

COOKE COUNTY, TEXAS

**Annual
Financial Report**

**For Fiscal Year
September 30, 2013**

COOKE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2013

Page Number

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditors' Report.....	1 – 3
Management's Discussion and Analysis	4 – 11
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities.....	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Position.....	15
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Governmental Funds	16

COOKE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2013

Page Number

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Fiduciary Funds	18
Notes to Financial Statements.....	19 – 35
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	36 – 37
Schedules of Funding Progress	38
Combining Statements	
Combining Balance Sheet – Nonmajor Governmental Funds	39 – 44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	45 – 50
Combining Statement of Fiduciary Funds	51 – 52

SINGLE AUDIT SECTION

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	53 – 54
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COOKE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2013

	<u>Page Number</u>
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	55 – 56
Schedule of Expenditures of Federal Awards	57
Notes to Schedule of Expenditures of Federal Awards	58
Schedule of Findings and Questioned Costs	59
Schedule of Prior Year Findings	60

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INTRODUCTORY SECTION

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

June 25, 2014

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, 2013, 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, 2013, 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 unmodified opinion on Cooke County's financial statements for fiscal year ended September 30, 2013, that they were fairly presented in conformity with GAAP.

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

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

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

Profile of the Government

Located in North Central Texas, Cooke County was incorporated in 1848 and the County was named after the Texas Revolution Hero William G. Cooke. The County's population has remained relatively stable in the last hundred years. The current population projection is 38,688, which is a 9.5% increase over the 2000 census of 36,363. The County has a land area of 792 square miles.

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

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

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

Factors Affecting Financial Condition

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

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

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

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

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

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

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

Respectfully submitted,



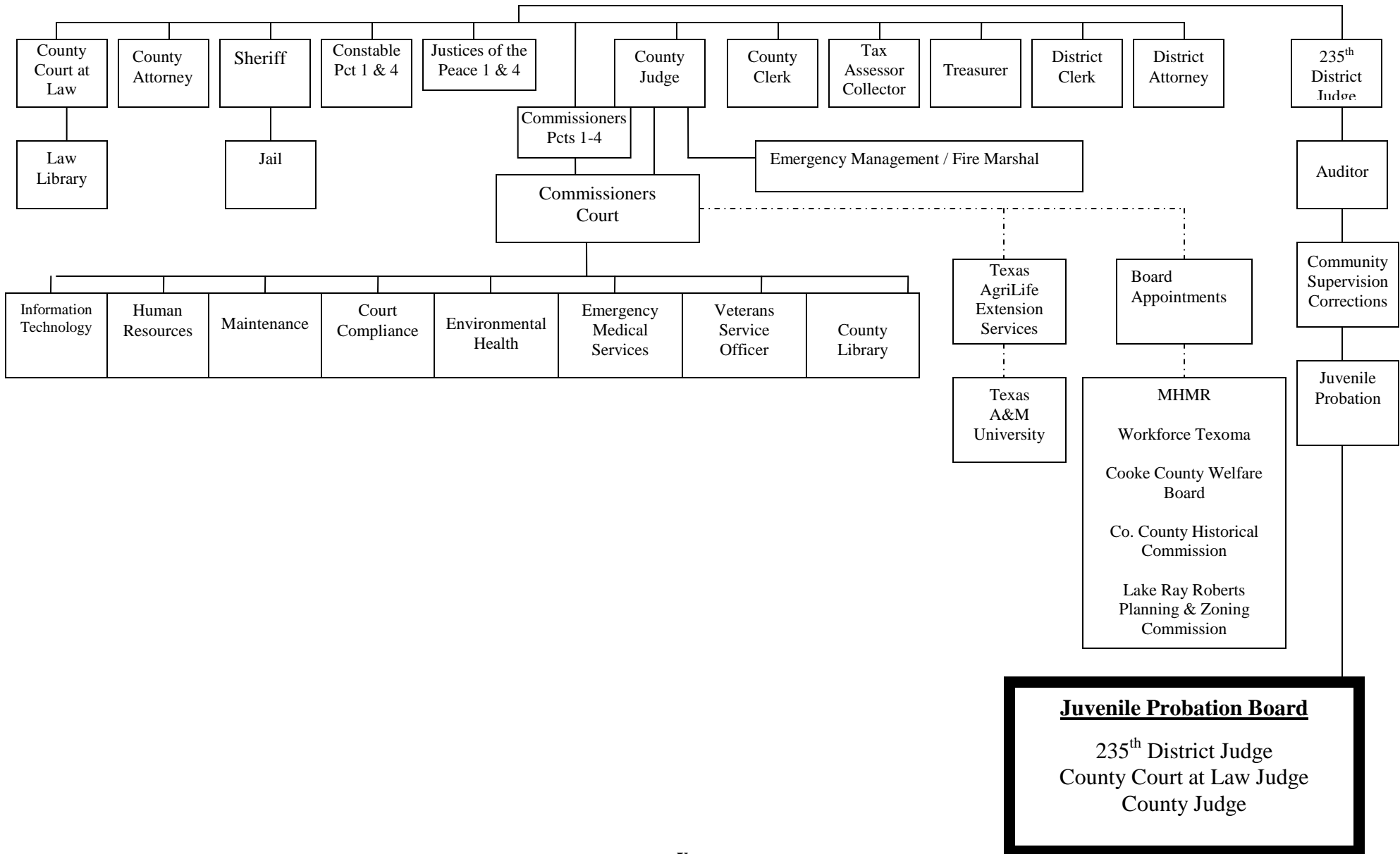
Shelly Atteberry
Cooke County Auditor

COOKE COUNTY, TEXAS

ELECTED OFFICIALS AND APPOINTED DEPARTMENT HEADS

County Judge	John O. Roane
Commissioner Pct. 1	Gary Hollowell
Commissioner Pct. 2	B.C. Lemons
Commissioner Pct. 3	Alan Smith
Commissioner Pct. 4	Leon Klement
County Attorney	Edmund Zielinski
County Auditor	Shelly Atteberry
County Clerk	Rebecca Lawson
County Court at Law Judge	John Morris
District Clerk	Susan Hughes
Justice of Peace Pct. 1	Dorthy Lewis
Justice of Peace Pct. 4	Jason Brinkley
Sheriff	Terry Gilbert
Tax Assessor-Collector	Billie J. Knight
Treasurer	Patty Brennan
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	Chris Watson
Constable Pct. 4	Russ Harper

Cooke County, Texas Organizational Chart 2013



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FINANCIAL SECTION

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cooke County, Texas, (the "County"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cooke County, Texas, as of September 30, 2013, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the schedules of funding progress on pages 4-11, and 36-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal 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 is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 25, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2013. 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, 2013, by \$42,839,470 (net position), an increase of \$3,338,173 or 8.45% over the prior year ending net position. Of this amount, \$15,874,302 (unrestricted net position) may be used to meet the County's ongoing *obligations* to citizens and creditors.
- As of September 30, 2013, the County's governmental funds reported combined fund balances of \$22,887,345. Approximately 33.78% of this total amount, \$7,731,725, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,731,725, or approximately 44.61% of total General Fund expenditures.
- The County's total outstanding long-term debt decreased by \$408,354 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector business. The analysis of the County's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the County is better or worse off as a result of the year's activities.

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

The *Statement of Activities* presents information showing how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Liabilities are considered regardless of whether they must be paid in the current or future years.

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

Fund Financial Statements

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

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

All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

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

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

The County maintains 32 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and permanent improvement, both of which are considered to be major funds. Data from the other 30 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

- **Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The statement of fiduciary funds can be found on page 18 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 19 – 35 of this report.

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$42,839,470 as of September 30, 2013, an increase of \$3,338,173 as compared with the previous fiscal year. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – is \$15,874,302 at September 30, 2013, an increase of \$272,614 from the prior year unrestricted net position of \$15,601,688.

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

COOKE COUNTY'S NET POSITION

	Governmental Activities	
	2013	2012
Current and other assets	\$ 26,095,708	\$ 24,642,999
Capital assets	26,447,777	25,045,939
Total assets	<u>52,543,485</u>	<u>49,688,938</u>
Long-term liabilities	7,955,794	8,487,469
Other liabilities	1,748,221	1,700,172
Total liabilities	<u>9,704,015</u>	<u>10,187,641</u>
Net position:		
Net investment, in capital assets	19,176,098	17,370,939
Restricted	7,789,070	6,528,670
Unrestricted	<u>15,874,302</u>	<u>15,601,688</u>
Total net position	<u>\$ 42,839,470</u>	<u>\$ 39,501,297</u>

Investment in capital assets (i.e. land, buildings, furniture, and equipment) less any outstanding debt used to acquire those assets is \$19,176,098, an increase of 10.39% over the prior fiscal year balance of \$17,370,939. This represents a significant portion (44.76%) of the County's net position. 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 position (18.18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15,874,302 (37.06%) is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors. This surplus is not an indication that the County has significant resources available to meet financial obligations next year, but rather it results from the fiscal planning necessary to meet certain *long-term commitments* that generally accepted accounting principles currently have no provision for recognizing.

COOKE COUNTY'S CHANGES IN NET POSITION

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 4,684,470	\$ 4,489,992
Operating grants and contributions	738,520	525,477
General revenues:		
Property taxes	15,168,294	14,062,623
Sales taxes	3,128,047	4,862,651
Other taxes	54,381	51,666
Gain on sale of capital assets	165,781	52,750
Investment income	27,884	29,459
Miscellaneous	113,512	143,515
Total revenues	<u>24,080,889</u>	<u>24,218,133</u>
Expenses:		
General government	4,105,197	3,566,719
Health and safety	3,405,333	3,087,513
Education	90,858	101,230
Culture and recreation	418,109	397,726
Welfare	49,869	46,970
Judicial	7,904,021	7,627,746
Transportation	4,526,844	4,437,381
Interest on long-term debt	242,485	213,478
Total expenses	<u>20,742,716</u>	<u>19,478,763</u>
Change in net position	3,338,173	4,739,370
Net position, beginning	<u>39,501,297</u>	<u>34,761,927</u>
Net position, ending	<u>\$ 42,839,470</u>	<u>\$ 39,501,297</u>

Governmental Activities

The County's total net position increased by \$3,338,173 as compared to the prior fiscal year's increase of \$4,739,370. The total cost of all governmental activities this year was \$20,742,716, an increase of 6.49% when compared to the prior fiscal year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

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

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$22,887,345, an increase of \$768,494 (3.47%) over the prior year. Approximately 33.78% of this amount (\$7,731,725) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, or assigned to indicate that it is 1) not in spendable form (\$4,988), 2) legally required to be maintained intact (\$34,000), 3) restricted for particular purposes (\$7,499,103), or 4) assigned for particular purposes (\$7,617,529).

The General Fund is the chief operating fund of Cooke County. At the end of the current fiscal year, total fund balance of the General Fund was \$15,354,242, an increase of \$211,580 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, 2013, unassigned fund balance represents 44.61% of total General Fund expenditures.

Key factors of the \$211,580 increase in the ending fund balance of the General Fund are as follows:

- A \$1,734,604 decrease in sales tax revenue;
- A \$1,097,590 increase in property tax revenue due to the increase in the maintenance and operations tax rate (which was offset by decrease in the interest and sinking tax rate); and
- A \$3,174,469 increase in General Fund expenditures as compared to the prior year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were limited to a total increase in appropriations of \$647,455 and consisted of the following briefly summarized items:

- \$1,299,253 increase in other;
- \$147,040 increase in emergency medical services salaries;
- \$147,894 increase in jail operations;
- 126,838 increase in Sheriff's office;
- \$351,022 increase in district attorney; and
- \$215,614 increase in capital outlay.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Cooke County's investment in capital assets for its governmental activities as of September 30, 2013, amounts to \$26,447,777 (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 included purchases of various vehicles and equipment for the amount of \$777,000. These purchases included an ambulance for \$133,000. Additionally, the County completed the courthouse restoration (\$313,279), and began construction of the EMS station (\$1,065,216) and the annex building (\$440,751).

COOKE COUNTY'S CAPITAL ASSETS

	Governmental Activities	
	2013	2012
Land	\$ 392,108	\$ 392,108
Construction in progress	1,565,865	7,773,937
Buildings and improvements	28,838,663	20,811,345
Infrastructure	2,170,289	2,170,289
Machinery and equipment	9,656,238	9,299,526
Accumulated depreciation	(16,175,386)	(15,401,266)
Total capital assets	\$ <u>26,447,777</u>	\$ <u>25,045,939</u>

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

Long-term Debt

COOKE COUNTY'S OUTSTANDING DEBT

	Governmental Activities	
	2013	2012
General obligations bonds	\$ 7,265,000	\$ 7,675,000
Compensated absences	406,389	416,537
OPEB obligation	<u>407,726</u>	<u>395,932</u>
	\$ <u>8,079,115</u>	\$ <u>8,487,469</u>

At year-end, the County had \$7,265,000 in bonds outstanding versus \$7,675,000 at September 30, 2013. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements on pages 29 – 30.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cooke County's elected officials considered many factors when setting the fiscal year 2014 budget and tax rates. The County authorized a maintenance and operations tax rate of \$0.4544 as compared with the fiscal year 2013 rate of \$0.4315. However, in fiscal year 2012-13, the interest and sinking rate was \$0.0204, while for fiscal year 2013-14, the interest and sinking tax rate will be \$0.0205, making the County's total tax rate, including \$0.0001 for lateral road, \$0.4750 for 2013-14 as compared with a total tax rate of \$0.4520 for fiscal year 2012-13.

The County's 2013-14 budget projects an increase in General Fund revenues of \$293,565 and an increase in General Fund expenditures of \$336,953.

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

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COOKE COUNTY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 23,376,013
Receivables, net	1,930,818
Inventory	1,255
Prepaid items	3,733
Bond issuance costs	133,889
Net pension asset	650,000
Capital assets:	
Non-depreciable	1,957,973
Depreciable	<u>24,489,804</u>
Total capital assets, net	<u>26,447,777</u>
Total assets	<u>52,543,485</u>
LIABILITIES	
Accounts payable	1,179,498
Accrued liabilities	477,369
Due to others	61,016
Unearned revenue	3,497
Interest payable	26,841
Noncurrent liabilities:	
Due within one year	646,278
Due in more than one year	<u>7,309,516</u>
Total noncurrent liabilities	<u>7,955,794</u>
Total liabilities	<u>9,704,015</u>
NET POSITION	
Net investment in capital assets	19,176,098
Restricted for:	
Capital projects	964,722
Public safety	224,536
Judicial	476,852
Records management and preservation	560,910
Transportation	4,510,272
Debt service	977,814
Culture and recreation:	
Expendable	39,964
Non-expendable	34,000
Unrestricted	<u>15,874,302</u>
Total net position	<u>\$ 42,839,470</u>

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

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COOKE COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for	Operating Grants and Contributions	Revenues and Changes in Net Position
		Services		Governmental Activities
Primary government				
Governmental activities:				
General government	\$ 4,105,197	\$ 1,229,549	\$ 48,562	\$(2,827,086)
Health and safety	3,405,333	1,339,197	379,813	(1,686,323)
Education	90,858	-	-	(90,858)
Culture and recreation	418,109	-	8,750	(409,359)
Welfare	49,869	89	-	(49,780)
Judicial	7,904,021	900,893	283,256	(6,719,872)
Transportation	4,526,844	1,214,742	18,139	(3,293,963)
Interest on long-term debt	242,485	-	-	(242,485)
Total governmental activities	<u>20,742,716</u>	<u>4,684,470</u>	<u>738,520</u>	<u>(15,319,726)</u>
Total primary government	<u>\$ 20,742,716</u>	<u>\$ 4,684,470</u>	<u>\$ 738,520</u>	<u>(15,319,726)</u>
General revenues:				
Taxes:				
Property taxes				\$ 15,168,294
Sales taxes				3,128,047
Other taxes				54,381
Gain on sale of capital assets				165,781
Investment income				27,884
Miscellaneous				<u>113,512</u>
Total general revenues				<u>18,657,899</u>
Change in net position				3,338,173
Net position - beginning				<u>39,501,297</u>
Net position - ending				<u>\$ 42,839,470</u>

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

COOKE COUNTY, TEXAS**BALANCE SHEET****GOVERNMENTAL FUNDS****SEPTEMBER 30, 2013**

	General	Other Governmental Funds	Total
ASSETS			
Cash and investments	\$ 15,728,525	\$ 7,647,488	\$ 23,376,013
Receivables, net			
Taxes	1,028,510	232,911	1,261,421
Accounts	348,477	17,852	366,329
Intergovernmental	247,160	55,908	303,068
Inventory	1,255	-	1,255
Prepaid items	3,733	-	3,733
Total assets	<u>\$ 17,357,660</u>	<u>\$ 7,954,159</u>	<u>\$ 25,311,819</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 988,120	\$ 191,378	\$ 1,179,498
Accrued liabilities	411,966	65,403	477,369
Due to others	61,016	-	61,016
Deferred revenue	542,316	164,275	706,591
Total liabilities	<u>2,003,418</u>	<u>421,056</u>	<u>2,424,474</u>
Fund balances:			
Nonspendable:			
Prepaid items and inventory	4,988	-	4,988
Library endowment	-	34,000	34,000
Restricted for:			
Capital projects	-	964,722	964,722
Public safety	-	224,536	224,536
Judicial	-	476,852	476,852
Records management and preservation	-	560,910	560,910
Transportation	-	4,391,326	4,391,326
Debt service	-	840,793	840,793
Culture and recreation	-	39,964	39,964
Other	-	-	-
Assigned for:			
Capital projects	5,000,000	-	5,000,000
Subsequent year's budget	2,617,529	-	2,617,529
Unassigned	7,731,725	-	7,731,725
Total fund balances	<u>15,354,242</u>	<u>7,533,103</u>	<u>22,887,345</u>
Total liabilities and fund balances	<u>\$ 17,357,660</u>	<u>\$ 7,954,159</u>	<u>\$ 25,311,819</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 POSITION
SEPTEMBER 30, 2013

Total fund balances - governmental funds balance sheet	\$ 22,887,345
Amounts reported for governmental activities in the Statement of Net Position 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.	703,094
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	26,447,777
The net pension asset is annual pension cost related to future periods in the government-wide statements, but were considered a current use of resources in the fund statements. Therefore, this amount is reported as an asset in the statement of net position.	650,000
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.	(26,841)
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.	(7,965,942)
Deferred charges for issuance costs are not financial resources and therefore are not reported in the governmental funds balance sheet.	133,889
Compensated absences are not reported as liabilities in the governmental fund balance sheet.	<u>10,148</u>
Net position of governmental activities	<u>\$ 42,839,470</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, 2013

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
REVENUES			
Taxes			
Ad valorem taxes	\$ 10,453,676	\$ 4,736,909	\$ 15,190,585
Sales taxes	3,128,047	-	3,128,047
Other	54,381	-	54,381
Intergovernmental	657,091	115,895	772,986
License and permits	-	996,270	996,270
Fines and fees	3,027,376	604,438	3,631,814
Investment earnings	18,894	8,990	27,884
Miscellaneous	94,372	22,395	116,767
Total revenues	<u>17,433,837</u>	<u>6,484,897</u>	<u>23,918,734</u>
EXPENDITURES			
Current:			
General government	4,322,436	168,262	4,490,698
Health and safety	3,273,402	-	3,273,402
Education	90,850	-	90,850
Culture and recreation	392,362	25,712	418,074
Welfare	49,865	-	49,865
Judicial	7,384,374	135,816	7,520,190
Transportation	-	4,171,097	4,171,097
Capital outlay	1,817,226	815,214	2,632,440
Debt service:			
Principal	-	540,000	540,000
Interest and fiscal charges	-	225,598	225,598
Total expenditures	<u>17,330,515</u>	<u>6,081,699</u>	<u>23,412,214</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>103,322</u>	<u>403,198</u>	<u>506,520</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	6	6
Transfers out	(6)	-	(6)
Insurance recovery	107,686	-	107,686
Proceeds from sale of assets	578	153,710	154,288
Total other financing sources and uses	<u>108,258</u>	<u>153,716</u>	<u>261,974</u>
NET CHANGE IN FUND BALANCES	211,580	556,914	768,494
FUND BALANCES, BEGINNING	<u>15,142,662</u>	<u>6,976,189</u>	<u>22,118,851</u>
FUND BALANCES, ENDING	<u>\$ 15,354,242</u>	<u>\$ 7,533,103</u>	<u>\$ 22,887,345</u>

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, 2013

Net change in fund balances - total governmental funds	\$ 768,494
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay in the governmental funds reported as capital asset additions in the government-wide statements.	2,596,273
Depreciation of capital assets is reported as an expense in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(1,098,242)
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	(96,193)
Compensated absences are accrued on the statement of net assets but do not require the use of current financial resources. The current period change in compensated absences is reported in the statement of activities. This is the current period net increase in compensated absences not reported as expenditures in governmental funds.	10,148
Accrued interest expense on long-term debt is reported in the statement of activities but not in the governmental funds as it does not require the use of current financial resources. This amount is the current period change in accrued interest expense.	5,286
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	540,000
Governmental funds report the effect of bond issuance costs, loss on refunding and premium from the sale of bonds when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	(22,173)
Some revenues reported in the governmental funds were previously reported in the statement of activities but are only recognized in the funds in the year financial resources are provided.	(3,626)
Some OPEB and pension costs are recognized in the period services are rendered in the statement of activities, and are reconized as expenditures in the fund statements when the current resoureses are used.	638,206
Change in net position of governmental activities	\$ <u><u>3,338,173</u></u>

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

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COOKE COUNTY, TEXAS
STATEMENT OF FIDUCIARY FUNDS
SEPTEMBER 30, 2013

	Agency Fund
	<hr/>
ASSETS	
Cash and investments	\$ <u><u>2,270,369</u></u>
LIABILITIES	
Due to others	\$ <u><u>2,270,369</u></u>

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

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COOKE COUNTY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

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 position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities* generally are supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

The County reports the following major governmental funds:

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

Additionally, the County reports the following fund types:

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

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

Capital Projects Funds are used to account for resources that are accumulated for capital improvements.

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

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

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

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments

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

Receivables and Payables

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

All trade (fines and court costs, emergency medical services, and other) and property tax receivables are shown net of an allowance for uncollectibles. The County has contracted with a law firm to aggressively collect these delinquent property taxes. The County has also contracted with a group to collect fines and court costs.

Capital Assets

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g. roads, bridges, dams and similar items), are reported in the governmental activities column of the statement of net position. 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.

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

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

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

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

Long-term Obligations

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

Governmental fund financial statements report the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by Commissioners' Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This 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 Position

Net position represents the difference between assets and liabilities. Net position 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 position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Use of Estimates

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

Following are the County's investments at September 30, 2013:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 4,802,298	60
Logic	<u>14,481,182</u>	57
Total investments	<u>\$ 19,283,480</u>	

The County's investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case, they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

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, 2013, the County's deposit balance was collateralized with securities held by the pledging financial institution in the County's name or by FDIC insurance.

Credit Risk - State law and county policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. The County's investments as of September 30, 2013, were rated as follows:

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

B. Receivables and Deferred Revenues

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

	<u>Governmental Funds</u>		
	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 1,103,494	\$ 268,240	\$ 1,371,734
Adjudicated fines	3,496,003	-	3,496,003
Ambulance	5,289,056	-	5,289,056
Accounts	38,352	17,852	56,204
Intergovernmental	<u>247,160</u>	<u>55,908</u>	<u>303,068</u>
Gross receivables	10,174,065	342,000	10,516,065
Less: allowance for uncollectibles	<u>(8,549,918)</u>	<u>(35,329)</u>	<u>(8,585,247)</u>
Total receivables, net	<u>\$ 1,624,147</u>	<u>\$ 306,671</u>	<u>\$ 1,930,818</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 reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General fund:		
Delinquent property taxes receivable	\$ 365,019	\$ -
Adjudicated fines receivable	174,800	-
Other	<u>-</u>	<u>2,497</u>
Total general fund	<u>539,819</u>	<u>2,497</u>
Other governmental funds:		
Delinquent property taxes receivable	163,275	-
Unearned grant revenue	<u>-</u>	<u>1,000</u>
Total other governmental funds	<u>163,275</u>	<u>1,000</u>
Total governmental funds	<u>\$ 703,094</u>	<u>\$ 3,497</u>

C. Property Taxes

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

Portions of the adopted tax rate are assessed and designated for specific purposes. These designated tax revenues are deposited into funds created for the accumulation and disbursement of these revenues. The following schedule details the components of the 2013 tax rate allocated to each fund:

<u>Fund</u>	<u>Rate Per \$100</u>
General fund	\$ 0.3115
Permanent improvement fund	0.0150
Road and bridge fund	0.1050
Farm to market and lateral road fund	0.0001
Interest and sinking fund	<u>0.0204</u>
	<u>\$ 0.45200</u>

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

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

D. Capital Assets

Capital asset activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 392,108	\$ -	\$ -	\$ 392,108
Construction in progress	<u>7,773,937</u>	<u>1,819,246</u>	<u>(8,027,318)</u>	<u>1,565,865</u>
Total assets not being depreciated	<u>8,166,045</u>	<u>1,819,246</u>	<u>(8,027,318)</u>	<u>1,957,973</u>
Capital assets, being depreciated:				
Buildings and improvements	20,811,345	-	8,027,318	28,838,663
Infrastructure	2,170,289	-	-	2,170,289
Machinery and equipment	<u>9,299,526</u>	<u>777,027</u>	<u>(420,315)</u>	<u>9,656,238</u>
Total capital assets being depreciated	<u>32,281,160</u>	<u>777,027</u>	<u>7,607,003</u>	<u>40,665,190</u>
Less accumulated depreciation:				
Buildings and improvements	7,492,463	495,789	-	7,988,252
Infrastructure	318,739	54,256	-	372,995
Machinery and equipment	<u>7,590,064</u>	<u>548,197</u>	<u>(324,122)</u>	<u>7,814,139</u>
Total accumulated depreciation	<u>15,401,266</u>	<u>1,098,242</u>	<u>(324,122)</u>	<u>16,175,386</u>
Total capital assets being depreciated, net	<u>16,879,894</u>	<u>(321,215)</u>	<u>7,931,125</u>	<u>24,489,804</u>
Governmental activities capital assets, net	<u>\$ 25,045,939</u>	<u>\$ 1,498,031</u>	<u>\$ (96,193)</u>	<u>\$ 26,447,777</u>

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

Governmental activities:	
General government	\$ 227,958
Health and safety	131,658
Judicial	383,204
Transportation	<u>355,422</u>
Total depreciation expense - governmental activities	<u>\$ 1,098,242</u>

E. Operating Leases

The County is committed under various leases for office equipment (i.e., copiers and postage machine). These leases are considered for accounting purposes to be operating leases. Operating lease expenditures for the year ended September 30, 2013, amounted to \$41,967. Future minimum lease payments for these leases are as follows:

<u>Year Ending September 30,</u>	<u>Lease Obligation</u>
2014	\$ 60,378
2015	52,780
2016	50,057
2017	<u>36,981</u>
Totals	<u>\$ 200,196</u>

F. Long-term Liabilities

General Obligation Bonds

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

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Due Within One Year</u>
\$10,500,000 General Obligation Bonds, Series 2004	07/15/2004	3.0% - 5.5%	\$ 510,000	\$ 510,000
\$6,810,000 General Obligation Refunding Bonds, Series 2012	06/20/2012	2.0% - 3.0%	\$ 6,755,000	\$ 55,000

The annual debt service requirements for general obligation bonds outstanding, as of September 30, 2013, are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 565,000	\$ 203,338	\$ 768,338
2015	585,000	184,638	769,638
2016	605,000	169,763	774,763
2017	620,000	154,450	774,450
2018	635,000	137,175	772,175
2019-2023	3,490,000	382,950	3,872,950
2024-2028	<u>765,000</u>	<u>11,475</u>	<u>776,475</u>
Total	<u>\$ 7,265,000</u>	<u>\$ 1,243,789</u>	<u>\$ 8,508,789</u>

Changes in Long-term Liabilities

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2013:

Description	Amounts Outstanding September 30, 2012	Additions	Deletions	Amounts Outstanding September 30, 2013	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 7,805,000	\$ -	\$ 540,000	\$ 7,265,000	\$ 565,000
Premium	508,712	-	46,547	462,165	-
Deferred loss on refunding	(638,712)	-	(53,226)	(585,486)	-
Total bonds payable	7,675,000	-	533,321	7,141,679	565,000
Compensated absences	416,537	414,046	424,194	406,389	81,278
OPEB obligation	395,932	131,606	119,812	407,726	-
	<u>\$ 8,487,469</u>	<u>\$ 545,652</u>	<u>\$ 1,077,327</u>	<u>\$ 7,955,794</u>	<u>\$ 646,278</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, 2013, the County carried insurance through various commercial carriers, including the Texas Association of Counties, to cover all risks of losses. The County has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

B. Contingent Liabilities and Commitments

Litigation

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

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

C. Retirement Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 641 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.

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 9.88% for the months of the accounting year in 2013, and 9.57% for the months of the accounting year in 2012.

The deposit rate payable by the employee members for calendar year 2013 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 year ended September 30, 2013, the County's annual pension costs and net pension asset were as follows:

Annual required contribution (ARC)	\$ 893,013
Interest on Pension asset	-
Adjustment to ARC	-
Annual pension cost (expense) end of year	893,013
Net employer contributions	(1,543,013)
Increase in net pension asset	(650,000)
Net pension asset - as of beginning of year	-
Net pension asset - as of end of year	<u><u>\$ (650,000)</u></u>

The annual pension cost, percentage of annual pension cost contributed, and net pension asset for the plan during the current year and each of the two preceding years were as follows:

Accounting Year Ending	Annual Pension Cost (APC)	Employer Amount Contributed	Percentage of APC Contributed	Net Pension Asset
09/30/2011	\$ 806,037	\$ 806,037	100.0%	\$ -
09/30/2012	846,257	846,257	100.0%	-
09/30/2013	893,013	1,543,013	172.8%	650,000

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	\$ -	\$ 1,397,406	\$ 1,397,406	- %	\$ 9,014,043	15.50%

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

Actuarial Methods and Assumptions

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees based on the actuarial valuations as of December 31, 2012 and December 31, 2011, the basis for determining the contribution rates for calendar years 2013 and 2012. The December 31, 2012, actuarial valuation is the most recent valuation.

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

D. Other Post Employment Benefits

Plan Description

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

Funding Policy

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

Annual OPEB Cost

The County's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The annual OPEB cost for the fiscal year ending September 30, 2013, is as follows:

Annual required contribution	\$ 130,296
Interest on OPEB obligation	17,817
Adjustment to ARC	(16,507)
Annual OPEB cost (expense) end of year	131,606
Net estimated employer contributions	(119,812)
Increase in net OPEB obligation	11,794
Net OPEB obligation (asset) - as of beginning of year	395,932
Net OPEB obligation (asset) - as of end of year	<u>\$ 407,726</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, 2013, 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
09/30/2011	\$ 218,060	\$ 82,981	38.1%	\$ 376,797
09/30/2012	126,581	107,446	84.9%	395,932
09/30/2013	131,606	119,812	91.0%	407,726

Funding Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2012	\$ 17,577,729	\$ 20,833,495	\$ 3,255,766	84.37%	\$ 9,014,043	36.12%

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

Actuarial Methods and Assumptions

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

The ARC for the current year was determined using the revised December 31, 2012 actuarial valuation. The methods and assumptions used in this valuation are as follows:

Inflation rate	3.00% per annum
Investment rate of return	4.50%, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Salary growth	3.00% per annum
Health care cost trend rate	Initial rate of 8% declining to an ultimate rate of 4.50% after 7 years

F. New Accounting Principles

Significant new accounting standards not yet implemented by the County include the following.

Statement No. 68 ("GASB 68"), Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27, is effective for periods beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

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**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, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Ad valorem	\$ 10,410,987	\$ 10,410,987	\$ 10,453,676	\$ 42,689
Sales	3,500,000	3,500,000	3,128,047	(371,953)
Other	55,000	55,000	54,381	(619)
Intergovernmental	258,000	613,902	657,091	43,189
Fines and fees	1,760,500	2,840,500	3,027,376	186,876
Investment earnings	20,000	20,000	18,894	(1,106)
Miscellaneous	37,300	37,300	94,372	57,072
Total revenues	<u>16,041,787</u>	<u>17,477,689</u>	<u>17,433,837</u>	<u>(43,852)</u>
EXPENDITURES				
Current:				
General government:				
Courthouse	693,753	466,823	395,740	71,083
Auditor	349,392	349,392	346,162	3,230
Tax assessor	385,006	385,007	383,612	1,395
County clerk	208,622	208,612	207,220	1,392
District clerk	223,870	223,869	222,762	1,107
Treasurer	83,723	83,723	82,359	1,364
Commissioners' office	2,600	2,600	331	2,269
Human resources	80,729	80,729	75,732	4,997
Election expense	52,500	52,500	51,409	1,091
Court appointed attorneys	440,000	369,419	310,469	58,950
Technology	438,616	431,685	367,731	63,954
Tax appraisal district	295,000	302,088	302,087	1
Other	3,603,559	2,304,306	1,576,822	727,484
Total general government	<u>6,857,370</u>	<u>5,260,753</u>	<u>4,322,436</u>	<u>938,317</u>
Health and safety:				
Environmental health	67,889	67,889	65,129	2,760
Emergency management	92,108	443,130	433,095	10,035
Emergency medical services	2,619,724	2,766,764	2,670,427	96,337
Fire marshal	105,984	105,984	104,751	1,233
Total health and safety	<u>2,885,705</u>	<u>3,383,767</u>	<u>3,273,402</u>	<u>110,365</u>
Education:				
County extension	105,549	105,549	90,850	14,699
Total education	<u>105,549</u>	<u>105,549</u>	<u>90,850</u>	<u>14,699</u>
Culture and recreation:				
Library	312,483	331,096	322,212	8,884
Social services	71,350	71,350	70,150	1,200
Total culture and recreation	<u>383,833</u>	<u>402,446</u>	<u>392,362</u>	<u>10,084</u>
Welfare:				
Child welfare	17,000	17,000	16,933	67
Veterans' service	34,678	34,678	32,932	1,746
Total welfare	<u>51,678</u>	<u>51,678</u>	<u>49,865</u>	<u>1,813</u>

COOKE COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current:				
Judicial:				
County judge	\$ 137,714	\$ 137,715	\$ 134,598	\$ 3,117
Sheriff	2,290,474	2,327,625	2,255,516	72,109
Jail operations	2,426,053	2,573,947	2,473,260	100,687
County attorney	505,613	505,614	482,707	22,907
Justice of the peace, 1	207,325	207,325	202,219	5,106
Justice of the peace, 4	166,853	171,672	170,033	1,639
Highway patrol	66,105	81,156	70,886	10,270
District judge	258,347	258,877	246,138	12,739
District attorney	491,071	491,072	468,153	22,919
Jury	113,600	113,600	35,053	78,547
Constable, precinct 1	53,000	53,001	51,442	1,559
Constable, precinct 4	56,347	56,447	52,229	4,218
County court-at-law	386,158	386,159	378,436	7,723
County court-at-law clerk's office	145,806	145,806	142,095	3,711
Adult probation	14,662	21,800	7,138	14,662
Juvenile probation	189,434	193,619	153,618	40,001
Compliance officer	60,937	60,937	60,310	627
Game warden	1,000	1,000	543	457
Total judicial	<u>7,570,499</u>	<u>7,787,372</u>	<u>7,384,374</u>	<u>402,998</u>
Capital outlay	<u>2,515,000</u>	<u>2,730,614</u>	<u>1,817,226</u>	<u>913,388</u>
Total expenditures	<u>20,369,634</u>	<u>19,722,179</u>	<u>17,330,515</u>	<u>2,391,664</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(4,327,847)	(2,244,490)	103,322	2,347,812
OTHER FINANCING SOURCES (USES)				
Insurance recovery	-	76,533	107,686	(31,153)
Proceeds from sale of capital assets	-	-	578	578
Total other financing sources (uses)	-	<u>76,533</u>	<u>108,258</u>	<u>31,725</u>
NET CHANGE IN FUND BALANCES	(4,327,847)	(2,167,957)	211,580	2,379,537
FUND BALANCES, BEGINNING	<u>15,142,662</u>	<u>15,142,662</u>	<u>15,142,662</u>	-
FUND BALANCES, ENDING	<u>\$ 10,814,815</u>	<u>\$ 12,974,705</u>	<u>\$ 15,354,242</u>	<u>\$ 2,379,537</u>

REQUIRED SUPPLEMENTARY INFORMATION

COOKE COUNTY, TEXAS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2010	\$ 15,349,645	\$ 18,416,585	\$ 3,066,940	83.35%	\$ 9,013,997	34.02%
12/31/2011	16,620,554	20,011,749	3,391,195	83.05%	8,806,083	38.51%
12/31/2012	17,577,729	20,833,495	3,255,766	84.37%	9,014,043	36.12%

COOKE COUNTY, TEXAS

RETIREE HEALTH PROGRAM

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2007	\$ -	\$ 1,891,628	\$ 1,891,628	- %	\$ 7,496,821	25.23%
12/31/2010	-	1,797,772	1,797,772	- %	9,013,997	19.94%
12/31/2010 ¹	-	1,277,593	1,277,593	- %	9,013,997	14.17%
12/31/2012	-	1,397,406	1,397,406	- %	9,014,043	15.50%

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

COMBINING STATEMENTS

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	Special Revenue			
	Jail Commissary	Courthouse Security	Records Management	Records Preservation
ASSETS				
Cash and investments	\$ 66,566	\$ 216,701	\$ 297,338	\$ 193,501
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	-
Accounts	3,002	-	-	-
Intergovernmental	-	-	-	-
Total assets	<u>\$ 69,568</u>	<u>\$ 216,701</u>	<u>\$ 297,338</u>	<u>\$ 193,501</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Library endowment	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Public safety	69,568	-	-	-
Judicial	-	216,701	-	-
Records management and preservation	-	-	297,338	193,501
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Total fund balances	<u>69,568</u>	<u>216,701</u>	<u>297,338</u>	<u>193,501</u>
Total liabilities and fund balances	<u>\$ 69,568</u>	<u>\$ 216,701</u>	<u>\$ 297,338</u>	<u>\$ 193,501</u>

Special Revenue						
Law Library	Law Enforcement Education	Farm to Market and Lateral Road	Justice of the Peace Technology	Check Collecting	Cooke County Historical	Juvenile Probation Diversion
\$ 91,035	\$ 36,120	\$ 766,127	\$ 33,099	\$ 16,210	\$ 2,869	\$ 4,123
-	-	177	-	-	-	-
-	40	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 91,035</u>	<u>\$ 36,160</u>	<u>\$ 766,304</u>	<u>\$ 33,099</u>	<u>\$ 16,210</u>	<u>\$ 2,869</u>	<u>\$ 4,123</u>
\$ 344	\$ -	\$ -	\$ 609	\$ 1,348	\$ -	\$ 89
-	-	-	-	54	-	-
-	-	127	-	-	-	-
<u>344</u>	<u>-</u>	<u>127</u>	<u>609</u>	<u>1,402</u>	<u>-</u>	<u>89</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	36,160	-	-	-	-	-
90,691	-	-	32,490	14,808	-	4,034
-	-	-	-	-	-	-
-	-	766,177	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,869	-
<u>90,691</u>	<u>36,160</u>	<u>766,177</u>	<u>32,490</u>	<u>14,808</u>	<u>2,869</u>	<u>4,034</u>
<u>\$ 91,035</u>	<u>\$ 36,160</u>	<u>\$ 766,304</u>	<u>\$ 33,099</u>	<u>\$ 16,210</u>	<u>\$ 2,869</u>	<u>\$ 4,123</u>

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	Special Revenue			
	Library	District Attorney Drug Enforcement	Seizure Law Enforcement	Sheriff Drug Enforcement
ASSETS				
Cash and investments	\$ 31,489	\$ 51,477	\$ 52,092	\$ 15,779
Receivables (net of allowances for uncollectibles)				
Taxes	-	-	-	-
Accounts	-	-	-	-
Intergovernmental	<u>6,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 37,989</u>	<u>\$ 51,477</u>	<u>\$ 52,092</u>	<u>\$ 15,779</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 7,032	\$ -	\$ 640	\$ -
Accrued liabilities	-	-	-	-
Deferred revenue	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>8,032</u>	<u>-</u>	<u>640</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Library endowment	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Public safety	-	51,477	51,452	15,779
Judicial	-	-	-	-
Records management and preservation	-	-	-	-
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	<u>29,957</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>29,957</u>	<u>51,477</u>	<u>51,452</u>	<u>15,779</u>
Total liabilities and fund balances	<u>\$ 37,989</u>	<u>\$ 51,477</u>	<u>\$ 52,092</u>	<u>\$ 15,779</u>

Special Revenue

Road and Bridge #1	Road and Bridge #2	Road and Bridge #3	Road and Bridge #4	Records Archive	Juvenile Probation IV-E	Court Reporter Fund
\$ 1,034,374	\$ 440,354	\$ 1,106,247	\$ 1,172,282	\$ 76,676	\$ 13,887	\$ 63,666
41,671	41,683	41,669	41,681	-	-	-
3,345	4,624	3,345	3,345	-	-	-
<u>12,352</u>	<u>12,352</u>	<u>12,352</u>	<u>12,352</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,091,742</u>	<u>\$ 499,013</u>	<u>\$ 1,163,613</u>	<u>\$ 1,229,660</u>	<u>\$ 76,676</u>	<u>\$ 13,887</u>	<u>\$ 63,666</u>
\$ 37,936	\$ 13,433	\$ 71,142	\$ 52,200	\$ 6,605	\$ -	\$ -
16,823	16,733	14,907	16,886	-	-	-
<u>29,705</u>	<u>29,705</u>	<u>29,706</u>	<u>29,703</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>84,464</u>	<u>59,871</u>	<u>115,755</u>	<u>98,789</u>	<u>6,605</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	13,887	63,666
-	-	-	-	70,071	-	-
1,007,278	439,142	1,047,858	1,130,871	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,007,278</u>	<u>439,142</u>	<u>1,047,858</u>	<u>1,130,871</u>	<u>70,071</u>	<u>13,887</u>	<u>63,666</u>
<u>\$ 1,091,742</u>	<u>\$ 499,013</u>	<u>\$ 1,163,613</u>	<u>\$ 1,229,660</u>	<u>\$ 76,676</u>	<u>\$ 13,887</u>	<u>\$ 63,666</u>

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	Special Revenue				
	District Clerk Archive	Pretrial Diversion	District Court Preservation	County/ District Clerk Technology	Child Abuse Prevention
ASSETS					
Cash and investments	\$ 10,074	\$ 5,106	\$ 20,084	\$ 5,311	\$ 100
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Total assets	<u>\$ 10,074</u>	<u>\$ 5,106</u>	<u>\$ 20,084</u>	<u>\$ 5,311</u>	<u>\$ 100</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balances:					
Nonspendable:					
Library endowment	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Public safety	-	-	-	-	100
Judicial	10,074	5,106	20,084	5,311	-
Records management and preservation	-	-	-	-	-
Transportation	-	-	-	-	-
Debt service	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total fund balances	<u>10,074</u>	<u>5,106</u>	<u>20,084</u>	<u>5,311</u>	<u>100</u>
Total liabilities and fund balances	<u>\$ 10,074</u>	<u>\$ 5,106</u>	<u>\$ 20,084</u>	<u>\$ 5,311</u>	<u>\$ 100</u>

Debt Service	Capital Projects		Permanent	Total Nonmajor Governmental Funds
Interest and Sinking	Jail Construction	Permanent Improvement	Library Permanent	
\$ 831,457	\$ 237	\$ 952,120	\$ 40,987	\$ 7,647,488
39,309	-	26,721	-	232,911
-	-	-	151	17,852
-	-	-	-	55,908
<u>\$ 870,766</u>	<u>\$ 237</u>	<u>\$ 978,841</u>	<u>\$ 41,138</u>	<u>\$ 7,954,159</u>
\$ -	\$ -	\$ -	\$ -	\$ 191,378
-	-	-	-	65,403
29,973	-	14,356	-	164,275
<u>29,973</u>	<u>-</u>	<u>14,356</u>	<u>-</u>	<u>421,056</u>
-	-	-	34,000	34,000
-	237	964,485	-	964,722
-	-	-	-	224,536
-	-	-	-	476,852
-	-	-	-	560,910
-	-	-	-	4,391,326
840,793	-	-	-	840,793
-	-	-	7,138	39,964
<u>840,793</u>	<u>237</u>	<u>964,485</u>	<u>41,138</u>	<u>7,533,103</u>
<u>\$ 870,766</u>	<u>\$ 237</u>	<u>\$ 978,841</u>	<u>\$ 41,138</u>	<u>\$ 7,954,159</u>

COOKE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue			
	Jail Commissary	Courthouse Security	Records Management	Records Preservation
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	18,067	31,908	21,930	60,046
Investment earnings	106	255	357	199
Miscellaneous	-	-	-	-
Total revenues	<u>18,173</u>	<u>32,163</u>	<u>22,287</u>	<u>60,245</u>
EXPENDITURES				
Current:				
General government	-	-	10,755	-
Culture and recreation	-	-	-	-
Judicial	8,086	9,307	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>8,086</u>	<u>9,307</u>	<u>10,755</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,087</u>	<u>22,856</u>	<u>11,532</u>	<u>60,245</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	10,087	22,856	11,532	60,245
FUND BALANCES, BEGINNING	<u>59,481</u>	<u>193,845</u>	<u>285,806</u>	<u>133,256</u>
FUND BALANCES, ENDING	<u>\$ 69,568</u>	<u>\$ 216,701</u>	<u>\$ 297,338</u>	<u>\$ 193,501</u>

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>	<u>Cooke County Historical</u>	<u>Juvenile Probation Diversion</u>
\$ -	\$ -	\$ 3,371	\$ -	\$ -	\$ -	\$ -
-	-	690	-	-	-	-
-	-	-	-	-	-	-
16,195	-	-	15,643	5,173	-	-
98	71	851	45	-	6	6
-	-	-	-	-	265	2,144
<u>16,293</u>	<u>71</u>	<u>4,912</u>	<u>15,688</u>	<u>5,173</u>	<u>271</u>	<u>2,150</u>
-	-	-	-	-	-	-
-	-	-	-	-	1,200	-
4,170	9,495	-	10,897	5,600	-	1,106
-	-	68	-	-	-	-
-	-	-	10,000	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,170</u>	<u>9,495</u>	<u>68</u>	<u>20,897</u>	<u>5,600</u>	<u>1,200</u>	<u>1,106</u>
<u>12,123</u>	<u>(9,424)</u>	<u>4,844</u>	<u>(5,209)</u>	<u>(427)</u>	<u>(929)</u>	<u>1,044</u>
-	-	-	-	6	-	-
-	-	-	-	-	-	-
-	-	-	-	6	-	-
12,123	(9,424)	4,844	(5,209)	(421)	(929)	1,044
<u>78,568</u>	<u>45,584</u>	<u>761,333</u>	<u>37,699</u>	<u>15,229</u>	<u>3,798</u>	<u>2,990</u>
<u>\$ 90,691</u>	<u>\$ 36,160</u>	<u>\$ 766,177</u>	<u>\$ 32,490</u>	<u>\$ 14,808</u>	<u>\$ 2,869</u>	<u>\$ 4,034</u>

COOKE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue			
	Library	District Attorney Drug Enforcement	Seizure Law Enforcement	Sheriff Drug Enforcement
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,660	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	-	24,415	114,910	2,159
Investment earnings	39	64	-	38
Miscellaneous	17,248	-	-	-
Total revenues	<u>24,947</u>	<u>24,479</u>	<u>114,910</u>	<u>2,197</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Culture and recreation	23,754	-	-	-
Judicial	-	5,751	76,365	4,999
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>23,754</u>	<u>5,751</u>	<u>76,365</u>	<u>4,999</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,193</u>	<u>18,728</u>	<u>38,545</u>	<u>(2,802)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Proceeds from sale of assets	-	-	-	3,278
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,278</u>
NET CHANGE IN FUND BALANCES	1,193	18,728	38,545	476
FUND BALANCES, BEGINNING	<u>28,764</u>	<u>32,749</u>	<u>12,907</u>	<u>15,303</u>
FUND BALANCES, ENDING	<u>\$ 29,957</u>	<u>\$ 51,477</u>	<u>\$ 51,452</u>	<u>\$ 15,779</u>

Special Revenue

<u>Road and Bridge #1</u>	<u>Road and Bridge #2</u>	<u>Road and Bridge #3</u>	<u>Road and Bridge #4</u>	<u>Records Archive</u>	<u>Juvenile Probation IV-E</u>	<u>Court Reporter Fund</u>
\$ 871,500	\$ 871,499	\$ 872,535	\$ 871,500	\$ -	\$ -	\$ -
3,817	3,775	3,817	3,817	-	-	-
249,068	249,068	249,067	249,067	-	-	-
54,629	54,629	54,628	54,628	53,945	-	8,940
1,244	570	1,196	1,508	102	22	74
1,742	810	-	186	-	-	-
<u>1,182,000</u>	<u>1,180,351</u>	<u>1,181,243</u>	<u>1,180,706</u>	<u>54,047</u>	<u>22</u>	<u>9,014</u>
-	-	-	-	74,206	-	-
-	-	-	-	-	-	-
-	-	-	-	-	40	-
1,012,452	974,567	1,006,883	1,177,127	-	-	-
133,532	45,666	37,300	103,722	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,145,984</u>	<u>1,020,233</u>	<u>1,044,183</u>	<u>1,280,849</u>	<u>74,206</u>	<u>40</u>	<u>-</u>
<u>36,016</u>	<u>160,118</u>	<u>137,060</u>	<u>(100,143)</u>	<u>(20,159)</u>	<u>(18)</u>	<u>9,014</u>
-	-	-	-	-	-	-
<u>34,820</u>	<u>1,297</u>	<u>38,472</u>	<u>75,843</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>34,820</u>	<u>1,297</u>	<u>38,472</u>	<u>75,843</u>	<u>-</u>	<u>-</u>	<u>-</u>
70,836	161,415	175,532	(24,300)	(20,159)	(18)	9,014
<u>936,442</u>	<u>277,727</u>	<u>872,326</u>	<u>1,155,171</u>	<u>90,230</u>	<u>13,905</u>	<u>54,652</u>
<u>\$ 1,007,278</u>	<u>\$ 439,142</u>	<u>\$ 1,047,858</u>	<u>\$ 1,130,871</u>	<u>\$ 70,071</u>	<u>\$ 13,887</u>	<u>\$ 63,666</u>

COOKE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue				
	District Clerk Archive	Pretrial Diversion	District Court Preservation	County/ District Clerk Technology	Child Abuse Prevention
REVENUES					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	808	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines and fees	3,020	1,606	6,040	1,838	89
Investment earnings	13	-	27	6	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>3,841</u>	<u>1,606</u>	<u>6,067</u>	<u>1,844</u>	<u>89</u>
EXPENDITURES					
Current:					
General government	808	-	-	-	-
Culture and recreation	-	-	-	-	-
Judicial	-	-	-	-	-
Transportation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,033</u>	<u>1,606</u>	<u>6,067</u>	<u>1,844</u>	<u>89</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,033	1,606	6,067	1,844	89
FUND BALANCES, BEGINNING	<u>7,041</u>	<u>3,500</u>	<u>14,017</u>	<u>3,467</u>	<u>11</u>
FUND BALANCES, ENDING	<u>\$ 10,074</u>	<u>\$ 5,106</u>	<u>\$ 20,084</u>	<u>\$ 5,311</u>	<u>\$ 100</u>

Debt Service	Capital Projects		Permanent	Total Nonmajor Governmental Funds
Interest and Sinking	Jail Construction	Permanent Improvement	Library Permanent	
\$ 697,407	\$ -	\$ 549,097	\$ -	\$ 4,736,909
2,966	-	88,545	-	115,895
-	-	-	-	996,270
-	-	-	-	604,438
1,114	136	704	139	8,990
-	-	-	-	22,395
<u>701,487</u>	<u>136</u>	<u>638,346</u>	<u>139</u>	<u>6,484,897</u>
-	-	82,493	-	168,262
-	-	-	758	25,712
-	-	-	-	135,816
-	-	-	-	4,171,097
-	171,715	313,279	-	815,214
540,000	-	-	-	540,000
<u>225,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,598</u>
<u>765,598</u>	<u>171,715</u>	<u>395,772</u>	<u>758</u>	<u>6,081,699</u>
(64,111)	(171,579)	242,574	(619)	403,198
-	-	-	-	6
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,710</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,716</u>
(64,111)	(171,579)	242,574	(619)	556,914
<u>904,904</u>	<u>171,816</u>	<u>721,911</u>	<u>41,757</u>	<u>6,976,189</u>
<u>\$ 840,793</u>	<u>\$ 237</u>	<u>\$ 964,485</u>	<u>\$ 41,138</u>	<u>\$ 7,533,103</u>

COOKE COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY FUNDS

SEPTEMBER 30, 2013

	<u>County Clerk</u>	<u>District Clerk</u>	<u>Tax-Assessor Collector</u>	<u>District Attorney</u>
ASSETS				
Cash and investments	\$ <u>720,937</u>	\$ <u>1,034,398</u>	\$ <u>247,415</u>	\$ <u>13,110</u>
Total assets	\$ <u>720,937</u>	\$ <u>1,034,398</u>	\$ <u>247,415</u>	\$ <u>13,110</u>
LIABILITIES				
Deposits held for others	\$ <u>720,937</u>	\$ <u>1,034,398</u>	\$ <u>247,415</u>	\$ <u>13,110</u>
Total liabilities	\$ <u>720,937</u>	\$ <u>1,034,398</u>	\$ <u>247,415</u>	\$ <u>13,110</u>

<u>Sheriff</u>	<u>County Attorney</u>	<u>Adult Probations</u>	<u>Juvenile Probations</u>	<u>Total Fiduciary Funds</u>
\$ <u>89,442</u>	\$ <u>3,770</u>	\$ <u>94,644</u>	\$ <u>66,653</u>	\$ <u>2,270,369</u>
\$ <u>89,442</u>	\$ <u>3,770</u>	\$ <u>94,644</u>	\$ <u>66,653</u>	\$ <u>2,270,369</u>
\$ <u>89,442</u>	\$ <u>3,770</u>	\$ <u>94,644</u>	\$ <u>66,653</u>	\$ <u>2,270,369</u>
\$ <u>89,442</u>	\$ <u>3,770</u>	\$ <u>94,644</u>	\$ <u>66,653</u>	\$ <u>2,270,369</u>

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

**INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cooke County, Texas (the "County"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 25, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 25, 2014



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Cooke County, Texas' ("the County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Patillo, Brown & Hill, L.L.P.

Waco, Texas
June 25, 2014

COOKE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U. S. Department of the Interior</u>			
Passed through U.S. Bureau of Land Management:			
Payment in Lieu of Taxes	15.226	PL 110-343	\$ 65,726
Total Passed through U.S. Bureau of Land Management			<u>65,726</u>
Total U. S. Department of the Interior			<u>65,726</u>
<u>U. S. General Services Administration</u>			
Passed through Texas Facilities Commission:			
Donation of Federal Surplus Personal Property	39.003		<u>115,571</u>
Total Passed through Texas Facilities Commission			<u>115,571</u>
Total U.S. General Services Administration			<u>115,571</u>
<u>U. S. Department of Health and Human Services Centers for Medicare and Medicaid Services</u>			
Passed through Texas Health and Human Services Commission:			
Medical Assistance Program-Ambulance Service Cost Settlements	93.778	1X184PFEMS	<u>9,252</u>
Total Passed through Texas Health and Human Services Commission			<u>9,252</u>
Total U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services			<u>9,252</u>
<u>U. S. Department of Homeland Security</u>			
Passed through Texas Department of Public Safety:			
Hazard Mitigation Grant-Individual Safe Room Rebate Program	97.039	DR-1931-003	303,236
Homeland Security Grant Program-SHSP CCP	97.067	EMW-2011-SS-00019	2,150
Homeland Security Grant Program-SHSP LETPA	97.067	EMW-2011-SS-00019	1,362
Homeland Security Grant Program-SHSP LETPA	97.067	EMW -2012-SS-00018-S01	10,084
State Homeland Security Program (SHSP)	97.073	EMW-2011-SS-00019	<u>32,883</u>
Total Passed through Texas Department of Public Safety			<u>349,715</u>
Total U.S. Department of Homeland Security			<u>349,715</u>
Total Expenditures of Federal Awards			<u>\$ 540,264</u>

COOKE COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SEPTEMBER 30, 2013

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Cooke County, Texas, for the year ended September 30, 2013. The County's reporting entity is defined in Note 1 to the County's financial statements. Federal financial assistance received directly from federal agencies and other agencies are included in the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's financial statements.

COOKE COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Summary of Auditors' Results

Financial Statements:

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

Federal 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	Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	None
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Identification of major programs:

CFDA Number:	Name of Federal Program:
97.039	Hazard Mitigation Grant - Individual Safe Room Rebate Program

Dollar threshold used to distinguish between type A and type B programs	\$300,000
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Auditee qualified as low-risk auditee?	No
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Findings Related 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
FOR THE YEAR ENDED SEPTEMBER 30, 2013

No prior year findings.