

COOKE COUNTY, TEXAS

**Annual
Financial Report**

**For Fiscal Year
September 30, 2012**

COOKE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2012

Page
Number

INTRODUCTORY SECTION

Letter of Transmittal	i – iii
Elected Officials and Appointed Department Heads	iv
Organizational Chart	v

FINANCIAL SECTION

Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 10
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16

(continued)

COOKE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

(Continued)

SEPTEMBER 30, 2012

Page
Number

FINANCIAL SECTION (Continued)

Fund Financial Statements (Continued)

Statement of Fiduciary Funds	17
Notes to Financial Statements.....	18 – 35

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	36 – 37
Schedule of Funding Progress Texas County and District Retirement System and Retiree Health Program	38

Combining Statements

Combining Balance Sheet – Nonmajor Governmental Funds	39 – 44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	45 – 50
Combining Statement of Fiduciary Funds	51 – 52

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	53 – 54
--	---------

INTRODUCTORY SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



COOKE COUNTY AUDITOR
COOKE COUNTY COURTHOUSE
101 SOUTH DIXON STREET
GAINESVILLE, TEXAS 76240
PHONE: 940-668-5431 - FAX: 940-668-5442

July 5, 2013

Honorable District Judge
Honorable County Judge
Honorable County Commissioners
Cooke County, Texas

The Annual Financial Report of Cooke County, Texas, for the fiscal year ended September 30, 2012, is submitted herewith in accordance with Chapter 114.025 of the Local Government Code. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed public accountants.

This report consists of management's representations concerning the finances of Cooke County, Texas. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide basis for making these representations, Cooke County management has established a comprehensive internal control framework designed both to protect governmental assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Cooke County's comprehensive framework, because the cost of internal controls should not outweigh their benefits, has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Pattillo, Brown & Hill, L.L.P., a firm of licensed certified public accountants, has audited Cooke County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended September 30, 2012, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on Cooke County's financial statements for fiscal year ended September 30, 2012, that they were fairly presented in conformity with GAAP.

The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Cooke County was a part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Cooke County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Located in North Central Texas, Cooke County was incorporated in 1848 and the County was named after the Texas Revolution Hero William G. Cooke. The County's population has remained relatively stable in the last hundred years. The current population projection is 38,396, which is a 9.5% increase over the 2000 census of 36,363. The County has a land area of 792 square miles.

The County operates as specified under the Constitution of the State of Texas and Vernon's Texas Code Annotated which provide for a Commissioners' Court consisting of the County Judge and four Commissioners, one for each of four geographical precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms.

Cooke County provides a full range of services, including judicial, law enforcement, jail facilities, construction and maintenance of roads, bridges, and other infrastructure and homeland security response teams.

The annual budget serves as the foundation for Cooke County's financial planning and control. All departments of the County are required to submit requests for appropriations to the County Judge by the first of June. The County Judge uses these requests as the starting point for developing a proposed budget. Commissioners' Court then holds budget hearings to hear the requests from all departments. The proposed budget is then prepared by the County Judge and submitted to Commissioners' Court for their consideration. The Court is required to publish specific information, notices, and hold public hearings as defined by state statute. Once, and if all these requirements are met, the Court may adopt the budget and the tax rate by September 1 or as soon thereafter as is practical. The appropriated budget is adopted by line item. Budget to actual comparisons are provided in this report for the General Fund.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Cooke County operates.

Local Economy. Cooke County is experiencing the same economic stability felt across North Texas. Population growth has remained relatively steady. Renovation to the nearly 100-year old courthouse has been completed and is the anchor to an active City square.

Long-term financial planning. The Commissioners' Court continues to be very active in maintaining viable fund balances to be able to finance any projects or emergencies that may arise.

Cash management policies and practices. Cash temporarily idle during the year was invested according to the adopted investment policy. Short-term and long-term cash flow was met with investing in cash-equivalent tools such as 2A-7 pools and the County bank depository. The investments are met to obtain the highest possible yield while still protecting the principal.

Risk management. Cooke County has a pooled insurance program for liability claims, workers' compensation and health and dental insurance. Additional information on Cooke County's risk management activities can be found in Note 4(a) of the notes to the financial statements.

Pension. The County provides retirement, disability, and death benefits for all of its fulltime employees through a nontraditional defined pension plan in the statewide Texas County and District Retirement System (TCDRS). Detail information on the retirement plan can be found in the notes to the financial statements.

The preparation of this report could not have been possible without the efficient and dedicated services of the entire staff of the County Auditor's office. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Commissioners' Court and Board of District Judges for their support for maintaining the highest standard professionalism in the management of Cooke County's finances.

Respectfully submitted,

Shelly Atteberry
Cooke County Auditor

COOKE COUNTY, TEXAS

**ELECTED OFFICIALS
AND APPOINTED DEPARTMENT HEADS**

County Judge	John O. Roane
Commissioner Pct. 1	Gary Hollowell
Commissioner Pct. 2	B.C. Lemons
Commissioner Pct. 3	Alan Smith
Commissioner Pct. 4	Leon Klement
County Attorney	Tonya Davis
County Auditor	Shelly Atteberry
County Clerk	Rebecca Lawson
County Court at Law Judge	John Morris
District Clerk	Susan Hughes
Justice of Peace Pct. 1	Dorothy Lewis
Justice of Peace Pct. 4	Jason Brinkley
Sheriff	Michael E. Compton
Tax Assessor-Collector	Billie J. Knight
Treasurer	Judy Hunter
District Attorney	Janice Warder
District Judge	Janelle Haverkamp
Environmental Health	Laura Blanton
Librarian	Jennifer Johnson-Spence
Veterans Service Officer	Judson Perry
EMS Administrator	Kevin Grant
Constable Pct. 1	Terry Gilbert
Constable Pct. 4	Richard Roth

THIS PAGE LEFT BLANK INTENTIONALLY

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Judge and
Commissioners' Court
Cooke County, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cooke County, Texas, (the "County") as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cooke County, Texas' management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the County, as of September 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2013, on our consideration of Cooke 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the budgetary comparison information on pages 36 and 37, and the schedules of funding progress on page 38 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section and combining financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Savillo, Brown & Hill, LLP

July 5, 2013

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of Cooke County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with the independent auditors' report on page 1 and the County's basic financial statements that begin on page 11.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the fiscal year ended September 30, 2012, by \$39,501,297 (net assets), an increase of \$4,739,370 or 13.63% over the prior year ending net assets. Of this amount, \$15,601,688 (unrestricted net assets) may be used to meet the County's ongoing *obligations* to citizens and creditors.
- As of September 30, 2012, the County's governmental funds reported combined fund balances of \$22,118,851. Approximately 26.26% of this total amount, \$5,807,466, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,807,466, or approximately 41.02% of total General Fund expenditures.
- The County's total outstanding long-term debt decreased by \$601,657 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and 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 analysis of the County's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the County is better or worse off as a result of the year's activities.

The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Liabilities are considered regardless of whether they must be paid in the current or future years.

The government-wide financial statements can be found on pages 11 – 12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the County's most significant funds – not the County as a whole.

- Some funds are required by state law and/or bond covenants.
- Other funds may be established by the Commissioners' Court to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the County can be divided into two categories: governmental funds and fiduciary 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 *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund 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 32 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and permanent improvement, both of which are considered to be major funds. Data from the other 30 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General fund, road and bridge funds, and certain other special revenue funds. A budgetary comparison schedule has been provided to demonstrate compliance with the General Fund budget. The basic governmental fund financial statements can be found on pages 13 – 16 of this report.

- **Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The statement of fiduciary funds can be found on page 17 of this report.

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. The notes to the financial statements can be found immediately following the basic financial statements on pages 18 – 35 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 36 – 38 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$39,501,297 as of September 30, 2012, an increase of \$4,739,370 as compared with the previous fiscal year. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is \$15,601,688 at September 30, 2012, an increase of \$3,956,957 from the prior year unrestricted net assets of \$11,644,731.

The following table presents condensed financial information derived from the Statement of Net Assets:

COOKE COUNTY'S NET ASSETS

	Governmental Activities	
	2012	2011
Current and other assets	\$ 24,642,999	\$ 21,170,586
Capital assets	<u>25,045,939</u>	<u>24,964,957</u>
Total assets	<u>49,688,938</u>	<u>46,135,543</u>
Long-term liabilities	8,487,469	9,089,126
Other liabilities	<u>1,700,172</u>	<u>2,284,490</u>
Total liabilities	<u>10,187,641</u>	<u>11,373,616</u>
Net assets:		
Invested in capital assets, net of related debt	17,370,939	16,599,556
Restricted	6,528,670	6,517,640
Unrestricted	<u>15,601,688</u>	<u>11,644,731</u>
Total net assets	<u>\$ 39,501,297</u>	<u>\$ 34,761,927</u>

Investment in capital assets (i.e. land, buildings, furniture, and equipment) less any outstanding debt used to acquire those assets is \$17,370,939, an increase of 4.65% over the prior fiscal year balance of \$16,599,556. This represents a significant portion (43.98%) of the County's net assets. Cooke 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.

A smaller portion of the County's total net assets (16.53%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15,601,688 (39.50%) is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors. This surplus is not an indication that the County has significant resources available to meet financial obligations next year, but rather it results from the fiscal planning necessary to meet certain *long-term commitments* that generally accepted accounting principles currently have no provision for recognizing.

COOKE COUNTY'S CHANGES IN NET ASSETS

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 4,489,992	\$ 4,243,853
Operating grants and contributions	525,477	543,225
Capital grants and contributions	-	3,090,997
General revenues:		
Property taxes	14,062,623	13,992,881
Sales taxes	4,862,651	3,510,088
Other taxes	51,666	52,991
Gain on sale of capital assets	52,750	-
Investment income	29,459	30,526
Miscellaneous	143,515	196,420
Total revenues	24,218,133	25,660,981
Expenses:		
General government	3,566,719	4,099,211
Health and safety	3,087,513	2,985,260
Education	101,230	95,536
Culture and recreation	397,726	394,986
Welfare	46,970	44,063
Judicial	7,627,746	7,740,202
Transportation	4,437,381	4,335,666
Interest on long-term debt	213,478	406,973
Total expenses	19,478,763	20,101,897
Change in net assets	4,739,370	5,559,084
Net assets, beginning	34,761,927	29,202,843
Net assets, ending	\$ 39,501,297	\$ 34,761,927

Governmental Activities

The County's total net assets increased by \$4,739,370 as compared to the prior fiscal year's increase of \$5,559,084. The total cost of all governmental activities this year was \$19,478,763, a decrease of 3.10% when compared to the prior fiscal year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

The focus of Cooke County's governmental fund financial statements 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, unassigned 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 the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$22,118,851, an increase of \$3,910,770 (21.48%) over the prior year. Approximately 26.26% of this amount (\$5,807,466) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is 1) not in spendable form (\$8,049), 2) legally required to be maintained intact (\$34,000), 3) restricted for particular purposes (\$6,219,378), or 4) assigned for particular purposes (\$10,049,958).

The General Fund is the chief operating fund of Cooke County. At the end of the current fiscal year, total fund balance of the General Fund was \$15,142,662, an increase of \$4,143,131 over the prior year. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. At September 30, 2012, unassigned fund balance represents 41.02% of total General Fund expenditures.

Key factors of the \$4,143,131 increase in the ending fund balance of the General Fund are as follows:

- A \$1,352,563 increase in sales tax revenue;
- A \$476,079 increase in property tax revenue due to the increase in the maintenance and operations tax rate (which was offset by decrease in the interest and sinking tax rate); and
- A \$296,004 decrease in General Fund expenditures as compared to the prior year.

The Permanent Improvement Fund had a fund balance of \$721,911 as of September 30, 2012, compared to \$806,431 as of September 30, 2011. The primary capital related item is the continued restoration of the County's courthouse. The change in fund balance was a decrease of \$84,520 and expenditures were \$604,292.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were limited to a total increase in appropriations of \$295,747 and consisted of the following briefly summarized items:

- \$186,103 decrease in the courthouse electricity;
- \$193,204 decrease in other;
- \$113,981 increase in emergency medical services salaries;
- \$199,254 increase in jail operations for housing out-of-county inmates;
- \$240,787 increase in district attorney; and
- \$101,175 increase in capital outlay.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Cooke County's investment in capital assets for its governmental activities as of September 30, 2012, amounts to \$25,045,939 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, machinery and equipment, and construction in progress.

Major capital asset events during the current fiscal year include the courthouse restoration.

COOKE COUNTY'S CAPITAL ASSETS

	Governmental Activities	
	2012	2011
Land	\$ 392,108	\$ 392,108
Construction in progress	7,773,937	7,714,039
Buildings and improvements	20,811,345	20,133,539
Infrastructure	2,170,289	2,132,515
Machinery and equipment	9,299,526	8,995,648
Accumulated depreciation	(15,401,266)	(14,402,892)
Total capital assets	<u>\$ 25,045,939</u>	<u>\$ 24,964,957</u>

Additional information regarding the County's capital assets can be found in the notes on page 28 – 29 of this report.

Long-term Debt

COOKE COUNTY'S OUTSTANDING DEBT

	Governmental Activities	
	2012	2011
General obligations bonds	\$ 7,675,000	\$ 8,130,000
Capital lease obligations	-	235,401
Compensated absences	416,537	346,928
OPEB obligation	<u>395,932</u>	<u>376,797</u>

At year-end, the County had \$7,675,000 in bonds outstanding versus \$8,130,000 at September 30, 2011. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements on pages 29 – 30.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cooke County's elected officials considered many factors when setting the fiscal year 2013 budget and tax rates. The County authorized a maintenance and operations tax rate of \$.4315 as compared with the fiscal year 2012 rate of \$0.4463. However, in fiscal year 2011-12, the interest and sinking rate was \$0.0206, while for fiscal year 2012-13, the interest and sinking tax rate will be \$0.0204, making the County's total tax rate, including \$0.0001 for lateral road, \$0.4520 for 2012-13 as compared with a total tax rate of \$0.4670 for fiscal year 2011-12.

The County's 2012-13 budget projects an increase in General Fund revenues of \$443,215 and a increase in General Fund expenditures of \$2,658,376.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Cooke County Auditor's office, at the Cooke County Courthouse, Gainesville, Texas 76240.

**BASIC
FINANCIAL STATEMENTS**

THIS PAGE LEFT BLANK INTENTIONALLY

COOKE COUNTY, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 22,038,274
Receivables, net	2,447,293
Inventory	3,589
Prepaid items	4,460
Bond issuance costs	149,383
Capital assets:	
Non-depreciable	8,166,045
Depreciable	<u>16,879,894</u>
Total capital assets, net	<u>25,045,939</u>
Total assets	<u>49,688,938</u>
LIABILITIES	
Accounts payable	1,039,444
Accrued liabilities	611,493
Due to others	9,233
Unearned revenue	7,875
Interest payable	32,127
Noncurrent liabilities:	
Due within one year	623,307
Due in more than one year	<u>7,864,162</u>
Total noncurrent liabilities	<u>8,487,469</u>
Total liabilities	<u>10,187,641</u>
NET ASSETS	
Invested in capital assets, net of related debt	17,370,939
Restricted for:	
Capital projects	171,816
Public safety	166,024
Judicial	414,405
Records management and preservation	509,292
Transportation	4,126,981
Debt service	1,055,314
Culture and recreation	
Expendable	40,319
Non-expendable	34,000
Other	10,519
Unrestricted	<u>15,601,688</u>
Total net assets	<u>\$ 39,501,297</u>

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

COOKE COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Assets
				Governmental Activities
Primary government				
Governmental activities:				
General government	\$ 3,566,719	\$ 1,193,535	\$ 51,178	\$(2,322,006)
Health and safety	3,087,513	1,307,336	219,359	(1,560,818)
Education	101,230	-	-	(101,230)
Culture and recreation	397,726	2,325	3,517	(391,884)
Welfare	46,970	11	-	(46,959)
Judicial	7,627,746	750,313	177,587	(6,699,846)
Transportation	4,437,381	1,236,472	73,836	(3,127,073)
Interest on long-term debt	213,478	-	-	(213,478)
Total governmental activities	<u>19,478,763</u>	<u>4,489,992</u>	<u>525,477</u>	<u>(14,463,294)</u>
Total primary government	<u>\$ 19,478,763</u>	<u>\$ 4,489,992</u>	<u>\$ 525,477</u>	<u>(14,463,294)</u>
General revenues:				
Taxes:				
Property taxes				14,062,623
Sales taxes				4,862,651
Other taxes				51,666
Gain on sale of capital assets				52,750
Investment income				29,459
Miscellaneous				<u>143,515</u>
Total general revenues				<u>19,202,664</u>
Change in net assets				4,739,370
Net assets - beginning				<u>34,761,927</u>
Net assets - ending				<u>\$ 39,501,297</u>

The accompanying notes are an integral part of these financial statements.

COOKE COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 15,012,014	\$ 476,890	\$ 6,549,370	\$ 22,038,274
Receivables, net				
Taxes	1,167,908	21,402	169,495	1,358,805
Accounts	389,391	284	65,235	454,910
Intergovernmental	140,228	408,590	84,760	633,578
Inventory	3,589	-	-	3,589
Prepaid items	<u>3,560</u>	<u>-</u>	<u>900</u>	<u>4,460</u>
 Total assets	 <u>\$ 16,716,690</u>	 <u>\$ 907,166</u>	 <u>\$ 6,869,760</u>	 <u>\$ 24,493,616</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 505,219	\$ 170,294	\$ 363,931	\$ 1,039,444
Accrued liabilities	518,978	-	92,515	611,493
Due to others	9,233	-	-	9,233
Deferred revenue	<u>540,598</u>	<u>14,961</u>	<u>159,036</u>	<u>714,595</u>
Total liabilities	<u>1,574,028</u>	<u>185,255</u>	<u>615,482</u>	<u>2,374,765</u>
Fund balances:				
Nonspendable:				
Prepaid items and inventory	7,149	-	900	8,049
Library endowment	-	-	34,000	34,000
Restricted for:				
Capital projects	-	-	171,816	171,816
Public safety	-	-	166,024	166,024
Judicial	-	-	414,405	414,405
Records management and preservation	-	-	509,292	509,292
Transportation	-	-	4,002,099	4,002,099
Debt service	-	-	904,904	904,904
Culture and recreation	-	-	40,319	40,319
Other	-	-	10,519	10,519
Assigned for:				
Capital projects	5,000,000	721,911	-	5,721,911
Subsequent year's budget	4,328,047	-	-	4,328,047
Unassigned	<u>5,807,466</u>	<u>-</u>	<u>-</u>	<u>5,807,466</u>
Total fund balances	<u>15,142,662</u>	<u>721,911</u>	<u>6,254,278</u>	<u>22,118,851</u>
 Total liabilities and fund balances	 <u>\$ 16,716,690</u>	 <u>\$ 907,166</u>	 <u>\$ 6,869,760</u>	 <u>\$ 24,493,616</u>

The accompanying notes are an integral part of these financial statements.

COOKE COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

Total fund balances - governmental funds balance sheet	\$ 22,118,851
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Taxes and other receivables that are not available to pay for current period expenditures and therefore are deferred in the governmental funds.	706,720
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	25,128,113
Interest payable on long-term does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(32,127)
Bonds payable, capital leases and OPEB liability are not reported as liabilities in the governmental fund balance sheet. This amount represents total noncurrent liabilities related to governmental activities.	(8,153,106)
Deferred charges for issuance costs are not financial resources and therefore are not reported in the governmental funds balance sheet.	149,383
Compensated absences are not reported as liabilities in the governmental fund balance sheet.	(416,537)
Net assets of governmental activities	<u>\$ 39,501,297</u>

The accompanying notes are an integral part of these financial statements.

COOKE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General	Permanent Improvement	Other Governmental Funds	Total Governmental
REVENUES				
Taxes				
Ad valorem taxes	\$ 9,832,165	\$ 516,773	\$ 3,750,509	\$ 14,099,447
Sales taxes	4,862,651	-	-	4,862,651
Other	51,666	-	-	51,666
Intergovernmental	508,787	2,163	60,102	571,052
License and permits	-	-	1,033,406	1,033,406
Fines and fees	2,923,481	-	410,746	3,334,227
Investment earnings	17,969	836	10,654	29,459
Miscellaneous	84,578	-	117,124	201,702
Total revenues	18,281,297	519,772	5,382,541	24,183,610
EXPENDITURES				
Current:				
General government	3,264,383	93,050	83,270	3,440,703
Health and safety	2,914,707	-	-	2,914,707
Education	100,738	-	-	100,738
Culture and recreation	365,266	-	25,689	390,955
Welfare	46,742	-	-	46,742
Judicial	7,097,245	-	98,477	7,195,722
Transportation	-	-	4,066,127	4,066,127
Capital outlay	366,965	511,242	329,514	1,207,721
Debt service:				
Principal	-	-	608,227	608,227
Interest and fiscal charges	-	-	380,005	380,005
Total expenditures	14,156,046	604,292	5,591,309	20,351,647
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,125,251	(84,520)	(208,768)	3,831,963
OTHER FINANCING SOURCES (USES)				
Insurance recovery	2,670	-	-	2,670
Issuance of long-term debt	-	-	6,810,000	6,810,000
Payment to escrow agent	-	-	(7,318,712)	(7,318,712)
Premium on long-term debt issuance	-	-	508,381	508,381
Proceeds from sale of assets	15,210	-	61,258	76,468
Total other financing sources and uses	17,880	-	60,927	78,807
NET CHANGE IN FUND BALANCES	4,143,131	(84,520)	(147,841)	3,910,770
FUND BALANCES, BEGINNING	10,999,531	806,431	6,402,119	18,208,081
FUND BALANCES, ENDING	\$ 15,142,662	\$ 721,911	\$ 6,254,278	\$ 22,118,851

The accompanying notes are an integral part of these financial statements.

COOKE COUNTY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2012

Net change in fund balances - total governmental funds \$ 3,910,770

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

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 as depreciation expense. This is the amount of capital outlay in the governmental funds reported as capital asset additions in the government-wide statements. 1,249,666

Depreciation of capital assets is reported as an expense in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. (1,062,792)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. (23,718)

Compensated absences are accrued on the statement of net assets but do not require the use of current financial resources. The current period change in compensated absences is reported in the statement of activities. This is the current period net increase in compensated absences not reported as expenditures in governmental funds. (69,609)

Accrued interest expense on long-term debt is reported in the statement of activities but not in the governmental funds as it does not require the use of current financial resources. This amount is the current period change in accrued interest expense. 24,493

The issuance of long-term debt 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 assets. 608,227

Governmental funds report the effect of bond issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 142,365

Some revenues reported in the governmental funds were previously reported in the statement of activities but are only recognized in the funds in the year financial resources are provided. (20,897)

OPEB costs are recognized in the period services are rendered in the statement of activities. (19,135)

Change in net assets of governmental activities \$ 4,739,370

The accompanying notes are an integral part of these financial statements.

THIS PAGE LEFT BLANK INTENTIONALLY

COOKE COUNTY, TEXAS
STATEMENT OF FIDUCIARY FUNDS
SEPTEMBER 30, 2012

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ <u>3,254,142</u>
LIABILITIES	
Due to others	\$ <u>3,254,142</u>

The accompanying notes are an integral part of these financial statements.

COOKE COUNTY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Cooke County is an independent governmental entity created under the laws of the State of Texas. The County is governed by an elected Commissioners' Court. The financial statements of the County include all funds and agencies over which the County exercises oversight responsibilities and accountability.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities* generally are supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. *Program revenue* includes 1) charges to customers or applicants 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 the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter 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. Revenue is 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 revenue 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if 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 only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Permanent Improvement Fund* is a capital projects fund used to account for resources that are accumulated for capital improvements.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for specific revenue sources that are legally restricted or committed to expenditures for specified purposes (other than for capital projects or debt service).

The *Debt Service Fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *Permanent Fund* is used to report resources that are legally restricted to the extent that only the earnings, and not the principal, may be used for the purposes that support County programs.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The *Agency Fund* is used to account for assets held by the County on behalf of individuals and other governments. Examples include taxes, fines, bonds and restitution.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments between funds where the amounts are reasonably equivalent in value to the interfund services provided and used. Elimination of these charges would distort the direct costs and program revenues reported for the various programs concerned.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The County's cash and investments are considered to be cash on hand, demand deposits, time deposits, and amounts maintained in one or more of the investment pools authorized by the Public Funds Investment Act. Investments are reported at fair value. The reported value of amounts held in investment pools is the same as the fair value of the pool shares.

Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County has contracted with a law firm to aggressively collect these delinquent property taxes.

Capital Assets

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g. roads, bridges, dams and similar items), are reported in the governmental activities column of the statement of net assets. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Equipment	3 - 10
Infrastructure	40

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

All regular fulltime County employees accumulate vacation leave. An employee does not vest in vacation leave until the completion of one year of employment. Employees who have completed 12 months of employment are eligible for 40 hours of vacation leave. Vacation leave is accumulated at the following rates:

After 1 year	3.3 hours per month/40 hours per year
1 to 12 years	6.7 hours per month/80 hours per year
Over 12 years	10 hours per month/120 hours per year

The maximum vacation time that may accumulate is the amount the employee would earn in 18 months at the current rate of vacation accrual. Upon termination, an employee is paid for accumulated vacation leave.

In addition to vacation leave, County employees accumulate sick leave at the rate of 8 hours per month. Sick leave is vested only to the extent that such sick leave is actually used while employed. Employees are not paid for accumulated sick leave upon termination or retirement.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, as well as issuance costs and deferred gain or loss on refunding of debt, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Governmental fund financial statements report the face amount of debt issued 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by Commissioners' Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Auditor.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

It is the goal of the County to achieve and maintain an unassigned General Fund balance equal to at least 25% of budgeted expenditures. In the event that the unassigned General Fund balance is less than the policy anticipates, the County shall plan to adjust budget resources in the subsequent fiscal years to restore the fund balance.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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.

Use of 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 and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The County adopts annual appropriated budgets for the General Fund, some Special Revenue Funds and the Debt Service Fund on the modified accrual basis of accounting. Project length budgets are adopted for Capital Projects Funds and amended on an annual basis to reflect the uncompleted portion of the projects.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) During June, the County Judge submits to the Commissioners' Court a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Each fund is budgeted on an annual basis with no carryovers into the next year. If a fund has a balance at the end of the year, the balance is included in the computation of available cash for next year's budget.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally enacted.
- d) The County Auditor is required to monitor the expenditures of the various departments. The budget is controlled on a departmental object class basis. Expenditures can be reallocated within a departmental object class at any time by Court order, but the budget must be formally amended to allow the original level of budgeted expenditures within a department to be exceeded. The Court must approve all amendments to the budget.

The Court approves budget amendments proposed by the County Judge throughout and immediately subsequent to the fiscal year. These amendments are routinely approved and the current year budgetary data presented includes all approved budget amendments. Budgetary amendments are integrated after the fiscal year-end due to the normal year-end closing procedures and adjustments that are discovered during that period. Budget amendments are necessary at that time to comply with Chapter 111, Local Government Code of the State of Texas, which states that funds may be spent only for items or categories of items that are included in the adopted budget. The County has chosen to adopt the budget at the department object class level, since this allows budgetary control, but is still meaningful to the Commissioners' Court and the citizens of the County. All annual appropriations lapse at the end of each fiscal year, in accordance with state law.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

State statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or (b) secured by obligations that are described by (1) – (4); and (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with a third party selected or approved the County, and placed through a primary government securities dealer.

Following are the County's investments at September 30, 2012:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 18,832,297	41
Total investments	<u>\$ 18,832,297</u>	

Investments in 2a7-like pools are valued based upon the value of pool shares. TexPool is a 2a7-like pool. No investments are reported at amortized cost.

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities not exceed two years for all investment types.

Custodial Credit Risk - In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2012, the County's deposit balance was collateralized with securities held by the pledging financial institution in the County's name or by FDIC insurance.

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (Continued)

Credit Risk - State law and county policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The County's investments as of September 30, 2012, were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>
TexPool	AAAm	Standard & Poor's

B. Receivables and Deferred Revenues

Receivables as of year-end for the County's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Funds</u>			<u>Total</u>
	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Funds</u>	
Receivables:				
Taxes	\$ 1,237,332	\$ 25,654	\$ 195,270	\$ 1,458,256
Adjudicated fines	3,120,905	-	-	3,120,905
Ambulance	7,503,955	-	-	7,503,955
Accounts	102,141	284	65,235	167,660
Intergovernmental	<u>140,228</u>	<u>408,590</u>	<u>84,760</u>	<u>633,578</u>
Gross receivables	12,104,561	434,528	345,265	12,884,354
Less: allowance for uncollectibles	<u>(10,407,034)</u>	<u>(4,252)</u>	<u>(25,775)</u>	<u>(10,437,061)</u>
Net total receivables	<u>\$ 1,697,527</u>	<u>\$ 430,276</u>	<u>\$ 319,490</u>	<u>\$ 2,447,293</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables and Deferred Revenues (Continued)

At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General fund:		
Delinquent property taxes receivable	\$ 377,588	\$ -
Adjudicated fines receivable	156,135	-
Other	<u>-</u>	<u>6,875</u>
Total general fund	<u>533,723</u>	<u>6,875</u>
Permanent improvement fund:		
Delinquent property taxes receivable	<u>14,961</u>	<u>-</u>
Total permanent improvement fund	<u>14,961</u>	<u>-</u>
Other governmental funds:		
Delinquent property taxes receivable	158,036	-
Unearned grant revenue	<u>-</u>	<u>1,000</u>
Total other governmental funds	<u>158,036</u>	<u>1,000</u>
Total governmental funds	<u>\$ 706,720</u>	<u>\$ 7,875</u>

C. Property Taxes

Property subject to taxation consists of real property and certain personal property situated in the County. Certain properties of religious, educational and charitable organizations, including the federal government and the State of Texas, are exempt from taxation. Additionally, there are other exemptions in arriving at the total assessed valuation of property subject to County taxation. The valuations are subject to countywide revaluation every year. The effective tax rate is computed based upon the previous year's total assessed valuation.

Portions of the adopted tax rate are assessed and designated for specific purposes. These designated tax revenues are deposited into funds created for the accumulation and disbursement of these revenues. The following schedule details the components of the 2012 tax rate allocated to each fund:

<u>Fund</u>	<u>Rate Per \$100</u>
General fund	\$ 0.3263
Permanent improvement fund	0.0150
Road and bridge fund	0.1050
Farm to market and lateral road fund	0.0001
Interest and sinking fund	<u>0.0206</u>
	<u>\$ 0.46700</u>

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Property Taxes (Continued)

Ad valorem taxes are levied prior to October 1 and are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes become delinquent February 1 of each year and are subject to simple interest of 12% per annum, plus a 6% penalty for the first calendar month such taxes are delinquent, plus an additional 2 percent each month thereafter not to exceed 12%.

Taxes on real property attach as an enforceable lien as of January 1 and are a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title to the property. Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes become delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

D. Capital Assets

Capital asset activity for the year ended September 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 392,108	\$ -	\$ -	\$ 392,108
Construction in progress	7,714,039	59,898	-	7,773,937
Total assets not being depreciated	<u>8,106,147</u>	<u>59,898</u>	<u>-</u>	<u>8,166,045</u>
Capital assets, being depreciated:				
Buildings and improvements	20,133,539	677,806	-	20,811,345
Infrastructure	2,132,515	37,774	-	2,170,289
Machinery and equipment	8,995,648	474,188	(170,310)	9,299,526
Total capital assets being depreciated	<u>31,261,702</u>	<u>1,189,768</u>	<u>(170,310)</u>	<u>32,281,160</u>
Less accumulated depreciation:				
Buildings and improvements	7,147,500	344,963	-	7,492,463
Infrastructure	264,481	54,258	-	318,739
Machinery and equipment	6,990,911	663,571	(64,418)	7,590,064
Total accumulated depreciation	<u>14,402,892</u>	<u>1,062,792</u>	<u>(64,418)</u>	<u>15,401,266</u>
Total capital assets being depreciated, net	<u>16,858,810</u>	<u>126,976</u>	<u>(105,892)</u>	<u>16,879,894</u>
Governmental activities capital assets, net	<u>\$ 24,964,957</u>	<u>\$ 186,874</u>	<u>\$ (105,892)</u>	<u>\$ 25,045,939</u>

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the County as follows:

Governmental activities:	
General government	\$ 151,142
Health and safety	158,559
Culture and recreation	4,860
Judicial	396,852
Transportation	<u>351,379</u>
 Total depreciation expense - governmental activities	 \$ <u>1,062,792</u>

E. Operating Leases

The County is committed under various leases for office equipment (i.e., copiers and postage machine). These leases are considered for accounting purposes to be operating leases. Operating lease expenditures for the year ended September 30, 2012, amounted to \$37,616. Future minimum lease payments for these leases are as follows:

<u>Year Ending September 30,</u>	<u>Lease Obligation</u>
2013	\$ 34,711
2014	28,327
2015	20,793
2016	<u>18,601</u>
 Totals	 \$ <u>102,432</u>

F. Long-term Liabilities

General Obligation Bonds

The County periodically issues general obligation bonds. Detailed information on outstanding general obligation bonds is as follows:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Due Within One Year</u>
\$10,500,000 General Obligation Bonds, Series 2004	07/15/2004	3.0% - 5.5%	\$ 995,000	\$ 485,000
\$6,810,000 General Obligation Refunding Bonds, Series 2012	06/20/2012	2.0% - 3.0%	\$ 6,810,000	\$ 55,000

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term Liabilities (Continued)

On June 20, 2012, the County issued \$6,810,000 of General Obligation Refunding Bonds Series 2012. The net proceeds of \$7,318,712 (including a \$508,712 premium) were placed in an irrevocable trust for purposes of generating resources for all future debt service payments of \$6,680,000 of the Series 2004 General Obligation Bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$638,712. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$1,009,114 and resulted in an economic gain of \$886,254.

The annual debt service requirements for general obligation bonds outstanding, as of September 30, 2012, are as follows:

Fiscal Year Ending September 30,	General Obligation Bonds		
	Principal	Interest	Total
2013	\$ 540,000	\$ 224,975	\$ 764,975
2014	565,000	203,338	768,338
2015	585,000	184,638	769,638
2016	605,000	169,763	774,763
2017	620,000	154,450	774,450
2018-2022	3,385,000	486,075	3,871,075
2023-2024	1,505,000	45,525	1,550,525
Total	\$ 7,805,000	\$ 1,468,764	\$ 9,273,764

Changes in Long-term Liabilities

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2012:

Description	Amounts Outstanding September 30,	Issued	Retired	Amounts Outstanding September 30,	Due Within One Year
	2011			2012	
Bonds payable					
General obligation bonds	\$ 8,130,000	\$ 6,810,000	\$ 7,135,000	\$ 7,805,000	\$ 540,000
Premium	-	508,712	-	508,712	-
Deferred loss on refunding	-	(638,712)	-	(638,712)	-
Total bonds payable	8,130,000	6,680,000	7,135,000	7,675,000	540,000
Capital leases	235,401	-	235,401	-	-
Compensated absences	346,928	706,825	637,216	416,537	83,307
OPEB obligation	376,797	126,581	107,446	395,932	-
	\$ 9,089,126	\$ 7,513,406	\$ 8,115,063	\$ 8,487,469	\$ 623,307

Compensated absences and OPEBs are generally liquidated by the General Fund and special revenue funds.

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended September 30, 2012, the County carried insurance through various commercial carriers, including the Texas Association of Counties, to cover all risks of losses. The County has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

B. Contingent Liabilities and Commitments

Litigation

The County may be contingently liable with respect to lawsuits and claims in the ordinary course of operations that, in the opinion of management, will not have a material adverse effect on the financial condition of the government.

The County participates in various federal grant programs, the principal of which are periodically subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County anticipates such amounts, if any will be immaterial.

C. Retirement Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 624 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the Commissioners' Court within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

IV. OTHER INFORMATION (Continued)

C. Retirement Plan (Continued)

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and County-financed monetary credits. The level of these credits is adopted by the Commissioners' Court of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the County's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the County-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The employer has elected the annually determined contribution rate (Variable Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 9.57% for the months of the accounting year in 2012, and 9.14% for the months of the accounting year in 2011.

The deposit rate payable by the employee members for calendar year 2012 is the rate of 7% as adopted by the governing body of the employer. The employee deposit rate and the employer deposit rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

Annual Pension Cost

For the employer's accounting year ended September 30, 2012, the annual pension cost for the TCDRS plan for its employees was \$846,257, and the actual contributions were \$846,257. The annual pension cost, percentage of annual pension cost contributed, and net pension obligation for the plan for the current year and each of the two preceding years were as follows:

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/2010	\$ 822,977	100%	\$ -
09/30/2011	806,037	100%	-
09/30/2012	846,257	100%	-

IV. OTHER INFORMATION (Continued)

C. Retirement Plan (Continued)

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2011	\$ 16,620,554	\$ 20,011,749	\$ 3,391,195	83.05%	\$ 8,806,083	38.51%

The schedule of funding progress presented immediately following the notes to the financial statements as required supplementary information presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees based on the actuarial valuations as of December 31, 2010 and December 31, 2009, the basis for determining the contribution rates for calendar years 2012 and 2011. The December 31, 2011, actuarial valuation is the most recent valuation.

Actuarial Valuation Date	12/31/09	12/31/10	12/31/11
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	20	20	20
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund Value	SAF: 10-yr smoothed value ESF: Fund Value	SAF: 10-yr smoothed value ESF: Fund Value
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

IV. OTHER INFORMATION (Continued)

D. Other Post Employment Benefits

Plan Description

The Retiree Health Program provides County retirees full retiree health care benefits. Members hired on or after January 1, 1998, are eligible at age 62 with 20 or more years of service. Members hired on or before December 31, 1997, are eligible at age 60 with 20 or more years of service or at age 55 with 25 or more years of service. Members who retire before meeting the eligibility requirements above are offered COBRA benefits. County coverage ceases when retiree becomes eligible for Medicare coverage. The County also offers dental coverage to retirees under the age of 65. Retirees who decide to opt-out of the health care plan will not be eligible to opt back in when coverage from another entity ceases.

Funding Policy

The County contributions to the Retiree Health Program consist of a pay-as-you-go monthly contribution rate. The County pays the full amount of the employee premiums. The retiree is responsible for paying any additional premium if electing to cover a spouse or dependent.

Annual OPEB Cost

The County's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The annual OPEB cost for the fiscal year ending September 30, 2012, is as follows:

Annual required contribution	\$ 125,334
Interest on OPEB obligation	16,956
Adjustment to ARC	(15,709)
Annual OPEB cost (expense) end of year	126,581
Net estimated employer contributions	(107,446)
Increase in net OPEB obligation	19,135
Net OPEB obligation - as of beginning of year	<u>376,797</u>
Net OPEB obligation - as of end of year	<u>\$ 395,932</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2012, and the two preceding fiscal years were as follows:

<u>Accounting Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Employer Amount Contributed</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB Obligation</u>
09/30/2010	\$ 199,147	\$ 81,487	40.9%	\$ 241,718
09/30/2011	218,060	82,981	38.1%	376,797
09/30/2012	126,581	107,446	84.9%	395,932

IV. OTHER INFORMATION (Continued)

D. Other Post Employment Benefits (Continued)

Funding Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2010	\$ -	\$ 1,797,772	\$ 1,797,772	- %	\$ 9,013,997	- %
12/31/2010 ¹	-	1,277,593	1,277,593	- %	9,013,997	- %

¹The December 31, 2010 actuarial accrued liability was adjusted for plan changes that took effect on September 1, 2012. The eligibility requirements for employees hired after January 1, 1998, were changed from age 55 and 60 with 25 and 20 years of service, respectively, to age 62 with 20 or more years of service.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the notes to the financial statements as required supplementary information presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The ARC for the current year was determined using the revised December 31, 2010 actuarial valuation. The methods and assumptions used in this valuation are as follows:

Inflation rate	3.00% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Salary growth	3.00% per annum
Health care cost trend rate	Initial rate of 9% declining to an ultimate rate of 4.50% after 9 years

THIS PAGE LEFT BLANK INTENTIONALLY

**REQUIRED
SUPPLEMENTARY INFORMATION**

COOKE COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Ad valorem	\$ 9,925,252	\$ 9,925,252	\$ 9,832,165	\$(93,087)
Sales	2,500,000	2,500,000	4,862,651	2,362,651
Other	55,000	55,000	51,666	(3,334)
Intergovernmental	255,320	551,367	508,787	(42,580)
Fines and fees	2,805,700	2,808,665	2,923,481	114,816
Investment earnings	20,000	20,000	17,969	(2,031)
Miscellaneous	37,300	37,300	84,578	47,278
Total revenues	<u>15,598,572</u>	<u>15,897,584</u>	<u>18,281,297</u>	<u>2,383,713</u>
EXPENDITURES				
Current:				
General government:				
Courthouse	608,057	421,954	375,244	46,710
Auditor	334,663	334,426	318,756	15,670
Tax assessor	364,424	364,902	358,475	6,427
County clerk	199,016	199,016	191,827	7,189
District clerk	213,440	213,533	210,184	3,349
Treasurer	112,074	112,225	108,011	4,214
Commissioners' office	2,600	2,600	1,818	782
Human resources	70,291	70,291	64,986	5,305
Election expense	75,000	97,175	82,570	14,605
Court appointed attorneys	440,000	424,000	250,959	173,041
Technology	269,428	267,999	229,504	38,495
Tax appraisal district	285,000	285,000	282,189	2,811
Other	3,637,450	3,444,246	789,860	2,654,386
Total general government	<u>6,611,443</u>	<u>6,237,367</u>	<u>3,264,383</u>	<u>2,972,984</u>
Health and safety:				
Environmental health	64,232	64,255	61,024	3,231
Emergency management	85,797	326,584	255,641	70,943
Emergency medical services	2,474,441	2,588,422	2,497,104	91,318
Fire marshal	102,423	105,558	100,938	4,620
Total health and safety	<u>2,726,893</u>	<u>3,084,819</u>	<u>2,914,707</u>	<u>170,112</u>
Education:				
County extension	100,092	101,665	100,738	927
Total education	<u>100,092</u>	<u>101,665</u>	<u>100,738</u>	<u>927</u>
Culture and recreation:				
Library	294,504	310,965	302,766	8,199
Social services	66,200	66,200	62,500	3,700
Total culture and recreation	<u>360,704</u>	<u>377,165</u>	<u>365,266</u>	<u>11,899</u>
Welfare:				
Child welfare	16,000	15,650	15,272	378
Veterans' service	32,992	33,015	31,470	1,545
Total welfare	<u>48,992</u>	<u>48,665</u>	<u>46,742</u>	<u>1,923</u>

(continued)

COOKE COUNTY, TEXAS

GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (Continued)				
Current:				
Judicial:				
County judge	\$ 131,872	\$ 131,918	\$ 126,941	\$ 4,977
Sheriff	2,197,983	2,173,948	2,128,678	45,270
Jail operations	2,308,811	2,508,065	2,391,962	116,103
County attorney	494,535	494,606	471,122	23,484
Justice of the peace, 1	195,985	196,078	192,597	3,481
Justice of the peace, 4	158,364	162,900	159,291	3,609
Highway patrol	62,857	62,857	58,506	4,351
District judge	244,842	244,912	232,928	11,984
District attorney	467,536	465,016	451,292	13,724
Jury	113,600	113,600	52,472	61,128
Constable, precinct 1	50,460	50,484	46,410	4,074
Constable, precinct 4	54,210	54,233	47,677	6,556
County court-at-law	371,094	371,210	366,961	4,249
County court-at-law clerk's office	138,698	138,768	138,490	278
Adult probation	14,623	21,305	20,272	1,033
Juvenile probation	196,298	204,860	154,317	50,543
Compliance officer	58,443	58,466	56,820	1,646
Game warden	1,000	1,000	509	491
Total judicial	<u>7,261,211</u>	<u>7,454,226</u>	<u>7,097,245</u>	<u>356,981</u>
Capital outlay	<u>562,600</u>	<u>663,775</u>	<u>366,965</u>	<u>296,810</u>
Total expenditures	<u>17,671,935</u>	<u>17,967,682</u>	<u>14,156,046</u>	<u>3,811,636</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(2,073,363)	(2,070,098)	4,125,251	6,195,349
OTHER FINANCING SOURCES (USES)				
Insurance recovery	-	-	2,670	(2,670)
Proceeds from sale of capital assets	-	-	15,210	15,210
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>17,880</u>	<u>17,880</u>
NET CHANGE IN FUND BALANCES	(2,073,363)	(2,070,098)	4,143,131	6,213,229
FUND BALANCES, BEGINNING	<u>10,999,531</u>	<u>10,999,531</u>	<u>10,999,531</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 8,926,168</u>	<u>\$ 8,929,433</u>	<u>\$ 15,142,662</u>	<u>\$ 6,213,229</u>

REQUIRED SUPPLEMENTARY INFORMATION

COOKE COUNTY, TEXAS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2009	\$ 14,305,416	\$ 17,101,985	\$ 2,796,569	83.65%	\$ 9,188,392	30.44%
12/31/2010	15,349,645	18,416,585	3,066,940	83.35%	9,013,997	34.02%
12/31/2011	16,620,554	20,011,749	3,391,195	83.05%	8,806,083	38.51%

COOKE COUNTY, TEXAS

RETIREE HEALTH PROGRAM

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007 ¹	\$ -	\$ 1,891,628	\$ 1,891,628	- %	\$ 7,496,821	25.23%
12/31/2010	-	1,797,772	1,797,772	- %	9,013,997	19.94%
12/31/2010 ²	-	1,277,593	1,277,593	- %	9,013,997	14.17%

¹GASB Statement 45 was first implemented in the fiscal year ended September 30, 2009. The December 31, 2007 actuarial valuation was the first valuation performed for this plan. Accordingly, only two actuarial valuations are presented.

²The December 31, 2010 actuarial accrued liability was adjusted for plan changes that took effect on September 1, 2012. The eligibility requirements for employees hired after January 1, 1998, were changed from age 55 and 60 with 25 and 20 years or more of service, respectively, to age 62 with 20 or more years of service.

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	Special Revenue			
	Jail Commissary	Courthouse Security	Records Management	Records Preservation
ASSETS				
Cash and investments	\$ 58,409	\$ 193,845	\$ 285,806	\$ 133,256
Receivables (net of allowances for uncollectibles)				
Taxes	-	-	-	-
Accounts	1,219	-	-	-
Intergovernmental	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 59,628</u>	<u>\$ 193,845</u>	<u>\$ 285,806</u>	<u>\$ 133,256</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 147	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>147</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Library endowment	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Public safety	59,481	-	-	-
Judicial	-	193,845	-	-
Records management and preservation	-	-	285,806	133,256
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Other	-	-	-	-
Total fund balances	<u>59,481</u>	<u>193,845</u>	<u>285,806</u>	<u>133,256</u>
Total liabilities and fund balances	<u>\$ 59,628</u>	<u>\$ 193,845</u>	<u>\$ 285,806</u>	<u>\$ 133,256</u>

Special Revenue				
Law Library	Law Enforcement Education	Farm to Market and Lateral Road	Justice of the Peace Technology	Check Collecting
\$ 79,410	\$ 45,584	\$ 761,337	\$ 39,424	\$ 15,665
-	-	167	-	-
-	-	-	-	444
-	-	-	-	-
<u>79,410</u>	<u>45,584</u>	<u>761,504</u>	<u>39,424</u>	<u>16,109</u>
\$ 842	\$ -	\$ 15	\$ 1,725	\$ 826
-	-	-	-	54
-	-	156	-	-
<u>842</u>	<u>-</u>	<u>171</u>	<u>1,725</u>	<u>880</u>
-	-	-	-	-
-	-	-	-	-
-	45,584	-	-	-
78,568	-	-	37,699	15,229
-	-	-	-	-
-	-	761,333	-	-
-	-	-	-	-
-	-	-	-	-
<u>78,568</u>	<u>45,584</u>	<u>761,333</u>	<u>37,699</u>	<u>15,229</u>
<u>\$ 79,410</u>	<u>\$ 45,584</u>	<u>\$ 761,504</u>	<u>\$ 39,424</u>	<u>\$ 16,109</u>

(continued)

COOKE COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2012

	Special Revenue			
	Cooke County Historical	Juvenile Probation Diversion	Library	District Attorney Drug Enforcement
ASSETS				
Cash and investments	\$ 3,798	\$ 3,079	\$ 30,084	\$ 32,699
Receivables (net of allowances for uncollectibles)				
Taxes	-	-	-	-
Accounts	-	-	75	50
Intergovernmental	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 3,798</u>	<u>\$ 3,079</u>	<u>\$ 30,159</u>	<u>\$ 32,749</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 89	\$ 395	\$ -
Accrued liabilities	-	-	-	-
Deferred revenue	-	-	1,000	-
Total liabilities	<u>-</u>	<u>89</u>	<u>1,395</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Library endowment	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Public safety	-	-	-	32,749
Judicial	-	2,990	-	-
Records management and preservation	-	-	-	-
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	3,798	-	28,764	-
Other	-	-	-	-
Total fund balances	<u>3,798</u>	<u>2,990</u>	<u>28,764</u>	<u>32,749</u>
Total liabilities and fund balances	<u>\$ 3,798</u>	<u>\$ 3,079</u>	<u>\$ 30,159</u>	<u>\$ 32,749</u>

Special Revenue

<u>Seizure Law Enforcement</u>	<u>Sheriff Drug Enforcement</u>	<u>Road and Bridge #1</u>	<u>Road and Bridge #2</u>	<u>Road and Bridge #3</u>
\$ 12,907	\$ 12,954	\$ 996,374	\$ 322,125	\$ 969,349
-	-	33,827	33,839	32,789
-	5,600	2,024	40,969	1,974
-	-	21,190	21,190	21,190
-	-	225	225	225
<u>\$ 12,907</u>	<u>\$ 18,554</u>	<u>\$ 1,053,640</u>	<u>\$ 418,348</u>	<u>\$ 1,025,527</u>
\$ -	\$ 3,251	\$ 65,207	\$ 85,251	\$ 98,269
-	-	20,810	24,189	23,750
-	-	31,181	31,181	31,182
-	3,251	117,198	140,621	153,201
-	-	225	225	225
-	-	-	-	-
12,907	15,303	-	-	-
-	-	-	-	-
-	-	936,217	277,502	872,101
-	-	-	-	-
-	-	-	-	-
<u>12,907</u>	<u>15,303</u>	<u>936,442</u>	<u>277,727</u>	<u>872,326</u>
<u>\$ 12,907</u>	<u>\$ 18,554</u>	<u>\$ 1,053,640</u>	<u>\$ 418,348</u>	<u>\$ 1,025,527</u>

(continued)

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2012

	Special Revenue				
	Road and Bridge #4	Records Archive	Juvenile Probation IV-E	Court Reporter Fund	District Clerk Archive
ASSETS					
Cash and investments	\$ 1,247,098	\$ 103,420	\$ 13,905	\$ 54,652	\$ 7,041
Receivables (net of allowances for uncollectibles)					
Taxes	33,838	-	-	-	-
Accounts	2,438	-	-	-	-
Intergovernmental	21,190	-	-	-	-
Prepaid items	225	-	-	-	-
Total assets	<u>\$ 1,304,789</u>	<u>\$ 103,420</u>	<u>\$ 13,905</u>	<u>\$ 54,652</u>	<u>\$ 7,041</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 94,724	\$ 13,190	\$ -	\$ -	\$ -
Accrued liabilities	23,712	-	-	-	-
Deferred revenue	31,182	-	-	-	-
Total liabilities	<u>149,618</u>	<u>13,190</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable:					
Prepaid items	225	-	-	-	-
Library endowment	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Public safety	-	-	-	-	-
Judicial	-	-	13,905	54,652	-
Records management and preservation	-	90,230	-	-	-
Transportation	1,154,946	-	-	-	-
Debt service	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Other	-	-	-	-	7,041
Total fund balances	<u>1,155,171</u>	<u>90,230</u>	<u>13,905</u>	<u>54,652</u>	<u>7,041</u>
Total liabilities and fund balances	<u>\$ 1,304,789</u>	<u>\$ 103,420</u>	<u>\$ 13,905</u>	<u>\$ 54,652</u>	<u>\$ 7,041</u>

Special Revenue				Debt Service	Capital Projects	Permanent	Total Nonmajor Governmental Funds
Pretrial Diversion	District Court Preservation	County/District Clerk Technology	Child Abuse Prevention	Interest and Sinking	Jail Construction	Library Permanent	
\$ 3,500	\$ 14,017	\$ 3,467	\$ 11	\$ 892,727	\$ 171,816	\$ 41,611	\$ 6,549,370
-	-	-	-	35,035	-	-	169,495
-	-	-	-	10,296	-	146	65,235
-	-	-	-	-	-	-	84,760
-	-	-	-	-	-	-	900
<u>\$ 3,500</u>	<u>\$ 14,017</u>	<u>\$ 3,467</u>	<u>\$ 11</u>	<u>\$ 938,058</u>	<u>\$ 171,816</u>	<u>\$ 41,757</u>	<u>\$ 6,869,760</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 363,931
-	-	-	-	-	-	-	92,515
-	-	-	-	33,154	-	-	159,036
-	-	-	-	33,154	-	-	615,482
-	-	-	-	-	-	-	900
-	-	-	-	-	-	34,000	34,000
-	-	-	-	-	171,816	-	171,816
-	-	-	-	-	-	-	166,024
3,500	14,017	-	-	-	-	-	414,405
-	-	-	-	-	-	-	509,292
-	-	-	-	-	-	-	4,002,099
-	-	-	-	904,904	-	-	904,904
-	-	-	-	-	-	7,757	40,319
-	-	3,467	11	-	-	-	10,519
<u>3,500</u>	<u>14,017</u>	<u>3,467</u>	<u>11</u>	<u>904,904</u>	<u>171,816</u>	<u>41,757</u>	<u>6,254,278</u>
<u>\$ 3,500</u>	<u>\$ 14,017</u>	<u>\$ 3,467</u>	<u>\$ 11</u>	<u>\$ 938,058</u>	<u>\$ 171,816</u>	<u>\$ 41,757</u>	<u>\$ 6,869,760</u>

COOKE COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue			
	Jail Commissary	Courthouse Security	Records Management	Records Preservation
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	15,083	31,983	22,156	52,696
Investment earnings	123	256	390	145
Miscellaneous	-	-	-	-
Total revenues	15,206	32,239	22,546	52,841
EXPENDITURES				
Current:				
General government	-	-	5,329	-
Culture and recreation	-	-	-	-
Judicial	8,137	14,199	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	8,137	14,199	5,329	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,069	18,040	17,217	52,841
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	-	-
Payment to escrow agent	-	-	-	-
Premium on long-term debt issuance	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	7,069	18,040	17,217	52,841
FUND BALANCES, BEGINNING	52,412	175,805	268,589	80,415
FUND BALANCES, ENDING	\$ 59,481	\$ 193,845	\$ 285,806	\$ 133,256

Special Revenue

Law Library	Law Enforcement Education	Farm to Market and Lateral Road	Justice of the Peace Technology	Check Collecting
\$ -	\$ -	\$ 2,993	\$ -	\$ -
-	-	1,533	-	-
-	-	-	-	-
18,635	-	-	16,106	6,307
105	105	883	52	-
-	-	-	-	-
<u>18,740</u>	<u>105</u>	<u>5,409</u>	<u>16,158</u>	<u>6,307</u>
-	-	-	-	-
-	-	-	-	-
9,915	60	-	21,551	9,858
-	-	60	-	-
-	-	-	-	-
-	-	-	-	-
<u>9,915</u>	<u>60</u>	<u>60</u>	<u>21,551</u>	<u>9,858</u>
<u>8,825</u>	<u>45</u>	<u>5,349</u>	<u>(5,393)</u>	<u>(3,551)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8,825	45	5,349	(5,393)	(3,551)
<u>69,743</u>	<u>45,539</u>	<u>755,984</u>	<u>43,092</u>	<u>18,780</u>
<u>\$ 78,568</u>	<u>\$ 45,584</u>	<u>\$ 761,333</u>	<u>\$ 37,699</u>	<u>\$ 15,229</u>

(continued)

COOKE COUNTY, TEXAS

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

**NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	Special Revenue			
	Cooke County Historical	Juvenile Probation Diversion	Library	District Attorney Drug Enforcement
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,578	-
Licenses and permits	-	-	-	-
Fines and fees	-	-	-	2,794
Investment earnings	6	9	41	83
Miscellaneous	<u>3,750</u>	<u>1,554</u>	<u>17,354</u>	<u>-</u>
Total revenues	<u>3,756</u>	<u>1,563</u>	<u>18,973</u>	<u>2,877</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Culture and recreation	1,926	-	22,692	-
Judicial	-	1,764	-	6,046
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,926</u>	<u>1,764</u>	<u>22,692</u>	<u>6,046</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,830</u>	<u>(201)</u>	<u>(3,719)</u>	<u>(3,169)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	-	-
Payment to escrow agent	-	-	-	-
Premium on long-term debt issuance	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,830	(201)	(3,719)	(3,169)
FUND BALANCES, BEGINNING	<u>1,968</u>	<u>3,191</u>	<u>32,483</u>	<u>35,918</u>
FUND BALANCES, ENDING	<u>\$ 3,798</u>	<u>\$ 2,990</u>	<u>\$ 28,764</u>	<u>\$ 32,749</u>

Special Revenue

Seizure Law Enforcement	Sheriff Drug Enforcement	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3
\$ -	\$ -	\$ 778,597	\$ 778,610	\$ 777,559
-	-	13,273	13,807	13,407
-	-	258,352	258,352	258,351
14,344	662	41,047	41,047	41,046
-	53	1,363	533	1,432
<u>-</u>	<u>-</u>	<u>55,073</u>	<u>39,097</u>	<u>-</u>
<u>14,344</u>	<u>715</u>	<u>1,147,705</u>	<u>1,131,446</u>	<u>1,091,795</u>
-	-	-	-	-
-	-	-	-	-
3,456	16,368	-	-	-
-	-	949,884	972,753	1,105,400
-	-	95,915	28,500	54,500
-	-	41,636	111,591	-
<u>-</u>	<u>-</u>	<u>1,502</u>	<u>6,936</u>	<u>-</u>
<u>3,456</u>	<u>16,368</u>	<u>1,088,937</u>	<u>1,119,780</u>	<u>1,159,900</u>
<u>10,888</u>	<u>(15,653)</u>	<u>58,768</u>	<u>11,666</u>	<u>(68,105)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>5,600</u>	<u>1,967</u>	<u>28,460</u>	<u>855</u>
<u>-</u>	<u>5,600</u>	<u>1,967</u>	<u>28,460</u>	<u>855</u>
10,888	(10,053)	60,735	40,126	(67,250)
<u>2,019</u>	<u>25,356</u>	<u>875,707</u>	<u>237,601</u>	<u>939,576</u>
<u>\$ 12,907</u>	<u>\$ 15,303</u>	<u>\$ 936,442</u>	<u>\$ 277,727</u>	<u>\$ 872,326</u>

(continued)

COOKE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue				
	Road and Bridge #4	Records Archive	Juvenile Probation IV-E	Court Reporter Fund	District Clerk Archive
REVENUES					
Ad valorem taxes	\$ 778,609	\$ -	\$ -	\$ -	\$ -
Intergovernmental	13,533	-	-	-	-
Licenses and permits	258,351	-	-	-	-
Fines and fees	41,046	45,730	-	10,094	2,805
Investment earnings	1,722	137	39	76	13
Miscellaneous	296	-	-	-	-
Total revenues	<u>1,093,557</u>	<u>45,867</u>	<u>39</u>	<u>10,170</u>	<u>2,818</u>
EXPENDITURES					
Current:					
General government	-	77,941	-	-	-
Culture and recreation	-	-	-	-	-
Judicial	-	-	7,123	-	-
Transportation	1,038,030	-	-	-	-
Capital outlay	150,599	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>1,188,629</u>	<u>77,941</u>	<u>7,123</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(95,072)</u>	<u>(32,074)</u>	<u>(7,084)</u>	<u>10,170</u>	<u>2,818</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long-term debt	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-
Premium on long-term debt issuance	-	-	-	-	-
Proceeds from sale of assets	24,376	-	-	-	-
Total other financing sources (uses)	<u>24,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(70,696)</u>	<u>(32,074)</u>	<u>(7,084)</u>	<u>10,170</u>	<u>2,818</u>
FUND BALANCES, BEGINNING	<u>1,225,867</u>	<u>122,304</u>	<u>20,989</u>	<u>44,482</u>	<u>4,223</u>
FUND BALANCES, ENDING	<u>\$ 1,155,171</u>	<u>\$ 90,230</u>	<u>\$ 13,905</u>	<u>\$ 54,652</u>	<u>\$ 7,041</u>

Pretrial Diversion	Special Revenue			Debt Service	Capital Projects	Permanent	Total Nonmajor Governmental Funds
	District Court Preservation	County/ District Clerk Technology	Child Abuse Prevention	Interest and Sinking	Jail Construction	Library Permanent	
\$ -	\$ -	\$ -	\$ -	\$ 634,141	\$ -	\$ -	\$ 3,750,509
-	-	-	-	2,971	-	-	60,102
-	-	-	-	-	-	-	1,033,406
-	5,574	1,580	11	-	-	-	410,746
-	25	5	-	2,634	205	219	10,654
-	-	-	-	-	-	-	117,124
-	5,599	1,585	11	639,746	205	219	5,382,541
-	-	-	-	-	-	-	83,270
-	-	-	-	-	-	1,071	25,689
-	-	-	-	-	-	-	98,477
-	-	-	-	-	-	-	4,066,127
-	-	-	-	-	-	-	329,514
-	-	-	-	455,000	-	-	608,227
-	-	-	-	371,567	-	-	380,005
-	-	-	-	826,567	-	1,071	5,591,309
-	5,599	1,585	11	(186,821)	205	(852)	(208,768)
-	-	-	-	6,810,000	-	-	6,810,000
-	-	-	-	(7,318,712)	-	-	(7,318,712)
-	-	-	-	508,381	-	-	508,381
-	-	-	-	-	-	-	61,258
-	-	-	-	(331)	-	-	60,927
-	5,599	1,585	11	(187,152)	205	(852)	(147,841)
3,500	8,418	1,882	-	1,092,056	171,611	42,609	6,402,119
\$ 3,500	\$ 14,017	\$ 3,467	\$ 11	\$ 904,904	\$ 171,816	\$ 41,757	\$ 6,254,278

COOKE COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY FUNDS

SEPTEMBER 30, 2012

	<u>County Clerk</u>	<u>District Clerk</u>	<u>Tax-Assessor Collector</u>	<u>District Attorney</u>
ASSETS				
Cash and investments	\$ <u>1,895,947</u>	\$ <u>881,861</u>	\$ <u>223,152</u>	\$ <u>18,424</u>
Total assets	\$ <u>1,895,947</u>	\$ <u>881,861</u>	\$ <u>223,152</u>	\$ <u>18,424</u>
LIABILITIES				
Deposits held for others	\$ <u>1,895,947</u>	\$ <u>881,861</u>	\$ <u>223,152</u>	\$ <u>18,424</u>
Total liabilities	\$ <u>1,895,947</u>	\$ <u>881,861</u>	\$ <u>223,152</u>	\$ <u>18,424</u>

<u>Sheriff</u>	<u>County Attorney</u>	<u>Adult Probations</u>	<u>Juvenile Probations</u>	<u>Total Fiduciary Funds</u>
\$ <u>54,954</u>	\$ <u>38,117</u>	\$ <u>75,064</u>	\$ <u>66,623</u>	\$ <u>3,254,142</u>
\$ <u>54,954</u>	\$ <u>38,117</u>	\$ <u>75,064</u>	\$ <u>66,623</u>	\$ <u>3,254,142</u>
\$ <u>54,954</u>	\$ <u>38,117</u>	\$ <u>75,064</u>	\$ <u>66,623</u>	\$ <u>3,254,142</u>
\$ <u>54,954</u>	\$ <u>38,117</u>	\$ <u>75,064</u>	\$ <u>66,623</u>	\$ <u>3,254,142</u>

THIS PAGE LEFT BLANK INTENTIONALLY



**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**

To the Honorable County Judge
and Commissioners' Court
Cooke County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cooke County, Texas (the "County") as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 5, 2013. 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.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Commissioners' Court, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Parillo, Brown & Hill, LLP

July 5, 2013