

GONZALES COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2022**



GONZALES COUNTY

COUNTY OFFICIALS

COUNTY JUDGE

PATRICK C. DAVIS

COUNTY COMMISSIONERS

PRECINCT 1

K.O. "DELL" WHIDDON

PRECINCT 2

DONNIE R. BRZOWSKI

PRECINCT 3

KEVIN T. LA FLEUR

PRECINCT 4

COLLIE BOATRIGHT

COUNTY ATTORNEY

PAUL WATKINS

COUNTY TREASURER

SHERYL BARBORAK

COUNTY AUDITOR

BECKY WESTON

TAX ASSESSOR-COLLECTOR

CRYSTAL CEDILLO

COUNTY CLERK

LONA ACKMAN

DISTRICT CLERK

JANICE SUTTON

SHERIFF

KEITH SCHMIDT

GONZALES COUNTY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and
Members of the Commissioners' Court
Gonzales County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate fund remaining information of Gonzales County, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregated remaining fund information of Gonzales County, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of changes and contributions for net pension liability and total other post-employment benefit liability as referred to in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gonzales County's basic financial statements. The supplementary information (as identified in the table of contents) and the schedules of expenditures of federal (as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) and state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2023 on our consideration of Gonzales County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Gonzales County's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.
April 21, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Gonzales County’s annual financial report presents our discussion and analysis of the County’s financial performance during the fiscal year ended September 30, 2022. Please read it in conjunction with the County’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

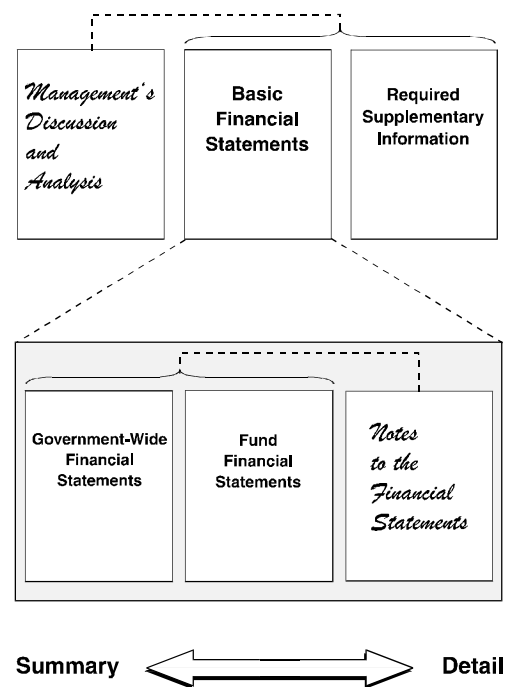
- The County’s total net position was \$40.9 million at September 30, 2022, an increase of \$8.4 million.
- During the year, the County’s governmental expenses were \$8.4 million less than the \$28.7 million generated in general and program revenues for governmental activities. The total cost of the County’s programs increased 29% from the prior year. The increase was largely due to increased public safety expenses and grants to other agencies for public improvements and radios. In addition, changes to the County’s pension plan significantly reduced 2021 expenses. 2022 expenses were a 10.6% increase over 2020 expenses.
- The general fund reported a fund balance this year of \$10.4 million, an increase of \$2.1 million. This was compared to a budgeted reduction in fund balance of \$4.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the County’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.

Figure A-1F, Required Components of the City’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

| Figure A-2. Major Features of the County's Government-wide and Fund Financial Statements | | | |
|---|--|---|---|
| Fund Statements | | | |
| <i>Type of Statements</i> | Government-wide | Governmental Funds | Fiduciary Funds |
| <i>Scope</i> | Entire County's government (except fiduciary funds) and the County's component units | The activities of the County that are not proprietary or fiduciary | Activities the County handles for other individuals, organizations, or governments. |
| <i>Required financial statements</i> | • Statement of net position | • Balance Sheet | • Statement of Fiduciary Net Position |
| | • Statement of activities | • Statement of revenues, expenditures & changes in fund balances | • Statement of changes in Fiduciary Net Position. |
| <i>Accounting basis and measurement focus</i> | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| <i>Type of asset/liability information</i> | All assets and liabilities, both financial and capital, short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term |
| <i>Type of inflow/outflow information</i> | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter. | All additions and deductions during year, regardless of when cash is received or paid |

Figure A-2 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net position and how they have changed. Net position—the difference between the County's assets and liabilities—is one way to measure the County's financial health or *position*.

- Over time, increases or decreases in the County's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, one needs to consider additional non-financial factors such as changes in the County's tax base.
- The government-wide financial statements of the County include the *Governmental activities*. All of the County's basic services are included here, such as administration, public safety and public transportation. Property taxes, sales taxes and charges for services finance most of these activities.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position. The County's combined net position was \$40.9 million at September 30, 2022. (See Table A-1).

Table A-1
County's Net Position

| | Governmental Activities | | Percentage Change |
|--|----------------------------|----------------------|----------------------|
| | 2022 | 2021 | |
| <i>Assets:</i> | | | |
| Current Assets | \$ 24,131,612 | \$ 23,407,024 | 3.1 |
| Other Assets | 22,640,068 | 16,219,798 | 39.6 |
| <i>Total Assets</i> | <u>46,771,680</u> | <u>39,626,822</u> | 18.0 |
| <i>Deferred Outflows of Resources:</i> | <u>2,167,932</u> | <u>2,653,156</u> | (18.3) |
| <i>Liabilities:</i> | | | |
| Current Liabilities | 2,164,351 | 3,156,206 | (31.4) |
| Long-term Liabilities | 1,670,965 | 5,702,635 | (70.7) |
| <i>Total Liabilities</i> | <u>3,835,316</u> | <u>8,858,841</u> | (56.7) |
| <i>Deferred Inflows of Resources:</i> | <u>4,254,009</u> | <u>974,082</u> | 336.7 |
| <i>Net Position:</i> | | | |
| Net Investment in Capital Assets | 20,996,988 | 15,132,420 | 38.8 |
| Restricted | 1,748,344 | 1,755,859 | (0.4) |
| Unrestricted | 18,104,955 | 15,558,776 | 16.4 |
| <i>Total Net Position</i> | <u>\$ 40,850,287</u> | <u>\$ 32,447,055</u> | 25.9 |

The unrestricted net position represents resources available to fund the programs of the County next year.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*—not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Commissioners' Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The County has the following kinds of funds:

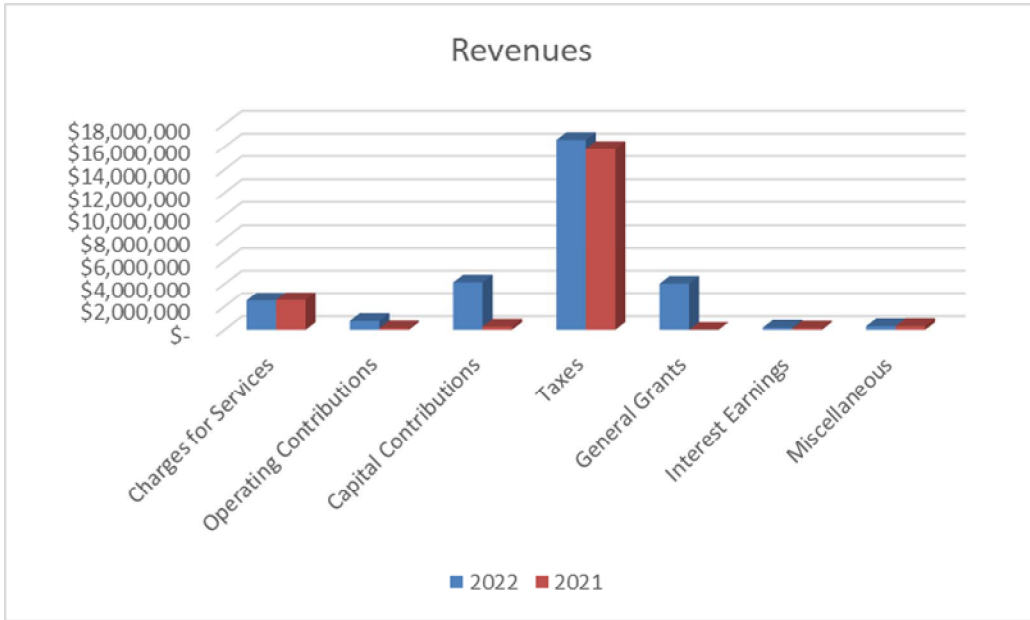
- *Governmental funds*—Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

- *Fiduciary funds*—The County collects and holds funds for various other entities such as property taxes for other governments, vehicle registrations for the State and court settlements for minors. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the County’s government-wide financial statements because they are not resources for the County to use on operations.

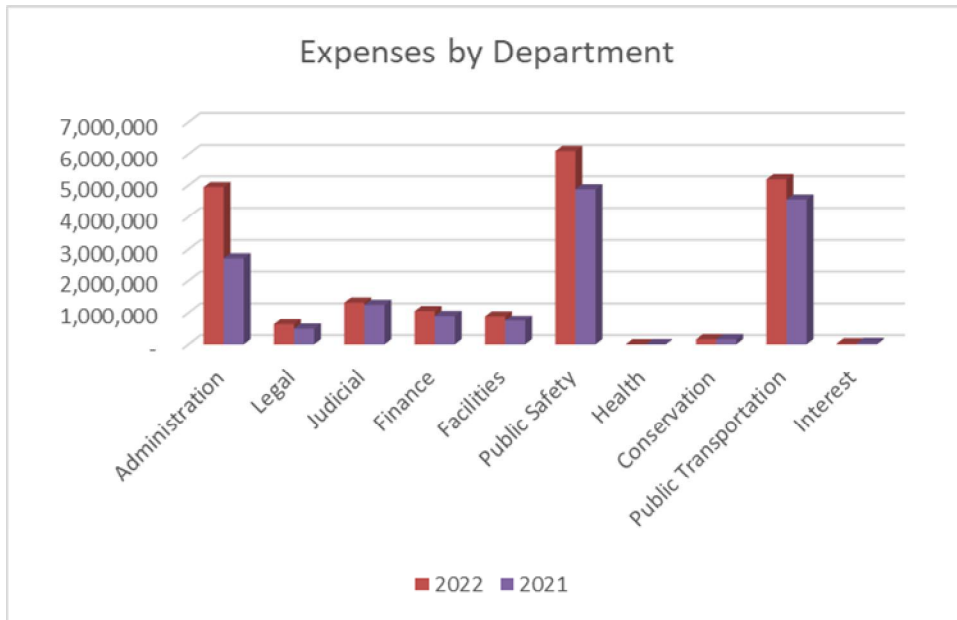
Governmental Activities

Table A-2 summarizes the changes in the County’s net position for 2022 and 2021 fiscal years.

| | Governmental | | Percentage Change |
|---------------------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | |
| <i>Program Revenues:</i> | | | |
| Charges for Services | \$ 2,546,178 | \$ 2,572,176 | (1.0) |
| Operating Grants and Contributions | 781,255 | 148,046 | 427.7 |
| Capital Contributions | 4,150,883 | 277,483 | 1395.9 |
| <i>General Revenues:</i> | | | |
| Taxes | 16,635,796 | 15,834,797 | 5.1 |
| General Grants | 4,047,343 | - | 100.0 |
| Interest Earnings | 201,448 | 137,752 | 46.2 |
| Miscellaneous | 320,107 | 323,421 | (1.0) |
| TOTAL REVENUES | 28,683,010 | 19,293,675 | 48.7 |
| <i>Program Expenses:</i> | | | |
| Administration | 4,940,557 | 2,715,692 | 81.9 |
| Legal | 625,023 | 482,705 | 29.5 |
| Judicial | 1,312,544 | 1,242,038 | 5.7 |
| Finance | 1,049,128 | 894,667 | 17.3 |
| Facilities | 882,402 | 739,096 | 19.4 |
| Public Safety | 6,098,082 | 4,874,543 | 25.1 |
| Health | 3,290 | 3,440 | (4.4) |
| Conservation | 155,791 | 154,379 | 0.9 |
| Public Transportation | 5,182,842 | 4,552,708 | 13.8 |
| Interest | 30,119 | 41,875 | (28.1) |
| TOTAL EXPENSES | 20,279,778 | 15,701,143 | 29.2 |
| Change in Net Position | 8,403,232 | 3,592,532 | 133.9 |
| Beginning Net Position | 32,447,055 | 28,854,523 | |
| Ending Net Position | <u>\$ 40,850,287</u> | <u>\$ 32,447,055</u> | |



In 2022, revenues increased 48.6%, largely due to a TxDOT grant and the American Rescue Plan funds.



Expenses increased \$4.6 million. Expenses for 2021 were lower than usual for changes to the pension plan assumptions for the removal of future cost of living adjustments. This change in valuation estimate had a large impact on expenses for 2021. Taking out the impacts from the pension change, expenses still increased, primarily for radios for the county and surrounding police and fire departments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2022, the County had invested \$38.2 million in a buildings, infrastructure and equipment. Several vehicles were purchased in 2022 and road projects under the Texas Department of Transportation County Transportation Infrastructure Fund grant were completed. (See Table A-3.)

Table A-3
County's Capital Assets

| | Governmental Activities | | Total Percentage |
|----------------------------|----------------------------|----------------------|---------------------|
| | 2022 | 2021 | Change |
| Buildings and Improvements | \$ 16,104,800 | \$ 16,007,526 | 0.6 |
| Vehicles and Equipment | 16,552,419 | 14,843,889 | 11.5 |
| Infrastructure | 4,955,060 | - | 100.0 |
| Construction in Progress | 595,633 | 346,856 | 71.7 |
| Totals at Historical Cost | 38,207,912 | 31,198,271 | 22.5 |
| Accumulated Depreciation | (16,604,052) | (15,249,676) | 8.9 |
| Net Capital Assets | <u>\$ 21,603,860</u> | <u>\$ 15,948,595</u> | 35.5 |

More detailed information about the County's capital assets is presented in the notes to the financial statements.

Long Term Debt

As of September 30, 2022, the County had \$607 thousand in long term debt outstanding as shown in Table A-5. No new debt was entered into during 2022. More detailed information about the County's debt is presented in the notes to the financial statements.

Table A-4
County's Long-Term Debt

| | Governmental Activities | | Total Percentage |
|----------------------|----------------------------|-------------------|---------------------|
| | 2022 | 2021 | Change |
| Notes Payable | \$ 606,872 | \$ 816,167 | (25.6) |
| Total Long-Term Debt | <u>\$ 606,872</u> | <u>\$ 816,167</u> | (25.6) |

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Revenues from governmental fund types increased 47% to \$28.7 million. Sales tax revenues rebounded and the County utilized grant funds from TxDOT and the American Rescue Plan. Similarly, governmental expenditures increased 46% to \$27.0 million. Most of the increase can be attributed to road improvements, radio purchases county-wide and several vehicles. Governmental fund balances increased \$1.7 million to \$21.2 million.

Budgetary Highlights

General Fund

The County's actual expenditures in the General Fund were \$4.0 million less than final budgeted amounts and no departments were over budget. Revenues were higher than the budget by \$2.8 million, primarily from the utilization of the American Rescue Plan funds. Fund balance increased \$2.1 million compared to a budgeted reduction in fund balance of \$4.7 million.

Road and Bridge Fund

The County's actual expenditures (on a budgetary basis) in the Road and Bridge Fund were \$647 thousand less than final budgeted amounts and revenues were \$500 thousand more. After adding in grant activity, the Road and Bridge Fund balance decreased \$421 thousand compared to a budgeted reduction of \$645 thousand.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2022-2023 budget includes a decrease in property tax rates from \$0.4391 to \$0.3071. However, the decrease in rate is expected to raise slightly more property tax revenues (less than 1%) because of new property and increases in valuations. Expenditures in the general fund are expected to increase about 3%. Road and bridge operational expenditures are expected to remain largely the same but capital outlay will decrease as the grant funded projects were completed in fiscal year 2022. The County does not anticipate changes to County services or operations.

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 demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County at (830)-672-2327.



BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Fiduciary Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

GONZALES COUNTY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| <i>Current Assets:</i> | |
| Cash and Cash Equivalents | \$ 15,192,465 |
| Certificates of Deposit | 7,426,759 |
| Ad Valorem Taxes Receivable (net) | 1,318,414 |
| Prepaid Expenses | 193,974 |
| <i>Total Current Assets</i> | 24,131,612 |
| <i>Other Assets:</i> | |
| Notes Receivable | 244,724 |
| Capital Assets (Net) | 21,603,860 |
| Net Pension Asset | 791,484 |
| <i>Total Other Assets</i> | 22,640,068 |
| TOTAL ASSETS | 46,771,680 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Other Post Employment Benefit Outflows | 189,610 |
| Deferred Pension Related Outflows | 1,978,322 |
| TOTAL DEFERRED OUTFLOWS | \$ 2,167,932 |

See accompanying notes to basic financial statements.

GONZALES COUNTY
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2022

| | Governmental Activities |
|---|----------------------------|
| LIABILITIES | |
| <i>Current Liabilities:</i> | |
| Accounts Payable | \$ 1,518,702 |
| Accrued Wages | 300,958 |
| Unearned Revenue | 7,010 |
| Accrued Compensated Absences | 119,136 |
| Current Maturities of Long-term Debt | 218,545 |
| <i>Total Current Liabilities</i> | 2,164,351 |
| <i>Long-term Liabilities:</i> | |
| Long-term Debt (Net of Current) | 388,327 |
| Accrued Compensated Absences | 178,704 |
| Total Other Post Employment Benefits Liability | 1,103,934 |
| <i>Total Long-term Liabilities</i> | 1,670,965 |
| TOTAL LIABILITIES | 3,835,316 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred Pension Related Inflows | 4,088,582 |
| Deferred Other Post Employment Benefits Inflows | 165,427 |
| TOTAL DEFERRED INFLOWS | 4,254,009 |
| NET POSITION | |
| Net Investment in Capital Assets | 20,996,988 |
| Restricted for: | |
| Elections | 35,032 |
| Legal | 137,904 |
| Judicial | 188,184 |
| Public Safety | 66,499 |
| Records Management | 553,004 |
| Sheriff | 53,094 |
| Community Development | 665,518 |
| Other | 49,109 |
| Unrestricted | 18,104,955 |
| TOTAL NET POSITION | \$ 40,850,287 |

See accompanying notes to basic financial statements.



GONZALES COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| Functions and Programs | Expenses | Program Revenues | | | Net Revenue (Expense) and Change in Net Position |
|--|----------------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Total |
| Primary Government: | | | | | |
| <i>Governmental Activities:</i> | | | | | |
| Administration | \$ 4,940,557 | \$ 369,514 | \$ 575,098 | \$ 464,318 | \$ (3,531,627) |
| Legal | 625,023 | 13,057 | - | - | (611,966) |
| Judicial | 1,312,544 | 789,278 | 7,446 | - | (515,820) |
| Finance | 1,049,128 | 458,640 | - | - | (590,488) |
| Facilities | 882,402 | - | - | - | (882,402) |
| Public Safety | 6,098,082 | 39,450 | 198,711 | - | (5,859,921) |
| Health | 3,290 | 25,695 | - | - | 22,405 |
| Conservation | 155,791 | 1,360 | - | - | (154,431) |
| Public Transportation | 5,182,842 | 849,184 | - | 3,686,565 | (647,093) |
| Interest | 30,119 | - | - | - | (30,119) |
| Total Primary Government | <u>\$ 20,279,778</u> | <u>\$ 2,546,178</u> | <u>\$ 781,255</u> | <u>\$ 4,150,883</u> | <u>(12,801,462)</u> |
| General Revenues: | | | | | |
| Taxes | | | | | |
| Ad Valorem Taxes | | | | | 14,194,446 |
| Sales Taxes | | | | | 2,441,350 |
| General Grants | | | | | 4,047,343 |
| Interest and Investment Earnings | | | | | 201,448 |
| Miscellaneous | | | | | 320,107 |
| Total General Revenues | | | | | <u>21,204,694</u> |
| Change in Net Position | | | | | 8,403,232 |
| Net Position at Beginning of Year | | | | | 32,584,742 |
| Prior Period Adjustment | | | | | (137,687) |
| Net Position at End of Year | | | | | <u>\$ 40,850,287</u> |

See accompanying notes to basic financial statements.

GONZALES COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

| | Major Fund General Fund | Major Fund Road & Bridge | Other Nonmajor Funds | Total Governmental Funds |
|---|-------------------------------|--------------------------------|----------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 8,646,329 | \$ 4,717,409 | \$ 1,828,729 | \$ 15,192,467 |
| Certificates of Deposit | 2,745,709 | 4,681,050 | - | 7,426,759 |
| Ad Valorem Taxes Receivable (net) | 1,318,414 | - | - | 1,318,414 |
| Notes Receivable | - | - | 244,724 | 244,724 |
| Prepaid Items | 172,386 | 21,589 | - | 193,975 |
| TOTAL ASSETS | \$ 12,882,838 | \$ 9,420,048 | \$ 2,073,453 | \$ 24,376,339 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| <i>Liabilities:</i> | | | | |
| Accounts Payable | \$ 878,261 | \$ 315,332 | \$ 325,109 | \$ 1,518,702 |
| Accrued Wages | 240,446 | 60,512 | - | 300,958 |
| Unearned Revenue | 7,010 | - | - | 7,010 |
| <i>Total Liabilities</i> | <u>1,125,717</u> | <u>375,844</u> | <u>325,109</u> | <u>1,826,670</u> |
| <i>Deferred Inflows of Resources:</i> | | | | |
| Unavailable Revenues - Property Taxes | 1,318,414 | - | - | 1,318,414 |
| <i>Fund Balances:</i> | | | | |
| Nonspendable: | | | | |
| Prepaid Items | 172,386 | 21,589 | - | 193,975 |
| Notes Receivable | - | - | 244,724 | 244,724 |
| Restricted for: | | | | |
| Elections | - | - | 35,032 | 35,032 |
| Legal | - | - | 137,904 | 137,904 |
| Judicial | - | - | 188,184 | 188,184 |
| Public Safety | - | - | 66,499 | 66,499 |
| Records Management | - | - | 553,004 | 553,004 |
| Sheriff | - | - | 53,094 | 53,094 |
| Community Development | - | - | 420,794 | 420,794 |
| Other | - | - | 49,109 | 49,109 |
| Committed for: | | | | |
| Road and Bridge Maintenance | - | 9,022,615 | - | 9,022,615 |
| Unassigned | 10,266,321 | - | - | 10,266,321 |
| <i>Total Fund Balances</i> | <u>10,438,707</u> | <u>9,044,204</u> | <u>1,748,344</u> | <u>21,231,255</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 12,882,838 | \$ 9,420,048 | \$ 2,073,453 | \$ 24,376,339 |

See accompanying notes to basic financial statements.

GONZALES COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

| | | |
|--|--------------------|-----------------------------|
| TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS | | \$ 21,231,255 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 21,603,860 |
| Long-term liabilities, including bonds and notes payables are not due and payable in the current period and, therefore are not reported in the governmental funds. | | (606,875) |
| Net Pension Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in governmental funds. | | |
| Net Pension Asset | 791,484 | |
| Pension Related Deferred Outflows | 1,978,322 | |
| Pension Related Deferred Inflows | <u>(4,088,582)</u> | (1,318,776) |
| Other Post Employment Benefit (OPEB) Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in governmental funds. | | |
| Total Other OPEB Liability | (1,103,934) | |
| OPEB Related Deferred Outflows | 189,610 | |
| OPEB Related Deferred Inflows | <u>(165,427)</u> | (1,079,751) |
| Other liabilities are not due and payable in the current period, and therefore, not reported in the funds. | | |
| Accrued Compensated Absences | <u>(297,840)</u> | (297,840) |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenue in the funds. | | <u>1,318,414</u> |
| TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES | | <u>\$ 40,850,287</u> |

See accompanying notes to basic financial statements.

GONZALES COUNTY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | <u>Major Fund</u> General Fund | <u>Major Fund</u> Road & Bridge | Other Nonmajor Funds | Total Governmental Funds |
|---|--------------------------------------|---------------------------------------|----------------------------|--------------------------------|
| REVENUES | | | | |
| Ad Valorem Taxes | \$ 9,492,421 | \$ 4,690,145 | \$ - | \$ 14,182,566 |
| Sales Taxes | 2,441,350 | - | - | 2,441,350 |
| Fines and Forfeitures | 904,956 | - | 59,452 | 964,408 |
| Charges for Services | 524,375 | - | 174,744 | 699,119 |
| Licenses, Permits, and Fees | 140,526 | 750,723 | - | 891,249 |
| Interest Income | 113,704 | 80,982 | 6,772 | 201,458 |
| Misc Income | 148,676 | 103,998 | - | 252,674 |
| Grants and Donations | 3,745,728 | 4,195,872 | 1,077,259 | 9,018,859 |
| TOTAL REVENUES | <u>17,511,736</u> | <u>9,821,720</u> | <u>1,318,227</u> | <u>28,651,683</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration | 4,247,288 | - | 443,013 | 4,690,301 |
| Legal | 687,511 | - | 1,152 | 688,663 |
| Judicial | 1,277,998 | - | 62,463 | 1,340,461 |
| Finance | 1,095,859 | - | - | 1,095,859 |
| Facilities | 649,972 | - | - | 649,972 |
| Public Safety | 6,514,448 | - | 20,532 | 6,534,980 |
| Health | 3,290 | - | 1,190 | 4,480 |
| Conservation | 153,270 | - | - | 153,270 |
| Public Transportation | - | 4,616,219 | - | 4,616,219 |
| Capital Outlay | 793,523 | 5,457,474 | 775,091 | 7,026,088 |
| Debt Service: | | | | |
| Principal | - | 209,295 | - | 209,295 |
| Interest | - | 30,119 | - | 30,119 |
| TOTAL EXPENDITURES | <u>15,423,159</u> | <u>10,313,107</u> | <u>1,303,441</u> | <u>27,039,707</u> |
| Excess (Deficiency) in Revenue Over (Under) Expenditures | 2,088,577 | (491,387) | 14,786 | 1,611,976 |
| OTHER FINANCING SOURCES (OFS) | | | | |
| Sale of Capital Assets | - | 70,563 | - | 70,563 |
| TOTAL OFS | <u>-</u> | <u>70,563</u> | <u>-</u> | <u>70,563</u> |
| Net Change in Fund Balance | 2,088,577 | (420,824) | 14,786 | 1,682,539 |
| BEGINNING FUND BALANCE | <u>8,350,130</u> | <u>9,465,028</u> | <u>1,733,558</u> | <u>19,548,716</u> |
| ENDING FUND BALANCE | <u>\$ 10,438,707</u> | <u>\$ 9,044,204</u> | <u>\$ 1,748,344</u> | <u>\$ 21,231,255</u> |

See accompanying notes to basic financial statements.

GONZALES COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,682,539

Amounts reported for governmental activities in the Statement of Activities
are different because:

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.

| | | |
|----------------------|--------------------|-----------|
| Capital Outlay | 7,227,309 | |
| Depreciation Expense | <u>(1,541,439)</u> | 5,685,870 |

Governmental funds report the gross proceeds from the sale of capital assets.

In the statement of activities, the proceeds are reduced by the net book
value of the capital assets disposed. This amount represents the net book
value of the capital assets disposed. (30,605)

The issuance of long-term debt (e.g. bonds and capital leases) provide current
financial resources of 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 interest expense and compensated
absences when they are due and payable, while the statement of activities
recognizes interest expense and compensated absences when incurred.

| | | |
|--------------------------------------|---------------|---------|
| Principal Payments on Long-term Debt | 209,295 | |
| Change in Compensated Absences | <u>11,989</u> | 221,284 |

Governmental funds report required contributions to employee pensions as
expenditures. However, in the Statement of Activities the expense for the
pension is recorded based on the actuarially determined cost of the plan.
This is the amount that the actuarially determined pension expense
was less than contributions. 894,792

Governmental funds report required contributions to Other Post Employment Benefits
(OPEB) as expenditures. However, in the Statement of Activities the expense for the
OPEB is recorded based on the actuarially determined cost of the plan.
This is the amount that the actuarially determined OPEB expense exceeded
contributions. (62,528)

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenues in the funds. 11,880

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 8,403,232

See accompanying notes to basic financial statements.

GONZALES COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | <u>Custodial Funds</u> |
|--|----------------------------|
| ASSETS | |
| Cash and Cash Equivalents | <u>\$ 2,138,613</u> |
| TOTAL ASSETS | <u>2,138,613</u> |
| LIABILITIES | |
| Accounts Payable | <u>-</u> |
| TOTAL LIABILITIES | <u>-</u> |
| NET POSITION | |
| Restricted for: | |
| Individuals, Organizations and other Governments | <u>2,138,613</u> |
| TOTAL NET POSITION | <u>\$ 2,138,613</u> |

See accompanying notes to basic financial statements.

GONZALES COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Custodial Funds |
|--|---------------------|
| ADDITIONS | |
| Ad Valorem Tax Collections for Other Governments | \$ 51,377,571 |
| Condemnations | 111,890 |
| Motor Vehicle Collections for the State | 6,157,450 |
| Excess Tax Sale Proceeds | 25,138 |
| Miscellaneous Receipts | 2,934 |
| Inmate Deposits | 384,358 |
| Cash Bonds | 1,109,907 |
| Oil Lease Revenues on Behalf of Others | 160,457 |
| Property Seizures | 6,934 |
| Court Settlements Held for Minors | 23,081 |
| Interest Income | 493 |
| TOTAL ADDITIONS | 59,360,213 |
| DEDUCTIONS | |
| Property Tax Distributions to Other Governments | 51,632,235 |
| Motor Vehicle Distributions to the State | 6,068,928 |
| Condemnation Disbursements to Property Owners | 3,974 |
| Cash Bond Refunds and Forfeitures | 1,048,868 |
| Excess Tax Payouts to Property Owners | 37,938 |
| Oil Lease Distributions to Property Owners | 2,634 |
| Refunds to Inmates | 388,836 |
| Property Seizure Refunds and Forfeitures | 1,137 |
| Jail Commissary Purchases for Inmates | 19,415 |
| Other Distributions | 11,309 |
| TOTAL DEDUCTIONS | 59,215,274 |
| Net Increase in Fiduciary Net Position | 144,939 |
| BEGINNING NET POSITION | 1,993,674 |
| ENDING NET POSITION | \$ 2,138,613 |

See accompanying notes to basic financial statements.

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gonzales County (“County”) is a public corporation and political subdivision of the State of Texas. The County is governed by four elected Commissioners (divided into precincts) and the elected County Judge. The County provides the following services: general government (administration, judicial, legal, elections and financial administration), public safety (corrections, constables, and sheriff), public transportation (roads and bridges), health and conservation.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

Component Units

Component units are legally separate entities that are, in substance, part of the government’s operations; thus, data from these units, would be combined with data of the primary government. The County does not have any component units.

Related Organizations

The County does appoint the board members of the Gonzales County Emergency Services District and the Gonzales County Emergency Fire District. However, the County cannot impose its will on these districts and thus they do not meet the definition of component units. Separate financials can be obtained from the District websites gonzalesesd1ems.org and gonzalesfiredistrict.org.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report 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 and intergovernmental revenues.

The statement of activities reflects the degree to which the direct expenses of a given function or segments are offset by program 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 function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental and fiduciary funds. The General Fund, and Road & Bridge Fund meet the criteria as *major funds*.

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

3. 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. This measurement focus is also used for the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from taxes, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. 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. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures 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 the liability has matured and payment is due.

The government reports the following major governmental funds:

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 and sales taxes. Primary expenditures are for general administration, judicial, and public safety.

Road and Bridge Fund is used to account for property taxes and licenses committed to road and bridge maintenance in the County.

Fiduciary fund level financial statements are used to account resources held for others. The County's custodial funds holds property taxes for other governments, motor vehicle fees for the State and various other settlements.

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the County. For the County, this includes investments in local government investment pools that are liquid and maintain a stable net asset value.

5. INVESTMENTS

State statutes authorize the County to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

The County reports investments in certificates of deposit at amortized cost. Investments in local government investment pools are reported as net asset value.

6. ACCOUNTS RECEIVABLE/REVENUE RECOGNITION

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2021 and past due after January 31, 2022. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unearned revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

GONZALES COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

8. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements.

9. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more and a useful life in excess of two years. Infrastructure assets include County-owned streets, water system, and sewer system. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset</u> | <u>Estimated Life</u> |
|----------------------------|-----------------------|
| Buildings and Improvements | 15-40 years |
| Vehicles and Equipment | 5-15 years |
| Infrastructure | 20 Years |

10. COMPENSATED ABSENCES

Full-time employees earn sick and vacation leave at varying rates depending on length of service. Unused sick leave is not paid on termination and is not accrued in these financial statements. Vacation leave is paid on termination. In addition, employees earn holiday and comp time that may be accumulated and paid on termination. Accumulated, unused time off is accrued as incurred in the government-wide statements. However, it is recognized on the governmental fund statements when it is due and payable.

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

11. UNAVAILABLE/UNEARNED REVENUE

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as unavailable revenue (a deferred inflow of resources). Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

12. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period, while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

13. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt (including capital leases) and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the discount. Bond issuance costs are expensed as incurred. 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.

14. PENSIONS

The net pension liability, deferred inflows, and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS), and additions to and deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

15. NET POSITION

Net position represents the difference between assets 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 legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

16. FUND BALANCES

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable - Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can only be used for a specific purpose by a resolution of Commissioners' Court. Committed amounts cannot be used for any other purpose unless Commissioners' Court removes those constraints through the same formal action.

Assigned - Represents amounts which the County intends to use for a specific purpose but do not meet the criteria of restricted or committed. The Commissioners' Court may delegate authority for assignments to other officials in the County.

Unassigned - Represents the residual balance that may be spent on any other purpose of the County.

When an expenditure is incurred for a purpose in which multiple classifications are available, the County considers restricted balances spent first, committed second and assigned third.

The County has established a minimum fund balance policy in the General fund of 18-25% of subsequent year's budgeted expenditures.

17. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

18. COMPARATIVE DATA/RECLASSIFICATIONS

Comparative data for the prior year (where provided) includes certain reclassifications to conform to the 2022 presentation. These reclassifications had no effect on the changes in fund balance/net position.

19. ADOPTION OF NEW PRONOUNCEMENT

As of October 1, 2021, the County implemented Governmental Accounting Standards Board Statement 87 regarding leases. The standard requires new accounting treatment and disclosures for leases: contracts that convey to right to use an asset. The County reviewed its contracts and did not discover any significant leases that would require changes in previous accounting treatments.

NOTE B -- DEPOSITS AND INVESTMENTS

1. Deposits

The County maintains deposits at one institution that provides a combination of pledged collateral and FDIC insurance to completely collateralize the County's deposits, including certificates.

2. Investments

As of September 30, 2022, the County's investments consisted of \$2,629,810 in Texpool, a AAAM rated local government investment pool. The investment is reported in cash and equivalents at \$1 per share, which approximates fair value.

In addition, the County has materially complied with the provisions of the Public Funds Investment Act, by investing in qualified vehicles, adopting an investment policy, naming an investment officer, and attending the required training.

NOTE C -- RECEIVABLES

Receivables for the County as of September 30, 2022 are as follows:

| | General Fund | Road & Bridge |
|---------------------------------|-----------------|------------------|
| Ad Valorem Taxes | \$ 1,464,905 | \$ - |
| Allowance for Doubtful Accounts | (146,491) | - |
| Total Other Receivables | \$ 1,318,414 | \$ - |

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE D -- PROPERTY TAX CALENDAR

The County’s property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the County. Assessed values are established by the Gonzales County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2021, upon which the fiscal 2022 levy was based, was \$3.3 billion (i.e., market value less exemptions).

The County is permitted by the Constitution of the State of Texas to levy taxes up to \$0.80 per \$100 of taxable assessed valuation for all governmental purposes. Taxes for voter approved debt service are generally unlimited. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2022, was \$0.4391 per \$100 of assessed value. Generally, the County may only increase the maintenance and operations tax levy 3.5% each year without first obtaining voter approval.

NOTE E -- NOTES RECEIVABLE

The County, through the revolving loan fund, has provided loans to local businesses at favorable terms to spur community development. The County has two notes outstanding that require monthly principal and interest payments at 1% and 1.25%. Future payments on these notes are as follows:

| Year Ending September 30, | Principal | Interest | Total |
|------------------------------|------------|-----------|------------|
| 2023 | \$ 50,094 | \$ 2,550 | \$ 52,644 |
| 2024 | 27,314 | 2,109 | 29,423 |
| 2025 | 27,588 | 1,822 | 29,410 |
| 2026 | 27,866 | 1,548 | 29,414 |
| 2027 | 28,146 | 1,270 | 29,416 |
| 2028-2030 | 83,716 | 1,263 | 84,979 |
| | \$ 244,724 | \$ 10,562 | \$ 255,286 |

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE F -- CAPITAL ASSETS

Capital asset activity in the governmental funds for the year ended September 30, 2022, was as follows:

| | Balance 10/1/2021 | Additions | Disposals/ Transfers | Balance 9/30/2022 |
|--------------------------------|----------------------|---------------------|-------------------------|----------------------|
| <i>Governmental Activities</i> | | | | |
| Buildings and Improvements | \$ 16,007,526 | \$ 97,274 | \$ - | \$ 16,104,800 |
| Vehicles and Equipment | 14,843,889 | 1,926,198 | (217,668) | 16,552,419 |
| Infrastructure | - | - | 4,955,060 | 4,955,060 |
| Construction in Progress | 346,856 | 5,203,837 | (4,955,060) | 595,633 |
| | <u>31,198,271</u> | <u>7,227,309</u> | <u>(217,668)</u> | <u>38,207,912</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Improvements | (6,936,566) | (438,384) | - | (7,374,950) |
| Vehicles and Equipment | (8,313,110) | (1,092,732) | 187,063 | (9,218,779) |
| Infrastructure | - | (10,323) | - | (10,323) |
| | <u>(15,249,676)</u> | <u>(1,541,439)</u> | <u>187,063</u> | <u>(16,604,052)</u> |
| Governmental Activities, Net | <u>\$ 15,948,595</u> | <u>\$ 5,685,870</u> | <u>\$ (30,605)</u> | <u>\$ 21,603,860</u> |

Construction in Progress is not depreciated.

Depreciation expense was charged to the governmental functions as follows:

| | |
|---|---------------------|
| Administration | \$ 166,169 |
| Legal | 5,917 |
| Judicial | 1,663 |
| Finance | 5,511 |
| Facilities | 232,479 |
| Public Safety | 310,232 |
| Conservation | 1,235 |
| Public Transportation | <u>818,233</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 1,541,439</u> |

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE G -- LONG-TERM DEBT

Changes in long-term debt were as follows:

| | Balance 10/1/2021 | Additions | Reductions | Balance 9/30/2022 |
|---------------------------------|----------------------|---------------------|-----------------------|----------------------|
| <i>Governmental Activities:</i> | | | | |
| Notes Payable | \$ 816,167 | \$ - | \$ (209,295) | \$ 606,872 |
| Compensated Absences | 309,829 | 111,943 | (123,932) | 297,840 |
| Net Pension Liability (asset) | 3,825,767 | 2,448,794 | (7,066,045) | (791,484) |
| Total OPEB Liability | 1,084,099 | 68,014 | (48,179) | 1,103,934 |
| <i>Total Government</i> | <u>\$ 6,035,862</u> | <u>\$ 2,628,751</u> | <u>\$ (7,447,451)</u> | <u>\$ 1,217,162</u> |

The General Fund and Road and Bridge Fund are generally charged with servicing these obligations.

NOTE H -- NOTES PAYABLE

| | Balance 10/1/2021 | Additions | Reductions | Balance 9/30/2022 | Due Within One Year |
|---------------------------------|----------------------|-------------|---------------------|----------------------|------------------------|
| <i>Governmental Activities:</i> | | | | | |
| Notes Payable | \$ 816,167 | \$ - | \$ (209,295) | \$ 606,872 | \$ 218,545 |
| <i>Total Government</i> | <u>\$ 816,167</u> | <u>\$ -</u> | <u>\$ (209,295)</u> | <u>\$ 606,872</u> | <u>\$ 218,545</u> |

The notes consist of various agreements with equipment manufacturers for heavy machinery for road maintenance. The notes require monthly or quarterly payments. The notes are serviced by the Road and Bridge Fund. Requirements for future debt service are as follows:

| Year Ending September 30, | Principal | Interest | Total |
|------------------------------|-------------------|------------------|-------------------|
| 2023 | \$ 218,545 | \$ 20,863 | \$ 239,406 |
| 2024 | 293,630 | 9,949 | 239,408 |
| 2025 | 54,399 | 1,954 | 303,519 |
| 2026 | 40,298 | 540 | 56,353 |
| Total | <u>\$ 606,872</u> | <u>\$ 33,306</u> | <u>\$ 838,686</u> |

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE I -- PENSION PLAN

Plan Description

The County participates as one of 830 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service or with 20 years regardless of age or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County within the actuarial constraints imposed by the TCDRS Act so the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. 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.

Contributions

The County has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The actuarially determined rates were 15.36% and 15.33% for the calendar years of 2021 and 2022, respectively. The County chose to contribute more than the required amount.

The contribution rate payable by the employee members is 7% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The County has adopted a matching rate of 250% with 110% prior service credits.

GONZALES COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022

NOTE I -- PENSION PLAN (Continued)

Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the County-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest. At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 100 |
| Inactive Employees Entitled to but Not Yet Receiving Benefits | 112 |
| Active employees | 155 |
| | 367 |

Net Pension Liability

The County's net pension liability (NPL) was measured as of December 31, 2021 and the total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 12.9 Years |
| Asset Valuation Method | 5 Year Smoothed Market |
| Inflation | 2.50% |
| Salary Increases | Varies by age and service. 4.7% average including inflation |
| Investment Rate of Return | 7.60% gross (7.50% net of expenses) |
| Retirement Age | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61. |
| Mortality | 135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. |

GONZALES COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022

NOTE I -- PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments is 7.5%. 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. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS. The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon. Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon; the most recent analysis was performed in March 2021. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Allocation</u> | <u>Rate of Return</u> |
|------------------------------------|-------------------|-----------------------|
| U.S. Equities | 11.5% | 3.80% |
| Global Equity | 2.5% | 4.10% |
| International Developed Markets | 5.0% | 3.80% |
| International Emerging Markets | 6.0% | 4.30% |
| Investment Grade Bonds | 3.0% | -0.85% |
| Strategic Credit | 9.0% | 1.77% |
| Direct Lending | 16.0% | 6.25% |
| Distressed Debt | 4.0% | 4.50% |
| REIT Equities | 2.0% | 3.10% |
| Master Limited Partnerships (MLPs) | 2.0% | 3.85% |
| Private Real Estate Partnerships | 6.0% | 5.10% |
| Private Equity | 25.0% | 6.80% |
| Hedge Funds | 6.0% | 1.55% |
| Cash Equivalents | 2.0% | -1.05% |
| | <u>100%</u> | |

The discount rate used to measure the Total Pension Liability (or asset) was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in 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 active 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 (or asset).

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE I -- PENSION PLAN (Continued)

The following presents the net pension liability of the District, calculated using the discount rate of 7.6%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | Discount Rate 6.60% | Discount Rate 7.60% | Discount Rate 8.60% |
|-------------------------------|------------------------|------------------------|------------------------|
| Net Pension Liability (Asset) | \$ 4,026,397 | \$ (791,484) | \$ (4,822,432) |

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2021:

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|--|----------------------------|--------------------------------|--------------------------|
| Balance at December 31, 2020 | \$ 33,200,329 | \$ 29,374,562 | \$ 3,825,767 |
| Changes for the year: | | | |
| Service Cost | 1,377,530 | - | 1,377,530 |
| Interest | 2,573,955 | - | 2,573,955 |
| Change of Benefit Terms | - | - | - |
| Difference Between Expected and Actual Experience | (62,377) | - | (62,377) |
| Changes of Assumptions | 6,227 | - | 6,227 |
| Refund of Contributions | (136,942) | (136,942) | - |
| Benefit Payments | (1,309,599) | (1,309,599) | - |
| Administrative Expense | - | (19,715) | 19,715 |
| Contributions - Employee | - | 576,334 | (576,334) |
| Net Investment Income | - | 6,515,035 | (6,515,035) |
| Contributions - Employer | - | 1,417,342 | (1,417,342) |
| Other Changes | - | 23,590 | (23,590) |
| Net Changes | <u>2,448,794</u> | <u>7,066,045</u> | <u>(4,617,251)</u> |
| Balance at December 31, 2021 | <u>\$ 35,649,123</u> | <u>\$ 36,440,607</u> | <u>\$ (791,484)</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. That report may be obtained on the internet at www.TCDRS.com.

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE I -- PENSION PLAN (Continued)

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

For the year ended September 30, 2022, the County recognized pension expense of \$532,786. Also as of September 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between Expected and Actual Economic Experience | \$ 97,293 | \$ 62,423 |
| Changes in Actuarial Assumptions | 953,602 | - |
| Differences Between Projected and Actual Investment Earnings | - | 4,026,159 |
| Contributions Subsequent to the Measurement Date | 927,427 | - |
| | \$ 1,978,322 | \$ 4,088,582 |

Deferred outflows of resources in the amount of \$927,427 are related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| For the Plan Year ended December 31, | |
|--------------------------------------|----------------|
| 2022 | \$ (391,319) |
| 2023 | (817,985) |
| 2024 | (975,982) |
| 2025 | (852,401) |
| 2026 | - |
| Thereafter | - |
| | \$ (3,037,687) |

NOTE J -- OTHER POST-EMPLOYMENT BENEFIT

Eligible retirees of the County may participate in the health insurance plan of the County at the County's cost. Eligible employees are those that attain age 59 with 18 years of service. Retired elected officials with 12 years of service and age 55 are also eligible. Benefits terminate at age 65. The benefits end when the retiree is medicare eligible.

GONZALES COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022

NOTE J -- OTHER POST-EMPLOYMENT BENEFIT (Continued)

Membership in the plan at December 31, 2021, the valuation and measurement date, consisted of:

| | |
|--|-----|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 3 |
| Inactive Employees Entitled to but Not Yet Receiving Benefits | 0 |
| Active employees | 107 |
| | 110 |
| | 110 |

The County does not maintain a separate trust for this plan and is not accumulating assets to service the other post-employment benefit. Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of employees attaining eligibility. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

| | |
|-------------------------|---|
| Actuarial Cost Method | Individual Entry-Age Normal |
| Inflation | 2.50% |
| Salary Increases | 0.40% to 5.25% not including inflation of 3.00% |
| Discount Rate | 1.84% |
| Demographic Assumptions | Based on the experience study covering the four-year period ending December 31, 2020 as conducted for the Texas County and District Retirement System (TCDRS). For the OPEB valuation, the standard TCERS retirement rates were adjusted to reflect the impact of the County's retiree medical plan design. |
| Mortality Rates | For healthy retirees, the Pub-2010 General Retirees Tables for males and females are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of mortality improvement scale MP-2021. |
| Health Care Trend Rates | Initial rate of 7% declining to 4.15% after 13 years. |
| Participation Rates | Assumed 100% of eligible retirees. |

The TOL of the County's retiree insurance benefit is calculated using a discount rate of 1.84% and a health care cost trend rate of 7%, declining to 4.15% after 13 years. The following tables present the sensitivity of the TOL to a 1% swing in the discount rate and health care cost trend rate:

| | 1% Decrease | Healthcare Trend Rate | 1% Increase |
|----------------------|--------------|--------------------------|--------------|
| Total OPEB Liability | \$ 966,941 | \$ 1,103,934 | \$ 1,267,523 |
| | | Discount Rate | |
| | 1% Decrease | 1.84% | 1% Decrease |
| Total OPEB Liability | \$ 1,208,918 | \$ 1,103,934 | \$ 1,007,389 |

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE J -- OTHER POSTEMPLOYMENT BENEFIT (Continued)

The County's Total OPEB Liability (TOL) is based on the above actuarial factors and an actuarial valuation date of December 31, 2021. The TOL was calculated as follows:

| | Total OPEB Liability |
|--|-------------------------|
| Balance at December 31, 2020 | \$ 1,084,099 |
| Changes for the year: | |
| Service Cost | 80,492 |
| Interest | 22,005 |
| Change of Benefit Terms | - |
| Difference Between Expected and Actual Experience | (74,988) |
| Changes in Assumptions or Other Inputs | 40,505 |
| Benefit Payments | (48,179) |
| Net Changes | 19,835 |
| Balance at December 31, 2021 | \$ 1,103,934 |

There is no separate trust maintained to fund this TOL. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75 to pay related benefits.

For the year ended September 30, 2022, the County recognized OPEB expense of \$102,625. In addition, the following deferred inflows and outflows were reported as of September 30, 2022 related to the benefit:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Changes in Actuarial Assumptions | \$ 160,587 | \$ 15,811 |
| Changes in Experience | - | 149,616 |
| Contributions Subsequent to the Measurement Date | 29,023 | - |
| | \$ 189,610 | \$ 165,427 |

Deferred outflows of resources in the amount of \$29,023 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability for the plan year ended December 31, 2022.

GONZALES COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022

NOTE J -- OTHER POSTEMPLOYMENT BENEFIT (Continued)

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| For the Plan Year ended December 31, | |
|--------------------------------------|-------------------|
| 2022 | \$ 128 |
| 2023 | 128 |
| 2024 | 128 |
| 2025 | 128 |
| 2026 | (1,463) |
| Thereafter | (3,889) |
| | <u>\$ (4,840)</u> |

NOTE K – TAX ABATEMENTS

The County provides tax abatements to incentivize development and provide economic growth in the County. As of September 30, 2022, the County had one such agreement. In exchange for improvements in the County of at least \$30 million and a 50% preference to local manufacturers/suppliers, the County will rebate 75% of the incremental property tax revenue generated by the project for a term of 15 years (through November 2032). The project is expected to be conducted in three phases and each phase will receive the rebate for 10 years. During the year ended September 30, 2022, the County rebated \$347,051 in property taxes.

NOTE L -- RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The County contracts with the Texas Association of Counties Risk Management Pool (“Pool”) to provide insurance coverage for liability, property and casualty, auto liability and workers compensation. The Pool is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the County is generally limited to the contributed amounts for losses up to coverage limits.

NOTE M -- LITIGATION

The County is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the County’s liability in these cases, if decided adversely to the County, will not have a material effect on the County’s financial position.

GONZALES COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022

NOTE N -- PRIOR PERIOD ADJUSTMENT

Previously the County Road and Bridge fund rented street equipment and accounted for the payments as a period cost. The agreement included a purchase option at the end of the term. In October 2021, the County decided to exercise the purchase option. At that time, it was discovered that the equipment was already capitalized on the financial statements at the inception of the agreement. Thus, a prior period adjustment was recorded to remove that original asset and record the equipment at the purchase option.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Road and Bridge Fund
- Schedule of Changes - Net Pension Liability and Related Ratios
- Schedule of Contributions – Defined Benefit Pension Plan
- Schedule of Changes – Total Other Post-Employment Benefit Liability and Related Ratios

GONZALES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Budget Amounts | | Actual | Variance |
|-----------------------------------|---------------------|---------------------|----------------------|---------------------|
| | Original | Final | Amounts | |
| REVENUES | | | | |
| Ad Valorem Taxes | \$ 8,662,822 | \$ 8,662,822 | \$ 9,492,421 | \$ 829,599 |
| Sales Taxes | 2,086,996 | 2,086,996 | 2,441,350 | 354,354 |
| Fines and Forfeitures | 1,218,407 | 1,218,407 | 904,956 | (313,451) |
| Charges for Services | 585,804 | 585,804 | 524,375 | (61,429) |
| Licenses, Permits, and Fees | 114,200 | 114,200 | 140,526 | 26,326 |
| Interest Income | 58,500 | 68,850 | 113,704 | 44,854 |
| Misc Income | 76,665 | 76,665 | 148,676 | 72,011 |
| Grants and Donations | 91,380 | 1,932,496 | 3,745,728 | 1,813,232 |
| TOTAL REVENUES | <u>12,894,774</u> | <u>14,746,240</u> | <u>17,511,736</u> | <u>2,765,496</u> |
| EXPENDITURES | | | | |
| <i>Current:</i> | | | | |
| Administration | | | | |
| County Judge | 289,310 | 289,310 | 278,152 | 11,158 |
| County Clerk | 628,962 | 628,962 | 587,684 | 41,278 |
| Veteran's Service | 45,497 | 45,497 | 28,225 | 17,272 |
| Nondepartmental | 1,402,350 | 5,539,757 | 2,679,402 | 2,860,355 |
| Elections | 222,430 | 312,192 | 281,956 | 30,236 |
| District Clerk | 406,291 | 406,291 | 391,869 | 14,422 |
| Legal - County Attorney | 692,065 | 700,433 | 687,511 | 12,922 |
| Judicial | | | | |
| County Court | 208,060 | 208,060 | 205,668 | 2,392 |
| District Court | 318,949 | 318,949 | 281,931 | 37,018 |
| Justices of the Peace | 863,803 | 863,803 | 790,399 | 73,404 |
| Finance | | | | |
| County Auditor | 419,082 | 419,082 | 387,751 | 31,331 |
| County Treasurer | 104,099 | 104,099 | 99,491 | 4,608 |
| Tax Assessor | 640,617 | 636,517 | 608,617 | 27,900 |
| Facilities - Courthouse | 707,433 | 706,023 | 649,972 | 56,051 |
| Public Safety | | | | |
| Jail | 2,755,112 | 2,755,112 | 2,514,710 | 240,402 |
| Constables | 512,849 | 514,811 | 469,489 | 45,322 |
| DPS | 98,892 | 98,892 | 91,531 | 7,361 |
| County Sheriff | 3,238,495 | 3,371,353 | 3,204,566 | 166,787 |
| Code Enforcement | 238,744 | 241,244 | 234,152 | 7,092 |
| Health - Indigent Services | 8,000 | 8,000 | 3,290 | 4,710 |
| Conservation | 166,498 | 166,498 | 153,270 | 13,228 |
| Capital Outlay | 591,231 | 1,137,319 | 793,523 | 343,796 |
| TOTAL EXPENDITURES | <u>14,558,769</u> | <u>19,472,204</u> | <u>15,423,159</u> | <u>4,049,045</u> |
| NET CHANGE IN FUND BALANCE | (1,663,995) | (4,725,964) | 2,088,577 | 6,814,541 |
| BEGINNING FUND BALANCE | <u>8,350,130</u> | <u>8,350,130</u> | <u>8,350,130</u> | <u>-</u> |
| ENDING FUND BALANCE | <u>\$ 6,686,135</u> | <u>\$ 3,624,166</u> | <u>\$ 10,438,707</u> | <u>\$ 6,814,541</u> |

GONZALES COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL – ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Budget Amounts | | Actual | Variance |
|--|---------------------|---------------------|------------------------|---------------------|
| | Original | Final | Amounts (Budgetary) | |
| REVENUES | | | | |
| Ad Valorem Taxes | \$ 4,270,641 | \$ 4,270,641 | \$ 4,690,145 | \$ 419,504 |
| Licenses, Permits, and Fees | 746,072 | 746,072 | 750,723 | 4,651 |
| Interest Income | 68,800 | 68,800 | 80,982 | 12,182 |
| Misc Income | 40,000 | 40,000 | 103,998 | 63,998 |
| Grants and Donations | - | 509,309 | 509,307 | (2) |
| TOTAL REVENUES | <u>5,125,513</u> | <u>5,634,822</u> | <u>6,135,155</u> | <u>500,333</u> |
| EXPENDITURES | | | | |
| <i>Current:</i> | | | | |
| Public Transportation | | | | |
| Precinct 1 | 1,382,439 | 1,433,556 | 1,226,074 | 207,482 |
| Precinct 2 | 1,405,833 | 1,386,057 | 1,276,313 | 109,744 |
| Precinct 3 | 1,123,924 | 1,203,924 | 1,094,539 | 109,385 |
| Precinct 4 | 1,181,526 | 1,183,586 | 1,019,293 | 164,293 |
| <i>Capital Outlay:</i> | | | | |
| Precinct 1 | 74,816 | 162,368 | 162,106 | 262 |
| Precinct 2 | 143,000 | 199,276 | 199,276 | - |
| Precinct 3 | 165,400 | 189,900 | 185,718 | 4,182 |
| Precinct 4 | 210,000 | 312,440 | 302,168 | 10,272 |
| <i>Debt Service:</i> | | | | |
| Principal | 344,699 | 250,711 | 209,295 | 41,416 |
| Interest | - | 30,119 | 30,119 | - |
| TOTAL EXPENDITURES | <u>6,031,637</u> | <u>6,351,937</u> | <u>5,704,901</u> | <u>647,036</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (906,124) | (717,115) | 430,254 | 1,147,369 |
| OTHER FINANCING SOURCES (OFS) | | | | |
| Proceeds from Sale of Capital Assets | 2,000 | 72,000 | 70,563 | (1,437) |
| TOTAL OFS | <u>2,000</u> | <u>72,000</u> | <u>70,563</u> | <u>(1,437)</u> |
| Change in Fund Balance (Budgetary) | <u>\$ (904,124)</u> | <u>\$ (645,115)</u> | 500,817 | <u>\$ 1,145,932</u> |
| <i>Budgetary Perspective Differences:</i> | | | | |
| Capital Grants and Donations | | | 3,686,565 | |
| Grant Project Capital Outlay | | | <u>(4,608,206)</u> | |
| Change in Fund Balance (GAAP) | | | <u>\$ (420,824)</u> | |



GONZALES COUNTY
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2022

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The County maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by Commissioners’ Court and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund and Road and Bridge Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The County does not use encumbrances.

The Road and Bridge Fund includes activities from the Texas Department of Transportation CTIF grant program. However, these funds are budgeted on a multi-year process. Thus, they are excluded from the budgetary comparison schedule.

GONZALES COUNTY
SCHEDULE OF CHANGES - NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT PLAN (CALENDAR) YEARS

| Total Pension Liability | | | |
|---|----------------------|----------------------|----------------------|
| | 2014 | 2015 | 2016 |
| Service Cost | \$ 743,601 | \$ 857,720 | \$ 976,508 |
| Interest (on the Total Pension Liability) | 1,294,712 | 1,401,918 | 1,507,148 |
| Changes of Benefit Terms | - | (138,275) | - |
| Change of Assumptions | - | 188,450 | - |
| Difference between Expected and Actual Experience | (80,324) | (272,441) | 76,858 |
| Benefit Payments, Including Refunds of Employee Contributions | (693,130) | (737,771) | (807,317) |
| Net Change in Total Pension Liability | 1,264,859 | 1,299,601 | 1,753,197 |
| Total Pension Liability - Beginning | 15,959,360 | 17,224,219 | 18,523,820 |
| Total Pension Liability - Ending | <u>\$ 17,224,219</u> | <u>\$ 18,523,820</u> | <u>\$ 20,277,017</u> |
| Plan Fiduciary Net Position | | | |
| | 2014 | 2015 | 2016 |
| Contributions - Employer | \$ 968,268 | \$ 961,758 | \$ 1,028,452 |
| Contributions - Employee | 413,741 | 458,249 | 490,058 |
| Net Investment Income | 912,845 | (73,671) | 1,152,169 |
| Benefit Payments, Including Refunds of Employee Contributions | (693,130) | (737,771) | (807,317) |
| Administrative Expense | (10,918) | (10,993) | (12,548) |
| Other | (76,139) | 36,147 | 97,321 |
| Net Change | 1,514,667 | 633,719 | 1,948,135 |
| Beginning Plan Fiduciary Net Position | 13,386,669 | 14,901,336 | 15,535,055 |
| Ending Plan Fiduciary Net Position | <u>\$ 14,901,336</u> | <u>\$ 15,535,055</u> | <u>\$ 17,483,190</u> |
| Net Pension Liability (Asset) - Ending | \$ 2,322,883 | \$ 2,988,765 | \$ 2,793,827 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 86.51% | 83.87% | 86.22% |
| Covered Payroll | \$ 5,910,589 | \$ 6,546,416 | \$ 7,000,833 |
| Net Pension Liability as a Percentage of Covered Payroll | 39.30% | 45.65% | 39.91% |

Information for this schedule is being accumulated prospectively until a rolling ten year period is available.

| Total Pension Liability | | | | |
|-------------------------|----------------------|----------------------|----------------------|----------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ 990,850 | \$ 1,129,030 | \$ 1,265,880 | \$ 1,320,784 | \$ 1,377,530 |
| 1,682,545 | 1,973,009 | 2,387,337 | 2,572,099 | 2,573,955 |
| 1,690,735 | 2,969,418 | (94,940) | (2,527,916) | - |
| 76,452 | - | - | 1,897,866 | 6,227 |
| 65,142 | 84,408 | (62,566) | 160,827 | (62,377) |
| <u>(1,011,109)</u> | <u>(1,106,606)</u> | <u>(1,251,318)</u> | <u>(1,288,615)</u> | <u>(1,446,540)</u> |
| 3,494,615 | 5,049,259 | 2,244,393 | 2,135,045 | 2,448,795 |
| <u>20,277,017</u> | <u>23,771,632</u> | <u>28,820,891</u> | <u>31,065,284</u> | <u>33,200,329</u> |
| <u>\$ 23,771,632</u> | <u>\$ 28,820,891</u> | <u>\$ 31,065,284</u> | <u>\$ 33,200,329</u> | <u>\$ 35,649,124</u> |

| Plan Fiduciary Net Position | | | | |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ 1,486,847 | \$ 1,619,911 | \$ 1,304,437 | \$ 1,493,545 | \$ 1,417,342 |
| 517,897 | 533,652 | 549,252 | 587,806 | 576,334 |
| 2,567,918 | (380,351) | 3,567,296 | 2,677,267 | 6,515,035 |
| (1,011,109) | (1,106,606) | (1,251,318) | (1,288,617) | (1,446,540) |
| (13,995) | (17,451) | (19,737) | (21,494) | (19,715) |
| 13,184 | 33,307 | 23,704 | 26,027 | 23,590 |
| <u>3,560,742</u> | <u>682,462</u> | <u>4,173,634</u> | <u>3,474,534</u> | <u>7,066,046</u> |
| <u>17,483,190</u> | <u>21,043,932</u> | <u>21,726,394</u> | <u>25,900,028</u> | <u>29,374,562</u> |
| <u>\$ 21,043,932</u> | <u>\$ 21,726,394</u> | <u>\$ 25,900,028</u> | <u>\$ 29,374,562</u> | <u>\$ 36,440,608</u> |

| | | | | |
|--------------|--------------|--------------|--------------|--------------|
| \$ 2,727,700 | \$ 7,094,497 | \$ 5,165,256 | \$ 3,825,767 | \$ (791,484) |
|--------------|--------------|--------------|--------------|--------------|

| | | | | |
|--------|--------|--------|--------|---------|
| 88.53% | 75.38% | 83.37% | 88.48% | 102.22% |
|--------|--------|--------|--------|---------|

| | | | | |
|--------------|--------------|--------------|--------------|--------------|
| \$ 7,398,525 | \$ 7,623,603 | \$ 7,846,463 | \$ 8,397,228 | \$ 8,233,350 |
|--------------|--------------|--------------|--------------|--------------|

| | | | | |
|--------|--------|--------|--------|--------|
| 36.87% | 93.06% | 65.83% | 45.56% | -9.61% |
|--------|--------|--------|--------|--------|

GONZALES COUNTY
SCHEDULE OF COUNTY CONTRIBUTIONS – PENSION PLAN
LAST TEN YEARS

| Fiscal Year Ending September 30, | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Deficiency (Excess) | Contributions Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--|---|--|--|-------------------------------------|--|
| 2022 | \$ 1,272,732 | \$ 1,427,580 | \$ (154,848) | \$ 8,297,337 | 17.2% |
| 2021 | 1,300,024 | 1,450,024 | (150,000) | 8,125,156 | 17.8% |
| 2020 | 1,262,920 | 1,269,518 | (6,598) | 8,016,470 | 15.8% |
| 2019* | 1,204,437 | 1,304,437 | (100,000) | 7,846,463 | 16.6% |
| 2018* | 1,109,234 | 1,619,911 | (510,677) | 8,623,603 | 18.8% |
| 2017* | 845,651 | 1,486,847 | (641,196) | 7,398,525 | 20.1% |
| 2016* | 830,999 | 1,028,452 | (197,453) | 7,000,833 | 14.7% |
| 2015* | 840,560 | 961,758 | (121,198) | 6,546,416 | 14.7% |
| 2014* | 868,268 | 968,268 | (100,000) | 5,910,589 | 16.4% |
| 2013* | 717,705 | 817,720 | (100,015) | 4,885,673 | 16.7% |

*These years are reported on a calendar year basis

Notes to Schedule of Contributions

Changes in Benefit Terms:

- 2017: New annuity purchase rates for benefits earned after 2017.
- 2018: Current service matching rate was increased to 235% and a flat 2% COLA.
- 2019: Current service matching rate was increased to 250% and a flat 2% COLA.

Changes in Assumptions:

- 2015: New inflation, mortality and other assumptions
- 2017: New mortality assumptions
- 2019: New inflation, mortality and other assumptions were reflected

GONZALES COUNTY
SCHEDULE OF CHANGES – TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY AND
RELATED RATIOS
RETIREE INSURANCE
LAST FIVE CALENDAR (PLAN) YEARS

| | Total OPEB Liability | | | | |
|---|----------------------|-------------------|-------------------|---------------------|---------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Service Cost | \$ 65,297 | \$ 73,199 | \$ 75,259 | \$ 79,492 | \$ 80,492 |
| Interest | 33,606 | 30,883 | 34,898 | 26,982 | 22,005 |
| Changes of Benefit Terms | - | - | - | - | - |
| Difference between Expected and Actual Experience | - | (4,436) | (108,782) | (5,441) | (74,988) |
| Changes in Assumptions or Other Inputs | 31,349 | (27,275) | 86,640 | 62,181 | 40,505 |
| Benefit Payments | (92,944) | (73,483) | (58,100) | (41,096) | (48,179) |
| Net Change in Total Pension Liability | 37,308 | (1,112) | 29,915 | 122,118 | 19,835 |
| Total OPEB Liability - Beginning | 895,870 | 933,178 | 932,066 | 961,981 | 1,084,099 |
| Total OPEB Liability - Ending | <u>\$ 933,178</u> | <u>\$ 932,066</u> | <u>\$ 961,981</u> | <u>\$ 1,084,099</u> | <u>\$ 1,103,934</u> |
| Covered-Employee Payroll | \$ 6,921,726 | \$ 6,343,791 | \$ 7,039,189 | \$ 8,200,137 | \$ 7,482,981 |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | 13.48% | 14.69% | 13.67% | 13.22% | 14.75% |

Notes to Schedule

Changes in Benefit Terms: None

Changes in Assumptions:

2021: Discount rate changed, attribution for service period changed to Gonzales County only

Attribution for service period changed to Gonzales County only

Updates to demographic and salary increase assumptions

2020: Discount rate changed

2019: Healthcare trend rate modified

2018: Healthcare trend rate modified

Trust:

No assets are accumulated in a trust that meets the criteria
in paragraph 4 of Statement No. 75 to pay related benefits.

Information for this schedule is being accumulated prospectively until a rolling ten year period is available.



SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Combining Statements – Nonmajor Funds
- Comparative Statements – General Fund
- Comparative Statements – Road and Bridge Fund

GONZALES COUNTY
 COMBINING BALANCE SHEET – NONMAJOR FUNDS
 SEPTEMBER 30, 2022

| | Special Revenue | | | |
|--|-----------------------|-----------------|-------------------|------------------|
| | Truancy Prevention | Probate | Law Library | Election Fund |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 36,311 | \$ 1,024 | \$ 115,090 | \$ 13,758 |
| Notes Receivable | - | - | - | - |
| TOTAL ASSETS | \$ 36,311 | \$ 1,024 | \$ 115,090 | \$ 13,758 |
| LIABILITIES AND FUND BALANCES | | | | |
| <i>Liabilities:</i> | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - |
| <i>Total Liabilities</i> | - | - | - | - |
| <i>Fund Balances:</i> | | | | |
| Nonspendable: | | | | |
| Notes Receivable | - | - | - | - |
| Restricted for: | | | | |
| Elections | - | - | - | 13,758 |
| Legal | - | - | 115,090 | - |
| Judicial | - | 1,024 | - | - |
| Public Safety | 36,311 | - | - | - |
| Records Management | - | - | - | - |
| Sheriff | - | - | - | - |
| Community Development | - | - | - | - |
| Other Purposes | - | - | - | - |
| <i>Total Fund Balances</i> | 36,311 | 1,024 | 115,090 | 13,758 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 36,311 | \$ 1,024 | \$ 115,090 | \$ 13,758 |

Special Revenue

| Attorney Hot Check | County Clerk Records | District Clerk Records | Mediation | Records Management | Digital Records |
|-----------------------|----------------------------|------------------------------|------------------|-----------------------|--------------------|
| \$ 125 | \$ 442,272 | \$ 8,278 | \$ 51,740 | \$ 8,753 | \$ 6,683 |
| - | - | - | - | - | - |
| <u>\$ 125</u> | <u>\$ 442,272</u> | <u>\$ 8,278</u> | <u>\$ 51,740</u> | <u>\$ 8,753</u> | <u>\$ 6,683</u> |
| \$ - | \$ - | \$ 2,070 | \$ - | \$ - | \$ - |
| - | - | 2,070 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 125 | - | - | - | - | - |
| - | - | - | 51,740 | - | - |
| - | - | - | - | - | - |
| - | 442,272 | 6,208 | - | 8,753 | 6,683 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>125</u> | <u>442,272</u> | <u>6,208</u> | <u>51,740</u> | <u>8,753</u> | <u>6,683</u> |
| <u>\$ 125</u> | <u>\$ 442,272</u> | <u>\$ 8,278</u> | <u>\$ 51,740</u> | <u>\$ 8,753</u> | <u>\$ 6,683</u> |

GONZALES COUNTY
 COMBINING BALANCE SHEET – NONMAJOR FUNDS (CONTINUED)
 SEPTEMBER 30, 2022

| | Special Revenue | | | |
|--|----------------------|-----------------|------------------|-----------------------|
| | Family Protection | Child Abuse | HAVA | Parks and Wildlife |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 1,929 | \$ 1,700 | \$ 21,268 | \$ 553 |
| Notes Receivable | - | - | - | - |
| TOTAL ASSETS | \$ 1,929 | \$ 1,700 | \$ 21,268 | \$ 553 |
| LIABILITIES AND FUND BALANCES | | | | |
| <i>Liabilities:</i> | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - |
| <i>Total Liabilities</i> | - | - | - | - |
| <i>Fund Balances:</i> | | | | |
| Nonspendable: | | | | |
| Notes Receivable | - | - | - | - |
| Restricted for: | | | | |
| Elections | - | - | 21,268 | - |
| Legal | - | - | - | - |
| Judicial | - | - | - | - |
| Public Safety | 1,929 | 1,700 | - | - |
| Records Management | - | - | - | - |
| Sheriff | - | - | - | - |
| Community Development | - | - | - | - |
| Other Purposes | - | - | - | 553 |
| <i>Total Fund Balances</i> | 1,929 | 1,700 | 21,268 | 553 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 1,929 | \$ 1,700 | \$ 21,268 | \$ 553 |

Special Revenue

| Supplemental Guardianship Fee | Vital Statistics | Judge's Supplement | Courthouse Security | Justice Building Security | Specialty Court |
|-------------------------------------|---------------------|-----------------------|------------------------|---------------------------------|--------------------|
| \$ 22,410 | \$ 18,308 | \$ 6,976 | \$ 16,467 | \$ 17,908 | \$ 6,837 |
| - | - | - | - | - | - |
| <u>\$ 22,410</u> | <u>\$ 18,308</u> | <u>\$ 6,976</u> | <u>\$ 16,467</u> | <u>\$ 17,908</u> | <u>\$ 6,837</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 22,410 | - | - | 16,467 | 17,908 | 6,837 |
| - | 18,308 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | 6,976 | - | - | - |
| <u>22,410</u> | <u>18,308</u> | <u>6,976</u> | <u>16,467</u> | <u>17,908</u> | <u>6,837</u> |
| <u>\$ 22,410</u> | <u>\$ 18,308</u> | <u>\$ 6,976</u> | <u>\$ 16,467</u> | <u>\$ 17,908</u> | <u>\$ 6,837</u> |

GONZALES COUNTY
 COMBINING BALANCE SHEET – NONMAJOR FUNDS (CONTINUED)
 SEPTEMBER 30, 2022

| | Special Revenue | | | |
|--|---------------------------------|--------------------|-------------------|--------------------------------|
| | County Records Management | Language Access | Court Reporter | Justice Court Technology |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 71,860 | \$ 1,181 | \$ 12,575 | \$ 37,746 |
| Notes Receivable | - | - | - | - |
| TOTAL ASSETS | <u>\$ 71,860</u> | <u>\$ 1,181</u> | <u>\$ 12,575</u> | <u>\$ 37,746</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| <i>Liabilities:</i> | | | | |
| Accounts Payable | \$ 1,080 | \$ - | \$ - | \$ 321 |
| <i>Total Liabilities</i> | <u>1,080</u> | <u>-</u> | <u>-</u> | <u>321</u> |
| <i>Fund Balances:</i> | | | | |
| Nonspendable: | | | | |
| Notes Receivable | - | - | - | - |
| Restricted for: | | | | |
| Elections | - | - | - | - |
| Legal | - | - | - | - |
| Judicial | - | 1,181 | 12,575 | 37,425 |
| Public Safety | - | - | - | - |
| Records Management | 70,780 | - | - | - |
| Sheriff | - | - | - | - |
| Community Development | - | - | - | - |
| Other Purposes | - | - | - | - |
| <i>Total Fund Balances</i> | <u>70,780</u> | <u>1,181</u> | <u>12,575</u> | <u>37,425</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 71,860</u> | <u>\$ 1,181</u> | <u>\$ 12,575</u> | <u>\$ 37,746</u> |

Special Revenues

| Court Technology | Appellant Judicial | Sheriff Revenues | SCAAP Grant | Indigent Health | Attorney Forfeiture |
|---------------------|-----------------------|---------------------|------------------|--------------------|------------------------|
| \$ 7,742 | \$ 1,511 | \$ 53,094 | \$ 24,380 | \$ 17,200 | \$ 22,689 |
| - | - | - | - | - | - |
| <u>\$ 7,742</u> | <u>\$ 1,511</u> | <u>\$ 53,094</u> | <u>\$ 24,380</u> | <u>\$ 17,200</u> | <u>\$ 22,689</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 7,742 | 1,511 | - | - | - | 22,689 |
| - | - | - | - | - | - |
| - | - | 53,094 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 24,380 | 17,200 | - |
| <u>7,742</u> | <u>1,511</u> | <u>53,094</u> | <u>24,380</u> | <u>17,200</u> | <u>22,689</u> |
| <u>\$ 7,742</u> | <u>\$ 1,511</u> | <u>\$ 53,094</u> | <u>\$ 24,380</u> | <u>\$ 17,200</u> | <u>\$ 22,689</u> |

GONZALES COUNTY
 COMBINING BALANCE SHEET – NONMAJOR FUNDS (CONTINUED)
 SEPTEMBER 30, 2022

| | Special Revenue | | | |
|--|-------------------|--------------------------------|-----------------|---------------------------|
| | Revolving Loan | Law Enforcement Training | Jury Fund | Constable 3 Forfeiture |
| | | | | |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 421,373 | \$ 21,451 | \$ 2,118 | \$ 2,990 |
| Notes Receivable | 244,724 | - | - | - |
| TOTAL ASSETS | <u>\$ 666,097</u> | <u>\$ 21,451</u> | <u>\$ 2,118</u> | <u>\$ 2,990</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| <i>Liabilities:</i> | | | | |
| Accounts Payable | \$ 579 | \$ - | \$ - | \$ - |
| <i>Total Liabilities</i> | <u>579</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Fund Balances:</i> | | | | |
| Nonspendable: | | | | |
| Notes Receivable | 244,724 | - | - | - |
| Restricted for: | | | | |
| Elections | - | - | - | - |
| Legal | - | - | - | - |
| Judicial | - | - | - | - |
| Public Safety | - | 21,451 | 2,118 | 2,990 |
| Records Management | - | - | - | - |
| Sheriff | - | - | - | - |
| Community Development | 420,794 | - | - | - |
| Other Purposes | - | - | - | - |
| <i>Total Fund Balances</i> | <u>665,518</u> | <u>21,451</u> | <u>2,118</u> | <u>2,990</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 666,097</u> | <u>\$ 21,451</u> | <u>\$ 2,118</u> | <u>\$ 2,990</u> |

| <u>Special Revenue</u> | | <u>Capital</u> | | |
|-----------------------------------|-----------------------|-----------------------|-------------------------------------|--|
| <u>Clerk of the Court</u> | <u>Chapter 19</u> | <u>CDBG Grant</u> | <u>Total Nonmajor Funds</u> | |
| \$ 11,364 | \$ 6 | \$ 321,059 | \$ 1,828,729 | |
| - | - | - | 244,724 | |
| <u>\$ 11,364</u> | <u>\$ 6</u> | <u>\$ 321,059</u> | <u>\$ 2,073,453</u> | |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 321,059</u> | <u>\$ 325,109</u> | |
| <u>-</u> | <u>-</u> | <u>321,059</u> | <u>325,109</u> | |
| - | - | - | 244,724 | |
| - | 6 | - | 35,032 | |
| - | - | - | 137,904 | |
| 11,364 | - | - | 188,184 | |
| - | - | - | 66,499 | |
| - | - | - | 553,004 | |
| - | - | - | 53,094 | |
| - | - | - | 420,794 | |
| - | - | - | 49,109 | |
| <u>11,364</u> | <u>6</u> | <u>-</u> | <u>1,748,344</u> | |
| <u>\$ 11,364</u> | <u>\$ 6</u> | <u>\$ 321,059</u> | <u>\$ 2,073,453</u> | |

GONZALES COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE – NONMAJOR FUNDS
 SEPTEMBER 30, 2022

| | Special Revenue | | | |
|---|-----------------------|----------|----------------|------------------|
| | Truancy Prevention | Probate | Law Library | Election Fund |
| REVENUES | | | | |
| Fines and Forfeitures | \$ - | \$ - | \$ - | \$ - |
| Charges for Services | - | 333 | 9,757 | 17,937 |
| Interest Income | - | - | - | - |
| Grants and Donations | 13,470 | - | - | - |
| TOTAL REVENUES | 13,470 | 333 | 9,757 | 17,937 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration | - | - | - | 7,281 |
| Legal | - | - | 1,052 | - |
| Judicial | - | - | - | - |
| Public Safety | - | - | - | - |
| Health | - | - | - | - |
| Capital Outlay | - | - | - | - |
| TOTAL EXPENDITURES | - | - | 1,052 | 7,281 |
| Excess (Deficiency) in Revenue Over (Under) Expenditures | 13,470 | 333 | 8,705 | 10,656 |
| BEGINNING FUND BALANCE | 22,841 | 691 | 106,385 | 3,102 |
| ENDING FUND BALANCE | \$ 36,311 | \$ 1,024 | \$ 115,090 | \$ 13,758 |

Special Revenue

| Attorney Hot Check | County Clerk Records | District Clerk Records | Mediation | Records Management | Digital Records |
|-----------------------|----------------------------|------------------------------|------------------|-----------------------|--------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 113,943 | 6,823 | 740 | 45 | 1,247 |
| - | 253 | - | - | - | - |
| - | - | - | - | - | - |
| - | <u>114,196</u> | <u>6,823</u> | <u>740</u> | <u>45</u> | <u>1,247</u> |
| - | 149,888 | 5,766 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | <u>149,888</u> | <u>5,766</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | (35,692) | 1,057 | 740 | 45 | 1,247 |
| 125 | 477,964 | 5,151 | 51,000 | 8,708 | 5,436 |
| <u>\$ 125</u> | <u>\$ 442,272</u> | <u>\$ 6,208</u> | <u>\$ 51,740</u> | <u>\$ 8,753</u> | <u>\$ 6,683</u> |

GONZALES COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE – NONMAJOR FUNDS (CONTINUED)
 SEPTEMBER 30, 2022

| | Special Revenue | | | |
|---|----------------------|-----------------|------------------|-----------------------|
| | Family Protection | Child Abuse | HAVA | Parks and Wildlife |
| REVENUES | | | | |
| Fines and Forfeitures | \$ - | \$ - | \$ - | \$ 1,360 |
| Charges for Services | 460 | - | - | - |
| Interest Income | - | - | - | - |
| Grants and Donations | - | 78 | - | - |
| TOTAL REVENUES | <u>460</u> | <u>78</u> | <u>-</u> | <u>1,360</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration | - | - | 6,199 | - |
| Legal | - | - | - | - |
| Judicial | - | - | - | - |
| Public Safety | - | - | - | - |
| Health | - | - | - | 1,190 |
| Capital Outlay | - | - | - | - |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>6,199</u> | <u>1,190</u> |
| Excess (Deficiency) in Revenue Over (Under) Expenditures | 460 | 78 | (6,199) | 170 |
| BEGINNING FUND BALANCE | <u>1,469</u> | <u>1,622</u> | <u>27,467</u> | <u>383</u> |
| ENDING FUND BALANCE | <u>\$ 1,929</u> | <u>\$ 1,700</u> | <u>\$ 21,268</u> | <u>\$ 553</u> |

Special Revenue

| Supplemental Guardianship Fee | Vital Statistics | Judge's Supplement | Courthouse Security | Justice Building Security | Specialty Court |
|-------------------------------------|---------------------|-----------------------|------------------------|---------------------------------|--------------------|
| \$ - | \$ - | \$ - | \$ 28,158 | \$ 5,325 | \$ 2,857 |
| - | 1,740 | - | - | - | - |
| - | - | - | - | - | - |
| 2,110 | - | - | - | - | - |
| <u>2,110</u> | <u>1,740</u> | <u>-</u> | <u>28,158</u> | <u>5,325</u> | <u>2,857</u> |
| - | 900 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 23,575 | 10,322 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>-</u> | <u>900</u> | <u>-</u> | <u>23,575</u> | <u>10,322</u> | <u>-</u> |
| 2,110 | 840 | - | 4,583 | (4,997) | 2,857 |
| 20,300 | 17,468 | 6,976 | 11,884 | 22,905 | 3,980 |
| <u>\$ 22,410</u> | <u>\$ 18,308</u> | <u>\$ 6,976</u> | <u>\$ 16,467</u> | <u>\$ 17,908</u> | <u>\$ 6,837</u> |

GONZALES COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE – NONMAJOR FUNDS (CONTINUED)
 SEPTEMBER 30, 2022

| | Special Revenue | | | |
|---|---------------------------------|--------------------|-------------------|--------------------------------|
| | County Records Management | Language Access | Court Reporter | Justice Court Technology |
| REVENUES | | | | |
| Fines and Forfeitures | \$ - | \$ - | \$ - | \$ 19,710 |
| Charges for Services | 905 | 1,181 | 6,151 | - |
| Interest Income | - | - | - | - |
| Grants and Donations | - | - | - | - |
| TOTAL REVENUES | <u>905</u> | <u>1,181</u> | <u>6,151</u> | <u>19,710</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration | - | - | - | - |
| Legal | - | - | - | - |
| Judicial | 1,080 | - | 3,663 | 7,890 |
| Public Safety | - | - | - | - |
| Health | - | - | - | - |
| Capital Outlay | - | - | - | - |
| TOTAL EXPENDITURES | <u>1,080</u> | <u>-</u> | <u>3,663</u> | <u>7,890</u> |
| Excess (Deficiency) in Revenue Over (Under) Expenditures | (175) | 1,181 | 2,488 | 11,820 |
| BEGINNING FUND BALANCE | <u>70,955</u> | <u>-</u> | <u>10,087</u> | <u>25,605</u> |
| ENDING FUND BALANCE | <u>\$ 70,780</u> | <u>\$ 1,181</u> | <u>\$ 12,575</u> | <u>\$ 37,425</u> |

Special Revenues

| Court Technology | Appellant Judicial | Sheriff Revenues | SCAAP Grant | Indigent Health | Attorney Forfeiture |
|---------------------|-----------------------|---------------------|------------------|--------------------|------------------------|
| \$ 612 | \$ 1,430 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | 438 | - | 121 | 176 |
| - | - | 22,301 | 20,499 | - | - |
| <u>612</u> | <u>1,430</u> | <u>22,739</u> | <u>20,499</u> | <u>121</u> | <u>176</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | 100 |
| 1,295 | 1,428 | - | 13,210 | - | - |
| - | - | 14,913 | - | - | - |
| - | - | - | - | - | - |
| - | - | 31,460 | - | - | - |
| <u>1,295</u> | <u>1,428</u> | <u>46,373</u> | <u>13,210</u> | <u>-</u> | <u>100</u> |
| (683) | 2 | (23,634) | 7,289 | 121 | 76 |
| 8,425 | 1,509 | 76,728 | 17,091 | 17,079 | 22,613 |
| <u>\$ 7,742</u> | <u>\$ 1,511</u> | <u>\$ 53,094</u> | <u>\$ 24,380</u> | <u>\$ 17,200</u> | <u>\$ 22,689</u> |

GONZALES COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE – NONMAJOR FUNDS (CONTINUED)
 SEPTEMBER 30, 2022

| | Special Revenue | | | |
|---|-------------------|-------------------------|-----------------|---------------------------|
| | Revolving Loan | Law | | Constable 3 Forfeiture |
| | | Enforcement Training | Jury Fund | |
| REVENUES | | | | |
| Fines and Forfeitures | \$ - | \$ - | \$ - | \$ - |
| Charges for Services | - | - | 2,118 | - |
| Interest Income | 5,741 | 43 | - | - |
| Grants and Donations | - | 4,585 | - | - |
| TOTAL REVENUES | <u>5,741</u> | <u>4,628</u> | <u>2,118</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration | 2,400 | - | - | - |
| Legal | - | - | - | - |
| Judicial | - | - | - | - |
| Public Safety | - | 5,619 | - | - |
| Health | - | - | - | - |
| Capital Outlay | - | - | - | - |
| TOTAL EXPENDITURES | <u>2,400</u> | <u>5,619</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) in Revenue Over (Under) Expenditures | 3,341 | (991) | 2,118 | - |
| BEGINNING FUND BALANCE | <u>662,177</u> | <u>22,442</u> | <u>-</u> | <u>2,990</u> |
| ENDING FUND BALANCE | <u>\$ 665,518</u> | <u>\$ 21,451</u> | <u>\$ 2,118</u> | <u>\$ 2,990</u> |

| <u>Special Revenue</u> | | <u>Capital</u> | |
|-----------------------------------|-----------------------|-----------------------|-------------------------------------|
| <u>Clerk of the Court</u> | <u>Chapter 19</u> | <u>CDBG Grant</u> | <u>Total Nonmajor Funds</u> |
| \$ - | \$ - | \$ - | \$ 59,452 |
| 11,364 | - | - | 174,744 |
| - | - | - | 6,772 |
| - | 6,519 | 1,007,697 | 1,077,259 |
| <u>11,364</u> | <u>6,519</u> | <u>1,007,697</u> | <u>1,318,227</u> |
| - | 6,513 | 264,066 | 443,013 |
| - | - | - | 1,152 |
| - | - | - | 62,463 |
| - | - | - | 20,532 |
| - | - | - | 1,190 |
| - | - | 743,631 | 775,091 |
| <u>-</u> | <u>6,513</u> | <u>1,007,697</u> | <u>1,303,441</u> |
| 11,364 | 6 | - | 14,786 |
| - | - | - | 1,733,558 |
| <u>\$ 11,364</u> | <u>\$ 6</u> | <u>\$ -</u> | <u>\$ 1,748,344</u> |

GONZALES COUNTY
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2022 AND 2021

| | 2022 | 2021 |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 8,646,329 | \$ 8,156,770 |
| Certificates of Deposit | 2,745,709 | 2,718,434 |
| Ad Valorem Taxes Receivable (net) | 1,318,414 | 1,306,534 |
| Prepaid Items | 172,386 | 38,640 |
| TOTAL ASSETS | \$ 12,882,838 | \$ 12,220,378 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | \$ 878,261 | \$ 332,366 |
| Accrued Wages | 240,446 | 201,883 |
| Unearned Revenue | 7,010 | 2,029,465 |
| <i>Total Liabilities</i> | 1,125,717 | 2,563,714 |
| <i>Deferred Inflows of Resources</i> | | |
| Unavailable Property Tax Revenues | 1,318,414 | 1,306,534 |
| <i>Fund Balances:</i> | | |
| Nonspendable: | | |
| Prepaid Items | 172,386 | 38,640 |
| Restricted for: | | |
| Sheriff | - | 22,301 |
| Unassigned | 10,266,321 | 8,289,189 |
| <i>Total Fund Balance</i> | 10,438,707 | 8,350,130 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 12,882,838 | \$ 12,220,378 |

GONZALES COUNTY
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 GENERAL FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021

| | 2022 | 2021 |
|---------------------------------------|----------------------|---------------------|
| REVENUES | | |
| Ad Valorem Taxes | \$ 9,492,421 | \$ 8,741,196 |
| Sales Taxes | 2,441,350 | 1,692,147 |
| Fines and Forfeitures | 904,956 | 1,060,344 |
| Charges for Services | 524,375 | 573,669 |
| Licenses, Permits, and Fees | 140,526 | 119,981 |
| Interest Income | 113,704 | 65,784 |
| Misc Income | 148,676 | 180,842 |
| Grants and Donations | 3,745,728 | 92,235 |
| TOTAL REVENUES | 17,511,736 | 12,526,198 |
| EXPENDITURES | | |
| <i>Current:</i> | | |
| Administration | 4,247,288 | 2,603,246 |
| Legal | 687,511 | 669,436 |
| Judicial | 1,277,998 | 1,187,784 |
| Finance | 1,095,859 | 1,035,613 |
| Facilities | 649,972 | 498,529 |
| Public Safety | 6,514,448 | 6,026,290 |
| Health | 3,290 | 3,440 |
| Conservation | 153,270 | 155,738 |
| Capital Outlay | 793,523 | 503,775 |
| TOTAL EXPENDITURES | 15,423,159 | 12,683,851 |
| NET CHANGE IN FUND BALANCE | 2,088,577 | (157,653) |
| BEGINNING FUND BALANCE | 8,350,130 | 8,507,783 |
| ENDING FUND BALANCE | \$ 10,438,707 | \$ 8,350,130 |



GONZALES COUNTY
COMPARATIVE BALANCE SHEETS
ROAD AND BRIDGE FUND
SEPTEMBER 30, 2022 AND 2021

| | 2022 | 2021 |
|---|-------------------------|-------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 4,717,409 | \$ 5,003,026 |
| Certificates of Deposit | 4,681,050 | 4,636,834 |
| Other Receivables | - | 49,551 |
| Prepaid Items | 21,589 | 14,793 |
| TOTAL ASSETS | \$ 9,420,048 | \$ 9,704,204 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | \$ 315,332 | \$ 182,324 |
| Accrued Wages | 60,512 | 56,852 |
| <i>Total Liabilities</i> | <i>375,844</i> | <i>239,176</i> |
| <i>Fund Balances:</i> | | |
| Nonspendable: | | |
| Prepaid Items | 21,589 | 14,793 |
| Committed for: | | |
| Road and Bridge Maintenance | | |
| Precinct 1 | 2,428,358 | 2,263,578 |
| Precinct 2 | 2,184,138 | 2,042,288 |
| Precinct 3 | 2,065,540 | 1,896,669 |
| Precinct 4 | 2,344,579 | 2,326,059 |
| Grant Project | - | 921,641 |
| <i>Total Fund Balance</i> | <i>9,044,204</i> | <i>9,465,028</i> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 9,420,048 | \$ 9,704,204 |

GONZALES COUNTY
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND
 BALANCE – ROAD AND BRIDGE FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021

| | Precinct 1 | Precinct 2 | Precinct 3 | Precinct 4 |
|---|--------------|--------------|--------------|------------|
| REVENUES | | | | |
| Ad Valorem Taxes | \$ 1,215,598 | \$ 1,339,287 | \$ 1,195,900 | \$ 939,360 |
| Licenses, Permits, and Fees | 199,344 | 193,743 | 176,143 | 181,493 |
| Interest Income | 21,475 | 20,171 | 18,937 | 20,399 |
| Misc Income | 44,039 | 20,146 | 20,099 | 19,714 |
| Grants and Donations | 139,414 | 160,352 | 100,146 | 109,395 |
| TOTAL REVENUES | 1,619,870 | 1,733,699 | 1,511,225 | 1,270,361 |
| EXPENDITURES | | | | |
| <i>Current:</i> | | | | |
| Public Transportation | 1,226,074 | 1,276,313 | 1,094,539 | 1,019,293 |
| Capital Outlay | 162,106 | 199,276 | 185,718 | 302,168 |
| Debt Service: | | | | |
| Principal | 54,803 | 100,345 | 54,147 | - |
| Interest | 10,336 | 13,430 | 6,353 | - |
| TOTAL EXPENDITURES | 1,453,319 | 1,589,364 | 1,340,757 | 1,321,461 |
| EXCESS (DEFICIENCY) OF REVENUS OVER (UNDER) EXPENDITURES | 166,551 | 144,335 | 170,468 | (51,100) |
| OTHER FINANCING SOURCES (USES) (OFS) | | | | |
| Sale of Capital Assets | - | - | 127 | 70,436 |
| Issuance of Note Payable | - | - | - | - |
| TOTAL OFS | - | - | 127 | 70,436 |
| NET CHANGE IN FUND BALANCE | \$ 166,551 | \$ 144,335 | \$ 170,595 | \$ 19,336 |
| BEGINNING FUND BALANCE | | | | |
| ENDING FUND BALANCE | | | | |

| Grant Project | Fund Totals | |
|---------------------|---------------------|---------------------|
| | 2022 | 2021 |
| \$ - | \$ 4,690,145 | \$ 5,484,542 |
| - | 750,723 | 725,023 |
| - | 80,982 | 66,981 |
| - | 103,998 | 48,559 |
| <u>3,686,565</u> | <u>4,195,872</u> | <u>277,483</u> |
| <u>3,686,565</u> | <u>9,821,720</u> | <u>6,602,588</u> |
| - | 4,616,219 | 4,289,201 |
| 4,608,206 | 5,457,474 | 934,034 |
| - | 209,295 | 382,906 |
| - | 30,119 | 41,875 |
| <u>4,608,206</u> | <u>10,313,107</u> | <u>5,648,016</u> |
| (921,641) | (491,387) | 954,572 |
| - | 70,563 | 31,345 |
| - | - | 228,050 |
| <u>-</u> | <u>70,563</u> | <u>259,395</u> |
| <u>\$ (921,641)</u> | (420,824) | 1,213,967 |
| | <u>9,465,028</u> | <u>8,251,061</u> |
| | <u>\$ 9,044,204</u> | <u>\$ 9,465,028</u> |



COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT

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

County Commissioners
Gonzales County

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gonzales County as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Gonzales County's basic financial statements, and have issued our report thereon dated April 21, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gonzales County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gonzales County's internal control. Accordingly, we do not express an opinion on the effectiveness of Gonzales County's internal control.

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

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

Report on Compliance and Other Matters

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

We noted certain other matters that were communicated to management in a separate letter dated April 21, 2023.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

April 21, 2023



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

County Commissioners
Gonzales County

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Gonzales County's compliance with the types of compliance requirements described in the Texas Comptroller of Public Accounts, *State of Texas Uniform Grant Management Standards*, which includes the State of Texas Single Audit Circular (UGMS) that could have a direct and material effect on each of its major state programs for the year ended September 30, 2022. Gonzales County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in and the audit requirements of the UGMS. Our responsibilities under those standards and the UGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance


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

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

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

April 21, 2023



INDEPENDENT AUDITOR'S REPORT

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

County Commissioners
Gonzales County

Report on Compliance for Each Major State Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

April 21, 2023

GONZALES COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Any material weaknesses identified? Yes No

Any significant deficiencies identified? Yes No

Noncompliance material to financial Statements noted? Yes No

2. State Awards

Internal control over major programs:

Any material weaknesses identified? Yes No

Any significant deficiencies identified? Yes No

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with TX Single Audit Circular? Yes No

Identification of major programs:

Name of State Program
 County Transportation Infrastructure Fund Grant

Dollar threshold used to distinguish between Type A and type B Programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings
 NONE

C. State Award Findings and Questioned Costs
 NONE

D. Prior Audit Findings Related to State Awards
 NONE

GONZALES COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Any material weaknesses identified? Yes No

Any significant deficiencies identified? Yes No

Noncompliance material to financial Statements noted? Yes No

2. Federal Awards

Internal control over major programs:

Any material weaknesses identified? Yes No

Any significant deficiencies identified? Yes No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? Yes No

Identification of major programs:

| <u>Federal Program</u> | <u>Assistance Listing</u> |
|---|---------------------------|
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 |
| Community Development Block Grant | 14.228 |

Dollar threshold used to distinguish between Type A and type B Programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings: NONE

C. Federal Award Findings and Questioned Costs: NONE

D. Prior Audit Findings Related to Federal Awards: NONE

GONZALES COUNTY
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

| State Grantor/ Pass-Through Grantor/ Program Title | Grant Number | State Expenditures |
|--|-----------------|--------------------------------|
| TEXAS DEPARTMENT OF TRANSPORTATION | | |
| <i>Direct Programs</i> | | |
| County Transportation Infrastructure Fund | N/A | \$ 3,686,565 |
| TOTAL TEXAS DEPARTMENT OF TRANSPORTATION | | <u>3,686,565</u> |
| TEXAS INDIGENT DEFENSE COMMISSION | | |
| <i>Direct Program</i> | | |
| Formula Grant | N/A | 25,588 |
| TOTAL TEXAS INDIGENT DEFENSE COMMISSION | | <u>25,588</u> |
| TEXAS COMPTROLLER OF PUBLIC ACCOUNTS | | |
| <i>Direct Program</i> | | |
| Law Enforcement Officer Standards and Education Fund (LEOSE) | N/A | 4,585 |
| TOTAL TEXAS COMPTROLLER OF PUBLIC ACCOUNTS | | <u>4,585</u> |
| TEXAS GOVERNOR | | |
| <i>Direct Program</i> | | |
| Operation Lone Star | N/A | 55,000 |
| TOTAL TEXAS GOVERNOR | | <u>55,000</u> |
| TOTAL EXPENDITURES OF STATE AWARDS | | <u><u>\$ 3,771,738</u></u> |

GONZALES COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| Federal Grantor/ Pass-Through Grantor/ Program Title | Assistance Listing Number | Pass through Identifying Number | Federal Expenditures |
|--|---------------------------------|---------------------------------------|----------------------------|
| DEPARTMENT OF THE TREASURY | | | |
| <i>Direct Program</i> | | | |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 | N/A | <u>\$ 4,047,343</u> |
| TOTAL DEPARTMENT OF THE TREASURY | | | <u>4,047,343</u> |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| <i>Passed through the General Land Office</i> | | | |
| Community Development Block Grant | 14.228 | D305 / C139 | <u>1,007,697</u> |
| TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | <u>1,007,697</u> |
| DEPARTMENT OF JUSTICE | | | |
| <i>Passed through the Institute for Intergovernmental Research</i> | | | |
| Southwest Border (SWB) Rural and Tribal Assistance | 16.738 | N/A | 115,575 |
| <i>Direct Program</i> | | | |
| State Criminal Alien Assistance Program | 16.606 | N/A | <u>20,499</u> |
| TOTAL DEPARTMENT OF JUSTICE | | | <u>136,074</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 5,191,114</u></u> |

GONZALES COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

The accompanying schedules of expenditures of federal and state awards include the grant activity of the County and is presented on the modified accrual basis of accounting. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenue in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable.

Federal and state grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unearned revenue until earned.

The information in these schedules is presented in accordance with the requirements of the State of Texas Single Audit Circular (“Audit Circular”) and Uniform Guidance. The Audit Circular was issued under the authority of the Texas Government Code, Chapter 783, entitled Uniform Grant and Contract Management. This circular sets standards for obtaining consistency and uniformity among state agencies for the coordinated audit of local governments expending any state awards. Because the schedules present only a selected portion of the operations of the County, it is not intended to and does not present the financial position of the County.

During the year ending September 30, 2022, the County did not provide any federal or state awards to subrecipients.

The County did not use the 10% de minimis indirect cost rate as allowed by Uniform Guidance.