

CASS COUNTY, TEXAS

**ANNUAL FINANCIAL STATEMENTS
For the Year Ended September 30, 2018**

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FINANCIAL SECTION

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HOLLIDAY, LEMONS & COX, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Judge Becky Wilbanks
and Commissioners' Court of
Cass County
Linden, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cass County, Texas, as of and for the year ended September 30, 2018, and August 31, 2018 for the Texas Juvenile Justice Department Grant Funds of Cass County, Texas Juvenile Probation Department and the Cass County Community Supervision and Corrections Department (nonmajor governmental funds) which are audited separately, and the related notes to the financial statements, which collectively comprise Cass County, Texas'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.

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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, each major fund, and the aggregate remaining fund information of Cass County, Texas as of September 30, 2018 and, the respective changes in financial position and the respective budgetary comparison for the General Fund and Road and Bridge 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 pension plan trend information on pages 9 through 13 and pages 53 through 54, respectively, 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 Cass County, Texas's basic financial statements. The combining and individual nonmajor fund financial statements, including the budgetary comparison schedules for the nonmajor funds, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, including the budgetary comparison schedules for the nonmajor funds, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional

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procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, including the budgetary comparison schedules for the nonmajor funds, and the schedules of expenditures of federal and state awards 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 July 23, 2019, on our consideration of Cass County, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Cass County, Texas's 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 Cass County, Texas's internal control over financial reporting and compliance.

Holliday, Lemons & Cox, P.C.

July 23, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Cass County, Texas (County) financial report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2018.

FINANCIAL HIGHLIGHTS

- The County's assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$17,188,717.
- The County's net position increased by \$1,007,043 as a result of this year's operations. This compares favorably with a prior year increase of \$875,875.
- Unrestricted net position of the County at September 30, 2018 was \$6,070,938.
- The general fund reported a fund balance of \$5,271,927, of which \$4,604,472 was unassigned at September 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The County has no business-type activities. The governmental activities of the County include administration and finance, roads and public works, corrections, law enforcement, judicial, and community services.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds. The County does not have any proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 32 governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for major governmental funds. Individual data for each of these non-major governmental funds is provided in the form of combining statements presented elsewhere in this report.

The County adopts an annual appropriated budget for all required governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information regarding pension benefits may be found immediately following the notes to the financial statements. The combining statements referred to earlier in connection with non-major governmental funds, are presented following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Cass County, Texas, assets exceeded liabilities by \$17,188,717 as of September 30, 2018.

The following table indicates the County's financial position as of September 30, 2018 and 2017.

NET POSITION

	<i>Governmental Activities</i>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 11,136,584	9,934,823
Capital assets	<u>14,093,835</u>	<u>15,903,842</u>
Total assets	<u>25,230,419</u>	<u>25,838,665</u>
Deferred outflows from pensions	<u>491,258</u>	<u>1,414,777</u>
Long-term liabilities	7,015,498	9,047,828
Other liabilities	<u>996,056</u>	<u>1,667,640</u>
Total liabilities	<u>8,011,554</u>	<u>10,715,468</u>
Deferred inflows from pensions	<u>521,406</u>	<u>75,709</u>
Net position:		
Invested in capital assets	9,045,921	9,930,803
Restricted	2,071,858	305,954
Unrestricted	<u>6,070,938</u>	<u>6,225,508</u>
Total net position	<u>\$ 17,188,717</u>	<u>16,462,265</u>

The largest portion of the County's current year net position, \$9,045,921, reflects its investment in capital assets (e.g., land, buildings, furniture and equipment), less any debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, \$2,071,858 represents resources that are subject to external restrictions on their usage. The restricted net position of \$6,070,938 has constraints which have been placed on the use of these resources either (a) externally imposed by creditors, grantors, contributors or by laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

The following table indicates the changes in net position for governmental activities:

CHANGES IN NET POSITION

	<i>Governmental Activities</i>	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,270,879	2,244,156
Operating grants and contributions	2,012,321	1,749,110
Capital grants and contributions	261,184	14,427
General revenues:		
Property taxes	9,860,281	9,011,241
Other taxes	83,161	
Investment earnings	176,885	87,117
Miscellaneous	410,380	461,275
Total revenue	<u>15,075,091</u>	<u>13,567,326</u>
Expenses:		
Administration and finance	2,731,178	2,623,617
Roads and public works	2,398,320	2,360,783
Corrections	1,381,753	1,671,633
Law enforcement	3,708,928	3,501,979
Judicial	2,107,424	1,937,596
Community services	1,372,366	909,762
Interest on long-term debt	239,374	149,850
Other	128,705	214,750
Total expenses	<u>14,068,048</u>	<u>13,369,970</u>
Change in net position	<u>1,007,043</u>	<u>875,875</u>
Net position beginning of year, as previously reported	16,462,265	3,874
Prior period adjustments	(280,591)	15,582,516
Net position beginning of year, as restated	<u>16,181,674</u>	<u>15,586,390</u>
Net position end of year	<u>\$ 17,188,717</u>	<u>16,462,265</u>

Property taxes are collected to support governmental activities through the General, Road & Bridge and Debt Service funds. Property taxes increased \$170,821 for the fiscal year. The increase was primarily due to the change in the assessed valuation of property. Operating grants and contributions increased \$263,211 as well as capital grants and contributions by \$246,757. Interest earnings increased by \$89,768 due to an increase in interest rates. Expenses for the County increased \$698,078. There were increases in administration and finance of \$107,561, law enforcement of \$206,949, and judicial of \$169,828. Corrections decreased \$289,880.

FINANCIAL ANALYSIS OF THE MAJOR FUNDS

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

Governmental funds – The focus of the County’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the

County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2018, the County's governmental funds reported a combined fund balance of \$9,235,337 as compared to \$7,371,593 at September 30, 2017.

The General Fund is the chief operating fund of the County. For the year ended September 30, 2018, the General Fund reported revenues of \$9,051,317 and expenditures of \$8,449,326 as compared to revenues of \$8,678,122 and expenditures of \$8,270,437 for the year end September 30, 2017. Unassigned fund balance for the General Fund at year-end was \$4,604,472.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total actual revenues were budgeted for \$9,108,346 while actual revenues were \$9,051,317, for a unfavorable variance of \$57,029. Actual taxes had an unfavorable variance of \$57,029. Total General Fund expenditures exceeded appropriations by \$93,794.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The County's investment in capital assets as of September 30, 2018, amounted to \$14,093,835 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and furniture and equipment.

Debt – At September 30, 2018, the County had long-term liabilities outstanding of \$7,015,498, including bonds, tax notes, accrued compensated absences and net pension liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2019 budget and tax rates. The overall tax rate for fiscal year 2019 will be .573702. Of the total rate, the debt service tax rate will be .037877.

These indicators were taken into account when adopting the General Fund budget for 2019. Indicators and factors which materially influence the budget are amounts available for appropriation in the General Fund budget, budgeted expenditures and the County future capital expenditure needs. If these estimates are realized, the County's budgetary General Fund balance is expected to remain unchanged as of the close of 2019.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the 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 addressed to the County Auditor's office, P.O. Box 152, Linden, Texas 75563.

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BASIC FINANCIAL STATEMENTS

CASS COUNTY, TEXAS

STATEMENT OF NET POSITION

As of September 30, 2018

	<i>Governmental Activities</i>
ASSETS:	
Cash	\$ 4,844,820
Investments	5,241,886
Receivables (net of allowances for uncollectibles):	
Accounts	46,990
Property taxes	996,888
Due from other governmental agencies	6,000
Capital assets (net of accumulated depreciation):	
Land	156,820
Buildings	10,695,099
Furniture and equipment	3,241,916
TOTAL ASSETS	<u>25,230,419</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows from pensions	<u>491,258</u>
LIABILITIES	
Accounts payable	332,034
Bank overdraft	255,588
Accrued payroll	117,313
Due to other governments	242,367
Other payables	48,754
Long-term liabilities:	
Due within one year:	
Bonds payable	335,000
Tax notes	145,000
Accrued compensated absences	139,467
Due in more than one year:	
Bonds payable	4,406,959
Tax notes	605,000
Accrued compensated absences	87,136
Net pension liability	1,296,936
TOTAL LIABILITIES	<u>8,011,554</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pensions	<u>521,406</u>
NET POSITION	
Invested in capital assets	9,045,921
Restricted for:	
Corrections	717,119
Debt service	356,413
Records management	297,850
Courthouse security	120,219
Technology	137,924
Training	17,266
Other	30,539
Community services	1,149
Judicial	193,266
Law enforcement	47,062
Capital improvements	153,051
Unrestricted	<u>6,070,938</u>
TOTAL NET POSITION	<u>\$ 17,188,717</u>

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

CASS COUNTY, TEXAS

STATEMENT OF ACTIVITIES For the year ended September 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Administration and finance	\$ 2,731,178	475,250	112,314	(2,143,614)
Roads and public works	2,398,320	880,118	79,099	261,184
Corrections	1,381,753	368,850	901,556	(111,347)
Law enforcement	3,708,928	64,168	37,109	(3,607,651)
Judicial	2,107,424	467,507	240,872	(1,399,045)
Community services	1,372,366	14,986	641,371	(716,009)
Other	239,374			(239,374)
Interest of long-term debt	128,705			(128,705)
Total governmental activities	<u>\$14,068,048</u>	<u>2,270,879</u>	<u>2,012,321</u>	<u>261,184</u>
General Revenues:				
Property taxes				9,860,281
Other taxes				83,161
Investment earnings				176,885
Miscellaneous				410,380
Total general revenues				<u>10,530,707</u>
Change in net position				<u>1,007,043</u>
Net position, beginning of year, as previously reported				16,462,265
Prior period adjustments				(280,591)
Net position, beginning of year, as restated				<u>16,181,674</u>
Net position, ending				<u>\$17,188,717</u>

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

CASS COUNTY, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS For the year ended September 30, 2018

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$1,867,869	1,407,172	411,702	1,158,077	4,844,820
Investments	3,700,441	1,033,472		507,973	5,241,886
Receivables (net of allowance for uncollectible):					
Accounts receivable	12,352		1,423	33,215	46,990
Property taxes receivable	69,486	12,779	6,032	3,400	91,697
Due from other governmental agencies	6,000			14,391	20,391
Due from other funds	92,661			68,651	161,312
TOTAL ASSETS	<u>\$5,748,809</u>	<u>2,453,423</u>	<u>419,157</u>	<u>1,785,707</u>	<u>10,407,096</u>
LIABILITIES AND FUND EQUITY:					
LIABILITIES					
Accounts payable	\$ 136,186	121,701		74,147	332,034
Accounts payable - bank overdraft				255,588	255,588
Accrued payroll	93,829	21,621		1,863	117,313
Due to other governments	242,367				242,367
Due to other funds		68,651	60,000	32,661	161,312
Other payables	4,500	806		43,448	48,754
TOTAL LIABILITIES	<u>476,882</u>	<u>212,779</u>	<u>60,000</u>	<u>407,707</u>	<u>1,157,368</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants				14,391	14,391
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,391</u>	<u>14,391</u>
FUND BALANCES					
Restricted:					
Corrections				717,119	717,119
Debt service			359,157		359,157
Records management	297,850				297,850
Courthouse security	120,219				120,219
Technology	137,924				137,924
Training	17,266				17,266
Other	30,539				30,539
Community services	1,149				1,149
Judicial	31,557			124,047	155,604
Law enforcement	22,233			24,829	47,062
Capital improvements				152,541	152,541
Assigned	8,718	2,240,644			2,249,362
Unassigned					
General fund	4,604,472				4,604,472
Special revenue funds				345,073	345,073
TOTAL FUND BALANCES	<u>5,271,927</u>	<u>2,240,644</u>	<u>359,157</u>	<u>1,363,609</u>	<u>9,235,337</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$5,748,809</u>	<u>2,453,423</u>	<u>419,157</u>	<u>1,785,707</u>	<u>10,407,096</u>

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

CASS COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION For the year ended September 30, 2018

Total governmental funds balances	\$ 9,235,337
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	14,093,835
Receivables reported in the statement of net position that are not available to provide current financial resources are not reported as receivables in the funds.	905,191
Long-term liabilities, including bonds payable and tax notes, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds.	<u>(7,045,646)</u>
Net position of governmental activities	<u>\$ 17,188,717</u>

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

CASS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS For the year ended September 30, 2018

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes	\$ 7,527,577	1,383,706	655,516	367,037	9,933,836
Licenses and permits	190,557	716,127			906,684
Intergovernmental	313,370	340,283		1,581,733	2,235,386
Charges for services	367,083	2,315		385,989	755,387
Fines and forfeitures	427,605	161,676			589,281
Interest	105,685	40,925	7,472	22,806	176,888
Miscellaneous	119,440	90,138		368,967	578,545
TOTAL REVENUES	<u>9,051,317</u>	<u>2,735,170</u>	<u>662,988</u>	<u>2,726,532</u>	<u>15,176,007</u>
EXPENDITURES:					
Current:					
Administration and finance	2,601,185				2,601,185
Roads and public works		2,151,362			2,151,362
Corrections				1,324,250	1,324,250
Law enforcement	3,533,675				3,533,675
Judicial	1,431,772			612,654	2,044,426
Community services	678,123			681,306	1,359,429
Other	201,652			37,722	239,374
Capital outlay	2,919	281,497		33,100	317,516
Debt Service:					
Principal retirement			468,000		468,000
Interest on debt			141,785		141,785
TOTAL EXPENDITURES	<u>8,449,326</u>	<u>2,432,859</u>	<u>609,785</u>	<u>2,689,032</u>	<u>14,181,002</u>
Excess of revenues over expenditures	<u>601,991</u>	<u>302,311</u>	<u>53,203</u>	<u>37,500</u>	<u>995,005</u>
OTHER FINANCING SOURCES & (USES):					
Transfers in	14,002			255,297	269,299
Transfers out	(158,240)			(111,059)	(269,299)
Total other financing sources (uses)	<u>(144,238)</u>	<u>-</u>	<u>-</u>	<u>144,238</u>	<u>-</u>
Net change in fund balance	<u>457,753</u>	<u>302,311</u>	<u>53,203</u>	<u>181,738</u>	<u>995,005</u>
Fund balance, beginning of year, as previously reported	4,158,521	1,936,648	305,954	970,470	7,371,593
Prior period adjustments	655,653	1,685		211,401	868,739
Fund balance, beginning of year, as restated	<u>4,814,174</u>	<u>1,938,333</u>	<u>305,954</u>	<u>1,181,871</u>	<u>8,240,332</u>
Fund balance, end of year	<u>\$ 5,271,927</u>	<u>2,240,644</u>	<u>359,157</u>	<u>1,363,609</u>	<u>9,235,337</u>

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

CASS COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the year ended September 30, 2018

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

Net change in fund balances - governmental funds	\$	995,005
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the effect of those differences.		(288,102)
The statement of activities reports a gain or loss of the sale of the assets based on the proceeds received and the net book value of the assets at the time of disposal. This amount is the net effect of the difference between the cost of assets disposed and the accumulated depreciation of assets disposed.		(110,519)
Revenues for property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		9,603
The issuance of long-term debt (e.g., bonds, tax notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the net effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		481,080
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as an expenditure in the governmental funds.		(10,016)
Net pension liabilities reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		<u>(70,008)</u>
Change in net position of governmental activities	\$	<u>1,007,043</u>

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

CASS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND For the year ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 7,675,115	7,675,115	7,527,577	(147,538)
Licenses and permits	145,680	145,680	190,557	44,877
Intergovernmental	272,068	272,068	313,370	41,302
Charges for services	345,373	345,373	367,083	21,710
Fines and forfeitures	461,610	461,610	427,605	(34,005)
Interest	38,000	38,000	105,685	67,685
Miscellaneous	88,689	88,689	119,440	30,751
TOTAL REVENUES	<u>9,026,535</u>	<u>9,026,535</u>	<u>9,051,317</u>	<u>24,782</u>
EXPENDITURES:				
Current:				
Administration and finance	2,782,843	2,563,291	2,601,185	(37,894)
Law enforcement	3,511,844	3,490,111	3,533,675	(43,564)
Judicial	1,423,422	1,409,266	1,431,772	(22,506)
Community services	920,502	676,767	678,123	(1,356)
Other	216,541	215,752	201,652	14,100
Capital outlay	570	2,919	2,919	-
TOTAL EXPENDITURES	<u>8,855,722</u>	<u>8,358,106</u>	<u>8,449,326</u>	<u>(91,220)</u>
Excess of revenues over expenditures	<u>170,813</u>	<u>668,429</u>	<u>601,991</u>	<u>(66,438)</u>
OTHER FINANCING SOURCES & (USES):				
Transfers in	3,805	3,805	14,002	10,197
Transfers out	(155,000)	(158,240)	(158,240)	-
Total other financing sources (uses)	<u>(151,195)</u>	<u>(154,435)</u>	<u>(144,238)</u>	<u>10,197</u>
Net change in fund balance	<u>19,618</u>	<u>513,994</u>	<u>457,753</u>	<u>(56,241)</u>
Fund balance, beginning of year, as previously reported	4,158,521	4,158,521	4,158,521	-
Prior period adjustments	655,653	655,653	655,653	-
Fund balance, beginning of year, as restated	<u>4,814,174</u>	<u>4,814,174</u>	<u>4,814,174</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,833,792</u>	<u>5,328,168</u>	<u>5,271,927</u>	<u>(56,241)</u>

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

CASS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - ROAD AND BRIDGE FUND For the year ended September 30, 2018

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
REVENUES:				
Taxes	\$ 1,379,641	1,379,641	1,383,706	4,065
Licenses and permits	716,127	716,127	716,127	-
Intergovernmental	340,283	340,283	340,283	-
Charges for services	2,315	2,315	2,315	-
Fines and forfeitures	161,676	161,676	161,676	-
Interest	40,925	40,925	40,925	-
Miscellaneous	90,133	90,133	90,138	5
TOTAL REVENUES	<u>2,731,100</u>	<u>2,731,100</u>	<u>2,735,170</u>	<u>4,070</u>
EXPENDITURES:				
Current:				
Roads and public works	2,129,741	2,129,741	2,151,362	(21,621)
Capital outlay	281,497	281,497	281,497	-
TOTAL EXPENDITURES	<u>2,411,238</u>	<u>2,411,238</u>	<u>2,432,859</u>	<u>(21,621)</u>
Net change in fund balance	<u>319,862</u>	<u>319,862</u>	<u>302,311</u>	<u>25,691</u>
Fund balance, beginning of year, as previously reported	1,936,648	1,936,648	1,936,648	-
Prior period adjustments	1,685	1,685	1,685	-
Fund balance, beginning of year, as restated	<u>1,938,333</u>	<u>1,938,333</u>	<u>1,938,333</u>	-
Fund balance, end of year	<u>\$ 2,258,195</u>	<u>2,258,195</u>	<u>2,240,644</u>	<u>25,691</u>

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

CASS COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION September 30, 2018

	<i>Agency Funds</i>
ASSETS	
Cash	\$ 821,859
Investments	305,399
Total Assets	<u>\$ 1,127,258</u>
LIABILITIES	
Due to other governments	\$ 263,932
Due to others	863,329
Total liabilities	<u>\$ 1,127,261</u>

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

CASS COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

Cass County, Texas (the "County") is governed by an elected four-member Commissioners Court and an elected County Judge, with the Commissioners Court serving as the principal decision-making body of the County. The County Judge serves as an administrative official and votes with the Court as a tiebreaker only. The County performs all local governmental functions within its jurisdiction.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements consist of the statement of net position and the statement of activities. The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds as well as fiduciary funds even though they are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

Government fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the

CASS COUNTY, TEXAS

Notes to financial statements continued.

County considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded when payment is due.

Revenue sources, such as property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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.

Road and Bridge Special Revenue Fund - These funds are aggregated on the financial statement and have the primary purpose of allocating revenues to the various precincts of the County where each elected commissioner is responsible for maintenance of County infrastructure.

Debt Service Fund - The County accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

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

Agency Funds - These custodial funds are used to account for organizational activities requiring clearing accounts. Financial resources for the Agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. If any unused resources are declared surplus, they are transferred to the General Fund with a recommendation to the Commissioners' Court for an appropriate utilization through a budgeted program.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. All taxes are included as general revenues.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

CASS COUNTY, TEXAS

Notes to financial statements continued.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Cash and cash equivalents

The County's cash and cash equivalents include amounts in demand and time deposit accounts. The County classifies all certificates of deposit as investments. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds.

2. Investments

Investments for the County are reported at fair value. Short-term investments, such as certificates of deposit and debt securities with a maturity date of less than one year, are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals.

3. Receivables and payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year is referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

All trade and property taxes receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 92 percent of outstanding property taxes as of September 30, 2018.

Property taxes are levied each October 1 and may be paid without penalty until January 31. A penalty is added to payments received February 1 through June 30. Optionally, taxes may be paid in two installments, one-half due November 30 and one-half due June 30. A 15% penalty is added to taxes remaining delinquent on July 1 and an enforceable lien attaches July 1.

4. Capital assets

Capital assets which include land, buildings, furniture and equipment are reported in the government-wide financial statements.

Capital assets are defined by governmental activities as assets with a normal service life greater than one year and an initial individual cost of more than the following amounts:

CASS COUNTY, TEXAS

Notes to financial statements continued.

Land	\$ -
Buildings	5,000
Furniture and equipment	5,000

Such assets are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Donated assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The County does not have any infrastructure that meets the thresholds for depreciating.

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.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

Buildings	20-50 years
Vehicles	5-15 years
Furniture	5-8 years
Computer equipment	5-8 years
Equipment	10-20 years

5. Long-term debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Accrued compensated absences

Vacations are granted to all full-time permanent employees of the County. The number of days range from five (5) to fifteen (15) days, depending upon length of continuous service. No more than 80 hours or one year's accrual, whichever is more, may be carried over at the end of any calendar year. If an employee has worked for at least one year in a position which accrues vacation at the time the employee resigns, is discharged, or is terminated for any other reason the employee shall receive pay for all unused vacation up to the maximum allowed under this policy. An employee that has worked at least one year and resigns, is discharged or is terminated for any other reason shall accrue and be paid for vacation hours based on the number of weeks in his/her last payroll period. An employee who has not worked for a minimum of one year in a position which accrues vacation shall not be eligible for any vacation pay upon termination of employment.

CASS COUNTY, TEXAS

Notes to financial statements continued.

All full-time regular employees of the County are eligible to accrue sick leave at a rate of one-half work day per month (4 hours). Employees are not entitled to payment for unused sick leave upon termination. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying financial statements.

7. Fund equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balances may be restricted or unrestricted (the total of committed, assigned, and unassigned fund balance). The government itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). Fund balance for governmental funds can consist of the following:

Non-spendable fund balance - includes those amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts and long-term notes receivable.

Restricted fund balance - includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance - includes amounts that can only be used for the specific purposes determined by a formal action of the County’s highest level of decision making authority. The Commissioners’ Court is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance - includes amounts intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Commissioners’ Court has taken action to assign fund balance for specific purposes the current fiscal year. The Commissioners’ Court may by resolution authorize the County Judge to assign fund balance. The Commissioners’ Court may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignment generally only exist temporarily, in other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance – Generally, the general fund is the only fund that reports a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

CASS COUNTY, TEXAS

Notes to financial statements continued.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple funds balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

8. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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 item that qualifies for reporting in this category. It is the deferred pension outflows reported in the statement of net position. The deferred pension outflows are the deferred outflows of contributions for the amount of contributions made by the County after the liability measurement date, but prior to the County year end.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has one type of item that qualifies for reporting in this category. Accordingly, the deferred pension inflows consist of the difference in expected and actual experience and the difference in the assumption changes.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the respective retirement plan and additions to/deductions from the respective Fiduciary Net Position have been determined on the same basis as they are reported by the respective pension plan. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - 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

The governmental fund balance sheet includes a reconciliation between the fund balance - total governmental funds and net position for governmental activities as reported in the government-wide

CASS COUNTY, TEXAS

Notes to financial statements continued.

statement of net position. One element of that reconciliation explains the “long-term liabilities, including bonds payable and tax notes, are not due and payable in the current period and therefore, are not reported as liabilities in the funds.” The details of this (\$7,045,646) difference are as follows:

Bonds payable	\$(4,585,000)
Add: bond premium	(156,959)
Tax notes payable	(750,000)
Accrued compensated absences	(226,603)
Net pension liability	(1,296,936)
Less: Deferred pension outflows	491,258
Add: Deferred pension inflows	<u>(521,406)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$(7,045,646)</u></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

The governmental fund financial statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this adjustment are as follows:

Capital outlay	\$ 317,516
Capital asset additional classified as other expenditures	61,349
Depreciation expense	<u>(666,967)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (288,102)</u></u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, tax notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this \$481,080 difference are as follows:

Principal repayments:	
Bonds payable	\$ 325,000
Tax notes payable	143,000
Amortization of bond premiums	<u>13,080</u>
Net adjustment to increase net	<u><u>\$481,080</u></u>

CASS COUNTY, TEXAS

Notes to financial statements continued.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General fund and for Special Revenue funds, except for these funds: District Attorney Escrow, Regional Interstate Task Force, Civil Child Support, Veterans and County AIP. Debt service funds do not have legally adopted budgets because effective budgetary control is alternately achieved through bond indenture provisions. In addition to the above mentioned funds, the capital projects funds have legally adopted project-length budgets. All budget annual appropriations lapse at year-end and are re-established in the succeeding year.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to September 20 the County prepares a budget for the next succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Court is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to October 1, the Court legally enacts the budget through passage of a resolution. Once a budget is approved, it can only be amended at the fund level by approval of a majority of the members of the Court. Amendments are presented to the Court at its regular meetings. Each amendment must have Court approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Court, and are not made after fiscal year end.

Because the County has a policy of careful budgetary control, budget amendments were necessary during the year.

4. Each budget is controlled by the budget coordinator at the revenue and expenditure account level. Budgeted amounts are as amended by the Court. All budget appropriations lapse at year-end.
5. The County does not employ encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase order and contracts. An encumbrance represents a commitment of Court appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ending September 30, 2018, the actual expenditures in the General fund exceeded budgetary appropriations by \$93,794. The expenditures in the Road & Bridge fund exceeded appropriations by \$21,621. The expenditures in the District Court fund exceeded appropriations by \$1,220. The expenditures in the District Attorney Discretionary fund exceeded appropriations by \$3,482.

CASS COUNTY, TEXAS

Notes to financial statements continued.

C. DEFICIT FUND EQUITY

The District Court fund had a deficit fund balance of \$203,886. The Cass County Park fund had a deficit fund balance of \$6,510. The Law Library fund had a deficit fund balance of \$16,624. The Linden Enterprise fund had a deficit fund balance of \$9,840. The Bear Creek FMAG fund had a deficit fund balance of \$28,481. The HOME grant had a deficit fund balance of \$16,587. The County AIP fund had a deficit fund balance of \$36,419.

NOTE 4 – DEPOSITS AND INVESTMENTS

Interest Rate Risk

As of September 30, 2018, the County had the following debt security investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturities (in Days)</u>
TexPool	\$ 803,873	28
Texas CLASS Investment Pool	3,562,415	52
	<u>\$ 4,366,288</u>	

Custodial Credit Risk

For a deposit, this is the risk that in the event of a failure of a depository institution, the County will not be able to recover the deposit or will not be able to recover collateral securities that are in the possession of an outside party. Deposits of the County are insured or collateralized with securities held by the pledging financial institution's trust department or agent in the name of the County. Of the County's categorizable bank deposits of \$7,039,710, none were uninsured and uncollateralized.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have any categorizable investments at September 30, 2018.

The County's policy on custodial credit risk regarding authorized deposits and investments and collateral requirements dictates that the funds of the County must be deposited and invested under contract terms set forth in the Depository Contract Law. The County's policies also require that purchased securities be held by the County or a County account in a third party financial institution for safekeeping. Certificates of deposit insured by the FDIC and pledged by the depository bank shall be held for safekeeping in custody of a Federal Reserve Bank, in accordance with state law. Pledged securities by the depository bank shall be held in safekeeping by the County, a County account in a third party financial institution, or a Federal Reserve Bank.

Credit Risk

For an investment, credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy details stipulations for approved investments in repurchase

CASS COUNTY, TEXAS

Notes to financial statements continued.

agreements, banker's acceptance, commercial paper, mutual funds, money market mutual funds, and investment pools. As outlined in the County's policy, a public fund investment pool must be continuously rated no lower than AAA or AAAM or at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2018, the County's investments in both TexPool and Texas Class Investment Pool are rated AAAM by Standard and Poor's.

Concentration of credit risk of over 5% by issuer are as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>Fair Value</u>	<u>% of Total Investments</u>
Cash and certificate of deposit	Guaranty Bank	\$6,043,767	53.00%

NOTE 5 – RECEIVABLES

	<u>General</u>	<u>Road & Bridge</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Receivables:					
Accounts	\$ 866,879	104,580	137,204	42,420	1,151,083
Property taxes	12,352		1,423	33,215	46,990
Intergovernmental	6,000			14,391	20,391
Gross receivables	885,231	104,580	138,627	90,026	1,218,464
Less: allowance for uncollectibles	(797,393)	(91,801)	(131,172)	(39,020)	(1,059,386)
Net total receivables	<u>\$ 87,838</u>	<u>12,779</u>	<u>7,455</u>	<u>51,006</u>	<u>159,078</u>

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

	PRIMARY GOVERNMENT					
	<u>Balance 9/30/17 as originally reported</u>	<u>Prior Period Adjustments</u>	<u>Balance 9/30/17 as restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/18</u>
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 156,820		156,820			156,820
Total capital assets, not being depreciated	156,820	-	156,820	-	-	156,820
Capital assets, being depreciated:						
Buildings and improvements	14,409,565		14,409,565	44,000		14,453,565
Furniture & equipment	5,200,955	33,000	5,233,955	334,865	(138,699)	5,430,121
Total capital assets, being depreciated	19,924,160	33,000	19,957,160	378,865	(138,699)	19,883,686
Less accumulated depreciation for:						
Buildings	2,167,718	1,245,650	3,413,368	345,097		3,758,465
Furniture & equipment	1,695,780	198,736	1,894,516	321,870	(28,180)	2,188,206
Total accumulated depreciation	3,863,498	1,444,386	5,307,884	666,967	(28,180)	5,946,671
Total capital assets being depreciated	16,060,662	(1,411,386)	14,649,276	(288,102)	(110,519)	13,937,015
Governmental capital assets, net	<u>\$ 16,217,482</u>	<u>(1,411,386)</u>	<u>14,806,096</u>	<u>(288,102)</u>	<u>(110,519)</u>	<u>14,093,835</u>

CASS COUNTY, TEXAS

Notes to financial statements continued.

Depreciation expense was charged to governmental functions as follows:

Administration and finance	\$ 173,281
Roads and public works	236,410
Corrections	36,545
Law enforcement	149,284
Judicial	59,334
Community services	<u>12,113</u>
Total depreciation expense	<u>\$ 666,967</u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2018 is as follows

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>			<u>Total</u>
	<u>Nonmajor Governmental</u>	<u>Road & Bridge</u>	<u>Debt Service</u>	
General	\$ 32,661		60,000	92,661
Nonmajor governmental fund		68,651		68,651
Total				<u>\$ 161,312</u>

The outstanding balances between funds result mainly from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Purpose:

\$60,000	To reimburse the General Fund for expenditures paid on behalf of the Debt Service Fund in a prior year.
\$32,661	To reimburse the General Fund for expenditures paid for the Bear Creek Fire Management Assistance Grant Fund (nonmajor governmental fund).
\$68,651	To reimburse the Forestry Fund (nonmajor governmental fund) for expenditures paid for the Road and Bridge #3 Fund.

Interfund transfers:

<u>Transfer in:</u>	<u>Transfer out:</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	
General fund	\$ -	10,153	10,153
Nonmajor governmental	158,240	100,906	259,146
Total transfers	<u>\$ 158,240</u>	<u>111,059</u>	<u>269,299</u>

CASS COUNTY, TEXAS

Notes to financial statements continued.

Purpose:

- \$55,000 Funds were transferred from the General Fund to the Juvenile Probation Fund (nonmajor governmental fund) as part of compliance with State regulations for the Juvenile Probation program.
- \$53,240 Funds were transferred from the General Fund to the Cass County Park Fund (nonmajor governmental fund) to cover expenditures.
- \$50,000 Funds were transferred from the General Fund to the District Court Fund (nonmajor governmental fund) to cover expenditures.
- \$10,153 Funds were transferred from the Linden Enterprise Fund (nonmajor governmental fund) to reimburse the General Fund for expenditures covered by the General Fund in a prior year.
- \$50,000 Funds were transferred from the Indigent Defense Grant Fund (nonmajor governmental fund) to the District Court Fund (nonmajor governmental fund) to cover defense attorney expenditures.
- \$3,849 Funds were transferred from the Indigent Defense Grant Fund (nonmajor governmental fund) to the General Fund to cover court magistrate salary expenditures.
- \$13,739 Funds were transferred from the District Attorney Forfeiture Fund (nonmajor governmental fund) to the District Attorney State Fund (nonmajor governmental fund) to cover expenditures.
- \$20,000 Funds were transferred from the Civil Child Support Fund (nonmajor governmental fund) to the Veterans Fund (nonmajor governmental fund) to cover expenditures.
- \$6,370 Funds were transferred from the Community Supervision and Corrections Department (CSCD) Basic Grant Fund (nonmajor governmental fund) to the CSCD Substance Abuse Fund (nonmajor governmental fund) to cover expenditures.
- \$5,597 Funds were transferred from the CSCD Basic Grant Fund (nonmajor governmental fund) to the CSCD Community Service Fund (nonmajor governmental fund) to cover expenditures.
- \$1,351 Funds were transferred from the CSCD Basic Grant Fund (CSCD) to the CSCD Mental Health Initiative Fund (nonmajor governmental fund) to cover expenditures.

NOTE 8 - LEASE COMMITMENTS – Operating Leases

The County entered into an operating lease for a copier in which the County will pay the lessor \$198 per month. The term of the lease is October 29, 2014 through October 29, 2019. A total of \$2,377 was paid during fiscal year 2018 under this lease.

CASS COUNTY, TEXAS

Notes to financial statements continued.

The County entered into an operating lease for a copier in which the County will pay the lessor \$196 per month. The term of the lease was June 11, 2013 through June 11, 2018. The County paid the same monthly rate through the end of fiscal year 2018 to continue using the copier after the lease term was over before entering into a new lease agreement in December 2018. A total of \$2,356 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$212 per month. The term of the lease was March 6, 2013 through March 6, 2018. The County paid the same monthly rate through the end of fiscal year 2018 to continue using the copier after the lease term was over before entering into a new lease agreement in December 2018. A total of \$2,547 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$146 per month. The term of the lease is November 7, 2013 through November 7, 2018. A total of \$1,748 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$152 per month. The term of the lease is November 7, 2013 through November 7, 2018. A total of \$1,819 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$156 per month. The term of the lease is January 28, 2015 through January 28, 2020. A total of \$1,867 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$232 per month. The term of the lease was June 19, 2014 through June 19, 2019. A total of \$2,783 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$120 per month. The term of the lease was January 16, 2017 through January 16, 2022. A total of \$1,442 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$290 per month. The term of the lease is May 26, 2015 through May 26, 2020. A total of \$3,484 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$179 per month. The term of the lease is June 16, 2016 through June 16, 2021. A total of \$2,148 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$135 per month. The term of the lease is May 19, 2014 through May 19, 2019. A total of \$1,615 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$170 per month. The term of the lease was July 18, 2013 through July 18, 2018. The County paid the same monthly rate through the end of fiscal year 2018 to continue using the copier after the lease term

CASS COUNTY, TEXAS

Notes to financial statements continued.

was over before entering into a new lease agreement in December 2018. A total of \$2,034 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$197 per month. The term of the lease is January 9, 2015 through January 9, 2020. A total of \$2,366 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$209 per month. The term of the lease was September 13, 2013 through September 13, 2018. The County paid the same monthly rate through the end of fiscal year 2018 to continue using the copier after the lease term was over before entering into a new lease agreement in December 2018. A total of \$2,504 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$118 per month. The term of the lease is August 24, 2016 through August 24, 2021. A total of \$1,420 was paid during fiscal year 2018 under this lease.

The County entered into an operating lease for a copier in which the County will pay the lessor \$147 per month. The term of the lease was January 31, 2013 through January 31, 2018. The County paid the same monthly rate through the end of fiscal year 2018 to continue using the copier after the lease term was over before entering into a new lease agreement in December 2018. A total of \$1,758 was paid during fiscal year 2018 under this lease.

The following is a summary of future minimum lease payments at September 30, 2018:

<i>Year</i>	<i>Amount</i>
2019	\$ 21,690
2020	8,738
2021	4,243
2022	427
2023	-
Total	<u>\$ 35,098</u>

In December 2018, the County entered into a new lease agreement consolidating the separate copier leases into a single lease agreement. Leases with lease terms ending beyond December 12, 2018 were terminated, and the old copiers were replaced with new copiers. The terms of the new copiers' lease are December 12, 2018 through December 12, 2023, with monthly payments of \$3,099. The new agreement will result in an annual increase in lease payments of \$774 compared to the current lease payments at September 30, 2018.

NOTE 9 - LONG-TERM LIABILITIES

Limited Tax Refunding Bonds

The County has dedicated 6.53% of the ad valorem taxes received for the year for the payment of principal and interest on bonds.

CASS COUNTY, TEXAS

Notes to financial statements continued.

	<u>Rate of interest</u>	<u>Original issue</u>	<u>Outstanding September 30, 2018</u>
Limited Tax Refunding Bonds, Series 2015 used to advance refund the outstanding Certificates of Obligation, Series 2006 net of bond premium of \$13,080. Due serially in varying amounts from August 15, 2015 through February 15, 2030	2.00 - 3.25%	\$ 5,540,000	4,585,000
Total limited tax refunding bonds		<u>\$ 5,540,000</u>	<u>4,585,000</u>

Annual requirements to amortize limited tax refunding bonds outstanding at September 30, 2018 are as follows:

<u>Requirements for Year Ending September 30</u>	<u>Limited Tax Refunding Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 335,000	120,100	455,100
2020	340,000	113,350	453,350
2021	345,000	106,500	451,500
2022	355,000	99,500	454,500
2023	360,000	92,350	452,350
2024-2028	1,970,000	299,075	2,269,075
2029-2030	880,000	28,926	908,926
Total	<u>\$ 4,585,000</u>	<u>859,801</u>	<u>5,444,801</u>

Tax Notes

	<u>Rate of interest</u>	<u>Original issue</u>	<u>Outstanding September 30, 2018</u>
Tax Notes, Series 2016, used to purchase of road maintenance equipment and professional services. Due serially in varying amounts from February 15, 2017 through August 15, 2023	1.65%	\$ 1,034,000	750,000
Total tax notes		<u>\$ 1,034,000</u>	<u>750,000</u>

CASS COUNTY, TEXAS

Notes to financial statements continued.

Annual requirements to amortize the tax notes outstanding at September 30, 2018 are as follows:

<i>Requirements for Year Ending September 30</i>	<i>Tax Notes</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 145,000	12,375	157,375
2020	148,000	9,983	157,983
2021	150,000	7,541	157,541
2022	152,000	5,066	157,066
2023	155,000	2,558	157,558
Total	\$ 750,000	37,523	787,523

Changes in long-term liabilities

The following is a summary of changes in long-term liabilities for the year ended September 30, 2018:

	<i>Balance 9/30/17 as originally reported</i>	<i>Prior Period Adjustments</i>	<i>Balance 9/30/17 as restated</i>	<i>Additions</i>	<i>Retirements/ Deductions</i>	<i>Balance September 30, 2018</i>	<i>Due Within One Year</i>
Bonds payable	\$ 4,910,000		4,910,000		(325,000)	4,585,000	335,000
Issuance premium	170,039		170,039		(13,080)	156,959	
Total bonds payable	<u>5,080,039</u>	<u>-</u>	<u>5,080,039</u>	<u>-</u>	<u>(338,080)</u>	<u>4,741,959</u>	<u>335,000</u>
Tax notes	893,000		893,000		(143,000)	750,000	145,000
Accrued compensated absences		206,571	206,571	153,334	(133,302)	226,603	139,467
Net pension liability	<u>3,074,789</u>		<u>3,074,789</u>	<u>3,171,023</u>	<u>(4,948,876)</u>	<u>1,296,936</u>	
Totals	<u>\$ 9,047,828</u>	<u>206,571</u>	<u>9,254,399</u>	<u>3,324,357</u>	<u>(5,563,258)</u>	<u>7,015,498</u>	<u>619,467</u>

The General fund is primarily responsible for the accrued compensated absences liability and net pension liability for the governmental activities.

NOTE 10 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; and natural disasters for which the County carries commercial insurance. The County participates in a risk management program through Texas Association of Counties for workers' compensation insurance.

The County has not had any significant reductions in insurance coverage from coverage in the prior year. The amount of settlements has not exceeded insurance coverage in any of the previous three years.

CASS COUNTY, TEXAS

Notes to financial statements continued.

NOTE 11 - PENSION PLAN LIABILITY

Plan Description:

The County participates as one of over 780 plans in a non-traditional, joint contributory, defined benefit plan administered by in the state-wide Texas County and District Retirement Plan (TCDRS). TCDRS is an agency created by the State of Texas and administered in accordance with the TCDRS Act, as an agent, multiple-employer public employee retirement system. The TCDRS Act places the general administration and management of the System with a nine member Board of Trustees. Although the Governor, with advice and consent of the Senate appoints the Board, TCDRS is not fiscally dependent on the State of Texas. The System's comprehensive annual financial report can be obtained at www.tcdrs.org.

All full and part time employees are required to participate in TCDRS, regardless of the hours they work in a year or their age. Only those employees who are classified as "temporary" are excluded from enrollment.

Benefits:

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

At retirement, the benefit is calculated based on the employee's account balance and the employer's matching. The employee's account balance with the employer's matching contributions is converted to an annuity at retirement and then he or she receives a payment every month for the rest of his or her life. Retirees elect to receive their monthly retirement benefit by choosing from one of seven actuarially equivalent payments options. Each employer may elect the partial lump-sum option. This payment option allows the retiring member to receive an immediate lump-sum payment not to exceed his or her account balance, and choose a reduced monthly lifetime benefit from any of the payment options.

Members can retire, with full benefits, when their age and years of service total 75, at ages 60 and above with 8 or more years of service, or with 30 years of service regardless of age. A member is vested after 8 years but must leave their accumulated contributions in the plan to receive any employer-financed benefits.

At December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	129
Inactive employees to but not yet receiving benefits	109
Active employees	<u>151</u>
Total	<u><u>389</u></u>

CASS COUNTY, TEXAS

Notes to financial statements continued.

Contributions:

The contribution rates for employees in TCDRS is 4%, 5%, 6% or 7% of employee gross earnings, as adopted by the governing body of the County. Under the state law governing TCDRS, the contribution rate for the County is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The TCDRS Act allows and the employer may elect to make an additional optional contribution to its account during the year, in addition to its regular monthly contributions.

The employees of Cass County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the County was 11.45% for October through December 2017 and 11.51% for January through September 2018. The County's contributions totaled \$655,147 for the year ended September 30, 2018 and was equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	3.25% per year
Investment rate of return	8.0%, net of administrative and investment expense, including inflation
Changes in assumptions and methods reflected in the Schedule of Employer Contributions.	2017: New mortality assumptions were reflected

The County has no automatic cost of living adjustments ('COLA') and one is not considered to be substantially automatic. Each year the County may elect an ad-hoc COLA for its retirees.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TCDRS over the four year period from January 1, 2013 to December 31, 2016. These assumptions were adopted in 2017 and first used in the December 31, 2017 actuarial valuation.

The mortality actuarial assumptions for active members, retirees and beneficiaries, which were first used in the December 2017 actuarial valuation, are as follows:

CASS COUNTY, TEXAS

Notes to financial statements continued.

Depositing members	90 % of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The System's asset allocation plan is reviewed by the TCDRS Board at least annually. The capital market assumptions and information shown below are provided by TCDRS investment consultants and based on January 2018 information for a 10 year time horizon.

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation (1)</u>	<u>Geometric Real Rate of Return (2)</u>
U. S. Equities	Dow Jones U. S. total stock market index	11.50%	4.55%
Private equity	Cambridge Associated Global Private Equity & Venture Capital Index (3)	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
Int'l Equities-Developed markets	MSCI World EX USA (net)	11.00%	4.55%
Int'l Equities-Emerging markets	MSCI Emerging Markets (net) Index	8.00%	5.55%
Investment - grade bonds	Bloomberg Barclays U. S. Aggregate Bond Index	3.00%	0.75%
Strategic credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct lending	S & P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed debt	Cambridge Associates Distressed Securities Index	2.00%	6.30%
REIT equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.05%
Master limited partnerships (MLPs)	Algerian MLP Index	3.00%	6.00%
Private real estate partnerships	Cambridge Associates Real Estate Index (5)	6.00%	6.25%
Hedge funds	Hedge Fund Research, Inc. (HFRI Fund of Funds Composite Index	18.00%	4.10%

(1) Target asset allocation adopted at the April 2018 TCDRS Board meeting

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95% , per Cliffwater's 2018 capital market assumptions.

(3) Includes vintage years 2006-present Quarter Pooled Horizon IRRs

(4) Includes vintage years 2005-present Quarter Pooled Horizon IRRs

(5) Includes vintage years 2007-present Quarter Pooled Horizon IRRs

CASS COUNTY, TEXAS

Notes to financial statements continued.

Discount Rate:

The discount rate used to measure the Total Pension Liability was 8.1%. The discount rate is the single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and, (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1) calculated using the municipal bond rate.

The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified. 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 Net Pension Liability

	<i>Total Pension Liability (a)</i>	<i>Fiduciary Net Position (b)</i>	<i>Net Pension Liability/(Asset) (a) - (b)</i>
Balance as of December 31, 2016	\$ 28,278,887	25,204,098	3,074,789
Changes for the year:			
Service cost	698,946		698,946
Interest on total pension liability (1)	2,281,509		2,281,509
Effect of plan changes (2)	-		-
Effect of economic/demographic gains or losses	(244,562)		(244,562)
Effect of assumptions changes or inputs	163,324		163,324
Refund of contributions	(77,385)	(77,385)	-
Benefit payments	(1,576,934)	(1,576,934)	-
Administrative expenses		(18,772)	18,772
Member contributions		392,818	(392,818)
Net investment income		3,668,963	(3,668,963)
Employer contributions		642,533	(642,533)
Other (3)		(8,472)	8,472
Balance as of December 31, 2017	<u>\$ 29,523,785</u>	<u>28,226,849</u>	<u>1,296,936</u>

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest

(2) No plan changes valued.

(3) Relates to allocation of system-wide items

CASS COUNTY, TEXAS

Notes to financial statements continued.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County calculated using the discount rate of 8.10% as well as what the County's net pension liability would be if it were calculated using the discount rate that is 1% point lower (7.1%) and 1% point higher (9.1%) than the current rate

	<i>1% Decrease 7.10%</i>	<i>Current Discount Rate 8.10%</i>	<i>1% Increase 9.10%</i>
Total pension liability	\$ 32,996,499	29,523,785	26,571,186
Fiduciary net position	28,226,849	28,226,849	28,226,849
Net pension liability/asset	<u>\$ 4,769,650</u>	<u>1,296,936</u>	<u>(1,655,663)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained on the Internet at www.tcdrs.org.

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

For the year ended September 30, 2018 the County recognized pension expense of \$725,156.

At September 30, 2018 the County reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

<i>Deferred Inflows/Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>	<i>Deferred Outflows of Resources</i>
Differences between expected and actual experience	\$ -	207,458
Changes in assumptions		(185,862)
Net difference between projected and actual earnings		499,810
Contributions made subsequent to measurement date	491,258	
	<u>\$ 491,258</u>	<u>521,406</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CASS COUNTY, TEXAS

Notes to financial statements continued.

Year Ended December 31:	
2018	\$ 110,118
2019	837
2020	(301,744)
2021	(330,617)
2022	-
Thereafter	-
	<u><u>\$(521,406)</u></u>

NOTE 12 - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant.

It is the County's opinion that the County has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 13 – CONTINGENT LIABILITIES

The County participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at September 30, 2018 may be impaired. In the opinion of the County, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 14 - SUBSEQUENT PRONOUNCEMENTS

The Governmental Accounting Standards Board recently issued the following statements not yet implemented by Cass County, Texas. The statements which might impact the County are as follows:

CASS COUNTY, TEXAS

Notes to financial statements continued.

Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016 will be effective for the fiscal year ending September 30, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable.

Statement No. 84, *Fiduciary Activities*, issued in January 2017, will be effective for the fiscal year September 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

Statement No. 87, *Leases*, issued in June 2017, will be effective for the fiscal year ending September 30, 2021. This Statement will increase the usefulness of governments' financial statements by requiring recognition of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangement.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2018 will be effective for the fiscal year ending September 30, 2019. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses. The Statement also requires that existing and additional information be provided for direct borrowings and direct placement of debt separately from other debt.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, issued in June 2018, will be effective for the fiscal year ending September 30, 2021. The Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with Statement No. 62. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Statement also reiterates that in financial statements prepared using the current

CASS COUNTY, TEXAS

Notes to financial statements continued.

financial resources measurement focus, interest costs incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, issued in August 2018, will be effective for the fiscal year ending September 30, 2020. The Statement’s objective is to improve consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment.

Statement No. 91, *Conduit Debt Obligations*, issued in May 2019, will be effective for the fiscal year ending September 30, 2022. The Statement’s primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.

NOTE 15 - PRIOR PERIOD ADJUSTMENTS

Prior period adjustments were recorded as follows:

<i>Description</i>	<i>General</i>	<i>Road & Bridge</i>	<i>Debt Service</i>	<i>Nonmajor Governmental</i>	<i>Total Governmental Funds</i>	<i>Governmental Activities</i>
Equity balance per 9/30/17 as previously reported	\$ 4,158,521	1,936,648	305,954	970,470	7,371,593	16,462,265
Accounts payable				(9,239)	(9,239)	(9,239)
Accrued payroll	372	1,685		4,072	6,129	6,129
Additions to capital assets					-	139,000
Disposals of capital assets					-	(106,000)
Additional accumulated depreciation					-	(1,444,388)
Accrued compensated absences					-	(216,587)
Deferred outflows of pensions					-	478,645
Restricted equity improperly reported as unearned revenue	655,281			409,688	1,064,969	1,064,969
Change in year end reporting dates for juvenile probation fund				(95,264)	(95,264)	(95,264)
Change in year end reporting dates for adult probation fund				(97,856)	(97,856)	(97,856)
Total prior period adjustments	<u>655,653</u>	<u>1,685</u>	<u>-</u>	<u>211,401</u>	<u>868,739</u>	<u>(280,591)</u>
Equity balance at 9/30/17 as restated	<u>\$ 4,814,174</u>	<u>1,938,333</u>	<u>305,954</u>	<u>1,181,871</u>	<u>8,240,332</u>	<u>16,181,674</u>

CASS COUNTY, TEXAS

Notes to financial statements continued.

A prior period adjustment was reflected to record additional accounts payable at September 30, 2017, in accordance with generally accepted accounting principles in the United States of America. The effect was an increase in the accounts payable liability of \$9,239 and a decrease in governmental fund balances and net position of \$9,239.

A prior period adjustment was reflected to record accrued payroll liability at September 30, 2017, in accordance with generally accepted accounting principles in the United States of America. The effect was a decrease in accrued payroll liability of \$6,129 and an increase in governmental fund balances and net position of \$6,129.

A prior period adjustment was recorded to properly report all capital assets activity including additions, disposals and accumulated depreciation in the amounts of \$139,000, (\$106,000) and (\$1,444,388), respectively at September 30, 2017, in accordance with generally accepted accounting principles in the United States of America. The effect was a net decrease to capital assets, net of accumulated depreciation of \$1,411,388 and a decrease in net position of \$1,411,388.

A prior period adjustment was recorded to establish accrued compensated absences liability of \$216,587 at September 30, 2017, in accordance with generally accepted accounting principles in the United States of America. The effect was an increase in accrued compensated absences liability and a decrease in net position of \$216,587.

A prior period adjustment was recorded to establish deferred inflows of pension for contributions made to the pension plan subsequent to the measurement date in the amount of \$478,645 at September 30, 2017, in accordance with generally accepted accounting principles in the United States of America. The effect was an increase in deferred outflows – pensions and an increase in net position of \$478,645.

A prior period adjustment was recorded to reclassify amounts previously reported as unearned revenue (liability) to restricted equity in the amount of \$1,064,969 in accordance with generally accepted accounting principles in the United States of America. The effect was a decrease to liabilities and an increase to governmental fund balances and net position of \$1,064,969.

A prior period adjustment was recorded to reflect the change of the reporting date for the juvenile and adult probation funds of the County in the amounts of \$95,264 and \$97,856, respectively. The funds have separate audits with an August 31, 2017 year end, however the funds were reported with a year end of September 30, 2017. An adjustment was made to remove the September 30, 2017 year end balances and include the August 31, 2017 as separately audited. The net effect was to decrease the governmental funds balances and the net position by a total of \$193,120.

NOTE 16 - MANAGEMENT REVIEW

In preparing these financial statements, management of the County has evaluated events and transactions for potential recognition or disclosure through July 23, 2019, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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CASS COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended September 30, 2018

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 698,946	670,965	599,718	598,656
Interest (on the total pension liability)	2,281,509	2,155,836	2,062,352	1,955,128
Changes of benefit terms		57,279	(74,087)	83,377
Changes of assumptions	163,324	-	307,917	
Difference between expected and actual experience	(244,562)	(52,499)	(72,671)	64,106
Benefit payments, including refunds of employee contributions	(1,654,319)	(1,590,868)	(1,643,071)	(1,267,834)
Net change in total pension liability	1,244,898	1,240,713	1,180,158	1,433,433
Total pension liability - beginning	28,278,887	27,038,174	25,858,016	24,424,583
Total pension liability - ending	<u>\$ 29,523,785</u>	<u>28,278,887</u>	<u>27,038,174</u>	<u>25,858,016</u>
Plan fiduciary net position				
Contributions - employer	\$ 642,533	634,795	576,858	571,250
Contributions - employee	392,818	382,079	355,459	356,713
Net investment income	3,668,963	1,781,774	260,228	1,627,067
Benefit payments, including refunds of employee contributions	(1,654,319)	(1,590,868)	(1,643,071)	(1,267,834)
Administrative expense	(18,772)	(19,392)	(17,467)	(18,318)
Other	(8,472)	(107,557)	152,322	35,299
Net change in plan fiduciary net position	3,022,751	1,080,831	(315,671)	1,304,177
Plan fiduciary net position - beginning	25,204,098	24,123,267	24,438,938	23,134,761
Plan fiduciary net position - ending	<u>28,226,849</u>	<u>25,204,098</u>	<u>24,123,267</u>	<u>24,438,938</u>
Net pension liability	<u>1,296,936</u>	<u>3,074,789</u>	<u>2,914,907</u>	<u>1,419,078</u>
Plan fiduciary net position as a % of total pension liability	95.61%	89.13%	89.22%	94.51%
Covered payroll	\$ 5,611,683	5,458,268	5,077,983	5,095,902
Net pension liability as a percentage of covered payroll	23.11%	56.33%	57.40%	27.85%

This pension schedule is intended to present information for 10 years. Additional information will be displayed as it becomes available.

CASS COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended September 30, 2018

SCHEDULE OF CONTRIBUTIONS

LAST 10 FISCAL YEARS

<u>Year</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2009 *	\$ 461,011	\$ 461,011	\$ -	\$ 5,341,964	8.63%
2010 *	491,128	491,128	-	5,367,522	9.15%
2011 *	448,849	453,808	(4,959)	4,959,652	9.15%
2012 *	438,057	438,057	-	4,525,364	9.68%
2013 *	509,079	509,079	-	4,775,689	10.66%
2014 *	571,250	571,250	-	5,095,902	11.21%
2015 *	576,858	576,858	-	5,077,983	11.36%
2016 *	634,795	634,795	-	5,458,268	11.63%
2017	642,120	642,120	-	5,585,967	11.50%
2018	655,147	655,147	-	5,699,481	11.49%

*The amounts presented for years 2009 - 2016 are on a calendar year.

This pension schedule is intended to present information for 10 fiscal years.

Additional fiscal year amounts will be presented as they become available.

Notes to Schedule of Contributions

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	11.7 years
Asset Valuation Method	5 Year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8%
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Tables for females both projected with 110% of the MP-2014 Ultimate scale after 2014.

Other Information:

Notes

New mortality assumptions were reflected in 2017

COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES

Non-Major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

District Court - This account was established to account for salaries for administrative assistant for the District Court, the District Court cost of office expenses and is part of the maintenance and operation property tax and court cost fees.

Indigent Defense Grant - This account was established to account for the legal expenses of indigent persons as incurred by the County. A portion of the expenses are reimbursed by the Texas Indigent Defense Commission.

Cass County Park - This account was established to account for the expenses and revenues as generated by the Cass County Park. Revenues are derived by the rental of camping spots, boat fees, ice sales and other types of revenue. Cass County subsidizes expenses that exceed the generated revenues.

Law Library - This account was established to account for the purchase of books and various research materials as needed by the judicial courts of Cass County for the efficient operation of the court system.

District Attorney Escrow - This fund was established many years ago to account for the revenues and expenses of fees received from charges levied against prosecution individuals that were processed through the Office of the District Attorney.

District Attorney State - This fund was established to account for the small portion of subsidized personnel salaries as received from the Texas Office of the Attorney General.

Drug Court - This account was established to account for the establishment of expenses generated by the legal system specifically related to the Cass County Drug Court.

Regional Intrastate Task Force - This fund was established to account for the revenues and expenses related to a task force that was created to apprehend and prosecute individuals who were involved in illegal drug trafficking in a multi-county area of which Cass County was involved.

Forestry Fund - This account was established to account for the revenues as collected through the sale of timber in Cass County. Expenses related to revenues and transfers of funds to various departments are noted in this fund.

District Attorney Forfeiture - This fund was established to account for funds collected and disbursed related to forfeited assets as collected by the Office of the District Attorney.

District Attorney Discretionary Fund - This fund was established to account for funds received from the small percentage received of fees charged from the prosecution of persons for writing fraudulent checks. These cases generate a small revenue stream which is used to purchase various office supplies and other operating expenses for the Office of the District Attorney.

HAVA Funds - This fund was established to account for the expenses incurred and revenues received from a prior year association of Cass County and the Help America Vote Act (HAVA) program. Account revenue is from prior years' investment by Cass County and HAVA Election Security Fund.

Sheriff Federal Forfeiture - This fund was established to account for the seized forfeited funds and assets by the Sheriff Office.

Linden Enterprise Fund - This account was established to account for the expenses incurred and revenues received from a joint venture between the City of Linden Texas and Cass County in the establishment of a business in Linden Texas. Account revenue is from prior years investment into the fund by Cass County.

Civil Child Support - This fund was established to account for the expenses incurred and revenues received from the Community Supervision and Corrections Department of the Texas Department of Criminal Justice, Community Justice Assistance Division which provides funding to the Civil Child Support Program of the Cass County Adult Probation.

Texas CDBG Grants 3069 & 6247 - This account was established to account for the funds received and expenditures incurred from grants received from the Rural Community Development Block Grant system. These funds from these grants are to help develop viable communities by providing decent housing and suitable living environments and expand economic opportunities principally for persons of low-to-moderate-income. Grants to Cass County have been used for road improvements in low-to-moderate-income communities.

Veterans Program - This fund was established to account for the expenses incurred and revenues received from the Veterans Program. This program began with a transfer of cash from the Civil Child Support Program and is projected to seek outside County funding sources for future expenses. This is a facility that houses and cares for the needs of veterans in Cass County.

FEMA Grants - This account was established to monitor the receipt of funds from the Federal Emergency and Management Agency. The fund provides a clear listing of expenses as per each specific grant received for their particular purpose.

Road Improvements Grant 0710197 - This account was established to account for the funds received and expenditures incurred from grants received from the U. S. Department of Agriculture Grant system. These funds from this grant to Cass County have been used for road improvements in various communities.

Bear Creek FMAG - This account was established to account for the expenditures, revenues and donations received in conjunction with the Bear Creek Fire that swept through Cass County.

Texas Historical Courthouse Grant - This account was established to account for the expenditures, revenues and donations received in conjunction with the renovation to the Cass County Historical courthouse located in Linden Texas.

Home Grants - This fund was established to account for the recording of expenses related to the construction of low income housing and related expenses and the reimbursements received from the Texas Department of Housing and Community Affairs.

County AIP Fund - This fund was established to account for the expenses incurred and revenues received from the Community Supervision and Corrections Department of the Texas Department of Criminal Justice, Community Justice Assistance Division which provides funding for the program that oversees the criminal ankle “bracelet” program of the Cass County Adult Probation department. This fund is reported with a year end as of August 31, 2018 and for the year then ended.

Juvenile Probation - This account was established to account for the revenues and expenses associated with the care and safety of foster children, juvenile offenders, detention expenses and salaries, travel and office expenses of staff. Funding is provided by the U.S Department of Health and Human Resources, the Texas Juvenile Justice Department Grants A and R and Cass County. This fund is reported with a year end as of August 31, 2018 and for the year then ended.

CSCD Basic Grant - This fund was established to account for the expenses incurred and revenues received from the Community supervision and Corrections Department of the Texas Department of Criminal Justice, Community Justice Assistance Division which provides funding to the Basic Supervision program of the Cass County Adult Probation department. This fund is reported with a year end as of August 31, 2018 and for the year then ended.

CSCD SATP III Fund - This fund was established to account for the expenses incurred and revenues received from the Community supervision and Corrections Department of the Texas Department of Criminal Justice, Community Justice Assistance Division which provides funding to the Substance Abuse and Treatment Program of the Cass County Adult Probation department. This fund is reported with a year end as of August 31, 2018 and for the year then ended.

CSCD Community Services Fund - This fund was established to account for the expenses incurred and revenues received from the Community Supervision and Corrections Department of the Texas Department of Criminal Justice, Community Justice Assistance Division which provides funding to the Community Services Program of the Cass County Adult Probation department. This fund is reported with a year end as of August 31, 2018 and for the year then ended.

CSCD MHI Program Fund - This fund was established to account for the expenses incurred and revenues received from the Community Supervision and Corrections Department of the Texas Department of Criminal Justice, Community Justice Assistance Division which provides funding to the Mental Health Initiative Program of the Cass County Adult Probation department. This fund is reported with a year end as of August 31, 2018 and for the year then ended.

CSCD Mental Health Fund - This fund was established to account for the expenses incurred and revenues received from the Community Supervision and Corrections Department of the Texas Department of Criminal Justice, Community Justice Assistance Division which provides funding to the Mental Health Fund Program of the Cass County Adult Probation department. This fund is reported with a year end as of August 31, 2018 and for the year then ended.

CSCD High Risk Fund - This fund was established to account for the expenses incurred and revenues received from the Community Supervision and Corrections Department of the Texas Department of Criminal Justice, Community Justice Assistance Division which provides funding to the High Risk Treatment Program of the Cass County Adult Probation department. This fund is reported with a year end as of August 31, 2018 and for the year then ended.

Aggressive Behavior Grant - This fund was established to account for the expenses incurred and revenues received from the Community Supervision and Corrections Department of the Texas Department of Criminal Justice, Community Justice Assistance Division which provides funding to the Aggressive Behavior Program of the Cass County Adult Probation department. This fund is reported with a year end as of August 31, 2018 and for the year then ended.

Capital Project Funds

Capital Project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Projects Fund/Law Enforcement Construction Fund - This fund was established to account for the expenses incurred in the construction of the new Cass County Law and Justice Center. Funds were set aside for the construction project with residual monies remaining in the account that are available to be used for repairs and maintenance, upgrade to the facility and/or other expenses.

R. O. W. (Right Of Way) Projects Fund - This fund was established to account for the expenses incurred when State highway construction projects occur which require funding from the County to pay a portion of the expenses to State roadways that will undergo construction or repairs which are adjacent to or intersect with County roads. A portion of County taxes flow into this fund for such repairs as they may occur in the future.

CASS COUNTY, TEXAS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

September 30, 2018

	<i>Special Revenue Funds</i>			
	<i>District Court</i>	<i>Indigent Defense Grant</i>	<i>Cass County Park</i>	<i>Law Library</i>
ASSETS				
Cash	\$ -			
Investments		25,850		
Receivables (net of allowance for uncollectible):				
Accounts receivable	2,191			1,050
Property taxes receivable	3,355			
Other government agencies				
Due from other funds				
TOTAL ASSETS	\$ 5,546	25,850	-	1,050
LIABILITIES & FUND BALANCES				
Accounts payable	\$ 36,741		6,510	1,407
Bank overdraft	171,446	14,869		16,267
Accrued payroll	1,221			
Due to other funds				
Other payables	24			
TOTAL LIABILITIES	209,432	14,869	6,510	17,674
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants				
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCES				
Restricted		10,981		
Unassigned (deficit)	(203,886)		(6,510)	(16,624)
TOTAL FUND BALANCES	(203,886)	10,981	(6,510)	(16,624)
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 5,546	25,850	-	1,050

Special Revenue Funds

<i>District Attorney Escrow</i>	<i>District Attorney State</i>	<i>Drug Court</i>	<i>Regional Interstate Task Force</i>	<i>Forestry</i>	<i>District Attorney Forfeiture</i>	<i>District Attorney Discretionary</i>	<i>HAVA</i>
316	9,282	25,896	44,899	439,653 149,820	34,401 39,923	6,339	5,296
						202	
				68,651			
<u>316</u>	<u>9,282</u>	<u>25,896</u>	<u>44,899</u>	<u>658,124</u>	<u>74,324</u>	<u>6,541</u>	<u>5,296</u>
			379		119	780	
		642					
			24,086		1,752		
-	-	642	24,465	-	1,871	780	-
-	-	-	-	-	-	-	-
316	9,282	25,254	20,434		72,453	5,761	
				658,124			5,296
<u>316</u>	<u>9,282</u>	<u>25,254</u>	<u>20,434</u>	<u>658,124</u>	<u>72,453</u>	<u>5,761</u>	<u>5,296</u>
<u>316</u>	<u>9,282</u>	<u>25,896</u>	<u>44,899</u>	<u>658,124</u>	<u>74,324</u>	<u>6,541</u>	<u>5,296</u>

Continued

CASS COUNTY, TEXAS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS September 30, 2018

	<i>Special Revenue Funds</i>			
	<i>Sheriff Federal Forfeiture</i>	<i>Linden Enterprise</i>	<i>Civil Child Support</i>	<i>Texas CDBG Grants</i>
ASSETS				
Cash	4,395	10	64,340	493
Investments				
Receivables (net of allowance for uncollectible):				
Accounts receivable				
Property taxes receivable				
Other government agencies				
Due from other funds				
TOTAL ASSETS	<u>4,395</u>	<u>10</u>	<u>64,340</u>	<u>493</u>
LIABILITIES & FUND BALANCES				
Accounts payable				
Bank overdraft				
Accrued payroll				
Due to other funds				
Other payables		9,850		
TOTAL LIABILITIES	<u>-</u>	<u>9,850</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants				
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	4,395		64,340	493
Unassigned (deficit)		(9,840)		
TOTAL FUND BALANCES	<u>4,395</u>	<u>(9,840)</u>	<u>64,340</u>	<u>493</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>4,395</u>	<u>10</u>	<u>64,340</u>	<u>493</u>

Special Revenue Funds

							<i>Juvenile Probation</i>
<i>Veterans</i>	<i>FEMA Grants</i>	<i>Road Impr. Grant 710197</i>	<i>Bear Creek FMAG</i>	<i>Texas Hist. Courthouse Grant</i>	<i>Home Grants</i>	<i>County AIP</i>	<i>Juvenile Probation 8/31/2018</i>
9,188	537	1,810	4,180	27,309			210,270 142,552 360
					14,391		
<u>9,188</u>	<u>537</u>	<u>1,810</u>	<u>4,180</u>	<u>27,309</u>	<u>14,391</u>	<u>-</u>	<u>353,182</u>
					16,587	36,419	6,926
			32,661	7,736			
<u>-</u>	<u>-</u>	<u>-</u>	<u>32,661</u>	<u>7,736</u>	<u>16,587</u>	<u>36,419</u>	<u>6,926</u>
					14,391		
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,391</u>	<u>-</u>	<u>-</u>
9,188	537	1,810	(28,481)	19,573	(16,587)	(36,419)	346,256
<u>9,188</u>	<u>537</u>	<u>1,810</u>	<u>(28,481)</u>	<u>19,573</u>	<u>(16,587)</u>	<u>(36,419)</u>	<u>346,256</u>
<u>9,188</u>	<u>537</u>	<u>1,810</u>	<u>4,180</u>	<u>27,309</u>	<u>14,391</u>	<u>-</u>	<u>353,182</u>

Continued

CASS COUNTY, TEXAS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS September 30, 2018

	<i>Special Revenue Funds</i>			
	<i>Community Supervision & Corrections Department Funds</i>			
	<i>CSCD</i>	<i>CSCD</i>	<i>CSCD</i>	<i>CSCD</i>
	<i>Basic Grant</i>	<i>Substance Abuse</i>	<i>Community Service</i>	<i>Mental Health Initiative</i>
	<u>8/31/2018</u>	<u>8/31/2018</u>	<u>8/31/2018</u>	<u>8/31/2018</u>
ASSETS				
Cash	164,233	3,311	304	9,095
Investments	108,230			
Receivables (net of allowance for uncollectible):				
Accounts receivable	29,401			
Property taxes receivable				
Other government agencies				
Due from other funds				
TOTAL ASSETS	<u>301,864</u>	<u>3,311</u>	<u>304</u>	<u>9,095</u>
LIABILITIES & FUND BALANCES				
Accounts payable	14,246	3,311	304	536
Bank overdraft				
Accrued payroll				
Due to other funds				
Other payables				
TOTAL LIABILITIES	<u>14,246</u>	<u>3,311</u>	<u>304</u>	<u>536</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants				
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	287,618			8,559
Unassigned (deficit)				
TOTAL FUND BALANCES	<u>287,618</u>	<u>-</u>	<u>-</u>	<u>8,559</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>301,864</u>	<u>3,311</u>	<u>304</u>	<u>9,095</u>

Special Revenue Funds

Community Supervision & Corrections Department			Capital Projects Fund			Total Nonmajor Governmental Funds
CSCD High Risk Treatment 8/31/2018	Aggressive Behavior Grant 8/31/2018	Total Special Revenue	Capital Projects	ROW Projects	Total Capital Projects	
4,029	17	1,069,603	6,679	81,795	88,474	1,158,077
		466,375	12,073	29,525	41,598	507,973
		-			-	-
		33,204		11	11	33,215
		3,355		45	45	3,400
		14,391				14,391
		68,651			-	68,651
4,029	17	1,655,579	18,752	111,376	130,128	1,785,707
2,888		74,147			-	74,147
		255,588			-	255,588
		1,863				1,863
		32,661				32,661
		43,448			-	43,448
2,888	-	407,707	-	-	-	407,707
		14,391				14,391
-	-	14,391	-	-	-	14,391
1,141	17	888,408	18,752	111,376	130,128	1,018,536
		345,073				345,073
1,141	17	1,233,481	18,752	111,376	130,128	1,363,609
4,029	17	1,655,579	-	18,752	130,128	1,785,707
						Concluded

CASS COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

	<i>Special Revenue Funds</i>			
	<i>District Court</i>	<i>Indigent Defense Grant</i>	<i>Cass County Park</i>	<i>Law Library</i>
REVENUES:				
Taxes	\$ 361,953			
Intergovernmental revenues	11,662	36,348		12,501
Charges for services			14,986	
Interest		783		
Miscellaneous revenues	9,206			
TOTAL REVENUES	<u>382,821</u>	<u>37,131</u>	<u>14,986</u>	<u>12,501</u>
EXPENDITURES:				
Current:				
Corrections				
Judicial	481,543			16,454
Community services			70,703	
Other				
Capital outlay				
TOTAL EXPENDITURES	<u>481,543</u>	<u>-</u>	<u>70,703</u>	<u>16,454</u>
Excess (deficiency) of revenues over expenditures	<u>(98,722)</u>	<u>37,131</u>	<u>(55,717)</u>	<u>(3,953)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	100,000		53,240	
Transfers out		(53,849)		
Total other financing sources (uses)	<u>100,000</u>	<u>(53,849)</u>	<u>53,240</u>	<u>-</u>
Net change in fund balance	<u>1,278</u>	<u>(16,718)</u>	<u>(2,477)</u>	<u>(3,953)</u>
Fund balance, beginning of year, as previously reported	(205,270)	27,699	(4,033)	(12,671)
Prior period adjustments	106			
Fund balance, beginning of year, as restated	<u>(205,164)</u>	<u>27,699</u>	<u>(4,033)</u>	<u>(12,671)</u>
Fund balance, end of year	<u>\$ (203,886)</u>	<u>10,981</u>	<u>(6,510)</u>	<u>(16,624)</u>

Special Revenue Funds

<i>District Attorney Escrow</i>	<i>District Attorney State</i>	<i>Drug Court</i>	<i>Regional Interstate Task Force</i>	<i>Forestry</i>	<i>District Attorney Forfeiture</i>	<i>District Attorney Discretionary</i>	<i>HAVA</i>
	36,666	75,000					
5	40		250	6,148	1,260	2,153	72
				296,232	30,550	106	
<u>5</u>	<u>36,706</u>	<u>75,000</u>	<u>250</u>	<u>302,380</u>	<u>31,810</u>	<u>2,259</u>	<u>72</u>
	41,107	63,305			6,763	3,482	
				20,222			
<u>-</u>	<u>41,107</u>	<u>63,305</u>	<u>-</u>	<u>20,222</u>	<u>6,763</u>	<u>3,482</u>	<u>-</u>
5	(4,401)	11,695	250	282,158	25,047	(1,223)	72
	13,739				(13,739)		
<u>-</u>	<u>13,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,739)</u>	<u>-</u>	<u>-</u>
5	9,338	11,695	250	282,158	11,308	(1,223)	72
311	(56)	13,559	20,184	375,966	61,145	6,984	5,224
<u>311</u>	<u>(56)</u>	<u>13,559</u>	<u>20,184</u>	<u>375,966</u>	<u>61,145</u>	<u>6,984</u>	<u>5,224</u>
<u>316</u>	<u>9,282</u>	<u>25,254</u>	<u>20,434</u>	<u>658,124</u>	<u>72,453</u>	<u>5,761</u>	<u>5,296</u>

Continued

CASS COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

Special Revenue Funds

	<i>Sheriff Federal Forfeiture</i>	<i>Linden Enterprise</i>	<i>Civil Child Support</i>	<i>Texas CDBG Grants</i>
REVENUES:				
Taxes				
Intergovernmental revenues				
Charges for services				
Interest	60	36		
Miscellaneous revenues			14,923	17,918
TOTAL REVENUES	<u>60</u>	<u>36</u>	<u>14,923</u>	<u>17,918</u>
EXPENDITURES:				
Current:				
Corrections				
Judicial				
Community services				
Other				17,500
Capital outlay				
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,500</u>
Excess (deficiency) of revenues over expenditures	<u>60</u>	<u>36</u>	<u>14,923</u>	<u>418</u>
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out		(10,153)	(20,000)	
Total other financing sources (uses)	<u>-</u>	<u>(10,153)</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balance	<u>60</u>	<u>(10,117)</u>	<u>(5,077)</u>	<u>418</u>
Fund balance, beginning of year, as previously reported	4,335	277	69,417	75
Prior period adjustments				
Fund balance, beginning of year, as restated	<u>4,335</u>	<u>277</u>	<u>69,417</u>	<u>75</u>
Fund balance, end of year	<u>4,395</u>	<u>(9,840)</u>	<u>64,340</u>	<u>493</u>

Special Revenue Funds

							<i>Juvenile Probation Fund</i>
<i>Veterans</i>	<i>FEMA Grants</i>	<i>Road Impr. Grant 0710197</i>	<i>Bear Creek FMAG</i>	<i>Texas Hist. Courthouse Grant</i>	<i>Home Grants</i>	<i>County AIP</i>	<i>Juvenile Probation 8/31/2018</i>
					583,000		272,943
	7	24	216	387	91		4,930
-	7	24	216	387	113	-	277,873
							357,088
10,812					599,791		
10,812	-	-	33,100	-	599,791	-	357,088
(10,812)	7	24	(32,884)	387	(16,587)	-	(79,215)
							55,000
20,000	-	-	-	-	-	-	55,000
9,188	7	24	(32,884)	387	(16,587)	-	(24,215)
	530	1,786	4,403	19,186	-	(36,419)	56,043
-	530	1,786	4,403	19,186	-	(36,419)	314,428
9,188	537	1,810	(28,481)	19,573	(16,587)	(36,419)	346,256

Continued

CASS COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

	<i>Special Revenue Funds</i>			
	<i>Community Supervision and Corrections Department Funds</i>			
	<i>CSCD Basic Grant 8/31/2018</i>	<i>CSCD Substance Abuse 8/31/2018</i>	<i>CSCD Community Service 8/31/2018</i>	<i>CSCD Mental Health Initiative 8/31/2018</i>
REVENUES:				
Taxes				
Intergovernmental revenues	166,047	117,000	48,866	85,205
Charges for services	368,850			
Interest	6,537			
Miscellaneous revenues				
TOTAL REVENUES	<u>541,434</u>	<u>117,000</u>	<u>48,866</u>	<u>85,205</u>
EXPENDITURES:				
Current:				
Corrections	579,386	123,370	54,463	77,997
Judicial				
Community services				
Other				
Capital outlay				
TOTAL EXPENDITURES	<u>579,386</u>	<u>123,370</u>	<u>54,463</u>	<u>77,997</u>
Excess (deficiency) of revenues over expenditures	<u>(37,952)</u>	<u>(6,370)</u>	<u>(5,597)</u>	<u>7,208</u>
OTHER FINANCING SOURCES (USES):				
Transfers in		6,370	5,597	1,351
Transfers out	(9,902)			
Total other financing sources (uses)	<u>(9,902)</u>	<u>6,370</u>	<u>5,597</u>	<u>1,351</u>
Net change in fund balance	<u>(47,854)</u>	<u>-</u>	<u>-</u>	<u>8,559</u>
Fund balance, beginning of year, as previously reported	438,605			
Prior period adjustments	(103,133)			
Fund balance, beginning of year, as restated	<u>335,472</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>287,618</u>	<u>-</u>	<u>-</u>	<u>8,559</u>

Special Revenue Funds

<i>Community Supervision & Corrections Departments</i>			<i>Capital Project Funds</i>			
<i>CSCD High Risk Treatment 8/31/2018</i>	<i>Aggressive Behavior Grant 8/31/2018</i>	<i>Total Special Revenue</i>	<i>Capital Projects</i>	<i>ROW Projects</i>	<i>Total Capital Projects</i>	<i>Nonmajor Governmental Funds</i>
		361,953		5,084	5,084	367,037
118,462	18,033	1,581,733			-	1,581,733
		385,989			-	385,989
		20,952	276	1,578	1,854	22,806
25		368,967			-	368,967
<u>118,487</u>	<u>18,033</u>	<u>2,719,594</u>	<u>276</u>	<u>6,662</u>	<u>6,938</u>	<u>2,726,532</u>
117,346	14,600	1,324,250			-	1,324,250
		612,654			-	612,654
		681,306			-	681,306
		37,722			-	37,722
		33,100			-	33,100
<u>117,346</u>	<u>14,600</u>	<u>2,689,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,689,032</u>
<u>1,141</u>	<u>3,433</u>	<u>30,562</u>	<u>276</u>	<u>6,662</u>	<u>6,938</u>	<u>37,500</u>
		255,297			-	255,297
	(3,416)	(111,059)			-	(111,059)
-	(3,416)	144,238	-	-	-	144,238
<u>1,141</u>	<u>17</u>	<u>174,800</u>	<u>276</u>	<u>6,662</u>	<u>6,938</u>	<u>181,738</u>
		847,280	18,476	104,714	123,190	970,470
		211,401			-	211,401
-	-	1,058,681	18,476	104,714	123,190	1,181,871
<u>1,141</u>	<u>17</u>	<u>1,233,481</u>	<u>18,752</u>	<u>111,376</u>	<u>130,128</u>	<u>1,363,609</u>
						Concluded

CASS COUNTY, TEXAS

DISTRICT COURT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL For the Year Ended September 30, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Taxes	\$ 366,945	360,846	361,953	1,107
Intergovernmental revenues	10,000	11,662	11,662	-
Miscellaneous revenues	15,600	9,206	9,206	-
TOTAL REVENUES	<u>392,545</u>	<u>381,714</u>	<u>382,821</u>	<u>1,107</u>
EXPENDITURES:				
Current:				
Judicial	492,545	480,323	481,543	(1,220)
TOTAL EXPENDITURES	<u>492,545</u>	<u>480,323</u>	<u>481,543</u>	<u>(1,220)</u>
Excess (deficiency) of revenues over expenditures	<u>(100,000)</u>	<u>(98,609)</u>	<u>(98,722)</u>	<u>(113)</u>
OTHER FINANCING SOURCES:				
Transfers in	100,000	100,000	100,000	-
Total other financing sources	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>1,391</u>	<u>1,278</u>	<u>(113)</u>
Fund balance, beginning of year, as previously reported	(205,270)	(205,270)	(205,270)	-
Prior period adjustments	106	106	106	-
Fund balance, beginning of year, as restated	<u>(205,164)</u>	<u>(205,164)</u>	<u>(205,164)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (205,164)</u>	<u>(203,773)</u>	<u>(203,886)</u>	<u>(113)</u>

CASS COUNTY, TEXAS

INDIGENT DEFENSE GRANT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL For the Year Ended September 30, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Intergovernmental revenues	\$ 53,232	36,348	36,348	-
Interest	59	783	783	-
TOTAL REVENUES	<u>53,291</u>	<u>37,131</u>	<u>37,131</u>	<u>-</u>
EXPENDITURES:				
Current:				
Judicial				-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>53,291</u>	<u>37,131</u>	<u>37,131</u>	<u>-</u>
OTHER FINANCING (USES):				
Transfers out	<u>(53,232)</u>	<u>(53,849)</u>	<u>(53,849)</u>	<u>-</u>
Total other financing (uses)	<u>(53,232)</u>	<u>(53,849)</u>	<u>(53,849)</u>	<u>-</u>
Net change in fund balance	59	(16,718)	(16,718)	-
Fund balance, beginning of year	<u>27,699</u>	<u>27,699</u>	<u>27,699</u>	<u>-</u>
Fund balance, end of year	<u>\$ 27,758</u>	<u>10,981</u>	<u>10,981</u>	<u>-</u>

CASS COUNTY, TEXAS

**CASS COUNTY PARK FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2018**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Charges for services	\$ 14,986	14,986	14,986	-
TOTAL REVENUES	<u>14,986</u>	<u>14,986</u>	<u>14,986</u>	<u>-</u>
EXPENDITURES:				
Current:				
Community services	70,704	70,703	70,703	-
TOTAL EXPENDITURES	<u>70,704</u>	<u>70,703</u>	<u>70,703</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(55,718)</u>	<u>(55,717)</u>	<u>(55,717)</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Transfers in	53,240	53,240	53,240	-
Total other financing sources	<u>53,240</u>	<u>53,240</u>	<u>53,240</u>	<u>-</u>
Net change in fund balance	(2,478)	(2,477)	(2,477)	-
Fund balance, beginning of year	<u>(4,033)</u>	<u>(4,033)</u>	<u>(4,033)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (6,511)</u>	<u>(6,510)</u>	<u>(6,510)</u>	<u>-</u>

CASS COUNTY, TEXAS

LAW LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2018

	<i><u>Original Budget</u></i>	<i><u>Final Budget</u></i>	<i><u>Actual</u></i>	<i><u>Variance with Final Budget</u></i>
REVENUES:				
Intergovernmental revenues	\$ 12,501	12,501	12,501	-
TOTAL REVENUES	<u>12,501</u>	<u>12,501</u>	<u>12,501</u>	<u>-</u>
EXPENDITURES:				
Current:				
Judicial	16,454	16,454	16,454	-
TOTAL EXPENDITURES	<u>16,454</u>	<u>16,454</u>	<u>16,454</u>	<u>-</u>
Net change in fund balance	(3,953)	(3,953)	(3,953)	-
Fund balance, beginning of year	<u>(12,671)</u>	<u>(12,671)</u>	<u>(12,671)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ (16,624)</u></u>	<u><u>(16,624)</u></u>	<u><u>(16,624)</u></u>	<u><u>-</u></u>

CASS COUNTY, TEXAS

DISTRICT ATTORNEY STATE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Intergovernmental revenues	\$ 27,500	27,500	36,666	9,166
Interest	20	20	40	20
TOTAL REVENUES	<u>27,520</u>	<u>27,520</u>	<u>36,706</u>	<u>9,186</u>
EXPENDITURES:				
Current:				
Judicial	42,097	42,097	41,107	990
TOTAL EXPENDITURES	<u>42,097</u>	<u>42,097</u>	<u>41,107</u>	<u>990</u>
Net change in fund balance	(14,577)	(14,577)	(4,401)	8,196
Fund balance, beginning of year	<u>(56)</u>	<u>(56)</u>	<u>(56)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (14,633)</u>	<u>(14,633)</u>	<u>(4,457)</u>	<u>8,196</u>

CASS COUNTY, TEXAS

DRUG COURT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Intergovernmental revenues	\$ 75,000	75,000	75,000	-
TOTAL REVENUES	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
EXPENDITURES:				
Current:				
Judicial	84,860	84,860	63,305	21,555
TOTAL EXPENDITURES	<u>84,860</u>	<u>84,860</u>	<u>63,305</u>	<u>21,555</u>
Net change in fund balance	(9,860)	(9,860)	11,695	(21,555)
Fund balance, beginning of year	<u>13,559</u>	<u>13,559</u>	<u>13,559</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,699</u>	<u>3,699</u>	<u>25,254</u>	<u>(21,555)</u>

CASS COUNTY, TEXAS

FORESTRY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Year Ended September 30, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Interest	\$ 2,000	6,148	6,148	-
Miscellaneous revenues	50,000	296,232	296,232	-
TOTAL REVENUES	<u>52,000</u>	<u>302,380</u>	<u>302,380</u>	<u>-</u>
EXPENDITURES:				
Current:				
Other	52,000	20,222	20,222	-
TOTAL EXPENDITURES	<u>52,000</u>	<u>20,222</u>	<u>20,222</u>	<u>-</u>
Net change in fund balance	-	282,158	282,158	-
Fund balance, beginning of year	<u>375,966</u>	<u>375,966</u>	<u>375,966</u>	<u>-</u>
Fund balance, end of year	<u>\$ 375,966</u>	<u>658,124</u>	<u>658,124</u>	<u>-</u>

CASS COUNTY, TEXAS

DISTRICT ATTORNEY FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Interest	\$ 60	60	1,260	1,200
Miscellaneous revenues	10,000	10,000	30,550	20,550
TOTAL REVENUES	<u>10,060</u>	<u>10,060</u>	<u>31,810</u>	<u>21,750</u>
EXPENDITURES:				
Current:				
Judicial	10,000	10,000	6,763	3,237
TOTAL EXPENDITURES	<u>10,000</u>	<u>10,000</u>	<u>6,763</u>	<u>3,237</u>
Excess of revenues over expenditures	<u>60</u>	<u>60</u>	<u>25,047</u>	<u>24,987</u>
OTHER FINANCING (USES):				
Transfers out	<u>-</u>	<u>-</u>	<u>(13,739)</u>	<u>(13,739)</u>
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>(13,739)</u>	<u>(13,739)</u>
Net change in fund balance	60	60	11,308	11,248
Fund balance, beginning of year	<u>61,145</u>	<u>61,145</u>	<u>61,145</u>	<u>-</u>
Fund balance, end of year	<u>\$ 61,205</u>	<u>61,205</u>	<u>72,453</u>	<u>11,248</u>

CASS COUNTY, TEXAS

**DISTRICT ATTORNEY DISCRETIONARY FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2018**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Charges for services	\$ 3,000	3,000	2,153	(847)
Interest	15	15	106	91
TOTAL REVENUES	<u>3,015</u>	<u>3,015</u>	<u>2,259</u>	<u>(756)</u>
EXPENDITURES:				
Current:				
Judicial			3,482	(3,482)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>3,482</u>	<u>(3,482)</u>
Net change in fund balance	3,015	3,015	(1,223)	2,726
Fund balance, beginning of year	<u>6,984</u>	<u>6,984</u>	<u>6,984</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,999</u>	<u>9,999</u>	<u>5,761</u>	<u>2,726</u>

CASS COUNTY, TEXAS

**HELP AMERICA VOTE ACT (HAVA) FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2018**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Interest	\$ -	72	72	-
TOTAL REVENUES	<u>-</u>	<u>72</u>	<u>72</u>	<u>-</u>
EXPENDITURES:				
Current:				
Community services				-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	72	72	-
Fund balance, beginning of year	<u>5,224</u>	<u>5,224</u>	<u>5,224</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 5,224</u></u>	<u><u>5,296</u></u>	<u><u>5,296</u></u>	<u><u>-</u></u>

CASS COUNTY, TEXAS

SHERIFF FEDERAL FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Interest	\$ 60	60	60	-
TOTAL REVENUES	<u>60</u>	<u>60</u>	<u>60</u>	<u>-</u>
EXPENDITURES:				
Current:				
Law enforcement				-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	60	60	60	-
Fund balance, beginning of year	<u>4,335</u>	<u>4,335</u>	<u>4,335</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 4,395</u></u>	<u><u>4,395</u></u>	<u><u>4,395</u></u>	<u><u>-</u></u>

CASS COUNTY, TEXAS

LINDEN ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Interest	\$ 36	36	36	-
TOTAL REVENUES	<u>36</u>	<u>36</u>	<u>36</u>	<u>-</u>
EXPENDITURES:				
Current:				
Community services				-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>36</u>	<u>36</u>	<u>36</u>	<u>-</u>
OTHER FINANCING (USES):				
Transfers out	<u>(10,153)</u>	<u>(10,153)</u>	<u>(10,153)</u>	<u>-</u>
Total other financing (uses)	<u>(10,153)</u>	<u>(10,153)</u>	<u>(10,153)</u>	<u>-</u>
Net change in fund balance	(10,117)	(10,117)	(10,117)	-
Fund balance, beginning of year	<u>277</u>	<u>277</u>	<u>277</u>	<u>-</u>
Fund balance, end of year	<u>\$ (9,840)</u>	<u>(9,840)</u>	<u>(9,840)</u>	<u>-</u>

CASS COUNTY, TEXAS

TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Year Ended September 30, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Miscellaneous revenues	\$ -	17,918	17,918	-
TOTAL REVENUES	<u>-</u>	<u>17,918</u>	<u>17,918</u>	<u>-</u>
EXPENDITURES:				
Current:				
Other		17,500	17,500	-
TOTAL EXPENDITURES	<u>-</u>	<u>17,500</u>	<u>17,500</u>	<u>-</u>
Net change in fund balance	-	418	418	-
Fund balance, beginning of year	<u>75</u>	<u>75</u>	<u>75</u>	<u>-</u>
Fund balance, end of year	<u>\$ 75</u>	<u>493</u>	<u>493</u>	<u>-</u>

CASS COUNTY, TEXAS

**FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2018**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Interest	\$ 7	7	7	-
TOTAL REVENUES	<u>7</u>	<u>7</u>	<u>7</u>	<u>-</u>
EXPENDITURES:				
Current:				
Community services				-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	7	7	7	-
Fund balance, beginning of year	<u>530</u>	<u>530</u>	<u>530</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 537</u></u>	<u><u>537</u></u>	<u><u>537</u></u>	<u><u>-</u></u>

CASS COUNTY, TEXAS

ROAD IMPROVEMENT GRANT 0710197 FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Year Ended September 30, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Interest	\$ 25	24	24	-
TOTAL REVENUES	<u>25</u>	<u>24</u>	<u>24</u>	<u>-</u>
EXPENDITURES:				
Current:				
Community services				-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	25	24	24	-
Fund balance, beginning of year	<u>1,786</u>	<u>1,786</u>	<u>1,786</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,811</u></u>	<u><u>1,810</u></u>	<u><u>1,810</u></u>	<u><u>-</u></u>

CASS COUNTY, TEXAS

**BEAR CREEK FIRE MANAGEMENT ASSISTANCE GRANT (FMAG) FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended September 30, 2018**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Interest	\$ 216	216	216	-
TOTAL REVENUES	<u>216</u>	<u>216</u>	<u>216</u>	<u>-</u>
EXPENDITURES:				
Capital outlay	33,100	33,100	33,100	-
TOTAL EXPENDITURES	<u>33,100</u>	<u>33,100</u>	<u>33,100</u>	<u>-</u>
Net change in fund balance	(32,884)	(32,884)	(32,884)	-
Fund balance, beginning of year	<u>4,403</u>	<u>4,403</u>	<u>4,403</u>	<u>-</u>
Fund balance, end of year	<u>\$ (28,481)</u>	<u>(28,481)</u>	<u>(28,481)</u>	<u>-</u>

CASS COUNTY, TEXAS

TEXAS HISTORICAL COURTHOUSE GRANT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Year Ended September 30, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Interest	\$ 387	387	387	-
TOTAL REVENUES	<u>387</u>	<u>387</u>	<u>387</u>	<u>-</u>
EXPENDITURES:				
Capital outlay				-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	387	387	387	-
Fund balance, beginning of year	<u>19,186</u>	<u>19,186</u>	<u>19,186</u>	<u>-</u>
Fund balance, end of year	<u>\$ 19,573</u>	<u>19,573</u>	<u>19,573</u>	<u>-</u>

CASS COUNTY, TEXAS

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the Year Ended September 30, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Intergovernmental revenues	\$ -	583,000	583,000	-
Interest		91	91	-
Miscellaneous revenues		113	113	-
TOTAL REVENUES	<u>-</u>	<u>583,204</u>	<u>583,204</u>	<u>-</u>
EXPENDITURES:				
Current:				
Community services		599,791	599,791	-
TOTAL EXPENDITURES	<u>-</u>	<u>599,791</u>	<u>599,791</u>	<u>-</u>
Net change in fund balance	-	(16,587)	(16,587)	-
Fund balance, beginning of year				-
Fund balance, end of year	<u>\$ -</u>	<u>(16,587)</u>	<u>(16,587)</u>	<u>-</u>

CASS COUNTY, TEXAS

JUVENILE PROBATION FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL For the Year Ended August 31, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Intergovernmental revenues	\$ 269,643	269,643	272,943	3,300
Interest			4,930	4,930
TOTAL REVENUES	<u>269,643</u>	<u>269,643</u>	<u>277,873</u>	<u>8,230</u>
EXPENDITURES:				
Current:				
Corrections	393,831	393,831	357,088	36,743
TOTAL EXPENDITURES	<u>393,831</u>	<u>393,831</u>	<u>357,088</u>	<u>36,743</u>
Excess (deficiency) of revenues over expenditures	<u>(124,188)</u>	<u>(124,188)</u>	<u>(79,215)</u>	<u>44,973</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			55,000	55,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>
Net change in fund balance	<u>(124,188)</u>	<u>(124,188)</u>	<u>(24,215)</u>	<u>99,973</u>
Fund balance, beginning of year, as previously reported	16,826	16,826	56,043	39,217
Prior period adjustments	<u>314,428</u>	<u>314,428</u>	<u>314,428</u>	<u>-</u>
Fund balance, beginning of year, as restated	<u>331,254</u>	<u>331,254</u>	<u>370,471</u>	<u>39,217</u>
Fund balance, end of year	<u>\$ 207,066</u>	<u>207,066</u>	<u>346,256</u>	<u>139,190</u>

CASS COUNTY, TEXAS

**COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT - BASIC
SUPERVISION GRANT PROGRAM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended August 31, 2018**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Intergovernmental revenues	\$ 166,047	166,047	166,047	-
Charges for services	368,755	368,755	368,850	95
Interest	6,537	6,537	6,537	-
Miscellaneous revenues				-
TOTAL REVENUES	<u>541,339</u>	<u>541,339</u>	<u>541,434</u>	<u>95</u>
EXPENDITURES:				
Current:				
Corrections	866,909	866,909	579,386	287,523
TOTAL EXPENDITURES	<u>866,909</u>	<u>866,909</u>	<u>579,386</u>	<u>287,523</u>
Excess (deficiency) of revenues over expenditures	<u>(325,570)</u>	<u>(325,570)</u>	<u>(37,952)</u>	<u>287,618</u>
OTHER FINANCING (USES):				
Transfers out	(9,902)	(9,902)	(9,902)	-
Total other financing (uses)	<u>(9,902)</u>	<u>(9,902)</u>	<u>(9,902)</u>	<u>-</u>
Net change in fund balance	<u>(335,472)</u>	<u>(335,472)</u>	<u>(47,854)</u>	<u>287,618</u>
Fund balance, beginning of year, as previously reported	438,605	438,605	438,605	-
Prior period adjustments	(103,133)	(103,133)	(103,133)	-
Fund balance, beginning of year, as restated	<u>335,472</u>	<u>335,472</u>	<u>335,472</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>287,618</u>	<u>287,618</u>

CASS COUNTY, TEXAS

**COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT - SUBSTANCE
 ABUSE TREATMENT PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 For the Year Ended August 31, 2018**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Intergovernmental revenues	\$ 117,000	117,000	117,000	-
TOTAL REVENUES	<u>117,000</u>	<u>117,000</u>	<u>117,000</u>	<u>-</u>
EXPENDITURES:				
Current:				
Corrections	123,370	123,370	123,370	-
TOTAL EXPENDITURES	<u>123,370</u>	<u>123,370</u>	<u>123,370</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(6,370)</u>	<u>(6,370)</u>	<u>(6,370)</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Transfers in	6,370	6,370	6,370	-
Total other financing sources	<u>6,370</u>	<u>6,370</u>	<u>6,370</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

CASS COUNTY, TEXAS

COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT - COMMUNITY SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended August 31, 2018

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Intergovernmental revenues	\$ 48,866	48,866	48,866	-
TOTAL REVENUES	<u>48,866</u>	<u>48,866</u>	<u>48,866</u>	<u>-</u>
EXPENDITURES:				
Current:				
Corrections	54,463	54,463	54,463	-
TOTAL EXPENDITURES	<u>54,463</u>	<u>54,463</u>	<u>54,463</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(5,597)</u>	<u>(5,597)</u>	<u>(5,597)</u>	<u>-</u>
OTHER FINANCING SOURCES:				
Transfers in	5,597	5,597	5,597	-
Total other financing sources	<u>5,597</u>	<u>5,597</u>	<u>5,597</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

CASS COUNTY, TEXAS

**COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT - MENTAL
HEALTH INITIATIVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended August 31, 2018**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Intergovernmental revenues	\$ 85,205	85,205	85,205	-
TOTAL REVENUES	85,205	85,205	85,205	-
EXPENDITURES:				
Current:				
Corrections	86,556	86,556	77,997	8,559
TOTAL EXPENDITURES	86,556	86,556	77,997	8,559
Excess (deficiency) of revenues over expenditures	(1,351)	(1,351)	7,208	8,559
OTHER FINANCING SOURCES:				
Transfers in	1,351	1,351	1,351	-
Total other financing sources	1,351	1,351	1,351	-
Net change in fund balance	-	-	8,559	8,559
Fund balance, beginning of year				-
Fund balance, end of year	\$ -	-	8,559	8,559

CASS COUNTY, TEXAS

**COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT - HIGH RISK
TREATMENT PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended August 31, 2018**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Intergovernmental revenues	\$ 118,462	118,462	118,462	-
Miscellaneous revenues			25	25
TOTAL REVENUES	<u>118,462</u>	<u>118,462</u>	<u>118,487</u>	<u>25</u>
EXPENDITURES:				
Current:				
Corrections	118,462	118,462	117,346	1,116
TOTAL EXPENDITURES	<u>118,462</u>	<u>118,462</u>	<u>117,346</u>	<u>1,116</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,141</u>	<u>1,141</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>1,141</u>	<u>1,141</u>
Fund balance, beginning of year				-
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>1,141</u>	<u>1,141</u>

CASS COUNTY, TEXAS

**COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT - AGGRESSIVE
BEHAVIOR GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended August 31, 2018**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual</i>	<i>Variance with Final Budget</i>
REVENUES:				
Intergovernmental revenues	\$ 18,033	18,033	18,033	-
TOTAL REVENUES	<u>18,033</u>	<u>18,033</u>	<u>18,033</u>	<u>-</u>
EXPENDITURES:				
Current:				
Corrections	14,617	14,617	14,600	17
TOTAL EXPENDITURES	<u>14,617</u>	<u>14,617</u>	<u>14,600</u>	<u>17</u>
Excess of revenues over expenditures	<u>3,416</u>	<u>3,416</u>	<u>3,433</u>	<u>17</u>
OTHER FINANCING (USES):				
Transfers out	(3,416)	(3,416)	(3,416)	-
Total other financing (uses)	<u>(3,416)</u>	<u>(3,416)</u>	<u>(3,416)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>17</u>	<u>17</u>
Fund balance, beginning of year				-
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>17</u>	<u>17</u>

SCHEDULE OF FEDERAL AND STATE AWARDS

CASS COUNTY, TEXAS

SUMMARY OF AUDITORS' RESULTS
For the Year Ended September 30, 2018

PROGRAM	DESCRIPTION
Type of Report of Financial Statements	Unmodified Opinion
Significant Deficiencies in Internal Control	None
Material Weaknesses in Internal Control	Reference 2018-001 and 2018-002
Noncompliance Material to Financial Statements	Reference 2018-003 and 2018-004
Significant Deficiencies in Internal Controls over Major Programs	None
Material Weaknesses Involving Significant Deficiencies over Major Programs	None
Type of Report on Compliance with Major Programs	Unmodified Opinion
Findings for Federal and State Awards as Defined in Uniform Guidance	None
Major Federal and State Programs	Community Supervision and Corrections Department (CSCD) Basic Community Supervision and Corrections Department (CSCD) Basic - SAFPF Community Supervision and Corrections Department (CSCD) Basic – Rider 80 Community Supervision and Corrections Department (CSCD) Aggressive Behavior Community Supervision and Corrections Department (CSCD) Community Service Restitution Community Supervision and Corrections Department (CSCD) Substance Abuse Community Supervision and Corrections Department (CSCD) Mental Health Initiative

CASS COUNTY, TEXAS

SUMMARY OF AUDITORS' RESULTS (continued)

For the Year Ended September 30, 2018

PROGRAM	DESCRIPTION
Major Federal and State Programs (continued)	Community Supervision and Corrections Department (CSCD High Risk Treatment Program Texas Juvenile Justice Department A-2017-034 Texas Juvenile Justice Department R-2017-034
Dollar Threshold Considered Between Type A and Type B Federal and State Programs	\$750,000
Low Risk Auditee Statements	Cass County, Texas was not classified as a low-risk auditee in the context of Uniform Guidance

CASS COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended September 30, 2018

STATE OR FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	STATE ID OR CFDA NUMBER	EXPENDITURES, INDIRECT COSTS AND REFUNDS
FEDERAL AWARDS:		
U. S. Dept. of Health and Human Services		
Title IV-E- Juvenile Probation	97.036	\$ 18,142
Total U.S. Dept. of Health and Human Services		<u>18,142</u>
Total federal assistance		<u>18,142</u>
STATE AWARDS:		
CDBG 7216247	721.62	246,939
Supplement for Salary - Lake patrol (Corp. of Engineers)		11,750
Court at Law		84,000
Community Supervision & Corrections Dept. (CSCD) Basic		142,444
CSCD Basic - Substance Abuse Felony Punishment Facility (SAFPF)		4,252
CSCD Basic - Rider 80		19,351
CSCD Aggressive Behavior (#020)		18,050
CSCD Community Service Restitution (#02)		48,848
CSCD Substance Abuse (#16)		117,000
CSCD Mental Health Initiative (#10)		85,205
CSCD High Risk Treatment Program (#11)		118,462
Drug Court	2426207	75,000
Crime Victims Coordinator	1336460	42,000
Texas Juvenile Justice Department	A-2017-034	260,931
Texas Juvenile Justice Department	R-2017-034	7,782
Texas Department of Family & Protective Service	2393993	2,050
Indigent Defense Grant (SB 7)		20,730
E-Grant 3012402 Sheriff Office Video System		18,660
E-Grant 3457501 Sheriff Office Bullet Proof Vests		19,618
E-Grant 3373401 Sheriff Office Radio		9,338
HOME Program, Dept. of Housing & Community Affairs		<u>592,000</u>
Total state assistance		<u>1,944,410</u>
TOTAL FEDERAL AND STATE ASSISTANCE		<u><u>\$ 1,962,552</u></u>

The accompanying notes are an integral part of this schedule.

CASS COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS September 30, 2018

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal and state awards is a summary of the activity of all federal and state award programs of Cass County, Texas for the year ended September 30, 2018. The grant programs are administered by the various departments of the County. The activities of these departments are monitored by County staff to ensure compliance with the requirements of the underlying grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The grant accounts in the various funds where grants are recorded are maintained on the modified accrual basis. Grant revenues are recognized when eligible grant expenditures are incurred.

NOTE 3 – USE OF 10% DE MINIMIS COST RATE

Cass County, Texas has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE 4 - RELATIONSHIP TO GRANT FINANCIAL REPORTS

The amounts reported in the accompanying schedule may not agree with the amounts reported in the related grant financial reports filed with grantor agencies due to the fact that the accompanying schedule represents the activity for the twelve months ended September 30, 2018, while some grant reports are prepared monthly, quarterly, or annually on a grant fiscal year end that is different.

NOTE 5 - STATUS OF PRIOR YEAR FINDINGS

The current status of findings related to federal and state grant awards that were reported with the September 30, 2017 audit of the Cass County, Texas financial statements is provided in the Summary Schedule of Prior Audit Findings.

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HOLLIDAY, LEMONS & COX, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Judge Becky Wilbanks
and Commissioners' Court of
Cass County, Texas
Linden, 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, each major fund, and the aggregate remaining fund information of Cass County, Texas as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise Cass County, Texas's basic financial statements and have issued our report thereon dated July 23, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cass County, Texas'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 Cass County, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of Cass County, Texas'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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items: Reference 2018-001 through 2018-002 that we consider to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass County, Texas's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items: Reference 2018-003 and 2018-004.

We noted certain matters that were reported to management of Cass County, Texas in a separate letter dated July 23, 2019.

Cass County, Texas's Response to Findings

Cass County, Texas's response to the findings identified in our audit is described in the accompanying schedule of findings. Cass County, Texas's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.

Holliday Lemons & Cox, P.C.

July 23, 2019

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HOLLIDAY, LEMONS & COX, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Judge Becky Wilbanks
and Commissioners' Court of
Cass County
Linden, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Cass County, Texas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Cass County, Texas's major federal and state programs for the year ended September 30, 2018. Cass County, Texas's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cass County, Texas's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and requirements relating to the State grants received from the Texas juvenile Justice Department or those received from the Texas Department of Criminal Justice. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Cass County, Texas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Cass County, Texas's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Cass County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2018.

Report on Internal Control over Compliance

Management of Cass County, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cass County, Texas's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cass County, Texas's internal control over compliance.

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

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

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

Holliday, Lemons & Cox, P.C.

July 23, 2019

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CASS COUNTY, TEXAS

SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2018

Financial Statement Finding

Ref 2017-001 - Expenditures Exceeding Budgetary Allowance

Current status: This finding is an uncorrected finding. The County General Fund has expenditures exceeding budgetary allowances for the current fiscal year ending September 30, 2018.

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CASS COUNTY, TEXAS

SCHEDULE OF FINDINGS – *FINANCIAL STATEMENT AUDIT*

For the Year Ended September 30, 2018

Financial Policies, Procedures, and Application of Accounting Principles Reference 2018-001

Condition

The following account balances required adjusting entries on the County's financial statements:

1. Restricted equity was improperly classified as “unearned revenue” (liability) in the amount of \$1,024,811, of which \$655,281 was recorded in the General fund and \$369,530 was recorded in the Juvenile Probation fund. A prior period adjustment was made to reclassify the restricted equity of \$1,064,969 at September 30, 2017.
2. The County did not record accrued payroll at September 30, 2018 in the amount of \$117,313. A prior period adjustment was recorded at September 30, 2017 of \$6,129.
3. The property tax receivable account and the related allowance for uncollectible receivables were not adjusted at September 30, 2017 requiring adjustments of \$49,825.
4. Cash collected by other departments at September 30 2018 was not properly recorded in the amount of \$152,354. The amounts were improperly included as receivables.
5. Accounts payable totaling \$52,267 were improperly recorded as a reduction of cash at September 30, 2018.
6. Fund balance accounts for the following funds did not agree with the prior year audit and required adjustments totaling \$12,925. The differences were as follows: General fund \$2,914, Road & Bridge \$394, Debt Service fund \$4,018 and Nonmajor Governmental funds \$5,599.
7. A grant receivable for \$14,391 and the related deferred revenue for the same amount were not recorded in the HOME grant fund (nonmajor governmental fund) as of September 30, 2018.
8. Long-term debt of the County, including the bonds payable (Series 2015) of \$4,585,000, tax notes (Series 2016) of \$750,000, and net pension liability of \$1,296,936 were not recorded at September 30, 2018.
9. Accrued compensated absences in the amount of \$226,603 were not recorded at September 30, 2018. A prior period adjustment was required in the amount of \$216,587 for the liability at September 30, 2017.
10. Deferred outflows of resources and deferred inflows of resources related to the pension liability were not recorded at September 30, 2018 for \$491,258 and \$521,406, respectively. A prior period adjustment at September 30, 2017 was required for \$478,645 for the deferred outflows for pensions for contributions made subsequent to the measurement date.

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CASS COUNTY, TEXAS

SCHEDULE OF FINDINGS - *FINANCIAL STATEMENT AUDIT*

For the Year Ended September 30, 2018

Financial Policies, Procedures, and Application of Accounting Principles Reference 2018-001 (Continued)

11. Capital assets with a total cost of \$20,040,506 and accumulated depreciation of \$5,946,671, for a net total of \$14,093,835 at September 30, 2018 were not recorded on the County's general ledger. Prior period adjustments were recorded at September 30, 2017 for additions for \$139,000, disposals for \$106,000 and \$140,231 for prior year accumulated depreciation.
12. The County's capital assets software was not properly set up so that depreciation expense was computed for all eligible capital assets at September 30, 2018. Additional depreciation expense of \$302,583 was required and a related prior period adjustment of \$1,584,617 was required.

Criteria

All financial statement accounts should be properly stated prior to close of the year end books and issuance of interim financial statements by the County Auditor staff. County management is responsible for establishing and maintaining effective internal controls over financial policies.

Cause

Some ending balances may not have been assessed for completeness and accuracy by the County Auditor office.

Effect

Potentially material misstatements in the financial statements or material misstatements of assets due to error or fraud could occur and not be prevented or detected in a timely manner.

Recommendation

The County Auditor office should review all balance sheet accounts of the financial statements to determine if any adjusting entries are necessary as part of the year end closing process. Generally accepted accounting principles should be applied in order to produce fairly stated financial statements.

View of Responsible Officials and Planned Corrective Actions

The County officials will review the recommendations and will consider implementing the necessary changes.

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CASS COUNTY, TEXAS

SCHEDULE OF FINDINGS - *FINANCIAL STATEMENT AUDIT*

For the Year Ended September 30, 2018

Unrecorded Bank Accounts *Reference 2018-002*

Condition

The County has 59 bank accounts, totaling \$1,279,616, that are not recorded on the County's financial statements at September 30, 2018 prior to audit adjustments. The cash is collected and held by various County officials, including District Clerk, County Clerk, Sheriff, Justices of the Peace, Juvenile Probation and CSCD.

The following are examples of the accounts:

- The District Clerk and County Clerk custodial accounts were approximately \$325,000.
- The District Clerk and County Clerk bail bonds accounts total over \$130,000.
- The District Clerk registry account cash was approximately \$325,000
- The Tax Assessor auto and boat sales tax accounts were approximately \$200,000.
- Accounts held by the Sheriff totaling over \$53,000 are related to inmates and the commissary.
- The Juvenile Probation Department's account of almost \$7,000 is for the collection of various fees and restitution.
- The Justice of the Peace accounts totaled almost \$50,000.

Some of the cash is transferred to the County Treasurer subsequent to month end. For example, the Justice of the Peace accounts issued checks to the General Fund totaling approximately \$40,500 in early October 2018, as did other departments who submit at least some of the "operating" portion of their balances to the General fund.

Some of the accounts represent balances which do not belong to the County, but for which the County is acting as a fiduciary agent to hold the accounts, such as the District Clerk and County Clerk court-ordered custodial accounts and the inmate accounts held by the Sheriff's office.

The collection and disbursements activity in these accounts are made by various staff of other departments. The deposits are made, checks written and bank reconciliations are prepared by another department's staff person. The financial activity is not recorded on the County's books and financial records.

Criteria

Generally accepted accounting principles requires all cash accounts be recorded on the County's general ledger. Texas Local Government Code 113.001 states that the County Treasurer is the Chief Custodian of all money belonging to the County. Section 113.024 further states "the deposit of money in a County

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CASS COUNTY, TEXAS

SCHEDULE OF FINDINGS - *FINANCIAL STATEMENT AUDIT*

For the Year Ended September 30, 2018

Unrecorded Bank Accounts

Reference 2018-002 (Continued)

treasury does not change the ownership of the money, except to indemnify the County officer and the officer's surety, or any other owner of the money, during the period of deposit with the County." Section 117.052 provides for deposits of registry funds held by County and District Clerks.

Cause

The County's prior auditor made adjustments to include the cash on the prior year's audit report. The County's internal accounting system does not include the activity during the year or the year end balances. Management have not included the cash and investments on their books since they do not belong to the County.

The County management has not established procedures to require department funds deposit and/or report the activity and balances to the County Treasurer.

Effect

Since the collection and disbursement activity in these accounts are made by various staff of other departments and not the County Treasurer, there may be a lack of segregation of duties over these accounts. The deposits are made, checks written and bank reconciliations prepared by another department's staff person(s). A lack of segregation of duties may, in turn, lead to errors and irregularities.

The activity is not completely recorded on the County's books and records. Only the net activity which is paid to the County is recorded. The County's records do not reflect all of the collections received and paid.

The County's interim financial statements do not reflect the cash and investment balances of \$1,127,262 at September 30, 2018 for which the County is a fiduciary agent.

Recommendation

We recommend the various departments submit these bank accounts to the County Treasurer to enable all activity to be recorded and internal controls strengthened. Most of these accounts have been utilized for many years and has established procedures, such as dual signatures, for all disbursements, however, the accounts and related procedures should, at a minimum, be reviewed to ensure compliance with State guidelines and changes made as warranted.

Views of Responsible Officials and Planned Corrective Actions

The County officials will review the recommendations and will consider implementing the necessary changes.

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CASS COUNTY, TEXAS

SCHEDULE OF FINDINGS - MAJOR FEDERAL/STATE AWARDS PROGRAM AUDIT For the Year Ended September 30, 2018

*Financial Policies, Procedures and Application of Accounting Principles
Reference 2018-003
(included in CSCD audit dated 8/31/18 as Reference 2018-01)*

Criteria

The Financial Management Manual for TDCJ-CJAD funding requires the reporting of the financial statements on a modified accrual basis on accounting , including reconciled bank balances of the CSCD that agree with the book balances at the end of each fiscal year.

Reportable Condition

At August 31, 2018 the Department's cash, accounts receivable and accounts payable required audit adjusting journal entries on the CSCD financial statements.

1. Cash was improperly adjusted to include collections and payments that did not occur until September 2018. The bank reconciliations for Basic Supervision, Aggressive Behavior and Substance Abuse Treatment Program had differences at August 31, 2018 of \$25,311, \$287, and \$3,311, respectively.
2. Accounts receivable at August 31, 2018 had been cleared for amounts which were subsequently received in September in the amount of \$29,401.
3. Accounts payable at August 31, 2018 had been cleared for amounts which were subsequently paid in September in the amount of \$7,704.

Cause

Journal entries were made by the County Auditor's office which reversed the receivables and payables and improperly reflected this activity as cash transactions that accrued prior to August 31, 2018 when, in fact, the transactions should have been accruals as they were originally recorded.

Effect or Potential Effect

The financial statements as prepared by the County Auditor's office reflect cash as overstated, receivables as understated, and payables as understated.

There are no questioned costs associated with this finding.

Recommendation/ Statement of Corrective Action Taken

The financial statements were adjusted by Holliday, Lemons & Cox, P.C., Certified Public Accountants, and the Cass County Community Supervision and Corrections Department with an audit adjusting journal entry recorded to the August 31, 2018 financial statements. Department personnel and the fiscal officer will review accounting and reporting procedures in the Financial Management Manual. They will also include all accounts and transactions in future reports, with all transactions properly classified.

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CASS COUNTY, TEXAS

SCHEDULE OF FINDINGS - MAJOR FEDERAL/STATE AWARDS PROGRAM AUDIT For the Year Ended September 30, 2018

*Financial Policies, Procedures and Application of Accounting Principles
Reference 2018-003 (Continued)
(included in CSCD audit dated 8/31/18 as Reference 2018-01)*

Views of Responsible Officials and Planned Corrective Actions

The County officials will review the recommendations and will consider implementing the necessary changes.

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CASS COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2018

Unreported Bank Account

Reference 2018-004

(included in CSCD audit dated 8/31/18 as Reference 2018-02)

Criteria

The Financial Management Manual for TDCJ-CJAD funding requires all CSCD funds to be in the County treasury and be disbursed by the County Treasurer. (Government Code 509.011 I and Local Government Code 140.03 (f)).

Reportable Condition

The CSCD has a bank account that is used for the collection of supervision fees, restitution payment, court costs, etc. The County's portion of the collections are disbursed to the County within their time frames, however all of the disbursements from this bank account are made by CSCD staff, not the County treasurer. The deposits are made, checks written and bank reconciliation prepared by a CSCD staff person.

Cause

The Cass County Community Supervision and Corrections Department has not established procedures to require department funds be deposited with the County Treasurer for placement in the County bank treasury (or County's bank account) and has not required that expenses be disbursed by the County Treasurer from the treasury.

Effect or Potential Effect

The condition causes a lack of segregation of duties which in turn can lead to errors and irregularities. The activity is not completely recorded on the County's books and records. Only the net activity which is paid to the County is recorded. The County's records do not reflect the restitution payments received and paid. There are no questioned costs associated with this finding.

Recommendation/ Statement of Corrective Action Taken

We recommend the Department submit this bank account to the County Treasurer to comply with TDCJ-CJAD requirements and enable all activity to be recorded and internal controls strengthened. The CSCD has utilized the collection bank account for many years and has established procedures, such as dual signatures, for all disbursements. The account and related procedures will be reviewed to ensure compliance with State guidelines and changes may be made if determined to be warranted.

Views of Responsible Officials and Planned Corrective Actions

The County officials will review the recommendations and will consider implementing the necessary changes.

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