

**Sutton County, Texas**  
**Annual Financial Report**  
**For the Year Ended**  
**September 30, 2022**

# **Sutton County, Texas**

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**Independent Auditor's Report**

**To the Honorable County Judge and  
The Commissioners Court  
Sutton County, Texas**

**Qualified and Unmodified Opinions**

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

**Summary of Opinions**

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
General Fund	Unmodified
Road & Bridge Funds	Unmodified
Aggregate Remaining Other Non-Major Funds	Unmodified
Custodial Funds	Qualified

**Qualified Opinion on Custodial Funds**

In our opinion, except for the possible effect of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Custodial Funds of the County, as of September 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Unmodified Opinions on Governmental Activities, Major Funds and Aggregate Remaining Fund Information**

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

**Basis for Qualified and Unmodified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

**Matter Giving Rise to Qualified Opinion on the Custodial Funds**

As indicated in the Schedule of Findings on page 49, Custodial funds' daily transactions and ending balances are not recorded in the general ledger and opening balances could not be reconciled to the previous years audited ending balances.

### **Emphasis of Matter – Prior Period Adjustments**

As further discussed in the Note L, Prior Period Adjustments, prior period adjustments were necessary to correct balances from prior years. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2025 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Seal & Carter, P.C.*

San Antonio, Texas  
May 6, 2025

**Sutton County, Texas**  
**Balance Sheet - Governmental Funds**

September 30, 2022

	<u>General Fund</u>	<u>Road Bridge Fund</u>	<u>Aggregate Remaining Non Major Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 7,749,210	\$ 953,861	\$ 1,803,529	\$ 10,506,600
Receivables:				
Ad valorem taxes - net of allowance	135,766	29,502	-	165,268
Due from other governments	-	-	10	10
Due from others	22	-	5	27
<b>Total assets</b>	<u>7,884,998</u>	<u>983,363</u>	<u>1,803,544</u>	<u>10,671,905</u>
<b>Liabilities</b>				
Accounts payable	188,076	8,723	19,214	216,013
Accrued Wages & Related Payables	107,525	17,907	3,744	129,176
Due to others	30,775	-	-	30,775
<b>Total liabilities</b>	<u>326,376</u>	<u>26,630</u>	<u>22,958</u>	<u>375,964</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue _ Property Taxes	135,766	29,502	-	165,268
<b>Total Deferred Inflows of Resources</b>	<u>135,766</u>	<u>29,502</u>	<u>-</u>	<u>165,268</u>
<b>Fund Balances</b>				
Fund balances				
Restricted Other Purposes	-	927,231	1,780,586	2,707,817
Unreserved:				
Unassigned	7,422,856	-	-	7,422,856
<b>Total fund balances</b>	<u>7,422,856</u>	<u>927,231</u>	<u>1,780,586</u>	<u>10,130,673</u>
<b>Total liabilities, Deferred Inflows And Fund Balances</b>	<u>\$ 7,884,998</u>	<u>\$ 983,363</u>	<u>\$ 1,803,544</u>	<u>\$ 10,671,905</u>

*The accompanying notes are an integral part of this statement.*

# Sutton County, Texas

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended September 30, 2022

	General Fund	Road and Bridge Fund	Aggregate Remaining Non Major Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 3,763,986	\$ 829,625	\$ -	\$ 4,593,611
Federal grants	-	-	366,722	366,722
State grants	-	-	121,118	121,118
Intergovernmental	73,676	-	133,314	206,990
Licences and Permits	183,755	239,912	-	423,667
Charges for services	304,025	-	72,002	376,027
Fines and forfeitures	685,483	-	9,001	694,484
Interest	68,081	5,711	9	73,801
Miscellaneous	728,430	53,052	131,500	912,982
<b>Total revenues</b>	<b>5,807,436</b>	<b>1,128,300</b>	<b>833,666</b>	<b>7,769,402</b>
<b>Expenditures</b>				
Current:				
General administration	822,339	-	73,477	895,816
Legal	246,219	-	-	246,219
Judicial	988,896	-	68,612	1,057,508
Financial administration	259,985	-	-	259,985
Public facilities	720,106	-	-	720,106
Public safety	1,424,143	-	366,395	1,790,538
Public Works	40,837	1,149,152	26,704	1,216,693
Culture and Recreation	503,630	-	45,050	548,680
Health and Welfare	121,898	-	27,745	149,643
Conservation - agriculture	114,335	-	-	114,335
<b>Total expenditures</b>	<b>5,242,388</b>	<b>1,149,152</b>	<b>607,983</b>	<b>6,999,523</b>
Excess (deficiency) of revenues over (under) expenditures	565,048	(20,852)	225,683	769,879
<b>Other Financing Sources</b>				
Operating transfers in	-	-	95,000	95,000
Operating transfers out	(35,000)	(60,000)	-	(95,000)
<b>Total other financing sources</b>	<b>(35,000)</b>	<b>(60,000)</b>	<b>95,000</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>530,048</b>	<b>(80,852)</b>	<b>320,683</b>	<b>769,879</b>
<b>Fund balances at beginning of</b>	<b>6,908,613</b>	<b>901,654</b>	<b>1,100,800</b>	<b>8,911,067</b>
<b>Prior Period Adjustment</b>	<b>(15,805)</b>	<b>106,429</b>	<b>359,103</b>	<b>449,727</b>
<b>Fund balances at end of year</b>	<b>\$ 7,422,856</b>	<b>\$ 927,231</b>	<b>\$ 1,780,586</b>	<b>\$ 10,130,673</b>

The accompanying notes are an integral part of this statement.