

**Red River County, Texas**

**Financial Statements  
And Independent Auditor's Report**

**For the year ended September 30, 2020**

Red River County, Texas  
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 Year ended September 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and  
County Commissioners  
Red River County, Texas  
Clarksville, Texas

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information on pages 3 through 11 and pages 40 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are 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 February 3, 2021, 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 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.

**Arnold, Walker, Arnold & Co., P.C.**

Arnold, Walker, Arnold & Co., P.C.

February 3, 2021



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Red River County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities and performance for the year ended September 30, 2020. The information presented here should be read in conjunction with the independent auditor's report and the County's financial statements.

### FINANCIAL HIGHLIGHTS

The County's total combined net position was \$15.3 million at September 30, 2020. \$8.27 million of the net position is invested in capital assets, net of related debt. During the year, the County's expenses were \$442 thousand less than the \$6.97 million generated in taxes, charges for services, and other revenues from activities. This includes depreciation expense of \$735 thousand. The adjustment to the net pension liability as required by GASB 68 resulted in an increase to expense of \$69 thousand.

The total cost of all the County's activities was about \$6.52 million, approximately the same as the prior year.

The general fund balance is \$4.86 million at September 30, 2020, which is an increase of \$869 thousand as compared to an increase of \$688 thousand the prior year. General fund revenue increased compared to the prior year with an increase of \$351 thousand in tax revenue. Intergovernmental revenue increased \$239 thousand. Current expenditures were up \$342 thousand. Payroll was up about \$89 thousand and health insurance costs were up \$50 thousand. Grant expenses also were up as grant revenues were. The main road and bridge fund balance decreased by \$87 thousand to a balance of \$885 thousand. This decrease was \$178 thousand less than the prior year. Less was spent on road repairs.

During the year, \$262 thousand of fixed assets were added. \$237 thousand of principal was paid on debt. New debt of \$120 thousand was obtained to purchase a new Mack Truck.

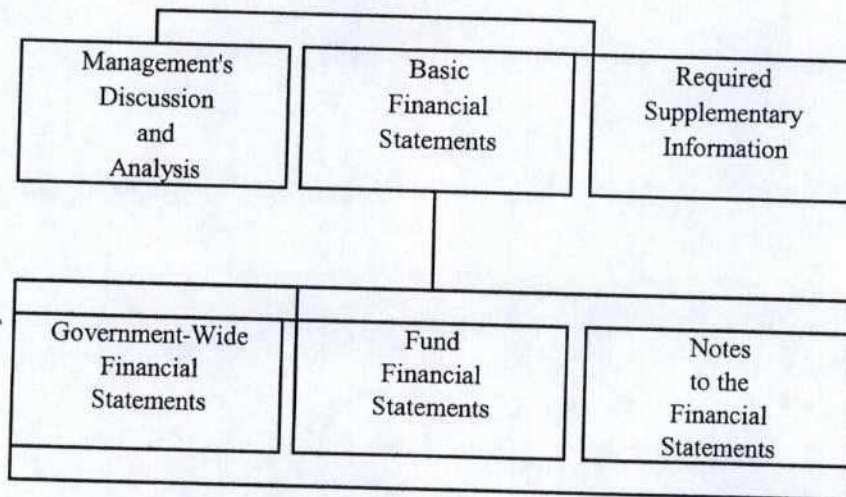
Approximately 95% of the taxes levied for 2019-20 were collected by September 30, 2020.

## 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 information about the County's activities as a whole and present a longer-term view of the County's property and debt obligations. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.
- 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.
  - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as a commissary operation.
  - *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong. This fund contains trust funds.

Figure A-1. Required Components of the County's Annual Financial Report



Summary ⇄ Detail

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 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.

Type of Statements	Government-wide	Governmental Funds	Proprietary 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 operates similar to private businesses: self insurance	Instances in which the County is the trustee or agent for someone else's resources
<i>Required financial statements</i>	Statement of net position	Balance sheet	Statement of net position	Statement of fiduciary net position
	Statement of activities	Statement of revenues, Expenditures & changes in fund balances	Statement of revenues, expenses and changes in fund net position Statement of cash flows	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	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	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<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 after	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid



## 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 are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, consideration should be given to additional nonfinancial factors such as changes in the County's tax base.

The government-wide financial statements of the County include the *Governmental activities*. Most of the County's basic services are included here, such as public safety, highways, streets and bridges, judicial and general administration. Property taxes and charges for services finance most of these activities.

## 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 Commissioner's 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 three 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided that explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the County charges customers a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both long-term and short-term financial information. *Internal service funds* are used to report activities that provide supplies and services for the County's other programs and activities. The County has no internal service funds.
- *Fiduciary funds*—The County is the trustee, of *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. 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 the County cannot use these assets to finance its operations.



FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position. The County's combined net position was approximately \$15.3 million at September 30, 2020.

Table A-1  
The County's Net Position  
(in thousands of dollars)

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	10,012	8,971	175	166	10,187	9,137
Capital and non-current assets	8,041	8,575	779	812	8,820	9,387
<b>TOTAL ASSETS</b>	<b>18,053</b>	<b>17,546</b>	<b>954</b>	<b>978</b>	<b>19,007</b>	<b>18,524</b>
Deferred outflow-pension plan	355	896	-	-	355	896
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>355</b>	<b>896</b>	<b>-</b>	<b>-</b>	<b>355</b>	<b>896</b>
Long-term liabilities	681	1,524	-	-	681	1,524
Other liabilities	224	229	-	-	224	229
<b>TOTAL LIABILITIES</b>	<b>905</b>	<b>1,753</b>	<b>-</b>	<b>-</b>	<b>905</b>	<b>1,753</b>
Unavailable revenue-taxes, fines, & fees	2,886	2,791	-	-	2,886	2,791
Deferred inflow-pension plan	282	29	-	-	282	29
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,168</b>	<b>2,820</b>	<b>-</b>	<b>-</b>	<b>3,168</b>	<b>2,820</b>
Net position						
Invested in capital assets net of related debt	7,495	7,912	779	812	8,274	8,724
Restricted	1,720	1,677	-	-	1,720	1,677
Unrestricted	5,120	4,280	175	166	5,295	4,446
<b>TOTAL NET POSITION</b>	<b>14,335</b>	<b>13,869</b>	<b>954</b>	<b>978</b>	<b>15,289</b>	<b>14,847</b>

Net position invested in capital assets net of related debt reflects the book value of the County's capital assets in excess of the debt which financed those assets. The \$5.3 million of unrestricted net position represents resources available to fund the programs of the County for the next fiscal year.

The \$1.72 million is restricted as follows:

Restricted for debt service	-
Restricted for special revenue funds	<u>1,720</u>
	<u>1,720</u>

Net position of the County increased \$442 thousand. The County recorded depreciation of \$735 thousand. \$262 thousand of fixed assets were added. \$237 thousand was paid on principal on debt, \$120 thousand of new debt was obtained. The County's revenues exceeded expenditures by \$911 thousand in the governmental funds. Expenses exceeded revenues by \$24 thousand in the proprietary fund. The net pension asset/liability increased \$69 thousand.

Changes in net position.

The County's total revenues were \$6.97 million. 65% of this came from property taxes, 12% came from sales taxes and other taxes, 9% came from charges for services, and 10% came from operating grants and contributions.

The total cost of all programs was \$6.52 million. Approximately 32% of this was for public safety and 28% was for highways, streets and bridges.

Net position increased by \$442 thousand because of the excess of revenues over expenses. Depreciation expense was \$735 thousand for the year.

Table A-2  
The County's Changes in Net Position  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
<u>Program Revenues</u>						
Charges for Services	639	651	17	9	656	660
Operating Grants and Contributions	666	367	-	-	666	367
<u>General Revenues</u>						
Property Taxes	4,537	4,088	-	-	4,537	4,088
Other taxes	842	765	-	-	842	765
Investment earnings	57	72	2	2	59	74
Other	205	243	-	-	205	243
<b>Total Revenues</b>	<u>6,946</u>	<u>6,186</u>	<u>19</u>	<u>11</u>	<u>6,965</u>	<u>6,197</u>
<b>Expenses</b>						
General Government	394	383	-	-	394	383
Judicial	491	531	-	-	491	531
Legal	124	102	-	-	124	102
Financial	371	483	-	-	371	483
Public Facility	124	135	-	-	124	135
Public Safety	2,077	1,884	33	33	2,110	1,917
Health and Welfare	314	354	-	-	314	354
Roads & Streets	1,818	2,096	-	-	1,818	2,096
Cultural and Recreational	101	105	-	-	101	105
Conservation	179	148	-	-	179	148
Intergovernmental	15	20	-	-	15	20
General-miscellaneous	446	249	-	-	446	249
Debt service	36	15	-	-	36	15
<b>Total Expenses</b>	<u>6,490</u>	<u>6,505</u>	<u>33</u>	<u>33</u>	<u>6,523</u>	<u>6,538</u>
<b>Other Sources (Uses)</b>						
Transfers to other governments	10	-	(10)	-	-	-
<b>Increase (Decrease) in Net Position</b>	466	(319)	(24)	(22)	442	(341)
<b>Beginning Net Position</b>	13,869	14,188	978	1,000	14,847	15,188
<b>Ending Net Position</b>	<u>14,335</u>	<u>13,869</u>	<u>954</u>	<u>978</u>	<u>15,289</u>	<u>14,847</u>



Table A-3 presents the cost of each of the County's largest functions as well as each function's *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$6.49 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$4.54 million.
- Some of the cost was paid by those who directly benefited from the programs (\$639 thousand), or by grants and contributions (\$666 thousand).

Table A-3  
Net Cost of Selected County Functions  
(in thousands of dollars)

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
General Government	394	383	131	242
Public Safety	2,077	1,884	1,548	1,517
Highways, Streets and Bridges	1,818	2,096	1,793	2,071

#### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County reported fund balance in its governmental funds of approximately \$6.58 million at September 30, 2020. This balance is composed of the following in thousands

General	4,861
Special Revenue	1,720
	<u>6,581</u>

Fund balance in the governmental funds increased \$911 thousand. The general fund balance increased \$869 thousand as compared to \$688 thousand the prior year. Tax revenue was up \$351 thousand as both property tax and sales tax increased. The Main Road & Bridge fund balance decreased \$87 thousand as compared to \$265 thousand the prior year. Tax revenue was up \$62 thousand in the Main Road & Bridge fund. Expenditures decreased about \$200 thousand. Other special revenue funds increased \$129 thousand. Most of this was in the indigent health care fund.

## General Fund Budgetary Highlights

Several budget amendments were made during the year. Even with these amendments, actual expenditures were less than budgeted by \$749 thousand. Actual revenues were \$395 thousand more than budgeted. Actually, the fund balance increased \$868 thousand.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

Table A-4  
County's Capital Assets  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Land	133	133	22	22
Roads	16,967	16,967	-	-
Buildings and improvements	5,578	5,578	1,642	1,642
Machinery and equipment	3,850	3,839	-	-
Totals at historical cost	<u>26,528</u>	<u>26,517</u>	<u>1,664</u>	<u>1,664</u>
Total accumulated depreciation	<u>(18,487)</u>	<u>(17,942)</u>	<u>(885)</u>	<u>(852)</u>
Net capital assets	<u><u>8,041</u></u>	<u><u>8,575</u></u>	<u><u>779</u></u>	<u><u>812</u></u>

\$262 thousand of new equipment was added in the current year.

### Long-Term Debt

Table A-5  
County's Long-Term Debt  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Leases payable	476	536	-	-
Notes payable	50	75	-	-
Vacation & comp. time payable	99	103	-	-
	<u>625</u>	<u>714</u>	<u>-</u>	<u>-</u>

\$232 thousand was paid on principal this year. \$120 thousand of debt proceeds were received in the current year to purchase equipment.



## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In setting the Fiscal Year 2021 budget, the governing body of Red River, after careful consideration, approved raising the tax rate by .00259, which raised the 2021 tax rate over the effective tax rate, thereby increasing County revenue.

Also, the governing body did not increase any personnel positions. We continue to observe a four-day, 33.5 hour work week, allowing County offices to close on Fridays, thus saving on utility costs and employee salaries.

The only significant increases in expenditures budgeted for FY 2021 was for health insurance for eligible County employees, although we did begin a new program for certificate pay for qualified Sheriff's Office employees, and we gave an across-the-board 3% raise to all County employees. No other new programs or initiatives were added for FY 2021.

We believe that the budget is reasonable, attainable, fiscally sound, and allows for services to be provided to the citizens of the County in a sound manner.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Red River County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the County's Auditor's Office.

**BASIC FINANCIAL STATEMENTS**



**GOVERNMENT WIDE STATEMENTS**

RED RIVER COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,392,072	\$ 174,981	\$ 4,567,053
Investments - Current	2,314,665	-	2,314,665
Accounts Receivable (Net)	3,305,714	-	3,305,714
Capital Assets:			
Land Purchase and Improvements	132,709	22,431	155,140
Infrastructure, Net	3,864,850	-	3,864,850
Buildings, Net	3,347,831	756,910	4,104,741
Furniture and Equipment, Net	695,680	-	695,680
Total Assets	<u>18,053,521</u>	<u>954,322</u>	<u>19,007,843</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	354,609	-	354,609
Total Deferred Outflows of Resources	<u>354,609</u>	<u>-</u>	<u>354,609</u>
<b>LIABILITIES</b>			
Accounts Payable	15,480	-	15,480
Compensated Absences Payable	98,517	-	98,517
Unearned Revenues	109,570	-	109,570
Noncurrent Liabilities:			
Debt Due Within One Year	248,782	-	248,782
Debt Payable - Noncurrent	297,227	-	297,227
Net Pension Liability	135,160	-	135,160
Total Liabilities	<u>904,736</u>	<u>-</u>	<u>904,736</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	2,886,139	-	2,886,139
Deferred Inflow Related to Pension Plan	282,073	-	282,073
Total Deferred Inflows of Resources	<u>3,168,212</u>	<u>-</u>	<u>3,168,212</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,495,061	779,341	8,274,402
Restricted for Special Revenue Funds	1,720,028	-	1,720,028
Unrestricted Net Position	5,120,093	174,981	5,295,074
Total Net Position	<u>\$ 14,335,182</u>	<u>\$ 954,322</u>	<u>\$ 15,289,504</u>

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



RED RIVER COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
General Government	\$ 394,123	\$ 94,674	\$ 168,300
Judicial	491,337	146,374	-
Legal	123,974	1,634	77,763
Financial	371,190	201,777	-
Public Facilities	123,712	-	-
Public Safety	2,076,612	164,384	363,644
Cultural & Recreational	101,153	-	-
Conservation	179,019	25,323	-
Intergovernmental	14,627	-	-
Miscellaneous	445,673	5,050	-
Health & Welfare	313,756	-	31,047
Roads & Streets	1,818,188	-	25,084
Interest on Debt	36,153	-	-
Total Governmental Activities	6,489,517	639,216	665,838
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Total Business-Type Activities	32,902	17,340	-
Total Business-Type Activities	32,902	17,340	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 6,522,419</b>	<b>\$ 656,556</b>	<b>\$ 665,838</b>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Other Taxes

Investment Earnings

Miscellaneous Revenue

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and  
Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (131,149)	\$ -	\$ (131,149)
(344,963)	-	(344,963)
(44,577)	-	(44,577)
(169,413)	-	(169,413)
(123,712)	-	(123,712)
(1,548,584)	-	(1,548,584)
(101,153)	-	(101,153)
(153,696)	-	(153,696)
(14,627)	-	(14,627)
(440,623)	-	(440,623)
(282,709)	-	(282,709)
(1,793,104)	-	(1,793,104)
(36,153)	-	(36,153)
(5,184,463)	-	(5,184,463)
-	(15,562)	(15,562)
-	(15,562)	(15,562)
(5,184,463)	(15,562)	(5,200,025)
4,536,990	-	4,536,990
842,125	-	842,125
56,254	-	56,254
205,081	1,697	206,778
10,000	(10,000)	-
5,650,450	(8,303)	5,642,147
465,987	(23,865)	442,122
13,869,195	978,187	14,847,382
\$ 14,335,182	\$ 954,322	\$ 15,289,504



**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

RED RIVER COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2020

EXHIBIT C-1

	General Fund	Major Special Revenue Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,886,595	\$ 569,009	\$ 936,468	\$ 4,392,072
Investments - Current	2,000,806	313,859	-	2,314,665
Accounts Receivable (Net)	3,103,122	202,592	-	3,305,714
<b>Total Assets</b>	<b>\$ 7,990,523</b>	<b>\$ 1,085,460</b>	<b>\$ 936,468</b>	<b>\$ 10,012,451</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 15,655	\$ (1,675)	\$ 1,500	\$ 15,480
Unearned Revenues	10,088	-	99,482	109,570
<b>Total Liabilities</b>	<b>25,743</b>	<b>(1,675)</b>	<b>100,982</b>	<b>125,050</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Taxes & Fees	3,103,147	202,593	-	3,305,740
<b>Total Deferred Inflows of Resources</b>	<b>3,103,147</b>	<b>202,593</b>	<b>-</b>	<b>3,305,740</b>
<b>FUND BALANCES</b>				
Reported in Special Revenue Funds	-	884,542	835,486	1,720,028
Unassigned Fund Balance	4,861,633	-	-	4,861,633
<b>Total Fund Balances</b>	<b>4,861,633</b>	<b>884,542</b>	<b>835,486</b>	<b>6,581,661</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 7,990,523</b>	<b>\$ 1,085,460</b>	<b>\$ 936,468</b>	<b>\$ 10,012,451</b>

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



RED RIVER COUNTY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2020

<b>Total Fund Balances - Governmental Funds</b>	\$	6,581,661
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$26,517,313 and the accumulated depreciation was (\$17,942,327). In addition, long-term liabilities, including bonds payable and net pension asset/liability, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt and net pension asset/liability in the governmental activities is to increase (decrease) net position.		7,917,806
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2020 capital outlays and debt principal payments is to increase (decrease) net position.		404,869
Included in the items related to debt is the recognition of the County's proportionate share of the net pension liability required by GASB 68 as amended by GASB 71 in the amount of \$135,160 a Deferred Resource Inflow related to TCDRS in the amount of \$282,073 and a Deferred Resource Outflow related to TCDRS in the amount of \$354,609. This amounted to a decrease in Net Position in the amount of \$68,798.		(68,798)
The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(701,640)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		201,284
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>14,335,182</b>

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

RED RIVER COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Major Special Revenue Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ 3,666,469	\$ 868,858	\$ 355,155	\$ 4,890,482
Licenses and Permits	-	452,681	-	452,681
Intergovernmental Revenue and Grants	320,794	25,085	319,959	665,838
Charges for Services	456,705	-	31,361	488,066
Fines	100,772	-	42,895	143,667
Other Revenue	153,260	61,126	54,332	268,718
Total Revenues	<u>4,698,000</u>	<u>1,407,750</u>	<u>803,702</u>	<u>6,909,452</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	284,721	-	31,159	315,880
Judicial	401,511	-	-	401,511
Legal	101,059	-	22,915	123,974
Financial	345,293	-	-	345,293
Public Facilities	116,144	-	-	116,144
Public Safety	1,683,373	-	336,635	2,020,008
Cultural & Recreational	101,153	-	-	101,153
Conservation	179,019	-	-	179,019
Intergovernmental	11,187	-	-	11,187
Miscellaneous	442,233	-	-	442,233
Health & Welfare	-	-	310,316	310,316
Roads & Streets	-	1,226,194	-	1,226,194
Debt Service:				
Principal on Debt	58,166	178,979	-	237,145
Interest on Debt	17,212	18,941	-	36,153
Capital Outlay:				
Capital Outlay	71,365	190,450	-	261,815
Total Expenditures	<u>3,812,436</u>	<u>1,614,564</u>	<u>701,025</u>	<u>6,128,025</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>885,564</u>	<u>(206,814)</u>	<u>102,677</u>	<u>781,427</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Non-Current Loans	-	119,800	-	119,800
Transfers In	-	-	26,596	26,596
Transfers Out (Use)	(16,596)	-	-	(16,596)
Total Other Financing Sources (Uses)	<u>(16,596)</u>	<u>119,800</u>	<u>26,596</u>	<u>129,800</u>
Net Change in Fund Balances	868,968	(87,014)	129,273	911,227
Fund Balance - October 1 (Beginning)	<u>3,992,665</u>	<u>971,556</u>	<u>706,213</u>	<u>5,670,434</u>
Fund Balance - September 30 (Ending)	<u>\$ 4,861,633</u>	<u>\$ 884,542</u>	<u>\$ 835,486</u>	<u>\$ 6,581,661</u>

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



RED RIVER COUNTY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	911,227
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2020 capital outlays and debt principal payments is to increase (decrease) the change in net position.		404,869
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date from the prior year of 12/31/2018 caused the change in the ending net position to decrease. Contributions made after the measurement date of 12/31/19 but during the 2020 FY were de-expended and recorded as a reduction in the net pension liability for the County. This also caused an increase in the change in net position. The County recorded their proportionate share of the pension expense during the measurement period as part of the net pension liability. The County also recorded the amortization of the deferred inflow and outflow that were recorded in the previous year. The impact of all of these is to decrease the change in net position by (\$68,798).		(68,798)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(701,640)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.		(79,671)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>465,987</b>

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

RED RIVER COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT C-5

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 3,553,302	\$ 3,553,302	\$ 3,666,469	\$ 113,167
Intergovernmental Revenue and Grants	84,420	62,670	320,794	258,124
Charges for Services	433,225	433,225	456,705	23,480
Fines	97,500	97,500	100,772	3,272
Other Revenue	134,800	156,550	153,260	(3,290)
Total Revenues	4,303,247	4,303,247	4,698,000	394,753
<b>EXPENDITURES:</b>				
Current:				
General Government	292,178	295,238	284,721	10,517
Judicial	487,203	496,260	401,511	94,749
Legal	111,393	111,393	101,059	10,334
Financial	366,115	366,115	345,293	20,822
Public Facilities	155,747	155,723	116,144	39,579
Public Safety	1,999,157	1,999,157	1,683,373	315,784
Cultural & Recreational	115,690	115,690	101,153	14,537
Conservation	246,051	246,051	179,019	67,032
Intergovernmental	15,600	15,600	11,187	4,413
Miscellaneous	556,215	544,098	442,233	101,865
Debt Service:				
Principal on Debt	58,166	58,166	58,166	-
Interest on Debt	17,238	17,238	17,212	26
Capital Outlay:				
Capital Outlay	121,100	141,065	71,365	69,700
Total Expenditures	4,541,853	4,561,794	3,812,436	749,358
Excess (Deficiency) of Revenues Over (Under) Expenditures	(238,606)	(258,547)	885,564	1,144,111
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out (Use)	(16,596)	(16,596)	(16,596)	-
Total Other Financing Sources (Uses)	(16,596)	(16,596)	(16,596)	-
Net Change	(255,202)	(275,143)	868,968	1,144,111
Fund Balance - October 1 (Beginning)	3,992,665	3,992,665	3,992,665	-
Fund Balance - September 30 (Ending)	\$ 3,737,463	\$ 3,717,522	\$ 4,861,633	\$ 1,144,111

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



PROPRIETARY FUND FINANCIAL STATEMENTS

RED RIVER COUNTY, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2020

EXHIBIT D-1

	Business Type Activities
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 174,981
Total Current Assets	174,981
Noncurrent Assets:	
Capital Assets:	
Land Purchase and Improvements	22,431
Buildings	1,641,823
Accumulated Depreciation - Buildings	(884,913)
Total Noncurrent Assets	779,341
Total Assets	954,322
<b>NET POSITION</b>	
Net Investment in Capital Assets	779,341
Unrestricted Net Position	174,981
Total Net Position	\$ 954,322

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



RED RIVER COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

EXHIBIT D-2

	Business-Type Activities
<hr/>	
OPERATING REVENUES:	
Other Revenue	\$ 19,037
Total Operating Revenues	19,037
OPERATING EXPENSES:	
Depreciation	32,902
Total Operating Expenses	32,902
Income (Loss) Before Transfers	(13,865)
Transfers Out (Use)	(10,000)
Change in Net Position	(23,865)
Total Net Position - October 1 (Beginning)	978,187
 Total Net Position - September 30 (Ending)	 \$ 954,322

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

RED RIVER COUNTY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-Type Activities
<hr/>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$ 19,037
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers out	(10,000)
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition of Capital Assets	-
<u>Cash Flows from Investing Activities:</u>	
Purchase of Investment Securities	-
Net Increase in Cash and Cash Equivalents	9,037
Cash and Cash Equivalents at the Beginning of the Year	165,944
Cash and Cash Equivalents at the End of the Year	<u>\$ 174,981</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:</u>	
Operating Income (Loss)	\$ (13,865)
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:	
Depreciation	32,902
Net Cash Provided by Operating Activities	<u>\$ 19,037</u>

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



**FIDUCIARY FUND FINANCIAL STATEMENTS**

Red River County, Texas  
STATEMENT OF NET POSITION--FIDUCIARY FUND  
as of September 30, 2020

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	390,371
Investments-Current	152,171
Total Assets	<u>542,542</u>
<b>LIABILITIES</b>	
Due to other governments	<u>542,542</u>

The accompanying notes are an integral part of this statement.



Red River County, Texas  
NOTES TO THE FINANCIAL STATEMENTS  
At September 30, 2020

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Red River County, Texas is a county government operating under the applicable laws and regulations of the State of Texas. It is governed by a five member Commissioner's Court elected by registered voters of the County. The County prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants.

Pensions. The fiduciary net position of the Texas County & District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCERS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**A. REPORTING ENTITY**

The Commissioner's Court is elected by the public and it has the authority to make decisions and significantly influence operations. It has the primary accountability for fiscal matters. Therefore, the County is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of Red River County with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, charges for services, grants and other intergovernmental revenues. Business type activities include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the County operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the County. Examples include fees of offices. The "grants and contributions" column includes amounts paid by organizations outside the County to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the County's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for County operations, they are not included in the government-wide statements. The County considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.



**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The County considers all revenues available if they are collectible within 60 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, that is, when they are both measurable and available. The County considers them "available" if they will be collected within 60 days of the end of the fiscal year. 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.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the County to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.



**D. FUND ACCOUNTING**

The County reports the following major governmental funds:

1. **The General Fund** -- The general fund is the County's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Special Revenue Funds** -- One special revenue fund is considered a major fund. This fund is the main road and bridge. See the definition of these funds below.

Additionally, the County reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** -- The County accounts for resources restricted to, or designated for, specific purposes by the County or a grantor in a special revenue fund.

Proprietary Funds:

1. **Enterprise Funds** -- The County's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The County's non-major Enterprise Fund is the jail housing fund.

Fiduciary Funds:

1. **Agency Funds** --The County accounts for resources held for others in a custodial capacity in agency funds. The County's Agency Funds contains trust funds.

**E. OTHER ACCOUNTING POLICIES**

1. For purposes of the statement of cash flows for proprietary funds, the County considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. In the governmental-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
3. Capital assets, which include land, buildings, machinery and equipment and roads and bridges are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, machinery and equipment of the County and the component units are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	50
Vehicles	5
Office Equipment	5-7
Machinery	7-10
Roads	50



4. Some cash and investments are restricted for future debt payments.
5. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.
6. When the County incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
7. Investments are recorded at fair market value.
8. Private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.
9. Deferred Outflows/Inflows of Resources—The County implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended September 30, 2013. The County implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions as amended for GASB 71 for the year ended September 30, 2015. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one type of item that qualifies for reporting in this category, deferred outflows related to TCDRS as per GASB 68 related to pension accounting. This will be recognized as an outflow of resources in the subsequent years as it is amortized.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category, property taxes, fines, and fees, and a deferred inflow related to pension accounting under GASB Statement No.68. These amounts will be recognized as an inflow of resources in the subsequent years as collected.

10. Fund balance measures the net financial resources available to finance expenditures of future periods. The County's Unassigned General Fund Balance will be maintained to provide the County with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund balance may only be appropriated by resolution of the County Commissioner's Court.

Fund balance of the County may be committed for a specific source by formal action of the County Commissioner's Court. Amendments or modifications of the committed fund balance must also be approved by formal action of the Commissioner's Court.

When it is appropriate for fund balance to be assigned, the Commissioner's Court delegates authority to the County Judge and Auditor. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance



## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	132,709	-	132,709	
Construction in Progress	-	-	-	
Buildings and Improvements	5,577,813	(2,125,871)	3,451,942	
Machinery and Equipment	3,839,291	(3,061,406)	777,885	
County Roads & Bridges	16,967,500	(12,755,050)	4,212,450	
Change in Net Position	<u>26,517,313</u>	<u>(17,942,327)</u>	<u>8,574,986</u>	<u>8,574,986</u>
This does not include fixed assets of the internal service funds.				
<u>Long-term liabilities at the Beginning of the year</u>			<u>Payable at the Beginning of the Year</u>	
Leases Payable			(588,349)	
Notes Payable			(75,005)	
Change in Net Position				<u>(663,354)</u>
<u>Net Pension Asset/Liability at the beginning of the year</u>				
Net Pension Asset/Liability			(860,547)	
Deferred Outflow related to TCDRS			895,851	
Deferred Inflow related to TCDRS			(29,130)	
Change in Net Position				<u>6,174</u>
Net Adjustment to Net Position				<u>7,917,806</u>

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current year Capital Outlay</u>			
Land	-	-	-
Machinery & equipment	261,815	261,815	261,815
Total Capital Outlay	<u>261,815</u>	<u>261,815</u>	<u>261,815</u>
Book value of assets disposed of	(94,091)	(94,091)	(94,091)
<u>Debt Principal Payments</u>			
Lease principal	231,651	231,651	231,651
Note principal	5,494	5,494	5,494
Total Principal Payments	<u>237,145</u>	<u>237,145</u>	<u>237,145</u>
Total Adjustment to Net Position		<u><u>404,869</u></u>	<u><u>404,869</u></u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	120,258	(120,258)	-
Uncollected taxes (assumed collectible) from Current Year Levy	161,151	161,151	161,151
Uncollected Taxes (assumed collectible) from Prior Year Levy	258,450	-	258,450
Effect of prior year tax entry	4,841	(4,841)	-
<u>Valuation and comp. Time payable</u>			
End of year liability	98,517	-	(98,517)
Change in liability from prior year	4,077	4,077	-
<u>Debt proceeds</u>	<u>119,800</u>	<u>(119,800)</u>	<u>(119,800)</u>
Total		<u><u>(79,671)</u></u>	<u><u>201,284</u></u>



**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY DATA**

The County prepares its appropriated budget on a basis consistent with generally accepted accounting principles using the organization perspective, that is, the budget follows the formal, usually statutory, patterns of authority and responsibility granted to actually carry out the functions of the government. For example, the county judge's office has a separate budget from the county sheriff's office; although, various offices may be subsidized from revenues generated by maintenance and operation ad valorem taxes.

The county auditor and the county judge prepare an estimated budget based on recommendations and requests submitted by each department head. This estimated budget is presented to the commissioners, who then begin the process of reallocating specific items that, in their opinion, need to be modified. The final budget, when approved by the commissioners court, is filed for public inspection with the county clerk. Public hearings are then held, if required, and the budget is adjusted, if necessary, and approved in its final form by commissioners court. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Revisions to the budget were made throughout the year.

The County does not record encumbrances as part of its accounting records.

**IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

County Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the County complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The County limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not investing in foreign currencies.

As of September 30, 2020, the following are the County's cash and cash equivalents with respective maturities and credit rating:

<u>Type of Deposit</u>	<u>Fair Value</u>	<u>Percent</u>	<u>Maturity in Less than 1 year</u>	<u>Maturity in 1-10 Years</u>	<u>Maturity in Over 10 Years</u>	<u>Credit Rating</u>
Cash, Money Markets and FDIC Insured Accounts	4,957,424	100.0%	4,957,424	-	-	N/A
Total Cash and Cash Equivalents	<u>\$ 4,957,424</u>	100.0%	<u>\$ 4,957,424</u>	<u>-</u>	<u>-</u>	

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: State Bank of DeKalb
- b. The market value of securities pledged as of September 30, 2020 was \$6,225,000.
- c. The combined balances of cash, savings, and time deposit accounts amounted to \$5,391,270 as of September 30, 2020.
- d. Total amount of FDIC coverage at September 30, 2020 was \$500,000.



## Investments

### County Policies and Legal and Contractual Provisions Governing Investments

#### **Compliance with the Public Funds Investment Act**

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies OR one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. RED RIVER COUNTY, TEXAS is in substantial compliance with the requirements of the Act and with local policies.

Additional policies and contractual provisions governing investments for RED RIVER COUNTY, TEXAS are specified below:

*Credit Risk* To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the County limits investments in commercial paper, corporate bonds, mutual bond funds to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of September 30, 2020, the County did not invest in commercial paper.

*Custodial Credit Risk for Investments* To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the County requires counterparties to register the securities in the name of the County and hand them over to the County or its designated agent. This includes securities in securities lending transactions.

*Concentration of Credit Risk* To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the County limits investments to less than 5% of its total investments. The County further limits investments in a single issuer when they would cause investment risks to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

*Interest Rate Risk* To limit the risk that changes in interest rates will adversely affect the fair value of investments, the County requires all of the investment portfolio to have maturities of less than one year.

*Foreign Currency Risk for Investments* The County limits the risk that changes in exchange rates will adversely affect the fair value of an investment by not allowing foreign investments.

The County categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.



In this discussion and in the table below, investments are defined according to GASB 72 as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. An asset initially reported as a capital asset and later held for sale would not subsequently be reclassified as an investment.

As of September 30, 2020, Red River County had the following investments subject to the fair value measurement.

<u>Investment by Fair Value Level</u>	<u>Balance at September 30, 2020</u>	<u>Fair Value Measurements Using</u>			<u>Credit Rating</u>
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
Debt Securities:					
U.S. Treasury Securities	345,358	345,358	-	-	AAAm
Agencies	1,455,433	1,455,433	-	-	AAAm
Repurchase Agreement	666,045	666,045	-	-	AAAm
Total Debt Securities	<u>2,466,836</u>	<u>2,466,836</u>	<u>-</u>	<u>-</u>	
Total	<u>2,466,836</u>	<u>2,466,836</u>	<u>-</u>	<u>-</u>	

The above securities have a maturity of less than one year. Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Red River County has no investments measured at the Net Asset Value (NAV) per Share. The County estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. This is acquired through the investment pool mix.

#### **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 located in the County 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 31 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The County levied property taxes for the 2019 tax roll totaling approximately \$4.63 million. Such tax is based on an assessed valuation of approximately \$576 million with an applicable tax rate of \$0.80409 per \$100 valuation.

#### **C. DELINQUENT TAXES RECEIVABLE**

Delinquent taxes are prorated between General and Road and Bridge based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Road and Bridge Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the County is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

#### **D. INTERFUND TRANSFERS**

There was a transfer of \$16,596 from the General fund to the non-major special revenue fund juvenile probation department. There was also a transfer of \$10,000 from the jail housing enterprise fund to the non-major special revenue fund law library.

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2020, were as follows:

	<u>Property Taxes</u>	<u>Fees of Office</u>	<u>Due from Other Governments</u>	<u>Other</u>	<u>Total Receivables</u>
<b>Governmental Activities:</b>					
General Fund	1,028,482	4,161,491	-	-	5,189,973
Major Special Revenue Funds	253,241	-	-	-	253,241
Nonmajor Governmental Funds	-	-	-	-	-
Total - Governmental Activities	<u>1,281,723</u>	<u>4,161,491</u>	<u>-</u>	<u>-</u>	<u>5,443,214</u>
Amounts not scheduled for collection during the subsequent year	<u>256,344</u>	<u>1,881,156</u>	<u>-</u>	<u>-</u>	<u>2,137,500</u>
<b>Business Type Activities:</b>					
Major Enterprise Fund	-	-	-	-	-
Total - Business Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts not scheduled for collection during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Payables at September 30, 2020, were as follows:

	<u>Accounts</u>	<u>Salaries and Benefits</u>	<u>Due to Other Governments</u>	<u>Other</u>	<u>Total Payables</u>
<b>Governmental Activities:</b>					
General Fund	8,953	6,702	-	-	15,655
Major Special Revenue Funds	(1,393)	(282)	-	-	(1,675)
Nonmajor Gov. Funds	1,500	-	-	-	1,500
Total - Gov. Activities	<u>9,060</u>	<u>6,420</u>	<u>-</u>	<u>-</u>	<u>15,480</u>
Amounts not scheduled for payment during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business Type Activities:</b>					
Major Enterprise Fund	-	-	-	-	-
Total - Business Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amounts not scheduled for payment during the subsequent year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



**F. CAPITAL ASSET ACTIVITY**

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

	Primary Government				<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	
Governmental Activities:					
County:					
Land	132,709	-	-	-	132,709
Buildings and Improvements	5,577,813	-	-	-	5,577,813
Machinery and Equipment	3,839,291	261,815	(251,259)	-	3,849,847
Roads	16,967,500	-	-	-	16,967,500
Totals at Historic Cost	<u>26,517,313</u>	<u>261,815</u>	<u>(251,259)</u>	<u>-</u>	<u>26,527,869</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(2,125,871)	(104,111)	-	-	(2,229,982)
Machinery and Equipment	(3,061,406)	(249,929)	157,168	-	(3,154,167)
Roads	(12,755,050)	(347,600)	-	-	(13,102,650)
Total Accumulated Depreciation	<u>(17,942,327)</u>	<u>(701,640)</u>	<u>157,168</u>	<u>-</u>	<u>(18,486,799)</u>
Governmental Activities Capital Assets, Net	<u>8,574,986</u>	<u>(439,825)</u>	<u>(94,091)</u>	<u>-</u>	<u>8,041,070</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Business-Type Activities:					
Land	22,431	-	-	-	22,431
Buildings and Improvements	1,641,823	-	-	-	1,641,823
Totals at Historic Cost	<u>1,664,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,664,254</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(852,011)	(32,902)	-	-	(884,913)
Total Accumulated Depreciation	<u>(852,011)</u>	<u>(32,902)</u>	<u>-</u>	<u>-</u>	<u>(884,913)</u>
Business-Type Activities Capital Assets, Net	<u>812,243</u>	<u>(32,902)</u>	<u>-</u>	<u>-</u>	<u>779,341</u>
Primary Government Capital Assets, net	<u>9,387,229</u>	<u>(472,727)</u>	<u>(94,091)</u>	<u>-</u>	<u>8,820,411</u>

Depreciation expense was charged as follows:

Governmental Activities:		Business-Type Activities:	
General Government	74,115	Public Safety	6,405
Public Safety	38,717	Judicial	26,497
Highways, Streets and Bridges	478,589		
Financial	25,897		
Judicial	84,322		
	<u>701,640</u>		<u>32,902</u>

## G. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the County for the year ended September 30, 2020:

	Original Amount	Interest Rate	Payable at 10/1/2019	Additions (Reductions)	Payable at 9/30/2020	Due within One Year
Note Payable--metal roof and related equipment	94,864	4.35%	<u>75,005</u>	<u>(5,494)</u>	<u>69,511</u>	<u>5,707</u>
			<u>75,005</u>	<u>(5,494)</u>	<u>69,511</u>	<u>5,707</u>

The Counties long-term debt from notes as of September 30, 2020, follows:

(A) Note payable, Government Capital Corporation, due in annual principal payments of \$8,735 including interest at 4.348%. Annual payments began in December 2015 and continue through December 2029.	69,511
	<u>69,511</u>

The annual requirements to amortize notes payable as of September 30, 2020, follows:

Years Ending 9/30	Principal	Interest	Total
2021	5,707	3,028	8,735
2022	5,955	2,780	8,735
2023	6,214	2,521	8,735
2024	6,484	2,251	8,735
2025	6,766	1,969	8,735
2026-2029	38,385	6,770	45,155
	<u>69,511</u>	<u>19,319</u>	<u>88,830</u>

## H. COMMITMENTS UNDER LEASES

The County entered into a capital lease purchase agreement February 7, 2019 with Bancorp South Finance for the purpose of purchasing a Precinct 4 2018 Mack Truck. The amount capitalized was \$97,075, monthly payments, \$2,868, begin March, 2019 including principal and interest. The interest rate is 4.04%. Monthly payments of \$2,868 including principal and interest at 4.04% begin March 2019 and continue through February 2022.

The County entered into an additional lease purchase agreement in fiscal year 2020 with Bancorp South Financial. In June, 2020, Precinct #3 acquired a 2021 Mack Truck. The amount capitalized was \$119,800. Monthly payments of interest at 2.34% begin July, 2020. In July, 2021 a principal payment of \$118,703 is due to pay off the remaining balance. In March 2017, Precinct #3 acquired a John Deere 6610M tractor with boom mower and ditcher. The amount capitalized was \$154,580. Annual payments of \$33,263 including principal and interest at 2.46% begin April 2018 and continue annually through April 2022.

The County entered into a capital lease purchase agreement January 10, 2018 with Bancorp South Finance for the purpose of purchasing a Precinct 3 2018 Chevrolet Truck. The amount capitalized was \$22,565, monthly payments, \$652, begin January, 2018 including principal and interest. The interest rate is 2.59%.

The County entered into a capital lease purchase agreement August 22, 2018 with Hart Intercivic for the purpose of purchasing election equipment. The amount capitalized was \$293,100, annual payments, \$66,706, begin October, 2018 including principal and interest. The interest rate is 4.26%.



The Counties long-term debt from leases as of September 30, 2020, follows:

Leases payable to Bancorp South--

	Original Amount	Interest Rate	Payable at 10/1/2019	Additions (Reductions)	Payable at 9/30/2020	Due within One Year
Precinct 4 Mack Truck	97,075	4.04%	79,108	(29,103)	50,005	33,013
Precinct 3 Mach Truck	114,181	3.94%	110,877	(111,974)	118,703	118,703
Precinct 3 JD Tractor	154,580	2.46%	95,019	119,800 (30,897)	64,122	31,667
Precinct 3 Chevrolet Truck	22,565	2.59%	10,245	(7,005)	3,240	3,240
General County Election Equipment	293,100	4.26%	293,100	(52,672)	240,428	56,452
			<u>588,349</u>	<u>(111,851)</u>	<u>476,498</u>	<u>243,075</u>

Years Ending 9/30	Principal	Interest	Total
2021	243,075	12,055	255,130
2022	108,304	7,145	115,449
2023	61,365	5,341	66,706
2024	63,754	2,726	66,480
2025	-	-	-
	<u>476,498</u>	<u>27,267</u>	<u>503,765</u>

## I. DEFINED BENEFIT PENSION PLANS

### Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit plan in the state-wide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the state-wide agent multiple-employer public employee retirement system consisting of over 600 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 10 or more years of service or with 30 years of service regardless of age or when the sum of their age and years of service equals 80 or more. A member is vested after 10 years of service but must leave his accumulated contributions in the plan to receive any employer-financed benefit. If a member withdraws his personal contributions in a lump-sum, he is not entitled to any amounts contributed by the employer.

All eligible employees of the County are required to participate in the TCDRS.

### Benefits Provided

TCDRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS.

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 employer within actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated as if 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.



Employees covered by benefit terms.

At December 31, 2018 and 2019 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2018</u>	<u>2019</u>
Inactive employees or beneficiaries currently receiving benefits	62	62
Inactive employees entitled to but not yet receiving benefits	142	155
Active employees	<u>90</u>	<u>94</u>
	<u>294</u>	<u>311</u>

Contributions

The employer has elected the annually determined contribution rate (Variable-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 employer is actuarially determined annually.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 9.40% and 10.19% in calendar years 2019 and 2020. The County's contributions to TCDRS for the year ended September 30, 2020 was \$231,756 and was equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuations were determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	2.25% per year
Investment Rate of Return	8.10% per year

Demographic and economic assumptions are used to estimate employer liabilities and to determine the amount of funding required from employer contributions as opposed to investment earnings. These assumptions reflect a long-term perspective of 30 years or more. Examples of key economic assumptions include long-term investment return, long-term inflation and annual payroll increase.

Demographic assumptions are the actuary's best estimate of what will happen to TCDRS members and retirees. Examples of demographic assumptions are employment termination rates, retirement rates and retiree mortality rates. A complete listing of all actuarial assumptions can be found in the annual system-wide valuation report.

The long-term expected rate of return on pension plan investments is 8.1% for 2018 and 2019 measurement dates. 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 pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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>Target Allocation</u>	<u>Geometric Real Rate of Return</u>
US Equity	14.5%	5.20%
International Equity	14.0%	5.2-5.7%
Various	20.5%	0.0-8.4%
Hedge Funds	8.0%	2.30%
Private Equity	20.0%	8.20%
Direct Lending	11.0%	7.16%
Strategic Credit	<u>12.0%</u>	3.14%
Total	100.0%	



**I. DEFINED BENEFIT PENSION PLANS (continued)**

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1% for 2018 and 2019. 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.

Changes in the Net Pension Liability

	Increase (decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at December 31, 2018	\$ 10,138,604	\$ 9,278,057	\$ 860,547
Changes for the year:			
Service cost	283,757	-	283,757
Interest	820,239	-	820,239
Effects of plan changes	-	-	-
Effects of economic/demographic gains/losses	75,152	-	75,152
Changes of assumptions	-	-	-
Contributions - employer	-	226,078	(226,078)
Contributions - employee	-	168,354	(168,354)
Net investment income	-	1,523,855	(1,523,855)
Benefit payments, including refund of contributions	(603,670)	(603,670)	-
Administrative expense	-	(8,062)	8,062
Other changes	-	(5,690)	5,690
Net changes	\$ 575,478	\$ 1,300,865	\$ (725,387)
Balance at December 31, 2019	\$ 10,714,082	\$ 10,578,922	\$ 135,160

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, 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 (7.1%) or 1-percentage-point higher (9.1%) than the current rate:

Measurement Date	1% Decrease in Discount Rate		1% Increase in Discount Rate	
	7.1%	8.1%	9.1%	9.1%
	12/31/2018 County's net pension liability/(Asset)	\$ 2,107,053	\$ 860,547	\$ (182,425)
12/31/2019 County's net pension liability/(Asset)	\$ 1,444,291	\$ 135,160	\$ (961,066)	\$ (961,066)

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](http://www.tcdrs.com).

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

For the year ended September 30, 2020, the County recognized pension expense of \$231,756.

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	14,565	50,101
Changed is actuarial assumptions	-	-
Difference between projected and actual investment earnings	267,508	-
Contributions subsequent to the measurement date	-	304,508
Total	282,073	354,609

Amounts reported as deferred outflows and inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended September 30:	
2021	(58,081)
2022	(53,732)
2023	36,080
2024	(156,239)
2025	-
Thereafter	-

**J. FEDERAL GRANTS**

In the normal course of operations, the County receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance precedent to the granting of funds.

**K. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2020, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**L. VACATION AND COMP. TIME PAYABLE**

Changes in vacation and comp. time payable is as follows:

<u>9/30/20</u>	<u>9/30/19</u>
98,517	102,594

**M. DEFERRED INFLOWS OF RESOURCES**

In the government wide statements and the governmental fund financial statements the amount of property taxes receivable and fines expected to be collected in the future is reflected as a deferred inflow of resources and will be recognized as such each year as it is collected.

**N. COMMITMENTS AND CONTINGENCIES**

The County has no significant commitments or contingencies at September 30, 2020.

**O. LITIGATION**

The County has no pending litigation at September 30, 2020.

**P. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 3, 2021 the financial statement issuance date.



**REQUIRED SUPPLEMENTAL INFORMATION**

RED RIVER COUNTY, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
<b>A. Total Pension Liability</b>			
Service Cost	\$ 283,757	\$ 297,224	\$ 275,683
Interest (on the Total Pension Liability)	820,239	787,213	745,666
Changes of Benefit Terms	-	-	48,098
Difference between Expected and Actual Experience	75,152	-	-
Changes of Assumptions	-	(43,695)	46,253
Benefit Payments, Including Refunds of Employee Contributions	(603,670)	(634,836)	(614,183)
Net Change in Total Pension Liability	\$ 575,478	\$ 405,906	\$ 501,517
Total Pension Liability - Beginning	10,138,604	9,732,698	9,231,181
Total Pension Liability - Ending	\$ 10,714,082	\$ 10,138,604	\$ 9,732,698
<b>B. Total Fiduciary Net Position</b>			
Contributions - Employer	\$ 226,078	\$ 219,039	\$ 195,702
Contributions - Employee	168,354	162,250	150,704
Net Investment Income	1,523,855	(184,095)	1,270,944
Benefit Payments, Including Refunds of Employee Contributions	(603,670)	(634,836)	(614,183)
Administrative Expense	(8,062)	(7,452)	(6,471)
Other	(5,690)	(6,577)	(36,580)
Net Change in Plan Fiduciary Net Position	\$ 1,300,865	\$ (451,671)	\$ 960,116
Plan Fiduciary Net Position - Beginning	9,278,057	9,729,728	8,736,682
Plan Fiduciary Net Position - Ending	\$ 10,578,922	\$ 9,278,057	\$ 9,696,798
<b>C. Net Pension Liability</b>	\$ 135,160	\$ 860,547	\$ 35,900
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	98.74%	91.51%	99.63%
<b>E. Covered Payroll</b>	\$ 2,316,620	\$ 2,227,012	\$ 2,136,277
<b>F. Net Pension Liability as a Percentage of Covered Payroll</b>	5.83%	38.64%	1.68%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.



FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
\$	298,019	\$	277,381	\$	295,844
	700,798		679,496		666,444
	-		-		-
	-		-		(42,778)
	-		(141,266)		-
	(540,079)		(534,542)		(493,989)
\$	458,738	\$	281,069	\$	425,521
	8,772,443		8,491,374		8,065,853
\$	9,231,181	\$	8,772,443	\$	8,491,374
\$	187,406	\$	179,972	\$	189,655
	148,567		141,395		144,617
	614,895		(8,366)		550,859
	(540,079)		(534,542)		(493,989)
	(6,681)		(6,057)		(6,419)
	14,250		12,207		11,902
\$	418,358	\$	(215,391)	\$	396,625
	8,318,324		8,533,685		8,137,060
\$	8,736,682	\$	8,318,294	\$	8,533,685
\$	494,499	\$	454,149	\$	(42,311)
	94.64%		94.82%		100.49%
\$	2,122,379	\$	2,019,929	\$	2,030,546
	23.30%		22.48%		(2.08%)

RED RIVER COUNTY, TEXAS  
 SCHEDULE OF CONTRIBUTIONS  
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
 FOR THE FISCAL YEAR 2020

	2020	2019	2018
Actuarially Determined Contribution	\$ 231,756	\$ 209,599	\$ 200,123
Contributions in Relation to the Actuarially Determined Contributions	231,756	209,599	200,123
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 2,316,620	\$ 2,227,012	\$ 2,136,277
Contributions as a Percentage of Covered Employee Payroll	10.00%	9.41%	9.37%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.



	2017	2016	2015
\$	182,392	\$ 175,831	\$ 171,185
	182,392	175,831	171,185
\$	-	\$ -	-
\$	1,970,674	\$ 1,952,108	\$ 1,896,659
	9.25%	8.98%	9.03%

RED RIVER COUNTY, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2020

A. Notes to Schedules for the TCDRS Pension

*Changes of Benefit terms.*

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

*Changes of Assumptions.*

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of September 30, 2019 was developed using a roll-forward method from the September 30, 2018.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TCDRS for the period ending September 30, 2018.
- Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
- The discount rate remained unchanged at 8.1 percent.
  
- The long term assumed rate of return remained unchanged at 8.1 percent.
- The change in the long-term assumed rate of return combined with the change in the net investment income was the primary reason for the increase in the net pension liability.



## COMBINING SCHEDULES

**NON-MAJOR GOVERNMENTAL FUNDS**



RED RIVER COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2020

	Law Library	Drug Fund	Courthouse Security	Indigent Health Care
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 13,978	\$ 86,702	\$ 68,123	\$ 269,541
Total Assets	<u>\$ 13,978</u>	<u>\$ 86,702</u>	<u>\$ 68,123</u>	<u>\$ 269,541</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Reported in Special Revenue Funds	13,978	86,702	68,123	269,541
Total Fund Balances	<u>13,978</u>	<u>86,702</u>	<u>68,123</u>	<u>269,541</u>
Total Liabilities and Fund Balances	<u>\$ 13,978</u>	<u>\$ 86,702</u>	<u>\$ 68,123</u>	<u>\$ 269,541</u>

Book Preservation	Record Management Fund	Right of Way	Juvenile Probation	Juvenile Probation Comm. Corr.	Diversiory Placement	Title VI-E	Bail Bond Board
\$ 108,012	\$ 3,684	\$ 60,586	\$ 21,283	\$ 13,776	\$ 12,522	\$ 81,471	\$ 13,308
<u>\$ 108,012</u>	<u>\$ 3,684</u>	<u>\$ 60,586</u>	<u>\$ 21,283</u>	<u>\$ 13,776</u>	<u>\$ 12,522</u>	<u>\$ 81,471</u>	<u>\$ 13,308</u>
\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -
-	-	-	-	13,776	12,522	73,184	-
-	-	-	1,500	13,776	12,522	73,184	-
108,012	3,684	60,586	19,783	-	-	8,287	13,308
<u>108,012</u>	<u>3,684</u>	<u>60,586</u>	<u>19,783</u>	<u>-</u>	<u>-</u>	<u>8,287</u>	<u>13,308</u>
<u>\$ 108,012</u>	<u>\$ 3,684</u>	<u>\$ 60,586</u>	<u>\$ 21,283</u>	<u>\$ 13,776</u>	<u>\$ 12,522</u>	<u>\$ 81,471</u>	<u>\$ 13,308</u>



RED RIVER COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2020

	Hot Check Fee	County Attorney Drug Forf.	Co. Attny Welfare Fraud	Sheriff Comm. Svc. Program
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 16,875	\$ 10,189	\$ 615	\$ 218
Total Assets	<u>\$ 16,875</u>	<u>\$ 10,189</u>	<u>\$ 615</u>	<u>\$ 218</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Reported in Special Revenue Funds	16,875	10,189	615	218
Total Fund Balances	<u>16,875</u>	<u>10,189</u>	<u>615</u>	<u>218</u>
Total Liabilities and Fund Balances	<u>\$ 16,875</u>	<u>\$ 10,189</u>	<u>\$ 615</u>	<u>\$ 218</u>

Economic Development	County Clerk Vital Stats. Record	County Clerk Archive Fees	Total Nonmajor Governmental Funds
\$ 1,978	\$ 2,622	\$ 150,985	\$ 936,468
<u>\$ 1,978</u>	<u>\$ 2,622</u>	<u>\$ 150,985</u>	<u>\$ 936,468</u>
\$ -	\$ -	\$ -	\$ 1,500
-	-	-	99,482
-	-	-	100,982
1,978	2,622	150,985	835,486
<u>1,978</u>	<u>2,622</u>	<u>150,985</u>	<u>835,486</u>
<u>\$ 1,978</u>	<u>\$ 2,622</u>	<u>\$ 150,985</u>	<u>\$ 936,468</u>



RED RIVER COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Law Library	Drug Fund	Courthouse Security	Indigent Health Care
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 355,155
Intergovernmental Revenue and Grants	-	-	-	31,047
Charges for Services	5,451	-	-	-
Fines	-	8,574	7,223	-
Other Revenue	15	51,420	104	408
Total Revenues	<u>5,466</u>	<u>59,994</u>	<u>7,327</u>	<u>386,610</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	-	-
Legal	12,173	-	-	-
Public Safety	-	41,693	-	-
Health & Welfare	-	-	-	310,316
Total Expenditures	<u>12,173</u>	<u>41,693</u>	<u>-</u>	<u>310,316</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,707)</u>	<u>18,301</u>	<u>7,327</u>	<u>76,294</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	10,000	-	-	-
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	3,293	18,301	7,327	76,294
Fund Balance - October 1 (Beginning)	<u>10,685</u>	<u>68,401</u>	<u>60,796</u>	<u>193,247</u>
Fund Balance - September 30 (Ending)	<u>\$ 13,978</u>	<u>\$ 86,702</u>	<u>\$ 68,123</u>	<u>\$ 269,541</u>

Book Preservation	Record Management Fund	Right of Way	Juvenile Probation	Juvenile Probation Comm. Corr.	Diversiory Placement	Title VI-E	Bail Bond Board
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22,470	2,853	-	10,817	171,342	16,420	90,333	-
-	-	-	-	-	-	-	-
170	5	692	183	-	-	-	-
<u>22,640</u>	<u>2,858</u>	<u>692</u>	<u>11,000</u>	<u>171,342</u>	<u>16,420</u>	<u>90,333</u>	<u>1,021</u>
20,329	1,980	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	16,606	171,342	16,420	90,333	-
-	-	-	-	-	-	-	-
<u>20,329</u>	<u>1,980</u>	<u>-</u>	<u>16,606</u>	<u>171,342</u>	<u>16,420</u>	<u>90,333</u>	<u>-</u>
2,311	878	692	(5,606)	-	-	-	1,021
-	-	-	16,596	-	-	-	-
-	-	-	16,596	-	-	-	-
2,311	878	692	10,990	-	-	-	1,021
<u>105,701</u>	<u>2,806</u>	<u>59,894</u>	<u>8,793</u>	<u>-</u>	<u>-</u>	<u>8,287</u>	<u>12,287</u>
<u>\$ 108,012</u>	<u>\$ 3,684</u>	<u>\$ 60,586</u>	<u>\$ 19,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,287</u>	<u>\$ 13,308</u>



RED RIVER COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Hot Check Fee	County Attorney Drug Forf.	Co. Attny Welfare Fraud	Sheriff Comm. Svc. Program
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	587	-	-	-
Fines	-	3,836	-	-
Other Revenue	31	47	1	1
Total Revenues	618	3,883	1	1
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	-	-
Legal	3,529	7,213	-	-
Public Safety	-	-	-	241
Health & Welfare	-	-	-	-
Total Expenditures	3,529	7,213	-	241
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,911)	(3,330)	1	(240)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(2,911)	(3,330)	1	(240)
Fund Balance - October 1 (Beginning)	19,786	13,519	614	458
Fund Balance - September 30 (Ending)	\$ 16,875	\$ 10,189	\$ 615	\$ 218

Economic Development	County Clerk Vital Stats. Record	County Clerk Archive Fees	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 355,155
-	-	-	319,959
-	-	-	31,361
-	922	22,340	42,895
-	3	231	54,332
-	925	22,571	803,702
-	-	8,850	31,159
-	-	-	22,915
-	-	-	336,635
-	-	-	310,316
-	-	8,850	701,025
-	925	13,721	102,677
-	-	-	26,596
-	-	-	26,596
-	925	13,721	129,273
1,978	1,697	137,264	706,213
<u>\$ 1,978</u>	<u>\$ 2,622</u>	<u>\$ 150,985</u>	<u>\$ 835,486</u>



FIDUCIARY FUNDS

Red River County, Texas  
 COMBINING STATEMENT OF NET POSITION  
 FIDUCIARY FUND  
 As of September 30, 2020

	State Trust	Arrest Fees	Law Enforcement	Total
<b>ASSETS</b>				
Cash and cash equivalents	266,485	108,558	15,328	390,371
Investments-Current	<u>152,171</u>	<u>-</u>	<u>-</u>	<u>152,171</u>
<b>Total Assets</b>	<u><u>418,656</u></u>	<u><u>108,558</u></u>	<u><u>15,328</u></u>	<u><u>542,542</u></u>
 <b>LIABILITIES</b>				
Due to other governments	<u><u>418,656</u></u>	<u><u>108,558</u></u>	<u><u>15,328</u></u>	<u><u>542,542</u></u>



INTERNAL CONTROL SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Judge and  
County Commissioners  
Red River County, Texas  
Clarksville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Red River County, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 3, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

**Purpose of this Report**

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

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

February 3, 2021



Red River County, Texas  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED September 30, 2020

**I. Summary of the Auditor's Results:**

- a. The type of report issued on the financial statements of Red River County was unmodified.
- b. Where applicable, a statement that control deficiencies in internal control were disclosed by the audit of the financial statements and whether they were material weaknesses. None
- c. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee. NONE
- d. Where applicable, a statement that control deficiencies in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses. N/A
- e. The type of report the auditor issued on compliance for major programs. N/A
- f. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under "Uniform Guidance under section 200.516 Audit Findings paragraph (a)" as required by Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). : NONE
- g. An identification of major programs: N/A
- h. The dollar threshold used to distinguish between Type A and Type B programs. N/A
- i. A statement as to whether the auditee qualified as a low-risk auditee. N/A

**II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.**

NONE

**III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above**

NONE

Red River County, Texas  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
For the year ended September 30, 2020

N/A



Red River County, Texas  
CORRECTIVE ACTION PLAN  
For the year ended September 30, 2020

N/A

The contact at the County is Camille Hines at 903-427-2131.