Human Resources	93,596	93,597	71,603	21,994
County clerk	403,513	398,312	343,947	54,365
Elections	130,180	135,384	132,023	3,361
Non-department	1,438,300	1,349,283	592,614	756,669
Contracts	759,604	710,436	653,698	56,738
Veterans	18,007	18,008	17,347	661
Collection department	56,016	56,017	55,257	760
County auditor	288,332	288,332	280,481	7,851
County treasurer	169,782	169,783	169,317	466
Tax collector	385,180	385,181	365,478	19,703
Data processing	707,870	776,899	691,461	85,438
Public buildings	<u>386,712</u>	<u>425,126</u>	<u>350,995</u>	<u>74,131</u>
Total General Government	<u>5,008,945</u>	<u>4,980,004</u>	<u>3,886,899</u>	<u>1,093,105</u>
Judicial System:				
County court	12,500	12,500	5,147	7,353
Juvenile county court	10,200	10,200	3,010	7,190
District courts	621,685	633,286	508,561	124,725
Adult district court	468,800	459,700	294,925	164,775
Juvenile district court	2,500	-	-	-
County court at law	436,714	436,714	410,926	25,788
District clerk	307,426	307,427	259,994	47,433
Justices of the peace	510,440	510,436	491,070	19,366
District attorney	<u>789,672</u>	<u>789,673</u>	<u>725,525</u>	<u>64,148</u>
Total Judicial System	<u>3,159,937</u>	<u>3,159,936</u>	<u>2,699,158</u>	<u>460,778</u>
Public Safety:				
Constables	260,987	266,690	263,961	2,729
Adult probation	2,500	2,500	969	1,531
Abatement Officer	166,064	174,121	163,843	10,278
Truancy prevention	8,700	8,700	-	8,700
Emergency management	7,500	7,500	6,062	1,438
Sheriff's department	5,294,342	5,265,010	2,529,207	2,735,803
Jail	2,898,967	2,766,143	2,254,992	511,151
Department of public safety	<u>43,561</u>	<u>47,793</u>	<u>47,790</u>	<u>3</u>
Total Public Safety	<u>8,682,621</u>	<u>8,538,457</u>	<u>5,266,824</u>	<u>3,271,633</u>
Conservation:				
Extension service	<u>99,144</u>	<u>99,144</u>	<u>80,929</u>	<u>18,215</u>
Total Conservation	\$ <u>99,144</u>	\$ <u>99,144</u>	\$ <u>80,929</u>	\$ <u>18,215</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, 2022

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
EXPENDITURES (Cont'd)				
Culture and Recreation:				
County free library	\$ 145,592	\$ 145,591	\$ 128,855	\$ 16,736
Total Culture and Recreation	<u>145,592</u>	<u>145,591</u>	<u>128,855</u>	<u>16,736</u>
Highways and Bridges:				
Support	<u>61,190</u>	<u>61,189</u>	<u>53,466</u>	<u>7,723</u>
Total Highways and Bridges	<u>61,190</u>	<u>61,189</u>	<u>53,466</u>	<u>7,723</u>
Sanitation:				
Collection	<u>91,534</u>	<u>98,328</u>	<u>83,956</u>	<u>14,372</u>
Total Sanitation	<u>91,534</u>	<u>98,328</u>	<u>83,956</u>	<u>14,372</u>
Health & Welfare				
Indigent health	52,835	53,345	53,219	126
Office	<u>176,490</u>	<u>175,979</u>	<u>162,573</u>	<u>13,406</u>
Total Health & Welfare	<u>229,325</u>	<u>229,324</u>	<u>215,792</u>	<u>13,532</u>
Capital Outlay:				
Jail	62,218	195,218	25,380	169,838
Sheriff's department	231,175	358,796	206,118	152,678
Constable	53,650	64,204	63,816	388
Buildings	<u>215,000</u>	<u>226,586</u>	<u>226,586</u>	<u>-</u>
Total Capital Outlay	<u>\$ 562,043</u>	<u>\$ 844,804</u>	<u>\$ 521,900</u>	<u>\$ 322,904</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, 2022

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
EXPENDITURES (Cont'd)				
Debt Service:				
Principal	\$ 142,317	\$ 142,317	\$ 193,695	\$(51,378)
Interest	<u>4,355</u>	<u>4,355</u>	<u>6,138</u>	<u>(1,783)</u>
Total Debt Service	<u>146,672</u>	<u>146,672</u>	<u>199,833</u>	<u>(53,161)</u>
Total Expenditures	<u>18,187,003</u>	<u>18,303,449</u>	<u>13,137,612</u>	<u>5,165,837</u>
Excess of Revenues Over Expenditures	(3,184,112)	(3,150,426)	2,396,079	5,546,505
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	250	250	50,060	49,810
Sale of capital assets	-	91,706	100,001	8,295
Transfers in	56,000	56,000	56,000	-
Transfers out	<u>(272,074)</u>	<u>(272,074)</u>	<u>(270,772)</u>	<u>1,302</u>
Total Other Financing Sources (Uses)	<u>(215,824)</u>	<u>(124,118)</u>	<u>(64,711)</u>	<u>59,407</u>
NET CHANGE IN FUND BALANCE	(3,399,936)	(3,274,544)	2,331,368	5,605,912
FUND BALANCE, BEGINNING	<u>9,027,098</u>	<u>9,027,098</u>	<u>9,027,098</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 5,627,162</u>	<u>\$ 5,752,554</u>	<u>\$ 11,358,466</u>	<u>\$ 5,605,912</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, 2022

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes:				
Taxes - current	\$ 931,668	\$ 931,668	\$ 934,704	\$ 3,036
Taxes - delinquent	15,000	15,000	17,031	2,031
Penalty/interest	<u>7,500</u>	<u>7,500</u>	<u>15,081</u>	<u>7,581</u>
Total Property Taxes:	<u>954,168</u>	<u>954,168</u>	<u>966,816</u>	<u>12,648</u>
Property taxes - special road tax:				
Taxes - special road tax - current	751,113	751,113	748,265	(2,848)
Taxes - special road tax - delinquent	8,300	8,300	11,076	2,776
Penalty/interest - special road tax	<u>6,500</u>	<u>6,500</u>	<u>10,951</u>	<u>4,451</u>
Total Property taxes - special road tax	<u>765,913</u>	<u>765,913</u>	<u>770,292</u>	<u>4,379</u>
Permits, Licenses and Fees:				
Other Fees	<u>258,277</u>	<u>258,277</u>	<u>264,620</u>	<u>6,343</u>
Total Permits, Licenses and Fees	<u>258,277</u>	<u>258,277</u>	<u>264,620</u>	<u>6,343</u>
Investment Earnings:				
Depository interest	<u>600</u>	<u>600</u>	<u>10,042</u>	<u>9,442</u>
Total Investment Earnings	<u>600</u>	<u>600</u>	<u>10,042</u>	<u>9,442</u>
Other Revenue:				
Other misc. revenue	<u>-</u>	<u>33,045</u>	<u>29,206</u>	<u>(3,839)</u>
Total Other Revenue	<u>-</u>	<u>-</u>	<u>29,206</u>	<u>(3,839)</u>
Total Revenues	<u>1,978,958</u>	<u>1,978,958</u>	<u>2,040,976</u>	<u>28,973</u>
EXPENDITURES				
Current:				
Highways and bridges	<u>2,077,852</u>	<u>2,025,537</u>	<u>1,687,146</u>	<u>338,391</u>
Total Highways and Bridges	<u>2,077,852</u>	<u>2,025,537</u>	<u>1,687,146</u>	<u>338,391</u>
Capital Outlay:				
Equipment	<u>150,000</u>	<u>303,686</u>	<u>303,315</u>	<u>371</u>
Total Capital Outlay	<u>150,000</u>	<u>303,686</u>	<u>303,315</u>	<u>371</u>
Debt Service:				
Principal payments	142,993	148,993	144,521	4,472
Interest and fiscal charges	<u>14,030</u>	<u>14,067</u>	<u>14,115</u>	<u>(48)</u>
Total Debt Service	<u>157,023</u>	<u>163,060</u>	<u>158,636</u>	<u>4,424</u>
Total Expenditures	<u>2,384,875</u>	<u>2,492,283</u>	<u>2,149,097</u>	<u>343,186</u>
Excess of Revenues Over (Under) Expenditures	<u>(405,917)</u>	<u>(513,325)</u>	<u>(108,121)</u>	<u>405,204</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	57,878	57,878	-
Sale of capital assets	-	13,986	13,986	-
Transfers out	<u>(14,000)</u>	<u>(16,461)</u>	<u>(16,461)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(14,000)</u>	<u>55,403</u>	<u>55,403</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(419,917)</u>	<u>(457,922)</u>	<u>(52,718)</u>	<u>405,204</u>
FUND BALANCE, BEGINNING	<u>698,890</u>	<u>698,890</u>	<u>698,890</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 278,973</u>	<u>\$ 240,968</u>	<u>\$ 646,172</u>	<u>\$ 405,204</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, 2022

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Tax Revenue:				
Taxes - current	\$ 1,137,069	\$ 1,137,069	\$ 1,140,709	\$ 3,640
Taxes - delinquent	15,000	15,000	20,818	5,818
Penalty/interest	<u>10,000</u>	<u>10,000</u>	<u>18,430</u>	<u>8,430</u>
Total Property Taxes:	<u>1,162,069</u>	<u>1,162,069</u>	<u>1,179,957</u>	<u>17,888</u>
Property taxes - special road tax:				
Taxes - special road tax - current	945,148	945,148	941,776	(3,372)
Taxes - special road tax - delinquent	9,000	9,000	13,937	4,937
Penalty/interest - special road tax	<u>6,500</u>	<u>6,500</u>	<u>14,545</u>	<u>8,045</u>
Total Property taxes - special road tax	<u>960,648</u>	<u>960,648</u>	<u>970,258</u>	<u>9,610</u>
Permits, Licenses and Fees:				
Other fees	<u>315,337</u>	<u>318,837</u>	<u>326,422</u>	<u>7,585</u>
Total Permits, Licenses and Fees	<u>315,337</u>	<u>318,837</u>	<u>326,422</u>	<u>7,585</u>
Investment Earnings:				
Depository interest	<u>1,165</u>	<u>1,165</u>	<u>15,291</u>	<u>14,126</u>
Total Investment Earnings	<u>1,165</u>	<u>1,165</u>	<u>15,291</u>	<u>14,126</u>
Other Revenues:				
Donations	<u>-</u>	<u>1,323</u>	<u>1,670</u>	<u>347</u>
Total Other Revenues	<u>-</u>	<u>1,323</u>	<u>1,670</u>	<u>347</u>
Total Revenues	<u>2,439,219</u>	<u>2,444,042</u>	<u>2,493,598</u>	<u>49,556</u>
EXPENDITURES				
Current:				
Highways and bridges	<u>2,997,744</u>	<u>2,923,617</u>	<u>2,381,799</u>	<u>541,818</u>
Total Highways and Bridges	<u>2,997,744</u>	<u>2,923,617</u>	<u>2,381,799</u>	<u>541,818</u>
Capital Outlay:				
Capital outlay	<u>140,500</u>	<u>252,500</u>	<u>138,679</u>	<u>113,821</u>
Total Capital Outlays	<u>140,500</u>	<u>252,500</u>	<u>138,679</u>	<u>113,821</u>
Total Expenditures	<u>3,138,244</u>	<u>3,176,117</u>	<u>2,520,478</u>	<u>655,639</u>
Excess of Revenues Over (Under) Expenditures	<u>(699,025)</u>	<u>(732,075)</u>	<u>(26,880)</u>	<u>705,195</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	33,050	33,050	-
Transfers out	<u>(14,000)</u>	<u>(14,000)</u>	<u>(14,000)</u>	<u>-</u>
Total Other Financing Source (Uses)	<u>(14,000)</u>	<u>19,050</u>	<u>19,050</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(713,025)</u>	<u>(713,025)</u>	<u>(7,830)</u>	<u>705,195</u>
FUND BALANCE, BEGINNING	<u>1,147,812</u>	<u>1,147,812</u>	<u>1,147,812</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 434,787</u>	<u>\$ 434,787</u>	<u>\$ 1,139,982</u>	<u>\$ 705,195</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, 2022

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Tax Revenue:				
Taxes - current	\$ 937,093	\$ 937,093	\$ 940,194	\$ 3,101
Taxes - delinquent	11,000	11,000	17,040	6,040
Penalty/interest	<u>8,000</u>	<u>8,000</u>	<u>15,105</u>	<u>7,105</u>
Total Property Taxes:	<u>956,093</u>	<u>956,093</u>	<u>972,339</u>	<u>16,246</u>
Property taxes - special road tax:				
Taxes - special road tax - current	976,344	976,344	972,836	(3,508)
Taxes - special road tax - delinquent	10,000	10,000	14,397	4,397
Penalty/interest - special road tax	<u>7,000</u>	<u>7,000</u>	<u>13,469</u>	<u>6,469</u>
Total Property taxes - special road tax	<u>993,344</u>	<u>993,344</u>	<u>1,000,702</u>	<u>7,358</u>
Permits, Licenses and Fees:				
Other fees	<u>259,519</u>	<u>259,519</u>	<u>266,192</u>	<u>6,673</u>
Total Permits, Licenses and Fees	<u>259,519</u>	<u>259,519</u>	<u>266,192</u>	<u>6,673</u>
Investment Earning:				
Depository interest	<u>900</u>	<u>900</u>	<u>12,718</u>	<u>11,818</u>
Total Investment Earning	<u>900</u>	<u>900</u>	<u>12,718</u>	<u>11,818</u>
Other Revenue:				
Miscellaneous	<u>-</u>	<u>21,901</u>	<u>22,992</u>	<u>1,091</u>
Total Other Revenue	<u>-</u>	<u>21,901</u>	<u>22,992</u>	<u>1,091</u>
Total Revenues	<u>2,209,856</u>	<u>2,231,757</u>	<u>2,274,943</u>	<u>43,186</u>
EXPENDITURES				
Current:				
Highways and bridges	<u>2,556,965</u>	<u>2,665,765</u>	<u>2,437,299</u>	<u>228,466</u>
Total Highways and Bridges	<u>2,556,965</u>	<u>2,665,765</u>	<u>2,437,299</u>	<u>228,466</u>
Capital Outlay:				
Equipment	<u>130,000</u>	<u>74,500</u>	<u>74,210</u>	<u>290</u>
Total Capital Outlay	<u>130,000</u>	<u>74,500</u>	<u>74,210</u>	<u>290</u>
Debt Service:				
Principal payments	<u>98,948</u>	<u>98,948</u>	<u>98,948</u>	<u>-</u>
Interest and fiscal charges	<u>8,383</u>	<u>8,383</u>	<u>8,383</u>	<u>-</u>
Total Debt Services	<u>107,331</u>	<u>107,331</u>	<u>107,331</u>	<u>-</u>
Total Expenditures	<u>2,794,296</u>	<u>2,847,596</u>	<u>2,618,840</u>	<u>228,756</u>
Excess of Revenues Over (Under) Expenditures	<u>(584,440)</u>	<u>(615,839)</u>	<u>(343,897)</u>	<u>271,942</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	28,906	29,121	215
Transfers out	<u>(14,000)</u>	<u>(16,494)</u>	<u>(16,494)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(14,000)</u>	<u>12,412</u>	<u>12,627</u>	<u>215</u>
NET CHANGE IN FUND BALANCE	<u>(598,440)</u>	<u>(603,427)</u>	<u>(331,270)</u>	<u>272,157</u>
FUND BALANCE, BEGINNING	<u>957,581</u>	<u>957,581</u>	<u>957,581</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 359,141</u>	<u>\$ 354,154</u>	<u>\$ 626,311</u>	<u>\$ 272,157</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, 2022

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Tax Revenue:				
Taxes - current	\$ 869,660	\$ 869,660	\$ 872,685	\$ 3,025
Taxes - delinquent	14,000	14,000	15,882	1,882
Penalty/interest	<u>9,000</u>	<u>9,000</u>	<u>14,066</u>	<u>5,066</u>
Total Property Taxes:	<u>892,660</u>	<u>892,660</u>	<u>902,633</u>	<u>9,973</u>
Property taxes - special road tax:				
Taxes - special road tax - current	755,570	755,570	752,705	(2,865)
Taxes - special road tax - delinquent	8,300	8,300	11,141	2,841
Penalty/interest - special road tax	<u>6,500</u>	<u>6,500</u>	<u>11,016</u>	<u>4,516</u>
Total Property taxes - special road tax	<u>770,370</u>	<u>770,370</u>	<u>774,862</u>	<u>4,492</u>
Permits, Licenses and Fees:				
Other fees	<u>240,806</u>	<u>240,806</u>	<u>247,134</u>	<u>6,328</u>
Total Permits, Licenses and Fees	<u>240,806</u>	<u>240,806</u>	<u>247,134</u>	<u>6,328</u>
Investment Earning:				
Depository interest	<u>700</u>	<u>700</u>	<u>11,822</u>	<u>11,122</u>
Total Investment Earning	<u>700</u>	<u>700</u>	<u>11,822</u>	<u>11,122</u>
Other Revenue:				
Other misc. revenue	<u>-</u>	<u>7,680</u>	<u>3,913</u>	<u>(3,767)</u>
Total Other Revenues	<u>-</u>	<u>7,680</u>	<u>3,913</u>	<u>(3,767)</u>
Total Revenues	<u>1,904,536</u>	<u>1,912,216</u>	<u>1,940,364</u>	<u>28,148</u>
EXPENDITURES				
Current:				
Highways and bridges	<u>2,249,629</u>	<u>2,256,160</u>	<u>1,884,068</u>	<u>372,092</u>
Total Highway and Bridges	<u>2,249,629</u>	<u>2,256,160</u>	<u>1,884,068</u>	<u>372,092</u>
Capital Outlay:				
Equipment	<u>59,000</u>	<u>60,579</u>	<u>60,579</u>	<u>-</u>
Total Capital Outlay	<u>59,000</u>	<u>60,579</u>	<u>60,579</u>	<u>-</u>
Total Expenditures	<u>2,308,629</u>	<u>2,316,739</u>	<u>1,944,647</u>	<u>372,092</u>
Excess of Revenues Over (Under) Expenditures	<u>(404,093)</u>	<u>(404,523)</u>	<u>(4,283)</u>	<u>400,240</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	15,000	15,000
Transfers out	<u>(14,000)</u>	<u>(14,430)</u>	<u>(14,350)</u>	<u>80</u>
Total Other Financing Sources (Uses)	<u>(14,000)</u>	<u>(14,430)</u>	<u>650</u>	<u>15,080</u>
NET CHANGE IN FUND BALANCE	<u>(418,093)</u>	<u>(418,953)</u>	<u>(3,633)</u>	<u>415,320</u>
FUND BALANCE, BEGINNING	<u>614,603</u>	<u>614,603</u>	<u>614,603</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 196,510</u>	<u>\$ 195,650</u>	<u>\$ 610,970</u>	<u>\$ 415,320</u>

VAN ZANDT COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

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, 2022

	<u>Law Library</u>	<u>Records Management</u>	<u>Building Security</u>	<u>District Attorney Check Collection</u>
ASSETS				
Cash and investments	\$ 81,802	\$ 1,216,990	\$ 30,153	\$ 7,362
Receivables (net of allowance for uncollectible)				
Accounts	3,290	26,955	3,836	-
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>85,092</u>	 <u>1,243,945</u>	 <u>33,989</u>	 <u>7,362</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	25,354	650	3
Accrued liabilities	-	-	1,075	61
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>-</u>	 <u>25,354</u>	 <u>1,725</u>	 <u>64</u>
 Fund Balances:				
Restricted:				
Court technology and security	-	-	32,264	-
Records management	-	1,218,591	-	-
Judicial	-	-	-	7,298
Public safety	-	-	-	-
Law library	85,092	-	-	-
Conservation	-	-	-	-
Economic development	-	-	-	-
Historical commission	-	-	-	-
Disaster relief	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Fund Balances	 <u>85,092</u>	 <u>1,218,591</u>	 <u>32,264</u>	 <u>7,298</u>
 Total Liabilities and Fund Balances	 <u>\$ 85,092</u>	 <u>\$ 1,243,945</u>	 <u>\$ 33,989</u>	 <u>\$ 7,362</u>

District Attorney Supplemental	LEOSE	Community Development Block Grant	Justice Court Technology	Justice Court Building Security	Asset Forfeiture	VOICES Grant
\$ 3,476	\$ 31,678	\$ -	\$ 56,349	\$ 11,844	\$ 222,914	\$ -
-	-	-	591	176	-	-
-	-	-	-	-	-	10,609
<u>3,476</u>	<u>31,678</u>	<u>-</u>	<u>56,940</u>	<u>12,020</u>	<u>222,914</u>	<u>10,609</u>
11	-	-	2,460	-	47,737	219
-	-	-	-	-	225	-
-	-	-	-	-	-	11,638
<u>11</u>	<u>-</u>	<u>-</u>	<u>2,460</u>	<u>-</u>	<u>47,962</u>	<u>11,857</u>
-	-	-	54,480	12,020	-	-
-	-	-	-	-	-	-
3,465	-	-	-	-	-	-
-	31,678	-	-	-	174,952	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(1,248)
<u>3,465</u>	<u>31,678</u>	<u>-</u>	<u>54,480</u>	<u>12,020</u>	<u>174,952</u>	<u>(1,248)</u>
<u>\$ 3,476</u>	<u>\$ 31,678</u>	<u>\$ -</u>	<u>\$ 56,940</u>	<u>\$ 12,020</u>	<u>\$ 222,914</u>	<u>\$ 10,609</u>

VAN ZANDT COUNTY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	<u>Historical Commission</u>	<u>Supplemental Guardianship</u>	<u>County Child Abuse</u>	<u>Appellate Justice</u>
ASSETS				
Cash and investments	\$ 11,197	\$ 45,093	\$ 11,480	\$ 940
Receivables (net of allowance for uncollectible)				
Accounts	-	560	34	470
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>11,197</u>	 <u>45,653</u>	 <u>11,514</u>	 <u>1,410</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,216	1,100	-	520
Accrued liabilities	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Liabilities	 <u>1,216</u>	 <u>1,100</u>	 <u>-</u>	 <u>520</u>
 Fund Balances:				
Restricted:				
Court technology and security	-	-	-	-
Records management	-	-	-	-
Judicial	-	44,553	11,514	890
Public safety	-	-	-	-
Law library	-	-	-	-
Conservation	-	-	-	-
Economic development	-	-	-	-
Historical commission	9,981	-	-	-
Disaster relief	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Fund Balances	 <u>9,981</u>	 <u>44,553</u>	 <u>11,514</u>	 <u>890</u>
 Total Liabilities and Fund Balances	 <u>\$ 11,197</u>	 <u>\$ 45,653</u>	 <u>\$ 11,514</u>	 <u>\$ 1,410</u>

Juvenile Probation	Soil Conservation District	ETCOG Residential Grant	Victim Coordinator Grant	Capital Credit Economic Development	HAVA Cares Grant	Contribution Relief Fund
\$ 487,351	\$ 39,944	\$ -	\$ -	\$ 367,881	\$ 16,987	\$ 16,083
97,378	-	-	-	-	-	-
-	-	-	14,281	-	-	-
<u>584,729</u>	<u>39,944</u>	<u>-</u>	<u>14,281</u>	<u>367,881</u>	<u>16,987</u>	<u>16,083</u>
37,936	-	-	92	-	-	-
17,405	-	-	-	-	-	-
-	-	811	15,294	-	-	-
<u>55,341</u>	<u>-</u>	<u>811</u>	<u>15,386</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
529,388	-	-	-	-	-	-
-	39,944	-	-	-	-	-
-	-	-	-	367,881	-	-
-	-	-	-	-	-	-
-	-	-	-	-	16,987	16,083
-	-	(811)	(1,105)	-	-	-
<u>529,388</u>	<u>39,944</u>	<u>(811)</u>	<u>(1,105)</u>	<u>367,881</u>	<u>16,987</u>	<u>16,083</u>
<u>\$ 584,729</u>	<u>\$ 39,944</u>	<u>\$ -</u>	<u>\$ 14,281</u>	<u>\$ 367,881</u>	<u>\$ 16,987</u>	<u>\$ 16,083</u>

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VAN ZANDT COUNTY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	County Infrastructure Fund	Homeland Security Grant	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ -	\$ -	\$ 2,659,524
Receivables (net of allowance for uncollectible)			
Accounts	-	-	133,290
Due from other governments	-	518,072	542,962
	<u>-</u>	<u>518,072</u>	<u>542,962</u>
Total Assets	<u>-</u>	<u>518,072</u>	<u>3,335,776</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	-	381,146	498,444
Accrued liabilities	-	93,273	112,039
Due to other funds	-	43,653	71,396
	<u>-</u>	<u>43,653</u>	<u>71,396</u>
Total Liabilities	<u>-</u>	<u>518,072</u>	<u>681,879</u>
Fund Balances:			
Restricted:			
Court technology and security	-	-	98,764
Records management	-	-	1,218,591
Judicial	-	-	67,720
Public safety	-	-	736,018
Law library	-	-	85,092
Conservation	-	-	39,944
Economic development	-	-	367,881
Historical commission	-	-	9,981
Disaster relief	-	-	33,070
Unassigned	-	-	(3,164)
	<u>-</u>	<u>-</u>	<u>(3,164)</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>2,653,897</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 518,072</u>	<u>\$ 3,335,776</u>

VAN ZANDT COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Law Library</u>	<u>Records Management</u>	<u>Building Security</u>	<u>District Attorney Check Collection</u>
REVENUES				
Permits, licenses and fees	\$ 32,429	\$ 345,063	\$ 41,530	\$ 386
Intergovernmental	-	-	-	-
Investment earnings	528	9,588	184	52
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>32,957</u>	<u>354,651</u>	<u>41,714</u>	<u>438</u>
EXPENDITURES				
Current:				
General government	-	445,658	63,430	3,206
Judicial	26,596	21,912	-	-
Public safety	-	-	-	-
Conservation	-	-	-	-
Highways and bridges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>26,596</u>	<u>467,570</u>	<u>63,430</u>	<u>3,206</u>
EXCESS (DEFICIENCY) OVER REVENUES OVER (UNDER) EXPENDITURES	6,361	(112,919)	(21,716)	(2,768)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	24,996	-
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>24,996</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	6,361	(112,919)	3,280	(2,768)
FUND BALANCES, BEGINNING	<u>78,731</u>	<u>1,331,510</u>	<u>28,984</u>	<u>10,066</u>
FUND BALANCES, ENDING	\$ <u>85,092</u>	\$ <u>1,218,591</u>	\$ <u>32,264</u>	\$ <u>7,298</u>

District Attorney Supplemental	LEOSE	Community Development Block Grant	Justice Court Technology	Justice Court Building Security	Asset Forfeiture	VOICES Grant
\$ -	\$ -	\$ -	\$ 8,415	\$ 2,475	\$ 262,549	\$ -
22,500	5,343	249,612	-	-	-	43,100
-	130	-	2	65	1,022	-
-	-	-	-	-	-	-
<u>22,500</u>	<u>5,473</u>	<u>249,612</u>	<u>8,417</u>	<u>2,540</u>	<u>263,571</u>	<u>43,100</u>
22,313	-	249,612	14,366	3,280	196,112	-
-	-	-	-	-	-	42,915
-	3,602	-	-	-	8,439	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>22,313</u>	<u>3,602</u>	<u>249,612</u>	<u>14,366</u>	<u>3,280</u>	<u>204,551</u>	<u>42,915</u>
187	1,871	-	(5,949)	(740)	59,020	185
-	-	-	-	-	-	-
-	-	-	-	-	8,002	-
-	-	-	-	-	8,002	-
187	1,871	-	(5,949)	(740)	67,022	185
<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>3,465</u>	\$ <u>31,678</u>	\$ <u>-</u>	\$ <u>54,480</u>	\$ <u>12,020</u>	\$ <u>174,952</u>	\$ <u>(1,248)</u>

VAN ZANDT COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Historical Commission</u>	<u>Supplemental Guardianship</u>	<u>County Child Abuse</u>	<u>Appellate Justice</u>
REVENUES				
Permits, licenses and fees	\$ -	\$ 5,500	\$ 374	\$ 4,630
Intergovernmental	-	-	-	-
Investment earnings	61	273	59	-
Other	<u>2,370</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Revenues	 <u>2,431</u>	 <u>5,773</u>	 <u>433</u>	 <u>4,630</u>
EXPENDITURES				
Current:				
General government	1,283	1,100	-	-
Judicial	-	-	-	5,425
Public safety	-	-	-	-
Conservation	-	-	-	-
Highways and bridges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>1,283</u>	 <u>1,100</u>	 <u>-</u>	 <u>5,425</u>
EXCESS (DEFICIENCY) OVER REVENUES OVER (UNDER) EXPENDITURES	1,148	4,673	433	(795)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
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	1,148	4,673	433	(795)
FUND BALANCES, BEGINNING	<u>8,833</u>	<u>39,880</u>	<u>11,081</u>	<u>1,685</u>
FUND BALANCES, ENDING	\$ <u>9,981</u>	\$ <u>44,553</u>	\$ <u>11,514</u>	\$ <u>890</u>

Juvenile Probation	Soil Conservation District	ETCOG Residential Grant	Victim Coordinator Grant	Capital Credit Economic Development	HAVA Cares Grant	Contribution Relief Fund
\$ 512,439	\$ -	\$ -	\$ -	\$ 49,471	\$ -	\$ -
22,321	211,330	536	47,499	-	-	-
-	226	-	-	2,371	104	-
<u>80</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>534,840</u>	<u>211,556</u>	<u>536</u>	<u>47,499</u>	<u>51,842</u>	<u>104</u>	<u>-</u>
-	-	-	63,093	40,775	-	-
-	-	-	-	-	-	-
519,766	-	-	-	-	-	-
-	244,928	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>519,766</u>	<u>244,928</u>	<u>-</u>	<u>63,093</u>	<u>40,775</u>	<u>-</u>	<u>-</u>
15,074	(33,372)	536	(15,594)	11,067	104	-
225,000	6,000	-	14,776	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>225,000</u>	<u>6,000</u>	<u>-</u>	<u>14,776</u>	<u>-</u>	<u>-</u>	<u>-</u>
240,074	(27,372)	536	(818)	11,067	104	-
<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>529,388</u>	\$ <u>39,944</u>	\$ <u>(811)</u>	\$ <u>(1,105)</u>	\$ <u>367,881</u>	\$ <u>16,987</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, 2022

	County Infrastructure Fund	Homeland Security Grant	Total Nonmajor Governmental Funds
REVENUES			
Permits, licenses and fees	\$ -	\$ -	\$ 1,265,261
Intergovernmental	6,300	518,072	1,126,613
Investment earnings	-	-	14,665
Other	-	-	2,450
	<u>6,300</u>	<u>518,072</u>	<u>2,408,989</u>
EXPENDITURES			
Current:			
General government	-	518,072	1,622,300
Judicial	-	-	96,848
Public safety	-	-	531,807
Conservation	-	-	244,928
Highways and bridges	5,251	-	5,251
	<u>5,251</u>	<u>518,072</u>	<u>2,501,134</u>
EXCESS (DEFICIENCY) OVER REVENUES OVER (UNDER) EXPENDITURES	1,049	-	(92,145)
OTHER FINANCING SOURCES (USES)			
Transfers in	5,305	-	276,077
Sale of capital assets	-	-	8,002
	<u>5,305</u>	<u>-</u>	<u>284,079</u>
NET CHANGE IN FUND BALANCES	6,354	-	191,934
FUND BALANCES, BEGINNING	(6,354)	-	2,461,963
FUND BALANCES, ENDING	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,653,897</u>

VAN ZANDT COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

SEPTEMBER 30, 2022

	<u>Justice of the Peace</u>	<u>Constable</u>	<u>County Clerk</u>	<u>District Clerk</u>
ASSETS				
Cash and equivalents	\$ 21,580	\$ -	\$ 3,662,856	\$ 3,476,771
Total Assets	<u>21,580</u>	<u>-</u>	<u>3,662,856</u>	<u>3,476,771</u>
LIABILITIES				
Accounts payable	-	-	-	-
Due to other governments	-	-	-	-
Due to others	<u>1,989</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,989</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Restricted for individuals and other governments	<u>19,591</u>	<u>-</u>	<u>3,662,856</u>	<u>3,476,771</u>
Total Net Position	\$ <u>19,591</u>	\$ <u>-</u>	\$ <u>3,662,856</u>	\$ <u>3,476,771</u>

Tax Assessor/ Collector	District Attorney	CSCD	Juvenile Probation	Sheriff	Total Custodial Funds
<u>\$ 985,090</u>	<u>\$ 183,614</u>	<u>\$ 831,518</u>	<u>\$ 35,196</u>	<u>\$ 161,002</u>	<u>\$ 9,357,627</u>
<u>985,090</u>	<u>183,614</u>	<u>831,518</u>	<u>35,196</u>	<u>161,002</u>	<u>9,357,627</u>
-	-	-	-	15,439	15,439
963,189	-	-	-	-	963,189
<u>-</u>	<u>-</u>	<u>34,290</u>	<u>-</u>	<u>-</u>	<u>36,279</u>
<u>963,189</u>	<u>-</u>	<u>34,290</u>	<u>-</u>	<u>15,439</u>	<u>1,014,907</u>
<u>21,901</u>	<u>183,614</u>	<u>797,228</u>	<u>35,196</u>	<u>145,563</u>	<u>8,342,720</u>
<u>\$ 21,901</u>	<u>\$ 183,614</u>	<u>\$ 797,228</u>	<u>\$ 35,196</u>	<u>\$ 145,563</u>	<u>\$ 8,342,720</u>

VAN ZANDT COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Justice of the Peace	Constable	County Clerk	District Clerk
ADDITIONS				
Fees on behalf of state comptroller	\$ 204,780	\$ -	\$ 82,572	\$ 92,446
Fees on behalf of other governments	10,315	-	-	8,141
Bonds received	1,000	-	-	-
Fees on behalf of other contracting entities	55,173	-	1,432	1,370
Refunds and restitution	-	-	28,884	14,995
Commissary	-	-	-	-
Court registry	-	-	-	2,286,423
Trust accounts	-	-	2,591,892	-
Cash bonds	-	-	52,600	23,400
Escrow accounts	-	-	3,992	-
Interest earned	-	-	1,802	531
Total Additions	271,268	-	2,763,174	2,427,306
DEDUCTIONS				
Fees on behalf of state comptroller	203,996	-	82,572	92,446
Disbursements on behalf of contracting entities	55,173	-	19,461	9,511
Bond returns	1,000	-	13,500	18,800
Trust returns	-	-	198,181	2,822
Court registry returns	-	-	-	1,463,548
Commissary	-	-	-	-
Fees on behalf of other governments	11,408	-	-	-
Refunds and restitution	-	-	28,884	14,995
Escrow accounts	-	2,853	2,496	-
Total Deductions	271,577	2,853	345,094	1,602,122
Net Increase (Decrease) in Fiduciary Net Position	(309)	(2,853)	2,418,080	825,184
Net Position Beginning	19,900	2,853	1,244,776	2,651,587
Net Position, Ending	\$ 19,591	\$ -	\$ 3,662,856	\$ 3,476,771

<u>Tax Assessor/ Collector</u>	<u>District Attorney</u>	<u>CSCD</u>	<u>Juvenile Probation</u>	<u>Sheriff</u>	<u>Total Custodial Funds</u>
\$ 10,958,673	\$ -	\$ 330	\$ -	\$ -	\$ 11,338,801
6,940	-	38,712	-	1,838	65,946
-	-	-	-	-	1,000
-	-	-	-	25,270	83,245
-	12,895	69,910	-	-	126,684
-	-	-	-	151,184	151,184
-	-	-	-	-	2,286,423
-	-	-	-	-	2,591,892
-	-	-	-	-	76,000
-	289,341	-	-	420,651	713,984
<u>3,317</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,726</u>
<u>10,968,930</u>	<u>302,312</u>	<u>108,952</u>	<u>-</u>	<u>598,943</u>	<u>17,440,885</u>
10,958,673	-	330	-	-	11,338,017
17,165	-	-	-	27,270	128,580
-	-	-	-	5,000	38,300
-	-	-	-	-	201,003
-	-	-	-	-	1,463,548
-	-	-	-	70,781	70,781
9,019	-	-	-	13,488	33,915
-	12,895	69,910	1,453	-	128,137
<u>-</u>	<u>230,102</u>	<u>-</u>	<u>-</u>	<u>401,739</u>	<u>637,190</u>
<u>10,984,857</u>	<u>242,997</u>	<u>70,240</u>	<u>1,453</u>	<u>518,278</u>	<u>14,039,471</u>
(15,927)	59,315	38,712	(1,453)	80,665	3,401,414
<u>37,828</u>	<u>124,299</u>	<u>758,516</u>	<u>36,649</u>	<u>64,898</u>	<u>4,941,306</u>
<u>\$ 21,901</u>	<u>\$ 183,614</u>	<u>\$ 797,228</u>	<u>\$ 35,196</u>	<u>\$ 145,563</u>	<u>\$ 8,342,720</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, 2022

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
REVENUES				
Tax Revenue:				
Taxes - current	\$ 622,000	\$ 622,000	\$ 531,123	\$(90,877)
Taxes - delinquent	-	-	23,111	23,111
Penalty/interest	<u>-</u>	<u>-</u>	<u>15,757</u>	<u>15,757</u>
Total Tax Revenue	<u>622,000</u>	<u>622,000</u>	<u>569,991</u>	<u>(52,009)</u>
Investment Earnings:				
Depository interest	<u>-</u>	<u>-</u>	<u>844</u>	<u>844</u>
Total Investment Earnings	<u>-</u>	<u>-</u>	<u>844</u>	<u>844</u>
Total Revenues	<u>622,000</u>	<u>622,000</u>	<u>570,835</u>	<u>(51,165)</u>
EXPENDITURES				
Debt Service:				
Principal payments	1,045,000	1,045,000	1,045,000	-
Interest and fiscal charges	35,327	33,753	33,753	-
Debt service fees	<u>16,950</u>	<u>13,760</u>	<u>20,102</u>	<u>(6,342)</u>
Total Debt Service	<u>1,097,277</u>	<u>1,092,513</u>	<u>1,098,855</u>	<u>(6,342)</u>
Total Expenditures	<u>1,097,277</u>	<u>1,092,513</u>	<u>1,098,855</u>	<u>(6,342)</u>
Net change in fund balance	(475,277)	(470,513)	(528,020)	(44,823)
FUND BALANCE, BEGINNING	<u>660,316</u>	<u>660,316</u>	<u>660,316</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 185,039</u>	<u>\$ 189,803</u>	<u>\$ 132,296</u>	<u>\$(44,823)</u>

COMPLIANCE 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 21, 2023.

Report on 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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
June 21, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE***

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

Report on Compliance for Each Major Federal Program

We have audited Van Zandt County, Texas' (the "County") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 federal 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 federal 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 federal 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas
June 21, 2023

VAN ZANDT COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Federal Awards			
<u>U.S. Department of Agriculture</u>			
Passed through the Texas Department of Agriculture: National School Lunch Program	10.555	01350	\$ 22,321
Subtotal Child Nutrition Cluster			<u>22,321</u>
Total Texas Department of Agriculture			<u>22,321</u>
Total U.S. Department of Agriculture			<u>22,321</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the Texas Department of Agriculture: TDA-TXCDBG Fruitvale Water Supply Corporation	14.228	7220480	235,862
Subtotal CDBG Entitlement Grants Cluster			<u>235,862</u>
Total Texas Department of Agriculture			<u>235,862</u>
Total U.S. Department of Housing and Urban Development			<u>235,862</u>
<u>U.S. Department of Justice</u>			
Passed through the Texas Office of the Governor: Victim Assistance Project	16.575	2830705	47,499
Edward Byrne Memorial Justice Assistance Grant	16.738	1770417	<u>43,100</u>
Total Texas Office of the Governor			<u>90,599</u>
Total U.S. Department of Justice			<u>90,599</u>
<u>U.S. Department of Treasury</u>			
Passed through the Texas Division of Emergency Management: COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	SLT 4545	1,055,627
Total Texas Division of Emergency Management			<u>1,055,627</u>
Total U.S. Department of Treasury			<u>1,055,627</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the Texas Department of Family and Protective Services: Title IV-E Legal Services	93.658	HHS00028510025	49,108
Total Texas Department of Family and Protective Services			<u>49,108</u>
Total U.S. Department of Health and Human Services			<u>49,108</u>
Total Expenditures of Federal Awards			\$ <u>1,453,517</u>

VAN ZANDT COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Basis of Presentation

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of the County. The County's reporting entity is defined in Note I of the basic financial statements. Federal awards received directly from federal agencies, as well as awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Indirect Costs

The County has elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.

Subrecipients

The County did not pass any federal awards through to any subrecipients.

VAN ZANDT COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 2 CFR 100.516(a)	No

Identification of major programs:

Assistance Listing Number(s): 21.027	Name of Program or Cluster: Coronavirus State and Local Fiscal Recovery Fund - COVID-19
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Dollar threshold used to distinguish between type A and type B programs	\$750,000
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 Federal Awards

None

VAN ZANDT COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

None

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