

VAN ZANDT COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

VAN ZANDT COUNTY, TEXAS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Van Zandt County, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Van Zandt County, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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, 2020, 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 May 26, 2021, on our consideration of Van Zandt County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Van Zandt County, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Van Zandt County, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
May 26, 2021

VAN ZANDT COUNTY, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2020

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, 2020. Please read it in conjunction with the County's financial statements and related disclosures.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$19,769,132 (*net position*). Of this amount, \$7,597,425 (*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 \$5,217,329, mainly as the result of increases in property tax and federal grant revenue. These increases were due to an increase in appraised property values and funding related to the COVID-19 pandemic, respectively.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$11,071,655, an increase of \$3,716,724 in comparison with the prior year. The County has fund balance available for spending at the County's discretion as unassigned fund balance is \$5,956,265.
- At the end of the current fiscal year, unassigned fund balance for the General Fund totaled \$6,565,634, or 62% 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, 2020.

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

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

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

The County maintained 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Road and Bridge Funds precincts #1-4, Debt Service Fund, and the CARES Act Grant Fund, all 7 of which are considered to be major funds. Data from the other 24 governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position of the County’s governmental activities increased from \$14,551,803 to \$19,769,132. 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 \$7,597,425 as of September 30, 2020.

The net position of the County increased by \$5,217,329 in fiscal year 2020, as opposed to an increase of \$1,710,466 in fiscal year 2019. Additionally, total assets increased \$3,513,932 when compared to fiscal year 2019. The main factors that caused this increase were a decrease in expenses, primarily in the general government, judicial, and public safety functions, and an increase in operating grant revenue. Both of these factors were related to the ongoing COVID-19 pandemic. The outbreak of the pandemic during the fiscal year resulted in travel and commercial restrictions that led to cost savings, as well as an increase in the availability of federal grant funding to help combat the effects of the pandemic. The County also saw an increase in property tax revenue during fiscal year 2020, primarily as the result of a continued increase in appraised property values.

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

| | Governmental Activities | |
|--------------------------------|-------------------------|----------------------|
| | 2020 | 2019 |
| Current and other assets | \$ 15,250,539 | \$ 11,445,309 |
| Capital assets | 9,748,127 | 10,039,425 |
| Total assets | <u>24,998,666</u> | <u>21,484,734</u> |
| Deferred outflows of resources | 465,563 | 2,196,933 |
| Current liabilities | 2,937,189 | 3,473,150 |
| Non current liabilities | 1,916,989 | 5,609,680 |
| Total liabilities | <u>4,854,178</u> | <u>9,082,830</u> |
| Deferred inflows of resources | 840,919 | 46,034 |
| Net position | | |
| Net invested in capital assets | 6,839,904 | 5,948,334 |
| Restricted | 5,331,803 | 3,728,751 |
| Unrestricted | 7,597,425 | 4,874,718 |
| Total net position | <u>\$ 19,769,132</u> | <u>\$ 14,551,803</u> |

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

| | Governmental Activities | |
|------------------------------------|-------------------------|----------------------|
| | 2020 | 2019 |
| Revenues: | | |
| Charges for services | \$ 4,445,841 | \$ 4,769,518 |
| Operating grants and contributions | 1,959,790 | 685,387 |
| Capital grants and contributions | 232,965 | 190,608 |
| General revenue: | | |
| Property taxes | 17,961,376 | 16,266,142 |
| Miscellaneous | 138,376 | 270,043 |
| Gain on sale of capital assets | 55,109 | 168,285 |
| Interest income | 114,084 | 223,437 |
| Total revenues | <u>24,907,541</u> | <u>22,573,420</u> |
| Expenses: | | |
| General government | 4,094,357 | 4,500,219 |
| Judicial | 2,499,599 | 2,798,522 |
| Public safety | 5,582,293 | 6,139,643 |
| Health and welfare | 162,914 | 185,674 |
| Highways and bridges | 6,570,454 | 6,785,617 |
| Culture and recreation | 115,958 | 136,076 |
| Conservation | 500,980 | 95,556 |
| Sanitation | 70,390 | 78,291 |
| Interest on long-term debt | 93,267 | 143,356 |
| Total expenses | <u>19,690,212</u> | <u>20,862,954</u> |
| Change in net position | 5,217,329 | 1,710,466 |
| Net position beginning of year | <u>14,551,803</u> | <u>12,841,337</u> |
| Net position end of year | \$ <u>19,769,132</u> | \$ <u>14,551,803</u> |

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds reported a combined fund balance of \$11,071,655 which represents a \$3,716,724 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 2019.) 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 | |
|----------------------------|-------------------------|----------------------|
| | 2020 | 2019 |
| Land | \$ 514,749 | \$ 514,749 |
| Construction in progress | - | 419,802 |
| Buildings and improvements | 2,946,228 | 2,362,000 |
| Machinery and equipment | 2,274,427 | 2,314,629 |
| Infrastructure | <u>4,012,723</u> | <u>4,428,245</u> |
| Total | \$ <u>9,748,127</u> | \$ <u>10,039,425</u> |

At the end of 2020, the County had approximately \$9,748,127 (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 the Justice Center roofing project was completed in 2020 for a total cost of \$497,625.

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

- Volvo Wheeled Excavator for \$229,626
- 2019 Case Backhoe Loader for \$114,250
- A new HVAC System for the Sheriff's Office for \$249,408

Debt

| | <u>Governmental Activities</u> | |
|----------------------------|--------------------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Certificates of obligation | \$ 2,008,000 | \$ 2,942,000 |
| Notes payable | 900,223 | 1,149,091 |
| Compensated absences | <u>362,026</u> | <u>480,608</u> |
| Total | <u>\$ 3,270,249</u> | <u>\$ 4,571,699</u> |

At year-end, the County had \$900,223 in notes payable for various County equipment and vehicles. The County issued \$120,970 in new debt and paid \$369,838 in principal payments for the year. The County also had \$2,008,000 of Certificates of Obligation outstanding at year-end. The County paid in principal payments of \$934,000 on these obligations in fiscal year 2020.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's General Fund balance of \$6,568,637 differs from the General Fund's budgetary fund balance of \$2,941,461. The primary reason for the difference was the County staying under budgeted expenditures by \$3,609,473 . The County also collected \$14,584 more in revenues than were budgeted for in fiscal year 2020.

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

As confirmed by recent U.S. Census figures, Van Zandt has experienced a population growth of approximately 5% since 2010.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For Fiscal Year 2021 the property tax rate is \$.580428 and includes a \$.10 special road tax. The fiscal year 2021 budget is projected to raise additional property tax revenue of \$510,655.

The County has considered many factors when setting the fiscal year 2021 budget and tax rates, with the overarching goal of maximizing revenue and minimizing expenditures to ensure fiscal sustainability into the future. The County expects expenditures to grow in future years, but at a slower pace than revenues.

During the year, the County also considered the impact of the COVID-19 pandemic. Although the County witnessed a decrease in revenue from charges for services during 2020, property tax revenue as well as federal and state grant funding have continued to increase. Furthermore, the County is sufficiently liquid to cover any shortfalls in revenue should they arise in the future.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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VAN ZANDT COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

| | <u>Primary Government</u> |
|--|--------------------------------|
| | <u>Governmental Activities</u> |
| ASSETS | |
| Cash and cash equivalents | \$ 11,749,469 |
| Receivables (net of allowance for doubtful accounts) | 2,451,569 |
| Due from other governments | 1,046,498 |
| Prepaid expenditures | 3,003 |
| Capital assets (net of accumulated depreciation): | |
| Land | 514,749 |
| Buildings | 2,946,228 |
| Machinery and equipment | 2,274,427 |
| Infrastructure | 4,012,723 |
| Total capital assets | 9,748,127 |
| Total assets | 24,998,666 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to pensions | 465,563 |
| Total deferred outflows of resources | 465,563 |
| LIABILITIES | |
| Accounts payable | 916,846 |
| Accrued liabilities | 410,436 |
| Accrued interest payable | 71,466 |
| Due to other governments | 156,778 |
| Noncurrent liabilities: | |
| Due within one year | |
| Long-term debt | 1,381,663 |
| Due in more than one year | |
| Long-term debt | 1,888,586 |
| Net pension liability | 28,403 |
| Total liabilities | 4,854,178 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | 840,919 |
| Total deferred inflows of resources | 840,919 |
| NET POSITION | |
| Net investment in capital assets | 6,839,904 |
| Restricted for: | |
| Road and bridge | 2,844,767 |
| Court technology and security | 97,874 |
| Records management | 1,025,935 |
| Judicial | 62,602 |
| Public safety | 256,715 |
| Law library | 72,755 |
| Conservation | 119,657 |
| Economic development | 349,296 |
| Historical commission | 7,880 |
| Disaster relief | 51,657 |
| Debt service | 442,665 |
| Unrestricted | 7,597,425 |
| Total net position | \$ 19,769,132 |

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

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VAN ZANDT COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2020

| 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 | \$ 4,094,357 | \$ 918,384 | \$ 94,427 | \$ 232,965 | \$(2,848,581) |
| Judicial | 2,499,599 | 1,632,624 | 227,356 | - | (639,619) |
| Public safety | 5,582,293 | 588,040 | 649,778 | - | (4,344,475) |
| Health and welfare | 162,914 | - | 576,293 | - | 413,379 |
| Highways and bridges | 6,570,454 | 1,043,431 | 16,230 | - | (5,510,793) |
| Cultural and recreation | 115,958 | 4,142 | - | - | (111,816) |
| Conservation | 500,980 | - | 395,706 | - | (105,274) |
| Sanitation | 70,390 | 259,220 | - | - | 188,830 |
| Interest on long-term debt | 93,267 | - | - | - | (93,267) |
| Total primary government | \$ 19,690,212 | \$ 4,445,841 | \$ 1,959,790 | \$ 232,965 | (13,051,616) |
| General revenues: | | | | | |
| Property taxes | | | | | 17,961,376 |
| Investment earnings | | | | | 114,084 |
| Gain on sale of capital assets | | | | | 55,109 |
| Other | | | | | 138,376 |
| Total general revenues | | | | | <u>18,268,945</u> |
| Change in net position | | | | | 5,217,329 |
| Net position - beginning of year | | | | | <u>14,551,803</u> |
| Net position - end of year | | | | | <u>\$ 19,769,132</u> |

VAN ZANDT COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

| | <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 | \$ 6,420,076 | \$ 599,273 | \$ 936,545 | \$ 818,118 |
| Receivables (net of allowance of uncollectibles) : | | | | |
| Accounts | 1,530,874 | 2,125 | 4,420 | 2,161 |
| Property Taxes | 551,757 | 54,962 | 72,924 | 67,607 |
| Due from other governments | 43,555 | - | - | - |
| Prepaid expenditures | 3,003 | - | - | - |
| Due from other funds | <u>708,797</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>9,258,062</u> | <u>656,360</u> | <u>1,013,889</u> | <u>887,886</u> |
| LIABILITIES | | | | |
| Accounts payable | 417,054 | 56,766 | 15,052 | 70,581 |
| Accrued Liabilities | 310,535 | 20,432 | 18,614 | 23,962 |
| Due to other governments | 156,778 | - | - | - |
| Due to other funds | <u>5,922</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>890,289</u> | <u>77,198</u> | <u>33,666</u> | <u>94,543</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - fines | 1,290,098 | - | - | - |
| Unavailable revenue - grants | - | - | - | - |
| Unavailable revenue - property taxes | <u>509,038</u> | <u>52,417</u> | <u>62,432</u> | <u>62,182</u> |
| Total deferred inflows of resources | <u>1,799,136</u> | <u>52,417</u> | <u>62,432</u> | <u>62,182</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid expenditures | 3,003 | - | - | - |
| Restricted for: | | | | |
| Road and bridge | - | 526,745 | 917,791 | 731,161 |
| Court technology and security | - | - | - | - |
| Records management | - | - | - | - |
| Judicial | - | - | - | - |
| Public safety | - | - | - | - |
| Debt service | - | - | - | - |
| Law library | - | - | - | - |
| Conservation | - | - | - | - |
| Economic development | - | - | - | - |
| Historical commission | - | - | - | - |
| Disaster relief | - | - | - | - |
| Unassigned | <u>6,565,634</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>6,568,637</u> | <u>526,745</u> | <u>917,791</u> | <u>731,161</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 9,258,062</u> | <u>\$ 656,360</u> | <u>\$ 1,013,889</u> | <u>\$ 887,886</u> |

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

| Road and Bridge Precinct #4 | Debt Service Fund | CARES Act Grant Fund | Other Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------|----------------------|-------------------------|--|--------------------------------|
| \$ 532,313 | \$ 442,870 | \$ - | \$ 2,000,274 | \$ 11,749,469 |
| 2,082 | - | - | 42,907 | 1,584,569 |
| 54,411 | 65,339 | - | - | 867,000 |
| - | - | 604,806 | 398,137 | 1,046,498 |
| - | - | - | - | 3,003 |
| - | <u>5,922</u> | - | - | <u>714,719</u> |
| <u>588,806</u> | <u>514,131</u> | <u>604,806</u> | <u>2,441,318</u> | <u>15,965,258</u> |
| 76,177 | - | 2,034 | 279,182 | 916,846 |
| 20,590 | - | 1,330 | 14,973 | 410,436 |
| - | - | - | - | 156,778 |
| - | - | <u>604,658</u> | <u>104,139</u> | <u>714,719</u> |
| <u>96,767</u> | <u>-</u> | <u>608,022</u> | <u>398,294</u> | <u>2,198,779</u> |
| - | - | - | - | 1,290,098 |
| - | - | 604,806 | - | 604,806 |
| <u>52,414</u> | <u>61,437</u> | <u>-</u> | <u>-</u> | <u>799,920</u> |
| <u>52,414</u> | <u>61,437</u> | <u>604,806</u> | <u>-</u> | <u>2,694,824</u> |
| - | - | - | - | 3,003 |
| 439,625 | - | - | - | 2,615,322 |
| - | - | - | 97,874 | 97,874 |
| - | - | - | 1,025,935 | 1,025,935 |
| - | - | - | 62,602 | 62,602 |
| - | - | - | 256,715 | 256,715 |
| - | 452,694 | - | - | 452,694 |
| - | - | - | 72,755 | 72,755 |
| - | - | - | 119,657 | 119,657 |
| - | - | - | 349,296 | 349,296 |
| - | - | - | 7,880 | 7,880 |
| - | - | - | 51,657 | 51,657 |
| - | - | (608,022) | (1,347) | <u>5,956,265</u> |
| <u>439,625</u> | <u>452,694</u> | <u>(608,022)</u> | <u>2,043,024</u> | <u>11,071,655</u> |
| \$ <u>588,806</u> | \$ <u>514,131</u> | \$ <u>604,806</u> | \$ <u>2,441,318</u> | \$ <u>15,965,258</u> |

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VAN ZANDT COUNTY, TEXAS

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

SEPTEMBER 30, 2020

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

| | | |
|--|----|-------------------|
| Total fund balances of governmental funds | \$ | 11,071,655 |
| Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet. | | |
| Beginning capital assets, net of depreciation | | 10,039,425 |
| Depreciation on capital assets, current year | (| 1,397,710) |
| Capital asset additions, net of disposals | | 1,106,412 |
| 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. | | |
| | (| 71,466) |
| Deferred outflows of resources represent the consumption of net position that are applicable to a future reported period. | | |
| | | 465,563 |
| Deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period. | | |
| Property taxes | | 799,920 |
| Grants | | 604,806 |
| Court fines | | 1,290,098 |
| Pensions | (| 840,919) |
| The net pension liability is not recognized in the current period and, therefore, are not reported in the governmental funds balance sheet. | | |
| | (| 28,403) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet. | | |
| Certificates of obligation | (| 2,008,000) |
| Notes payable and capital leases | (| 900,223) |
| Compensated absences | (| <u>362,026)</u> |
| Net position of governmental activities | \$ | <u>19,769,132</u> |

VAN ZANDT COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | <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 | \$ 10,955,459 | \$ 734,714 | \$ 886,355 | \$ 747,377 |
| Property taxes - special road tax | - | 552,595 | 754,968 | 779,136 |
| Permits, licenses and fees | 2,574,265 | 248,232 | 299,464 | 268,111 |
| Investment earnings | 65,388 | 6,103 | 11,958 | 9,478 |
| Intergovernmental revenues | 303,710 | 630 | - | - |
| Other revenues and fees | <u>100,967</u> | <u>176</u> | <u>240</u> | <u>6,131</u> |
| Total revenues | <u>13,999,789</u> | <u>1,542,450</u> | <u>1,952,985</u> | <u>1,810,233</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 3,129,868 | - | - | - |
| Judicial | 2,424,608 | - | - | - |
| Public safety | 3,805,906 | - | - | - |
| Conservation | 90,845 | - | - | - |
| Highways and bridges | 48,641 | 1,261,719 | 1,712,659 | 1,460,533 |
| Cultural and recreation | 115,978 | - | - | - |
| Sanitation | 70,397 | - | - | - |
| Health and welfare | 162,923 | - | - | - |
| Capital outlay | 484,646 | 159,874 | 94,250 | 141,610 |
| Debt service: | | | | |
| Principal retirement | 204,066 | 77,930 | - | 91,846 |
| Interest and fiscal charges | <u>16,209</u> | <u>6,660</u> | <u>-</u> | <u>15,485</u> |
| Total expenditures | <u>10,554,087</u> | <u>1,506,183</u> | <u>1,806,909</u> | <u>1,709,474</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,445,702</u> | <u>36,267</u> | <u>146,076</u> | <u>100,759</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of long-term debt | - | 120,970 | - | - |
| Insurance recoveries | 1,741 | 15,000 | - | - |
| Sale of capital assets | 5,351 | 7,539 | - | 456 |
| Transfers in | 52,103 | - | - | - |
| Transfers out | <u>(426,329)</u> | <u>(12,975)</u> | <u>(12,975)</u> | <u>(12,975)</u> |
| Total other financing sources (uses) | <u>(367,134)</u> | <u>130,534</u> | <u>(12,975)</u> | <u>(12,519)</u> |
| Net change in fund balances | 3,078,568 | 166,801 | 133,101 | 88,240 |
| Fund balances, Beginning | <u>3,490,069</u> | <u>359,944</u> | <u>784,690</u> | <u>642,921</u> |
| Fund balances, Ending | \$ <u>6,568,637</u> | \$ <u>526,745</u> | \$ <u>917,791</u> | \$ <u>731,161</u> |

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

| Road and Bridge Precinct #4 | Debt Service Fund | CARES Act Grant Fund | Other Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------|----------------------|-------------------------|--|--------------------------------|
| \$ 719,890 | \$ 1,201,997 | \$ - | \$ - | \$ 15,245,792 |
| 556,031 | - | - | - | 2,642,730 |
| 243,224 | - | - | 908,329 | 4,541,625 |
| 6,663 | 1,911 | 190 | 12,393 | 114,084 |
| - | - | 445,907 | 868,571 | 1,618,818 |
| <u>7,189</u> | <u>-</u> | <u>-</u> | <u>2,084</u> | <u>116,787</u> |
| <u>1,532,997</u> | <u>1,203,908</u> | <u>446,097</u> | <u>1,791,377</u> | <u>24,279,836</u> |
| - | - | - | 648,191 | 3,778,059 |
| - | - | - | 75,350 | 2,499,958 |
| - | - | 1,054,119 | 432,890 | 5,292,915 |
| - | - | - | 410,142 | 500,987 |
| 1,242,311 | - | - | - | 5,725,863 |
| - | - | - | - | 115,978 |
| - | - | - | - | 70,397 |
| - | - | - | - | 162,923 |
| 281,626 | - | - | - | 1,162,006 |
| - | 934,000 | - | - | 1,307,842 |
| - | 89,487 | - | - | 127,841 |
| <u>1,523,937</u> | <u>1,023,487</u> | <u>1,054,119</u> | <u>1,566,573</u> | <u>20,744,769</u> |
| <u>9,060</u> | <u>180,421</u> | <u>(608,022)</u> | <u>224,804</u> | <u>3,535,067</u> |
| - | - | - | - | 120,970 |
| - | - | - | - | 16,741 |
| 30,000 | - | - | 600 | 43,946 |
| - | - | - | 426,329 | 478,432 |
| <u>(12,975)</u> | <u>-</u> | <u>-</u> | <u>(203)</u> | <u>(478,432)</u> |
| <u>17,025</u> | <u>-</u> | <u>-</u> | <u>426,726</u> | <u>181,657</u> |
| 26,085 | 180,421 | (608,022) | 651,530 | 3,716,724 |
| <u>413,540</u> | <u>272,273</u> | <u>-</u> | <u>1,391,494</u> | <u>7,354,931</u> |
| \$ <u>439,625</u> | \$ <u>452,694</u> | \$ <u>(608,022)</u> | \$ <u>2,043,024</u> | \$ <u>11,071,655</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, 2020

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

| | | |
|---|----|------------|
| Net change in fund balances - total governmental funds | \$ | 3,716,724 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation in the current period exceeded capital outlay for County owned assets.</p> | | |
| Expenditures for capital assets | | 1,111,990 |
| Less: current year depreciation | (| 1,397,710) |
| <p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p> | | |
| Insurance recoveries | (| 16,741) |
| Sale of capital assets | (| 43,946) |
| Gain on sale of capital assets | | 55,109 |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p> | | |
| Property taxes | | 72,854 |
| Court fines | (| 103,311) |
| Grant revenue | | 603,053 |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.</p> | | |
| Compensated absences | | 118,582 |
| Pension expense | (| 116,717) |
| <p>The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p> | | |
| Repayment of long-term liabilities | | 1,303,838 |
| Issuance of long-term debt | (| 120,970) |
| <p>Interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.</p> | | |
| | | 34,574 |
| Change in net position of governmental activities | \$ | 5,217,329 |

VAN ZANDT COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2020

ASSETS

| | |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ <u>4,787,795</u> |
| Total assets | <u>4,787,795</u> |

LIABILITIES

| | |
|---------------------------------------|---------------------|
| Due to other agencies and individuals | <u>4,787,795</u> |
| Total liabilities | \$ <u>4,787,795</u> |

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VAN ZANDT COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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 Financial Statements

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

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

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

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

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

The County reports the following major governmental funds:

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

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

Additionally, the County reports the following fund type:

- The **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 28 percent of outstanding property taxes as of September 30, 2020.

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.

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 |

4. 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.

5. 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.

6. 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.

7. 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.

8. Pensions

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

9. 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.

10. 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.

11. 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.

12. Equity Classification

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balance

The CARES Act Grant and ETCOG Residential Grant funds have a deficit fund balance of (\$608,022) and (\$1,347), respectively. These deficits are primarily the result of grant proceeds being received greater than 60 days after year end and are expected to reverse within the next year.

III. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

Cash and investments as of September 30, 2020 consist of and are classified in the accompanying financial statements as follows:

| | |
|---------------------------------|----------------------|
| Statement of net position: | |
| Governmental activities | |
| Cash and cash equivalents | \$ <u>11,749,469</u> |
| Total cash and cash equivalents | \$ <u>11,749,469</u> |
| Cash on hand | \$ 4,703 |
| Checking and savings account | 196,376 |
| External investment pools | <u>11,548,390</u> |
| | \$ <u>11,749,469</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, 2020, the County had the following cash equivalents:

| <u>Investment Type</u> | <u>Net Asset Value</u> | <u>Weighted Average Maturity (Days)</u> |
|------------------------|------------------------|---|
| TexPool | \$ 10,138,972 | 38 |
| Texas CLASS | <u>1,409,418</u> | 56 |
| Total fair value | \$ <u>11,548,390</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, 2020, 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 | \$ 765,550 | \$ 348,775 | \$ 90,656 | \$ - | \$ 1,204,981 |
| Accounts | <u>13,141,753</u> | <u>10,788</u> | <u>-</u> | <u>42,907</u> | <u>13,195,448</u> |
| Gross receivables | <u>13,907,303</u> | <u>359,563</u> | <u>90,656</u> | <u>42,907</u> | <u>14,400,429</u> |
| Less: allowance for uncollectibles | <u>(11,824,672)</u> | <u>(98,871)</u> | <u>(25,317)</u> | <u>-</u> | <u>(11,948,860)</u> |
| Net total receivables | <u>\$ 2,082,631</u> | <u>\$ 260,692</u> | <u>\$ 65,339</u> | <u>\$ 42,907</u> | <u>\$ 2,451,569</u> |

Capital Assets

Capital asset activity for the year ended September 30, 2020, was as follows:

| | Beginning Balance | Increases | Decreases | Reclassifications/ Adjustments | Ending Balance |
|--|-------------------|---------------|-------------|--------------------------------|----------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 514,749 | \$ - | \$ - | \$ - | \$ 514,749 |
| Construction in progress | 419,802 | 77,823 | - | (497,625) | - |
| Total capital assets, not being depreciated | 934,551 | 77,823 | - | (497,625) | 514,749 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 7,859,553 | 371,362 | - | 497,625 | 8,728,540 |
| Machinery and equipment | 9,900,467 | 662,805 | (305,175) | - | 10,258,097 |
| Infrastructure | 8,311,778 | - | - | - | 8,311,778 |
| Total capital assets being depreciated | 26,071,798 | 1,034,167 | (305,175) | 497,625 | 27,298,415 |
| Less accumulated depreciation: | | | | | |
| Buildings and improvements | (5,497,553) | (284,759) | - | - | (5,782,312) |
| Machinery and equipment | (7,585,838) | (697,429) | 299,597 | - | (7,983,670) |
| Infrastructure | (3,883,533) | (415,522) | - | - | (4,299,055) |
| Total accumulated depreciation | (16,966,924) | (1,397,710) | 299,597 | - | (18,065,037) |
| Total capital assets, being depreciated, net | 9,104,874 | (363,543) | (5,578) | 497,625 | 9,233,378 |
| Governmental activities capital assets, net | \$ 10,039,425 | \$ (285,720) | \$ (5,578) | \$ - | \$ 9,748,127 |

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

| | |
|--|--------------|
| Governmental activities: | |
| General government | \$ 312,586 |
| Public safety | 213,210 |
| Highways and bridges | 871,914 |
| Total depreciation expense - governmental activities | \$ 1,397,710 |

Interfund Receivables, Payables and Transfers

The composition of interfund balances of as September 30, 2020, is as follows:

Due to/from other funds:

| Receivable Fund | Payable Fund | Amount |
|-----------------|----------------------|------------|
| General Fund | Nonmajor Funds | \$ 104,139 |
| General Fund | CARES Act Grant Fund | 604,658 |
| Debt Service | General Fund | 5,922 |
| | | \$ 714,719 |

Transfers In/out:

| | Transfer In | | Total |
|-----------------------|-------------|-----------------------|------------|
| | General | Nonmajor Governmental | |
| Transfer out: | | | |
| General | \$ - | \$ 426,329 | \$ 426,329 |
| Road & Bridge 1-4 | 51,900 | - | 51,900 |
| Nonmajor governmental | 203 | - | 203 |
| Total transfers | \$ 52,103 | \$ 426,329 | \$ 478,432 |

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, 2020 are comprised of the following issues:

| <u>Certificates of Obligation - Private Placement:</u> | Original | Maturity | Interest | Current |
|---|--------------|------------|----------|---------------------|
| Name | Issue Amount | Date | Rate | Balance |
| Series 2008 Certificates of Obligation | \$ 6,375,000 | 4/30/2023 | 3.39% | \$ 1,540,000 |
| Series 2010 Certificates of Obligation | 4,099,000 | 12/15/2020 | 3.02% | <u>468,000</u> |
| | | | | <u>\$ 2,008,000</u> |

| <u>Notes Payable:</u> | Original | Maturity | Interest | Current |
|---|--------------|------------|----------|-------------------|
| Name | Issue Amount | Date | Rate | Balance |
| Governmental Capital Corporation - Contract #7555 | \$ 150,000 | 12/30/2020 | 3.22% | \$ 39,473 |
| Governmental Capital Corporation - Contract #8009 | 543,903 | 12/15/2021 | 3.06% | 280,408 |
| Governmental Capital Corporation - Contract #8143 | 157,900 | 3/28/2023 | 4.29% | 98,688 |
| Governmental Capital Corporation - Contract #8764 | 112,000 | 9/3/2024 | 3.25% | 91,010 |
| Governmental Capital Corporation - Contract #8498 | 221,810 | 1/25/2023 | 3.65% | 131,139 |
| Governmental Capital Corporation - Contract #8497 | 231,500 | 1/17/2023 | 3.65% | 138,535 |
| Governmental Capital Corporation - Contract #8855 | 120,970 | 11/1/2023 | 3.25% | <u>120,970</u> |
| | | | | <u>\$ 900,223</u> |

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2020, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|---------------------|-------------------|---------------------|---------------------|---------------------|
| Governmental activities | | | | | |
| Certificates of obligation - private placement | \$ 2,942,000 | \$ - | \$ 934,000 | \$ 2,008,000 | \$ 963,000 |
| Notes/Leases | 1,149,091 | 120,970 | 369,838 | 900,223 | 346,258 |
| Compensated absences | <u>480,608</u> | <u>251,064</u> | <u>369,646</u> | <u>362,026</u> | <u>72,405</u> |
| Total governmental activities | | | | | |
| Long-term liabilities | <u>\$ 4,571,699</u> | <u>\$ 372,034</u> | <u>\$ 1,673,484</u> | <u>\$ 3,270,249</u> | <u>\$ 1,381,663</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> |
|--------------------------------------|---------------------|-------------------|-------------------------------|
| 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>2,008,000</u> | \$ <u>112,666</u> | \$ <u>2,120,666</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> |
|--------------------------------------|-------------------|------------------|-------------------------------|
| 2021 | \$ 346,258 | \$ 30,818 | \$ 377,076 |
| 2022 | 317,167 | 19,164 | 336,331 |
| 2023 | 181,234 | 8,425 | 189,659 |
| 2024 | <u>55,564</u> | <u>1,806</u> | <u>57,370</u> |
| Total | \$ <u>900,223</u> | \$ <u>60,213</u> | \$ <u>960,436</u> |

IV. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The County’s risk management program encompasses various means of protecting the County against loss by obtaining property, casualty, liability and other coverage through participation in the Texas Association of Counties – County Government Risk Management Pool, a public entity risk pool. The County pays an annual premium for its coverage. As claims are filed, the County pays the applicable deductible amount and the risk pool pays the additional amounts over the deductible, up to the applicable limit of liability. As of September 30, 2020, the County had no liability for unpaid claims or adjustments under policies carried with the risk pool. During the year ended September 30, 2020, there was no reduction in insurance coverage from the prior year. There were no settlements in the prior three fiscal years, which exceeded insurance coverage carried by the County.

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

V. CONTINGENT LIABILITIES

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

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

VI. DEFINED BENEFIT PENSION PLAN

Plan Description

Van Zandt County participates in a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report that can be obtained at www.tcdrs.org.

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

Benefits Provided

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

Members can retire at ages 60 and above with eight or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

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

Plan Membership

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 153 |
| Inactive employees entitled to but not yet receiving benefits | 370 |
| Active employees | <u>218</u> |
| | <u>741</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 7.67% and 7.7% in calendar years 2019 and 2020, respectively. The County's contributions to TCDRS for the year ended September 30, 2020, were \$626,543 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, 2019, 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, 2019 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 | 8.00%, 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, 2019 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 | 14.50% | 5.20% |
| Private Equity | Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾ | 20.00% | 8.20% |
| Global Equities | MSCI World (net) Index | 2.50% | 5.50% |
| International Equities - Developed | MSCI World Ex USA (net) Index | 7.00% | 5.20% |
| International Equities - Emerging Markets | MSCI Emerging Markets (net) Index | 7.00% | 5.70% |
| Investment-Grade Bonds | Bloomberg Barclays U.S. Aggregate Bond Index | 3.00% | -0.20% |
| Strategic Credit | FTSE High-Yield Cash-Pay Capped Index | 12.00% | 3.14% |
| Direct Lending | S&P/LSTA Leveraged Loan Index | 11.00% | 7.16% |
| Distressed Debt | Cambridge Associates Distressed Securities Index ⁽⁴⁾ | 4.00% | 6.90% |
| REIT Equities | 67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index | 3.00% | 4.50% |
| Master Limited Partnerships (MLPs) | Alerian MLP Index | 2.00% | 8.40% |
| Private Real Estate Partnerships | Cambridge Associates Real Estate Index ⁽⁵⁾ | 6.00% | 5.50% |
| Hedge Funds | Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index | 8.00% | 2.30% |

⁽¹⁾ Target asset allocation adopted at the June 2020 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 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

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balance at 12/31/2018 | \$ 30,036,082 | \$ 27,598,141 | \$ 2,437,941 |
| Changes for the year: | | | |
| Service cost | 878,701 | - | 878,701 |
| Interest on total pension liability ⁽¹⁾ | 2,433,024 | - | 2,433,024 |
| Effect of economic/demographic gains or losses | (97,492) | - | (97,492) |
| Refund of contributions | (210,566) | (210,566) | - |
| Benefit payments | (1,579,164) | (1,579,164) | - |
| Administrative expenses | | (23,953) | 23,953 |
| Member contributions | | 540,627 | (540,627) |
| Net investment income | - | 4,532,832 | (4,532,832) |
| Employer contributions | - | 592,371 | (592,371) |
| Other ⁽²⁾ | - | (18,106) | 18,106 |
| Balance at 12/31/2019 | <u>\$ 31,460,585</u> | <u>\$ 31,432,182</u> | <u>\$ 28,403</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 8.1%, 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 (7.1%) or 1 percentage point higher (9.1%) than the current rate.

| | 1% Decrease 7.1% | Current Discount Rate 8.1% | 1% Increase 9.1% |
|-------------------------------|---------------------|----------------------------------|------------------------|
| Total pension liability | \$ 35,040,857 | \$ 31,460,585 | \$ 28,423,858 |
| Fiduciary net position | <u>31,432,181</u> | <u>31,432,182</u> | <u>31,432,181</u> |
| Net pension liability/(asset) | <u>\$ 3,608,676</u> | <u>\$ 28,403</u> | <u>\$ (3,008,323)</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, 2020, the County recognized pension expense of \$743,358.

At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$ - | \$ 48,746 |
| Changes in actuarial assumptions | - | - |
| Net difference between projected and actual investment earnings | - | 792,173 |
| Contributions made subsequent to the measurement date | <u>465,563</u> | <u>-</u> |
| Total | <u>\$ 465,563</u> | <u>\$ 840,919</u> |

County contributions subsequent to the measurement date of \$465,563 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended September 30,</u> | |
|-------------------------------------|--------------|
| 2021 | \$(247,966) |
| 2022 | (230,542) |
| 2023 | 102,616 |
| 2024 | (465,027) |

VII. 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

VAN ZANDT COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

Notes to the Schedule:

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

| 2017 | 2018 | 2019 |
|----------------------|----------------------|----------------------|
| \$ 906,342 | \$ 871,792 | \$ 878,701 |
| 2,188,341 | 2,314,465 | 2,433,024 |
| - | - | - |
| 99,350 | - | - |
| (53,732) | (56,246) | (97,492) |
| (1,536,659) | (1,561,175) | (1,789,730) |
| 1,603,642 | 1,568,836 | 1,424,503 |
| <u>26,863,604</u> | <u>28,467,246</u> | <u>30,036,082</u> |
| \$ <u>28,467,246</u> | \$ <u>30,036,082</u> | \$ <u>31,460,585</u> |
| | | |
| \$ 537,372 | \$ 576,948 | \$ 592,371 |
| 506,244 | 520,443 | 540,627 |
| 3,706,326 | (538,619) | 4,532,832 |
| (1,536,659) | (1,561,175) | (1,789,730) |
| (19,042) | (22,167) | (23,953) |
| (6,787) | (10,941) | (18,106) |
| 3,187,454 | (1,035,511) | 3,834,041 |
| <u>25,446,198</u> | <u>28,633,652</u> | <u>27,598,141</u> |
| \$ 28,633,652 | \$ 27,598,141 | \$ 31,432,182 |
| \$(166,406) | \$ 2,437,941 | \$ 28,403 |
| 100.58% | 91.88% | 99.91% |
| \$ 7,222,134 | \$ 7,434,894 | \$ 7,723,239 |
| -2.30% | 32.79% | 0.37% |

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VAN ZANDT COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

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

10.3 years (based on contribution rate calculated in 12/31/2019 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.
2019: 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, 2020

| | <u>Budget Original</u> | <u>Budget Final</u> | <u>Actual</u> | Variance With Final Budget Positive (Negative) |
|----------------------------------|----------------------------|-------------------------|----------------------|---|
| REVENUES | | | | |
| Property Taxes: | | | | |
| Taxes - current | \$ 10,606,799 | \$ 10,606,799 | \$ 10,569,966 | \$(36,833) |
| Taxes - delinquent | 190,000 | 190,000 | 200,696 | 10,696 |
| Penalty and collection fees | <u>140,000</u> | <u>140,000</u> | <u>184,797</u> | <u>44,797</u> |
| Total Property Taxes | <u>10,936,799</u> | <u>10,936,799</u> | <u>10,955,459</u> | <u>18,660</u> |
| Fees of Office: | | | | |
| County judge | 5,100 | 5,100 | 4,765 | (335) |
| County sheriff | 75,000 | 75,000 | 58,385 | (16,615) |
| County clerk fees | 375,000 | 375,000 | 407,635 | 32,635 |
| County library fees | 7,800 | 7,800 | 4,142 | (3,658) |
| Tyler eagle internet | 11,500 | 11,500 | 17,867 | 6,367 |
| Tax assessor-collector | 512,000 | 512,000 | 508,471 | (3,529) |
| Child safety-tax office | 85,000 | 85,000 | 73,851 | (11,149) |
| District attorney | 8,400 | 8,400 | 7,030 | (1,370) |
| District clerk | 117,500 | 117,500 | 126,534 | 9,034 |
| Justice of the peace | 125,172 | 125,172 | 103,724 | (21,448) |
| Constable | 28,200 | 28,200 | 22,223 | (5,977) |
| County court at law | 250,000 | 250,000 | 192,202 | (57,798) |
| Jury fees | 20,000 | 20,000 | 14,721 | (5,279) |
| District court | 221,000 | 221,000 | 216,999 | (4,001) |
| Justice court | 315,300 | 315,300 | 267,324 | (47,976) |
| Legal fees/reimbursements | 134,500 | 134,500 | 117,365 | (17,135) |
| Abatement officer | 175,050 | 175,050 | 262,020 | 86,970 |
| Citizens collection station | 69,500 | 69,500 | 79,380 | 9,880 |
| Inmate telephone revenue | <u>75,000</u> | <u>75,000</u> | <u>89,627</u> | <u>14,627</u> |
| Total fees | <u>2,611,022</u> | <u>2,611,022</u> | <u>2,574,265</u> | <u>(36,757)</u> |
| Intergovernmental Revenues: | | | | |
| Intergovernmental revenues | <u>221,465</u> | <u>303,710</u> | <u>303,710</u> | <u>-</u> |
| Total Intergovernmental Revenues | <u>221,465</u> | <u>303,710</u> | <u>303,710</u> | <u>-</u> |
| Investment Earnings: | | | | |
| Depository interest | <u>95,578</u> | <u>95,578</u> | <u>65,388</u> | <u>(30,190)</u> |
| Total Investment Earnings | <u>95,578</u> | <u>95,578</u> | <u>65,388</u> | <u>(30,190)</u> |
| Other Revenues and Fees: | | | | |
| Rentals | 7,700 | 7,700 | 7,200 | (500) |
| Lease-adult probation | 2,000 | 2,000 | 1,790 | (210) |
| Other revenues | 18,196 | 27,696 | 91,073 | 63,377 |
| Open records request | <u>700</u> | <u>700</u> | <u>904</u> | <u>204</u> |
| Total Other Revenues and Fees | <u>28,596</u> | <u>38,096</u> | <u>100,967</u> | <u>62,871</u> |
| Total Revenues | <u>\$ 13,893,460</u> | <u>\$ 13,985,205</u> | <u>\$ 13,999,789</u> | <u>\$ 14,584</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, 2020

| | Budget Original | Budget Final | Actual | Variance With Final Budget Positive (Negative) |
|-----------------------------|--------------------|------------------|------------------|---|
| EXPENDITURES | | | | |
| General Government: | | | | |
| County judge | \$ 153,281 | \$ 153,422 | \$ 146,941 | \$ 6,481 |
| Commissioners court | 350 | 350 | 125 | 225 |
| Human Resources | 66,969 | 67,510 | 64,917 | 2,593 |
| County clerk | 333,505 | 333,347 | 286,593 | 46,754 |
| Elections | 116,464 | 117,212 | 76,452 | 40,760 |
| Non-department | 804,725 | 786,617 | 374,609 | 412,008 |
| Contracts | 667,737 | 667,736 | 628,087 | 39,649 |
| Veterans | 16,315 | 16,486 | 15,775 | 711 |
| Collection department | 52,013 | 52,382 | 50,979 | 1,403 |
| County auditor | 293,444 | 294,333 | 230,742 | 63,591 |
| County treasurer | 152,396 | 152,961 | 148,058 | 4,903 |
| Tax collector | 349,608 | 350,173 | 323,601 | 26,572 |
| Data processing | 587,452 | 589,066 | 582,848 | 6,218 |
| Public buildings | <u>281,267</u> | <u>282,184</u> | <u>200,141</u> | <u>82,043</u> |
| Total General Government | <u>3,875,526</u> | <u>3,863,779</u> | <u>3,129,868</u> | <u>733,911</u> |
| Judicial System: | | | | |
| County court | 12,500 | 12,500 | 5,833 | 6,667 |
| Juvenile county court | 8,700 | 8,700 | 5,095 | 3,605 |
| District courts | 584,834 | 584,833 | 508,469 | 76,364 |
| Adult district court | 468,800 | 468,800 | 251,054 | 217,746 |
| Juvenile district court | 2,500 | 2,500 | - | 2,500 |
| County court at law | 419,297 | 423,020 | 368,340 | 54,680 |
| District clerk | 280,974 | 281,539 | 224,920 | 56,619 |
| Justices of the peace | 470,260 | 473,019 | 447,866 | 25,153 |
| District attorney | <u>629,862</u> | <u>632,984</u> | <u>613,031</u> | <u>19,953</u> |
| Total Judicial System | <u>2,877,727</u> | <u>2,887,895</u> | <u>2,424,608</u> | <u>463,287</u> |
| Public Safety: | | | | |
| Constables | 241,018 | 243,464 | 225,982 | 17,482 |
| Adult probation | 1,300 | 1,300 | 258 | 1,042 |
| Abatement Officer | 151,347 | 147,122 | 130,074 | 17,048 |
| Emergency management | 2,000 | 2,000 | 650 | 1,350 |
| Sheriff's department | 2,501,012 | 2,576,013 | 1,681,043 | 894,970 |
| Jail | 2,735,563 | 2,759,182 | 1,728,424 | 1,030,758 |
| Department of public safety | <u>40,016</u> | <u>40,389</u> | <u>39,475</u> | <u>914</u> |
| Total Public Safety | <u>5,672,256</u> | <u>5,769,470</u> | <u>3,805,906</u> | <u>1,963,564</u> |
| Conservation: | | | | |
| Extension service | <u>91,237</u> | <u>91,919</u> | <u>90,845</u> | <u>1,074</u> |
| Total Conservation | \$ <u>91,237</u> | \$ <u>91,919</u> | \$ <u>90,845</u> | \$ <u>1,074</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, 2020

| | <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 | \$ 115,012 | \$ 115,012 | \$ 105,278 | \$ 9,734 |
| Office | <u>19,981</u> | <u>19,981</u> | <u>10,700</u> | <u>9,281</u> |
| Total Culture and Recreation | <u>134,993</u> | <u>134,993</u> | <u>115,978</u> | <u>19,015</u> |
| Highways and Bridges: | | | | |
| Support | <u>56,609</u> | <u>56,609</u> | <u>48,641</u> | <u>7,968</u> |
| Total Highways and Bridges | <u>56,609</u> | <u>56,609</u> | <u>48,641</u> | <u>7,968</u> |
| Sanitation: | | | | |
| Collection | <u>69,117</u> | <u>77,635</u> | <u>70,397</u> | <u>7,238</u> |
| Total Sanitation | <u>69,117</u> | <u>77,635</u> | <u>70,397</u> | <u>7,238</u> |
| Health & Welfare | | | | |
| Indigent health | 48,295 | 48,295 | 47,734 | 561 |
| Office | <u>176,490</u> | <u>176,490</u> | <u>115,189</u> | <u>61,301</u> |
| Total Health & Welfare | <u>224,785</u> | <u>224,785</u> | <u>162,923</u> | <u>61,862</u> |
| Capital Outlay: | | | | |
| Jail | 750,000 | 750,000 | 399,681 | 350,319 |
| Constable | 45,000 | 45,000 | 43,847 | 1,153 |
| Abatement officer | <u>40,000</u> | <u>41,200</u> | <u>41,118</u> | <u>82</u> |
| Total Capital Outlay | \$ <u>835,000</u> | \$ <u>836,200</u> | \$ <u>484,646</u> | \$ <u>351,554</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, 2020

| | <u>Budget Original</u> | <u>Budget Final</u> | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---------------------------------------|----------------------------|-------------------------|---------------------|---|
| EXPENDITURES (Cont'd) | | | | |
| Debt Service: | | | | |
| Principal | \$ 203,997 | \$ 204,066 | \$ 204,066 | \$ - |
| Interest | <u>16,202</u> | <u>16,209</u> | <u>16,209</u> | <u>-</u> |
| Total Debt Service | <u>220,199</u> | <u>220,275</u> | <u>220,275</u> | <u>-</u> |
| Total Expenditures | <u>14,057,449</u> | <u>14,163,560</u> | <u>10,554,087</u> | <u>3,609,473</u> |
| Excess of Revenues Over Expenditures | (163,989) | (178,355) | 3,445,702 | 3,624,057 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance recoveries | 700 | 700 | 1,741 | 1,041 |
| Sale of capital assets | - | - | 5,351 | 5,351 |
| Transfers in | 56,620 | 56,823 | 52,103 | (4,720) |
| Transfers out | <u>(408,776)</u> | <u>(427,776)</u> | <u>(426,329)</u> | <u>1,447</u> |
| Total Other Financing Sources (Uses) | <u>(351,456)</u> | <u>(370,253)</u> | <u>(367,134)</u> | <u>3,119</u> |
| NET CHANGE IN FUND BALANCE | (515,445) | (548,608) | 3,078,568 | 3,627,176 |
| FUND BALANCE, BEGINNING | <u>3,490,069</u> | <u>3,490,069</u> | <u>3,490,069</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 2,974,624</u> | <u>\$ 2,941,461</u> | <u>\$ 6,568,637</u> | <u>\$ 3,627,176</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, 2020

| | Budget Original | Budget Final | Actual | Variance With Final Budget Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| REVENUES | | | | |
| Property Taxes: | | | | |
| Taxes - current | \$ 711,715 | \$ 711,715 | \$ 708,847 | \$(2,868) |
| Taxes - delinquent | 11,000 | 11,000 | 13,467 | 2,467 |
| Penalty/interest | <u>8,000</u> | <u>8,000</u> | <u>12,400</u> | <u>4,400</u> |
| Total Property Taxes: | <u>730,715</u> | <u>730,715</u> | <u>734,714</u> | <u>3,999</u> |
| Property taxes - special road tax: | | | | |
| Taxes - special road tax - current | 536,550 | 536,550 | 535,519 | (1,031) |
| Taxes - special road tax - delinquent | 5,300 | 5,300 | 8,386 | 3,086 |
| Penalty/interest - special road tax | <u>5,000</u> | <u>5,000</u> | <u>8,690</u> | <u>3,690</u> |
| Total Property taxes - special road tax | <u>546,850</u> | <u>546,850</u> | <u>552,595</u> | <u>5,745</u> |
| Permits, Licenses and Fees: | | | | |
| Other Fees | <u>249,907</u> | <u>249,907</u> | <u>248,232</u> | <u>(1,675)</u> |
| Total Permits, Licenses and Fees | <u>249,907</u> | <u>249,907</u> | <u>248,232</u> | <u>(1,675)</u> |
| Investment Earnings: | | | | |
| Depository interest | <u>10,000</u> | <u>10,000</u> | <u>6,103</u> | <u>(3,897)</u> |
| Total Investment Earnings | <u>10,000</u> | <u>10,000</u> | <u>6,103</u> | <u>(3,897)</u> |
| Other Revenue: | | | | |
| Other misc. revenue | <u>-</u> | <u>-</u> | <u>176</u> | <u>176</u> |
| Total Other Revenue | <u>-</u> | <u>-</u> | <u>176</u> | <u>176</u> |
| Total Revenues | <u>1,537,472</u> | <u>1,537,472</u> | <u>1,542,450</u> | <u>4,978</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Highways and bridges | <u>1,388,725</u> | <u>1,399,821</u> | <u>1,261,719</u> | <u>138,102</u> |
| Total Highways and Bridges | <u>1,388,725</u> | <u>1,399,821</u> | <u>1,261,719</u> | <u>138,102</u> |
| Capital Outlay: | | | | |
| Equipment | <u>50,000</u> | <u>159,874</u> | <u>159,874</u> | <u>-</u> |
| Total Capital Outlay | <u>50,000</u> | <u>159,874</u> | <u>159,874</u> | <u>-</u> |
| Debt Service: | | | | |
| Principal payments | 77,930 | 77,930 | 77,930 | - |
| Interest and fiscal charges | <u>6,662</u> | <u>6,699</u> | <u>6,660</u> | <u>39</u> |
| Total Debt Service | <u>84,592</u> | <u>84,629</u> | <u>84,590</u> | <u>39</u> |
| Total Expenditures | <u>1,523,317</u> | <u>1,644,324</u> | <u>1,506,183</u> | <u>138,141</u> |
| Excess of Revenues Over (Under) Expenditures | <u>14,155</u> | <u>(106,852)</u> | <u>36,267</u> | <u>143,119</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of capital lease | - | 120,970 | 120,970 | - |
| Insurance recoveries | - | - | 15,000 | 15,000 |
| Sale of capital assets | - | - | 7,539 | 7,539 |
| Transfers out | <u>(14,155)</u> | <u>(12,975)</u> | <u>(12,975)</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(14,155)</u> | <u>107,995</u> | <u>130,534</u> | <u>7,539</u> |
| NET CHANGE IN FUND BALANCE | - | 1,143 | 166,801 | 165,658 |
| FUND BALANCE, BEGINNING | <u>359,944</u> | <u>359,944</u> | <u>359,944</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 359,944</u> | <u>\$ 361,087</u> | <u>\$ 526,745</u> | <u>\$ 165,658</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, 2020

| | <u>Budget Original</u> | <u>Budget Final</u> | <u>Actual</u> | Variance With Final Budget Positive (Negative) |
|--|----------------------------|-------------------------|-------------------|---|
| REVENUES | | | | |
| Tax Revenue: | | | | |
| Taxes - current | \$ 858,607 | \$ 858,607 | \$ 855,150 | \$(3,457) |
| Taxes - delinquent | 15,000 | 15,000 | 16,246 | 1,246 |
| Penalty/interest | <u>10,000</u> | <u>10,000</u> | <u>14,959</u> | <u>4,959</u> |
| Total Property Taxes: | <u>883,607</u> | <u>883,607</u> | <u>886,355</u> | <u>2,748</u> |
| Property taxes - special road tax: | | | | |
| Taxes - special road tax - current | 733,106 | 733,106 | 731,638 | (1,468) |
| Taxes - special road tax - delinquent | 7,000 | 7,000 | 11,457 | 4,457 |
| Penalty/interest - special road tax | <u>6,000</u> | <u>6,000</u> | <u>11,873</u> | <u>5,873</u> |
| Total Property taxes - special road tax | <u>746,106</u> | <u>746,106</u> | <u>754,968</u> | <u>8,862</u> |
| Permits, Licenses and Fees: | | | | |
| Other fees | <u>292,000</u> | <u>292,000</u> | <u>299,464</u> | <u>7,464</u> |
| Total Permits, Licenses and Fees | <u>292,000</u> | <u>292,000</u> | <u>299,464</u> | <u>7,464</u> |
| Investment Earnings: | | | | |
| Depository interest | <u>10,000</u> | <u>10,000</u> | <u>11,958</u> | <u>1,958</u> |
| Total Investment Earnings | <u>10,000</u> | <u>10,000</u> | <u>11,958</u> | <u>1,958</u> |
| Other Revenues: | | | | |
| Donations | <u>-</u> | <u>-</u> | <u>240</u> | <u>240</u> |
| Total Other Revenues | <u>-</u> | <u>-</u> | <u>240</u> | <u>240</u> |
| Total Revenues | <u>1,931,713</u> | <u>1,931,713</u> | <u>1,952,985</u> | <u>21,272</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Highways and bridges | <u>2,102,559</u> | <u>2,102,559</u> | <u>1,712,659</u> | <u>389,900</u> |
| Total Highways and Bridges | <u>2,102,559</u> | <u>2,102,559</u> | <u>1,712,659</u> | <u>389,900</u> |
| Capital Outlay: | | | | |
| Capital outlay | <u>94,250</u> | <u>94,250</u> | <u>94,250</u> | <u>-</u> |
| Total Capital Outlays | <u>94,250</u> | <u>94,250</u> | <u>94,250</u> | <u>-</u> |
| Total Expenditures | <u>2,196,809</u> | <u>2,196,809</u> | <u>1,806,909</u> | <u>389,900</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(265,096)</u> | <u>(265,096)</u> | <u>146,076</u> | <u>411,172</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(14,155)</u> | <u>(14,155)</u> | <u>(12,975)</u> | <u>1,180</u> |
| Total Other Financing Source (Uses) | <u>(14,155)</u> | <u>(14,155)</u> | <u>(12,975)</u> | <u>1,180</u> |
| NET CHANGE IN FUND BALANCE | <u>(279,251)</u> | <u>(279,251)</u> | <u>133,101</u> | <u>412,352</u> |
| FUND BALANCE, BEGINNING | <u>784,690</u> | <u>784,690</u> | <u>784,690</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 505,439</u> | <u>\$ 505,439</u> | <u>\$ 917,791</u> | <u>\$ 412,352</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, 2020

| | Budget Original | Budget Final | Actual | Variance With Final Budget Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| REVENUES | | | | |
| Tax Revenue: | | | | |
| Taxes - current | \$ 723,982 | \$ 723,982 | \$ 721,064 | \$(2,918) |
| Taxes - delinquent | 11,000 | 11,000 | 13,699 | 2,699 |
| Penalty/interest | 8,000 | 8,000 | 12,614 | 4,614 |
| Total Property Taxes: | <u>742,982</u> | <u>742,982</u> | <u>747,377</u> | <u>4,395</u> |
| Property taxes - special road tax: | | | | |
| Taxes - special road tax - current | 756,457 | 756,457 | 755,063 | (1,394) |
| Taxes - special road tax - delinquent | 7,000 | 7,000 | 11,822 | 4,822 |
| Penalty/interest - special road tax | 5,000 | 5,000 | 12,251 | 7,251 |
| Total Property taxes - special road tax | <u>768,457</u> | <u>768,457</u> | <u>779,136</u> | <u>10,679</u> |
| Permits, Licenses and Fees: | | | | |
| Other fees | 259,000 | 274,600 | 268,111 | (6,489) |
| Total Permits, Licenses and Fees | <u>259,000</u> | <u>274,600</u> | <u>268,111</u> | <u>(6,489)</u> |
| Investment Earning: | | | | |
| Depository interest | 8,000 | 8,000 | 9,478 | 1,478 |
| Total Investment Earning | <u>8,000</u> | <u>8,000</u> | <u>9,478</u> | <u>1,478</u> |
| Other Revenue: | | | | |
| Donations | 3,000 | 3,000 | - | (3,000) |
| Other misc. revenue | - | 4,225 | 6,131 | 1,906 |
| Total Other Revenue | <u>3,000</u> | <u>7,225</u> | <u>6,131</u> | <u>(1,094)</u> |
| Total Revenues | <u>1,781,439</u> | <u>1,801,264</u> | <u>1,810,233</u> | <u>8,969</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Highways and bridges | 1,684,951 | 1,704,734 | 1,460,533 | 244,201 |
| Total Highways and Bridges | <u>1,684,951</u> | <u>1,704,734</u> | <u>1,460,533</u> | <u>244,201</u> |
| Capital Outlay: | | | | |
| Equipment | 275,000 | 275,000 | 141,610 | 133,390 |
| Total Capital Outlay | <u>275,000</u> | <u>275,000</u> | <u>141,610</u> | <u>133,390</u> |
| Debt Service: | | | | |
| Principal payments | 91,891 | 91,891 | 91,846 | 45 |
| Interest and fiscal charges | 15,442 | 15,485 | 15,485 | - |
| Total Debt Services | <u>107,333</u> | <u>107,376</u> | <u>107,331</u> | <u>45</u> |
| Total Expenditures | <u>2,067,284</u> | <u>2,087,110</u> | <u>1,709,474</u> | <u>377,636</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(285,845)</u> | <u>(285,846)</u> | <u>100,759</u> | <u>386,605</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | - | - | 456 | 456 |
| Transfers out | (14,155) | (14,155) | (12,975) | 1,180 |
| Total Other Financing Sources (Uses) | <u>(14,155)</u> | <u>(14,155)</u> | <u>(12,519)</u> | <u>1,636</u> |
| NET CHANGE IN FUND BALANCE | <u>(300,000)</u> | <u>(300,001)</u> | <u>88,240</u> | <u>388,241</u> |
| FUND BALANCE, BEGINNING | <u>642,921</u> | <u>642,921</u> | <u>642,921</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 342,921</u> | <u>\$ 342,920</u> | <u>\$ 731,161</u> | <u>\$ 388,241</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, 2020

| | Budget Original | Budget Final | Actual | Variance With Final Budget Positive (Negative) |
|--|--------------------|-------------------|-------------------|---|
| REVENUES | | | | |
| Tax Revenue: | | | | |
| Taxes - current | \$ 697,356 | \$ 697,356 | \$ 694,545 | \$(2,811) |
| Taxes - delinquent | 18,000 | 18,000 | 13,195 | (4,805) |
| Penalty/interest | 7,500 | 7,500 | 12,150 | 4,650 |
| Total Property Taxes: | <u>722,856</u> | <u>722,856</u> | <u>719,890</u> | <u>(2,966)</u> |
| Property taxes - special road tax: | | | | |
| Taxes - special road tax - current | 539,886 | 539,886 | 538,849 | (1,037) |
| Taxes - special road tax - delinquent | 8,300 | 8,300 | 8,438 | 138 |
| Penalty/interest - special road tax | 6,500 | 6,500 | 8,744 | 2,244 |
| Total Property taxes - special road tax | <u>554,686</u> | <u>554,686</u> | <u>556,031</u> | <u>1,345</u> |
| Permits, Licenses and Fees: | | | | |
| Other fees | 247,943 | 247,943 | 243,224 | (4,719) |
| Total Permits, Licenses and Fees | <u>247,943</u> | <u>247,943</u> | <u>243,224</u> | <u>(4,719)</u> |
| Investment Earning: | | | | |
| Depository interest | 10,000 | 10,000 | 6,663 | (3,337) |
| Total Investment Earning | <u>10,000</u> | <u>10,000</u> | <u>6,663</u> | <u>(3,337)</u> |
| Other Revenue: | | | | |
| Other misc. revenue | - | - | 7,189 | 7,189 |
| Total Other Revenues | <u>-</u> | <u>-</u> | <u>7,189</u> | <u>7,189</u> |
| Total Revenues | <u>1,535,485</u> | <u>1,535,485</u> | <u>1,532,997</u> | <u>(2,488)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Highways and bridges | 1,621,331 | 1,369,330 | 1,242,311 | 127,019 |
| Total Highway and Bridges | <u>1,621,331</u> | <u>1,369,330</u> | <u>1,242,311</u> | <u>127,019</u> |
| Capital Outlay: | | | | |
| Equipment | - | 282,000 | 281,626 | 374 |
| Total Capital Outlay | <u>-</u> | <u>282,000</u> | <u>281,626</u> | <u>374</u> |
| Total Expenditures | <u>1,621,331</u> | <u>1,651,330</u> | <u>1,523,937</u> | <u>127,393</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(85,846)</u> | <u>(115,845)</u> | <u>9,060</u> | <u>124,905</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | - | 30,000 | 30,000 | - |
| Transfers out | (14,155) | (14,155) | (12,975) | 1,180 |
| Total Other Financing Sources (Uses) | <u>(14,155)</u> | <u>15,845</u> | <u>17,025</u> | <u>1,180</u> |
| NET CHANGE IN FUND BALANCE | <u>(100,001)</u> | <u>(100,000)</u> | <u>26,085</u> | <u>126,085</u> |
| FUND BALANCE, BEGINNING | <u>413,540</u> | <u>413,540</u> | <u>413,540</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 313,539</u> | <u>\$ 313,540</u> | <u>\$ 439,625</u> | <u>\$ 126,085</u> |

VAN ZANDT COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

Budgetary Information

The Commissioners' Court adopted an "appropriated budget" for the General Fund and Road and Bridge Precincts #1 – 4, which is included in the Special Revenue Funds. An appropriated budget is also adopted for the Debt Service Fund. The County is required to present the adopted and final amended budgeted revenue and expenditures for each of these funds. The County compares the final amended budget to actual revenue and expenditures.

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.

Budgetary Transfers

During Fiscal Year 2020, the County received funding from the Coronavirus Relief Fund and established a new fund to account for the revenues and related expenditures. All expenditures reimbursed under this grant were recorded in the CARES Act Grant Fund and primarily consisted of public safety salaries. These salaries were originally budgeted for in the General Fund, which resulted in a significant budgetary surplus in the Public Safety Function; because an appropriated budget is not adopted for the CARES Act Grant Fund, no budgetary comparison information has been presented.

OTHER SUPPLEMENTARY INFORMATION

VAN ZANDT COUNTY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

| | <u>Law Library</u> | <u>Records Management</u> | <u>Building Security</u> | <u>District Attorney Check Collection</u> |
|--|------------------------|-------------------------------|------------------------------|---|
| ASSETS | | | | |
| Cash and investments | \$ 72,977 | \$ 998,241 | \$ 24,745 | \$ 12,208 |
| Receivables (net of allowance of uncollectibles) | | | | |
| Accounts | 1,944 | 27,694 | 2,539 | - |
| Due from other governments | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>74,921</u> | <u>1,025,935</u> | <u>27,284</u> | <u>12,208</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 2,166 | - | 648 | 32 |
| Accrued liabilities | - | - | 2,340 | 157 |
| Due to other funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>2,166</u> | <u>-</u> | <u>2,988</u> | <u>189</u> |
| Fund Balances: | | | | |
| Restricted: | | | | |
| Court technology and security | - | - | 24,296 | - |
| Records management | - | 1,025,935 | - | - |
| Judicial | - | - | - | 12,019 |
| Public safety | - | - | - | - |
| Law library | 72,755 | - | - | - |
| Conservation | - | - | - | - |
| Economic development | - | - | - | - |
| Historical commission | - | - | - | - |
| Disaster relief | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u>72,755</u> | <u>1,025,935</u> | <u>24,296</u> | <u>12,019</u> |
| Total Liabilities and Fund Balances | <u>\$ 74,921</u> | <u>\$ 1,025,935</u> | <u>\$ 27,284</u> | <u>\$ 12,208</u> |

| District Attorney Supplemental | LEOSE | Hazard Mitigation Grant | Justice Court Technology | Justice Court Building Security |
|--------------------------------|------------------|-------------------------|--------------------------|---------------------------------|
| \$ - | \$ 28,181 | \$ - | \$ 61,268 | \$ 11,352 |
| 7,500 | 560 | - | 745 | 213 |
| - | - | 959 | - | - |
| <u>7,500</u> | <u>28,741</u> | <u>959</u> | <u>62,013</u> | <u>11,565</u> |
| 257 | 453 | - | - | - |
| 1,273 | - | - | - | - |
| <u>2,960</u> | <u>-</u> | <u>959</u> | <u>-</u> | <u>-</u> |
| <u>4,490</u> | <u>453</u> | <u>959</u> | <u>-</u> | <u>-</u> |
| - | - | - | 62,013 | 11,565 |
| - | - | - | - | - |
| 3,010 | - | - | - | - |
| - | 28,288 | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>3,010</u> | <u>28,288</u> | <u>-</u> | <u>62,013</u> | <u>11,565</u> |
| <u>\$ 7,500</u> | <u>\$ 28,741</u> | <u>\$ 959</u> | <u>\$ 62,013</u> | <u>\$ 11,565</u> |

VAN ZANDT COUNTY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

| | <u>Courthouse Planning</u> | <u>Asset Forfeiture</u> | <u>VOICES Grant</u> | <u>Solid Waste Grant</u> |
|--|--------------------------------|-----------------------------|-------------------------|------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 36,306 | \$ 75,999 | \$ - | \$ - |
| Receivables (net of allowance of uncollectibles) | | | | |
| Accounts | - | 960 | - | - |
| Due from other governments | <u>84,715</u> | <u>-</u> | <u>12,493</u> | <u>-</u> |
| Total Assets | <u>121,021</u> | <u>76,959</u> | <u>12,493</u> | <u>-</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 121,021 | 462 | 849 | - |
| Accrued liabilities | - | 489 | 1,197 | - |
| Due to other funds | <u>-</u> | <u>-</u> | <u>10,447</u> | <u>-</u> |
| Total Liabilities | <u>121,021</u> | <u>951</u> | <u>12,493</u> | <u>-</u> |
| Fund Balances: | | | | |
| Restricted: | | | | |
| Court technology and security | - | - | - | - |
| Records management | - | - | - | - |
| Judicial | - | - | - | - |
| Public safety | - | 76,008 | - | - |
| Law library | - | - | - | - |
| Conservation | - | - | - | - |
| Economic development | - | - | - | - |
| Historical commission | - | - | - | - |
| Disaster relief | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u>-</u> | <u>76,008</u> | <u>-</u> | <u>-</u> |
| Total Liabilities and Fund Balances | <u>\$ 121,021</u> | <u>\$ 76,959</u> | <u>\$ 12,493</u> | <u>\$ -</u> |

| Historical Commission | Supplemental Guardianship | County Child Abuse | Appellate Justice | Juvenile Probation | Soil Conservation District |
|-----------------------|---------------------------|--------------------|-------------------|--------------------|----------------------------|
| \$ 7,880 | \$ 35,153 | \$ 10,500 | \$ 1,150 | \$ 216,382 | \$ - |
| - | 320 | 157 | 275 | - | - |
| - | - | - | - | - | 287,312 |
| <u>7,880</u> | <u>35,473</u> | <u>10,657</u> | <u>1,425</u> | <u>216,382</u> | <u>287,312</u> |
| - | - | - | - | 58,385 | 88,019 |
| - | - | - | - | 5,578 | - |
| - | - | - | - | - | 79,636 |
| - | - | - | - | 63,963 | 167,655 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 35,473 | 10,657 | 1,425 | - | - |
| - | - | - | - | 152,419 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 119,657 |
| - | - | - | - | - | - |
| 7,880 | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>7,880</u> | <u>35,473</u> | <u>10,657</u> | <u>1,425</u> | <u>152,419</u> | <u>119,657</u> |
| <u>\$ 7,880</u> | <u>\$ 35,473</u> | <u>\$ 10,657</u> | <u>\$ 1,425</u> | <u>\$ 216,382</u> | <u>\$ 287,312</u> |

VAN ZANDT COUNTY, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

| | <u>ETCOG Residential Grant</u> | <u>Victim Coordinator Grant</u> | <u>Capital Credit Economic Development</u> | <u>HAVA Cares Grant</u> |
|--|--|---|--|---------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ - | \$ - | \$ 349,296 | \$ 42,553 |
| Receivables (net of allowance of uncollectibles) | | | | |
| Accounts | - | - | - | - |
| Due from other governments | - | <u>12,658</u> | - | - |
| Total Assets | <u>-</u> | <u>12,658</u> | <u>349,296</u> | <u>42,553</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 600 | 560 | - | 5,730 |
| Accrued liabilities | - | 2,690 | - | 1,249 |
| Due to other funds | <u>747</u> | <u>9,390</u> | - | - |
| Total Liabilities | <u>1,347</u> | <u>12,640</u> | <u>-</u> | <u>6,979</u> |
| Fund Balances: | | | | |
| Restricted: | | | | |
| Court technology and security | - | - | - | - |
| Records management | - | - | - | - |
| Judicial | - | 18 | - | - |
| Public safety | - | - | - | - |
| Law library | - | - | - | - |
| Conservation | - | - | - | - |
| Economic development | - | - | 349,296 | - |
| Historical commission | - | - | - | - |
| Disaster relief | - | - | - | 35,574 |
| Unassigned | <u>(1,347)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u>(1,347)</u> | <u>18</u> | <u>349,296</u> | <u>35,574</u> |
| Total Liabilities and Fund Balances | <u>\$ -</u> | <u>\$ 12,658</u> | <u>\$ 349,296</u> | <u>\$ 42,553</u> |

| Contribution Relief Fund | Total Nonmajor Governmental Funds |
|--------------------------------|--|
| \$ 16,083 | \$ 2,000,274 |
| - | 42,907 |
| - | <u>398,137</u> |
| <u>16,083</u> | <u>2,441,318</u> |
| - | 279,182 |
| - | 14,973 |
| - | <u>104,139</u> |
| - | <u>398,294</u> |
| - | 97,874 |
| - | 1,025,935 |
| - | 62,602 |
| - | 256,715 |
| - | 72,755 |
| - | 119,657 |
| - | 349,296 |
| - | 7,880 |
| 16,083 | 51,657 |
| - | <u>(1,347)</u> |
| <u>16,083</u> | <u>2,043,024</u> |
| \$ <u>16,083</u> | \$ <u>2,441,318</u> |

VAN ZANDT COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | <u>Law Library</u> | <u>Records Management</u> | <u>Building Security</u> | <u>District Attorney Check Collection</u> |
|--|------------------------|-------------------------------|------------------------------|---|
| REVENUES | | | | |
| Permits, licenses and fees | \$ 31,074 | \$ 285,275 | \$ 27,592 | \$ 842 |
| Intergovernmental | - | - | - | - |
| Investment earnings | 563 | 6,781 | 10 | 96 |
| Other | - | - | - | - |
| | <u>31,637</u> | <u>292,056</u> | <u>27,602</u> | <u>938</u> |
| Total Revenues | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | 37,069 | 58,331 | 3,184 |
| Judicial | 25,934 | 1,908 | - | - |
| Public safety | - | - | - | - |
| Conservation | - | - | - | - |
| | <u>25,934</u> | <u>38,977</u> | <u>58,331</u> | <u>3,184</u> |
| Total Expenditures | | | | |
| EXCESS (DEFICIENCY) OVER REVENUES OVER (UNDER) EXPENDITURES | 5,703 | 253,079 | (30,729) | (2,246) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 38,000 | - |
| Transfers out | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>38,000</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | | | | |
| NET CHANGE IN FUND BALANCES | 5,703 | 253,079 | 7,271 | (2,246) |
| FUND BALANCES, BEGINNING | <u>67,052</u> | <u>772,856</u> | <u>17,025</u> | <u>14,265</u> |
| FUND BALANCES, ENDING | \$ <u>72,755</u> | \$ <u>1,025,935</u> | \$ <u>24,296</u> | \$ <u>12,019</u> |

| District Attorney Supplemental | LEOSE | Hazard Mitigation Grant | Justice Court Technology | Justice Court Building Security |
|--------------------------------------|------------------|-------------------------------|--------------------------------|---------------------------------------|
| \$ - | \$ - | \$ - | \$ 9,987 | \$ 2,646 |
| 22,500 | 7,751 | 28,574 | - | - |
| 1 | 9 | - | 466 | 82 |
| - | - | - | - | - |
| <u>22,501</u> | <u>7,760</u> | <u>28,574</u> | <u>10,453</u> | <u>2,728</u> |
| 25,441 | - | 15,287 | 12,315 | 2,526 |
| - | - | - | - | - |
| - | 3,023 | - | - | - |
| - | - | - | - | - |
| <u>25,441</u> | <u>3,023</u> | <u>15,287</u> | <u>12,315</u> | <u>2,526</u> |
| (2,940) | 4,737 | 13,287 | (1,862) | 202 |
| - | - | 18,041 | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>18,041</u> | <u>-</u> | <u>-</u> |
| (2,940) | 4,737 | 31,328 | (1,862) | 202 |
| <u>5,950</u> | <u>23,551</u> | <u>(31,328)</u> | <u>63,875</u> | <u>11,363</u> |
| <u>\$ 3,010</u> | <u>\$ 28,288</u> | <u>\$ -</u> | <u>\$ 62,013</u> | <u>\$ 11,565</u> |

VAN ZANDT COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | <u>Courthouse Planning</u> | <u>Asset Forfeiture</u> | <u>VOICES Grant</u> | <u>Solid Waste Grant</u> |
|--|--------------------------------|-----------------------------|-------------------------|------------------------------|
| REVENUES | | | | |
| Permits, licenses and fees | \$ - | \$ 38,482 | \$ - | \$ - |
| Intergovernmental | 232,965 | - | 44,888 | - |
| Investment earnings | - | 361 | - | - |
| Other | - | - | - | - |
| | <u>232,965</u> | <u>38,843</u> | <u>44,888</u> | <u>-</u> |
| Total Revenues | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 332,807 | 14,333 | - | - |
| Judicial | - | - | 44,083 | - |
| Public safety | - | 947 | - | - |
| Conservation | - | - | - | - |
| | <u>332,807</u> | <u>15,280</u> | <u>44,083</u> | <u>-</u> |
| Total Expenditures | | | | |
| EXCESS (DEFICIENCY) OVER REVENUES OVER (UNDER) EXPENDITURES | (99,842) | 23,563 | 805 | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 99,842 | - | - | - |
| Transfers out | - | - | - | (203) |
| Sale of capital assets | - | 600 | - | - |
| | <u>99,842</u> | <u>600</u> | <u>-</u> | <u>(203)</u> |
| Total Other Financing Sources (Uses) | | | | |
| NET CHANGE IN FUND BALANCES | - | 24,163 | 805 | (203) |
| FUND BALANCES, BEGINNING | <u>-</u> | <u>51,845</u> | <u>(805)</u> | <u>203</u> |
| FUND BALANCES, ENDING | \$ <u>-</u> | \$ <u>76,008</u> | \$ <u>-</u> | \$ <u>-</u> |

| Historical Commission | Supplemental Guardianship | County Child Abuse | Appellate Justice | Juvenile Probation | Soil Conservation District |
|--------------------------|------------------------------|--------------------------|----------------------|-----------------------|----------------------------------|
| \$ - | \$ 3,660 | \$ 1,657 | \$ 4,430 | \$ 450,410 | \$ - |
| - | - | - | - | 22,102 | 395,706 |
| 47 | 284 | 64 | - | - | 624 |
| <u>2,034</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>50</u> | <u>-</u> |
| <u>2,081</u> | <u>3,944</u> | <u>1,721</u> | <u>4,430</u> | <u>472,562</u> | <u>396,330</u> |
| 2,556 | 2,479 | - | - | - | - |
| - | - | - | 3,425 | - | - |
| - | - | - | - | 428,920 | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>410,142</u> |
| <u>2,556</u> | <u>2,479</u> | <u>-</u> | <u>3,425</u> | <u>428,920</u> | <u>410,142</u> |
| (475) | 1,465 | 1,721 | 1,005 | 43,642 | (13,812) |
| - | - | - | - | 199,992 | 56,000 |
| - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>199,992</u> | <u>56,000</u> |
| (475) | 1,465 | 1,721 | 1,005 | 243,634 | 42,188 |
| <u>8,355</u> | <u>34,008</u> | <u>8,936</u> | <u>420</u> | <u>(91,215)</u> | <u>77,469</u> |
| <u>\$ 7,880</u> | <u>\$ 35,473</u> | <u>\$ 10,657</u> | <u>\$ 1,425</u> | <u>\$ 152,419</u> | <u>\$ 119,657</u> |

VAN ZANDT COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | ETCOG Residential Grant | Victim Coordinator Grant | Capital Credit Economic Development | HAVA Cares Grant |
|--|-------------------------------|--------------------------------|---|------------------------|
| REVENUES | | | | |
| Permits, licenses and fees | \$ - | \$ - | \$ 52,274 | \$ - |
| Intergovernmental | 766 | 46,006 | - | 67,313 |
| Investment earnings | - | - | 2,977 | 28 |
| Other | - | - | - | - |
| | <u>766</u> | <u>46,006</u> | <u>55,251</u> | <u>67,341</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 636 | 60,460 | 49,000 | 31,767 |
| Judicial | - | - | - | - |
| Public safety | - | - | - | - |
| Conservation | - | - | - | - |
| | <u>636</u> | <u>60,460</u> | <u>49,000</u> | <u>31,767</u> |
| EXCESS (DEFICIENCY) OVER REVENUES OVER (UNDER) EXPENDITURES | 130 | (14,454) | 6,251 | 35,574 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 14,454 | - | - |
| Transfers out | - | - | - | - |
| Sale of capital assets | - | - | - | - |
| | <u>-</u> | <u>14,454</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 130 | - | 6,251 | 35,574 |
| FUND BALANCES, BEGINNING | <u>(1,477)</u> | <u>18</u> | <u>343,045</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$(1,347)</u> | <u>\$ 18</u> | <u>\$ 349,296</u> | <u>\$ 35,574</u> |

| Contribution Relief Fund | Total Nonmajor Governmental Funds |
|--------------------------------|--|
| \$ - | \$ 908,329 |
| - | 868,571 |
| - | 12,393 |
| <u>-</u> | <u>2,084</u> |
| - | <u>1,791,377</u> |
| - | 648,191 |
| - | 75,350 |
| - | 432,890 |
| <u>-</u> | <u>410,142</u> |
| - | <u>1,566,573</u> |
| - | 224,804 |
| - | 426,329 |
| - | (203) |
| <u>-</u> | <u>600</u> |
| - | <u>426,726</u> |
| - | 651,530 |
| <u>16,083</u> | <u>1,391,494</u> |
| <u>\$ 16,083</u> | <u>\$ 2,043,024</u> |

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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, 2020

| | Budget Original | Budget Final | Actual | Variance With Final Budget Positive (Negative) |
|--------------------------------|--------------------|-------------------|-------------------|---|
| REVENUES | | | | |
| Tax Revenue: | | | | |
| Taxes - current | \$ 1,023,467 | \$ 1,023,467 | \$ 1,162,458 | \$ 138,991 |
| Taxes - delinquent | 20,000 | 20,000 | 20,046 | 46 |
| Penalty/interest | <u>10,000</u> | <u>10,020</u> | <u>19,493</u> | <u>9,473</u> |
| Total Tax Revenue | <u>1,053,467</u> | <u>1,053,487</u> | <u>1,201,997</u> | <u>148,510</u> |
| Investment Earnings: | | | | |
| Depository interest | <u>5,000</u> | <u>5,000</u> | <u>1,911</u> | <u>(3,089)</u> |
| Total Investment Earnings | <u>5,000</u> | <u>5,000</u> | <u>1,911</u> | <u>(3,089)</u> |
| Total Revenues | <u>1,058,467</u> | <u>1,058,487</u> | <u>1,203,908</u> | <u>145,421</u> |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal payments | 934,000 | 934,000 | 934,000 | - |
| Interest and fiscal charges | 89,467 | 89,467 | 89,467 | - |
| Debt service fees | <u>-</u> | <u>20</u> | <u>20</u> | <u>-</u> |
| Total Debt Service | <u>1,023,467</u> | <u>1,023,487</u> | <u>1,023,487</u> | <u>-</u> |
| Total Expenditures | <u>1,023,467</u> | <u>1,023,487</u> | <u>1,023,487</u> | <u>-</u> |
| Net change in fund balance | 35,000 | 35,000 | 180,421 | 145,421 |
| FUND BALANCE, BEGINNING | <u>272,273</u> | <u>272,273</u> | <u>272,273</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 307,273</u> | <u>\$ 307,273</u> | <u>\$ 452,694</u> | <u>\$ 145,421</u> |

VAN ZANDT COUNTY, TEXAS

COMBINING BALANCE SHEET
ALL AGENCY FUNDS

SEPTEMBER 30, 2020

| | <u>District Clerk</u> | <u>County Clerk</u> | <u>Sheriff</u> | <u>District Attorney</u> |
|---------------------------------------|---------------------------|-------------------------|------------------|------------------------------|
| ASSETS | | | | |
| Cash and Cash equivalents | \$ <u>1,959,125</u> | \$ <u>723,753</u> | \$ <u>65,104</u> | \$ <u>242,009</u> |
| Total Assets | <u>1,959,125</u> | <u>723,753</u> | <u>65,104</u> | <u>242,009</u> |
| LIABILITIES | | | | |
| Due to other agencies and individuals | <u>1,959,125</u> | <u>723,753</u> | <u>65,104</u> | <u>242,009</u> |
| Total Liabilities | <u>\$ 1,959,125</u> | <u>\$ 723,753</u> | <u>\$ 65,104</u> | <u>\$ 242,009</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>912,671</u> | \$ <u>149,896</u> | \$ <u>709,204</u> | \$ <u>22,294</u> | \$ <u>3,739</u> | \$ <u>4,787,795</u> |
| <u>912,671</u> | <u>149,896</u> | <u>709,204</u> | <u>22,294</u> | <u>3,739</u> | <u>4,787,795</u> |
| <u>912,671</u> | <u>149,896</u> | <u>709,204</u> | <u>22,294</u> | <u>3,739</u> | <u>4,787,795</u> |
| \$ <u><u>912,671</u></u> | \$ <u><u>149,896</u></u> | \$ <u><u>709,204</u></u> | \$ <u><u>22,294</u></u> | \$ <u><u>3,739</u></u> | \$ <u><u>4,787,795</u></u> |

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