

**Red River County, Texas**

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

**For the year ended September 30, 2021**

Red River County, Texas  
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 Year ended September 30, 2021

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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, 2021, 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, 2021, 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 42 through 45 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 23, 2022, 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 23, 2022

## 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, 2021. 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 \$16.23 million at September 30, 2021. \$7.8 million of the net position is invested in capital assets, net of related debt. During the year, the County's expenses were \$940 thousand less than the \$7.45 million generated in taxes, charges for services, and other revenues from activities. This includes depreciation expense of \$718 thousand. The adjustment to the net pension liability as required by GASB 68 resulted in an increase to expense of \$106 thousand.

The total cost of all the County's activities was about \$6.5 million, approximately the same as the prior year.

The general fund balance is \$5.98 million at September 30, 2021, which is an increase of \$1.11 thousand as compared to an increase of \$869 thousand the prior year. General fund revenue increased \$428 thousand or 9% compared to the prior year with an increase of \$244 thousand in tax revenue. Intergovernmental revenue increased \$170 thousand. Current expenditures were up \$182 thousand or 4.8%. Payroll was up about \$70 thousand. The main road and bridge fund balance increased by \$145 thousand to a balance of \$1 million. Revenues were up \$172 thousand.

During the year, \$83 thousand of fixed assets were added. \$142 thousand of principal was paid on debt. No new debt was obtained.

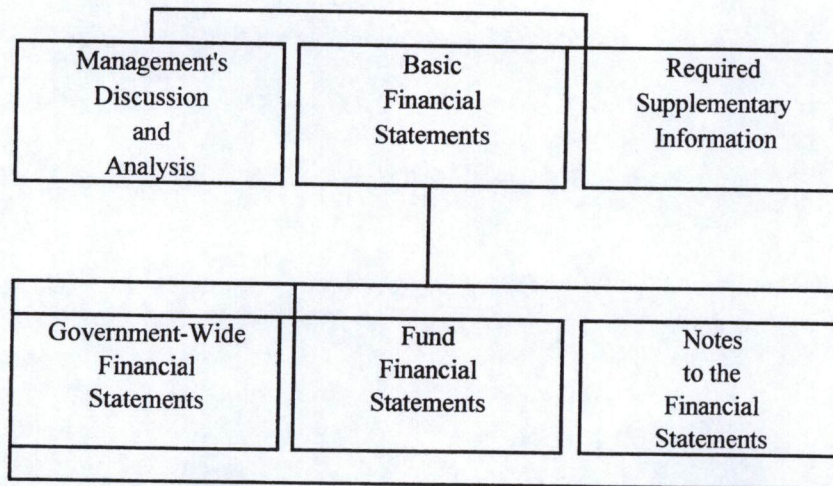
Approximately 95% of the taxes levied for 2020-2021 were collected by September 30, 2021.

## 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.

Figure A-2. Major Features of the County's Government-wide Fund Financial 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 \$16.23 million at September 30, 2021.

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

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	12,715	10,012	203	175	12,918	10,187
Capital and non-current assets	7,439	8,041	747	779	8,186	8,820
<b>TOTAL ASSETS</b>	<b>20,154</b>	<b>18,053</b>	<b>950</b>	<b>954</b>	<b>21,104</b>	<b>19,007</b>
Deferred outflow-pension plan	599	355	-	-	599	355
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>599</b>	<b>355</b>	<b>-</b>	<b>-</b>	<b>599</b>	<b>355</b>
Long-term liabilities	722	681	-	-	722	681
Other liabilities	1,388	224	-	-	1,388	224
<b>TOTAL LIABILITIES</b>	<b>2,110</b>	<b>905</b>	<b>-</b>	<b>-</b>	<b>2,110</b>	<b>905</b>
Unavailable revenue-taxes, fines, & fees	2,913	2,886	-	-	2,913	2,886
Deferred inflow-pension plan	449	282	-	-	449	282
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,362</b>	<b>3,168</b>	<b>-</b>	<b>-</b>	<b>3,362</b>	<b>3,168</b>
Net position						
Invested in capital assets net of related debt	7,035	7,495	747	779	7,782	8,274
Restricted	2,107	1,720	-	-	2,107	1,720
Unrestricted	6,139	5,120	203	175	6,342	5,295
<b>TOTAL NET POSITION</b>	<b>15,281</b>	<b>14,335</b>	<b>950</b>	<b>954</b>	<b>16,231</b>	<b>15,289</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 \$6.3 million of unrestricted net position represents resources available to fund the programs of the County for the next fiscal year.

The \$2.1 million is restricted as follows:

Restricted for debt service	-
Restricted for special revenue funds	2,107
	<u>2,107</u>

Net position of the County increased \$940 thousand. The County recorded depreciation of \$718 thousand. \$83 thousand of fixed assets were added. \$142 thousand was paid on principal on debt. The County's revenues exceeded expenditures by \$1.5 million in the governmental funds. Expenses exceeded revenues by \$4 thousand in the proprietary fund. The net pension asset/liability increased \$106 thousand.

Changes in net position.

The County's total revenues were \$7.45 million. 65% of this came from property taxes, 11% came from sales taxes and other taxes, 9% came from charges for services, and 11% came from operating grants and contributions.

The total cost of all programs was \$6.5 million. Approximately 33% of this was for public safety and 28% was for highways, streets and bridges.

Net position increased by \$940 thousand because of the excess of revenues over expenses. Depreciation expense was \$711 thousand for the year.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
<u>Program Revenues</u>						
Charges for Services	638	639	28	17	666	656
Operating Grants and Contributions	845	666	-	-	845	666
<u>General Revenues</u>						
Property Taxes	4,856	4,537	-	-	4,856	4,537
Other taxes	854	842	-	-	854	842
Investment earnings	27	57	1	2	28	59
Other	203	205	-	-	203	205
<b>Total Revenues</b>	<u>7,423</u>	<u>6,946</u>	<u>29</u>	<u>19</u>	<u>7,452</u>	<u>6,965</u>
<b>Expenses</b>						
General Government	406	394	-	-	406	394
Judicial	493	491	-	-	493	491
Legal	118	124	-	-	118	124
Financial	356	371	-	-	356	371
Public Facility	165	124	-	-	165	124
Public Safety	2,096	2,077	33	33	2,129	2,110
Health and Welfare	171	314	-	-	171	314
Roads & Streets	1,811	1,818	-	-	1,811	1,818
Cultural and Recreational	111	101	-	-	111	101
Conservation	199	179	-	-	199	179
Intergovernmental	16	15	-	-	16	15
General-miscellaneous	517	446	-	-	517	446
Debt service	18	36	-	-	18	36
<b>Total Expenses</b>	<u>6,477</u>	<u>6,490</u>	<u>33</u>	<u>33</u>	<u>6,510</u>	<u>6,523</u>
<b>Other Sources (Uses)</b>						
Transfers to other governments	-	10	-	(10)	-	-
<b>Increase (Decrease) in Net Position</b>	946	466	(4)	(24)	942	442
<b>Beginning Net Position</b>	14,335	13,869	954	978	15,289	14,847
<b>Ending Net Position</b>	<u>15,281</u>	<u>14,335</u>	<u>950</u>	<u>954</u>	<u>16,231</u>	<u>15,289</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 \$6.48 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$4.86 million.
- Some of the cost was paid by those who directly benefited from the programs (\$638 thousand), or by grants and contributions (\$846 thousand).

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

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General Government	406	394	231	131
Public Safety	2,096	2,077	1,341	1,548
Highways, Streets and Bridges	1,811	1,818	1,693	1,793

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

The County reported fund balance in its governmental funds of approximately \$8.08 million at September 30, 2021. This balance is composed of the following in thousands

General	5,977
Special Revenue	2,107
	<u>8,084</u>

Fund balance in the governmental funds increased \$1.5 million. The general fund balance increased \$1.1 million as compared to \$869 thousand the prior year. Tax revenue was up \$326 thousand as both property tax and sales tax increased. The Main Road & Bridge fund balance increased \$145 thousand as compared to a decrease of \$87 thousand the prior year. Tax revenue was up \$56 thousand in the Main Road & Bridge fund. Expenditures decreased about \$180 thousand. Other special revenue funds increased \$242 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 \$850 thousand. Actual revenues were \$479 thousand more than budgeted. Actually, the fund balance increased \$1.11 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Land	133	133	22	22
Roads	16,967	16,967	-	-
Buildings and improvements	5,578	5,578	1,642	1,642
Machinery and equipment	3,927	3,850	-	-
Totals at historical cost	<u>26,605</u>	<u>26,528</u>	<u>1,664</u>	<u>1,664</u>
Total accumulated depreciation	<u>(19,166)</u>	<u>(18,487)</u>	<u>(917)</u>	<u>(885)</u>
Net capital assets	<u><u>7,439</u></u>	<u><u>8,041</u></u>	<u><u>747</u></u>	<u><u>779</u></u>

\$83 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	
	2021	2020	2021	2020
Leases payable	340	476	-	-
Notes payable	64	70	-	-
Vacation & comp. time payable	<u>89</u>	<u>99</u>	<u>-</u>	<u>-</u>
	<u><u>493</u></u>	<u><u>645</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

\$143 thousand was paid on principal this year as scheduled. No new debt was obtained.

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

In setting the Fiscal Year 2022 budget, the governing body of Red River, after careful consideration, approved lowering the tax rate by 0.01940, which raised the 2022 tax rate over the effective tax rate, thereby increasing County revenue.

Also, the governing body increased personnel positions by one-half of one employee. 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 2022 was for ambulance service for Red River County. Also, we raised Longevity Pay from \$5 per month to \$50 per month. No other new programs or initiatives were added for FY 2022.

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, 2021

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,027,503	\$ 118,665	\$ 5,146,168
Investments - Current	4,333,596	85,108	4,418,704
Accounts Receivable (Net)	3,353,760	-	3,353,760
Capital Assets:			
Land Purchase and Improvements	132,709	22,431	155,140
Infrastructure, Net	3,517,250	-	3,517,250
Buildings, Net	3,243,462	724,099	3,967,561
Furniture and Equipment, Net	545,471	-	545,471
Total Assets	<u>20,153,751</u>	<u>950,303</u>	<u>21,104,054</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflow Related to Pension Plan	599,164	-	599,164
Total Deferred Outflows of Resources	<u>599,164</u>	<u>-</u>	<u>599,164</u>
<b>LIABILITIES</b>			
Accounts Payable	50,814	-	50,814
Compensated Absences Payable	88,637	-	88,637
Unearned Revenues	1,247,713	-	1,247,713
Noncurrent Liabilities:			
Debt Due Within One Year	220,519	-	220,519
Due in More Than One Year:			
Loans Payable - Noncurrent	183,006	-	183,006
Net Pension Liability	318,135	-	318,135
Total Liabilities	<u>2,108,824</u>	<u>-</u>	<u>2,108,824</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Taxes & Fees	2,913,298	-	2,913,298
Deferred Inflow Related to Pension Plan	449,352	-	449,352
Total Deferred Inflows of Resources	<u>3,362,650</u>	<u>-</u>	<u>3,362,650</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	7,035,367	746,530	7,781,897
Restricted for	2,106,546	-	2,106,546
Unrestricted Net Position	6,139,528	203,773	6,343,301
Total Net Position	<u>\$ 15,281,441</u>	<u>\$ 950,303</u>	<u>\$ 16,231,744</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, 2021

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 406,359	\$ 122,265	\$ 52,636	\$ -
Legal	117,762	1,314	63,084	-
Judicial	492,621	117,608	-	-
Financial	356,051	211,746	-	-
Public Facilities	164,789	-	-	-
Cultural & Recreational	111,470	-	-	-
Public Safety	2,096,322	150,167	605,339	-
Conservation	199,318	30,069	-	-
Intergovernmental	15,569	-	-	-
Miscellaneous	516,953	5,140	-	-
Health and Welfare	171,019	-	6,814	-
Roads & Streets	1,811,423	-	117,643	-
Interest on Debt	17,818	-	-	-
Total Governmental Activities	6,477,474	638,309	845,516	-
BUSINESS-TYPE ACTIVITIES:				
Prisoner Housing	32,811	27,742	-	-
Total Business-Type Activities	32,811	27,742	-	-
TOTAL PRIMARY GOVERNMENT	\$ 6,510,285	\$ 666,051	\$ 845,516	\$ -

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Other Taxes

Investment Earnings

Miscellaneous Revenue

Total General Revenues

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
\$ (231,458)	\$ -	\$ (231,458)
(53,364)	-	(53,364)
(375,013)	-	(375,013)
(144,305)	-	(144,305)
(164,789)	-	(164,789)
(111,470)	-	(111,470)
(1,340,816)	-	(1,340,816)
(169,249)	-	(169,249)
(15,569)	-	(15,569)
(511,813)	-	(511,813)
(164,205)	-	(164,205)
(1,693,780)	-	(1,693,780)
(17,818)	-	(17,818)
<u>(4,993,649)</u>	<u>-</u>	<u>(4,993,649)</u>
-	(5,069)	(5,069)
-	(5,069)	(5,069)
<u>(4,993,649)</u>	<u>(5,069)</u>	<u>(4,998,718)</u>
4,856,369	-	4,856,369
853,892	-	853,892
27,082	-	27,082
202,565	1,050	203,615
<u>5,939,908</u>	<u>1,050</u>	<u>5,940,958</u>
946,259	(4,019)	942,240
14,335,182	954,322	15,289,504
<u>\$ 15,281,441</u>	<u>\$ 950,303</u>	<u>\$ 16,231,744</u>

GOVERNMENTAL FUND FINANCIAL STATEMENTS

RED RIVER COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021

	General Fund	Major Road & Bridge Fund	Major Special Revenue Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,199,604	\$ 674,610	\$ -
Investments - Current	2,801,761	364,008	1,167,827
Accounts Receivable (Net)	3,135,458	209,950	-
<b>Total Assets</b>	<b>\$ 9,136,823</b>	<b>\$ 1,248,568</b>	<b>\$ 1,167,827</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 34,207	\$ 12,032	\$ -
Unearned Revenues	-	-	1,167,664
<b>Total Liabilities</b>	<b>34,207</b>	<b>12,032</b>	<b>1,167,664</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Taxes & Fees	3,125,436	207,170	-
<b>Total Deferred Inflows of Resources</b>	<b>3,125,436</b>	<b>207,170</b>	<b>-</b>
<b>FUND BALANCES</b>			
Reported in Special Revenue Funds	-	1,029,366	163
Unassigned Fund Balance	5,977,180	-	-
<b>Total Fund Balances</b>	<b>5,977,180</b>	<b>1,029,366</b>	<b>163</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 9,136,823</b>	<b>\$ 1,248,568</b>	<b>\$ 1,167,827</b>

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

Other Funds	Total Governmental Funds
\$ 1,153,289	\$ 5,027,503
-	4,333,596
8,352	3,353,760
<u>\$ 1,161,641</u>	<u>\$ 12,714,859</u>
\$ 4,575	\$ 50,814
80,049	1,247,713
<u>84,624</u>	<u>1,298,527</u>
-	3,332,606
-	3,332,606
1,077,017	2,106,546
-	5,977,180
<u>1,077,017</u>	<u>8,083,726</u>
<u>\$ 1,161,641</u>	<u>\$ 12,714,859</u>

RED RIVER COUNTY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2021

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	\$	8,083,726
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 \$26,527,869 and the accumulated depreciation was (\$18,486,799). In addition, long-term liabilities, including notes 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.		7,495,061
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 2021 capital outlays and debt principal payments is to increase (decrease) net position.		225,284
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 \$318,135 a Deferred Resource Inflow related to TCDRS in the amount of \$449,352 and a Deferred Resource Outflow related to TCDRS in the amount of \$599,164. This amounted to a decrease in Net Position in the amount of \$168,323.		(168,323)
The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(684,978)
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.		330,671
<b>Net Position of Governmental Activities</b>	<u>\$</u>	<u>15,281,441</u>

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, 2021

	General Fund	Major Road & Bridge Fund	Major Special Revenue Fund
<b>REVENUES:</b>			
Taxes	\$ 3,910,099	\$ 925,304	\$ -
Licenses and Permits	-	494,405	-
Intergovernmental Revenue and Grants	491,650	117,643	-
Charges for Services	558,904	-	-
Fines	81,757	-	-
Other Revenue	84,222	42,013	163
Total Revenues	5,126,632	1,579,365	163
<b>EXPENDITURES:</b>			
General Government	288,290	-	-
Legal	97,479	-	-
Judicial	400,858	-	-
Financial	330,146	-	-
Public Facilities	153,162	-	-
Cultural & Recreational	111,470	-	-
Public Safety	1,762,635	-	-
Conservation	199,318	-	-
Intergovernmental	10,284	-	-
Miscellaneous	511,668	-	-
Health and Welfare	-	-	-
Roads & Streets	-	1,320,618	-
Principal on Debt	62,121	80,363	-
Interest on Debt	13,258	4,560	-
Capital Outlay	53,800	29,000	-
Total Expenditures	3,994,489	1,434,541	-
Excess of Revenues Over Expenditures	1,132,143	144,824	163
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	-	-	-
Transfers Out (Use)	(16,596)	-	-
Total Other Financing Sources (Uses)	(16,596)	-	-
Net Change in Fund Balances	1,115,547	144,824	163
Fund Balance - October 1 (Beginning)	4,861,633	884,542	-
Fund Balance - September 30 (Ending)	\$ 5,977,180	\$ 1,029,366	\$ 163

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

Other Funds	Total Governmental Funds
\$ 380,747	\$ 5,216,150
-	494,405
229,016	838,309
37,078	595,982
42,328	124,085
28,697	155,095
<u>717,866</u>	<u>7,424,026</u>
38,722	327,012
20,283	117,762
-	400,858
-	330,146
-	153,162
-	111,470
268,192	2,030,827
-	199,318
-	10,284
-	511,668
165,734	165,734
-	1,320,618
-	142,484
-	17,818
-	82,800
<u>492,931</u>	<u>5,921,961</u>
<u>224,935</u>	<u>1,502,065</u>
16,596	16,596
-	(16,596)
<u>16,596</u>	-
241,531	1,502,065
<u>835,486</u>	<u>6,581,661</u>
<u>\$ 1,077,017</u>	<u>\$ 8,083,726</u>



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, 2021

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	1,502,065
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 2021 capital outlays and debt principal payments is to increase (decrease) the change in net position.		225,284
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 12/31/2020 caused the change in the ending net position to decrease. Contributions made after the measurement date of 12/31/2020 but during the 2021 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 (\$105,699).		(105,699)
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.		(684,978)
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.		9,587
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>946,259</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, 2021

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 3,848,039	\$ 3,848,039	\$ 3,910,099	\$ 62,060
Intergovernmental Revenue and Grants	103,793	79,193	491,650	412,457
Charges for Services	465,001	465,001	558,904	93,903
Fines	102,250	102,250	81,757	(20,493)
Other Revenue	128,300	152,900	84,222	(68,678)
Total Revenues	4,647,383	4,647,383	5,126,632	479,249
<b>EXPENDITURES:</b>				
Current:				
General Government	303,657	288,290	288,290	-
Legal	119,026	119,026	97,479	21,547
Judicial	498,153	492,834	400,858	91,976
Financial	385,050	385,050	330,146	54,904
Public Facilities	156,513	156,513	153,162	3,351
Cultural & Recreational	119,093	119,093	111,470	7,623
Public Safety	2,104,047	2,116,785	1,762,635	354,150
Conservation	240,000	244,885	199,318	45,567
Intergovernmental	15,600	15,600	10,284	5,316
Miscellaneous	707,005	709,854	511,668	198,186
Debt Service:				
Principal on Debt	62,161	62,175	62,121	54
Interest on Debt	13,283	13,283	13,258	25
Capital Outlay:				
Capital Outlay	121,100	121,300	53,800	67,500
Total Expenditures	4,844,688	4,844,688	3,994,489	850,199
Excess (Deficiency) of Revenues Over (Under) Expenditures	(197,305)	(197,305)	1,132,143	1,329,448
<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	(213,901)	(213,901)	1,115,547	1,329,448
Fund Balance - October 1 (Beginning)	4,861,633	4,861,633	4,861,633	-
Fund Balance - September 30 (Ending)	\$ 4,647,732	\$ 4,647,732	\$ 5,977,180	\$ 1,329,448

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, 2021

EXHIBIT D-1

	Business Type Activities
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 118,665
Investments - Current	85,108
Total Current Assets	203,773
Noncurrent Assets:	
Capital Assets:	
Land Purchase and Improvements	22,431
Buildings	1,641,823
Accumulated Depreciation - Buildings	(917,724)
Total Noncurrent Assets	746,530
Total Assets	950,303
<b>NET POSITION</b>	
Net Investment in Capital Assets	746,530
Unrestricted Net Position	203,773
Total Net Position	\$ 950,303

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, 2021

EXHIBIT D-2

	Business-Type Activities
<hr/>	
OPERATING REVENUES:	
Other Revenue	\$ 28,792
Total Operating Revenues	28,792
OPERATING EXPENSES:	
Depreciation	32,811
Total Operating Expenses	32,811
Operating Income (Loss)	(4,019)
Total Net Position - October 1 (Beginning)	954,322
Total Net Position - September 30 (Ending)	\$ 950,303

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, 2021

EXHIBIT D-3

	Business-Type Activities
<hr/>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$ 28,792
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Increase (Decrease) in Short-term Loans	-
<u>Cash Flows from Capital &amp; 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	28,792
Cash and Cash Equivalents at Beginning of Year	174,981
Cash and Cash Equivalents at End of Year	\$ 203,773
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss)	\$ (4,019)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	32,811
Net Cash Provided by Operating Activities	\$ 28,792

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, 2021

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	379,733
Investments-Current	192,243
Total Assets	571,976
 <b>LIABILITIES</b>	
Due to other governments	571,976

The accompanying notes are an integral part of this statement.



Red River County, Texas  
NOTES TO THE FINANCIAL STATEMENTS  
At September 30, 2021

**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	(2,229,982)	3,347,831	
Machinery and Equipment	3,849,847	(3,154,167)	695,680	
County Roads & Bridges	<u>16,967,500</u>	<u>(13,102,650)</u>	<u>3,864,850</u>	
Change in Net Position	<u>26,527,869</u>	<u>(18,486,799)</u>	<u>8,041,070</u>	<u>8,041,070</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			(476,498)	
Notes Payable			<u>(69,511)</u>	
Change in Net Position				<u>(546,009)</u>
<u>Net Pension Asset/Liability at the beginning of the year</u>				
Net Pension Asset/Liability			(135,160)	
Deferred Outflow related to TCDRS			354,609	
Deferred Inflow related to TCDRS			<u>(282,073)</u>	
Change in Net Position				<u>(62,624)</u>
Net Adjustment to Net Position				<u>7,432,437</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	82,800	82,800	82,800
Total Capital Outlay	<u>82,800</u>	<u>82,800</u>	<u>82,800</u>
Book value of assets disposed of	<u>-</u>	<u>-</u>	<u>-</u>
<u>Debt Principal Payments</u>			
Lease principal	136,762	136,762	136,762
Note principal	5,722	5,722	5,722
Total Principal Payments	<u>142,484</u>	<u>142,484</u>	<u>142,484</u>
Total Adjustment to Net Position		<u><u>225,284</u></u>	<u><u>225,284</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	183,726	(183,726)	-
Uncollected taxes (assumed collectible) from Current Year Levy	148,909	148,909	148,909
Uncollected Taxes (assumed collectible) from Prior Year Levy	270,399	-	270,399
Effect of prior year tax entry	34,524	34,524	-
<u>Valuation and comp. Time payable</u>			
End of year liability	88,637	-	(88,637)
Change in liability from prior year	9,880	9,880	-
<u>Debt proceeds</u>			
Total	<u>-</u>	<u><u>9,587</u></u>	<u><u>330,671</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, 2021, 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	5,525,901	100.0%	5,525,901	-	-	N/A
Total Cash and Cash Equivalents	<u>\$ 5,525,901</u>	100.0%	<u>\$ 5,525,901</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, 2021 was \$6,365,000.
- c. The combined balances of cash, savings, and time deposit accounts amounted to \$6,318,849 as of September 30, 2021.
- d. Total amount of FDIC coverage at September 30, 2021 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, 2021, 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, 2021, Red River County had the following investments subject to the fair value measurement.

<u>Investment by Fair Value Level</u>	<b>Fair Value Measurements Using</b>				<b>Credit Rating</b>
	<b>Balance at September 30, 2021</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
<b>Debt Securities:</b>					
U.S. Treasury Securities	645,532	645,532	-	-	AAAm
Agencies	2,720,459	2,720,459	-	-	AAAm
Repurchase Agreement	1,244,956	1,244,956	-	-	AAAm
<b>Total Debt Securities</b>	<u>4,610,947</u>	<u>4,610,947</u>	<u>-</u>	<u>-</u>	
<b>Total</b>	<u>4,610,947</u>	<u>4,610,947</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 2020 tax roll totaling approximately \$4.91 million. Such tax is based on an assessed valuation of approximately \$614 million with an applicable tax rate of \$0.79974 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.

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2021, 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	1,051,722	4,167,258	-	20,135	5,239,115
Major Special Revenue Funds	258,963	-	-	2,780	261,743
Nonmajor Governmental Funds	-	-	8,352	-	8,352
Total - Governmental Activities	<u>1,310,685</u>	<u>4,167,258</u>	<u>8,352</u>	<u>22,915</u>	<u>5,509,210</u>
Amounts not scheduled for collection during the subsequent year	<u>262,137</u>	<u>1,893,313</u>	<u>-</u>	<u>-</u>	<u>2,155,450</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, 2021, 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	34,207	-	-	-	34,207
Major Special Revenue Funds	12,032	-	-	-	12,032
Nonmajor Gov. Funds	4,575	-	-	-	4,575
Total - Gov. Activities	<u>50,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,814</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, 2021, was as follows:

	Primary Government				
	<u>Beginning</u>				<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance</u>
Governmental Activities:					
County:					
Land	132,709	-	-	-	132,709
Buildings and Improvements	5,577,813	-	-	-	5,577,813
Machinery and Equipment	3,849,847	82,800	(5,950)	-	3,926,697
Roads	16,967,500	-	-	-	16,967,500
Totals at Historic Cost	<u>26,527,869</u>	<u>82,800</u>	<u>(5,950)</u>	<u>-</u>	<u>26,604,719</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(2,229,982)	(104,369)	-	-	(2,334,351)
Machinery and Equipment	(3,154,167)	(233,009)	5,950	-	(3,381,226)
Roads	(13,102,650)	(347,600)	-	-	(13,450,250)
Total Accumulated Depreciation	<u>(18,486,799)</u>	<u>(684,978)</u>	<u>5,950</u>	<u>-</u>	<u>(19,165,827)</u>
Governmental Activities Capital Assets, Net	<u>8,041,070</u>	<u>(602,178)</u>	<u>-</u>	<u>-</u>	<u>7,438,892</u>
	<u>Beginning</u>				<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>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	(884,913)	(32,811)	-	-	(917,724)
Total Accumulated Depreciation	<u>(884,913)</u>	<u>(32,811)</u>	<u>-</u>	<u>-</u>	<u>(917,724)</u>
Business-Type Activities Capital Assets, Net	<u>779,341</u>	<u>(32,811)</u>	<u>-</u>	<u>-</u>	<u>746,530</u>
Primary Government Capital Assets, net	<u>8,820,411</u>	<u>(634,989)</u>	<u>-</u>	<u>-</u>	<u>8,185,422</u>

Depreciation expense was charged as follows:

Governmental Activities:		Business-Type Activities:	
General Government	73,005	Public Safety	6,401
Public Safety	38,013	Judicial	26,410
Highways, Streets and Bridges	464,748		
Financial	25,905		
Judicial	83,307		
	<u>684,978</u>		<u>32,811</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, 2021:

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Payable at 10/1/2020</u>	<u>Additions (Reductions)</u>	<u>Payable at 9/30/2021</u>	<u>Due within One Year</u>
Note Payable--metal roof and related equipment	94,864	4.35%	69,511	(5,722)	63,789	5,955
			<u>69,511</u>	<u>(5,722)</u>	<u>63,789</u>	<u>5,955</u>

The Counties long-term debt from notes as of September 30, 2021, 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.	63,789
	<u>63,789</u>

The annual requirements to amortize notes payable as of September 30, 2021, follows:

<u>Years Ending 9/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	7,061	1,674	8,735
2027-2031	31,309	5,096	36,405
	<u>63,789</u>	<u>16,291</u>	<u>80,080</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 2.462% begin April 2018 and continue annually through April 2022.

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, 2021, follows:

Leases payable to Bancorp South--

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Payable at 10/1/2020</u>	<u>Additions (Reductions)</u>	<u>Payable at 9/30/2021</u>	<u>Due within One Year</u>
Precinct 4 Mack Truck	97,075	4.04%	50,005	(33,222)	16,783	16,783
Precinct 3 Mach Truck	114,181	3.94%	118,703	(12,234)	106,469	106,469
Precinct 3 JD Tractor	154,580	2.46%	64,122	(31,667)	32,455	32,455
Precinct 3 Chevrolet Truck	22,565	2.59%	3,240	(3,240)	-	-
General County Election Equipment	293,100	4.26%	240,428	(56,399)	184,029	58,857
			<u>476,498</u>	<u>(136,762)</u>	<u>339,736</u>	<u>214,564</u>

<u>Years Ending 9/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	214,564	9,562	224,126
2023	61,365	5,341	66,706
2024	63,807	2,726	66,533
2025	-	-	-
2026	-	-	-
	<u>339,736</u>	<u>17,629</u>	<u>357,365</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, 2019 and 2020 valuation and measurement date, the following employees were covered by the benefit terms:

	2019	2020
Inactive employees or beneficiaries currently receiving benefits	62	60
Inactive employees entitled to but not yet receiving benefits	155	150
Active employees	94	94
	<u>311</u>	<u>304</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 10.19% and 10% in calendar years 2020 and 2021. The County's contributions to TCDRS for the year ended September 30, 2021 was \$246,943 and was equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 actuarial valuations were determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.07% per year
Investment Rate of Return	7.5% 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 7.5% for 2019 and 8% for 2020 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:

Asset Class	Target Allocation	Geometric Real Rate of Return
US Equity	11.5%	4.25%
International Equity	11.0%	5-6%
Various	46.5%	2.1-6.7%
Hedge Funds	6.0%	1.85%
Private Equity	25.0%	7.25%
Total	<u>100.0%</u>	

**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 and 7.60% for 2020. 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at December 31, 2019	\$ 10,714,082	\$ 10,578,922	\$ 135,160
Changes for the year:			
Service cost	311,901	-	311,901
Interest	868,219	-	868,219
Effects of economic/demographic gains/losses	(112,355)	-	(112,355)
Changes of assumptions	654,243	-	654,243
Contributions - employer	-	271,988	(271,988)
Contributions - employee	-	186,840	(186,840)
Net investment income	-	1,092,531	(1,092,531)
Benefit payments, including refund of contributions	(626,647)	(626,647)	-
Administrative expense	-	(8,408)	8,408
Other changes	-	(3,918)	3,918
Net changes	\$ 1,095,361	\$ 912,386	\$ 182,975
Balance at December 31, 2020	\$ 11,809,443	\$ 11,491,308	\$ 318,135

The following presents the net pension liability of the County, calculated using the discount rate of 7.6%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-point higher (8.6%) than the current rate for:

Measurement Date	1% Decrease in Discount Rate		1% Increase in Discount Rate	
	6.6%	7.6%	7.6%	8.6%
12/31/2020 County's net pension liability/(Asset)	\$ 1,834,841	\$ 318,135	\$ 318,135	\$ (943,221)

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, 2021, the County recognized pension expense of \$246,993.

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	56,177	25,050
Changed is actuarial assumptions	-	327,121
Difference between projected and actual investment earnings	393,175	-
Contributions subsequent to the measurement date	-	246,993
Total	449,352	599,164

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:	
2022	168,654
2023	(12,476)
2024	(204,797)
2025	(48,560)
2026	-
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 2021, 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>9/30/2021</u>	<u>9/30/2020</u>
88,637	98,517

**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, 2021.

**O. LITIGATION**

The County has no pending litigation at September 30, 2021.

**P. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 23, 2022 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, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
<b>A. Total Pension Liability</b>			
Service Cost	\$ 311,901	\$ 283,757	\$ 297,224
Interest (on the Total Pension Liability)	868,219	820,239	787,213
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(112,355)	75,152	-
Changes of Assumptions	654,243	-	(43,695)
Benefit Payments, Including Refunds of Employee Contributions	(626,647)	(603,670)	(634,836)
Net Change in Total Pension Liability	\$ 1,095,361	\$ 575,478	\$ 405,906
Total Pension Liability - Beginning	10,714,082	10,138,604	9,732,698
Total Pension Liability - Ending	\$ 11,809,443	\$ 10,714,082	\$ 10,138,604
<b>B. Total Fiduciary Net Position</b>			
Contributions - Employer	\$ 271,988	\$ 226,078	\$ 219,039
Contributions - Employee	186,840	168,354	162,250
Net Investment Income	1,092,531	1,523,855	(184,095)
Benefit Payments, Including Refunds of Employee Contributions	(626,647)	(603,670)	(634,836)
Administrative Expense	(8,408)	(8,062)	(7,452)
Other	(3,918)	(5,690)	(6,577)
Net Change in Plan Fiduciary Net Position	\$ 912,386	\$ 1,300,865	\$ (451,671)
Plan Fiduciary Net Position - Beginning	10,578,922	9,278,057	9,729,728
Plan Fiduciary Net Position - Ending	\$ 11,491,308	\$ 10,578,922	\$ 9,278,057
<b>C. Net Pension Liability</b>	<b>\$ 318,135</b>	<b>\$ 135,160</b>	<b>\$ 860,547</b>
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>97.31%</b>	<b>98.74%</b>	<b>91.51%</b>
<b>E. Covered Payroll</b>	<b>\$ 2,370,672</b>	<b>\$ 2,316,620</b>	<b>\$ 2,227,012</b>
<b>F. Net Pension Liability as a Percentage of Covered Payroll</b>	<b>13.42%</b>	<b>5.83%</b>	<b>38.64%</b>

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 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$ 275,683	\$ 298,019	\$ 277,381	\$ 295,844
745,666	700,798	679,496	666,444
48,098	-	-	-
-	-	-	(42,778)
46,253	-	(141,266)	-
(614,183)	(540,079)	(534,542)	(493,989)
<u>\$ 501,517</u>	<u>\$ 458,738</u>	<u>\$ 281,069</u>	<u>\$ 425,521</u>
9,231,181	8,772,443	8,491,374	8,065,853
<u>\$ 9,732,698</u>	<u>\$ 9,231,181</u>	<u>\$ 8,772,443</u>	<u>\$ 8,491,374</u>
\$ 195,702	\$ 187,406	\$ 179,972	\$ 189,655
150,704	148,567	141,395	144,617
1,270,944	614,895	(8,366)	550,859
(614,183)	(540,079)	(534,542)	(493,989)
(6,471)	(6,681)	(6,057)	(6,419)
(36,580)	14,250	12,207	11,902
<u>\$ 960,116</u>	<u>\$ 418,358</u>	<u>\$ (215,391)</u>	<u>\$ 396,625</u>
8,736,682	8,318,324	8,533,685	8,137,060
<u>\$ 9,696,798</u>	<u>\$ 8,736,682</u>	<u>\$ 8,318,294</u>	<u>\$ 8,533,685</u>
<u>\$ 35,900</u>	<u>\$ 494,499</u>	<u>\$ 454,149</u>	<u>\$ (42,311)</u>
99.63%	94.64%	94.82%	100.49%
\$ 2,136,277	\$ 2,122,379	\$ 2,019,929	\$ 2,030,546
1.68%	23.30%	22.48%	(2.08%)

RED RIVER COUNTY, TEXAS  
 SCHEDULE OF CONTRIBUTIONS  
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
 FOR THE FISCAL YEAR 2021

	2021	2020	2019
Actuarially Determined Contribution	\$ 246,993	\$ 231,756	\$ 209,599
Contributions in Relation to the Actuarially Determined Contributions	246,993	231,756	209,599
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 2,370,672	\$ 2,316,620	\$ 2,227,012
Contributions as a Percentage of Covered Employee Payroll	10.42%	10.00%	9.41%

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.

	2018	2017	2016	2015
\$	200,123	\$ 182,392	\$ 175,831	\$ 171,185
	200,123	182,392	175,831	171,185
\$	-	\$ -	\$ -	\$ -
\$	2,136,277	\$ 1,970,674	\$ 1,952,108	\$ 1,896,659
	9.37%	9.25%	8.98%	9.03%

RED RIVER COUNTY, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2020 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, 2020.
- Economic assumptions including rates of salary increase for individual participants were updated based on the same experience study.
- The discount rate decreased from 8.1 percent to 7.6%.
  
- The long term assumed rate of return decreased from 8.1% to 7.5%.
- 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, 2021

	Law Library	Drug Fund	Courthouse Security	Indigent Health Care
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,993	\$ 90,588	\$ 75,431	\$ 492,095
Accounts Receivable (Net)	-	-	-	-
Total Assets	<u>\$ 7,993</u>	<u>\$ 90,588</u>	<u>\$ 75,431</u>	<u>\$ 492,095</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Assigned Fund Balance:				
Reported in Special Revenue Funds	<u>7,993</u>	<u>90,588</u>	<u>75,431</u>	<u>492,095</u>
Total Fund Balances	<u>7,993</u>	<u>90,588</u>	<u>75,431</u>	<u>492,095</u>
Total Liabilities and Fund Balances	<u>\$ 7,993</u>	<u>\$ 90,588</u>	<u>\$ 75,431</u>	<u>\$ 492,095</u>

EXHIBIT G-1 (Cont'd)

Book Preservation	Record Management Fund	Right of Way	Juvenile Probation	Juvenile Probation Comm. Corr.	Diversionary Placement	Title VI-E	Bail Bond Board
\$ 117,240	\$ 4,707	\$ 60,895	\$ 21,518	\$ (5,475)	\$ 9,734	\$ 78,676	\$ 13,329
-	-	-	-	8,352	-	-	-
<u>\$ 117,240</u>	<u>\$ 4,707</u>	<u>\$ 60,895</u>	<u>\$ 21,518</u>	<u>\$ 2,877</u>	<u>\$ 9,734</u>	<u>\$ 78,676</u>	<u>\$ 13,329</u>
\$ (68)	\$ -	\$ -	\$ 1,503	\$ 2,877	\$ -	\$ 74	\$ -
-	-	-	-	-	9,734	70,315	-
<u>(68)</u>	<u>-</u>	<u>-</u>	<u>1,503</u>	<u>2,877</u>	<u>9,734</u>	<u>70,389</u>	<u>-</u>
117,308	4,707	60,895	20,015	-	-	8,287	13,329
<u>117,308</u>	<u>4,707</u>	<u>60,895</u>	<u>20,015</u>	<u>-</u>	<u>-</u>	<u>8,287</u>	<u>13,329</u>
<u>\$ 117,240</u>	<u>\$ 4,707</u>	<u>\$ 60,895</u>	<u>\$ 21,518</u>	<u>\$ 2,877</u>	<u>\$ 9,734</u>	<u>\$ 78,676</u>	<u>\$ 13,329</u>

RED RIVER COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2021

	Hot Check Fee	County Attorney Drug Forf.	Co. Attny Welfare Fraud	Sheriff Comm. Svc. Program
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 16,739	\$ 4,171	\$ 616	\$ 218
Accounts Receivable (Net)	-	-	-	-
<b>Total Assets</b>	<u>\$ 16,739</u>	<u>\$ 4,171</u>	<u>\$ 616</u>	<u>\$ 218</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 189	\$ -	\$ -
Unearned Revenues	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>189</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Assigned Fund Balance:				
Reported in Special Revenue Funds	16,739	3,982	616	218
<b>Total Fund Balances</b>	<u>16,739</u>	<u>3,982</u>	<u>616</u>	<u>218</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 16,739</u>	<u>\$ 4,171</u>	<u>\$ 616</u>	<u>\$ 218</u>

Economic Development	County Clerk Vital Stats Record	County Clerk Archive Fees	Total Nonmajor Governmental Funds
\$ 1,978	\$ 3,394	\$ 159,442	\$ 1,153,289
-	-	-	8,352
<u>\$ 1,978</u>	<u>\$ 3,394</u>	<u>\$ 159,442</u>	<u>\$ 1,161,641</u>
\$ -	\$ -	\$ -	\$ 4,575
-	-	-	80,049
-	-	-	<u>84,624</u>
1,978	3,394	159,442	1,077,017
<u>1,978</u>	<u>3,394</u>	<u>159,442</u>	<u>1,077,017</u>
<u>\$ 1,978</u>	<u>\$ 3,394</u>	<u>\$ 159,442</u>	<u>\$ 1,161,641</u>

RED RIVER COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Law Library	Drug Fund	Courthouse Security	Indigent Health Care
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 380,747
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	5,460	-	-	-
Fines	-	6,478	7,194	-
Other Revenue	\$ 18	\$ 20,056	\$ 114	\$ 7,541
Total Revenues	5,478	26,534	7,308	388,288
<b>EXPENDITURES:</b>				
General Government	-	-	-	-
Legal	11,463	-	-	-
Public Safety	-	22,648	-	-
Health and Welfare	-	-	-	165,734
Total Expenditures	11,463	22,648	-	165,734
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,985)	3,886	7,308	222,554
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(5,985)	3,886	7,308	222,554
Fund Balance - October 1 (Beginning)	13,978	86,702	68,123	269,541
Fund Balance - September 30 (Ending)	\$ 7,993	\$ 90,588	\$ 75,431	\$ 492,095

Book Preservation	Record Management Fund	Right of Way	Juvenile Probation	Juvenile Probation Comm. Corr.	Diversionary Placement	Title VI-E	Bail Bond Board
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	132,455	8,311	88,250	-
26,950	3,119	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 177	\$ 6	\$ 309	\$ 164	\$ -	\$ -	\$ -	21
27,127	3,125	309	164	132,455	8,311	88,250	21
17,831	2,102	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	16,528	132,455	8,311	88,250	-
-	-	-	-	-	-	-	-
17,831	2,102	-	16,528	132,455	8,311	88,250	-
9,296	1,023	309	(16,364)	-	-	-	21
-	-	-	16,596	-	-	-	-
-	-	-	16,596	-	-	-	-
9,296	1,023	309	232	-	-	-	21
108,012	3,684	60,586	19,783	-	-	8,287	13,308
\$ 117,308	\$ 4,707	\$ 60,895	\$ 20,015	\$ -	\$ -	\$ 8,287	13,329

RED RIVER COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	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	1,549	-	-	-
Fines	-	890	-	-
Other Revenue	\$ 26	\$ 12	\$ 1	-
Total Revenues	1,575	902	1	-
<b>EXPENDITURES:</b>				
General Government	-	-	-	-
Legal	1,711	7,109	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Total Expenditures	1,711	7,109	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(136)	(6,207)	1	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(136)	(6,207)	1	-
Fund Balance - October 1 (Beginning)	16,875	10,189	615	218
Fund Balance - September 30 (Ending)	\$ 16,739	\$ 3,982	\$ 616	\$ 218

Economic Development	County Clerk Vital Stats Record	County Clerk Archive Fees	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 380,747
-	-	-	229,016
-	-	-	37,078
-	996	26,770	42,328
\$ -	\$ 5	\$ 247	\$ 28,697
-	1,001	27,017	717,866
-	229	18,560	38,722
-	-	-	20,283
-	-	-	268,192
-	-	-	165,734
-	229	18,560	492,931
-	772	8,457	224,935
-	-	-	16,596
-	-	-	16,596
-	772	8,457	241,531
1,978	2,622	150,985	835,486
\$ 1,978	\$ 3,394	\$ 159,442	\$ 1,077,017



FIDUCIARY FUNDS

Red River County, Texas  
 COMBINING STATEMENT OF NET POSITION  
 FIDUCIARY FUND  
 As of September 30, 2021

	State Trust	Arrest Fees	Law Enforcement	Total
<b>ASSETS</b>				
Cash and cash equivalents	254,700	110,226	14,807	379,733
Investments-Current	192,243	-	-	192,243
<b>Total Assets</b>	<u>446,943</u>	<u>110,226</u>	<u>14,807</u>	<u>571,976</u>
<b>LIABILITIES</b>				
Due to other governments	<u>446,943</u>	<u>110,226</u>	<u>14,807</u>	<u>571,976</u>

INTERNAL CONTROL SECTION



CPAs & Advisors

Bob J. Arnold, CPA, PFS  
Lanny G. Walker, CPA, PFS  
Kris Arnold, CPA, PFS  
Andrew Arnold, CPA  
Melissa J. Godfrey, CPA

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, 2021, 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 23, 2022.

**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 23, 2022

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Red River County, Texas  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED September 30, 2021

**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, 2021

N/A

Red River County, Texas  
CORRECTIVE ACTION PLAN  
For the year ended September 30, 2021

N/A

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

**SUPPLEMENTAL SCHEDULES**



Red River County, Texas  
 FEDERAL PROGRAM PROJECT SCHEDULE  
 PROJECTS THAT ENDED OR WERE IN OPERATION DURING  
 the year ended September 30, 2021

Federal Grantor: U.S. Department of HUD  
 Pass through Grantor: TDA  
 CFDA# 14.228, Project #72220381, Contract Period: 2/01/2021-1/31/2023

	<u>Budget</u>	<u>Federal</u>		<u>Total</u>
		<u>Prior Year</u>	<u>Current Year</u>	
REVENUE				
Federal	<u>275,000</u>	<u>-</u>	<u>17,970</u>	<u>17,970</u>
EXPENSES				
Construction Clearing	227,460	-	-	-
Engineering	25,540	-	12,770	12,770
Administration	<u>22,000</u>	<u>-</u>	<u>5,200</u>	<u>5,200</u>
TOTAL EXPENSES	<u>275,000</u>	<u>-</u>	<u>17,970</u>	<u>17,970</u>
EXCESS REVENUE OVER EXPENSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Red River County, Texas  
 FEDERAL PROGRAM PROJECT SCHEDULE  
 PROJECTS THAT ENDED OR WERE IN OPERATION DURING  
 the year ended September 30, 2021

Federal Grantor: U.S. Department of HUD  
 Pass through Grantor: TDA  
 Project #72220381  
 Contract Period: 2/15/2021

	<u>Budget</u>	<u>Federal</u>		<u>Total</u>
		<u>Prior Year</u>	<u>Current Year</u>	
REVENUE				
Federal	<u>319,600</u>	<u>-</u>	<u>26,515</u>	<u>26,515</u>
EXPENSES				
Community Development	<u>319,600</u>	<u>-</u>	<u>26,515</u>	<u>26,515</u>
TOTAL EXPENSES	<u>319,600</u>	<u>-</u>	<u>26,515</u>	<u>26,515</u>
EXCESS REVENUE OVER EXPENSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>