

COOKE COUNTY, TEXAS

**Annual
Financial Report**

**For Fiscal Year
September 30, 2011**

COOKE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION



**COOKE COUNTY AUDITOR
COOKE COUNTY COURTHOUSE
100 SO. DIXON STREET
GAINESVILLE, TEXAS 76240
PHONE: 940-668-5431 - FAX: 940-668-5442**

May 25, 2012

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, 2011, 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, 2011, 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, 2011, that they were fairly presented in conformity with GAAP.

The independent auditor's 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 compliment 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 slowdown felt across North Texas. Population growth has remained relatively steady. Renovation to the nearly 100-year old courthouse has begun and will be 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,

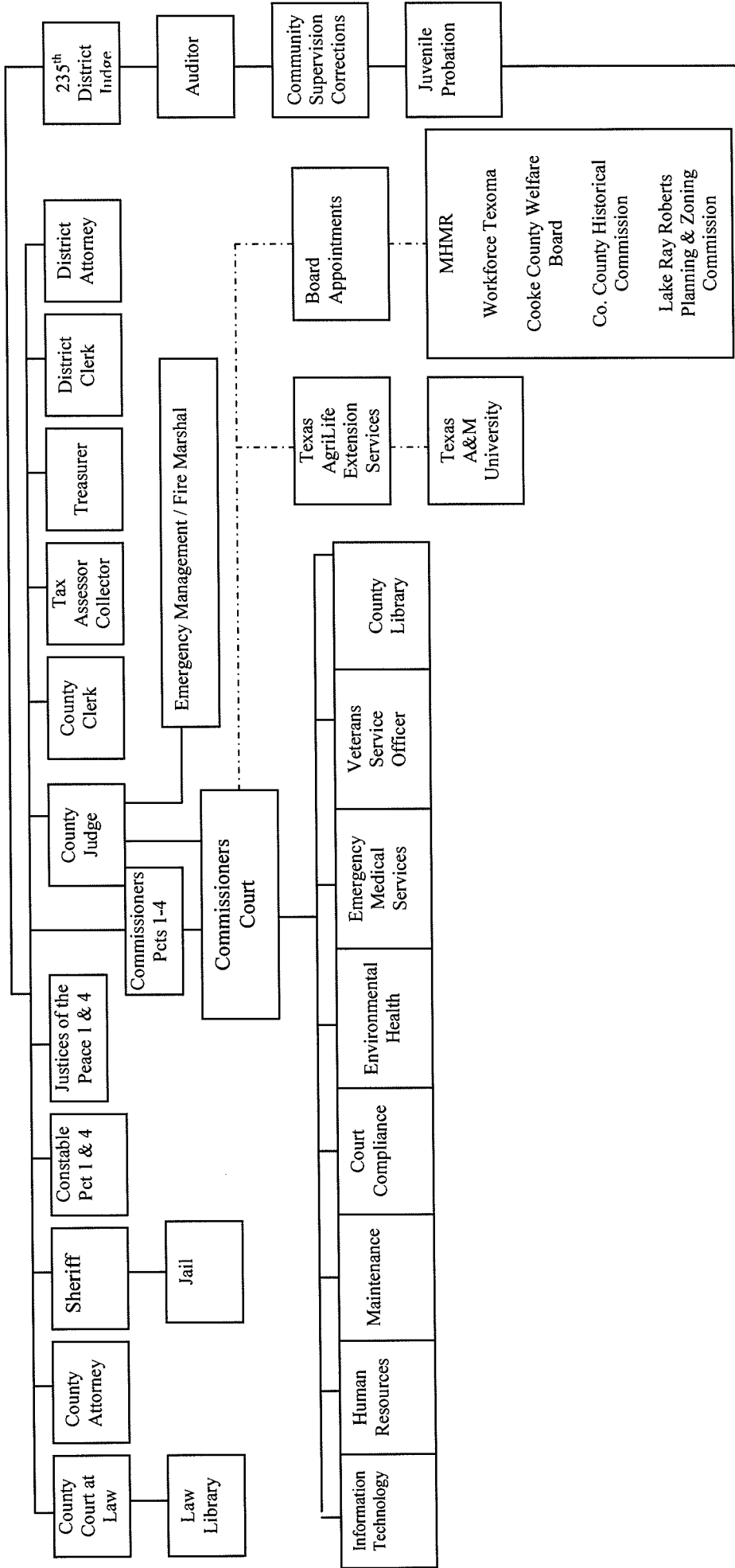
Shelly Atteberry
Cooke County Auditor

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

**Cooke County, Texas
Organizational Chart
2011**



Juvenile Probation Board
 235th District Judge
 County Court at Law Judge
 County Judge

FINANCIAL SECTION

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, 2011, 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, 2011, 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 May 25, 2012, on our consideration of Cooke County, Texas' internal control over financial reporting and 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 of financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 and budgetary comparison information on pages 3 through 10 and 38 through 39 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 accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State of Texas Uniform Grant Management Standards, and is also not a required part of the financial statements. The combining financial statements, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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.

May 25, 2012

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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, 2011. 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, 2011, by \$34,761,927 (net assets), an increase of \$5,559,084 (19.04%) over the previous year. Of this amount, \$10,838,300 (unrestricted net assets) may be used to meet the County's ongoing obligations.
- As of September 30, 2011, the County's governmental funds reported combined ending fund balances of \$18,208,081. Approximately 32.93% of this total amount, \$5,995,535, is available for spending (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$5,995,535 or 41.49% of total expenditures.

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. All of the County's assets are reported whether they serve the current year or future years.

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 distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). 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 statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 31 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, all of which are considered to be major funds. Data from the other 29 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 – 37 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 38 – 39 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 \$34,761,927 as of September 30, 2011, an increase of \$5,559,084 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 \$10,838,300 at September 30, 2011, an increase of \$206,763 from the prior year unrestricted net assets of \$10,631,537.

The following table reflects the condensed Statement of Net Assets:

COOKE COUNTY'S NET ASSETS

	Governmental Activities	
	2011	2010
Current and other assets	\$ 21,170,586	\$ 19,412,949
Capital assets	<u>24,964,957</u>	<u>21,444,631</u>
Total assets	<u>46,135,543</u>	<u>40,857,580</u>
Long-term liabilities	9,089,126	9,533,356
Other liabilities	<u>2,284,490</u>	<u>2,121,381</u>
Total liabilities	<u>11,373,616</u>	<u>11,654,737</u>
Net assets:		
Invested in capital assets, net of related debt	16,599,556	12,501,326
Restricted	7,324,071	6,069,980
Unrestricted	<u>10,838,300</u>	<u>10,631,537</u>
Total net assets	<u>\$ 34,761,927</u>	<u>\$ 29,202,843</u>

Investment in capital assets (i.e. land, buildings, furniture, and equipment) less any related debt used to acquire those assets that are still outstanding is \$16,599,556, an increase of 32.78% over the prior fiscal year balance of \$12,501,326. This represents a significant portion (47.75%) 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 (21.07%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$10,838,300 (31.18%) 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 the result of having *long-term commitments* that are less than currently available resources.

COOKE COUNTY, TEXAS' CHANGES IN NET ASSETS

	Governmental Activities	
	2011	2010
Revenues:		
Program revenues:		
Charges for services	\$ 4,243,853	\$ 4,422,461
Operating grants and contributions	543,225	458,303
Capital grants and contributions	3,090,997	997,690
General revenues:		
Property taxes	13,992,881	13,608,307
Other taxes	3,563,079	2,395,501
Investment earnings	30,526	44,093
Miscellaneous	196,420	173,299
Total revenues	25,660,981	22,099,654
Expenses:		
General government	4,099,211	3,674,459
Health and safety	2,985,260	2,951,766
Education	95,536	133,610
Culture and recreation	394,986	410,032
Welfare	44,063	42,733
Judicial	7,740,202	7,726,510
Transportation	4,335,666	4,548,327
Interest on long-term debt	406,973	425,630
Total expenses	20,101,897	19,913,067
Change in net assets	5,559,084	2,186,587
Net assets, beginning	29,202,843	27,016,256
Net assets, ending	\$ 34,761,927	\$ 29,202,843

Government Activities

The County's total net assets increased by \$5,559,084 (19.04%) in comparison with the prior fiscal year's increase of \$2,186,587. The total cost of all governmental activities this year was \$20,101,897, an increase of 0.95% over the prior fiscal year. The amount that our taxpayers paid for these activities through property taxes was \$13,992,881 or 69.61% of total governmental expenditures. The next largest segment of revenues came from charges for services, which accounted for \$4,243,853 or 21.11% of total governmental expenditures.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

The focus on Cooke County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$18,208,081, an increase of \$1,577,111 (9.48%) in comparison with the prior year. Approximately 32.93%, or \$5,995,535 of this total fund balance constitutes unassigned fund balance, which is available for spending. Fund balance is assigned for future capital projects in the amount of \$5 million. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for new spending because it has been restricted for debt service payments, capital projects, transportation, and other purposes.

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 \$10,999,531, an increase of \$1,818,449 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, 2011, unassigned fund balance represents 41.49% of the total General Fund expenditures.

The fund balance of the County's General Fund increased by \$1,818,449 during the current fiscal year. Key factors in this growth are as follows:

- An increase in sales tax and other local taxes of \$1,210,000;
- Intergovernmental revenues increased \$22,067;
- A decrease in fines and fees of \$319,775; and
- Miscellaneous increased \$183,769.

The Permanent Improvement Fund had a fund balance of \$806,431 as of September 30, 2011, compared to \$1,334,176 as of September 30, 2010. Resources were collected from the Texas Historic Commission and property taxes and restricted to be expended for certain capital related items. The primary capital related item is the restoration of the County's courthouse. The change in fund balance was a decrease of \$527,745 and expenditures were \$4.1 million.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were limited to a total increase in appropriations of \$235,162 and consisted of the following items that are briefly summarized as follows:

- \$237,228 decrease in the courthouse electricity;
- \$379,974 decrease in other;
- \$79,708 increase in emergency medical services salaries;
- \$308,759 increase in jail operations for housing out-of-county inmates;
- \$129,823 increase in district attorney; and
- \$250,659 increase in capital outlay.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Cooke County's investment in capital assets for its governmental type activities as of September 30, 2011, amounts to \$24,964,957 (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	
	2011	2010
Land	\$ 392,108	\$ 392,108
Buildings and improvements	20,133,539	20,133,539
Machinery and equipment	8,995,648	8,509,549
Infrastructure	2,132,515	2,123,964
Construction in progress	7,714,039	3,601,376
Accumulated depreciation	(14,402,892)	(13,315,905)
Total capital assets	\$ <u>24,964,957</u>	\$ <u>21,444,631</u>

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

COOKE COUNTY'S OUTSTANDING DEBT AT YEAR-END

	Governmental Activities	
	2011	2010
General obligations	\$ <u>8,130,000</u>	\$ <u>8,560,000</u>
	\$ <u>8,130,000</u>	\$ <u>8,560,000</u>

Long-term Debt. At year-end, the County had \$8,130,000 in bonds outstanding versus \$8,560,000 at September 30, 2010. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements on pages 30 – 32.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cooke County's elected officials considered many factors when setting the fiscal year 2012 budget and tax rates. The County authorized a maintenance and operations tax rate of \$.4463 as compared with the fiscal year 2011 rate of \$0.4296. However, in fiscal year 2010-11, the interest and sinking rate was \$0.0327, while for fiscal year 2011-12, the interest and sinking tax rate will be \$.0206, making the County's total tax rate, including \$.0001 for lateral road, \$.4464 for 2011-12 as compared with a total tax rate of \$0.4297 for fiscal year 2010-11.

The County's 2011-12 budget projects an increase in General Fund revenues of \$411,200 and a decrease in General Fund expenditures of \$284,723.

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**

COOKE COUNTY, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

	Governmental Activities
ASSETS	
Cash and investments	\$ 18,739,607
Receivables, net	2,419,965
Inventory	860
Prepaid items	3,136
Bond issuance costs	7,018
Capital assets:	
Non-depreciable	8,106,147
Depreciable	<u>16,858,810</u>
Total capital assets, net	<u>24,964,957</u>
Total assets	<u>46,135,543</u>
LIABILITIES	
Accounts payable	1,843,038
Accrued liabilities	372,099
Due to others	8,926
Unearned revenue	3,807
Interest payable	56,620
Noncurrent liabilities:	
Due within one year	677,613
Due in more than one year	<u>8,411,513</u>
Total noncurrent liabilities	<u>9,089,126</u>
Total liabilities	<u>11,373,616</u>
NET ASSETS	
Invested in capital assets, net of related debt	16,599,556
Restricted for:	
Capital projects	978,042
Public safety	161,244
Judicial	388,000
Records management and preservation	471,308
Transportation	4,051,428
Debt service	1,190,884
Culture and recreation	77,060
Other	6,105
Unrestricted	<u>10,838,300</u>
Total net assets	<u>\$ 34,761,927</u>

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

COOKE COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2011

Functions/Programs	Expenses	Program Revenue			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Assets
					Governmental Activities
Primary government					
Governmental activities:					
General government	\$ 4,099,211	\$ 1,076,758	\$ 58,842	\$ 3,090,997	\$ 127,386
Health and safety	2,985,260	1,074,398	144,982	-	(1,765,880)
Education	95,536	-	-	-	(95,536)
Culture and recreation	394,986	-	11,619	-	(383,367)
Welfare	44,063	-	-	-	(44,063)
Judicial	7,740,202	849,898	261,316	-	(6,628,988)
Transportation	4,335,666	1,242,799	66,466	-	(3,026,401)
Interest on long-term debt	406,973	-	-	-	(406,973)
Total governmental activities	<u>20,101,897</u>	<u>4,243,853</u>	<u>543,225</u>	<u>3,090,997</u>	<u>(12,223,822)</u>
Total primary government	<u>\$ 20,101,897</u>	<u>\$ 4,243,853</u>	<u>\$ 543,225</u>	<u>\$ 3,090,997</u>	<u>(12,223,822)</u>
General revenues:					
Taxes:					
Property taxes					13,992,881
Sales taxes					3,510,088
Other taxes					52,991
Investment income					30,526
Miscellaneous					<u>196,420</u>
Total general revenues					<u>17,782,906</u>
Change in net assets					5,559,084
Net assets - beginning					<u>29,202,843</u>
Net assets - ending					<u>\$ 34,761,927</u>

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

COOKE COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 10,957,002	\$ 1,149,441	\$ 6,633,164	\$ 18,739,607
Receivables, net				
Taxes	1,063,865	24,421	200,176	1,288,462
Accounts	269,333	-	13,420	282,753
Intergovernmental	173,361	600,538	74,851	848,750
Inventory	860	-	-	860
Prepays	<u>3,136</u>	<u>-</u>	<u>-</u>	<u>3,136</u>
 Total assets	 <u>\$ 12,467,557</u>	 <u>\$ 1,774,400</u>	 <u>\$ 6,921,611</u>	 <u>\$ 21,163,568</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 586,872	\$ 951,276	\$ 304,890	\$ 1,843,038
Accrued liabilities	316,752	-	55,347	372,099
Due to others	8,926	-	-	8,926
Deferred revenue	<u>555,476</u>	<u>16,693</u>	<u>159,255</u>	<u>731,424</u>
Total liabilities	<u>1,468,026</u>	<u>967,969</u>	<u>519,492</u>	<u>2,955,487</u>
Fund balances:				
Nonspendable:				
Prepays and inventory	3,996	-	-	3,996
Library	-	-	34,000	34,000
Restricted for:				
Capital projects	-	806,431	171,611	978,042
Public safety	-	-	161,244	161,244
Judicial	-	-	388,000	388,000
Records management and preservation	-	-	471,308	471,308
Transportation	-	-	4,034,735	4,034,735
Debt service	-	-	1,092,056	1,092,056
Culture and recreation	-	-	43,060	43,060
Other	-	-	6,105	6,105
Assigned for capital projects	5,000,000	-	-	5,000,000
Unassigned	<u>5,995,535</u>	<u>-</u>	<u>-</u>	<u>5,995,535</u>
Total fund balances	<u>10,999,531</u>	<u>806,431</u>	<u>6,402,119</u>	<u>18,208,081</u>
 Total liabilities and fund balances	 <u>\$ 12,467,557</u>	 <u>\$ 1,774,400</u>	 <u>\$ 6,921,611</u>	 <u>\$ 21,163,568</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, 2011

Total fund balances - governmental funds balance sheet	\$ 18,208,081
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.	727,617
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	24,964,957
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.	(56,620)
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.	(8,742,198)
Bond issuance costs related to the certificates of obligation.	7,018
Compensated absences are not reported as liabilities in the governmental fund balance sheet.	(346,928)
Net assets of governmental activities	<u>\$ 34,761,927</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, 2011

	General	Permanent Improvement	Other Governmental Funds	Total Governmental
REVENUES				
Taxes				
Ad valorem taxes	\$ 9,356,086	\$ 490,724	\$ 4,130,344	\$ 13,977,154
Sales taxes	3,510,088	-	-	3,510,088
Other	52,991	-	-	52,991
Intergovernmental	487,562	3,090,354	169,687	3,747,603
License and permits	-	-	979,972	979,972
Fines and fees	2,734,418	-	417,184	3,151,602
Investment earnings	19,934	1,120	9,472	30,526
Miscellaneous	30,024	-	22,892	52,916
Total revenues	16,191,103	3,582,198	5,729,551	25,502,852
EXPENDITURES				
Current:				
General government	3,583,392	69,156	293,359	3,945,907
Health and safety	2,797,549	-	-	2,797,549
Education	94,849	-	-	94,849
Culture and recreation	357,495	-	29,828	387,323
Welfare	43,746	-	-	43,746
Judicial	7,137,619	-	142,045	7,279,664
Transportation	-	-	3,924,550	3,924,550
Capital outlay	437,400	4,040,787	135,111	4,613,298
Debt service:				
Principal	-	-	577,904	577,904
Interest and fiscal charges	-	-	413,239	413,239
Total expenditures	14,452,050	4,109,943	5,516,036	24,078,029
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,739,053	(527,745)	213,515	1,424,823
OTHER FINANCING SOURCES (USES)				
Transfers in	3,782	-	-	3,782
Transfers out	-	-	(3,782)	(3,782)
Insurance recovery	67,342	-	23,736	91,078
Proceeds from sale of assets	8,272	-	52,938	61,210
Total other financing sources and uses	79,396	-	72,892	152,288
NET CHANGE IN FUND BALANCES	1,818,449	(527,745)	286,407	1,577,111
FUND BALANCES, BEGINNING	9,181,082	1,334,176	6,115,712	16,630,970
FUND BALANCES, ENDING	\$ 10,999,531	\$ 806,431	\$ 6,402,119	\$ 18,208,081

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, 2011

Net change in fund balances - total governmental funds	\$ 1,577,111
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the government-wide statement of net assets in the current period.	4,621,353
Depreciation expense on capital assets reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(1,101,027)
Compensated absences are accrued on the government-wide 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 government-wide statement of activities and change in net assets. This is the current period net increase in compensated absences not reported as expenditures in governmental funds.	1,405
Accrued interest expense on long-term debt is reported in the government-wide financial statements but not governmental funds as it does not require the use of current financial resources; therefore, this is the current period change in accrued interest expense.	6,851
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. During the current year the County issued capital leases. This amount represents current period debt payments less the issuance of a capital lease.	577,904
Bond issuance costs are amortized over the life of the bond in the government-wide statement of net assets.	(585)
Some revenues in the statement of activities do not provide current financial resources, and therefore, are not reported as revenues in governmental funds.	11,151
OPEB costs are recognized in the period services are rendered in the government-wide statements.	(135,079)
Change in net assets of governmental activities	\$ <u>5,559,084</u>

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

COOKE COUNTY, TEXAS
STATEMENT OF FIDUCIARY FUNDS
SEPTEMBER 30, 2011

ASSETS

Cash and investments

\$ 1,506,218

LIABILITIES

Due to others

\$ 1,506,218

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

COOKE COUNTY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

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. For the most part, the effect of interfund activity has been removed from these statements. *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. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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, as are the fiduciary fund financial statements. 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.

(continued)

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.

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. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County has 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 required to be accounted for in another fund.

The ***Permanent Improvement Fund*** is a Capital Projects Fund used to account for resources that are restricted for capital improvements.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for specific revenue sources (other than for capital projects) that are legally restricted to expenditures for specified purposes. These legal restrictions can come from outside the County or from Commissioners' Court.

Permanent Funds are 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 the reporting government or its citizenry.

Agency Funds are used to account for assets held by the County on behalf of individuals and other governments. Examples include taxes, fines, bonds and restitution. Agency Funds are custodial in nature and do not include measurements of results of operations.

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

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, government securities, mutual funds, repurchase agreements, and the Texas Local Government Investment Pool.

State statutes authorize the County to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool 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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on 2010 historical collection rates receivable allowance for uncollectibles. The property tax receivable allowance is equal to 4 percent of current year tax levy at September 30, 2011. The County has contracted with a law firm to aggressively collect these delinquent property taxes.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, dams and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. 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.

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. Governmental funds report a liability for compensated absences only in connection with terminated employee; therefore, no liability is recorded for accumulated leave.

- Vacation leave – 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.

- Sick 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.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

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.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance (Continued)

- **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.

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.

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.

(continued)

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. Budgets were not adopted for Probate Judge Fund, Seizure Law Enforcement Fund, Flood Damage Fund, or Court Reporter Fund. 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 funds. 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 fund 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. The following budget amendments were significant:

	<u>Increase (Decrease)</u>
General Fund	
General government	\$(577,721)
Health and safety	233,531
Judicial	307,992
Capital outlay	250,659

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, 2011:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ <u>15,926,107</u>	48
Total investments	\$ <u>15,926,107</u>	48

Investment pools are not categorized as to investment risk since specific securities relating to the government cannot be identified. 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, 2011, the County's deposit balance was collateralized with securities held by the pledging financial institution in the County's name or by FDIC insurance.

(continued)

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 by at least one nationally recognized rating service. The County's investments as of September 30, 2011, 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, as follows:

	<u>Governmental Funds</u>			<u>Total</u>
	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Funds</u>	
Receivables:				
Taxes	\$ 1,123,250	\$ 28,211	\$ 226,880	\$ 1,378,341
Adjudicated fines	2,804,170	-	-	2,804,170
Ambulance	7,513,984	-	-	7,513,984
Accounts	35,500	-	13,420	48,920
Intergovernmental	<u>173,361</u>	<u>600,538</u>	<u>74,851</u>	<u>848,750</u>
Gross receivables	11,650,265	628,749	315,151	12,594,165
Less: allowance for uncollectibles	<u>(10,143,706)</u>	<u>(3,790)</u>	<u>(26,704)</u>	<u>(10,174,200)</u>
Net total receivables	<u>\$ 1,506,559</u>	<u>\$ 624,959</u>	<u>\$ 288,447</u>	<u>\$ 2,419,965</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. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables and Deferred Revenues (Continued)

	<u>Unavailable</u>	<u>Unearned</u>
General fund:		
Delinquent property taxes receivable	\$ 415,268	\$ -
Adjudicated fines receivable	<u>140,208</u>	<u>-</u>
Total general fund	<u>555,476</u>	<u>-</u>
Permanent improvement fund:		
Delinquent property taxes receivable	<u>16,693</u>	<u>-</u>
Total permanent improvement fund	<u>16,693</u>	<u>-</u>
Other governmental funds:		
Delinquent property taxes receivable	155,448	-
Unearned grant revenue	<u>-</u>	<u>3,807</u>
Total other governmental funds	<u>155,448</u>	<u>3,807</u>
Total governmental funds	<u>\$ 727,617</u>	<u>\$ 3,807</u>

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 2011 tax rate allocated to each fund:

	<u>Rate Per \$100</u>
General fund	\$ 0.3096
Permanent improvements	0.0150
Road and bridge fund	0.1050
FM and lateral roads	0.0001
Interest and sinking	<u>0.0327</u>
	<u>\$ 0.46240</u>

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables and Deferred Revenues (Continued)

Property Tax Calendar, Collections and Delinquencies

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.

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. Grant revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended September 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 392,108	\$ -	\$ -	\$ 392,108
Construction in progress	<u>3,601,376</u>	<u>4,112,663</u>	<u>-</u>	<u>7,714,039</u>
Total assets not being depreciated	<u>3,993,484</u>	<u>4,112,663</u>	<u>-</u>	<u>8,106,147</u>
Capital assets, being depreciated:				
Buildings and improvements	20,133,539	-	-	20,133,539
Infrastructure	2,123,964	8,551	-	2,132,515
Machinery and equipment	<u>8,509,549</u>	<u>505,449</u>	<u>(19,350)</u>	<u>8,995,648</u>
Total capital assets being depreciated	<u>30,767,052</u>	<u>514,000</u>	<u>(19,350)</u>	<u>31,261,702</u>
Less accumulated depreciation:				
Buildings and improvements	6,818,221	329,279	-	7,147,500
Infrastructure	111,425	53,313	99,743	264,481
Machinery and equipment	<u>6,386,259</u>	<u>718,435</u>	<u>(113,783)</u>	<u>6,990,911</u>
Total accumulated depreciation	<u>13,315,905</u>	<u>1,101,027</u>	<u>(14,040)</u>	<u>14,402,892</u>
Total capital assets being depreciated, net	<u>17,451,147</u>	<u>(587,027)</u>	<u>(5,310)</u>	<u>16,858,810</u>
Governmental activities capital assets, net	<u>\$ 21,444,631</u>	<u>\$ 3,525,636</u>	<u>\$ (5,310)</u>	<u>\$ 24,964,957</u>

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

Governmental activities:	
General government	\$ 138,118
Health and safety	167,468
Culture and recreation	4,860
Judicial	407,863
Transportation	<u>382,718</u>
Total depreciation expense - governmental activities	<u>\$ 1,101,027</u>

D. Interfund Transfers

The following schedule briefly summarizes the County's transfer activity:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 3,782</u>

A transfer was used to close the Probate Judge Fund in the current year.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

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. Lease expenditures for the year ended September 30, 2011, amounted to \$38,897. Future minimum lease payments for these leases are as follows:

<u>Year Ending September 30,</u>	<u>Lease Obligation</u>
2012	\$ 33,582
2013	23,549
2014	15,403
2015	<u>7,065</u>
Totals	<u>\$ 79,599</u>

F. Long-term Liabilities

The County issues general obligation bonds to finance major capital projects. General obligations debt, certificates of obligation and contractual obligations are generally payable from property tax revenues. All other obligations, including capital leases and compensated absences, are payable from revenues of the General Fund.

General Obligation Bonds

The County periodically sells issues of general obligation bonds. Detailed information on outstanding certificates of obligation 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%	\$ 8,130,000	\$ 455,000

The County issued general obligation bonds in the amount of \$10,500,000 to provide funds for the construction of and acquisition of equipment for a new jail facility. The bonds, dated July 15, 2004, were issued as Cooke County, Texas, General Obligation Bonds, Series 2004. Interest on the bonds is payable at rates from 3.0% to 5.5% and is due February 15 and August 15 of each year to maturity. Principal is payable February 15 of each year commencing February 15, 2005, with a final payment February 15, 2024.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term Liabilities (Continued)

General Obligation Bonds (Continued)

The annual debt service requirements for general obligation bonds outstanding, as of September 30, 2011, are as follows:

Fiscal Year Ending September 30,	General Obligation Bonds		
	Principal	Interest	Total
2012	\$ 455,000	\$ 381,993	\$ 836,993
2013	485,000	363,192	848,192
2014	510,000	342,655	852,655
2015	535,000	320,930	855,930
2016	560,000	298,493	858,493
2017-2021	3,210,000	1,081,871	4,291,871
2022-2025	<u>2,375,000</u>	<u>200,613</u>	<u>2,575,613</u>
Total	<u>\$ 8,130,000</u>	<u>\$ 2,989,747</u>	<u>\$ 11,119,747</u>

Capital Leases

The County entered into three separate agreements with Bancorp South Equipment Finance to purchase three Volvo motor graders. These agreements are for three-year terms based on the delivery of the equipment and expire on October 25, 2011 and November 25, 2011. Payments for two of these leases total \$89,164 annually while the third lease annually pays \$43,138. All three leases carry an effective interest rate of 3.55%. In fiscal year 2010, the County entered into a lease with Bancorp South Equipment Finance to purchase an asphalt zipper. The lease calls for five annual payments of \$29,363 with an effective interest rate of 3.50%. The lease will expire on October 25, 2014. For the year ended September 30, 2011, lease obligations payments were \$147,904.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	\$ 635,923
Less: accumulated depreciation	(157,110)
Total	<u>\$ 478,813</u>

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term Liabilities (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2011, were as follows:

Year Ending September 30,	Governmental Activities
2012	\$ 157,834
2013	29,363
2014	29,363
2015	<u>29,362</u>
Total	245,922
Less: amount representing interest	<u>10,521</u>
Present value of minimum lease payments	<u>\$ 235,401</u>

Changes in Long-term Liabilities

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2011:

Description	Amounts Outstanding September 30, 2010	Issued	Retired	Amounts Outstanding September 30, 2011	Due Within One Year
General obligation bonds	\$ 8,560,000	\$ -	\$ 430,000	\$ 8,130,000	\$ 455,000
Capital leases	383,305	-	147,904	235,401	153,227
Compensated absences	348,333	442,931	444,336	346,928	69,386
OPEB obligation	<u>241,718</u>	<u>218,060</u>	<u>82,981</u>	<u>376,797</u>	<u>-</u>
	<u>\$ 9,533,356</u>	<u>\$ 660,991</u>	<u>\$ 1,105,221</u>	<u>\$ 9,089,126</u>	<u>\$ 677,613</u>

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, 2011, 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 in respect of lawsuits and claims in the ordinary course of operations that, in the opinion of management, will not have material adverse effect on the combined financial statements.

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 618 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.

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.

(continued)

IV. OTHER INFORMATION (Continued)

C. Retirement Plan (Continued)

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 9.14% for the months of the accounting year in 2011, and 9.13% for the months of the accounting year in 2010.

The deposit rate payable by the employee members for calendar year 2011 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, 2011, the annual pension cost for the TCDRS plan for its employees was \$806,037, and the actual contributions were \$806,037. The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2009 and December 31, 2008, the basis for determining the contribution rates for calendar years 2011 and 2010. The December 31, 2010, actuarial valuation is the most recent valuation.

Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/08	12/31/09	12/31/10
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	5.3%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

(continued)

IV. OTHER INFORMATION (Continued)

C. Retirement Plan (Continued)

Annual Pension Cost (Continued)

Trend Information for the Retirement Plan for the Employees of Cooke County

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/09	\$ 777,037	100%	\$ -
09/30/10	822,977	100%	-
09/30/11	806,037	100%	-

Schedule of Funding Progress for the Retirement Plan For the Employees of Cooke County

Year	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)
2008	\$ 12,655,126	\$ 15,366,899	\$ 2,711,773	82.35%	\$ 8,231,293	32.94%
2009	14,305,416	17,101,985	2,796,569	83.65%	9,188,392	30.44%
2010	15,349,645	18,416,585	3,066,940	83.35%	9,013,997	34.02%

D. Other Post-retirement Health Care Benefits

The County provides certain health care and life insurance benefits, under County policy, for all active employees upon retirement that meet one of the following requirements: age 60 with 20 or more years of service or at age 55 with 25 or more years of service.

A retiree may choose to receive health care coverage through the County's insurance plan if retiring between the ages of 55 to 60 with 25 or 20 years of services, respectively, or the retiree may choose to obtain coverage through the CountyChoice Silver plan offered by Texas Association of Counties if retiring at age 55 to 60 until the retiree becomes Medicare eligible. As noted, it is the retiree's option to choose either based upon age and other qualifying requirements when retirement occurs. The retiree is free to choose an independent plan for coverage. The County pays the premium 100% until the retiree becomes Medicare eligible. Paid retirement benefits have been offered to qualified retirees since fiscal year 2003.

(continued)

IV. OTHER INFORMATION (Continued)

E. Other Post Employment Benefits

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 parameter 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 thirty years. The annual OPEB cost for the fiscal year ending September 30, 2011, is as follows:

Annual required contribution	\$ 217,261
Interest on OPEB obligation	10,877
Adjustment to ARC	<u>(10,078)</u>
Annual OPEB cost (expense) end of year	218,060
Net estimated employer contributions	<u>(82,981)</u>
Increase in net OPEB obligation	135,079
Net OPEB obligation - as of beginning of year	<u>241,718</u>
Net OPEB obligation - as of end of year	<u>\$ 376,797</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, 2011, and the two preceding fiscal years were as follows:

Accounting Year Ending	Annual OPEB Cost	Employer Amount Contributed	Percentage of APC Contributed	Net OPEB Obligation
09/30/09	\$ 192,948	\$ 68,890	35.7%	\$ 124,058
09/30/10	199,147	81,487	40.9%	241,718
09/30/11	218,060	82,981	38.1%	376,797

Funding Status and Funding Progress

The funded status of the County's retiree health care plan, under GASB Statement No. 45 as of December 31, 2010 and 2007, is as follows:

Actuarial Valuation Date as of December 31,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)
2007	\$ -	\$ 1,891,628	\$ 1,891,628	- %
2010	-	1,797,772	1,797,772	- %

This is the third year of implementation of GASB 45. Accordingly, only two years of funding progress are available.

(continued)

IV. OTHER INFORMATION (Continued)

E. Other Post Employment Benefits (Continued)

Funding Status and Funding Progress (Continued)

Under the reporting parameters, the County's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$1,797,772 at December 31, 2010.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

F. Subsequent Event

The Commissioners' Court has approved the sale of refunding bonds to refund the Series 2004 General Obligation bonds. The final amount and interest rate of the new refunding bonds have not yet been determined but will not exceed \$7,615,000. The County may issue the bonds at any time within six months when the interest rates appear to be the lowest.

**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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Ad valorem	\$ 9,303,848	\$ 9,303,848	\$ 9,356,086	\$ 52,238
Sales	2,300,000	2,300,000	3,510,088	1,210,088
Other	45,000	45,000	52,991	7,991
Intergovernmental	265,500	501,225	487,562	(13,663)
Fines and fees	2,970,000	2,970,000	2,734,418	(235,582)
Investment earnings	30,000	30,000	19,934	(10,066)
Miscellaneous	37,300	37,300	30,024	(7,276)
Total revenues	<u>14,951,648</u>	<u>15,187,373</u>	<u>16,191,103</u>	<u>1,003,730</u>
EXPENDITURES				
Current:				
General government:				
Courthouse	588,790	351,562	309,256	42,306
Auditor	322,946	323,027	313,269	9,758
Tax assessor	353,202	361,743	347,699	14,044
County clerk	189,699	235,129	234,564	565
District clerk	217,172	217,172	205,539	11,633
Treasurer	109,872	109,791	107,590	2,201
Commissioners' office	2,600	2,600	628	1,972
Human resources	70,562	71,557	64,018	7,539
Election expense	30,000	51,313	51,313	-
Court appointed attorneys	452,000	399,985	232,733	167,252
Technology	351,947	359,847	347,351	12,496
Tax appraisal district	278,000	285,317	285,316	1
Other	4,209,050	3,829,076	1,084,116	2,744,960
Total general government	<u>7,175,840</u>	<u>6,598,119</u>	<u>3,583,392</u>	<u>3,014,727</u>
Health and safety:				
Environmental health	62,515	62,515	59,490	3,025
Emergency management	86,136	215,959	178,274	37,685
Emergency medical services	2,379,955	2,459,663	2,419,253	40,410
Fire marshal	123,600	147,600	140,532	7,068
Total health and safety	<u>2,652,206</u>	<u>2,885,737</u>	<u>2,797,549</u>	<u>88,188</u>
Education:				
County extension	96,613	96,613	94,849	1,764
Total education	<u>96,613</u>	<u>96,613</u>	<u>94,849</u>	<u>1,764</u>
Culture and recreation:				
Library	289,460	310,161	296,129	14,032
Social services	63,500	63,500	61,366	2,134
Total cultural and recreational	<u>352,960</u>	<u>373,661</u>	<u>357,495</u>	<u>16,166</u>
Welfare:				
Child welfare	14,000	14,000	13,752	248
Veterans' service	31,651	31,651	29,994	1,657
Total welfare	<u>45,651</u>	<u>45,651</u>	<u>43,746</u>	<u>1,905</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, 2011

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (Continued)				
Current:				
Judicial:				
County judge	\$ 132,813	\$ 132,813	\$ 130,324	\$ 2,489
Sheriff	2,130,866	2,114,097	2,060,015	54,082
Jail operations	2,230,181	2,538,940	2,509,745	29,195
County attorney	497,903	497,903	483,566	14,337
Justice of the peace, 1	145,299	145,126	188,703	(43,577)
Justice of the peace, 4	153,183	157,956	157,455	501
Highway patrol	61,620	61,620	55,718	5,902
District judge	233,920	233,920	228,143	5,777
District attorney	458,388	458,388	444,679	13,709
Jury	113,600	113,600	43,516	70,084
Constable, precinct 1	50,279	50,279	45,568	4,711
Constable, precinct 4	52,029	52,229	50,537	1,692
County court-at-law	358,526	358,526	354,948	3,578
County court-at-law clerk's office	48,351	47,761	137,721	(89,960)
Adult probation	14,570	22,068	22,069	(1)
Juvenile probation	196,636	200,430	168,467	31,963
Compliance officer	56,391	56,391	55,605	786
Game warden	1,000	1,500	840	660
Total judicial	6,935,555	7,243,547	7,137,619	105,928
Capital outlay	317,600	568,259	437,400	130,859
Total expenditures	17,576,425	17,811,587	14,452,050	3,359,537
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(2,624,777)	(2,624,214)	1,739,053	4,363,267
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,782	3,782
Insurance recovery	-	-	67,342	(67,342)
Proceeds from sale of capital assets	-	-	8,272	8,272
Total other financing sources (uses)	-	-	79,396	79,396
NET CHANGE IN FUND BALANCES	(2,624,777)	(2,624,214)	1,818,449	4,442,663
FUND BALANCES, BEGINNING	9,181,082	9,181,082	9,181,082	-
FUND BALANCES, ENDING	\$ 6,556,305	\$ 6,556,868	\$ 10,999,531	\$ 4,442,663

COMBINING STATEMENTS

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2011

	Special Revenue			
	Jail Commissary	Courthouse Security	Records Management	Records Preservation
ASSETS				
Cash and investments	\$ 51,810	\$ 176,234	\$ 268,803	\$ 80,415
Receivables (net of allowances for uncollectibles)				
Taxes	-	-	-	-
Accounts	977	-	-	-
Intergovernmental	-	-	-	-
	-	-	-	-
Total assets	\$ 52,787	\$ 176,234	\$ 268,803	\$ 80,415
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 375	\$ -	\$ -	\$ -
Accrued liabilities	-	429	214	-
Deferred revenue	-	-	-	-
	-	-	-	-
Total liabilities	375	429	214	-
Fund balances:				
Nonspendable - library	-	-	-	-
Restricted for:				
Public safety	52,412	-	-	-
Judicial	-	175,805	-	-
Records management and preservation	-	-	268,589	80,415
Transportation	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Culture and recreation	-	-	-	-
Other	-	-	-	-
	-	-	-	-
Total fund balances	52,412	175,805	268,589	80,415
Total liabilities and fund balances	\$ 52,787	\$ 176,234	\$ 268,803	\$ 80,415

Special Revenue				
Law Library	Law Enforcement Education	Farm to Market and Lateral Road	Justice of the Peace Technology	Check Collecting
\$ 70,538	\$ 45,777	\$ 755,913	\$ 43,481	\$ 19,808
-	-	199	-	-
-	-	-	-	150
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 70,538</u>	<u>\$ 45,777</u>	<u>\$ 756,112</u>	<u>\$ 43,481</u>	<u>\$ 19,958</u>
\$ 795	\$ 238	\$ -	\$ 389	\$ 910
-	-	-	-	268
-	-	128	-	-
<u>795</u>	<u>238</u>	<u>128</u>	<u>389</u>	<u>1,178</u>
-	-	-	-	-
-	45,539	-	-	-
69,743	-	-	43,092	18,780
-	-	-	-	-
-	-	755,984	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>69,743</u>	<u>45,539</u>	<u>755,984</u>	<u>43,092</u>	<u>18,780</u>
<u>\$ 70,538</u>	<u>\$ 45,777</u>	<u>\$ 756,112</u>	<u>\$ 43,481</u>	<u>\$ 19,958</u>

(continued)

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2011

	Special Revenue			
	Cooke County Historical	Juvenile Probation Diversion	Library	District Attorney Drug Enforcement
ASSETS				
Cash and investments	\$ 1,968	\$ 3,191	\$ 36,651	\$ 35,918
Receivables (net of allowances for uncollectibles)				
Taxes	-	-	-	-
Accounts	-	-	118	-
Intergovernmental	-	-	-	-
Total assets	<u>\$ 1,968</u>	<u>\$ 3,191</u>	<u>\$ 36,769</u>	<u>\$ 35,918</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 479	\$ -
Accrued liabilities	-	-	-	-
Deferred revenue	-	-	3,807	-
Total liabilities	<u>-</u>	<u>-</u>	<u>4,286</u>	<u>-</u>
Fund balances:				
Nonspendable - library	-	-	-	-
Restricted for:				
Public safety	-	-	-	35,918
Judicial	-	3,191	-	-
Records management and preservation	-	-	-	-
Transportation	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Culture and recreation	1,968	-	32,483	-
Other	-	-	-	-
Total fund balances	<u>1,968</u>	<u>3,191</u>	<u>32,483</u>	<u>35,918</u>
Total liabilities and fund balances	<u>\$ 1,968</u>	<u>\$ 3,191</u>	<u>\$ 36,769</u>	<u>\$ 35,918</u>

Special Revenue

Seizure Law Enforcement	Sheriff Drug Enforcement	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3
\$ 2,019	\$ 23,676	\$ 916,256	\$ 238,379	\$ 974,206
-	-	38,567	38,566	38,566
-	1,680	2,567	2,600	2,567
<u>-</u>	<u>-</u>	<u>18,682</u>	<u>18,682</u>	<u>18,682</u>
<u>\$ 2,019</u>	<u>\$ 25,356</u>	<u>\$ 976,072</u>	<u>\$ 298,227</u>	<u>\$ 1,034,021</u>
\$ -	\$ -	\$ 58,615	\$ 16,093	\$ 54,339
-	-	12,940	15,723	11,295
<u>-</u>	<u>-</u>	<u>28,810</u>	<u>28,810</u>	<u>28,811</u>
<u>-</u>	<u>-</u>	<u>100,365</u>	<u>60,626</u>	<u>94,445</u>
-	-	-	-	-
2,019	25,356	-	-	-
-	-	-	-	-
-	-	875,707	237,601	939,576
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,019</u>	<u>25,356</u>	<u>875,707</u>	<u>237,601</u>	<u>939,576</u>
<u>\$ 2,019</u>	<u>\$ 25,356</u>	<u>\$ 976,072</u>	<u>\$ 298,227</u>	<u>\$ 1,034,021</u>

(continued)

COOKE COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2011

	Special Revenue				
	Road and Bridge #4	Records Archive	Juvenile Probation IV-E	Court Reporter Fund	Chapter 19
ASSETS					
Cash and investments	\$ 1,368,350	\$ 135,953	\$ 20,989	\$ 44,482	\$ 4,100
Receivables (net of allowances for uncollectibles)					
Taxes	38,565	-	-	-	-
Accounts	2,567	-	-	-	-
Intergovernmental	<u>18,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123</u>
Total assets	<u>\$ 1,428,164</u>	<u>\$ 135,953</u>	<u>\$ 20,989</u>	<u>\$ 44,482</u>	<u>\$ 4,223</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 159,008	\$ 13,649	\$ -	\$ -	\$ -
Accrued liabilities	14,478	-	-	-	-
Deferred revenue	<u>28,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>202,297</u>	<u>13,649</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable - library	-	-	-	-	-
Restricted for:					
Public safety	-	-	-	-	-
Judicial	-	-	20,989	44,482	-
Records management and preservation	-	122,304	-	-	-
Transportation	1,225,867	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,223</u>
Total fund balances	<u>1,225,867</u>	<u>122,304</u>	<u>20,989</u>	<u>44,482</u>	<u>4,223</u>
Total liabilities and fund balances	<u>\$ 1,428,164</u>	<u>\$ 135,953</u>	<u>\$ 20,989</u>	<u>\$ 44,482</u>	<u>\$ 4,223</u>

<u>Special Revenue</u>			<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Pretrial Diversion</u>	<u>District Court Preservation</u>	<u>County/District Clerk Technology</u>	<u>Interest and Sinking</u>	<u>Jail Construction</u>	<u>Library Permanent</u>	
\$ 3,500	\$ 8,418	\$ 1,882	\$ 1,086,421	\$ 171,611	\$ 42,415	\$ 6,633,164
-	-	-	45,713	-	-	200,176
-	-	-	-	-	194	13,420
-	-	-	-	-	-	74,851
<u>\$ 3,500</u>	<u>\$ 8,418</u>	<u>\$ 1,882</u>	<u>\$ 1,132,134</u>	<u>\$ 171,611</u>	<u>\$ 42,609</u>	<u>\$ 6,921,611</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 304,890
-	-	-	-	-	-	55,347
-	-	-	40,078	-	-	159,255
-	-	-	40,078	-	-	519,492
-	-	-	-	-	34,000	34,000
-	-	-	-	-	-	161,244
3,500	8,418	-	-	-	-	388,000
-	-	-	-	-	-	471,308
-	-	-	-	-	-	4,034,735
-	-	-	1,092,056	-	-	1,092,056
-	-	-	-	171,611	-	171,611
-	-	-	-	-	8,609	43,060
-	-	1,882	-	-	-	6,105
<u>3,500</u>	<u>8,418</u>	<u>1,882</u>	<u>1,092,056</u>	<u>171,611</u>	<u>42,609</u>	<u>6,402,119</u>
<u>\$ 3,500</u>	<u>\$ 8,418</u>	<u>\$ 1,882</u>	<u>\$ 1,132,134</u>	<u>\$ 171,611</u>	<u>\$ 42,609</u>	<u>\$ 6,921,611</u>

COOKE COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue			
	Jail Commissary	Courthouse Security	Records Management	Records Preservation
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	13,278	29,481	21,019	50,046
Investment earnings	81	248	353	314
Miscellaneous	-	-	-	-
Total revenues	13,359	29,729	21,372	50,360
EXPENDITURES				
Current:				
General government	-	-	3,526	205,607
Culture and recreation	-	-	-	-
Judicial	7,636	32,510	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	7,636	32,510	3,526	205,607
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,723	(2,781)	17,846	(155,247)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Insurance recovery	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	5,723	(2,781)	17,846	(155,247)
FUND BALANCES, BEGINNING	46,689	178,586	250,743	235,662
FUND BALANCES, ENDING	\$ 52,412	\$ 175,805	\$ 268,589	\$ 80,415

Special Revenue

<u>Law Library</u>	<u>Law Enforcement Education</u>	<u>Farm to Market and Lateral Road</u>	<u>Justice of the Peace Technology</u>	<u>Check Collecting</u>
\$ -	\$ -	\$ 3,086	\$ -	\$ -
-	6,563	2,379	-	-
-	-	-	-	-
17,175	-	-	14,727	8,652
94	72	967	74	-
-	-	-	-	-
<u>17,269</u>	<u>6,635</u>	<u>6,432</u>	<u>14,801</u>	<u>8,652</u>
-	-	-	-	-
-	-	-	-	-
10,469	2,325	-	18,123	10,556
-	-	63	-	-
-	-	-	-	-
-	-	-	-	-
<u>10,469</u>	<u>2,325</u>	<u>63</u>	<u>18,123</u>	<u>10,556</u>
<u>6,800</u>	<u>4,310</u>	<u>6,369</u>	<u>(3,322)</u>	<u>(1,904)</u>
-	-	-	(3,782)	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,782)</u>	<u>-</u>
6,800	4,310	6,369	(7,104)	(1,904)
<u>62,943</u>	<u>41,229</u>	<u>749,615</u>	<u>50,196</u>	<u>20,684</u>
<u>\$ 69,743</u>	<u>\$ 45,539</u>	<u>\$ 755,984</u>	<u>\$ 43,092</u>	<u>\$ 18,780</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, 2011**

	Special Revenue			
	Cooke County Historical	Juvenile Probation Diversion	Library	District Attorney Drug Enforcement
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	10,124	-
Licenses and permits	-	-	-	-
Fines and fees	-	-	-	11,896
Investment earnings	4	3	130	54
Miscellaneous	-	1,946	17,833	-
Total revenues	4	1,949	28,087	11,950
EXPENDITURES				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	29,828	-
Judicial	-	530	-	432
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	530	29,828	432
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4	1,419	(1,741)	11,518
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	-
Insurance recovery	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	4	1,419	(1,741)	11,518
FUND BALANCES, BEGINNING	1,964	1,772	34,224	24,400
FUND BALANCES, ENDING	\$ 1,968	\$ 3,191	\$ 32,483	\$ 35,918

Special Revenue

Seizure Law Enforcement	Sheriff Drug Enforcement	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3
\$ -	\$ -	\$ 784,943	\$ 784,942	\$ 784,943
-	-	23,123	23,568	22,696
-	-	244,993	244,993	244,993
1,103	1,680	46,486	46,486	46,486
-	50	1,186	465	1,322
-	-	267	-	-
<u>1,103</u>	<u>1,730</u>	<u>1,100,998</u>	<u>1,100,454</u>	<u>1,100,440</u>
-	-	-	-	-
-	-	-	-	-
58,439	625	-	-	-
-	-	865,412	977,468	942,256
-	-	35,923	-	45,688
-	-	40,186	107,718	-
-	-	2,952	10,809	-
<u>58,439</u>	<u>625</u>	<u>944,473</u>	<u>1,095,995</u>	<u>987,944</u>
(57,336)	1,105	156,525	4,459	112,496
-	-	-	-	-
-	-	-	-	-
-	1,188	5,672	-	-
-	1,188	5,672	-	-
(57,336)	2,293	162,197	4,459	112,496
<u>59,355</u>	<u>23,063</u>	<u>713,510</u>	<u>233,142</u>	<u>827,080</u>
<u>\$ 2,019</u>	<u>\$ 25,356</u>	<u>\$ 875,707</u>	<u>\$ 237,601</u>	<u>\$ 939,576</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, 2011

	Special Revenue				
	Road and Bridge #4	Records Archive	Juvenile Probation IV-E	Court Reporter Fund	Chapter 19
REVENUES					
Ad valorem taxes	\$ 784,943	\$ -	\$ -	\$ -	\$ -
Intergovernmental	69,443	-	-	-	7,125
Licenses and permits	244,993	-	-	-	-
Fines and fees	46,486	43,235	-	9,540	2,555
Investment earnings	1,807	205	33	57	5
Miscellaneous	346	-	-	-	-
Total revenues	<u>1,148,018</u>	<u>43,440</u>	<u>33</u>	<u>9,597</u>	<u>9,685</u>
EXPENDITURES					
Current:					
General government	-	77,101	-	-	7,125
Culture and recreation	-	-	-	-	-
Judicial	-	-	400	-	-
Transportation	1,139,351	-	-	-	-
Capital outlay	53,500	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>1,192,851</u>	<u>77,101</u>	<u>400</u>	<u>-</u>	<u>7,125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(44,833)</u>	<u>(33,661)</u>	<u>(367)</u>	<u>9,597</u>	<u>2,560</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Insurance recovery	23,736	-	-	-	-
Proceeds from sale of assets	46,078	-	-	-	-
Total other financing sources (uses)	<u>69,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	24,981	(33,661)	(367)	9,597	2,560
FUND BALANCES, BEGINNING	<u>1,200,886</u>	<u>155,965</u>	<u>21,356</u>	<u>34,885</u>	<u>1,663</u>
FUND BALANCES, ENDING	<u>\$ 1,225,867</u>	<u>\$ 122,304</u>	<u>\$ 20,989</u>	<u>\$ 44,482</u>	<u>\$ 4,223</u>

<u>Special Revenue</u>			<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Pretrial Diversion</u>	<u>District Court Preservation</u>	<u>County/District Clerk Technology</u>	<u>Interest and Sinking</u>	<u>Jail Construction</u>	<u>Library Permanent</u>	
\$ -	\$ -	\$ -	\$ 987,487	\$ -	\$ -	\$ 4,130,344
-	-	-	4,666	-	-	169,687
-	-	-	-	-	-	979,972
500	5,104	1,249	-	-	-	417,184
-	10	2	1,496	228	212	9,472
<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,892</u>
<u>3,000</u>	<u>5,114</u>	<u>1,251</u>	<u>993,649</u>	<u>228</u>	<u>212</u>	<u>5,729,551</u>
-	-	-	-	-	-	293,359
-	-	-	-	-	-	29,828
-	-	-	-	-	-	142,045
-	-	-	-	-	-	3,924,550
-	-	-	-	-	-	135,111
-	-	-	430,000	-	-	577,904
-	-	-	399,478	-	-	413,239
<u>-</u>	<u>-</u>	<u>-</u>	<u>829,478</u>	<u>-</u>	<u>-</u>	<u>5,516,036</u>
<u>3,000</u>	<u>5,114</u>	<u>1,251</u>	<u>164,171</u>	<u>228</u>	<u>212</u>	<u>213,515</u>
-	-	-	-	-	-	(3,782)
-	-	-	-	-	-	23,736
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,938</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,892</u>
3,000	5,114	1,251	164,171	228	212	286,407
<u>500</u>	<u>3,304</u>	<u>631</u>	<u>927,885</u>	<u>171,383</u>	<u>42,397</u>	<u>6,115,712</u>
<u>\$ 3,500</u>	<u>\$ 8,418</u>	<u>\$ 1,882</u>	<u>\$ 1,092,056</u>	<u>\$ 171,611</u>	<u>\$ 42,609</u>	<u>\$ 6,402,119</u>

COOKE COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY FUNDS

SEPTEMBER 30, 2011

	<u>County Clerk</u>	<u>District Clerk</u>	<u>Tax-Assessor Collector</u>	<u>District Attorney</u>
ASSETS				
Cash and investments	\$ <u>219,089</u>	\$ <u>778,020</u>	\$ <u>210,599</u>	\$ <u>17,429</u>
Total assets	\$ <u>219,089</u>	\$ <u>778,020</u>	\$ <u>210,599</u>	\$ <u>17,429</u>
LIABILITIES				
Deposits held for others	\$ <u>219,089</u>	\$ <u>778,020</u>	\$ <u>210,599</u>	\$ <u>17,429</u>
Total liabilities	\$ <u>219,089</u>	\$ <u>778,020</u>	\$ <u>210,599</u>	\$ <u>17,429</u>

<u>Sheriff</u>	<u>County Attorney</u>	<u>Adult Probations</u>	<u>Juvenile Probations</u>	<u>Total Fiduciary Funds</u>
\$ <u>51,814</u>	\$ <u>31,992</u>	\$ <u>183,757</u>	\$ <u>13,518</u>	\$ <u>1,506,218</u>
\$ <u>51,814</u>	\$ <u>31,992</u>	\$ <u>183,757</u>	\$ <u>13,518</u>	\$ <u>1,506,218</u>
\$ <u>51,814</u>	\$ <u>31,992</u>	\$ <u>183,757</u>	\$ <u>13,518</u>	\$ <u>1,506,218</u>
\$ <u>51,814</u>	\$ <u>31,992</u>	\$ <u>183,757</u>	\$ <u>13,518</u>	\$ <u>1,506,218</u>

SINGLE AUDIT SECTION

**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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 25, 2012. 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

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 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.

May 25, 2012



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE
OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS**

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

Compliance

We have audited the compliance of Cooke County, Texas with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* and the State of Texas Uniform Grant Management Standards that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2011. Cooke County, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of Cooke County's management. Our responsibility is to express an opinion on Cooke County, Texas' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* and the *State of Texas Uniform Grant Management Standards ("UGMS")*. Those standards, OMB Circular A-133, and the *State of Texas Uniform Grant Management Standards ("UGMS")* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Cooke County, Texas, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2011.

Internal Control Over Compliance

Management of Cooke County, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered Cooke County, Texas' internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Uniform Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cooke County Texas' internal control over compliance.

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

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

This report is intended solely for the information and use of management, the Commissioners' Court, others within the entity, 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.

May 25, 2012

COOKE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

Federal Grantor Agency/ Pass-through Agency	CFDA Number	Pass-through Grantor's Number	Expenditures
<u>US Department of Agriculture</u>			
<i>Passed through Natural Resources Conservation Service</i>			
Emergency Watershed Protection Program - ARRA	10.923	AG-7442-C-11-0020	148,303
Emergency Watershed Protection Program - ARRA	10.923	AG-7442-C-11-0021	<u>206,687</u>
Total Passed Through Natural Resources Conservation Service			<u>354,990</u>
Total US Department of Agriculture			<u>354,990</u>
<u>US Department of the Interior</u>			
<i>Passed through US Bureau of Land Management</i>			
Payments in Lieu of Taxes	15.226	PL 110-343	<u>63,978</u>
Total Passed Through US Bureau of Land Management			<u>63,978</u>
Total US Department of the Interior			<u>63,978</u>
<u>US Election Assistance Commission</u>			
<i>Passed through Texas Secretary of State</i>			
Help America Vote Act	90.401	78524	<u>50,284</u>
Total Passed Through Texas Secretary of State			<u>50,284</u>
Total US Election Assistance Commission			<u>50,284</u>
<u>Department of Homeland Security</u>			
<i>Passed through Texas Department of Public Safety</i>			
Public Assistance Grants	97.053	2009-SS-T9-0064	1,208
Public Assistance Grants	97.073	2008-GE-T8-0034	26,357
Public Assistance Grants	97.073	2009-SS-T9-0064	<u>61,364</u>
Total Passed Through Texas Department of Public Safety			<u>88,929</u>
Total Department of Homeland Security			<u>88,929</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 558,181</u>

(continued)

COOKE COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

State Grantor Agency/ Pass-through Agency	Pass-through Grantor's Number	Expenditures
<u>Texas Task Force on Indigent Defense</u>		
Indigent Defense Formula Grant	212-09-049	\$ 25,918
Total Texas Task Force on Indigent Defense		<u>25,918</u>
<u>Texas Department of Health Services</u>		
EMS Trauma	2007-022286	10,118
EMS Local Projects	2011-037336-001	<u>22,355</u>
Total Texas Department of Health Services		<u>32,473</u>
<u>Texas Historical Commission</u>		
Courthouse Restoration	CTH-Cooke-05-2008	<u>3,088,214</u>
Total Texas Historical Commission		<u>3,088,214</u>
<u>Texas State Library and Archives Commission</u>		
Lonestar Library Grant	442-10315	<u>6,587</u>
Total Texas State Library and Archives Commission		<u>6,587</u>
<u>Texas Commission on the Arts</u>		
Story Hour	10052768	162
Story Hour	10052784	<u>75</u>
Total Texas Library Association		<u>237</u>
Texas State Soil and Water Conservation Board		
Flood Control Structural Repair Grant Program	EWP 2011-2033	<u>46,963</u>
Total Texas State Soil and Water Conservation Board		<u>46,963</u>
TOTAL STATE EXPENDITURES		\$ <u>3,200,392</u>

COOKE COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

1. GENERAL

The Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards programs of Cooke County. The County's reporting entity is defined in Note 1 of the financial statements. Federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies, are included on the Schedule of Expenditures of Federal and State Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the financial statements.

COOKE COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to the financial statements noted?	None

Federal and State Awards:

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 and the State of Texas Uniform Grants Management Standards

None

Identification of Major Federal and State Programs:

CFDA Number: 10.923 Not applicable	Name of Federal or State Program or Cluster: Emergency Watershed Protection Program Courthouse Restoration Grant
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Dollar threshold considered between Type A and Type B federal and state programs

\$300,000

Auditee qualified as low-risk auditee?

Federal - No
State - No

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

COOKE COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SEPTEMBER 30, 2011

All prior year findings have been resolved.