

CASS COUNTY, TEXAS

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

CASS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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FINANCIAL SECTION

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McMinn, Pope, Woodfin & Shaw P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cass County, Texas, as of September 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund and the 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 pension plan trend information on pages 5-10 and 46-48 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' basic financial statements. The combining and individual nonmajor fund financial statements, including the budgetary comparison schedules for nonmajor funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2021, on our consideration of Cass County, Texas' 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' 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' internal control over financial reporting and compliance.

Respectfully,

McMinn, Pope, Woodfin & Shaw, P.C.

McMinn, Pope, Woodfin & Shaw, P.C.

Marshall, Texas

May 24, 2021

CASS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

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, 2020.

FINANCIAL HIGHLIGHTS

- § The County's assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$18,930,358.
- § The County's net position increased by \$1,365,191 as a result of this year's operations. This compares favorably with a prior year increase of \$1,150,063.
- § Unrestricted Net Position of the County as of September 30, 2020 was \$5,341,000.
- § The general fund reported a fund balance of \$7,234,071, of which \$6,140,340 was unassigned at September 30, 2020.

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 and 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

CASS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance 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 statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 30 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 the 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 statements because these resources 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.

CASS COUNTY, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended September 30, 2020

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 \$18,930,358 as of September 30, 2020.

The following table indicates the County's financial position as of September 30, 2020 and 2019.

NET POSITION

	Governmental Activities	
	2020	2019
Current and Other Assets	\$ 12,174,156	11,015,260
Capital Assets	13,741,724	13,994,935
Total Assets	25,915,880	25,010,195
Deferred Outflows from Pensions	602,388	2,204,312
Total Deferred Outflows	602,388	2,204,312
Current and Other Liabilities	1,256,880	661,580
Long-term Liabilities	5,197,336	8,570,487
Total Liabilities	6,454,216	9,232,067
Deferred Inflows from Pensions	937,560	417,273
Unavailable Revenue – Grants	196,134	-
Total Deferred Inflows	1,133,694	417,273
Net Position:		
Invested in Capital Assets	9,687,969	9,440,100
Restricted	3,901,389	1,587,374
Unrestricted	5,341,000	6,537,693
Total Net Position	\$ 18,930,358	17,565,167

The largest portion of the County's current year net position, \$9,687,969 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 represents resources that are subject to external restrictions on their usage. The restricted net position of \$3,901,389 has constraints which have been placed on the use of these resources either (a) externally imposed by creditors, grantors, contributors or

CASS COUNTY, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended September 30, 2020

by laws or regulations of other governments or (b) imposed by law through constitutional provisions of enabling legislation.

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

CHANGES IN NET POSITION

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,805,704	1,758,313
Operating Grants and Contributions	1,123,269	1,538,246
Capital Grants and Contributions	52,485	15,361
General Revenues		
Property Taxes	10,215,665	10,150,323
Other Taxes	92,646	93,481
Investment Earnings	124,222	226,404
Miscellaneous	208,264	403,958
Total Revenue	<u>13,622,255</u>	<u>14,186,086</u>
Expenses:		
Administration and Finance	2,669,273	2,944,620
Roads and Public Works	2,441,096	2,476,364
Corrections	19,793	19,793
Law Enforcement	3,487,264	3,530,799
Judicial	2,016,886	2,030,250
Community Service	1,259,392	1,690,744
Interest on Long-term Debt	109,097	118,259
Other	254,263	225,194
Total Expenses	<u>12,257,064</u>	<u>13,036,023</u>
Change in Net Position	1,365,191	1,150,063
Net Position Beginning of Year, as Previously Reported	17,518,149	17,188,717
Prior Period Adjustments	47,018	(773,613)
Net Position Beginning of Year, as Restated	<u>17,565,167</u>	<u>16,415,104</u>
Net Position End of Year	<u>\$ 18,930,358</u>	<u>17,565,167</u>

Property taxes are collected to support governmental activities through the General, Road and Bridge, Debt Service and R.O.W. (Right of way) projects funds. Property taxes increased \$65,342 for the fiscal year. The increase was primarily due to the change in assessed valuation of property. Operating grants and contributions decreased by \$414,977. Capital grants and contributions increased by \$37,124. Investment earnings decreased by \$102,182 due to a decrease in interest rates.

CASS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

MAJOR FUND FINANCIAL ANALYSIS

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, 2020, the County's governmental funds reported a combined fund balance of \$10,172,797 as compared to \$9,277,791 at September 30, 2019.

The General Fund is the chief operating fund of the County. For the year ended September 30, 2020 the General Fund reported revenues of 9,314,419 and expenditures of \$8,539,331 as compared to revenues of \$9,185,053 and expenditures of \$8,570,360 for the year ended September 30, 2019. Unassigned fund balance for the General Fund at year-end was \$6,140,340.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total revenues were budgeted for \$9,147,967 while actual revenues were \$9,314,419, for a favorable variance of \$166,452. Actual taxes had an unfavorable variance of \$46,532. Total General Fund appropriations exceeded expenditures by \$109,566.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The County's investment in capital assets as of September 30, 2020 amounted to \$13,741,724 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and furniture and equipment.

Debt – At September 30, 2020 the County had long-term liabilities outstanding of \$5,790,229, 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 2021 budget and tax rates. The overall tax rate for fiscal year 2021 will be .506873. Of the total rate, the debt service tax rate will be .031574.

These indicators were taken into account when adopting the General Fund budget for 2021. 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 expenditures needs. If these estimates are realized, the County's budgetary General Fund balance is expected to remain unchanged as of the close of 2021.

CASS COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2020

REQUESTS FOR INFORMATION

The 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 299, Linden, Texas 75563.

BASIC FINANCIAL STATEMENTS

CASS COUNTY, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2020

	Governmental Activities
ASSETS	
Cash	\$ 7,142,252
Investments	3,484,872
Receivables (net of allowances for uncollectible):	
Accounts	36,918
Property Taxes	1,263,485
Other Non-Cash Current Assets	600
Prepaid Expenses	246,029
Capital Assets (net of accumulated depreciation):	
Construction in Progress	80,555
Land	167,504
Buildings	10,223,985
Furniture and Equipment	3,269,680
Total Assets	25,915,880
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows from Pensions	602,388
LIABILITIES	
Accounts Payable	257,437
Accrued Payroll	93,704
Due to Other Governments	216,954
Accrued Interest	14,687
Due to Agency Funds	71,473
Other Payables	9,732
Long-term Liabilities:	
Due within One Year:	
Bonds Payable	345,000
Tax Notes	150,000
Accrued Compensated Absences	97,893
Due in More than One Year:	
Bonds Payable	3,695,799
Tax Notes	307,000
Accrued Compensated Absences	57,609
Net Pension Liability	1,136,928
Total Liabilities	6,454,216
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows from Pensions	937,560
Unavailable Revenue - Grants	196,134
NET POSITION	1,133,694
Invested in Capital Assets	9,687,969
Restricted for:	
Debt Service	491,096
Records Management	406,962
Courthouse Security	153,660
Technology	136,306
Training	21,672
Other	45,832
Community Services	48,824
Judicial	180,659
Law Enforcement	116,683
Capital Improvements	161,951
Roads & Public Works	2,137,744
Unrestricted	5,341,000
Total Net Position	\$ 18,930,358

The accompanying notes are an integral part of this statement

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

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Administration and Finance	\$ 2,669,273	554,129	89,711		(2,025,433)
Roads and Public Works	2,441,096	871,294	128,289	52,485	(1,389,028)
Corrections	19,793				(19,793)
Law Enforcement	3,487,264	54,867	98,078		(3,334,319)
Judicial	2,016,886	325,414	241,874		(1,449,598)
Community Services	1,259,392		549,509		(709,883)
Other	254,263		15,808		(238,455)
Interest of Long-term Debt	109,097				(109,097)
 Total Governmental Activities	 <u>12,257,064</u>	 <u>1,805,704</u>	 <u>1,123,269</u>	 <u>52,485</u>	 <u>(9,275,606)</u>

General Revenues:

Property Taxes	10,215,665
Other Taxes	92,646
Investment Earnings	124,222
Miscellaneous	208,264
Total General Revenues	<u>10,640,797</u>

Change in Net Position	<u>1,365,191</u>
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Net Position, Beginning of Year, as Previously Reported	17,518,149
Prior Period Adjustments	47,018
Net Position, Beginning of Year as Restated	<u>17,565,167</u>

Net Position, Ending	<u>\$ 18,930,358</u>
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CASS COUNTY, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS AS OF SEPTEMBER 30, 2020

	General Fund	Road and Bridge Fund	Other Governmental Funds	Total
				Governmental Funds
ASSETS				
Cash	\$ 4,733,174	1,272,984	1,136,093	7,142,251
Investments	2,527,315	945,091	12,466	3,484,872
Receivables (net of allowances for uncollectible):				
Accounts	9,849	5,760	21,310	36,919
Property Taxes	950,942	174,643	138,143	1,263,728
Other Non-Cash Current Assets	-	-	600	600
Prepaid Expenses	246,029	-	-	246,029
Due from Other Funds	121,709	-	-	121,709
Total Assets	\$ 8,589,018	2,398,478	1,308,612	12,296,108
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 117,014	91,017	49,405	257,436
Accrued Payroll	71,441	21,062	1,201	93,704
Due to Other Governments	216,954	-	-	216,954
Due to Other Funds	71,473	-	121,709	193,182
Other Payables	7,980	-	1,753	9,733
Total Liabilities	484,862	112,079	174,068	771,009
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Grants	-	-	196,134	196,134
Unavailable Revenue - Property Taxes	870,085	159,683	126,400	1,156,168
Total Deferred Inflows of Resources	870,085	159,683	322,534	1,352,302
NET POSITION				
Nonspendable - Prepays	246,029	-	-	246,029
Restricted for:				
Corrections	-	-	-	-
Debt Service	-	-	491,077	491,077
Records Management	406,962	-	-	406,962
Courthouse Security	153,660	-	-	153,660
Technology	136,306	-	-	136,306
Training	21,672	-	-	21,672
Other	45,832	-	-	45,832
Community Services	1,149	-	47,673	48,822
Judicial	42,910	-	134,636	177,546
Law Enforcement	31,255	-	52,163	83,418
Capital Improvements	-	-	161,342	161,342
Roads & Public Works	-	2,126,716	-	2,126,716
Assigned	7,956	-	-	7,956
Unassigned:				
General Fund	6,140,340	-	-	6,140,340
Special Revenue Funds	-	-	(74,881)	(74,881)
Total Fund Balances	7,234,071	2,126,716	812,010	10,172,797
Total Liabilities, Deferred Inflows and Fund Balances	\$ 8,589,018	2,398,478	1,308,612	12,296,108

The accompanying notes are an integral part of this statement

CASS COUNTY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION AS OF SEPTEMBER 30, 2020

Total Governmental Funds Balance	\$ 10,172,797
Capital assets used in governmental activities that are not financial resources and therefore are not reported in the funds.	13,741,724
Receivables reported in the statement of net position that are not available to provide current financial resources and are not reported as receivables in the funds.	1,155,925
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>(6,140,088)</u>
Net position of governmental activities	<u>\$ 18,930,358</u>

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

REVENUES	General Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Taxes	\$ 7,793,675	1,401,763	1,048,680	10,244,118
Licenses and Permits	176,038	693,640	-	869,678
Intergovernmental	318,376	150,249	707,129	1,175,754
Charges for Services	397,269	3,423	1,456	402,148
Fines and Forfeitures	354,804	174,232	4,842	533,878
Interest	82,089	24,307	17,826	124,222
Miscellaneous	192,168	51,485	12,507	256,160
Total Revenues	9,314,419	2,499,099	1,792,440	13,605,958
<hr/>				
EXPENDITURES				
Current:				
Administration and Finance	2,601,060	-	898	2,601,958
Roads and Public Works	-	2,175,661	-	2,175,661
Corrections	-	-	-	-
Law Enforcement	3,335,902	-	4,901	3,340,803
Judicial	1,523,976	-	436,045	1,960,021
Community Services	684,540	-	558,741	1,243,281
Other	205,008	-	49,255	254,263
Capital Outlay	188,845	327,792	6,995	523,632
Debt Service:				
Principal Retirement	-	-	488,000	488,000
Interest on Debt	-	-	123,333	123,333
Total Expenditures	8,539,331	2,503,453	1,668,168	12,710,952
Excess of Revenues Over Expenditures	775,088	(4,354)	124,272	895,006
<hr/>				
OTHER FINANCING SOURCES & (USES)				
Transfers In	863,001	68,651	214,000	1,145,652
Transfers Out	(194,000)	-	(951,652)	(1,145,652)
Total Other Financing Sources (Uses)	669,001	68,651	(737,652)	-
Net Change in Fund Balance	1,444,089	64,297	(613,380)	895,006
<hr/>				
Fund Balance, Beginning of Year, as Previously Reported	5,865,205	2,061,613	1,383,338	9,310,156
Prior Period Adjustments	(75,223)	806	42,052	(32,365)
Fund Balance, Beginning of Year, as Restated	5,789,982	2,062,419	1,425,390	9,277,791
Fund Balance, End of Year	\$ 7,234,071	2,126,716	812,010	10,172,797

CASS COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net Change in Fund Balances - Governmental Funds	\$ 895,006
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.	(205,316)
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.	(47,894)
Revenues for property taxes in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	64,193
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 positions. 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.	502,235
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.	48,203
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>108,764</u>
Change in Net Position of Governmental Activities	<u>\$ 1,365,191</u>

CASS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 7,840,207	7,840,207	7,793,675	(46,532)
Licenses and Permits	174,900	174,900	176,038	1,138
Intergovernmental	239,187	247,778	318,376	70,598
Charges for Services	274,154	286,808	397,269	110,461
Fines and Forfeitures	438,500	438,500	354,804	(83,696)
Interest	113,000	112,574	82,089	(30,485)
Miscellaneous	47,200	47,200	192,168	144,968
Total Revenues	9,127,148	9,147,967	9,314,419	166,452
 EXPENDITURES				
Current:				
Administration and Finance	2,656,061	2,513,609	2,601,060	(87,451)
Corrections	-	-	-	-
Law Enforcement	3,561,827	3,348,541	3,335,902	12,639
Judicial	1,549,282	1,529,938	1,523,976	5,962
Community Services	925,638	689,674	684,540	5,134
Other	240,035	205,008	205,008	-
Capital Outlay	220,000	142,995	188,845	(45,850)
Total Expenditures	9,152,843	8,429,765	8,539,331	(109,566)
 Excess of Revenues Over Expenditures	 (25,695)	 718,202	 775,088	 56,886
 OTHER FINANCING SOURCES & (USES)				
Transfers In	155,695	155,695	863,001	707,306
Transfers Out	(130,000)	(194,000)	(194,000)	-
Total Other Financing Sources (Uses)	25,695	(38,305)	669,001	707,306
 Net Change in Fund Balance	 -	 679,897	 1,444,089	 764,192
 Fund Balance, Beginning of Year, as Previously Reported	 5,865,205	 5,865,205	 5,865,205	 -
Prior Period Adjustments	(75,223)	(75,223)	(75,223)	-
 Fund Balance, Beginning of Year, as Restated	 5,789,982	 5,789,982	 5,789,982	 -
 Fund Balance, End of Year	 \$ 5,789,982	 6,469,879	 7,234,071	 764,192

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, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 1,392,664	1,393,441	1,401,763	8,322
Licenses and Permits	690,000	693,640	693,640	-
Intergovernmental	138,500	150,249	150,249	-
Charges for Services	-	3,423	3,423	-
Fines and Forfeitures	180,000	168,110	174,232	6,122
Interest	32,300	24,307	24,307	-
Miscellaneous	6,500	51,485	51,485	-
Total Revenues	2,439,964	2,484,655	2,499,099	14,444
EXPENDITURES				
Current:				
Roads and Public Works	2,566,728	2,172,492	2,175,661	(3,169)
Capital Outlay	435,000	327,792	327,792	-
Total Expenditures	3,001,728	2,500,284	2,503,453	(3,169)
Excess of Revenues Over Expenditures	(561,764)	(15,629)	(4,354)	11,275
OTHER FINANCING SOURCES & (USES)				
Transfers In	-	-	68,651	68,651
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	68,651	68,651
Net Change in Fund Balance	(561,764)	(15,629)	64,297	79,926
Fund Balance, Beginning of Year, as Previously Reported	2,061,613	2,061,613	2,061,613	-
Prior Period Adjustments	806	806	806	-
Fund Balance, Beginning of Year, as Restated	2,062,419	2,062,419	2,062,419	-
Fund Balance, End of Year	\$ 1,500,655	2,046,790	2,126,716	79,926

CASS COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
AS OF SEPTEMBER 30, 2020

ASSETS

	Agency Funds
Cash	\$ 987,708
Investments	602,233
Due from General Fund	71,473
Total Assets	\$ 1,661,414

LIABILITIES

Due to Other Governments	\$ 1,145,631
Due to Other Entities	515,783
Total Liabilities	\$ 1,661,414

CASS COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Cass County, Texas (County) is governed by a Commissioners Court that is comprised of four elected commissioners and an elected county judge. The Commissioners Court serves as the principal decision-making body of the County. The county judge serves as an administrative official and votes with the Commissioners 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 non-fiduciary activities of the primary government. The effect of inter-fund activity has been eliminated from the government-wide financial 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 segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues included (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.

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

CASS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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.

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 governmental 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 inter-fund 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.

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)

CASS COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

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 prices 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 inter-fund loans) or "advances to/from other funds" (i.e. the non-current portion of inter-fund 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. The property tax receivable allowance is shown at 7% of outstanding property taxes receivable as of year-end.

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 includes 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:

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 the lives of the underlying assets are not capitalized.

CASS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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

Paid time off (PTO) hours are granted to all full-time permanent employees of the County. The number of hours range from twenty (20) to one hundred sixty (160) hours, depending upon length of continuous service. Unused PTO expires at the end of the calendar year. An employee that has worked at least one year and resigns, is discharged or is terminated for any other reason shall receive pay for all unused PTO hours up to half of the employee's maximum annual PTO benefit. An employee who has not worked for a minimum of one year in a position eligible for PTO shall not be eligible for any PTO pay upon termination of employment.

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:

CASS COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended September 30, 2020

Non-spendable fund balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in a 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 resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resources 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 a 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 revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments 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 account. 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.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund 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.

CASS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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 two items that qualify 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, and unavailable grant revenue is comprised of grant funds that have been received by the county, but the county has not met the performance obligation to recognize that grant revenue.

10. Pension

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.

CASS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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 statement of net position. One element 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 \$ (6,140,088) difference are as follows:

Bonds payable	\$ (3,910,000)
Add: Bond Premium	(130,799)
Tax Notes Payable	(457,000)
Accrued Interest	(14,687)
Accrued Compensated Absences	(155,502)
Net Pension Liability	(1,136,928)
Less: Deferred Pension Outflows	602,388
Add: Deferred Pension Inflows	<u>(937,560)</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Position – Governmental Activities	<u>\$ (6,140,088)</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 “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.” Details of this adjustment are as follows:

Capital Outlay	\$ 523,632
Depreciation Expense	(728,948)
Net Adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (205,316)</u>

CASS COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

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 principle 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 \$502,235 differences are as follows:

Principal Repayments:		
Bonds Payable	\$	340,000
Tax Notes Payable		148,000
Amortization of Bond Premiums		13,080
Add: Beginning Accrued Interest Balance		15,842
Less: Ending Accrued Interest Balance		(14,687)
Net Adjustment to Increase Net Position	\$	502,235

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 the special revenue funds, except for these funds: District Attorney Escrow, District Attorney Discretionary, Help America Vote Act (HAVA), Cares Act 2020 HAVA, Cares Act 2020 Judicial, Sheriff Federal Forfeiture, Regional Interstate Task Force, Linden Enterprise, Texas Community Development Block Grants (CDBG), Federal Emergency Management Agency (FEMA) Grants, Road Improvement Grant 0710197, TEOAF Regional Task Force, Bear Creek Fire Management Assistance Grant (FMAG) and the Texas Historical Courthouse Grant funds. Debt service funds do not have legally adopted budgets because effective budgetary control is alternatively 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 year that begins October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Commissioners' 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 Commissioners' 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.

CASS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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 signage 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, 2020, the actual expenditures in the General Fund exceeded budgetary appropriations by \$102,791. Actual expenditures in the Road and Bridge fund exceeded budgetary appropriations by \$2,000.

C. Deficit Fund Equity

The District Court Fund had a deficit fund balance of \$39,769. The Cass County Park Fund had a deficit fund balance of \$56. The Law Library Fund had a deficit fund balance of \$2,343. The TEOAF Task Force Fund had a deficit fund balance of \$4,397. The Bear Creek FMAG Fund had a deficit fund balance of \$28,315.

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Interest Rate Risk

To limit the risk that changes in interest rates will adversely affect the fair value of investments, the county shall use final and weighted-average maturity limits and diversification. The County monitors interest rate risk using weighted-average maturity and specific identification.

As of September 30, 2020, the County had the following debt security investments and maturities:

Investment	Fair Value	Weighted Average Maturities (in days)
TexPool	\$ 830,181	32
Texas CLASS Investment Pool	2,914,061	22
	<hr/> \$ 3,744,242	

B. 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 \$9,347,992, none were uninsured or 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

CASS COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

possession of an outside party. The County does not have any categorizable investments at September 30, 2020.

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 County account in a third party financial institution for safekeeping. Certificates of deposit insured by the FDIC are 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 for safekeeping by the County, a County account in a third party financial institution, or a Federal Reserve Bank.

C. Credit Risk

For an investment, credit risk is the risk that 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 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 a AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2020, the County's investments in both TexPool and Texas CLASS Investment Pool are rated AAAM by Standard and Poor's.

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

Investment	Issuer	Fair Value	% of Total Investments
Cash and Certificates of Deposit	State Bank of DeKalb	8,629,010	69.24%

NOTE 5 – RECEIVABLES

	General	Road & Bridge	Nonmajor Governmental	Total
Receivables:				
Accounts	\$ 9,849	5,760	21,310	36,919
Property Taxes	1,022,518	187,788	148,540	1,358,846
Gross Receivables	1,032,367	193,548	169,850	1,395,765
Less: Allowance for Uncollectibles	71,576	13,145	10,398	95,119
Net total Receivables	<u>\$ 960,791</u>	<u>180,403</u>	<u>159,452</u>	<u>1,300,646</u>

CASS COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended September 30, 2020

NOTE 6 – CAPITAL ASSETS

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

	PRIMARY GOVERNMENT			
	<u>Balance</u> <u>9/30/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2020</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 167,504	-	-	167,504
Construction in Progress	-	80,555	-	80,555
Total Capital Assets Not Being Depreciated	<u>167,504</u>	<u>80,555</u>	<u>-</u>	<u>248,059</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	14,689,103	-	-	14,689,103
Furniture and Equipment	5,621,059	443,077	(146,759)	5,917,377
Total Capital Assets Being Depreciated	<u>20,310,162</u>	<u>443,077</u>	<u>(146,759)</u>	<u>20,606,480</u>
Less: Accumulated Depreciation For:				
Buildings and Improvements	4,110,732	354,385	-	4,465,117
Furniture and Equipment	2,372,000	374,563	(98,865)	2,647,698
Total Accumulated Depreciation	<u>6,482,732</u>	<u>728,948</u>	<u>(98,865)</u>	<u>7,112,815</u>
Total Capital Asset Being Depreciated	<u>13,827,430</u>	<u>(285,871)</u>	<u>(47,894)</u>	<u>13,493,665</u>
Governmental Capital Assets, Net	<u>\$ 13,994,934</u>	<u>(205,316)</u>	<u>(47,894)</u>	<u>13,741,724</u>

Depreciation expense was charged to governmental functions as follows:

Administration and Finance	\$ 181,063
Roads and Public Works	274,000
Corrections	19,793
Law Enforcement	178,121
Judicial	59,378
Community Service	16,593
 Total Depreciation Expense	 <u>\$ 728,948</u>

NOTE 7 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of inter-fund balances as of September 30, 2020 is as follows:

Receivable Fund	DUE TO/FROM OTHER FUNDS:		
	Payable Fund		Total
	General Fund	Nonmajor Governmental	
General Fund		121,709	121,709
Agency Fund	71,473		71,473
Total	<u>71,473</u>	<u>121,709</u>	<u>193,182</u>

CASS COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended September 30, 2020

The outstanding balances between funds result mainly from the time lag between dates that (1) inter-fund 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 on behalf of the Bear Creek Fire Management Assistance Grant Fund (Nonmajor governmental fund) in a prior year.
\$26,083	To reimburse the General Fund for expenditures paid on behalf of the District Court Fund (Nonmajor governmental fund).
\$2,965	To reimburse the General Fund for expenditures paid on behalf of the Law Library Fund (Nonmajor governmental fund).
\$71,473	To reimburse the Tax Assessor/Collector Agency Fund for amounts erroneously paid to the General Fund in current and prior years.

INTER-FUND TRANSFERS:

Transfer In	Transfer Out		
	General Fund	Nonmajor Governmental	Total
General Fund		863,001	863,001
Road & Bridge Fund		68,651	68,651
Nonmajor Governmental	194,000	20,000	214,000
Total	<u>194,000</u>	<u>951,652</u>	<u>1,145,652</u>

Purpose:

\$3,232	Funds were transferred from the Indigent Defense Grant Fund (Nonmajor governmental fund) to the General Fund to cover court magistrate salary expenditures.
\$19,000	Funds were transferred from the General Fund to the Cass County Park Fund (Nonmajor governmental fund) to cover expenditures.
\$150,000	Funds were transferred from the General Fund to the District Court Fund (Nonmajor governmental fund) to cover expenditures.
\$20,000	Funds were transferred from the Indigent Defense Grant Fund (Nonmajor governmental fund) to the District Court Fund (Nonmajor governmental fund) to cover expenditures.

CASS COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended September 30, 2020

\$68,651	Funds were transferred from the Forestry Fund (Nonmajor governmental fund) to the Road and Bridge Fund to cover expenditures.
\$25,000	Funds were transferred from the Law Library Fund (Nonmajor governmental fund) to the General Fund to cover expenditures.
\$859,769	Funds were transferred from the Forestry Fund (Nonmajor governmental fund) to the General Fund, to absorb the Forestry Fund due to the lack of restrictions on the Forestry Fund's fund balance.

NOTE 8 - LEASE COMMITMENTS – OPERATING LEASES

The County entered into an operating lease for copiers in all County offices in which the County will pay the lessor \$2,360 per month. The term of the lease is December 12, 2018 through December 12, 2023. A total of \$33,716 was paid during the fiscal year 2020 under this lease.

The following is a summary of future minimum lease payments at September 30, 2020:

Year	Amount
2021	\$ 28,316
2022	28,316
2023	28,316
2024	4,720
Total	<u>89,668</u>

NOTE 9 – LONG-TERM LIABILITIES

A. Limited Tax Refunding Bonds

The County has dedicated 6.60% of the ad valorem taxes received for the year for the payment of principal and interest on bonds.

	Rate of Interest	Original Issue	Outstanding Balance 9/30/2019
Limited Tax Refunding Bonds, Series 2015 used to advance refund the outstanding Certificates of Obligations, 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	3,910,000
Total Limited Tax Refunding Bonds		<u>\$ 5,540,000</u>	<u>3,910,000</u>

CASS COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended September 30, 2020

Annual requirements to amortize limited tax refunding bonds outstanding at September 30, 2020 are as follows:

Requirements for Year Ending September 30	Limited Tax Refunding Bonds		
	Principal	Interest	Total
2021	\$ 345,000	106,500	451,500
2022	355,000	99,500	454,500
2023	360,000	92,350	452,350
2024	370,000	83,200	453,200
2025	385,000	71,875	456,875
2026 - 2030	<u>2,095,000</u>	<u>172,925</u>	<u>2,267,925</u>
Total	<u>\$ 3,910,000</u>	<u>626,350</u>	<u>4,536,350</u>

B. Tax Notes

	Rate of Interest	Original Issue	Outstanding Balance 9/30/2019
Tax Notes, Series 2016, used to purchase road maintenance equipment and professional services. Due Serially in varying amounts from February 15, 2017 through August 15, 2023	1.65%	\$ 1,034,000	605,000
Total Limited Tax Refunding Bonds		<u>\$ 1,034,000</u>	<u>605,000</u>

Annual requirements to amortize the tax notes outstanding at September 30, 2020 are as follows:

Requirements for Year Ending September 30	Tax Notes		
	Principal	Interest	Total
2021	\$ 150,000	7,541	157,541
2022	152,000	5,066	157,066
2023	<u>155,000</u>	<u>2,558</u>	<u>157,558</u>
Total	<u>\$ 457,000</u>	<u>15,164</u>	<u>472,164</u>

CASS COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended September 30, 2020

C. Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended September 30, 2020:

	<u>Balance 9/30/2019</u>	<u>Additions</u>	<u>Retirements/ Deductions</u>	<u>Balance 9/30/2020</u>	<u>Due Within One Year</u>
Bonds Payable	\$4,250,000	-	(340,000)	3,910,000	345,000
Issuance Premium	143,879	-	(13,080)	130,799	-
Total Bonds Payable	4,393,879	-	(353,080)	4,040,799	345,000
 Tax Notes	 605,000	 -	 (148,000)	 457,000	 150,000
Accrued Compensated Absences	203,705	232,919	(281,122)	155,502	97,893
Net Pension Liability	3,367,903	3,295,812	(5,526,786)	1,136,928	-
 Total	 \$8,570,487	 3,528,731	 (6,308,988)	 5,790,229	 592,893

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; errors 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 prior years. The amount of settlements has not exceeded insurance coverage in any of the previous three years.

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 the state-wide Texas County and District Retirement System (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.

CASS COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

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

Inactive employees or beneficiaries currently receiving benefits	129
Inactive employees entitled to, but not yet receiving benefits	111
Active employees	154
Total	394

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 any unfunded accrual 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 11.52% for October through December 2019 and 11.28% for January through September 2020. The County's contributions totaled \$690,972 for the year ended September 30, 2020 and was equal to the required contributions.

Net Pension Liability:

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

CASS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

Actuarial Assumptions

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

Inflation	2.75%
Overall Payroll Growth	3.25%
Investment Rate of Return	8.00%, net of administrative and investment expense, including inflation
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflations, mortality and other assumptions were reflected. 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 December 2017 actuarial valuation, are as follows:

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

CASS COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended September 30, 2020

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 capital market assumptions and information shown below are provided by TCDRS' investment consultants. The numbers shown are based on April 2020 information for a 10-year time horizon.

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
U.S. Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
Int'l Equities – Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
Int'l Equities – Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	2.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	5.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

(1) Target asset allocation adopted at the June 2020 TCDRS Board Meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2019 capital market assumptions.

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

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

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

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

CASS COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended September 30, 2020

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 employees 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

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balance as of December 31, 2018	\$ 30,313,304	26,945,401	3,367,903
Changes for the Year:			
Service Cost	682,399		682,399
Interest on Total Pension Liability ⁽¹⁾	2,439,052		2,439,052
Effect of Plan Changes ⁽²⁾	-		-
Effect of Economic/Demographic Gains or Losses	131,258		131,258
Effect of Assumption Changes or Inputs	-		-
Refunds of Contributions	(105,603)	(105,603)	-
Benefit Payments	(1,697,394)	(1,697,394)	-
Administrative Expenses		(23,338)	23,338
Member Contributions		416,182	(416,182)
Net Investment Income		4,425,685	(4,425,685)
Employer Contributions		684,919	(684,919)
Other ⁽³⁾	-	(19,765)	19,765
Balance as of December 31, 2019	<u>\$ 31,763,015</u>	<u>30,626,088</u>	<u>1,136,928</u>

(1) Reflects the change in 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 THE FINANCIAL STATEMENTS
 For the Year Ended September 30, 2020

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

The following presents the net pension liability of the employer, calculated using the discount rate of 8.10%, as well as what the Cass County net position liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total Pension Liability	\$ 35,435,214	31,763,015	28,637,489
Fiduciary Net Position	30,626,088	30,626,088	30,626,088
Balance as of December 31, 2019	<u>\$ 4,809,126</u>	<u>1,136,928</u>	<u>(1,988,599)</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, 2020, the County recognized pension expense of \$931,085

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

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ 161,314	87,505
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings	776,246	-
Contributions Made Subsequent to Measurement Date	-	514,883
	<u>\$ 937,560</u>	<u>602,388</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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Amount
2020	\$ (315,754)
2021	(183,314)
2022	103,550
2023	(454,537)
2024	0
Thereafter	0
Total	<u>(850,055)</u>

CASS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

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 what 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, 2020 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 – RELATED PARTY TRANSACTIONS

During the 2020 fiscal year, a relative of an elected official provided indigent legal services to the County. Total payments to the vendor for the fiscal year were \$47,525.

CASS COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended September 30, 2020

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

Prior period adjustments were recorded as follows:

	<u>General</u>	<u>Road & Bridge</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>	<u>Governmental Activities</u>
Equity balance at 9/30/2019 as previously reported	\$ 5,865,205	2,061,613	1,383,338	9,310,156	17,518,149
Due from Other Gov. Agencies	(6,000)			(6,000)	(6,000)
Accounts Payable			379	379	379
Other Payables		806	41,673	42,479	42,479
Due to Other Funds	(69,223)			(69,223)	(69,223)
Allowance for Doubtful Accounts					79,383
Total prior period adjustments	(75,223)	806	42,052	(32,365)	47,018
Equity balance at 9/30/2019 as restated	<u>\$ 5,789,982</u>	<u>2,062,419</u>	<u>1,425,390</u>	<u>9,277,791</u>	<u>17,565,167</u>

A prior period adjustment was made in the general fund to reclassify amounts erroneously recorded to due from other governmental agencies in relation to the departmental operating accounts for the Justices of the Peace as of September 30, 2019. This resulted in a decrease in amounts due from other governmental agencies and an increase in fund balance of \$6,000.

A prior period adjustment was made in the general fund to correct amounts erroneously paid to the county by the tax assessor/collector for title fees as of September 30, 2019. This error is the result of double payments of certain title fees collected by the tax assessor/collector over a period of several years. The cumulative effect of this error resulted in a prior period decrease in charges for service revenues of \$2,360, a decrease of 66,863 in fund balance and an increase in amounts due to other funds of 69,223.

A prior period adjustment was made in the road and bridge fund to correct amounts erroneously recorded as other payables as of September 30, 2019, resulting in a decrease in the other payables liability of \$806 and an increase in net position of \$806.

A prior period adjustment was made in the regional interstate task force fund to correct amounts erroneously recorded as other payables as of September 30, 2019, resulting in a decrease in the other payables liability of \$24,086 and an increase in net position of \$24,086.

A prior period adjustment was made in the regional interstate task force fund to correct amounts erroneously recorded as accounts payable as of September 30, 2019, resulting in a decrease in the accounts payable liability of \$379 and an increase in net position of \$379.

A prior period adjustment was made in the Linden enterprise fund to correct amounts erroneously recorded as other payables as of September 30, 2019, resulting in a decrease in the other payables liability of \$9,850 and an increase in net position of \$9,850.

CASS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

A prior period adjustment was made in the Texas historic courthouse grant fund to correct amounts erroneously recorded as other payables as of September 30, 2019, resulting in a decrease in the other payables liability of \$7,737 and an increase in net position of \$7,737.

A prior period adjustment was made to correct an error in the calculation of the allowance for doubtful accounts as of September 30, 2019, resulting in a decrease in the allowance for doubtful accounts of \$79,383, decrease in bad debt expense of \$5,763, and an increase in fund balance of \$73,620.

NOTE 16 – MANAGEMENT REVIEW

In preparing these financial statements, management of the County has evaluated events and transactions for potential recognition or disclosure through May 24, 2021, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

CASS COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 682,399	\$ 667,001	698,946	670,964	599,717
Interest on Total Pension Liability	2,439,052	2,375,214	2,281,509	2,155,836	2,062,352
Effect of Plan Changes	-	-	-	57,279	(74,087)
Effect of Assumption Changes or Inputs	-	-	163,324	-	307,917
Effect of Economic/demographic (gains)/Loses	131,258	(483,944)	(244,562)	(52,499)	(72,671)
Benefit Payments/Refunds of Contributions	<u>(1,802,997)</u>	<u>(1,768,752)</u>	<u>(1,654,319)</u>	<u>(1,590,868)</u>	<u>(1,643,071)</u>
Net Change in Total pension Liability	1,449,712	789,519	1,244,898	1,240,713	1,180,158
Total Pension Liability, Beginning	<u>30,313,304</u>	<u>29,523,785</u>	<u>28,278,887</u>	<u>27,038,174</u>	<u>25,858,016</u>
Total Pension Liability, Ending (a)	<u>31,763,015</u>	<u>30,313,304</u>	<u>29,523,785</u>	<u>28,278,887</u>	<u>27,038,174</u>
Fiduciary Net Position					
Employer Contributions	684,919	659,733	642,533	634,795	576,858
Member Contributions	416,182	401,232	392,818	382,079	355,459
Investment Income net of Investment Expenses	4,425,685	(533,766)	3,668,963	1,781,774	260,228
Benefit Payments/Refunds of Contributions	<u>(1,802,997)</u>	<u>(1,768,752)</u>	<u>(1,654,319)</u>	<u>(1,590,868)</u>	<u>(1,643,071)</u>
Administrative Expenses	(23,338)	(21,643)	(18,772)	(19,392)	(17,467)
Other	<u>(19,765)</u>	<u>(18,252)</u>	<u>(8,472)</u>	<u>(107,556)</u>	<u>152,323</u>
Net Change in Fiduciary Net Position	3,680,686	(1,281,448)	3,022,751	1,080,831	(315,671)
Fiduciary Net Position, Beginning	<u>26,945,401</u>	<u>28,226,849</u>	<u>25,204,098</u>	<u>24,123,267</u>	<u>24,438,938</u>
Fiduciary Net Position, Ending (b)	<u>30,626,088</u>	<u>26,945,401</u>	<u>28,226,849</u>	<u>25,204,098</u>	<u>24,123,267</u>
Net Pension Liability/(Asset), Ending =(a)-(b)	<u>\$ 1,136,928</u>	<u>\$ 3,367,903</u>	<u>1,296,936</u>	<u>3,074,789</u>	<u>2,914,907</u>
Fiduciary Net Position as a % of Total Pension Liability	96.42%	88.89%	95.61%	89.13%	89.22%
Pensionable Covered Payroll	\$ 5,945,459	\$ 5,731,883	5,611,683	5,458,268	5,077,983
Net Pension Liability/(Asset) as a % of Covered Payroll	19.12%	58.76%	23.11%	56.33%	57.40%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

2014

598,656

1,955,128

83,377

-

64,106

(1,267,834)

1,433,433

24,424,583

25,858,016

571,250

356,713

1,627,067

(1,267,834)

(18,318)

35,299

1,304,177

23,134,761

24,438,938

1,419,078

94.51%

5,095,902

27.85%

CASS COUNTY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2020

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2019	684,919	684,919	-	5,945,459	11.52%
2020	690,972	690,972	-	6,093,131	11.34%

* The amounts presented for years 2010-2016 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 Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which 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	9.4 years (based on contribution rate calculated in 12/31/2019 valuation)
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	8.00%, net of administrative and investment expenses, including inflation
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 RR-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.

Other Information

Changes in Plan Provisions Reflected in the Schedule of Contributions	2015: Employer contributions reflect the current service matching rate was increased to 155% for future benefits and a 10% CPI COLA was adopted. 2016: No changes in plan provisions were reflected in the schedule. 2017: Employer contributions reflect that the current service matching rate was increased to 165% for future benefits. Also, new annuity purchase rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the schedule. 2019: No changes in plan provisions were reflected in the schedule.
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COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES

CASS COUNTY, TEXAS

NON-MAJOR GOVERNMENTAL FUNDS

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.

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 fund was established to account for the salaries of the administrative assistant of the district court, district court office expenses and the district court's portion of property tax revenues and maintenance, operations and court costs.

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 generated revenues.

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

District Attorney Escrow – This fund was established to account for the revenues and expenses of fees received from charges levied against prosecuted 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 Attorney General.

Regional Interstate 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 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.

Cares Act 2020 HAVA Funds – This fund was established to account for expenses incurred and revenues received from a grant received in association with the Cares Act relating to the Help America Vote Act (HAVA) program.

Cares Act 2020 Judicial Funds – This fund was established to account for expenses incurred and revenues received from a grant received in association with the Cares Act relating to judicial support.

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

Sheriff Office Donations – This fund was established to account for donations and related expenses to the sheriff's office.

Election Reimbursement – This fund was established to account for revenues and related expenses for election-related expenses that are to be reimbursed by other entities.

E.O. Feral Hog Abatement – This fund was established to account for revenues and related expenses for the purchase of feral hog abatement equipment.

Linden Enterprise Fund – This fund 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 business in Linden, Texas. Account revenue is from prior years' investment into the fund by Cass County.

Texas CDBG Grants 3069 & 6247 – This fund 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.

FEMA Grants – This fund 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 Improvement Grant 0710197 – This fund was established to account for the funds received and expenditures incurred from grants received from the U.S. Department of Agriculture Grant System. The funds from this grant have been used for road improvements in various communities within Cass County.

TEOAF Task Force – This fund was established to account for revenues and related expenses in accordance with an agreement between the Cass County District Attorney's office and the United States Secret Service.

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

CASS COUNTY, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
(Continued)

Texas Historical Courthouse Grant – This fund was established to account for the expenditures, revenues and donations received in conjunction with the renovation of 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.

VSO Donations – This fund was established to account for donations and related expenses to the Veterans Service Office (VSO).

CAPITAL PROJECTS FUNDS

Capital Projects 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 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 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.

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CASS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2020

Special Revenue Funds

ASSETS	Debt Service	District Court	Indigent Defense Grant	Cass County Park	Law Library
Cash	\$ 543,466	2,555	47,027	862	3,605
Investments					
Receivables (net of allowances for uncollectible):					
Accounts		1,326			
Property Taxes	87,204		50,452		
Other Non-Cash Current Assets					
Due from Other Funds					
Total Assets	\$ 630,670	54,333	47,027	862	3,605

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts Payable		20,458		918	2,983
Accrued Payroll		1,201			
Due to Other Governments					
Due to Other Funds	60,000	26,083			2,965
Other Payables					
Total Liabilities	60,000	47,742	-	918	5,948

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue - Grants					
Unavailable Revenue - Property Taxes	79,593	46,361			
Total Deferred Inflows of Resources	79,593	46,361	-	-	-

NET POSITION

Restricted for:

Corrections					
Debt Service		491,077			
Records Management					
Courthouse Security					
Technology					
Training					
Other					
Community Services					
Judicial			47,027		
Law Enforcement					
Capital Improvements					
Assigned					
Unassigned					
General Fund					
Special Revenue Funds		(39,770)		(56)	(2,343)
Total Fund Balances	491,077	(39,770)	47,027	(56)	(2,343)

Total Liabilities, Deferred Inflows and Fund Balances

\$ 630,670 54,333 47,027 862 3,605

Special Revenue Funds

District Attorney Escrow	District Attorney State	Regional Interstate Task Force	Forestry	District Attorney Forfeiture	District Attorney Discretionary	HAVA
324	9,217	45,813		66,819	8,594	5,445

4,655 127

600

324	13,872	45,813	-	67,419	8,721	5,445
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405 915

1,753
2,158 915

-	-	-	-	-	-	-
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324 13,872 45,813 65,261 7,806 5,445

324	13,872	45,813	-	65,261	7,806	5,445
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324	13,872	45,813	-	67,419	8,721	5,445
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CASS COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS OF SEPTEMBER 30, 2020

Special Revenue Funds					
	Cares Act 2020 HAVA	Cares Act 2020 Judicial	Sheriff Federal Forfeiture	Sheriff Office Donations	Election Reimbursement
ASSETS					
Cash	\$ 28,133	173,587	4,518	1,832	3,019
Investments					
Receivables (net of allowances for uncollectible):					
Accounts					
Property Taxes					
Other Non-Cash Current Assets					
Due from Other Funds					
Total Assets	<u><u>\$ 28,133</u></u>	<u><u>173,587</u></u>	<u><u>4,518</u></u>	<u><u>1,832</u></u>	<u><u>3,019</u></u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 342	4,812			
Accrued Payroll					
Due to Other Governments					
Due to Other Funds					
Other Payables					
Total Liabilities	<u><u>342</u></u>	<u><u>4,812</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Grants	27,705	168,429			
Unavailable Revenue - Property Taxes					
Total Deferred Inflows of Resources	<u><u>27,705</u></u>	<u><u>168,429</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
NET POSITION					
Restricted for:					
Corrections					
Debt Service					
Records Management					
Courthouse Security					
Technology					
Training					
Other					
Community Services	86				3,019
Judicial		346			
Law Enforcement			4,518	1,832	
Capital Improvements					
Assigned					
Unassigned					
General Fund					
Special Revenue Funds					
Total Fund Balances	<u><u>86</u></u>	<u><u>346</u></u>	<u><u>4,518</u></u>	<u><u>1,832</u></u>	<u><u>3,019</u></u>
Total Liabilities, Deferred Inflows and Fund Balances	<u><u>\$ 28,133</u></u>	<u><u>173,587</u></u>	<u><u>4,518</u></u>	<u><u>1,832</u></u>	<u><u>3,019</u></u>

Special Revenue Funds

E.O. Feral Hog Abatement	Linden Enterprise	Texas CDBG Grants	FEMA Grants	Road Impr. Grant 710197	TEOAF Task Force	Bear Creek FMAG
875	24	515	552	1,861		4,346

136

1,011	24	515	552	1,861	-	4,346
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175

4,397

32,661

175	-	-	-	-	-	4,397	32,661
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836

24

515	552	1,861
-----	-----	-------

						(4,397)	(28,315)
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836

24

515	552	1,861	(4,397)	(28,315)
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1,011	24	515	552	1,861	-	4,346
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CASS COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2020

Special Revenue Funds				
	Texas Hist. Courthouse Grant	VSO Donations	HOME Grants	Total Special Revenue Funds
ASSETS				
Cash	\$ 28,071	658	22,539	460,791
Investments				-
Receivables (net of allowances for uncollectible):				
Accounts			15,066	21,310
Property Taxes				50,452
Other Non-Cash Current Assets				600
Due from Other Funds				-
Total Assets	\$ 28,071	658	37,605	533,153
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 14,000			49,405
Accrued Payroll				1,201
Due to Other Governments				-
Due to Other Funds				61,709
Other Payables				1,753
Total Liabilities	14,000	-	-	114,068
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Grants				196,134
Unavailable Revenue - Property Taxes				46,361
Total Deferred Inflows of Resources	-	-	-	242,495
NET POSITION				
Restricted for:				
Corrections				-
Debt Service				-
Records Management				-
Courthouse Security				-
Technology				-
Training				-
Other				-
Community Services	658	37,605		47,673
Judicial				134,636
Law Enforcement				52,163
Capital Improvements	14,071			16,999
Assigned				-
Unassigned				-
General Fund				-
Special Revenue Funds				(74,881)
Total Fund Balances	14,071	658	37,605	176,590
Total Liabilities, Deferred Inflows and Fund Balances	\$ 28,071	658	37,605	533,153

Capital Projects Funds

Capital Projects	ROW Projects	Total Capital Projects	Total Nonmajor Governmental Funds
\$ 6,866	124,970	131,836	1,136,093
12,466		12,466	12,466

			21,310
487	487		138,143
			600
			-
\$ 19,332	125,457	144,789	1,308,612

\$	-	-	49,405
		-	1,201
		-	-
		-	121,709
		-	1,753
		-	174,068

			196,134
446	446		126,400
-	446	446	322,534

			-
			491,077
			-
			-
			-
			-
			47,673
			134,636
			52,163
19,332	125,011	144,343	161,342
			-
			-
			-
			(74,881)
19,332	125,011	144,343	812,010

\$	19,332	125,457	144,789	1,308,612
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CASS COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Special Revenue Funds					
REVENUES	Debt Service	District Court	Indigent Defense Grant	Cass County Park	Law Library
Taxes	\$ 671,329	372,207			
Licenses and Permits		15,652	34,679		10,719
Intergovernmental					
Charges for Services					
Fines and Forfeitures					
Interest	6,267		426	1	
Miscellaneous		906		1,200	
Total Revenues	677,596	388,765	35,105	1,201	10,719
 EXPENDITURES					
Current:					
Administration and Finance		895			
Roads and Public Works					
Corrections					
Law Enforcement					
Judicial		352,671			19,229
Community Services				19,918	
Other					
Capital Outlay					
Debt Service:					
Principal Retirement	488,000				
Interest on Debt	123,333				
Total Expenditures	612,228	352,671	-	19,918	19,229
Excess of Revenues Over Expenditures	65,368	36,094	35,105	(18,717)	(8,510)
 OTHER FINANCING SOURCES & (USES)					
Transfers In		170,000		19,000	25,000
Transfers Out			(23,232)		
Total Other Financing Sources (Uses)	-	170,000	(23,232)	19,000	25,000
Net Change in Fund Balance	65,368	206,094	11,873	283	16,490
Fund Balance, Beginning of Year, as Previously Reported	425,709	(245,864)	35,154	(339)	(18,833)
Prior Period Adjustments					
Fund Balance, Beginning of Year, as Restated	425,709	(245,864)	35,154	(339)	(18,833)
Fund Balance, End of Year	\$ 491,077	(39,770)	47,027	(56)	(2,343)

Special Revenue Funds

District Attorney Escrow	District Attorney State	Regional Interstate Task Force	Forestry	District Attorney Forfeiture	District Attorney Discretionary	HAVA
			36,952		1,456	
3	77	118	7,664	4,842	82	54
		339	6,532			
3	37,029	457	14,196	5,488	1,538	54
<hr/>						
			33,529	2,839		
			269	17,800	723	
-	33,529	269	17,800	2,839	723	-
3	3,500	188	(3,604)	2,649	815	54
<hr/>						
			(928,420)			
-	-	-	(928,420)	-	-	-
3	3,500	188	(932,024)	2,649	815	54
<hr/>						
321	10,372	21,160	932,024	62,612	6,991	5,391
		24,465				
321	10,372	45,625	932,024	62,612	6,991	5,391
324	13,872	45,813	-	65,261	7,806	5,445

CASS COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds				
	Cares Act 2020 HAVA	Cares Act 2020 Judicial	Sheriff Federal Forfeiture	Sheriff Office Donations	Election Reimbursement
REVENUES					
Taxes					
Licenses and Permits					
Intergovernmental	6,899	27,778			4,123
Charges for Services					
Fines and Forfeitures					
Interest	86	345	45	5	5
Miscellaneous					
Total Revenues	6,985	28,123	45	2,336	4,128
 EXPENDITURES					
Current:					
Administration and Finance					
Roads and Public Works					
Corrections					
Law Enforcement					504
Judicial		27,777			
Community Services	6,899				1,109
Other					
Capital Outlay					
Debt Service:					
Principal Retirement					
Interest on Debt					
Total Expenditures	6,899	27,777	-	504	1,109
 Excess of Revenues Over Expenditures	86	346	45	1,832	3,019
 OTHER FINANCING SOURCES & (USES)					
Transfers In					
Transfers Out					
Total Other Financing Sources (Uses)	-	-	-	-	-
 Net Change in Fund Balance	86	346	45	1,832	3,019
 Fund Balance, Beginning of Year, as Previously Reported	-	-	4,473	-	-
Prior Period Adjustments	-	-	-	-	-
Fund Balance, Beginning of Year, as Restated	-	-	4,473	-	-
 Fund Balance, End of Year	\$ 86	346	4,518	1,832	3,019

Special Revenue Funds

CASS COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

Special Revenue Funds				
REVENUES	Texas Hist. Courthouse Grant	VSO Donations	HOME Grants	Total Special Revenue Funds
Taxes				372,207
Licenses and Permits				-
Intergovernmental		1,314	530,799	707,129
Charges for Services				1,456
Fines and Forfeitures				4,842
Interest	278	5	235	10,159
Miscellaneous				12,507
Total Revenues	278	1,319	531,034	1,108,300
 EXPENDITURES				
Current:				
Administration and Finance				-
Roads and Public Works				-
Corrections				-
Law Enforcement				4,901
Judicial				436,045
Community Services	14,000		515,033	558,741
Other		661		49,255
Capital Outlay				6,995
Debt Service:				
Principal Retirement				-
Interest on Debt				-
Total Expenditures	14,000	661	515,033	1,055,937
Excess of Revenues Over Expenditures	(13,722)	658	16,001	52,363
 OTHER FINANCING SOURCES & (USES)				
Transfers In				214,000
Transfers Out				(951,652)
Total Other Financing Sources (Uses)	-	-	-	(737,652)
Net Change in Fund Balance	(13,722)	658	16,001	(685,289)
Fund Balance, Beginning of Year, as Previously Reported	20,056	-	21,604	819,827
Prior Period Adjustments	7,737	-		42,052
Fund Balance, Beginning of Year, as Restated	27,793	-	21,604	861,879
Fund Balance, End of Year	\$ 14,071	658	37,605	176,590

Capital Projects Funds

Capital Projects	ROW Projects	Total Capital Projects	Total Nonmajor Governmental Funds
	5,144	5,144	1,048,680
		-	-
		-	707,129
		-	1,456
		-	4,842
182	1,218	1,400	17,826
		-	12,507
182	6,362	6,544	1,792,440

3	3	898
	-	-
	-	-
	-	4,901
	-	436,045
	-	558,741
	-	49,255
	-	6,995
	-	488,000
	-	123,333
-	3	1,668,168
182	6,359	124,272

182	6,359	6,541	(613,380)
		-	214,000
		-	(951,652)
182	6,359	6,541	(737,652)

19,150	118,652	137,802	1,383,338
		-	42,052
19,150	118,652	137,802	1,425,390
19,332	125,011	144,343	812,010

CASS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL DISTRICT COURT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes	\$ 410,831	369,747	372,207	2,460
Intergovernmental	19,450	15,516	15,652	136
Miscellaneous	-	906	906	-
Total Revenues	430,281	386,169	388,765	2,596
 EXPENDITURES				
Current:				
Judicial	530,281	352,253	352,671	(418)
Total Expenditures	530,281	352,253	352,671	(418)
Excess of Revenues Over Expenditures	(100,000)	33,916	36,094	2,178
 OTHER FINANCING SOURCES & (USES)				
Transfers In	100,000	170,000	170,000	-
Total Other Financing Sources (Uses)	100,000	170,000	170,000	-
Net Change in Fund Balance	-	203,916	206,094	2,178
Fund Balance, Beginning of Year	(245,864)	(245,864)	(245,864)	-
Fund Balance, End of Year	\$ (245,864)	(41,948)	(39,770)	2,178

CASS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL INDIGENT DEFENSE GRANT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 23,106	34,679	34,679	-
Interest	650	426	426	-
Total Revenues	23,756	35,105	35,105	-
 EXPENDITURES				
Current:				
Judicial				-
Total Expenditures	-	-	-	-
 Excess of Revenues Over Expenditures	23,756	35,105	35,105	-
 OTHER FINANCING SOURCES & (USES)				
Transfers Out	(23,755)	(23,232)	(23,232)	-
Total Other Financing Sources (Uses)	(23,755)	(23,232)	(23,232)	-
 Net Change in Fund Balance	1	11,873	11,873	-
 Fund Balance, Beginning of Year	35,154	35,154	35,154	-
 Fund Balance, End of Year	\$ 35,155	47,027	47,027	-

CASS COUNTY, TEXAS

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

CASS COUNTY PARK FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Interest		1	1	-
Miscellaneous		1,200	1,200	-
Total Revenues	-	1,201	1,201	-
 EXPENDITURES				
Current:				
Community Services	30,000	19,918	19,918	-
Total Expenditures	30,000	19,918	19,918	-
 Excess of Revenues Over Expenditures	(30,000)	(18,717)	(18,717)	-
 OTHER FINANCING SOURCES & (USES)				
Transfers In	30,000	19,000	19,000	-
Total Other Financing Sources (Uses)	30,000	19,000	19,000	-
 Net Change in Fund Balance	-	283	283	-
 Fund Balance, Beginning of Year	(339)	(339)	(339)	-
 Fund Balance, End of Year	\$ (339)	(56)	(56)	-

CASS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL LAW LIBRARY FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
	\$			
REVENUES				
Intergovernmental	12,000	9,669	10,719	1,050
Total Revenues	<u>12,000</u>	<u>9,669</u>	<u>10,719</u>	<u>1,050</u>
 EXPENDITURES				
Current:				
Judicial	12,000	19,229	19,229	-
Total Expenditures	<u>12,000</u>	<u>19,229</u>	<u>19,229</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	(9,560)	(8,510)	1,050
 OTHER FINANCING SOURCES & (USES)				
Transfers In	25,000	25,000	25,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balance	-	15,440	16,490	1,050
Fund Balance, Beginning of Year	(18,833)	(18,833)	(18,833)	-
Fund Balance, End of Year	<u>\$ (18,833)</u>	<u>(3,393)</u>	<u>(2,343)</u>	<u>1,050</u>

CASS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL DISTRICT ATTORNEY STATE FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	36,952	36,952	-
Interest	- -	77	77	-
Total Revenues	- -	37,029	37,029	- -
 EXPENDITURES				
Current:				
Judicial	- -	33,529	33,529	-
Total Expenditures	- -	33,529	33,529	- -
 Excess of Revenues Over Expenditures				
	- -	3,500	3,500	-
 Net Change in Fund Balance				
	- -	3,500	3,500	-
 Fund Balance, Beginning of Year				
	10,372	10,372	10,372	-
 Fund Balance, End of Year	\$ 10,372	13,872	13,872	-

CASS COUNTY, TEXAS

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

FORESTRY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Interest	\$ 9,500	9,500	7,664	(1,836)
Miscellaneous	40,500	40,500	6,532	(33,968)
Total Revenues	50,000	50,000	14,196	(35,804)
 EXPENDITURES				
Current:				
Other	50,000	50,000	17,800	32,200
Total Expenditures	50,000	50,000	17,800	32,200
Excess of Revenues Over Expenditures	-	-	(3,604)	(3,604)
 OTHER FINANCING SOURCES & (USES)				
Transfers Out	(151,845)	(151,845)	(928,420)	(776,575)
Total Other Financing Sources (Uses)	(151,845)	(151,845)	(928,420)	(776,575)
Net Change in Fund Balance	(151,845)	(151,845)	(932,024)	(780,179)
 Fund Balance, Beginning of Year	932,024	932,024	932,024	-
Fund Balance, End of Year	\$ 780,179	780,179	-	(780,179)

CASS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL DISTRICT ATTORNEY FORFEITURE FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Fines & Forfeitures	\$ -	4,842	4,842	-
Interest	- -	646	646	-
Total Revenues	- -	5,488	5,488	- -
 EXPENDITURES				
Current:				
Judicial	- -	2,839	2,839	-
Total Expenditures	- -	2,839	2,839	- -
Excess of Revenues Over Expenditures	- -	2,649	2,649	-
Net Change in Fund Balance	- -	2,649	2,649	-
 Fund Balance, Beginning of Year	 62,612	 62,612	 62,612	 -
Fund Balance, End of Year	\$ 62,612	65,261	65,261	-

CASS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL SHERIFF OFFICE DONATIONS FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Interest	\$ -	5	5	-
Miscellaneous	-	2,331	2,331	2,331
Total Revenues	-	5	2,336	2,331
 EXPENDITURES				
Current:				
Law Enforcement	-	504	504	-
Total Expenditures	-	504	504	-
 Excess of Revenues Over Expenditures	 -	 (499)	 1,832	 2,331
 Net Change in Fund Balance	 -	 (499)	 1,832	 2,331
 Fund Balance, Beginning of Year	 -	 -	 -	 -
 Fund Balance, End of Year	 \$ -	 (499)	 1,832	 2,331

CASS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL ELECTION REIMBUSEMENT FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	4,123	4,123	-
Interest	- -	5	5	-
Total Revenues	- -	4,128	4,128	- -
 EXPENDITURES				
Current:				
Community Service	- -	1,109	1,109	-
Total Expenditures	- -	1,109	1,109	- -
 Excess of Revenues Over Expenditures	 - -	 3,019	 3,019	 -
 Net Change in Fund Balance	 - -	 3,019	 3,019	 -
 Fund Balance, Beginning of Year	 - -	 - -	 - -	 - -
 Fund Balance, End of Year	 \$ - -	 3,019	 3,019	 -

CASS COUNTY, TEXAS

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

E. O. FERAL HOG ABATEMENT PROGRAM FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	7,689	7,689	-
Interest	- -	2	2	-
Miscellaneous	- -	1,199	1,199	-
Total Revenues	- -	8,890	8,890	- -
 EXPENDITURES				
Current:				
Community Service	- -	1,059	1,059	-
Capital Outlay	- -	6,995	6,995	-
Total Expenditures	- -	8,054	8,054	- -
 Excess of Revenues Over Expenditures	- -	836	836	-
 Net Change in Fund Balance	- -	836	836	-
 Fund Balance, Beginning of Year	- -	- -	- -	-
 Fund Balance, End of Year	\$ -	836	836	- -

CASS COUNTY, TEXAS

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

VSO DONATIONS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	1,314	1,314	-
Interest	- -	5	5	-
Total Revenues	- -	1,319	1,319	- -
 EXPENDITURES				
Current:				
Other	- -	661	661	-
Total Expenditures	- -	661	661	- -
 Excess of Revenues Over Expenditures	 - -	 658	 658	 -
 Net Change in Fund Balance	 - -	 658	 658	 -
 Fund Balance, Beginning of Year	 - -	 - -	 - -	 - -
 Fund Balance, End of Year	 \$ - -	 658	 658	 -

CASS COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL HOME GRANTS FUND FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	530,799	530,799	-
Interest	- -	235	235	-
Total Revenues	- -	531,034	531,034	- -
 EXPENDITURES				
Current:				
Community Service	- -	515,033	515,033	-
Total Expenditures	- -	515,033	515,033	- -
 Excess of Revenues Over Expenditures	 - -	 16,001	 16,001	 - -
 Net Change in Fund Balance	 - -	 16,001	 16,001	 - -
 Fund Balance, Beginning of Year	 21,604	 21,604	 21,604	 - -
 Fund Balance, End of Year	 \$ 21,604	 37,605	 37,605	 - -

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COMPLIANCE AND INTERNAL CONTROL SECTION



McMinn, Pope, Woodfin & Shaw 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 the Commissioners' Court of Cass County
Cass County, 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, 2020, and the related notes to the financial statements, which collectively comprise Cass County, Texas' basic financial statements and have issued our report thereon dated May 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cass County, Texas' 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' internal control. Accordingly, we do not express an opinion on the effectiveness of the Cass County, Texas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2020-001 2020-002 to be material weaknesses.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2020-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cass County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests

disclosed 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 and questioned costs as item 2017-001.

Cass County, Texas' Response to Findings

Cass County, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Cass County, Texas' 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.

Respectfully,

McMinn, Pope, Woodfin & Shaw, P.C.

McMinn, Pope, Woodfin & Shaw, P.C.

Marshall, Texas

May 24, 2021

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CASS COUNTY, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Financial Statement Finding

Ref 2017-001 - Expenditures Exceeding Budgetary Allowance

Current Status: This finding is uncorrected. Various line item expenditures exceeded final budgetary allowances during the current fiscal year ending September 30, 2020.

Ref 2019-001 - Financial Policies, Procedures and Application of Accounting Principles

Current Status: This finding has been corrected.

Ref 2019-002 - Financial Policies, Procedures and Application of Accounting Principles

Current Status: This finding has been corrected.

Ref 2019-003 - Financial Policies, Procedures and Application of Accounting Principles

Current Status: This finding has been corrected.

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CASS COUNTY, TEXAS

SCHEDULE OF FINDINGS REQUIRED TO BE REPORTED BY GOVERNMENT AUDITING STANDARDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

Financial Policies, Procedures and Application of Accounting Principles Reference 2020-001

Criteria

Cutoff procedures are performed to ensure that all transactions are properly accounted for in the correct period in accordance with Generally Accepted Accounting Principles.

Condition

Prepaid Expenses and accounts payable were both understated by \$246,029. This misstatement required a journal entry on the County's financial statements.

Cause

Proper cutoff procedures were not used to ensure recognition in the proper period. Payments of expenditures in a future period were being booked and paid as of the voucher submission date or the invoice date with payment being booked directly to accounts payable instead of prepaid expenditures.

Recommendation

The County should revise the voucher process to include the reporting of information detailing the date the service was performed or the underlying good was received to ensure that the County Treasurer and County Auditor's offices have the appropriate information to properly recognize transactions and review for coverage period for items that could be considered prepaid expenses. The County Treasurer and Auditor's offices should closely monitor the dates transactions are recorded to ensure proper recognition.

View of Responsible Officials and Planned Corrective Action

The County has implemented a procedure to require additional reviews of expenditures near year-end. This process also includes holding vouchers for payment until the proper period to avoid the existence of prepaids.

Contact Person Responsible for Corrective Action

Cass County Auditor and County Treasurer

Anticipated Completion Date and Current Status

Anticipated Completion: May 24, 2021 - This matter has been resolved

CASS COUNTY, TEXAS

SCHEDULE OF FINDINGS REQUIRED TO BE REPORTED BY GOVERNMENT AUDITING STANDARDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

Financial Policies, Procedures and Application of Accounting Principles Reference 2020-002

Criteria

Generally accepted accounting principles require governmental funds to report financial statement activity using the current financial resources measurement focus and the modified accrual basis of accounting. Using this approach, revenues are recognized as soon as they are both measurable and available. Expenditures generally are recorded when a liability is incurred.

Condition

Some revenues from the receipt of title fees by the county treasurer from the tax assessor/collector were submitted to the treasurer in duplicate. This resulted in overstatement of current year revenues of \$2,250 and \$69,223 in prior years in the general fund and an understatement of cash and liabilities to other entities of \$71,473 in the agency funds. This error required correction with a journal entry on the County's financial statements.

Cause

Improper control procedures in the tax assessor/collectors office resulted in a process allowing for the duplicate payment of title fees to the county treasurer to occur. While the duplicate balance was small and immaterial in the current period, it has accumulated over 20 years, resulting in a material misstatement that required correction.

Recommendation

The tax assessor/collector should implement internal controls that allow for enhanced tracking of title fees collected and remitted. This should include the creation of a ledger showing title fees collected and remitted to the county and other entities as well as a review process to ensure duplications are not occurring.

View of Responsible Officials and Planned Corrective Action

The county has implemented a process to allow for enhanced tracking and triplicate review prior to recording and deposit of title fees by the county treasurer.

Contact Person Responsible for Corrective Action

Cass County Auditor and Tax Assessor/Collector

Anticipated Completion Date and Current Status

Completed April 6, 2021 - This matter has been resolved

CASS COUNTY, TEXAS

SCHEDULE OF FINDINGS REQUIRED TO BE REPORTED BY GOVERNMENT AUDITING STANDARDS FOR THE YEAR ENDED SEPTEMBER 30, 2020

Financial Policies, Procedures and Application of Accounting Principles

Reference 2020-003

Criteria

Generally accepted accounting principles require governmental funds to report financial statement activity using the current financial resources measurement focus and the modified accrual basis of accounting. Using this approach, revenues are recognized as soon as they are both measurable and available. Expenditures generally are recorded when a liability is incurred.

Condition

Revenue collection activity was not reported for the last month of the fiscal year by the District Clerk's Office. This resulted in an understatement of \$16,850 in revenues, a \$5,824 understatement of liabilities and a \$22,674 understatement of cash that required adjusting journal entries.

Cause

The District Clerk is required to submit reports to the County Auditor and Treasurer on a monthly basis to ensure accounting activity is recognized timely. The reporting process also includes reconciliation of bank accounts under the control of the District Clerk. These reports and reconciliations were not performed on a timely basis.

Recommendation

The County should have a standard deadline for making sure that all activity reports and bank reconciliations are prepared and submitted in a timely manner. Responsible officials should ensure that they are meeting the deadlines established by the County for reporting to ensure all activity is properly recorded.

View of Responsible Officials and Planned Corrective Action

The County has implemented corrective and punitive measures to ensure timely report submission. These measures included the requirement for reports to be submitted in a timely fashion with a standardized due date and entering those departments whose reports are not submitted timely into the official record.

Contact Person Responsible for Corrective Action

Cass County Auditor, County Treasurer and District Clerk

Anticipated Completion Date and Current Status

Anticipated Completion: May 24, 2021 - This matter has been resolved