

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
VAN ZANDT COUNTY APPRAISAL DISTRICT

*FOR*  
*FISCAL YEAR ENDED*  
*DECEMBER 31, 2005*

PREPARED BY:  
VAN ZANDT COUNTY APPRAISAL DISTRICT  
FINANCE COMMITTEE

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

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## INTRODUCTORY SECTION

# Van Zandt County Appraisal District

27867 W. Hwy. 64  
P.O. Box 926  
Canton, Texas 75103

March 27, 2006

Chairman and Board of Directors  
Van Zandt County Appraisal District  
Canton, Texas

Dear Chairman and Board of Directors:

The Comprehensive Annual Financial Report (CAFR) of the Van Zandt County Appraisal District for the year ended December 31, 2005, is submitted herewith. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

In 2005, the District issues its second year of financial statements under the new reporting model required as part of governmental financial reporting. The new reporting model issued by the Governmental Accounting Standards Board requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter and a list of principal officials. The financial section includes the MD&A, Government-wide and Major Fund presentations, Required Supplementary Information, Combining Individual Fund Statements, as well as the independent auditors' report on the financial statements and schedules.

## GENERAL INFORMATION – VAN ZANDT COUNTY APPRAISAL DISTRICT

The Van Zandt County Appraisal District is a quasi-governmental entity which appraises all property in Van Zandt County for the purpose of determining the appropriate amount of property taxes to be levied by the County, City, Junior College Districts, and School Districts in Van Zandt County. The Appraisal District is managed by Chief Appraiser, Ms. Brenda Barnett who reports to a Board of Directors, which is the governing body of the district and whose individual members are individually listed on the enclosed "Roster of Officials."

## ECONOMIC CONDITIONS AND OUTLOOK

The Van Zandt County Appraisal District's revenues are influenced by the economic conditions of the county because collection and appraisal of property taxes on behalf of member government organizations for a fee is the main source of revenue. These fees are structured based on several factors which include significantly the size of the taxpayer base. Therefore, growth or decline of population represents an economic event to the Van Zandt County Appraisal District.

Currently, conditions in the county appear to be stable with increased growth prospects due to the growing importance of the major highway system such as I-20. Most forecasts point to continued growth over the next few years along major thoroughfares.

## MAJOR INITIATIVES

The District has successfully completed yet another software conversion for 2005. The collections side of the system is proving to be very efficient and effective.

The next major initiative will be to add much needed floor space to the Appraisal District's current facility.

## FINANCIAL INFORMATION

### Accounting Procedures and Budgetary Controls

The District's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the District's financial management staff, and expenditure estimates by each District department. Budgets are reviewed by the administration. The chief appraiser makes final decisions and submits a recommended budget to the Board of Directors.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the chief appraiser and the Board of Directors concurrent with review of the proposed budget. This re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the Board of Directors prior to the end of the current fiscal year.

## OTHER INFORMATION

Independent Audit The District has engaged the firm of Conway Company CPAs, P.C. to perform the annual audit and their opinion has been included in this report. It should be noted that the auditors included all funds in their audit, performed their audit in accordance with generally accepted auditing standards, and stated that, in their opinion, the statements herein present fairly, in all material respects, the financial position of the District at December 31, 2005, and the changes in financial position and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Acknowledgements

Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the District employees throughout the organization, especially those employees of the Accounting Department who were instrumental in the successful completion of this report.

Our appreciation is also extended to the Board of Directors for providing the resources necessary to maintain the integrity of the District's financial affairs.

Respectfully submitted,

Brenda Barnett  
CHIEF APPRAISER

**Roster of Officials**

**Ben Bratcher, DDS**

**W.A. Daniels**

**Charles Ellis**

**Kellie LaPrade**

**Bobby Mayfield**

**Brenda Barnett, Chief Appraiser**

**FINANCIAL SECTION**





Michael Conway, CPA  
Neil Conway, CPA

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Metro (903) 450-1200

## CONWAY COMPANY CPAs PC

### ACCOUNTANTS & ADVISORS

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Website [www.conwaycpas.com](http://www.conwaycpas.com)

*Member*  
American Institute of CPAs  
Texas Society of CPAs

Office (903) 455-9898  
Facsimile (903) 454-3181

March 27, 2006

### Independent Auditor's Report on Financial Statements

Chair and Board of Directors  
Van Zandt County Appraisal District

Chair and Board of Directors:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Van Zandt County Appraisal District (the District) as of and for the years ended December 31, 2005 and 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Van Zandt County Appraisal District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the Van Zandt County Appraisal District as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the budgetary information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

CONWAY COMPANY CPAS, P.C.

*Conway Company CPAs, P.C.*

# VAN ZANDT COUNTY APPRAISAL DISTRICT

## MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2005

As management of the Van Zandt County Appraisal District (the District), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2005. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's financial statements, which follow this narrative.

### Financial Highlights

- The assets of the Van Zandt County Appraisal District exceeded its liabilities at the close of the fiscal year by \$537,845 (net assets).
- The government's total net assets decreased by (\$11,235), due to a decrease in the government-type activities net assets.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$537,845, a decrease of (\$11,235) in comparison with the prior year. Approximately 62% of this total amount, or \$332,523, is available for spending at the government's discretion (unreserved fund balance).
- The District continues to have no long-term debt.

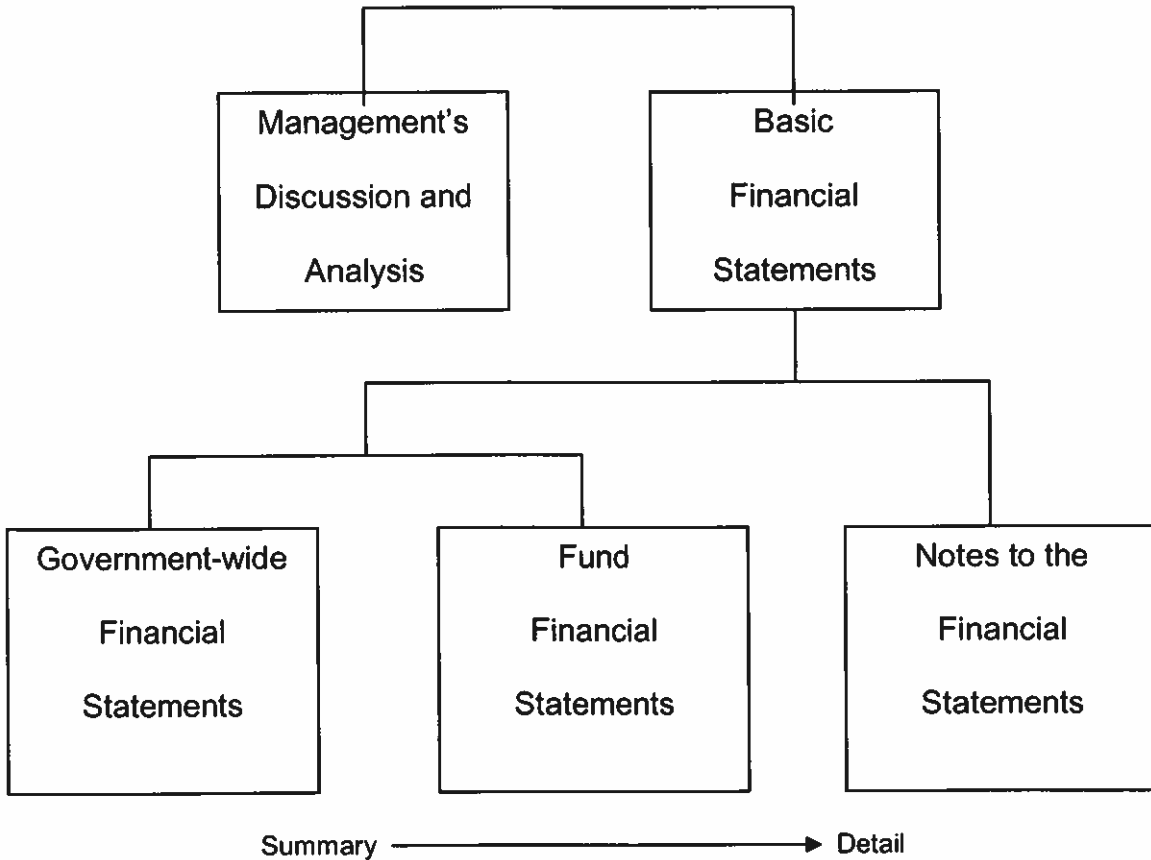
### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the District through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Van Zandt County Appraisal District.

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS**

**Required Components of Annual Financial Report**

**Figure 1**



**Basic Financial Statements**

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the District's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the District's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the District's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

# VAN ZANDT COUNTY APPRAISAL DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS

## Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the District's financial status as a whole.

The two government-wide statements report the District's net assets and how they have changed. Net assets are the difference between the District's total assets and total liabilities. Measuring net assets is one way to gauge the District's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the District's basic services such as general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the District charges customers to provide. Currently, the District has no business-type activities. The final category is the component unit. Currently, the District does not have significant activity in its component units.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

## Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the District's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like all other governmental entities in Texas, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the District's budget ordinance. All of the funds of the District can be placed in one category, governmental funds, since no proprietary funds exist within the District.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the District's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the District's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The District adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the District, the management of the District, and the decisions of the council about which services to provide and how to pay for them. It also authorizes the District to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the District complied with the budget ordinance and whether or not the District succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows three columns: 1) the final budget as amended by the board; 2) the actual resources, charges to appropriations, and ending balances in the General Fund; and 3) the difference or variance between the final budget and the actual resources and charges. To account for the

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS**

difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – The District currently has no proprietary funds.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 19 to 28 of this report.

**Other Information** – Required supplementary information can be found beginning on page 29 of this report.

**Government-Wide Financial Analysis**

The government-wide financial statements for the fiscal year ended December 31, 2005 continue the implementation of a new standard of financial reporting for the District, and many other units of government across the United States. Prior to fiscal year 2004, the District maintained their governmental and proprietary fund groups as two separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the District. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the District's financial reports as well as those of many other units of government. While the District was required to implement these changes for the fiscal year ended December 31, 2004, other units were required to implement Statement 34 in 2002 and 2003.

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS**

**Van Zandt County Appraisal District's Net Assets**

**Figure 2**

	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 473,909	\$ 496,668
Capital assets	205,322	219,286
<b>Total assets</b>	<b>\$ 679,231</b>	<b>\$ 715,954</b>
Current liabilities	\$ 141,386	\$ 166,874
Long-term liabilities	-	-
<b>Total liabilities</b>	<b>\$ 141,386</b>	<b>\$ 166,874</b>
Net assets:		
Invested in capital assets, net of related debt	\$ 205,322	\$ 219,286
Unrestricted	332,523	329,794
<b>Total net assets</b>	<b>\$ 537,845</b>	<b>\$ 549,080</b>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The net assets of the District exceeded liabilities by \$537,845 as of December 31, 2005. The District's net assets decreased by (\$11,235) for the fiscal year ended December 31, 2005. A large portion (38.17%) reflects the District's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The District uses these capital assets to provide services to its members; consequently, these assets are not available for future spending.

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS**

**The Van Zandt County Appraisal District Changes in Net Assets**

**Figure 3**

	<u>Appraisal Fund</u>	<u>Collections Fund</u>	<u>2005 Totals</u>	<u>2004 Totals</u>
<b>REVENUE</b>				
Cost Shares	\$ 719,707	\$ 210,145	\$ 929,852	\$ 909,397
Tax Certificates	-	41,360	41,360	41,070
Other Income	11,992	2,347	14,339	40,106
<b>Total Revenues</b>	<u>\$ 731,699</u>	<u>\$ 253,852</u>	<u>\$ 985,551</u>	<u>\$ 990,573</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Salaries	\$ 517,584	\$ 173,365	\$ 690,949	\$ 594,664
Contractual Services	122,118	22,804	144,922	145,200
Supplies	37,297	31,365	68,662	55,665
Depreciation	26,909	-	26,909	26,903
Other	63,825	9,128	72,953	63,986
<b>Total Expenditures</b>	<u>\$ 767,733</u>	<u>\$ 236,662</u>	<u>\$ 1,004,395</u>	<u>\$ 886,418</u>
<b>Excess of revenues over expenditures</b>	\$ (36,034)	\$ 17,190	\$ (18,844)	\$ 104,155
<b>Other Revenues and Financing Sources (uses)</b>				
Operating Transfers In	29,903	1,426	31,329	31,084
Operating Transfers Out	(1,426)	(29,903)	(31,329)	(31,084)
Interest Income	7,413	194	7,607	4,203
Sale of Assets	-	-	-	-
<b>Total Other Financing Sources (uses)</b>	<u>\$ 35,890</u>	<u>\$ (28,283)</u>	<u>\$ 7,607</u>	<u>\$ 4,203</u>
<b>Excess of revenues and other financing sources over (under) expenditures and other financing u:</b>	\$ (144)	\$ (11,093)	\$ (11,237)	\$ 108,358
<b>Fund Balances/Equity, January 1</b>	549,080	-	549,080	440,722
<b>Prior Period Adjustments</b>	-	-	-	-
<b>Fund Balances/Equity, December 31</b>	<u>\$ 548,936</u>	<u>\$ (11,093)</u>	<u>\$ 537,843</u>	<u>\$ 549,080</u>

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS**

**Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the District's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District has two major funds, the appraisal fund and the collection fund. The appraisal fund is used to account for activity related to appraising property values for its member cities. In contrast, the collections fund is used to account for activity related to collections of funds for its member cities.

**General Fund Budgetary Highlights:** During the fiscal year, the District revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were slightly more than the budgeted amounts mainly in the areas of collections. However, expenditures were generally in line with budgeted amounts.

**Proprietary Funds** - The District has no proprietary funds.



**VAN ZANDT COUNTY APPRAISAL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS**

**Capital assets** - The District's investment in capital assets for its governmental activities as of December 31, 2005, totals \$205,322 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- The District continued to update current computer systems infrastructure.
- No major demolitions were recorded this year.

**Figure 4**

**Van Zandt County Appraisal District  
Capital Assets  
As of December 31, 2005**

	Capital Assets
Land	\$ 10,994
Buildings	189,330
Furniture & Fixtures	54,842
Computer Equipment	279,239
GIS Equipment	202,864
Office Equipment	51,512
Construction in Progress	1,485
Accumulated Depreciation	(584,944)
Total	<u>\$ 205,322</u>

**Long-term Debt** - As of December 31 2005, the District had no bonded debt.

**Requests for Information**

This report is designed to provide an overview of the District's finances for those with an interest in this area. Questions concerning the information found in this report or requests for additional information should be directed to the Chief Appraiser, Van Zandt County Appraisal District.

## BASIC FINANCIAL STATEMENTS

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	
Unrestricted	\$ 472,473
Restricted	-
Receivables (net of allow for uncollectibles)	
Taxes	-
Fees and Services	1,436
Notes Receivable	-
Property, Plant & Equipment	
Land	10,994
Furniture & Fixtures	54,842
Buildings	189,330
Computer & DP Equipment	279,239
GIS Equipment	202,864
Office Equipment	51,512
Construction in Progress	1,485
Accumulated Depreciation	(584,944)
<b>Total Assets</b>	<u>\$ 679,231</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 6,720
Deferred Revenue	134,666
<b>Total Liabilities</b>	<u>\$ 141,386</u>
<b>NET ASSETS</b>	
Invested in capital assets (net of related debt)	\$ 205,322
Unrestricted	332,523
<b>Total Net Assets</b>	<u>\$ 537,845</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 679,231</u>

The notes to the financial statements are an integral part of these financial statements

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Program Revenues</u>				<b>Net (Expense)</b>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<b>Revenue and Changes in Net Assets</b>
					<u>Total</u>
<b>Function/Program Activities</b>					
<b>Primary Government</b>					
Governmental Activities:					
Appraisal	\$ 767,732	\$ 731,699	\$ -	\$ -	\$ (36,033)
Collections	236,662	253,852	-	-	17,190
<b>Total governmental activities</b>	<u>\$ 1,004,394</u>	<u>\$ 985,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,843)</u>
			General revenues:		
			Interest Income	\$ 7,608	
			Total general revenues	<u>\$ 7,608</u>	
			Change in net assets	\$ (11,235)	
			Net assets - beginning	549,080	
			Net assets - ending	<u>\$ 537,845</u>	

The notes to the financial statements are an integral part of these financial statements

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
BALANCE SHEET - GOVERNMENT FUNDS  
DECEMBER 31, 2005**

	<u>Appraisal Fund</u>	<u>Collections Fund</u>	<u>Total</u>
<b>ASSETS AND OTHER DEBITS</b>			
<b>ASSETS</b>			
Cash and Investments			
Unrestricted	\$ 468,364	\$ 4,109	\$ 472,473
Receivables (net of allowances for uncollectibles)			
Fees and Services	1,435	-	1,435
<b>Total Assets</b>	<u>\$ 469,799</u>	<u>\$ 4,109</u>	<u>\$ 473,908</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 6,722	\$ -	\$ 6,722
Deferred Revenue	134,665	-	134,665
<b>Total Liabilities</b>	<u>\$ 141,387</u>	<u>\$ -</u>	<u>\$ 141,387</u>
<b>Fund Balances</b>			
Unreserved-Undesignated	\$ 328,412	\$ 4,109	\$ 332,521
<b>Total Fund Balances</b>	<u>\$ 328,412</u>	<u>\$ 4,109</u>	<u>\$ 332,521</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 469,799</u>	<u>\$ 4,109</u>	<u>\$ 473,908</u>

The accompanying notes are an integral part of these financial statements

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2005**

Total fund balances - governmental funds balance sheet	\$ 332,521
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	205,324
Net assets of governmental activities - statement of net assets	<u>\$ 537,845</u>

The notes to the financial statements are an integral part of these financial statements

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENT FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Appraisal Fund</u>	<u>Collections Funds</u>	<u>Total Funds</u>
<b>REVENUE</b>			
Cost Shares	\$ 719,707	\$ 210,145	\$ 929,852
Tax Certificates	-	41,360	41,360
Other Income	11,992	2,347	14,339
<b>Total Revenues</b>	<u>\$ 731,699</u>	<u>\$ 253,852</u>	<u>\$ 985,551</u>
<b>EXPENDITURES</b>			
Current:			
Salaries	\$ 371,049	\$ 116,677	\$ 487,726
Retirement	20,500	8,557	29,057
Health Insurance	102,500	39,576	142,076
Workmen's Compensation	(93)	39	(54)
Unemployment Insurance	177	193	370
Social Security Benefits	23,451	8,323	31,774
Legal Fees	486	1,532	2,018
Audit and Accounting Fees	5,420	15,438	20,858
DP Supplies	27,224	-	27,224
Capital Appraisal	62,500	-	62,500
Deed Copies	980	-	980
Building Maintenance	7,027	1,100	8,127
Equipment Repair & Rental	44	21	65
Utilities	9,221	1,753	10,974
Telephone	4,027	1,983	6,010
Miscellaneous	5,191	977	6,168
Books & Subscriptions	1,384	-	1,384
Supplies	16,304	3,975	20,279
Postage	17,514	25,781	43,295
Copier Supplies	1,247	691	1,938
Legal Notice	847	918	1,765
ARB Expense	6,583	-	6,583
Travel Allowance	42,106	2,979	45,085
Insurance	6,857	3,489	10,346
Education	4,892	1,040	5,932
Fees, Dues & Memberships	3,034	634	3,668
Facilities Improvement	2,475	-	2,475
Equipment	6,317	3,500	9,817
Furniture & Fixtures	248	1,743	1,991
<b>Total Expenditures</b>	<u>\$ 749,512</u>	<u>\$ 240,919</u>	<u>\$ 990,431</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (17,813)</b>	<b>\$ 12,933</b>	<b>\$ (4,880)</b>
<b>Other Revenues and Financing Sources (uses)</b>			
Operating Transfers	\$ 24,220	\$ (24,220)	\$ -
Interest Income	7,413	194	7,607
<b>Total Other Financing Sources (uses)</b>	<u>\$ 31,633</u>	<u>\$ (24,026)</u>	<u>\$ 7,607</u>
<b>Net Change in Fund Balances</b>	<b>\$ 13,820</b>	<b>\$ (11,093)</b>	<b>\$ 2,727</b>
<b>Fund Balances/Equity, October 1</b>	<u>314,592</u>	<u>15,202</u>	<u>329,794</u>
<b>Fund Balances/Equity, September 30</b>	<u>\$ 328,412</u>	<u>\$ 4,109</u>	<u>\$ 332,521</u>

The notes to the financial statements are an integral part of these financial statements

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

Net change in fund balances - total governmental funds \$ 2,727

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 reports as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (13,962)

Change in net assets of governmental activities - statement of activities \$ (11,235)



**VAN ZANDT COUNTY APPRAISAL DISTRICT  
STATEMENT OF CASH FLOWS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 971,202
Cash Received from Other Sources	14,339
Cash Paid to Employees and Suppliers	<u>(1,027,031)</u>
Net Cash Provided by Operating Activities	<u>\$ (41,490)</u>
Cash Flows from Non-capital Financing Activities	
Interest Income	<u>\$ 7,608</u>
Net Cash Provided by Non-capital Financing Activities	<u>\$ 7,608</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition or Construction of Capital Assets	\$ (12,944)
Depreciation	26,909
Net Cash Used for Capital & Related Financing Activities	<u>\$ 13,965</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (19,917)
Cash and Cash Equivalents at Beginning of Year	492,390
Cash and Cash Equivalents at End of Year	<u><u>\$ 472,473</u></u>

The notes to the financial statements are an integral part of these financial statements

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**A. Summary of Significant Accounting Policies**

The combined financial statements of Van Zandt County Appraisal District (the District) have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**1. Reporting Entity**

The Van Zandt County Appraisal District is a quasi-governmental entity which appraises all property in Van Zandt County for the purpose of determining the appropriate amount of property taxes to be levied by the County, District, Junior College Districts, and School Districts in Van Zandt County. The Appraisal District is managed by Chief Appraiser, Ms. Brenda Barnett who reports to a Board of Directors, which is the governing body of the district and whose individual members are individually listed on the enclosed "Roster of Officials".

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity", include whether:

- the organization is legally separate (can sue and be sued in its name).
- the District holds the corporate powers of the organization.
- the District appoints a voting majority of the organization's board.
- the District is able to impose its will on the organization.
- the organization has the potential to impose a financial benefit/burden on the District.
- there is fiscal dependency by the organization on the District.

Based on these criteria, the District has no component units. Additionally, based on this criteria the District is not a unit of any other reporting entity as defined by the GASB Statement.

The Van Zandt County Appraisal District is not a component unit of any other reporting entity as defined by the the GASB Statement.

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

**Government-wide Statements:** The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through appraisal and collection services, intergovernmental revenues, and other non-exchange transactions. Business-type activities are activities charged to external parties as arms-length transactions. Currently, none of the Districts activities qualify as a business-type activity. The activities charged to its member cities are considered intergovernmental.

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**A. Summary of Significant Accounting Policies**

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation (continued)**

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

Appraisal Fund  
Collections Fund

The District reports the following major business-type funds:

None

**b. Measurement Focus, Basis of Accounting**

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**A. Summary of Significant Accounting Policies**

**2. Basis of Presentation, Basis of Accounting**

**b. Measurement Focus, Basis of Accounting (continued)**

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply future FASB standards.

**3. Financial Statement Amounts**

**a. Cash and Cash Equivalents**

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

**b. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

**A. Summary of Significant Accounting Policies**

**3. Financial Statement Amounts**

**b. Property Taxes (continued)**

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**c. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. A capitalization threshold of \$500 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30-45
Buildings	45
Building Improvements	15-20
Vehicles	6
Office Equipment	3-10
Computer Equipment	3-7

**d. Receivable and Payable Balances**

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

**A. Summary of Significant Accounting Policies**

**3. Financial Statement Amounts (continued)**

**e. Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

**f. Use of Estimates**

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

**B. Compliance and Accountability**

**1. Finance-Related Legal and Contractual Provisions**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

**2. Deficit Fund Balance or Fund Net Assets of Individual Funds**

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>
None reported	Not applicable

**C. Deposits and Investments**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository banks dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**C. Deposits and Investments (continued)**

**Cash Deposits:**

At December 31, 2005, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$472,473, and the bank balance was \$504,282. The District's cash deposits at December 31, 2005 and during the year ended December 31, 2005, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

- Category 1 - Deposits which are insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 - Deposits which are collateralized with securities held by the pledging financial institutions trust department or agent in the District's name.
- Category 3 - Deposits which are not collateralized or insured.

Based on these three levels of risk, all of the District's cash deposits are classified as category 2.

**Investments:**

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

**Investment Accounting Policy**

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "non-participating" means that the investments value does not vary with market interest rate changes. Non-negotiable certificates of deposits are examples of nonparticipating interest-earning investment contracts.

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

**D. Capital Assets**

Capital asset activity for the period ended December 31, 2005 was as follows:

	Beginning Balances	Prior Period Adjustments	Additions	Decreases	Ending Balances
<b>Governmental activities:</b>					
Land	\$ 10,994	\$ -	\$ -	\$ -	\$ 10,994
Buildings	188,340	-	990	-	189,330
Furniture and Fixtures	53,789	-	1,053	-	54,842
Machinery and Equipment	254,376	-	-	-	254,376
Computers	269,822	-	9,417	-	279,239
Constuction in Progress	-	-	1,485	-	1,485
<b>Total</b>	<b>\$ 777,321</b>	<b>\$ -</b>	<b>\$ 12,945</b>	<b>\$ -</b>	<b>\$ 790,266</b>
<b>Accumulated Depreciation</b>	<b>Beginning Balances</b>	<b>Prior Period Adjustments</b>	<b>Additions</b>	<b>Decreases</b>	<b>Ending Balances</b>
Buildings	\$ (51,282)	\$ -	\$ (5,324)	\$ -	\$ (56,606)
Furniture and Fixtures	(49,612)	-	(794)	-	(50,406)
Machinery and Equipment	(238,358)	-	(6,047)	-	(244,405)
Computers	(218,783)	-	(14,744)	-	(233,527)
<b>Total</b>	<b>\$ (558,035)</b>	<b>\$ -</b>	<b>\$ (26,909)</b>	<b>\$ -</b>	<b>\$ (584,944)</b>

**E. Long-Term Obligations**

The District currently has no long-term debt.

**F. Pension Plan**

**1. Plan Description**

The District provides pension benefits for all of its full-time employees through a non-traditional defined-benefit pension plan in the state-wide Texas County and District Retirement System (TCDRS), one of 559 administered by TCDRS, an agent multiple-employer public employee retirement system. Benefits depend upon the sum of the employees contributions to the plan, with interest, and the District-financed contributions, with interest. Each participating employer chooses the rate of employee deposits, which currently is up to 7% of the employee's gross wages, and the level and type of employee benefits it desires from options available under the TCDRS Act. Each employer is solely responsible for funding the benefits it selects. Currently, the matching portion is fully vested after eight years.

The assets of the individual employer retirement plans are accounted for separately, but are pooled for investment purposes. Each plan's assets may be used only for the payment of benefits to the members of that plan. Adequacy of funding is determined annually be an actuarial valuation for each participating employer plan. The TCDRS Act requires that each employer maintain an adequate level of actuarial funding to meet its obligations and has in place corrective actions for plans that become inadequately funded.



**VAN ZANDT COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

**F. Pension Plan (continued)**

Employee Deposit Rate: 7%  
 District Contribution Rate: 6.48%  
 A member is vested after 8 yrs  
 Members can retire at certain ages, based on their age and years of service with the District.  
 The Service Retirement Eligibilities for the District are: employees age plus years of service must equal 75.

Van Zandt County Appraisal District  
 Schedule of Actuarial Liabilities and Funding Progress

	12/31/2002	12/31/2003	12/31/2004
Actuarial Valuation Date			
Actuarial Value of Assets	\$ 108,346	\$ 187,535	\$ 250,391
Actuarial Accrued Liability	164,251	213,393	262,047
Percentage Funded	65.96%	87.88%	95.55%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	55,905	25,858	11,656
Annual Covered Payroll	372,462	389,642	402,263
UAAL as a Percentate of Covered Payroll	15.00%	6.64%	2.90%
Net Pension Obligation (NPO) at the Beginning of Period			
Annual Pension Cost:			
Annual required contribution (ARC) Plus	28,531	\$ 29,806	\$ 27,538
Contributions Made Less	(28,531)	(29,806)	(27,538)
NPO at the end of the period	\$ -	\$ -	\$ -

**G. Health Care Coverage**

During the year ended December 31, 2005, employees of the District were covered by a health insurance plan (the Plan). The District contributed \$800 per month per employee and 0% of the cost for dependents. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third party administrator, acting on behalf of the self-funded pool. The Plan was authorized by article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$125,000 and for aggregate loss. According to the latest actuarial opinion dated October 1, 2005, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

**I. Insurance Coverage**

Below is a schedule of insurance in force.

Company	Policy Number	Description of Coverage	Amount of Coverage	Period Covered	Premium	Deductible
<b>Liability Coverage:</b>						
TX Municipal League	5270	General	\$ 1,000,000 per occurrence	10/01/05 to 10/01/06	\$ 1,161	\$ 2,500
TX Municipal League	5270	Automobile	\$ 500,000 per occurrence	10/01/05 to 10/01/06	\$ 57	\$ -
TX Municipal League	5270	Errors & Omissions	\$ 1,000,000 per occurrence	10/01/05 to 10/01/06	\$ 1,443	\$ -
TX Municipal League	5270	Workers Comp	N/A	10/01/05 to 10/01/06	\$ 2,752	\$ -
Western Surety	6863 7233	Honesty Enforcement	\$ 100,000 per claim	8/27/05 to 8 /27/06	\$ 540	\$ -
Western Surety	6863 7233	Public Official Bond	\$ 100,000 per claim	1/05/05 to 1/05/06	\$ 350	\$ -
<b>Property Coverage:</b>						
TX Municipal League	5270	Real and Personal	593,300 per accident	10/01/05 to 10/01/06	\$ 1,548	\$ 250
TX Municipal League	5270	Automobile-Phys. Damage	500,000 per occurrence	10/01/05 to 10/01/06	Included	\$ -

**J. Litigation**

The District is party to several legal actions arising in the ordinary course of business. In each of these cases, the District serves as one of the parties on the side of the plaintiff which involves collection of unpaid property taxes.

Management was unaware of any material pending or threatened litigation as of December 31, 2005 where the District is the defendant.

**K. Contingent Liabilities**

The District serves as a custodian of a collection clearing account which is currently held with the American National Bank. The funds in this account represent the collection of taxes for the benefit of the taxing entities within the county and are distributed on the first of the next month following collections. The District acts only as a fiduciary for these funds and therefore they are not included in the balance sheet.

The undistributed funds in the account as of December 31, 2005 were \$9,920,294. The interest earned on the undistributed funds is allocated back to the entities as of the last day of February and the last day of August of each year. The American National Bank maintains pledged securities in an amount sufficient to protect these funds on a day to day basis during the period of the contract.

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**L. Deferred Revenue**

Deferred Revenue recorded by the District in the amount of \$134,666 represents 2006 revenue collected for appraisal fees and collection fees prior to December 31, 2005.

**M. Interfund Transfers**

	<u>Transfers Out</u>	<u>Transfers In</u>
Appraisal Fund	\$ -	\$ 24,220
Collection Fund	24,220	-
Total Transfers	<u>\$ 24,220</u>	<u>\$ 24,220</u>

REQUIRED SUPPLEMENTARY INFORMATION

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Combined Actual</u>	<u>Difference</u>
<b>REVENUE</b>				
Cost Shares	\$ 929,353	\$ 929,353	\$ 929,852	\$ 499
Tax Certificates	43,500	43,500	41,360	(2,140)
Other Income	33,200	33,200	14,339	(18,861)
<b>Total Revenues</b>	<u>\$ 1,006,053</u>	<u>\$ 1,006,053</u>	<u>\$ 985,551</u>	<u>\$ (20,502)</u>
<b>EXPENDITURES</b>				
Current:				
Salaries	\$ 456,945	\$ 456,945	\$ 487,726	\$ (30,781)
Retirement	34,731	34,731	29,057	5,674
Health Insurance	168,000	168,000	142,076	25,924
Workmen's Compensation	2,423	2,423	(54)	2,477
Unemployment Insurance	3,084	3,084	370	2,714
Social Security Benefits	34,932	34,932	31,774	3,158
Legal Fees	2,400	2,400	2,018	382
Audit and Accounting Fees	38,680	38,680	20,858	17,822
DP Supplies	43,320	43,320	27,224	16,096
Capital Governmental	62,000	62,000	62,500	(500)
Deed Copies	1,000	1,000	980	20
Building Maintenance	7,474	7,474	8,127	(653)
Equipment Repair & Rental	3,100	3,100	65	3,035
Utilities	9,500	9,500	10,974	(1,474)
Telephone	6,464	6,464	6,010	454
Miscellaneous	7,000	7,000	6,168	832
Books & Subscriptions	650	650	1,384	(734)
Supplies	20,000	20,000	20,279	(279)
Postage	39,000	39,000	43,295	(4,295)
Copier Supplies	2,250	2,250	1,938	312
Legal Notice	1,500	1,500	1,765	(265)
ARB Expense	5,000	5,000	6,583	(1,583)
Travel Allowance	40,500	40,500	45,085	(4,585)
Insurance	5,800	5,800	10,346	(4,546)
Education	8,000	8,000	5,932	2,068
Fees, Dues & Memberships	3,950	3,950	3,668	282
Facilities Improvement	-	-	2,475	(2,475)
Equipment	2,000	2,000	9,817	(7,817)
Furniture & Fixtures	600	600	1,991	(1,391)
<b>Total Expenditures</b>	<u>\$ 1,010,303</u>	<u>\$ 1,010,303</u>	<u>\$ 990,431</u>	<u>\$ 19,872</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (4,250)</b>	<b>\$ (4,250)</b>	<b>\$ (4,880)</b>	<b>\$ (630)</b>
<b>Other Revenues and Financing Sources (uses)</b>				
Interest Income	4,250	4,250	7,607	(3,357)
<b>Total Other Financing Sources (uses)</b>	<u>\$ 4,250</u>	<u>\$ 4,250</u>	<u>\$ 7,607</u>	<u>\$ (3,357)</u>
<b>Net Change in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,727</b>	<b>\$ (3,987)</b>
<b>Fund Balances/Equity, October 1</b>	<u>329,794</u>	<u>329,794</u>	<u>329,794</u>	<u>-</u>
<b>Fund Balances/Equity, September 30</b>	<u>\$ 329,794</u>	<u>\$ 329,794</u>	<u>\$ 332,521</u>	<u>\$ (2,727)</u>

The notes to the financial statements are an integral part of these financial statements

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
 BUDGET VS. ACTUAL  
 APPRAISAL ACCOUNT  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Difference</u>
<b>REVENUE</b>				
For Appraisal Services				
Canton Independent School District	\$ 154,437	\$ 154,437	\$ 148,911	\$ (5,526)
City of Edgewood	5,054	5,054	4,738	(316)
Edgewood Independent School District	46,052	46,052	46,501	449
Fruitvale Independent School District	13,485	13,485	13,573	88
City of Grand Saline	9,694	9,694	9,284	(410)
Grand Saline Independent School District	50,287	50,287	48,244	(2,043)
Martins Mill Independent School District	20,354	20,354	19,026	(1,328)
City of Van	12,917	12,917	11,280	(1,637)
Van Independent School District	115,794	115,794	110,582	(5,212)
City of Wills Point	13,240	13,240	18,426	5,186
Wills Point Independent School District	125,087	125,087	118,551	(6,536)
Van Zandt County	140,558	140,558	154,929	14,371
Trinity Valley Community College	944	944	926	(18)
Tyler Junior College	11,502	11,502	14,348	2,846
Van Zandt County Fire Prevention District #1	302	302	388	86
Total for Appraisal Services	<u>\$ 719,707</u>	<u>\$ 719,707</u>	<u>\$ 719,707</u>	<u>\$ -</u>
Additional Income				
Other Income	<u>\$ 18,500</u>	<u>\$ 18,500</u>	<u>\$ 11,992</u>	<u>\$ (6,508)</u>
Total Additional Income	<u>\$ 18,500</u>	<u>\$ 18,500</u>	<u>\$ 11,992</u>	<u>\$ (6,508)</u>
Total Revenues	<u>\$ 738,207</u>	<u>\$ 738,207</u>	<u>\$ 731,699</u>	<u>\$ (6,508)</u>

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
 BUDGET VS. ACTUAL  
 APPRAISAL ACCOUNT  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Difference</b>
<b>EXPENDITURES</b>				
Salaries	\$ 331,120	\$ 331,120	\$ 371,049	(39,929)
Retirement	25,383	25,383	20,500	4,883
Health Insurance	126,000	126,000	102,500	23,500
Workmen's Compensation	1,773	1,773	(93)	1,866
Unemployment Insurance	2,257	2,257	177	2,080
Social Security Benefits	25,544	25,544	23,451	2,093
Legal Fees	1,000	1,000	486	514
Audit and Accounting Fees	4,800	4,800	5,420	(620)
DP Supplies	43,320	43,320	27,224	16,096
Capital Appraisal	62,000	62,000	62,500	(500)
Deed Copies	1,000	1,000	980	20
Building Maintenance	5,606	5,606	7,027	(1,421)
Equipment Repair & Rental	2,100	2,100	44	2,056
Utilities	8,000	8,000	9,221	(1,221)
Telephone	4,352	4,352	4,027	325
Miscellaneous	4,500	4,500	5,191	(691)
Books & Subscriptions	650	650	1,384	(734)
Supplies	13,800	13,800	16,304	(2,504)
Postage	16,500	16,500	17,514	(1,014)
Copier Supplies	1,500	1,500	1,247	253
Legal Notice	650	650	847	(197)
ARB Expense	5,000	5,000	6,583	(1,583)
Travel Allowance	39,000	39,000	42,106	(3,106)
Insurance	4,350	4,350	6,857	(2,507)
Education	6,000	6,000	4,892	1,108
Fees, Dues & Memberships	3,500	3,500	3,034	466
Facilities Improvement	-	-	2,475	(2,475)
Equipment	1,000	1,000	6,317	(5,317)
Furniture & Fixtures	300	300	248	52
<b>Total Expenditures</b>	<b>\$ 741,005</b>	<b>\$ 741,005</b>	<b>\$ 749,512</b>	<b>\$ (8,507)</b>

The notes to the financial statements are an integral part of these financial statements

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
 BUDGET VS. ACTUAL  
 COLLECTIONS ACCOUNT  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Orginal Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Difference</u>
<b>REVENUE</b>				
For Collections Services				
Canton Independent School District	\$ 15,943	\$ 15,943	\$ 16,096	\$ 153
City of Edgewood	1,830	1,830	1,807	(23)
Edgewood Independent School District	8,419	8,419	8,513	94
Fruitvale Independent School District	3,450	3,450	3,514	64
City of Grand Saline	2,816	2,816	2,798	(18)
Grand Saline Independent School District	8,916	8,916	8,818	(98)
Martins Mill Independent School District	3,744	3,744	3,703	(41)
City of Van	4,821	4,821	4,736	(85)
Van Independent School District	26,385	26,385	26,340	(45)
City of Wills Point	3,472	3,472	3,467	(5)
Wills Point Independent School District	20,559	20,559	20,574	15
Van Zandt County	83,668	83,668	83,839	171
Trinity Valley Community College	3,717	3,717	3,648	(69)
Tyler Junior College	21,905	21,905	21,792	(113)
Van Zandt County Fire Prevention District #1	500	500	500	-
Total for Collections Services	<u>\$ 210,145</u>	<u>\$ 210,145</u>	<u>\$ 210,145</u>	<u>\$ -</u>
Additional Income				
Tax Certificates	\$ 43,500	\$ 43,500	\$ 41,360	\$ (2,140)
Other Income	14,200	14,200	2,347	(11,853)
Total Additional Income	<u>\$ 57,700</u>	<u>\$ 57,700</u>	<u>\$ 43,707</u>	<u>\$ (13,993)</u>
<b>Total Revenues</b>	<u><u>\$ 267,845</u></u>	<u><u>\$ 267,845</u></u>	<u><u>\$ 253,852</u></u>	<u><u>\$ (13,993)</u></u>

The notes to the financial statements are an integral part of these financial statements



**VAN ZANDT COUNTY APPRAISAL DISTRICT  
 BUDGET VS. ACTUAL  
 COLLECTIONS ACCOUNT  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Difference</b>
<b>EXPENDITURES</b>				
Salaries	\$ 125,825	\$ 125,825	\$ 116,677	\$ 9,148
Retirement	9,348	9,348	8,557	791
Health Insurance	42,000	42,000	39,576	2,424
Workmen's Compensation	650	650	39	611
Unemployment Insurance	827	827	193	634
Social Security Benefits	9,388	9,388	8,323	1,065
Legal Fees	1,400	1,400	1,532	(132)
Audit and Accounting Fees	33,880	33,880	15,438	18,442
Building Maintenance	1,868	1,868	1,100	768
Equipment Repair & Rental	1,000	1,000	21	979
Utilities	1,500	1,500	1,753	(253)
Telephone	2,112	2,112	1,983	129
Miscellaneous	2,500	2,500	977	1,523
Supplies	6,200	6,200	3,975	2,225
Postage	22,500	22,500	25,781	(3,281)
Copier Supplies	750	750	691	59
Legal Notice	850	850	918	(68)
Travel Allowance	1,500	1,500	2,979	(1,479)
Insurance	1,450	1,450	3,489	(2,039)
Education	2,000	2,000	1,040	960
Fees, Dues & Memberships	450	450	634	(184)
Equipment	1,000	1,000	3,500	(2,500)
Furniture & Fixtures	300	300	1,743	(1,443)
<b>Total Expenditures</b>	<b>\$ 269,298</b>	<b>\$ 269,298</b>	<b>\$ 240,919</b>	<b>\$ 28,379</b>

The notes to the financial statements are an integral part of these financial statements

**VAN ZANDT COUNTY APPRAISAL DISTRICT  
SCHEDULE OF EXPENDITURES FROM PRIOR YEAR BUDGETS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

Prior year Funds Available for Use  
Year that Prior Period fund use approved: 1997  
Fund Balance 1/1/97 \$ 80,402  
Fund Balance 12/31/05 332,521

Difference is Available \$ 252,119

This represents unspent and available prior period funds as of 12/31/2005

	Available on 1/1/2005	Activity during 2005	Available on 12/31/2005
<u>1997 Planned Expenditures - Unspent</u>			
Imaging System/ISDN Line	\$ 30,000	\$ (30,000)	\$ -
Parking Lot	18,000	(18,000)	-
GIS Software Upgrades	3,050	(3,050)	-
Tops Maps	1,500	(1,500)	-
GIS/Mapping/Imaging Upgrade	-	41,166	41,166
Building & Parking Expansion	-	99,998	99,998
<u>1998 Planned Expenditures - Unspent</u>			
Facilities Impmnt/Expan. Fnd	16,936	(16,936)	-
Parking Lot Repair	22,848	(22,848)	-
GID/CAMA Integration Project	1,000	(1,000)	-
MAI Appraisals	1,000	(1,000)	-
MAI Appraisals/Legal Reserve	-	51,000	51,000
<u>1999 Planned Expenditures - Unspent</u>			
GIS Training	140	(140)	-
Part Time Labor (Doc. Imaging)	7,689	(7,689)	-
Computer Hardware	-	6,212	6,212
Additional Appraiser	-	9,701	9,701
<u>2004 Planned Expenditures - Unspent</u>			
Facilities Improvement	-	(2,475)	(2,475)
<b>Total Planned Expenditures - Unspent</b>	<u>\$ 102,163</u>	<u>\$ 103,439</u>	<u>\$ 205,602</u>
<u>Unallocated Prior Year Budget</u>			
Available Funds - Unallocated	\$ 147,229	\$ (105,914)	\$ 41,315
Net Income Before Prior Year Budget Spent	-	5,202	5,202
<b>Total Unallocated</b>	<u>\$ 147,229</u>	<u>\$ (100,712)</u>	<u>\$ 46,517</u>
<b>Available Funds - Unallocated</b>	<u>\$ 249,392</u>	<u>\$ 2,727</u>	<u>\$ 252,119</u>

The notes to the financial statements are an integral part of these financial statements