

VAN ZANDT COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

VAN ZANDT COUNTY, TEXAS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Van Zandt County, Texas, (the "County"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Van Zandt County, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Van Zandt County, Texas' management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Van Zandt County, Texas, as of September 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the 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 5, 2020, on our consideration of Van Zandt County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Van Zandt County, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
June 5, 2020

VAN ZANDT COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2019

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, 2019. Please read it in conjunction with the County's financial statements, which begin on page 8.

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 \$14,551,803 (*net position*). Of this amount, \$4,874,718 (*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 \$1,710,466, due to the \$867,704 increase in property tax revenue. This increase was due to an increase in the property tax rate for the current year.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$7,354,931, an increase of \$1,375,032 in comparison with the prior year. The County has fund balance available for spending at the County's discretion as unassigned fund balance is \$3,477,894 .
- At the end of the current fiscal year, unassigned fund balance for the General Fund totaled \$3,189,179 , or 26% 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, 2019.

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 34 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, and Debt Service, all 6 of which are considered to be major funds. Data from the other 28 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 \$12,841,337 to \$14,551,803. 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 \$4,874,718 as of September 30, 2019.

The net position of the County increased by \$1,710,466 in fiscal year 2019, as opposed to a decrease of \$1,998,858 in fiscal year 2018. Total assets increased \$1,589,744 when compared to fiscal year 2018. The main factor that caused this increase was the tax year 2018 maintenance and operating tax rate was increased by .04 cents. This generated approximately \$850,000 in revenue. Only .01 cent was included in the expense budget and it was specifically earmarked to raise correctional officer and deputy positions salaries at the Van Zandt County Jail. The increases were to allow the salaries to be more competitive with surrounding counties and try to prevent turnover. The additional .03 cents were to increase fund balance.

**TABLE 1
VAN ZANDT COUNTY, TEXAS
NET POSITION**

	Governmental Activities	
	2019	2018
Current and other assets	\$ 11,445,309	\$ 9,748,763
Capital assets	<u>10,039,425</u>	<u>10,146,227</u>
Total assets	<u>21,484,734</u>	<u>19,894,990</u>
Deferred outflows of resources	<u>2,196,933</u>	<u>480,126</u>
Current liabilities	3,474,150	3,063,962
Non current liabilities	<u>5,609,680</u>	<u>3,994,730</u>
Total liabilities	<u>9,083,830</u>	<u>7,058,692</u>
Deferred inflows of resources	<u>46,034</u>	<u>475,087</u>
Net position		
Net invested in capital assets	5,948,334	5,125,117
Restricted	3,728,751	3,536,929
Unrestricted	<u>4,874,718</u>	<u>4,179,291</u>
Total net position	<u>\$ 14,551,803</u>	<u>\$ 12,841,337</u>

**TABLE 2
VAN ZANDT COUNTY, TEXAS
CHANGES IN NET POSITION**

	Governmental Activities	
	2019	2018
Revenues:		
Charges for services	\$ 4,769,518	\$ 5,015,843
Operating grants and contributions	685,387	688,958
Capital grants and contributions	190,608	-
General revenue:		
Property taxes	16,266,142	15,398,438
Miscellaneous	270,043	252,427
Gain on sale of capital assets	168,285	149,053
Interest income	<u>223,437</u>	<u>136,505</u>
Total revenues	<u>22,573,420</u>	<u>21,641,224</u>
Expenses:		
General government	4,500,219	4,158,482
Judicial	2,798,522	2,610,294
Public safety	6,139,643	5,694,387
Health and welfare	185,674	121,389
Highways and bridges	6,785,617	6,556,457
Culture and recreation	136,076	134,900
Conservation	95,556	88,674
Sanitation	78,291	63,763
Interest on long-term debt	<u>143,356</u>	<u>214,020</u>
Total expenses	<u>20,862,954</u>	<u>19,642,366</u>
Change in net position	1,710,466	1,998,858
Net position beginning of year	<u>12,841,337</u>	<u>10,842,479</u>
Net position end of year	<u>\$ 14,551,803</u>	<u>\$ 12,841,337</u>

THE COUNTY’S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on pages 10 – 11) reported a combined fund balance of \$7,354,931 which represents a \$1,375,032 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 2018.) 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	
	2019	2018
Land	\$ 514,749	\$ 514,749
Construction in progress	419,802	-
Buildings and improvements	2,362,000	2,564,265
Machinery and equipment	2,314,629	2,224,581
Infrastructure	<u>4,428,245</u>	<u>4,842,632</u>
Total	<u>\$ 10,039,425</u>	<u>\$ 10,146,227</u>

At the end of 2019, the County had approximately \$10,039,425 (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. Construction in progress for 2019 consists of expenditures on the Justice Center roofing project that are expected to be completed in 2020.

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

- 2 Holt Motor Graders for \$453,309
- 2016 John Deere Cab Tractor for \$112,000

Debt

	Governmental Activities	
	2019	2018
Certificates of obligation	\$ 2,942,000	\$ 3,987,000
Notes payable	1,149,091	1,034,110
Compensated absences	<u>480,608</u>	<u>398,109</u>
Total	<u>\$ 4,571,699</u>	<u>\$ 5,419,219</u>

At year-end, the County had \$1,149,091 in notes payable for various County equipment and vehicles. The County issued \$565,310 in new debt and paid \$450,329 in principal payments for the year. The County also had \$2,942,000 of Certificates of Obligation outstanding at year-end. The County paid in principal payments of \$1,045,000 on these obligations in fiscal year 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County’s General Fund balance of \$3,490,069 reported on page 9 differs from the General Fund’s budgetary fund balance of \$2,020,547. The primary reason for the difference was the County staying under budgeted expenditures by \$804,174. The County also collected \$343,725 more in revenues than were budgeted for FY 2019.

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 4.8% since 2010.

Accordingly, the requirements for services to citizens, in addition to ongoing unfunded mandates from the state and federal governments, have increased substantially while revenue options available to County government continue to be severely limited. Even state-authorized increases to fees such as court costs are usually tied to dedicated funds to be turned over to the state with any local retainage dedicated and not available to the County for General Fund expenditures.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Van Zandt County's real estate market has been growing at a historic pace. For the first time, the County has eclipsed \$3 Billion in taxable value and \$5 Billion in market valuation of taxable property. For the Fiscal Year 2020 the county will see an increase in total taxable value from re-appraisals and new value/construction of 10.7%.

For Fiscal Year 2020 the property tax rate is .61423064 and includes a \$.10 special road tax. The fiscal year 2020 budget will raise additional property taxes of \$512,822.

Van Zandt County Commissioner's Court plans to complete the construction of a new roof and HVAC system at the Van Zandt County Justice Center in FY 2020. This construction has been fully funded by fund balance and no debt was required.

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, 2019

	<u>Primary Government</u>
	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 8,888,029
Receivables (net of allowance for doubtful accounts)	2,556,580
Prepaid expenditures	700
Capital assets (net of accumulated depreciation):	
Land	514,749
Construction in progress	419,802
Buildings	2,362,000
Machinery and equipment	2,314,629
Infrastructure	4,428,245
Total capital assets	10,039,425
Total assets	21,484,734
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	2,196,933
Total deferred outflows of resources	2,196,933
LIABILITIES	
Accounts payable	1,447,120
Accrued liabilities	329,543
Accrued interest payable	106,040
Due to other governments	191,487
Noncurrent liabilities:	
Due within one year	
Long-term debt	1,399,960
Due in more than one year	
Long-term debt	3,171,739
Net pension liability	2,437,941
Total liabilities	9,083,830
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	46,034
Total deferred inflows of resources	46,034
NET POSITION	
Net investment in capital assets	5,948,334
Restricted for:	
Road and bridge	1,992,402
Court technology and security	92,263
Records management	772,856
Judicial	63,597
Public safety	75,599
Law library	67,052
Conservation	77,469
Economic development	343,045
Historical commission	8,355
Disaster relief	16,083
Debt service	220,030
Unrestricted	4,874,718
Total net position	\$ 14,551,803

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

VAN ZANDT COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Primary Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 4,500,219	\$ 943,513	\$ 318,682	\$ 190,608	\$(3,047,416)
Judicial	2,798,522	1,951,029	160,265	-	(687,228)
Public safety	6,139,643	473,575	78,335	-	(5,587,733)
Health and welfare	185,674	-	51,979	-	(133,695)
Highways and bridges	6,785,617	1,169,083	76,126	-	(5,540,408)
Cultural and recreation	136,076	7,676	-	-	(128,400)
Conservation	95,556	-	-	-	(95,556)
Sanitation	78,291	224,642	-	-	146,351
Interest on long-term debt	143,356	-	-	-	(143,356)
Total primary government	\$ 20,862,954	\$ 4,769,518	\$ 685,387	\$ 190,608	(15,217,441)
General revenues:					
Property taxes					16,266,142
Investment earnings					223,437
Gain on sale of capital assets					168,285
Other					270,043
Total general revenues					<u>16,927,907</u>
Change in net position					1,710,466
Net position - beginning of year					<u>12,841,337</u>
Net position - end of year					<u>\$ 14,551,803</u>

VAN ZANDT COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	<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	\$ 4,167,195	\$ 561,811	\$ 896,014	\$ 891,149
Receivables (net of allowance of uncollectibles) :				
Accounts	1,682,977	4,594	5,678	4,848
Property Taxes	512,004	48,792	65,267	59,502
Due from other governments	3,884	-	-	-
Prepaid expenditures	700	-	-	-
Due from other funds	<u>74,669</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>6,441,429</u>	<u>615,197</u>	<u>966,959</u>	<u>955,499</u>
LIABILITIES				
Accounts payable	632,038	194,739	112,711	237,316
Accrued Liabilities	258,329	13,461	14,035	20,072
Due to other governments	191,487	-	-	-
Due to other funds	<u>5,922</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,087,776</u>	<u>208,200</u>	<u>126,746</u>	<u>257,388</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - fines	1,393,409	-	-	-
Unavailable revenue - grants	1,753	-	-	-
Unavailable revenue - property taxes	<u>468,422</u>	<u>47,053</u>	<u>55,523</u>	<u>55,190</u>
Total deferred inflows of resources	<u>1,863,584</u>	<u>47,053</u>	<u>55,523</u>	<u>55,190</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	700	-	-	-
Restricted for:				
Road and bridge	-	359,944	784,690	642,921
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	300,190	-	-	-
Unassigned	<u>3,189,179</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>3,490,069</u>	<u>359,944</u>	<u>784,690</u>	<u>642,921</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,441,429</u>	<u>\$ 615,197</u>	<u>\$ 966,959</u>	<u>\$ 955,499</u>

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

Road and Bridge Precinct #4	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 601,410	\$ 263,049	\$ 1,507,401	\$ 8,888,029
4,501	-	59,185	1,761,783
48,249	57,099	-	790,913
-	-	-	3,884
-	-	-	700
-	<u>5,922</u>	-	<u>80,591</u>
<u>654,160</u>	<u>326,070</u>	<u>1,566,586</u>	<u>11,525,900</u>
180,741	-	89,575	1,447,120
12,798	-	10,848	329,543
-	-	-	191,487
-	-	<u>74,669</u>	<u>80,591</u>
<u>193,539</u>	-	<u>175,092</u>	<u>2,048,741</u>
-	-	-	1,393,409
-	-	-	1,753
<u>47,081</u>	<u>53,797</u>	-	<u>727,066</u>
<u>47,081</u>	<u>53,797</u>	-	<u>2,122,228</u>
-	-	-	700
-	-	-	1,787,555
-	-	92,263	92,263
-	-	772,856	772,856
-	-	63,597	63,597
-	-	75,599	75,599
-	272,273	-	272,273
-	-	67,052	67,052
-	-	77,469	77,469
-	-	343,045	343,045
-	-	8,355	8,355
-	-	16,083	16,083
-	-	-	300,190
<u>413,540</u>	-	<u>(124,825)</u>	<u>3,477,894</u>
<u>413,540</u>	<u>272,273</u>	<u>1,391,494</u>	<u>7,354,931</u>
\$ <u>654,160</u>	\$ <u>326,070</u>	\$ <u>1,566,586</u>	\$ <u>11,525,900</u>

VAN ZANDT COUNTY, TEXAS

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

SEPTEMBER 30, 2019

Amounts reported for governmental activities in the statement of net position (page 8) are different because:

Total fund balances governmental funds (page 11)	\$	7,354,931
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.		10,039,425
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.	(	106,040)
Deferred outflows of resources represent the consumption of net position that are applicable to a future reported period.		2,196,933
Deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period.		2,076,194
The net pension liability is not recognized in the current period and, therefore, are not reported in the governmental funds balance sheet.	(	2,437,941)
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.	(	<u>4,571,699</u>)
Net position of governmental activities	\$	<u>14,551,803</u>

VAN ZANDT COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<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	\$ 10,089,142	\$ 674,267	\$ 813,438	\$ 685,887
Property taxes - special road tax	-	460,951	705,024	714,636
Permits, licenses and fees	2,766,923	256,892	399,162	262,820
Investment earnings	112,079	13,404	24,703	21,958
Intergovernmental revenues	339,475	-	-	-
Other revenues and fees	<u>144,721</u>	<u>152</u>	<u>2,224</u>	<u>6,102</u>
Total revenues	<u>13,452,340</u>	<u>1,405,666</u>	<u>1,944,551</u>	<u>1,691,403</u>
EXPENDITURES				
Current:				
General government	3,254,598	-	-	-
Judicial	2,625,581	-	-	-
Public safety	5,159,869	-	-	-
Conservation	87,653	-	-	-
Highways and bridges	61,767	1,190,799	1,800,352	1,479,792
Cultural and recreation	129,672	-	-	-
Sanitation	74,660	-	-	-
Health and welfare	183,319	-	-	-
Capital outlay	557,786	303,900	-	418,222
Debt service:				
Principal retirement	197,331	87,286	-	78,984
Interest and fiscal charges	<u>22,867</u>	<u>74</u>	<u>-</u>	<u>6,774</u>
Total expenditures	<u>12,355,103</u>	<u>1,582,059</u>	<u>1,800,352</u>	<u>1,983,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,097,237</u>	<u>(176,393)</u>	<u>144,199</u>	<u>(292,369)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	231,500	-	333,810
Insurance recoveries	173,603	-	899	-
Sale of capital assets	-	5,000	2,334	-
Transfers in	89,818	-	15,768	-
Transfers out	<u>(398,328)</u>	<u>(16,500)</u>	<u>(16,500)</u>	<u>(16,695)</u>
Total other financing sources (uses)	<u>(134,907)</u>	<u>220,000</u>	<u>2,501</u>	<u>317,115</u>
Net change in fund balances	962,330	43,607	146,700	24,746
Fund balances, Beginning	<u>2,527,739</u>	<u>316,337</u>	<u>637,990</u>	<u>618,175</u>
Fund balances, Ending	\$ <u>3,490,069</u>	\$ <u>359,944</u>	\$ <u>784,690</u>	\$ <u>642,921</u>

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

Road and Bridge Precinct #4	Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 660,662	\$ 931,287	\$ -	\$ 13,854,683
463,999	-	-	2,344,610
251,709	-	878,403	4,815,909
18,421	7,386	25,486	223,437
-	-	503,639	843,114
<u>120,879</u>	<u>-</u>	<u>3,160</u>	<u>277,238</u>
<u>1,515,670</u>	<u>938,673</u>	<u>1,410,688</u>	<u>22,358,991</u>
-	-	797,950	4,052,548
-	-	80,248	2,705,829
-	-	508,028	5,667,897
-	-	6,000	93,653
1,370,317	-	-	5,903,027
-	-	-	129,672
-	-	-	74,660
-	-	-	183,319
13,000	-	-	1,292,908
88,921	1,045,000	-	1,497,522
-	120,700	-	150,415
<u>1,472,238</u>	<u>1,165,700</u>	<u>1,392,226</u>	<u>21,751,450</u>
<u>43,432</u>	<u>(227,027)</u>	<u>18,462</u>	<u>607,541</u>
-	-	-	565,310
-	-	14,345	188,847
-	-	6,000	13,334
27,210	-	452,959	585,755
(71,131)	-	(66,601)	(585,755)
<u>(43,921)</u>	<u>-</u>	<u>406,703</u>	<u>767,491</u>
(489)	(227,027)	425,165	1,375,032
<u>414,029</u>	<u>499,300</u>	<u>966,329</u>	<u>5,979,899</u>
\$ <u>413,540</u>	\$ <u>272,273</u>	\$ <u>1,391,494</u>	\$ <u>7,354,931</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, 2019

Amounts report for governmental activities in the statement of activities (page 9) are different because:

Net change in fund balances - total governmental funds	\$	1,375,032
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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.

Expenditures for capital assets		1,248,120
Less: current year depreciation	(	1,321,026)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

Insurance recoveries	(	20,562)
Sale of capital assets	(	13,334)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property taxes		66,849
Court fines	(	22,458)
Grant revenue		1,753

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.

Compensated absences	(	82,499)
Pension expense	(	458,487)

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.

Repayment of long-term liabilities		1,495,329
Issuance of long-term debt	(	565,310)

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.

		<u>7,059</u>
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Change in net position of governmental activities	\$	<u>1,710,466</u>
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VAN ZANDT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2019

ASSETS

Cash and cash equivalents	\$ <u>4,860,385</u>
Total assets	<u>4,860,385</u>

LIABILITIES

Due to other agencies and individuals	<u>4,860,385</u>
Total liabilities	\$ <u>4,860,385</u>

VAN ZANDT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

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, and the Debt Service 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-Level Financial Statements

Fund level financial statements are reported using 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 Special Revenue 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.

Additionally, the County reports the following fund type:

- The **Agency 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 29 percent of outstanding property taxes as of September 30, 2019.

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. Deferred Outflows/Inflows of Resources

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

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

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

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

8. Estimates

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

9. Pensions

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

10. Net Position Flow Assumptions

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

11. Fund Balance Flow Assumption

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

12. Fund Balance Classification

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

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

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

13. Equity Classification

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliations between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains the “Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds balance sheet.” The detail of the \$2,076,194 difference is as follows:

Property taxes	\$ 727,066
Grants	1,753
Court receivables	1,393,409
Related to TCDRS	<u>(46,034)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 2,076,194</u>

Another element of that reconciliation explains that “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.” The detail of this \$(4,571,699) difference is as follows:

Certificates of obligation payable	\$(2,942,000)
Notes payable obligations	(1,149,091)
Compensated absences	<u>(480,608)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position governmental activities	<u>\$(4,571,699)</u>

Another element of that reconciliation states that “capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.” The detail of this \$10,039,425 difference is as follows:

Beginning balance of capital assets, net of depreciation	\$ 10,146,227
Capital asset additions, net of retirements	1,214,224
Depreciation of capital assets, current year	<u>(1,321,026)</u>
	<u>\$ 10,039,425</u>

B. Explanation of Certain Differences Between the Government Fund Statements of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The government fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation indicates that “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.” The detail of this \$ 72,906 difference is as follows:

Expenditures for capital assets	\$ 1,248,120
Depreciation expense	<u>(1,321,026)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$(72,906)</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

Hazard Mitigation Grant, VOICES Grant, Juvenile Probation, and ETCOG Residential Grant have a deficit fund balance of (\$31,328), (\$805), (\$91,215), and (\$1,477), respectively. The County plans to cover these deficits with either transfers or greater revenues than expenditures.

IV. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Cash and investments as of September 30, 2019 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:	
Primary government	
Cash and cash equivalents	\$ <u>8,888,029</u>
 Total cash and cash equivalents	 \$ <u><u>8,888,029</u></u>
 Cash on hand	 \$ 4,703
Checking and savings account	483,056
External investment pools	<u>8,400,270</u>
	\$ <u><u>8,888,029</u></u>

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

As of September 30, 2019, the County had the following cash equivalents:

<u>Investment Type</u>	<u>Net Asset Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 7,615,252	38
Texas CLASS	<u>785,018</u>	41
 Total fair value	 \$ <u><u>8,400,270</u></u>	

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

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

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

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations, those of its agencies and instrumentalities, or direct obligations of Texas or its agencies instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2019, 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:

	<u>General</u>	<u>Road & Bridge</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 724,783	\$ 313,413	\$ 80,828	\$ -	\$ 1,119,024
Accounts	<u>14,223,663</u>	<u>19,621</u>	<u>-</u>	<u>59,185</u>	<u>14,302,469</u>
Gross receivables	<u>14,948,446</u>	<u>333,034</u>	<u>80,828</u>	<u>59,185</u>	<u>15,421,493</u>
Less: allowance for uncollectibles	<u>(12,753,465)</u>	<u>(91,603)</u>	<u>(23,729)</u>	<u>-</u>	<u>(12,868,797)</u>
Net total receivables	<u>\$ 2,194,981</u>	<u>\$ 241,431</u>	<u>\$ 57,099</u>	<u>\$ 59,185</u>	<u>\$ 2,552,696</u>

Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 514,749	\$ -	\$ -	\$ 514,749
Construction in progress	-	419,802	-	419,802
Total capital assets, not being depreciated	<u>514,749</u>	<u>419,802</u>	<u>-</u>	<u>934,551</u>
Capital assets, being depreciated:				
Buildings and improvements	7,788,798	70,755	-	7,859,553
Machinery and equipment	9,252,922	757,563	(110,018)	9,900,467
Infrastructure	8,311,778	-	-	8,311,778
Total capital assets being depreciated	<u>25,353,498</u>	<u>828,318</u>	<u>(110,018)</u>	<u>26,071,798</u>
Less accumulated depreciation:				
Buildings and improvements	(5,224,533)	(273,020)	-	(5,497,553)
Machinery and equipment	(7,028,341)	(633,619)	76,122	(7,585,838)
Infrastructure	(3,469,146)	(414,387)	-	(3,883,533)
Total accumulated depreciation	<u>(15,722,020)</u>	<u>(1,321,026)</u>	<u>76,122</u>	<u>(16,966,924)</u>
Total capital assets, being depreciated, net	<u>9,631,478</u>	<u>(492,708)</u>	<u>(33,896)</u>	<u>9,104,874</u>
Governmental activities capital assets, net	<u>\$ 10,146,227</u>	<u>\$ (72,906)</u>	<u>\$ (33,896)</u>	<u>\$ 10,039,425</u>

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

Governmental activities:	
General government	\$ 319,226
Public safety	219,575
Highways and bridges	<u>782,225</u>
Total depreciation expense - governmental activities	<u>\$ 1,321,026</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances of as September 30, 2019, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Funds	\$ 74,669
Debt Service	General Fund	<u>5,922</u>
		<u>\$ 80,591</u>

Transfers In/out:

	Transfer In			Total
	General	Road & Bridge 1-4	Nonmajor Governmental	
Transfer out:				
General	\$ -	\$ -	\$ 398,328	\$ 398,328
Road & Bridge 1-4	66,195	-	54,631	120,826
Nonmajor governmental	<u>23,623</u>	<u>42,978</u>	<u>-</u>	<u>66,601</u>
Total transfers	<u>\$ 89,818</u>	<u>\$ 42,978</u>	<u>\$ 452,959</u>	<u>\$ 585,755</u>

Long-Term Liabilities

The County has issued certificates of obligation in prior years for the construction and purchase of capital assets. The proceeds were used to construct a jail, improve county infrastructure and purchasing buildings for county use. The County has also entered into financing contracts or notes with Government Capital Finance Corporation and Texas Bank & Trust for the purchase of capital assets such as computer systems, road and bridge equipment, and law enforcement vehicles. Outstanding certificates of obligation and notes as of September 30, 2019 are comprised of the following issues:

<u>Certificates of Obligation - Private Placement:</u>	Original	Maturity	Interest	Current
Name	Issue Amount	Date	Rate	Balance
Series 2004 Combination Tax and Revenue Certificates of Obligation	\$ 1,500,000	2/15/2019	4.65%	\$ -
Series 2008 Certificates of Obligation	6,375,000	4/30/2023	3.39%	2,020,000
Series 2010 Certificates of Obligation	4,099,000	12/15/2020	3.02%	922,000
				<u>\$ 2,942,000</u>

<u>Notes Payable:</u>	Original	Maturity	Interest	Current
Name	Issue Amount	Date	Rate	Balance
Governmental Capital Corporation - Contract #6851	\$ 150,000	12/5/2019	3.20%	\$ 31,781
Governmental Capital Corporation - Contract #6235	149,105	12/5/2019	3.20%	30,970
Governmental Capital Corporation - Contract #7555	150,000	12/30/2020	3.22%	77,715
Governmental Capital Corporation - Contract #8009	543,903	12/15/2021	3.06%	414,399
Governmental Capital Corporation - Contract #8143	157,900	3/28/2023	4.29%	128,916
Governmental Capital Corporation - Contract #8764	112,000	9/3/2024	3.25%	112,000
Governmental Capital Corporation - Contract #8498	221,810	1/25/2023	3.65%	171,810
Governmental Capital Corporation - Contract #8497	231,500	1/17/2023	3.65%	181,500
Promissory Note	109,116	2/15/2021	3.85%	-
				<u>\$ 1,149,091</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	Beginning	Additions	Reductions	Ending	Due Within
	Balance			Balance	One Year
Governmental activities					
Certificates of obligation -					
private placement	\$ 3,987,000	\$ -	\$ 1,045,000	\$ 2,942,000	\$ 934,000
Notes/Leases	1,034,110	565,310	450,329	1,149,091	369,838
Compensated absences	398,109	693,273	610,774	480,608	96,122
Total governmental activities					
Long-term liabilities	<u>\$ 5,419,219</u>	<u>\$ 1,258,583</u>	<u>\$ 2,106,103</u>	<u>\$ 4,571,699</u>	<u>\$ 1,399,960</u>

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

Debt Service Requirements

Debt service requirements for certificates of obligation are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 934,000	\$ 89,467	\$ 1,023,467
2021	963,000	59,273	1,022,273
2022	515,000	35,426	550,426
2023	<u>530,000</u>	<u>17,967</u>	<u>547,967</u>
Total	<u>\$ 2,942,000</u>	<u>\$ 202,133</u>	<u>\$ 3,144,133</u>

Debt Service requirements for notes are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 369,838	\$ 32,584	\$ 402,422
2021	317,450	23,218	340,668
2022	287,423	14,230	301,653
2023	150,524	7,236	157,760
2024	<u>23,856</u>	<u>1,471</u>	<u>25,327</u>
Total	<u>\$ 1,149,091</u>	<u>\$ 78,739</u>	<u>\$ 1,227,830</u>

V. 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, 2019, the County had not liability for unpaid claims or adjustments under policies carried with the risk pool. During the year ended September 30, 2019, 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.

VI. 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.

VII. 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 (CAFR) 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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	143
Inactive employees entitled to but not yet receiving benefits	346
Active employees	<u>229</u>
	<u><u>718</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 7.76% and 7.67% in calendar years 2018 and 2019, respectively. The County's contributions to TCDRS for the year ended September 30, 2019, were \$594,450 and were equal to the required contributions.

Net Pension Liability of the County

The County's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2018 actuarial evaluation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	3.25% per year
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

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

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

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

The actuarial assumptions that determined the Total Pension Liability as of December 31, 2018 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 8.0%. 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 2019 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed	MSCI World Ex USA (net) Index	10.00%	5.40%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

⁽¹⁾ Target asset allocation adopted at the April 2019 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 capital market assumptions.

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rates used to measure the Total Pension Liability was 8.1%. 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2017	\$ 28,467,246	\$ 28,633,652	\$(166,406)
Changes for the year:			
Service cost	871,792	-	871,792
Interest on total pension liability ⁽¹⁾	2,314,465	-	2,314,465
Effect of economic/demographic gains or losses	(56,246)	-	(56,246)
Refund of contributions	(134,591)	(134,591)	-
Benefit payments	(1,426,584)	(1,426,584)	-
Administrative expenses	-	(22,167)	22,167
Member contributions	-	520,443	(520,443)
Net investment income	-	(538,619)	538,619
Employer contributions	-	576,948	(576,948)
Other ⁽²⁾	-	(10,941)	10,941
Balance at 12/31/2018	<u>\$ 30,036,082</u>	<u>\$ 27,598,141</u>	<u>\$ 2,437,941</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 8.10%, as well as what the Van Zandt County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease	Current	1% Increase
	7.1%	Discount Rate 8.1%	9.1%
Total pension liability	\$ 33,544,679	\$ 30,036,082	\$ 27,064,996
Fiduciary net position	<u>27,598,140</u>	<u>27,598,141</u>	<u>27,598,140</u>
Net pension liability/(asset)	<u>\$ 5,946,539</u>	<u>\$ 2,437,941</u>	<u>\$(533,144)</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, 2019, the County recognized pension expense of \$1,052,834.

At September 30, 2019, 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	\$ -	\$ 46,034
Changes in actuarial assumptions	33,117	-
Net difference between projected and actual investment earnings	1,732,524	-
Contributions made subsequent to the measurement date	<u>431,292</u>	<u>-</u>
Total	<u>\$ 2,196,933</u>	<u>\$ 46,034</u>

County contributions subsequent to the measurement date of \$431,292 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, 2020. 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,	
2020	\$ 651,673
2021	265,806
2022	234,485
2023	567,643

VIII. NEW ACCOUNTING STANDARDS

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the County include the following:

Statement No. 84, *Fiduciary Activities* – This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus is generally on whether a government is controlling the assets of the fiduciary activity and on the beneficiaries with whom a fiduciary relationship exists. This Statement will become effective for the County in fiscal year 2021.

Statement No. 87, *Leases* – This Statement will improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under the Statement a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resource, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the County in fiscal year 2022.

IX. SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a Public Health Emergency of International Concern and on March 10, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively affect the County's operations, suppliers or other vendors, as well as intergovernmental entities and citizens it collects fees from. Subsequent shelter in place orders, labor shortages or other disruptions to the County's operations, or that of its suppliers and vendors, may adversely affect the County's ability to provide services to citizens and taxpayers. In addition, the epidemic and its effects could result in a widespread health crisis that may lead to an economic downturn, negatively affecting tax revenues, demand for services, and the value of investments including pension assets. As of the date of this report, the impact of COVID-19 on the County's financial statements or operations cannot be determined. The extent to which COVID-19 may affect the County's results will depend on future developments, which are highly uncertain.

**REQUIRED SUPPLEMENTARY
INFORMATION**

VAN ZANDT COUNTY, TEXAS

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

SEPTEMBER 30, 2019

Measurement Date December 31

	2014	2015
Total Pension Liability		
Service cost	\$ 782,515	\$ 796,066
Interest on total pension liability	1,820,701	1,932,289
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)
Benefit payments/refunds of contributions	(1,220,569)	(1,307,127)
Net change in total pension liability	1,330,943	1,453,204
Total pension liability, beginning	22,692,554	24,023,497
Total pension liability, ending (a)	\$ 24,023,497	\$ 25,476,701
Fiduciary Net Position		
Employer contributions	\$ 552,153	\$ 580,642
Member contributions	453,117	498,099
Investment income net of investment expenses	1,557,818	(24,407)
Benefit payments/refunds of contributions	(1,220,569)	(1,307,127)
Administrative expenses	(18,133)	(17,320)
Other	(1,752)	13,222
Net change in fiduciary net position	1,322,634	(256,891)
Fiduciary net position, beginning	22,892,506	24,215,140
Fiduciary net position, ending (b)	\$ 24,215,140	\$ 23,958,249
Net pension liability/(asset), ending = (a)-(b)	\$(191,643)	\$ 1,518,452
Fiduciary net position as a % of total pension liability	100.80%	94.04%
Pensionable covered payroll	\$ 6,473,107	\$ 7,115,698
Net pension liability (asset) as a % of covered payroll	-2.96%	21.34%

Notes to the Schedule:

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

<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 981,737	\$ 906,342	\$ 871,792
2,044,552	2,188,341	2,314,465
-	-	-
-	99,350	-
(177,662)	(53,732)	(56,246)
<u>(1,461,724)</u>	<u>(1,536,659)</u>	<u>(1,561,175)</u>
1,386,903	1,603,642	1,568,836
<u>25,476,701</u>	<u>26,863,604</u>	<u>28,467,246</u>
\$ <u>26,863,604</u>	\$ <u>28,467,246</u>	\$ <u>30,036,082</u>
\$ 564,398	\$ 537,372	\$ 576,948
497,579	506,244	520,443
1,772,702	3,706,326	(538,619)
(1,461,724)	(1,536,659)	(1,561,175)
(19,257)	(19,042)	(22,167)
<u>134,251</u>	<u>(6,787)</u>	<u>(10,941)</u>
1,487,949	3,187,454	(1,035,511)
<u>23,958,249</u>	<u>25,446,198</u>	<u>28,633,652</u>
\$ 25,446,198	\$ 28,633,652	\$ 27,598,141
\$ <u>1,417,406</u>	\$ <u>(166,406)</u>	\$ <u>2,437,941</u>
94.72%	100.58%	91.88%
\$ 7,108,278	\$ 7,222,134	\$ 7,434,894
19.94%	-2.30%	32.79%

VAN ZANDT COUNTY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 SEPTEMBER 30, 2019

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%

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

11.8 years (based on contribution rate calculated in 12/31/2018 valuation)

Asset Valuation Method

5-year smoothed market

Inflation

2.75%

Salary Increases

Varies by age and service. 4.9% average over career including inflation.

Investment Rate of Return

8.00%, net of administrative and investment expenses, including inflation

Retirement Age

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

Mortality

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

Changes in Assumptions and Methods

2015: New inflation, mortality and other assumptions were reflected.
 2017: New mortality assumptions were reflected.

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.

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, 2019

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes:				
Taxes - current	\$ 9,769,952	\$ 9,769,952	\$ 9,704,336	\$(65,616)
Taxes - delinquent	190,000	190,000	214,644	24,644
Penalty and collection fees	<u>140,000</u>	<u>140,000</u>	<u>170,162</u>	<u>30,162</u>
Total Property Taxes	<u>10,099,952</u>	<u>10,099,952</u>	<u>10,089,142</u>	<u>(10,810)</u>
Fees of Office:				
County judge	2,600	2,600	10,094	7,494
County sheriff	64,000	64,000	76,676	12,676
County clerk fees	350,000	350,000	409,110	59,110
County library fees	5,940	5,940	7,676	1,736
Tyler eagle internet	15,000	15,000	15,747	747
Tax assessor-collector	509,300	509,300	514,780	5,480
Child safety-tax office	82,350	82,350	81,557	(793)
District attorney	5,600	5,600	9,501	3,901
District clerk	147,800	147,800	114,496	(33,304)
Justice of the peace	126,200	126,200	127,225	1,025
Constable	28,000	28,000	27,842	(158)
Probation	-	-	35	35
County Court at law	200,000	225,000	298,534	73,534
Jury fees	14,000	14,485	23,912	9,427
District court	200,000	200,000	217,123	17,123
Justice court	345,000	345,000	324,752	(20,248)
Legal fees/reimbursements	132,500	132,500	136,314	3,814
Abatement officer	175,050	175,050	218,345	43,295
Citizens collection station	60,000	66,204	73,192	6,988
Inmate telephone revenue	<u>75,000</u>	<u>75,000</u>	<u>80,012</u>	<u>5,012</u>
Total fees	<u>2,538,340</u>	<u>2,570,029</u>	<u>2,766,923</u>	<u>196,894</u>
Intergovernmental Revenues:				
Intergovernmental revenues	<u>330,455</u>	<u>339,475</u>	<u>339,475</u>	<u>-</u>
Total Intergovernmental Revenues	<u>330,455</u>	<u>339,475</u>	<u>339,475</u>	<u>-</u>
Investment Earnings:				
Depository interest	<u>50,350</u>	<u>50,350</u>	<u>112,079</u>	<u>61,729</u>
Total Investment Earnings	<u>50,350</u>	<u>50,350</u>	<u>112,079</u>	<u>61,729</u>
Other Revenues and Fees:				
Recycling	-	259	259	-
Rentals	7,700	7,700	9,700	2,000
Lease-adult probation	2,000	2,000	1,987	(13)
Other revenues	24,400	38,250	132,115	93,865
Open records request	<u>600</u>	<u>600</u>	<u>660</u>	<u>60</u>
Total Other Revenues and Fees	<u>34,700</u>	<u>48,809</u>	<u>144,721</u>	<u>95,912</u>
Total Revenues	<u>\$ 13,053,797</u>	<u>\$ 13,108,615</u>	<u>\$ 13,452,340</u>	<u>\$ 343,725</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, 2018

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
General Government:				
County judge	\$ 149,602	\$ 150,528	\$ 145,740	\$ 4,788
Commissioners court	350	350	213	137
Human Resources	64,956	65,344	63,851	1,493
County clerk	320,992	321,100	317,083	4,017
Elections	88,477	88,865	73,408	15,457
Non-department	407,031	476,726	426,883	49,843
Contracts	642,072	659,789	609,004	50,785
Veterans	15,075	15,088	15,056	32
Collection department	51,037	51,067	49,546	1,521
County auditor	285,613	285,666	233,568	52,098
County treasurer	148,618	148,648	143,746	4,902
Tax collector	332,704	332,800	309,368	23,432
Data processing	591,599	617,297	593,361	23,936
Public buildings	<u>223,885</u>	<u>315,853</u>	<u>273,771</u>	<u>42,082</u>
Total General Government	<u>3,322,011</u>	<u>3,529,121</u>	<u>3,254,598</u>	<u>274,523</u>
Judicial System:				
County court	12,571	12,571	9,590	2,981
Juvenile county court	8,700	8,700	1,365	7,335
District courts	566,061	614,520	590,355	24,165
Adult district court	465,500	465,125	403,760	61,365
Juvenile district court	2,500	2,500	-	2,500
County court at law	411,048	437,836	396,582	41,254
District clerk	266,228	266,267	236,791	29,476
Justices of the peace	427,727	428,000	407,011	20,989
District attorney	<u>589,649</u>	<u>592,606</u>	<u>580,127</u>	<u>12,479</u>
Total Judicial System	<u>2,749,984</u>	<u>2,828,125</u>	<u>2,625,581</u>	<u>202,544</u>
Public Safety:				
Constables	281,418	281,688	271,213	10,475
Adult probation	1,300	1,300	-	1,300
Abatement Officer	153,128	153,129	143,881	9,248
Sheriff's department	2,324,593	2,324,593	2,252,479	72,114
Jail	2,434,775	2,507,153	2,454,546	52,607
Department of public safety	<u>38,867</u>	<u>38,894</u>	<u>37,750</u>	<u>1,144</u>
Total Public Safety	<u>5,234,081</u>	<u>5,306,757</u>	<u>5,159,869</u>	<u>146,888</u>
Conservation:				
Extension service	<u>88,445</u>	<u>89,010</u>	<u>87,653</u>	<u>1,357</u>
Total Conservation	<u>\$ 88,445</u>	<u>\$ 89,010</u>	<u>\$ 87,653</u>	<u>\$ 1,357</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, 2018

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
EXPENDITURES (Cont'd)				
Culture and Recreation:				
County free library	\$ 112,096	\$ 112,176	\$ 111,117	\$ 1,059
Office	<u>18,931</u>	<u>18,852</u>	<u>18,555</u>	<u>297</u>
Total Culture and Recreation	<u>131,027</u>	<u>131,028</u>	<u>129,672</u>	<u>1,356</u>
Highways and Bridges:				
Support	<u>310,883</u>	<u>91,549</u>	<u>61,767</u>	<u>29,782</u>
Total Highways and Bridges	<u>310,883</u>	<u>91,549</u>	<u>61,767</u>	<u>29,782</u>
Sanitation:				
Collection	<u>67,978</u>	<u>77,177</u>	<u>74,660</u>	<u>2,517</u>
Total Sanitation	<u>67,978</u>	<u>77,177</u>	<u>74,660</u>	<u>2,517</u>
Health & Welfare				
Indigent health	47,006	47,033	46,455	578
Office	<u>176,490</u>	<u>176,463</u>	<u>136,864</u>	<u>39,599</u>
Total Health & Welfare	<u>223,496</u>	<u>223,496</u>	<u>183,319</u>	<u>40,177</u>
Capital Outlay:				
Jail	31,000	499,580	419,802	79,778
Sheriff department	<u>116,955</u>	<u>163,236</u>	<u>137,984</u>	<u>25,252</u>
Total Capital Outlay	<u>\$ 147,955</u>	<u>\$ 662,816</u>	<u>\$ 557,786</u>	<u>\$ 105,030</u>

VAN ZANDT COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
EXPENDITURES (Cont'd)				
Debt Service:				
Principal	\$ 197,331	\$ 197,331	\$ 197,331	\$ -
Interest	<u>22,867</u>	<u>22,867</u>	<u>22,867</u>	<u>-</u>
Total Debt Service	<u>220,198</u>	<u>220,198</u>	<u>220,198</u>	<u>-</u>
Total Expenditures	<u>12,496,058</u>	<u>13,159,277</u>	<u>12,355,103</u>	<u>804,174</u>
Excess of Revenues Over Expenditures	557,739	(50,662)	1,097,237	1,147,899
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	600	600	173,603	173,003
Transfers in	97,503	97,698	89,818	(7,880)
Transfers out	<u>(554,828)</u>	<u>(554,828)</u>	<u>(398,328)</u>	<u>156,500</u>
Total Other Financing Sources (Uses)	<u>(456,725)</u>	<u>(456,530)</u>	<u>(134,907)</u>	<u>321,623</u>
NET CHANGE IN FUND BALANCE	101,014	(507,192)	962,330	1,469,522
FUND BALANCE, BEGINNING	<u>2,527,739</u>	<u>2,527,739</u>	<u>2,527,739</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,628,753</u>	<u>\$ 2,020,547</u>	<u>\$ 3,490,069</u>	<u>\$ 1,469,522</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, 2019

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Property Taxes:				
Taxes - current	\$ 655,839	\$ 655,839	\$ 648,446	\$(7,393)
Taxes - delinquent	11,000	11,000	14,403	3,403
Penalty/interest	<u>8,000</u>	<u>8,000</u>	<u>11,418</u>	<u>3,418</u>
Total Property Taxes:	<u>674,839</u>	<u>674,839</u>	<u>674,267</u>	<u>(572)</u>
Property taxes - special road tax:				
Taxes - special road tax - current	449,397	449,397	447,474	(1,923)
Taxes - special road tax - delinquent	5,000	5,000	7,046	2,046
Penalty/interest - special road tax	<u>5,000</u>	<u>5,000</u>	<u>6,431</u>	<u>1,431</u>
Total Property taxes - special road tax	<u>459,397</u>	<u>459,397</u>	<u>460,951</u>	<u>1,554</u>
Permits, Licenses and Fees:				
Other Fees	<u>254,250</u>	<u>254,250</u>	<u>256,892</u>	<u>2,642</u>
Total Permits, Licenses and Fees	<u>254,250</u>	<u>254,250</u>	<u>256,892</u>	<u>2,642</u>
Investment Earnings:				
Depository interest	<u>5,000</u>	<u>5,000</u>	<u>13,404</u>	<u>8,404</u>
Total Investment Earnings	<u>5,000</u>	<u>5,000</u>	<u>13,404</u>	<u>8,404</u>
Other Revenue:				
Other misc. revenue	<u>-</u>	<u>-</u>	<u>152</u>	<u>152</u>
Total Other Revenue	<u>-</u>	<u>-</u>	<u>152</u>	<u>152</u>
Total Revenues	<u>1,393,486</u>	<u>1,393,486</u>	<u>1,405,666</u>	<u>12,180</u>
EXPENDITURES				
Current:				
Highways and bridges	<u>1,464,485</u>	<u>1,464,487</u>	<u>1,190,799</u>	<u>273,688</u>
Total Highways and Bridges	<u>1,464,485</u>	<u>1,464,487</u>	<u>1,190,799</u>	<u>273,688</u>
Capital Outlay:				
Equipment	<u>127,500</u>	<u>364,000</u>	<u>303,900</u>	<u>60,100</u>
Total Capital Outlay	<u>127,500</u>	<u>364,000</u>	<u>303,900</u>	<u>60,100</u>
Debt Service:				
Principal payments	37,286	37,286	87,286	(50,000)
Interest and fiscal charges	<u>74</u>	<u>111</u>	<u>74</u>	<u>37</u>
Total Debt Service	<u>37,360</u>	<u>37,397</u>	<u>87,360</u>	<u>(49,963)</u>
Total Expenditures	<u>1,629,345</u>	<u>1,865,884</u>	<u>1,582,059</u>	<u>283,825</u>
Excess of Revenues Over (Under) Expenditures	<u>(235,859)</u>	<u>(472,398)</u>	<u>(176,393)</u>	<u>296,005</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	-	231,500	231,500	-
Sale of capital assets	-	5,000	5,000	-
Transfers out	<u>(18,470)</u>	<u>(16,500)</u>	<u>(16,500)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(18,470)</u>	<u>220,000</u>	<u>220,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(254,329)</u>	<u>(252,398)</u>	<u>43,607</u>	<u>296,005</u>
FUND BALANCE, BEGINNING	<u>316,337</u>	<u>316,337</u>	<u>316,337</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 62,008</u>	<u>\$ 63,939</u>	<u>\$ 359,944</u>	<u>\$ 296,005</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, 2019

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Tax Revenue:				
Taxes - current	\$ 790,038	\$ 790,038	\$ 782,289	\$(7,749)
Taxes - delinquent	15,000	15,000	17,375	2,375
Penalty/interest	<u>10,000</u>	<u>10,000</u>	<u>13,774</u>	<u>3,774</u>
Total Property Taxes:	<u>815,038</u>	<u>815,038</u>	<u>813,438</u>	<u>(1,600)</u>
Property taxes - special road tax:				
Taxes - special road tax - current	687,354	687,354	684,411	(2,943)
Taxes - special road tax - delinquent	7,000	7,000	10,777	3,777
Penalty/interest - special road tax	<u>6,000</u>	<u>6,000</u>	<u>9,836</u>	<u>3,836</u>
Total Property taxes - special road tax	<u>700,354</u>	<u>700,354</u>	<u>705,024</u>	<u>4,670</u>
Permits, Licenses and Fees:				
Other fees	<u>289,500</u>	<u>293,750</u>	<u>399,162</u>	<u>105,412</u>
Total Permits, Licenses and Fees	<u>289,500</u>	<u>293,750</u>	<u>399,162</u>	<u>105,412</u>
Investment Earnings:				
Depository interest	<u>7,000</u>	<u>7,000</u>	<u>24,703</u>	<u>17,703</u>
Total Investment Earnings	<u>7,000</u>	<u>7,000</u>	<u>24,703</u>	<u>17,703</u>
Other Revenues:				
Donations	<u>-</u>	<u>16,068</u>	<u>2,224</u>	<u>(13,844)</u>
Total Other Revenues	<u>-</u>	<u>16,068</u>	<u>2,224</u>	<u>(13,844)</u>
Total Revenues	<u>1,811,892</u>	<u>1,832,210</u>	<u>1,944,551</u>	<u>112,341</u>
EXPENDITURES				
Current:				
Highways and bridges	<u>1,994,384</u>	<u>2,042,036</u>	<u>1,800,352</u>	<u>241,684</u>
Total Highways and Bridges	<u>1,994,384</u>	<u>2,042,036</u>	<u>1,800,352</u>	<u>241,684</u>
Capital Outlay:				
Capital outlay	<u>30,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Capital Outlays	<u>30,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Expenditures	<u>2,024,384</u>	<u>2,047,036</u>	<u>1,800,352</u>	<u>246,684</u>
Excess of Revenues Over (Under) Expenditures	<u>(212,492)</u>	<u>(214,826)</u>	<u>144,199</u>	<u>359,025</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	-	-	899	899
Sale of capital assets	-	2,334	2,334	-
Transfers in	-	-	15,768	15,768
Transfers out	<u>(18,470)</u>	<u>(18,470)</u>	<u>(16,500)</u>	<u>1,970</u>
Total Other Financing Source (Uses)	<u>(18,470)</u>	<u>(16,136)</u>	<u>2,501</u>	<u>18,637</u>
NET CHANGE IN FUND BALANCE	<u>(230,962)</u>	<u>(230,962)</u>	<u>146,700</u>	<u>377,662</u>
FUND BALANCE, BEGINNING	<u>637,990</u>	<u>637,990</u>	<u>637,990</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 407,028</u>	<u>\$ 407,028</u>	<u>\$ 784,690</u>	<u>\$ 377,662</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, 2019

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Tax Revenue:				
Taxes - current	\$ 667,137	\$ 667,137	\$ 659,621	\$(7,516)
Taxes - delinquent	11,000	11,000	14,651	3,651
Penalty/interest	<u>8,000</u>	<u>8,000</u>	<u>11,615</u>	<u>3,615</u>
Total Property Taxes:	<u>686,137</u>	<u>686,137</u>	<u>685,887</u>	<u>(250)</u>
Property taxes - special road tax:				
Taxes - special road tax - current	696,726	696,726	693,742	(2,984)
Taxes - special road tax - delinquent	5,000	5,000	10,924	5,924
Penalty/interest - special road tax	<u>4,000</u>	<u>4,000</u>	<u>9,970</u>	<u>5,970</u>
Total Property taxes - special road tax	<u>705,726</u>	<u>705,726</u>	<u>714,636</u>	<u>8,910</u>
Permits, Licenses and Fees:				
Other fees	<u>248,000</u>	<u>249,500</u>	<u>262,820</u>	<u>13,320</u>
Total Permits, Licenses and Fees	<u>248,000</u>	<u>249,500</u>	<u>262,820</u>	<u>13,320</u>
Investment Earning:				
Depository interest	<u>2,000</u>	<u>2,000</u>	<u>21,958</u>	<u>19,958</u>
Total Investment Earning	<u>2,000</u>	<u>2,000</u>	<u>21,958</u>	<u>19,958</u>
Other Revenue:				
Donations	-	3,000	3,000	-
Other misc. revenue	<u>-</u>	<u>-</u>	<u>3,102</u>	<u>3,102</u>
Total Other Revenue	<u>-</u>	<u>3,000</u>	<u>6,102</u>	<u>3,102</u>
Total Revenues	<u>1,641,863</u>	<u>1,646,363</u>	<u>1,691,403</u>	<u>45,040</u>
EXPENDITURES				
Current:				
Highways and bridges	<u>1,679,694</u>	<u>1,618,567</u>	<u>1,479,792</u>	<u>138,775</u>
Total Highways and Bridges	<u>1,679,694</u>	<u>1,618,567</u>	<u>1,479,792</u>	<u>138,775</u>
Capital Outlay:				
Equipment	<u>240,000</u>	<u>469,242</u>	<u>418,222</u>	<u>51,020</u>
Total Capital Outlay	<u>240,000</u>	<u>469,242</u>	<u>418,222</u>	<u>51,020</u>
Debt Service:				
Principal payments	<u>28,984</u>	<u>28,984</u>	<u>78,984</u>	<u>(50,000)</u>
Interest and fiscal charges	<u>6,774</u>	<u>6,774</u>	<u>6,774</u>	<u>-</u>
Total Debt Services	<u>35,758</u>	<u>35,758</u>	<u>85,758</u>	<u>(50,000)</u>
Total Expenditures	<u>1,955,452</u>	<u>2,123,567</u>	<u>1,983,772</u>	<u>139,795</u>
Excess of Revenues Over (Under) Expenditures	<u>(313,589)</u>	<u>(477,204)</u>	<u>(292,369)</u>	<u>184,835</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	170,000	333,810	333,810	-
Transfers out	<u>(18,470)</u>	<u>(18,665)</u>	<u>(16,695)</u>	<u>1,970</u>
Total Other Financing Sources (Uses)	<u>151,530</u>	<u>315,145</u>	<u>317,115</u>	<u>1,970</u>
NET CHANGE IN FUND BALANCE	<u>(162,059)</u>	<u>(162,059)</u>	<u>24,746</u>	<u>186,805</u>
FUND BALANCE, BEGINNING	<u>618,175</u>	<u>618,175</u>	<u>618,175</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 456,116</u>	<u>\$ 456,116</u>	<u>\$ 642,921</u>	<u>\$ 186,805</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, 2019

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Tax Revenue:				
Taxes - current	\$ 642,612	\$ 642,612	\$ 635,362	\$(7,250)
Taxes - delinquent	13,000	13,000	14,112	1,112
Penalty/interest	<u>9,000</u>	<u>9,000</u>	<u>11,188</u>	<u>2,188</u>
Total Property Taxes:	<u>664,612</u>	<u>664,612</u>	<u>660,662</u>	<u>(3,950)</u>
Property taxes - special road tax:				
Taxes - special road tax - current	452,369	452,369	450,433	(1,936)
Taxes - special road tax - delinquent	6,000	6,000	7,093	1,093
Penalty/interest - special road tax	<u>5,000</u>	<u>5,000</u>	<u>6,473</u>	<u>1,473</u>
Total Property taxes - special road tax	<u>463,369</u>	<u>463,369</u>	<u>463,999</u>	<u>630</u>
Permits, Licenses and Fees:				
Other fees	<u>247,943</u>	<u>247,943</u>	<u>251,709</u>	<u>3,766</u>
Total Permits, Licenses and Fees	<u>247,943</u>	<u>247,943</u>	<u>251,709</u>	<u>3,766</u>
Investment Earning:				
Depository interest	<u>6,000</u>	<u>6,000</u>	<u>18,421</u>	<u>12,421</u>
Total Investment Earning	<u>6,000</u>	<u>6,000</u>	<u>18,421</u>	<u>12,421</u>
Other Revenue:				
Other misc. revenue	<u>-</u>	<u>147,936</u>	<u>120,879</u>	<u>(27,057)</u>
Total Other Revenues	<u>-</u>	<u>147,936</u>	<u>120,879</u>	<u>(27,057)</u>
Total Revenues	<u>1,381,924</u>	<u>1,529,860</u>	<u>1,515,670</u>	<u>(14,190)</u>
EXPENDITURES				
Current:				
Highways and bridges	<u>1,433,177</u>	<u>1,518,392</u>	<u>1,370,317</u>	<u>148,075</u>
Total Highway and Bridges	<u>1,433,177</u>	<u>1,518,392</u>	<u>1,370,317</u>	<u>148,075</u>
Capital Outlay:				
Equipment	<u>-</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>
Total Capital Outlay	<u>-</u>	<u>13,000</u>	<u>13,000</u>	<u>-</u>
Debt Service:				
Principal payments	39,200	85,180	88,921	(3,741)
Interest and fiscal charges	<u>-</u>	<u>3,741</u>	<u>-</u>	<u>3,741</u>
Total Debt Service	<u>39,200</u>	<u>88,921</u>	<u>88,921</u>	<u>-</u>
Total Expenditures	<u>1,472,377</u>	<u>1,620,313</u>	<u>1,472,238</u>	<u>148,075</u>
Excess of Revenues Over (Under) Expenditures	<u>(90,453)</u>	<u>(90,453)</u>	<u>43,432</u>	<u>133,885</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	27,210	27,210
Transfers out	<u>(73,101)</u>	<u>(73,101)</u>	<u>(71,131)</u>	<u>1,970</u>
Total Other Financing Sources (Uses)	<u>(73,101)</u>	<u>(73,101)</u>	<u>(43,921)</u>	<u>29,180</u>
NET CHANGE IN FUND BALANCE	<u>(163,554)</u>	<u>(163,554)</u>	<u>(489)</u>	<u>163,065</u>
FUND BALANCE, BEGINNING	<u>414,029</u>	<u>414,029</u>	<u>414,029</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 250,475</u>	<u>\$ 250,475</u>	<u>\$ 413,540</u>	<u>\$ 163,065</u>

VAN ZANDT COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2019

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. 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.

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, 2019

	<u>Law Library</u>	<u>Records Management</u>	<u>Building Security</u>	<u>District Attorney Check Collection</u>
ASSETS				
Cash and investments	\$ 67,456	\$ 756,284	\$ 17,131	\$ 14,331
Receivables (net of allowance of uncollectibles)				
Accounts	<u>2,386</u>	<u>22,848</u>	<u>2,297</u>	<u>58</u>
Total Assets	<u>69,842</u>	<u>779,132</u>	<u>19,428</u>	<u>14,389</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	2,790	6,276	691	4
Accrued liabilities	-	-	1,712	120
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,790</u>	<u>6,276</u>	<u>2,403</u>	<u>124</u>
Fund Balances:				
Restricted:				
Court technology and security	-	-	17,025	-
Records management	-	772,856	-	-
Judicial	-	-	-	14,265
Public safety	-	-	-	-
Law library	67,052	-	-	-
Conservation	-	-	-	-
Economic development	-	-	-	-
Historical commission	-	-	-	-
Disaster relief	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>67,052</u>	<u>772,856</u>	<u>17,025</u>	<u>14,265</u>
Total liabilities and fund balances	\$ <u>69,842</u>	\$ <u>779,132</u>	\$ <u>19,428</u>	\$ <u>14,389</u>

District Attorney Supplemental	LEOSE	Hazard Mitigation Grant	Lonestar Library Grant	Justice Court Technology	Chapter 19	Justice Court Building Security
\$ 6,973	\$ 23,551	\$ -	\$ -	\$ 62,922	\$ -	\$ 11,625
-	-	4,037	-	953	-	234
<u>6,973</u>	<u>23,551</u>	<u>4,037</u>	<u>-</u>	<u>63,875</u>	<u>-</u>	<u>11,859</u>
34	-	10,766	-	-	-	496
989	-	-	-	-	-	-
-	-	24,599	-	-	-	-
<u>1,023</u>	<u>-</u>	<u>35,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>496</u>
-	-	-	-	63,875	-	11,363
-	-	-	-	-	-	-
5,950	-	-	-	-	-	-
-	23,551	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(31,328)	-	-	-	-
<u>5,950</u>	<u>23,551</u>	<u>(31,328)</u>	<u>-</u>	<u>63,875</u>	<u>-</u>	<u>11,363</u>
\$ <u>6,973</u>	\$ <u>23,551</u>	\$ <u>4,037</u>	\$ <u>-</u>	\$ <u>63,875</u>	\$ <u>-</u>	\$ <u>11,859</u>

VAN ZANDT COUNTY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	<u>Courthouse Planning</u>	<u>Asset Forfeiture</u>	<u>VOICES Grant</u>	<u>Solid Waste Grant</u>
ASSETS				
Cash and investments	\$ -	\$ 55,968	\$ -	\$ 203
Receivables (net of allowance of uncollectibles)				
Accounts	<u>-</u>	<u>1,190</u>	<u>12,672</u>	<u>-</u>
Total Assets	<u>-</u>	<u>57,158</u>	<u>12,672</u>	<u>203</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	4,068	1,198	-
Accrued liabilities	-	1,245	15	-
Due to other funds	<u>-</u>	<u>-</u>	<u>12,264</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>5,313</u>	<u>13,477</u>	<u>-</u>
Fund Balances:				
Restricted:				
Court technology and security	-	-	-	-
Records management	-	-	-	-
Judicial	-	-	-	-
Public safety	-	51,845	-	203
Law library	-	-	-	-
Conservation	-	-	-	-
Economic development	-	-	-	-
Historical commission	-	-	-	-
Disaster relief	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(805)</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>51,845</u>	<u>(805)</u>	<u>203</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 57,158</u>	<u>\$ 12,672</u>	<u>\$ 203</u>

Historical Commission	Supplemental Guardianship	County Child Abuse	Appellate Justice	Juvenile Probation	Little Hope Water Supply Grant	Soil Conservation District
\$ 9,230	\$ 35,108	\$ 8,752	\$ 1,270	\$ -	\$ -	\$ 77,469
-	300	184	387	-	-	-
<u>9,230</u>	<u>35,408</u>	<u>8,936</u>	<u>1,657</u>	<u>-</u>	<u>-</u>	<u>77,469</u>
875	1,400	-	1,237	59,016	-	-
-	-	-	-	4,086	-	-
-	-	-	-	28,113	-	-
<u>875</u>	<u>1,400</u>	<u>-</u>	<u>1,237</u>	<u>91,215</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	34,008	8,936	420	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	77,469
-	-	-	-	-	-	-
8,355	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(91,215)	-	-
<u>8,355</u>	<u>34,008</u>	<u>8,936</u>	<u>420</u>	<u>(91,215)</u>	<u>-</u>	<u>77,469</u>
\$ <u>9,230</u>	\$ <u>35,408</u>	\$ <u>8,936</u>	\$ <u>1,657</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>77,469</u>

VAN ZANDT COUNTY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2019

	<u>ETCOG Residential Grant</u>	<u>Victim Coordinator Grant</u>	<u>Capital Credit Economic Development</u>	<u>Van Tornado Assistance</u>
ASSETS				
Cash and investments	\$ -	\$ -	\$ 343,045	\$ -
Receivables (net of allowance of uncollectibles)				
Accounts	<u>-</u>	<u>11,639</u>	<u>-</u>	<u>-</u>
Total Assets	<u>-</u>	<u>11,639</u>	<u>343,045</u>	<u>-</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	616	108	-	-
Accrued liabilities	-	2,681	-	-
Due to other funds	<u>861</u>	<u>8,832</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,477</u>	<u>11,621</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Court technology and security	-	-	-	-
Records management	-	-	-	-
Judicial	-	18	-	-
Public safety	-	-	-	-
Law library	-	-	-	-
Conservation	-	-	-	-
Economic development	-	-	343,045	-
Historical commission	-	-	-	-
Disaster relief	-	-	-	-
Unassigned	<u>(1,477)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>(1,477)</u>	<u>18</u>	<u>343,045</u>	<u>-</u>
Total liabilities and fund balances	\$ <u>-</u>	\$ <u>11,639</u>	\$ <u>343,045</u>	\$ <u>-</u>

FEMA April 2016 Storm	Contribution Relief Fund	Total Nonmajor Governmental Funds
\$ -	\$ 16,083	\$ 1,507,401
<u>-</u>	<u>-</u>	<u>59,185</u>
<u>-</u>	<u>16,083</u>	<u>1,566,586</u>
-	-	89,575
-	-	10,848
<u>-</u>	<u>-</u>	<u>74,669</u>
<u>-</u>	<u>-</u>	<u>175,092</u>
-	-	92,263
-	-	772,856
-	-	63,597
-	-	75,599
-	-	67,052
-	-	77,469
-	-	343,045
-	-	8,355
-	16,083	16,083
<u>-</u>	<u>-</u>	<u>(124,825)</u>
<u>-</u>	<u>16,083</u>	<u>1,391,494</u>
<u>\$ -</u>	<u>\$ 16,083</u>	<u>\$ 1,566,586</u>

VAN ZANDT COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Law Library</u>	<u>Records Management</u>	<u>Building Security</u>	<u>District Attorney Check Collection</u>
REVENUES				
Permits, licenses and fees	\$ 37,298	\$ 285,927	\$ 29,107	\$ 3,794
Intergovernmental	-	-	-	-
Investment earnings	1,240	13,987	-	242
Other	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>38,838</u>	<u>299,914</u>	<u>29,107</u>	<u>4,036</u>
EXPENDITURES				
Current:				
General government	800	102,621	55,084	4,100
Judicial	26,727	6,030	-	-
Public safety	-	-	-	-
Conservation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>27,527</u>	<u>108,651</u>	<u>55,084</u>	<u>4,100</u>
EXCESS (DEFICIENCY) OVER REVENUES OVER (UNDER) EXPENDITURES	11,311	191,263	(25,977)	(64)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	34,500	-
Transfers out	-	-	-	-
Insurance recoveries	-	-	-	-
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>34,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	11,311	191,263	8,523	(64)
FUND BALANCES, BEGINNING	<u>55,741</u>	<u>581,593</u>	<u>8,502</u>	<u>14,329</u>
FUND BALANCES, ENDING	\$ <u>67,052</u>	\$ <u>772,856</u>	\$ <u>17,025</u>	\$ <u>14,265</u>

District Attorney Supplemental	LEOSE	Hazard Mitigation Grant	Lonestar Library Grant	Justice Court Technology	Chapter 19	Justice Court Building Security
\$ -	\$ -	\$ -	\$ -	\$ 12,377	\$ -	\$ 3,065
22,500	8,538	29,386	-	-	-	-
53	-	-	-	1,161	-	213
-	-	-	-	-	-	-
<u>22,553</u>	<u>8,538</u>	<u>29,386</u>	<u>-</u>	<u>13,538</u>	<u>-</u>	<u>3,278</u>
25,403	-	60,714	-	2,255	16	3,732
-	-	-	-	-	-	-
-	3,712	-	-	-	-	-
-	-	-	-	-	-	-
<u>25,403</u>	<u>3,712</u>	<u>60,714</u>	<u>-</u>	<u>2,255</u>	<u>16</u>	<u>3,732</u>
(2,850)	4,826	(31,328)	-	11,283	(16)	(454)
-	-	-	-	-	-	-
-	-	-	(441)	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(441)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(2,850)	4,826	(31,328)	(441)	11,283	(16)	(454)
<u>8,800</u>	<u>18,725</u>	<u>-</u>	<u>441</u>	<u>52,592</u>	<u>16</u>	<u>11,817</u>
<u>\$ 5,950</u>	<u>\$ 23,551</u>	<u>\$(31,328)</u>	<u>\$ -</u>	<u>\$ 63,875</u>	<u>\$ -</u>	<u>\$ 11,363</u>

VAN ZANDT COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Courthouse Planning	Asset Forfeiture	VOICES Grant	Solid Waste Grant
REVENUES				
Permits, licenses and fees	\$ -	\$ 36,330	\$ -	\$ -
Intergovernmental	190,608	-	51,592	-
Investment earnings	-	1,106	-	-
Other	-	500	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	190,608	37,936	51,592	-
EXPENDITURES				
Current:				
General government	272,297	47,454	-	-
Judicial	-	-	42,134	-
Public safety	-	5,548	-	-
Conservation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	272,297	53,002	42,134	-
EXCESS (DEFICIENCY) OVER REVENUES OVER (UNDER) EXPENDITURES	(81,689)	(15,066)	9,458	-
OTHER FINANCING SOURCES (USES)				
Transfers in	81,689	-	-	-
Transfers out	-	-	-	-
Insurance recoveries	-	-	-	-
Sale of capital assets	-	6,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	81,689	6,000	-	-
NET CHANGE IN FUND BALANCES	-	(9,066)	9,458	-
FUND BALANCES, BEGINNING	<hr/>	<hr/>	<hr/>	<hr/>
	-	60,911	(10,263)	203
FUND BALANCES, ENDING	<hr/>	<hr/>	<hr/>	<hr/>
	\$ -	\$ 51,845	\$ (805)	\$ 203

Historical Commission	Supplemental Guardianship	County Child Abuse	Appellate Justice	Juvenile Probation	Little Hope Water Supply Grant	Soil Conservation District
\$ -	\$ 4,221	\$ 1,382	\$ 5,357	\$ 349,094	\$ -	\$ -
-	-	-	-	21,267	129,454	-
120	667	142	-	-	-	789
<u>2,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,480</u>	<u>4,888</u>	<u>1,524</u>	<u>5,357</u>	<u>370,361</u>	<u>129,454</u>	<u>789</u>
1,235	1,400	-	-	-	129,454	-
-	-	-	5,357	-	-	-
-	-	-	-	498,768	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
<u>1,235</u>	<u>1,400</u>	<u>-</u>	<u>5,357</u>	<u>498,768</u>	<u>129,454</u>	<u>6,000</u>
1,245	3,488	1,524	-	(128,407)	-	(5,211)
-	-	-	-	199,992	-	68,000
-	-	-	-	-	-	-
-	-	-	-	14,345	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,337</u>	<u>-</u>	<u>68,000</u>
1,245	3,488	1,524	-	85,930	-	62,789
<u>7,110</u>	<u>30,520</u>	<u>7,412</u>	<u>420</u>	<u>(177,145)</u>	<u>-</u>	<u>14,680</u>
<u>\$ 8,355</u>	<u>\$ 34,008</u>	<u>\$ 8,936</u>	<u>\$ 420</u>	<u>\$ (91,215)</u>	<u>\$ -</u>	<u>\$ 77,469</u>

VAN ZANDT COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>ETCOG Residential Grant</u>	<u>Victim Coordinator Grant</u>	<u>Capital Credit Economic Development</u>	<u>Van Tornado Assistance</u>
REVENUES				
Permits, licenses and fees	\$ -	\$ -	\$ 110,451	\$ -
Intergovernmental	4,421	45,873	-	-
Investment earnings	-	-	5,766	-
Other	-	-	-	-
	<u>4,421</u>	<u>45,873</u>	<u>116,217</u>	<u>-</u>
Total Revenues				
	<u>4,421</u>	<u>45,873</u>	<u>116,217</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	3,866	60,019	27,500	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Conservation	-	-	-	-
	<u>3,866</u>	<u>60,019</u>	<u>27,500</u>	<u>-</u>
Total Expenditures				
	<u>3,866</u>	<u>60,019</u>	<u>27,500</u>	<u>-</u>
EXCESS (DEFICIENCY) OVER REVENUES OVER (UNDER) EXPENDITURES	555	(14,146)	88,717	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	14,147	-	54,631
Transfers out	-	-	-	(38,950)
Insurance recoveries	-	-	-	-
Sale of capital assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)				
	<u>-</u>	<u>14,147</u>	<u>-</u>	<u>15,681</u>
NET CHANGE IN FUND BALANCES	555	1	88,717	15,681
FUND BALANCES, BEGINNING	(2,032)	17	254,328	(15,681)
FUND BALANCES, ENDING	\$ (1,477)	\$ 18	\$ 343,045	\$ -

FEMA April 2016 Storm	Contribution Relief Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 878,403
-	-	503,639
-	-	25,486
<u>-</u>	<u>-</u>	<u>3,160</u>
<u>-</u>	<u>-</u>	<u>1,410,688</u>
-	-	797,950
-	-	80,248
-	-	508,028
<u>-</u>	<u>-</u>	<u>6,000</u>
<u>-</u>	<u>-</u>	<u>1,392,226</u>
-	-	18,462
-	-	452,959
(27,210)	-	(66,601)
-	-	14,345
<u>-</u>	<u>-</u>	<u>6,000</u>
<u>(27,210)</u>	<u>-</u>	<u>406,703</u>
(27,210)	-	425,165
<u>27,210</u>	<u>16,083</u>	<u>966,329</u>
<u>\$ -</u>	<u>\$ 16,083</u>	<u>\$ 1,391,494</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, 2019

	Budget Original	Budget Final	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Tax Revenue:				
Taxes - current	\$ 904,353	\$ 904,353	\$ 889,900	\$(14,453)
Taxes - delinquent	20,000	20,000	23,189	3,189
Penalty/interest	<u>10,000</u>	<u>10,000</u>	<u>18,198</u>	<u>8,198</u>
Total Tax Revenue	<u>934,353</u>	<u>934,353</u>	<u>931,287</u>	<u>(3,066)</u>
Investment Earnings:				
Depository interest	<u>5,000</u>	<u>5,050</u>	<u>7,386</u>	<u>2,336</u>
Total Investment Earnings	<u>5,000</u>	<u>5,050</u>	<u>7,386</u>	<u>2,336</u>
Total Revenues	<u>939,353</u>	<u>939,403</u>	<u>938,673</u>	<u>(730)</u>
EXPENDITURES				
Debt Service:				
Principal payments	1,045,000	1,045,000	1,045,000	-
Interest and fiscal charges	120,375	120,400	120,400	-
Debt service fees	<u>300</u>	<u>300</u>	<u>300</u>	<u>-</u>
Total Debt Service	<u>1,165,675</u>	<u>1,165,700</u>	<u>1,165,700</u>	<u>-</u>
Total Expenditures	<u>1,165,675</u>	<u>1,165,700</u>	<u>1,165,700</u>	<u>-</u>
Net change in fund balance	(226,322)	(226,297)	(227,027)	(730)
FUND BALANCE, BEGINNING	<u>499,300</u>	<u>499,300</u>	<u>499,300</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u>272,978</u>	\$ <u>273,003</u>	\$ <u>272,273</u>	\$(<u>730</u>)

VAN ZANDT COUNTY, TEXAS

COMBINING BALANCE SHEET
ALL AGENCY FUNDS

SEPTEMBER 30, 2019

	<u>District Clerk</u>	<u>County Clerk</u>	<u>Sheriff</u>	<u>District Attorney</u>
ASSETS				
Cash and Cash equivalents	\$ <u>2,004,243</u>	\$ <u>727,100</u>	\$ <u>63,086</u>	\$ <u>199,141</u>
Total Assets	<u>2,004,243</u>	<u>727,100</u>	<u>63,086</u>	<u>199,141</u>
LIABILITIES				
Due to other agencies and individuals	<u>2,004,243</u>	<u>727,100</u>	<u>63,086</u>	<u>199,141</u>
Total Liabilities	<u>\$ 2,004,243</u>	<u>\$ 727,100</u>	<u>\$ 63,086</u>	<u>\$ 199,141</u>

<u>CSCD</u>	<u>Juvenile Probation</u>	<u>Tax Assessor/ Collector</u>	<u>Justice of the Peace</u>	<u>Constable</u>	<u>Total Agency Funds</u>
\$ <u>935,858</u>	\$ <u>188,933</u>	\$ <u>708,689</u>	\$ <u>29,596</u>	\$ <u>3,739</u>	\$ <u>4,860,385</u>
<u>935,858</u>	<u>188,933</u>	<u>708,689</u>	<u>29,596</u>	<u>3,739</u>	<u>4,860,385</u>
<u>935,858</u>	<u>188,933</u>	<u>708,689</u>	<u>29,596</u>	<u>3,739</u>	<u>4,860,385</u>
\$ <u>935,858</u>	\$ <u>188,933</u>	\$ <u>708,689</u>	\$ <u>29,596</u>	\$ <u>3,739</u>	\$ <u>4,860,385</u>

COMPLIANCE SECTION

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, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Van Zandt County, Texas' basic financial statements, and have issued our report thereon dated June 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Van Zandt County, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Van Zandt County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Van Zandt County, Texas' 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Van Zandt County, Texas' 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 a direct and material effect on the determination of financial statement amounts. 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 5, 2020