

**COOKE COUNTY, TEXAS**

**Annual  
Financial Report**

**For Fiscal Year  
September 30, 2014**

COOKE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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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 3, 2015

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, 2014, 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, 2014, 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 38,761, 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. The proposed budget is then prepared by the County Judge and submitted to Commissioners' Court for their consideration. Commissioners' Court then holds budget hearings to hear the requests from all departments. 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.

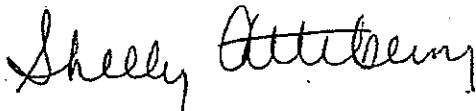
**Cash management policies and practices.** Cash temporarily idle during the year was invested according to the adopted investment policy. Short-term and long-term cash flow was met with investing in cash-equivalent tools such as 2A-7 pools and the County bank depository. The investments are met to obtain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



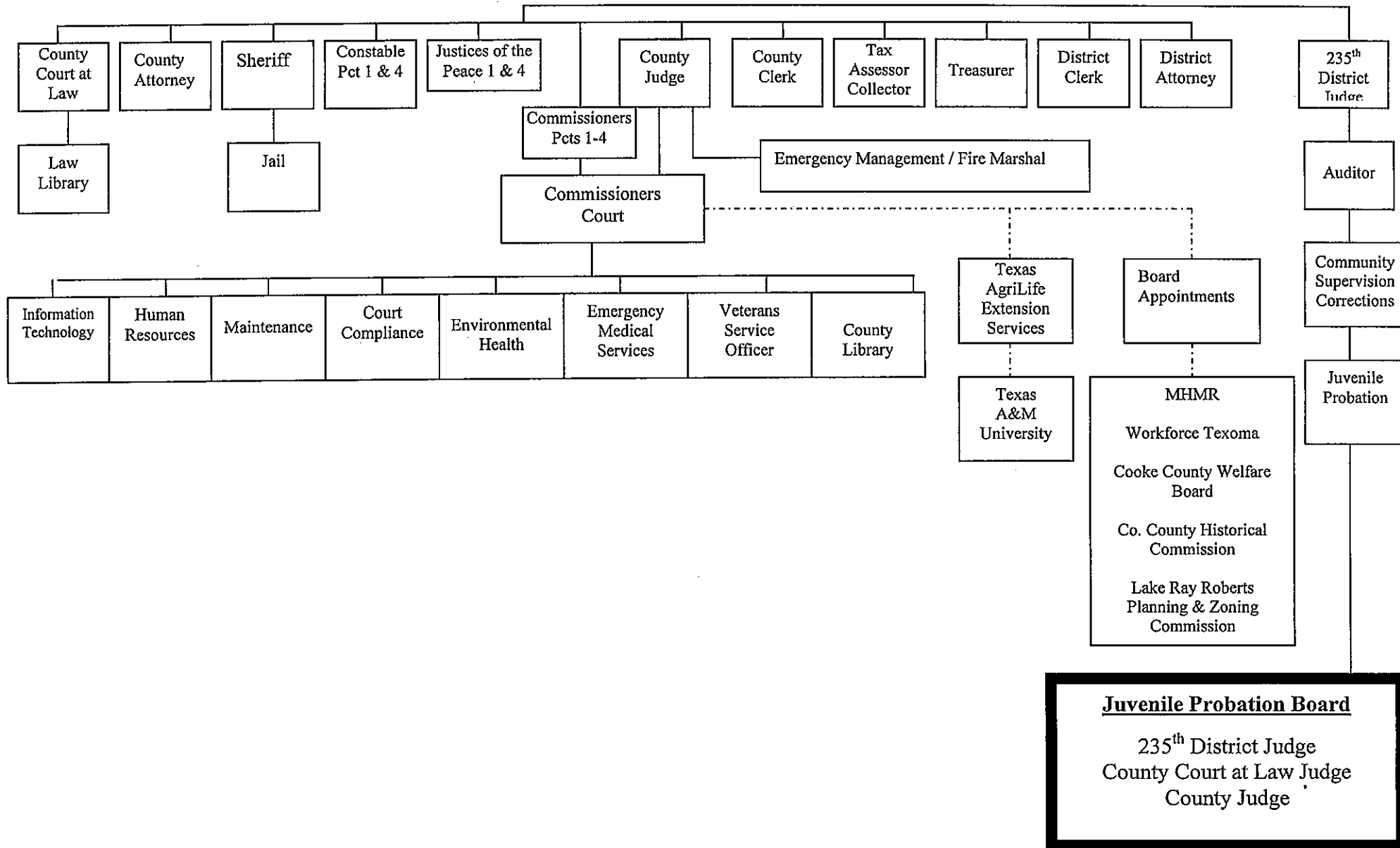
Shelly Atteberry  
Cooke County Auditor

**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	Dorothy 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  
2014**



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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, 2014, 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, 2014, 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.

### *Change in Accounting Principle*

As described in Note 1, in 2014, the County adopted new accounting guidance, *GASB Statement No. 65. Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### *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 3, 2015, 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.

*Jaxillo, Brown & Hill, LLP*

Waco, Texas  
June 3, 2015

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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, 2014. 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 and deferred outflows of resources of the County exceeded its liabilities at the close of the fiscal year ended September 30, 2014, by \$47,508,453 (net position), an increase of \$4,668,983 or 10.90% over the prior year ending net position. Of this amount, \$18,799,230 (unrestricted net position) may be used to meet the County's ongoing *obligations* to citizens and creditors.
- As of September 30, 2014, the County's governmental funds reported combined fund balances of \$24,996,710. Approximately 34.37% of this total amount, \$8,591,000, 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 \$8,591,000, or approximately 47.79% of total General Fund expenditures.
- The County's total outstanding long-term debt decreased by \$603,088 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, deferred outflows of resources, and liabilities, with the difference between the three 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 which is the only fund considered to be a major fund. Data from the other 31 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 14 – 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 and deferred outflows of resources exceeded liabilities by \$47,508,453 as of September 30, 2014, an increase of \$4,668,983 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 \$18,799,230 at September 30, 2014, an increase of \$2,924,928 from the prior year unrestricted net position of \$15,874,302.

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

### COOKE COUNTY'S NET POSITION

	Governmental Activities	
	2014	2013
Current and other assets	\$ 29,365,359	\$ 26,095,708
Capital assets	<u>27,184,997</u>	<u>26,447,777</u>
Total assets	<u>56,550,356</u>	<u>52,543,485</u>
Deferred outflows of resources	<u>532,260</u>	<u>-</u>
Total deferred outflows of resources	<u>532,260</u>	<u>-</u>
Long-term liabilities	7,891,976	7,955,794
Other liabilities	<u>1,682,187</u>	<u>1,748,221</u>
Total liabilities	<u>9,574,163</u>	<u>9,704,015</u>
Net position:		
Net investment		
in capital assets	20,477,987	19,176,098
Restricted	8,231,236	7,789,070
Unrestricted	<u>18,799,230</u>	<u>15,874,302</u>
Total net position	<u>\$ 47,508,453</u>	<u>\$ 42,839,470</u>

Investment in capital assets (i.e. land, buildings, furniture, and equipment) less any outstanding debt used to acquire those assets is \$20,477,987, an increase of 6.79% over the prior fiscal year balance of \$19,176,098. This represents a significant portion (43.10%) 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 (17.33%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$18,799,230 (39.57%) 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	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 5,440,813	\$ 4,684,470
Operating grants and contributions	1,797,122	738,520
General revenues:		
Property taxes	15,932,761	15,168,294
Sales taxes	3,678,089	3,128,047
Other taxes	65,787	54,381
Gain on sale of capital assets	155,237	165,781
Investment income	28,007	27,884
Miscellaneous	274,748	113,512
Total revenues	27,372,564	24,080,889
Expenses:		
General government	4,914,960	4,105,197
Health and safety	3,504,058	3,405,333
Education	81,390	90,858
Culture and recreation	451,889	418,109
Welfare	44,713	49,869
Judicial	8,804,045	7,904,021
Transportation	4,560,786	4,526,844
Interest on long-term debt	207,851	242,485
Total expenses	22,569,692	20,742,716
Change in net position	4,802,872	3,338,173
Net position, beginning	42,839,470	39,501,297
Change in accounting principle	( 133,889)	-
Net position, ending	\$ 47,508,453	\$ 42,839,470

### Governmental Activities

The County's total net position increased by \$4,802,872 as compared to the prior fiscal year's increase of \$3,338,173. The total cost of all governmental activities this year was \$22,569,692, an increase of 8.81% 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 \$24,996,710, an increase of \$2,109,365 (9.22%) over the prior year. Approximately 34.37% of this amount (\$8,591,000) 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 (\$9,794), 2) legally required to be maintained intact (\$34,000), 3) restricted for particular purposes (\$8,074,876), or 4) assigned for particular purposes (\$8,287,040).

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 \$16,887,834, an increase of \$1,533,592 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, 2014, unassigned fund balance represents 47.79% of total General Fund expenditures.

Key factors of the \$1,533,592 increase in the ending fund balance of the General Fund are as follows:

- A \$550,042 increase in sales tax revenue;
- A \$735,045 increase in property tax revenue; and
- A \$535,177 increase in fines and fees revenue 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 \$329,417 and consisted of the following briefly summarized items:

- \$274,863 increase in emergency management;
- \$75,929 increase in emergency medical services;
- \$50,539 increase in Fire marshal's office;
- \$50,431 increase in Sheriff's office;
- \$210,032 increase in jail operations; and
- \$315,619 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, 2014, amounts to \$27,184,997 (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 \$1,010,856. These purchases included an ambulance for \$102,475. Additionally, the County completed the EMS station (\$1,570,975), and built a barn for Precinct 2 (\$421,554).

### COOKE COUNTY'S CAPITAL ASSETS

	Governmental Activities	
	2014	2013
Land	\$ 392,108	\$ 392,108
Construction in progress	-	1,565,865
Buildings and improvements	31,271,943	28,838,663
Infrastructure	2,170,289	2,170,289
Machinery and equipment	10,504,629	9,656,238
Accumulated depreciation	<u>( 17,153,972)</u>	<u>( 16,175,386)</u>
Total capital assets	<u>\$ 27,184,997</u>	<u>\$ 26,447,777</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	
	2014	2013
General obligations bonds	\$ 6,700,000	\$ 7,265,000
Compensated absences	325,908	406,389
OPEB obligation	<u>450,119</u>	<u>407,726</u>
	<u>\$ 7,476,027</u>	<u>\$ 8,079,115</u>

At year-end, the County had \$6,700,000 in bonds outstanding versus \$7,265,000 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 2015 budget and tax rates. The County authorized a maintenance and operations tax rate of \$0.4462 as compared with the fiscal year 2014 rate of \$0.4544. However, in fiscal year 2013-14, the interest and sinking rate was \$0.0205, while for fiscal year 2014-15, the interest and sinking tax rate will be \$0.0274, making the County's total tax rate, including \$0.0001 for lateral road, \$0.4737 for 2014-15 as compared with a total tax rate of \$0.4750 for fiscal year 2013-14.

The County's 2014-15 budget projects an increase in General Fund revenues of \$157,337 and an increase in General Fund expenditures of \$826,848.

## 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.

**COOKE COUNTY, TEXAS**

**STATEMENT OF NET POSITION**

**SEPTEMBER 30, 2014**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 25,535,558
Receivables, net	2,518,221
Inventory	7,395
Prepaid items	2,399
Net pension asset	1,301,786
Capital assets:	
Non-depreciable	392,108
Depreciable	<u>26,792,889</u>
Total capital assets, net	<u>27,184,997</u>
Total assets	<u>56,550,356</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	<u>532,260</u>
Total deferred outflows of resources	<u>532,260</u>
<b>LIABILITIES</b>	
Accounts payable	1,054,902
Accrued liabilities	540,405
Due to others	62,547
Unearned revenue	339
Interest payable	23,994
Noncurrent liabilities:	
Due within one year	650,182
Due in more than one year	<u>7,241,794</u>
Total noncurrent liabilities	<u>7,891,976</u>
Total liabilities	<u>9,574,163</u>
<b>NET POSITION</b>	
Net investment in capital assets	20,477,987
Restricted for:	
Capital projects	1,468,290
Public safety	263,898
Judicial	509,150
Records management and preservation	550,057
Transportation	4,576,416
Debt service	788,609
Culture and recreation:	
Expendable	40,816
Non-expendable	34,000
Unrestricted	<u>18,799,230</u>
Total net position	<u>\$ 47,508,453</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, 2014**

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
				Governmental Activities
Primary government				
Governmental activities:				
General government	\$ 4,914,960	\$ 1,425,733	\$ 52,562	\$( 3,436,665)
Health and safety	3,504,058	1,794,025	1,156,578	( 553,455)
Education	81,390	-	-	( 81,390)
Culture and recreation	451,889	2,260	12,067	( 437,562)
Welfare	44,713	124	-	( 44,589)
Judicial	8,804,045	899,286	211,517	( 7,693,242)
Transportation	4,560,786	1,319,385	364,398	( 2,877,003)
Interest on long-term debt	207,851	-	-	( 207,851)
Total governmental activities	<u>22,569,692</u>	<u>5,440,813</u>	<u>1,797,122</u>	( 15,331,757)
 Total primary government	 <u>\$ 22,569,692</u>	 <u>\$ 5,440,813</u>	 <u>\$ 1,797,122</u>	 ( 15,331,757)
General revenues:				
Taxes:				
Property taxes				15,932,761
Sales taxes				3,678,089
Other taxes				65,787
Gain on sale of capital assets				155,237
Investment income				28,007
Miscellaneous				<u>274,748</u>
Total general revenues				<u>20,134,629</u>
Change in net position				4,802,872
Net position - beginning				<u>42,839,470</u>
Change in accounting principle				( 133,889)
Net position - ending				<u>\$ 47,508,453</u>

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



**COOKE COUNTY, TEXAS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2014**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 17,033,337	\$ 8,502,221	\$ 25,535,558
Receivables, net			
Taxes	1,003,951	159,753	1,163,704
Accounts	422,256	32,850	455,106
Intergovernmental	826,882	72,529	899,411
Inventory	7,395	-	7,395
Prepaid items	2,399	-	2,399
Total assets	<u>19,296,220</u>	<u>8,767,353</u>	<u>28,063,573</u>
<b>LIABILITIES</b>			
Accounts payable	631,086	423,816	1,054,902
Accrued liabilities	465,065	75,340	540,405
Due to others	62,547	-	62,547
Deferred revenue	339	-	339
Total liabilities	<u>1,159,037</u>	<u>499,156</u>	<u>1,658,193</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	334,058	159,321	493,379
Unavailable revenue - court fines	180,152	-	180,152
Unavailable revenue - ambulance	735,139	-	735,139
Total deferred inflows of resources	<u>1,249,349</u>	<u>159,321</u>	<u>1,408,670</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items and inventory	9,794	-	9,794
Library endowment	-	34,000	34,000
Restricted for:			
Capital projects	-	1,468,290	1,468,290
Public safety	-	263,898	263,898
Judicial	-	509,150	509,150
Records management and preservation	-	550,057	550,057
Transportation	-	4,471,289	4,471,289
Debt service	-	771,376	771,376
Culture and recreation	-	40,816	40,816
Assigned for:			
Capital projects	5,000,000	-	5,000,000
Subsequent year's budget	3,287,040	-	3,287,040
Unassigned	8,591,000	-	8,591,000
Total fund balances	<u>16,887,834</u>	<u>8,108,876</u>	<u>24,996,710</u>
Total liabilities, deferred inflows, and fund balances	\$ <u>19,296,220</u>	\$ <u>8,767,353</u>	\$ <u>28,063,573</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, 2014

Total fund balances - governmental funds balance sheet	\$ 24,996,710
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.	1,408,670
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	27,184,997
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.	1,301,786
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.	( 23,994)
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.	( 7,440,197)
Compensated absences are not reported as liabilities in the governmental fund balance sheet.	<u>80,481</u>
Net position of governmental activities	<u>\$ 47,508,453</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, 2014**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
<b>REVENUES</b>			
Taxes			
Ad valorem taxes	\$ 11,188,721	\$ 4,778,955	\$ 15,967,676
Sales taxes	3,678,089	-	3,678,089
Other	65,787	-	65,787
Intergovernmental	742,941	438,331	1,181,272
License and permits	-	990,917	990,917
Fines and fees	3,562,553	722,394	4,284,947
Investment earnings	19,209	8,798	28,007
Miscellaneous	219,334	95,722	315,056
Total revenues	<u>19,476,634</u>	<u>7,035,117</u>	<u>26,511,751</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,376,952	345,203	4,722,155
Health and safety	3,407,179	-	3,407,179
Education	84,054	-	84,054
Culture and recreation	436,860	29,822	466,682
Welfare	46,177	-	46,177
Judicial	8,502,782	159,337	8,662,119
Transportation	-	4,333,917	4,333,917
Capital outlay	1,123,256	943,396	2,066,652
Debt service:			
Principal	-	565,000	565,000
Interest and fiscal charges	-	203,688	203,688
Total expenditures	<u>17,977,260</u>	<u>6,580,363</u>	<u>24,557,623</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,499,374</u>	<u>454,754</u>	<u>1,954,128</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	6,100	238	6,338
Transfers out	-	( 6,338)	( 6,338)
Insurance recovery	26,603	-	26,603
Proceeds from sale of assets	1,515	127,119	128,634
Total other financing sources and uses	<u>34,218</u>	<u>121,019</u>	<u>155,237</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,533,592	575,773	2,109,365
<b>FUND BALANCES, BEGINNING</b>	<u>15,354,242</u>	<u>7,533,103</u>	<u>22,887,345</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 16,887,834</u>	<u>\$ 8,108,876</u>	<u>\$ 24,996,710</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, 2014

Net change in fund balances - total governmental funds	\$ 2,109,365
Amounts reported for governmental activities in the Statement of Activities are different	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay in the governmental funds reported as capital asset additions in the government-wide statements.	1,965,796
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.	( 1,228,576)
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.	80,481
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.	2,847
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.	565,000
Governmental funds report the effect of 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.	( 7,010)
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.	705,576
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.	<u>609,393</u>
Change in net position of governmental activities	\$ <u>4,802,872</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, 2014**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ <u>2,940,276</u>
<b>LIABILITIES</b>	
Due to others	\$ <u>2,940,276</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, 2014

### 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, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance**

**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.

## **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County is reporting balances for deferred losses on bond refundings in the government-wide Statement of Net Position. A deferred loss on a bond refunding results when the reacquisition price of the refunded debt exceeds the carrying value. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from five sources: property taxes, court fines and fees, and ambulance revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. This amount is reported as a deferred inflow of resources for future reductions of charges to customers.

### **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.

### **Change in Accounting Principle**

As a result of implementing GASB Statement 65, the County has decreased beginning net position as of October 1, 2013 by \$133,889 for the governmental activities. This decrease results from no longer deferring and amortizing bond issuance costs.

## **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, 2014:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 5,125,424	51
Logic	<u>14,961,617</u>	59
Total investments	<u>\$ 20,087,041</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, 2014, all but \$1,630 of 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, 2014, 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**

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:

	Governmental Funds		Total
	General	Nonmajor Funds	
Receivables:			
Taxes	\$ 1,043,707	\$ 199,512	\$ 1,243,219
Adjudicated fines	3,603,042	-	3,603,042
Ambulance	7,313,402	-	7,313,402
Accounts	37,759	32,850	70,609
Intergovernmental	<u>826,882</u>	<u>72,529</u>	<u>899,411</u>
Gross receivables	12,824,792	304,891	13,129,683
Less: allowance for uncollectibles	( <u>10,571,703</u> )	( <u>39,759</u> )	( <u>10,611,462</u> )
Total receivables, net	\$ <u>2,253,089</u>	\$ <u>265,132</u>	\$ <u>2,518,221</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 2014 tax rate allocated to each fund:

Fund	Rate Per \$100
General fund	\$ 0.3344
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>0.0205</u>
	\$ <u>0.47500</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, 2014, was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 392,108	\$ -	\$ -	\$ 392,108
Construction in progress	1,565,865	445,861	( 2,011,726)	-
Total assets not being depreciated	<u>1,957,973</u>	<u>445,861</u>	<u>( 2,011,726)</u>	<u>392,108</u>
Capital assets, being depreciated:				
Buildings and improvements	28,838,663	421,554	2,011,726	31,271,943
Infrastructure	2,170,289	-	-	2,170,289
Machinery and equipment	9,656,238	1,098,381	( 249,990)	10,504,629
Total capital assets being depreciated	<u>40,665,190</u>	<u>1,519,935</u>	<u>1,761,736</u>	<u>43,946,861</u>
Less accumulated depreciation:				
Buildings and improvements	7,988,252	549,315	-	8,537,567
Infrastructure	372,995	54,258	-	427,253
Machinery and equipment	7,814,139	625,003	( 249,990)	8,189,152
Total accumulated depreciation	<u>16,175,386</u>	<u>1,228,576</u>	<u>( 249,990)</u>	<u>17,153,972</u>
Total capital assets being depreciated, net	<u>24,489,804</u>	<u>291,359</u>	<u>2,011,726</u>	<u>26,792,889</u>
Governmental activities capital assets, net	<u>\$ 26,447,777</u>	<u>\$ 737,220</u>	<u>\$ -</u>	<u>\$ 27,184,997</u>

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

<b>Governmental activities:</b>	
General government	\$ 241,633
Health and safety	204,882
Judicial	416,501
Transportation	<u>365,560</u>
Total depreciation expense - governmental activities	<u>\$ 1,228,576</u>

**E. Interfund Transfers**

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 6,100
Nonmajor governmental	Nonmajor governmental	238
		<u>\$ 6,338</u>

The Commissioners' Court approved these transfers as transfers of operational funds to cover planned expenditures.

**F. 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, 2014, amounted to \$63,909. Future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Lease Obligation</u>
2015	\$ 62,139
2016	59,416
2017	46,340
2018	<u>29,056</u>
Total	<u>\$ 196,951</u>

**G. 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>
\$6,810,000 General Obligation Refunding Bonds, Series 2012	06/20/2012	2.0% - 3.0%	\$ 6,700,000	\$ 585,000

The annual debt service requirements for general obligation bonds outstanding, as of September 30, 2014, are as follows:

Fiscal Year Ending September 30,	General Obligation Bonds		
	Principal	Interest	Total
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	655,000	117,825	772,825
2020-2024	<u>3,600,000</u>	<u>276,600</u>	<u>3,876,600</u>
Total	<u>\$ 6,700,000</u>	<u>\$ 1,040,451</u>	<u>\$ 7,740,451</u>

### Changes in Long-term Liabilities

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2014:

Description	Amounts Outstanding September 30,	Additions	Deletions	Amounts Outstanding September 30,	Due Within One Year
	2013			2014	
Bonds payable:					
General obligation bonds	\$ 7,265,000	\$ -	\$ 565,000	\$ 6,700,000	\$ 585,000
Premium	<u>462,165</u>	<u>-</u>	<u>46,547</u>	<u>415,618</u>	<u>-</u>
Total bonds payable	<u>7,727,165</u>	<u>-</u>	<u>611,547</u>	<u>7,115,618</u>	<u>585,000</u>
Compensated absences	406,389	414,517	494,998	325,908	65,182
OPEB obligation	<u>407,726</u>	<u>135,554</u>	<u>93,161</u>	<u>450,119</u>	<u>-</u>
	<u>\$ 8,541,280</u>	<u>\$ 550,071</u>	<u>\$ 1,199,706</u>	<u>\$ 7,891,645</u>	<u>\$ 650,182</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, 2014, 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 656 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 9.95% for the months of the accounting year in 2014, and 9.88% for the months of the accounting year in 2013.

The deposit rate payable by the employee members for calendar year 2014 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, 2014, the County's annual pension costs and net pension asset were as follows:

Annual required contribution (ARC)	\$ 956,467
Interest on Pension asset	( 52,000)
Adjustment to ARC	50,214
Annual pension cost (expense) end of year	954,681
Net employer contributions	( 1,606,467)
Increase in net pension asset	( 651,786)
Net pension asset - as of beginning of year	( 650,000)
Net pension asset - as of end of year	<u>\$( 1,301,786)</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
09/30/2012	\$ 846,257	\$ 846,257	100.0%	\$ -
09/30/2013	893,013	1,543,013	172.8%	650,000
09/30/2014	954,681	1,606,467	168.3%	1,301,786

## Funded 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)
12/31/2013	\$ 19,581,524	\$ 21,716,588	\$ 2,135,064	90.17%	\$ 9,226,332	23.14%

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 2014 and 2013. The December 31, 2013, actuarial valuation is the most recent valuation.

Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
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: 5-yr smoothed value ESF: Fund Value
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.4%	5.4%	4.9%
Inflation	3.5%	3.5%	3.0%
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, 2014, is as follows:

Annual required contribution	\$ 134,205
Interest on OPEB obligation	18,348
Adjustment to ARC	<u>( 16,999)</u>
Annual OPEB cost (expense) end of year	135,554
Net estimated employer contributions	<u>( 93,161)</u>
Increase in net OPEB obligation	42,393
Net OPEB obligation (asset) - as of beginning of year	<u>407,726</u>
Net OPEB obligation (asset) - as of end of year	<u>\$ 450,119</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, 2014, 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
09/30/2012	\$ 126,581	\$ 107,446	84.9%	\$ 395,932
09/30/2013	131,606	119,812	91.0%	407,726
09/30/2014	135,554	93,161	68.7%	450,119

## Funding 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	- %	\$ 9,226,332	15.15%

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, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 11,124,252	\$ 11,124,252	\$ 11,188,721	\$ 64,469
Sales	3,000,000	3,000,000	3,678,089	678,089
Other	55,000	55,000	65,787	10,787
Intergovernmental	267,500	575,922	742,941	167,019
Fines and fees	2,909,700	2,909,700	3,562,553	652,853
Investment earnings	20,000	20,000	19,209	( 791)
Miscellaneous	37,300	37,300	219,334	182,034
Total revenues	<u>17,413,752</u>	<u>17,722,174</u>	<u>19,476,634</u>	<u>1,754,460</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Courthouse	712,546	496,682	423,852	72,830
Auditor	364,083	364,083	359,769	4,314
Tax assessor	389,579	400,313	399,469	844
County clerk	216,766	216,765	215,574	1,191
District clerk	249,985	249,985	243,575	6,410
Treasurer	87,907	87,907	86,746	1,161
Commissioners' office	2,600	2,600	626	1,974
Human resources	85,537	85,537	83,402	2,135
Election expense	84,000	112,000	89,864	22,136
Court appointed attorneys	440,000	395,000	325,575	69,425
Technology	423,093	426,093	382,481	43,612
Tax appraisal district	302,000	305,300	297,527	7,773
Other	3,592,730	3,056,627	1,468,492	1,588,135
Total general government	<u>6,950,826</u>	<u>6,198,892</u>	<u>4,376,952</u>	<u>1,821,940</u>
Health and safety:				
Environmental health	70,437	70,437	66,612	3,825
Emergency management	112,271	387,134	411,187	( 24,053)
Emergency medical services	2,786,905	2,862,834	2,766,967	95,867
Fire marshal	111,891	162,430	162,413	17
Total health and safety	<u>3,081,504</u>	<u>3,482,835</u>	<u>3,407,179</u>	<u>75,656</u>
Education:				
County extension	108,343	108,343	84,054	24,289
Total education	<u>108,343</u>	<u>108,343</u>	<u>84,054</u>	<u>24,289</u>
Culture and recreation:				
Library	328,581	342,829	335,695	7,134
Social services	104,365	147,240	101,165	46,075
Total culture and recreation	<u>432,946</u>	<u>490,069</u>	<u>436,860</u>	<u>53,209</u>
Welfare:				
Child welfare	17,000	17,000	12,134	4,866
Veterans' service	36,353	36,353	34,043	2,310
Total welfare	<u>53,353</u>	<u>53,353</u>	<u>46,177</u>	<u>7,176</u>

**COOKE COUNTY, TEXAS**

**GENERAL FUND**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES (Continued)</b>				
Current:				
Judicial:				
County judge	\$ 140,885	\$ 140,885	\$ 139,448	\$ 1,437
Sheriff	2,917,299	2,967,730	2,836,511	131,219
Jail operations	2,647,764	2,857,796	2,773,841	83,955
County attorney	540,771	553,339	522,390	30,949
Justice of the peace, 1	215,140	215,140	214,157	983
Justice of the peace, 4	174,110	179,240	177,364	1,876
Highway patrol	122,392	126,994	122,685	4,309
District judge	267,279	267,279	253,101	14,178
District attorney	518,347	518,347	502,201	16,146
Jury	75,600	75,600	17,581	58,019
Constable, precinct 1	55,452	55,452	52,739	2,713
Constable, precinct 4	59,305	59,305	53,204	6,101
County court-at-law	408,553	408,553	401,329	7,224
County court-at-law clerk's office	167,089	167,089	157,834	9,255
Adult probation	-	6,618	6,618	-
Juvenile probation	191,189	208,776	208,383	393
Compliance officer	63,437	63,437	62,772	665
Game warden	1,000	1,310	624	686
Total judicial	<u>8,565,612</u>	<u>8,872,890</u>	<u>8,502,782</u>	<u>370,108</u>
Capital outlay	<u>840,297</u>	<u>1,155,916</u>	<u>1,123,256</u>	<u>32,660</u>
Total expenditures	<u>20,032,881</u>	<u>20,362,298</u>	<u>17,977,260</u>	<u>2,385,038</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 2,619,129)	( 2,640,124)	1,499,374	4,139,498
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,600	1,600	6,100	4,500
Insurance recovery	-	20,993	26,603	( 5,610)
Proceeds from sale of capital assets	-	-	1,515	1,515
Total other financing sources (uses)	<u>1,600</u>	<u>22,593</u>	<u>34,218</u>	<u>11,625</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 2,617,529)	( 2,617,531)	1,533,592	4,151,123
<b>FUND BALANCES, BEGINNING</b>	<u>15,354,242</u>	<u>15,354,242</u>	<u>15,354,242</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 12,736,713</u>	<u>\$ 12,736,711</u>	<u>\$ 16,887,834</u>	<u>\$ 4,151,123</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**COOKE COUNTY, TEXAS**

**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
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%
12/31/2013	19,581,524	21,716,588	2,135,064	90.17%	9,226,332	23.14%

**COOKE COUNTY, TEXAS**

**RETIREE HEALTH PROGRAM**

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/2007	\$ -	\$ 1,891,628	\$ 1,891,628	- %	\$ 7,496,821	25.23%
12/31/2010	-	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%



**COOKE COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	Special Revenue			
	Jail Commissary	Courthouse Security	Records Management	Records Preservation
<b>ASSETS</b>				
Cash and investments	\$ 77,870	\$ 246,642	\$ 319,684	\$ 138,969
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	-
Accounts	1,948	-	-	-
Intergovernmental	-	-	-	-
Total assets	<u>79,818</u>	<u>246,642</u>	<u>319,684</u>	<u>138,969</u>
<b>LIABILITIES</b>				
Accounts payable	-	3,728	-	-
Accrued liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>3,728</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Library endowment	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Public safety	79,818	-	-	-
Judicial	-	242,914	-	-
Records management and preservation	-	-	319,684	138,969
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Total fund balances	<u>79,818</u>	<u>242,914</u>	<u>319,684</u>	<u>138,969</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 79,818</u>	<u>\$ 246,642</u>	<u>\$ 319,684</u>	<u>\$ 138,969</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
\$ 101,703	\$ 24,768	\$ 786,828	\$ 29,366	\$ 12,699	\$ 3,793	\$ 5,250
-	-	125	-	-	-	-
-	-	-	22	-	-	15
-	-	-	-	-	-	-
<u>101,703</u>	<u>24,768</u>	<u>786,953</u>	<u>29,388</u>	<u>12,699</u>	<u>3,793</u>	<u>5,265</u>
2,418	420	-	367	230	-	-
-	-	-	-	54	-	-
<u>2,418</u>	<u>420</u>	<u>-</u>	<u>367</u>	<u>284</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	127	-	-	-	-
-	-	<u>127</u>	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	24,348	-	-	-	-	-
99,285	-	-	29,021	12,415	-	5,265
-	-	-	-	-	-	-
-	-	786,826	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,793	-
<u>99,285</u>	<u>24,348</u>	<u>786,826</u>	<u>29,021</u>	<u>12,415</u>	<u>3,793</u>	<u>5,265</u>
<u>\$ 101,703</u>	<u>\$ 24,768</u>	<u>\$ 786,953</u>	<u>\$ 29,388</u>	<u>\$ 12,699</u>	<u>\$ 3,793</u>	<u>\$ 5,265</u>



**COOKE COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	Special Revenue			
	Library	District Attorney Drug Enforcement	Seizure Law Enforcement	Sheriff Drug Enforcement
<b>ASSETS</b>				
Cash and investments	\$ 31,427	\$ 67,442	\$ 45,801	\$ 46,503
Receivables (net of allowances for uncollectibles)				
Taxes	-	-	-	-
Accounts	50	-	-	5
Intergovernmental	300	-	-	-
Total assets	<u>31,777</u>	<u>67,442</u>	<u>45,801</u>	<u>46,508</u>
<b>LIABILITIES</b>				
Accounts payable	536	243	-	-
Accrued liabilities	-	-	-	-
Total liabilities	<u>536</u>	<u>243</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Library endowment	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Public safety	-	67,199	45,801	46,508
Judicial	-	-	-	-
Records management and preservation	-	-	-	-
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	31,241	-	-	-
Total fund balances	<u>31,241</u>	<u>67,199</u>	<u>45,801</u>	<u>46,508</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,777</u>	<u>\$ 67,442</u>	<u>\$ 45,801</u>	<u>\$ 46,508</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
\$ 1,333,754	\$ 307,186	\$ 1,248,744	\$ 1,182,110	\$ 97,650	\$ 13,912	\$ 57,625
24,589	24,601	24,587	24,600	-	-	-
3,882	3,943	19,609	3,229	-	-	-
<u>14,996</u>	<u>15,232</u>	<u>27,005</u>	<u>14,996</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,377,221</u>	<u>350,962</u>	<u>1,319,945</u>	<u>1,224,935</u>	<u>97,650</u>	<u>13,912</u>	<u>57,625</u>
92,123	109,217	94,092	112,882	6,246	-	1,314
17,706	20,069	17,195	20,316	-	-	-
<u>109,829</u>	<u>129,286</u>	<u>111,287</u>	<u>133,198</u>	<u>6,246</u>	<u>-</u>	<u>1,314</u>
<u>26,251</u>	<u>26,251</u>	<u>26,252</u>	<u>26,246</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>26,251</u>	<u>26,251</u>	<u>26,252</u>	<u>26,246</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,241,141	195,425	1,182,406	1,065,491	91,404	13,912	56,311
-	-	-	-	-	-	-
<u>1,241,141</u>	<u>195,425</u>	<u>1,182,406</u>	<u>1,065,491</u>	<u>91,404</u>	<u>13,912</u>	<u>56,311</u>
<u>\$ 1,377,221</u>	<u>\$ 350,962</u>	<u>\$ 1,319,945</u>	<u>\$ 1,224,935</u>	<u>\$ 97,650</u>	<u>\$ 13,912</u>	<u>\$ 57,625</u>

**COOKE COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	Special Revenue				
	District Clerk Archive	Pretrial Diversion	District Court Preservation	County/ District Clerk Technology	Child Abuse Prevention
<b>ASSETS</b>					
Cash and investments	\$ 13,581	\$ 5,587	\$ 25,901	\$ 4,958	\$ 224
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Total assets	<u>13,581</u>	<u>5,587</u>	<u>25,901</u>	<u>4,958</u>	<u>224</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Library endowment	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Public safety	-	-	-	-	224
Judicial	13,581	5,587	25,901	4,958	-
Records management and preservation	-	-	-	-	-
Transportation	-	-	-	-	-
Debt service	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total fund balances	<u>13,581</u>	<u>5,587</u>	<u>25,901</u>	<u>4,958</u>	<u>224</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,581</u>	<u>\$ 5,587</u>	<u>\$ 25,901</u>	<u>\$ 4,958</u>	<u>\$ 224</u>

<u>Debt Service</u>	<u>Capital Projects</u>		<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Interest and Sinking</u>	<u>Jail Construction</u>	<u>Permanent Improvement</u>	<u>Library Permanent</u>	
\$ 770,191	\$ -	\$ 1,462,418	\$ 39,635	\$ 8,502,221
42,412	-	18,839	-	159,753
-	-	-	147	32,850
-	-	-	-	72,529
<u>812,603</u>	<u>-</u>	<u>1,481,257</u>	<u>39,782</u>	<u>8,767,353</u>
-	-	-	-	423,816
-	-	-	-	75,340
-	-	-	-	499,156
41,227	-	12,967	-	159,321
<u>41,227</u>	<u>-</u>	<u>12,967</u>	<u>-</u>	<u>159,321</u>
-	-	-	34,000	34,000
-	-	1,468,290	-	1,468,290
-	-	-	-	263,898
-	-	-	-	509,150
-	-	-	-	550,057
-	-	-	-	4,471,289
771,376	-	-	-	771,376
-	-	-	5,782	40,816
<u>771,376</u>	<u>-</u>	<u>1,468,290</u>	<u>39,782</u>	<u>8,108,876</u>
<u>\$ 812,603</u>	<u>\$ -</u>	<u>\$ 1,481,257</u>	<u>\$ 39,782</u>	<u>\$ 8,767,353</u>

**COOKE COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Special Revenue			
	Jail Commissary	Courthouse Security	Records Management	Records Preservation
<b>REVENUES</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	20,344	33,070	26,626	108,113
Investment earnings	108	266	285	232
Miscellaneous	-	-	-	-
Total revenues	20,452	33,336	26,911	108,345
<b>EXPENDITURES</b>				
Current:				
General government	-	-	4,565	162,877
Culture and recreation	-	-	-	-
Judicial	10,202	7,123	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	10,202	7,123	4,565	162,877
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	10,250	26,213	22,346	( 54,532)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	10,250	26,213	22,346	( 54,532)
<b>FUND BALANCES, BEGINNING</b>	69,568	216,701	297,338	193,501
<b>FUND BALANCES, ENDING</b>	\$ 79,818	\$ 242,914	\$ 319,684	\$ 138,969

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
\$ -	\$ -	\$ 3,328	\$ -	\$ -	\$ -	\$ -
-	4,601	3,334	-	-	-	-
-	-	-	-	-	-	-
15,335	-	-	16,117	3,158	-	-
105	44	742	49	-	10	10
-	-	13,308	-	-	2,690	2,521
<u>15,440</u>	<u>4,645</u>	<u>20,712</u>	<u>16,166</u>	<u>3,158</u>	<u>2,700</u>	<u>2,531</u>
-	-	-	-	-	-	-
-	-	-	-	-	1,776	-
6,846	16,457	-	19,635	5,551	-	1,300
-	-	63	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,846</u>	<u>16,457</u>	<u>63</u>	<u>19,635</u>	<u>5,551</u>	<u>1,776</u>	<u>1,300</u>
<u>8,594</u>	<u>( 11,812)</u>	<u>20,649</u>	<u>( 3,469)</u>	<u>( 2,393)</u>	<u>924</u>	<u>1,231</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8,594	( 11,812)	20,649	( 3,469)	( 2,393)	924	1,231
<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>\$ 99,285</u>	<u>\$ 24,348</u>	<u>\$ 786,826</u>	<u>\$ 29,021</u>	<u>\$ 12,415</u>	<u>\$ 3,793</u>	<u>\$ 5,265</u>

**COOKE COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Special Revenue			
	Library	District Attorney Drug Enforcement	Seizure Law Enforcement	Sheriff Drug Enforcement
<b>REVENUES</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	6,610	-	-	12,420
Licenses and permits	-	-	-	-
Fines and fees	-	26,017	53,362	8,271
Investment earnings	57	83	-	43
Miscellaneous	<u>21,165</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>27,832</u>	<u>26,100</u>	<u>53,362</u>	<u>20,734</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	26,548	-	-	-
Judicial	-	10,378	59,013	6,817
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>26,548</u>	<u>10,378</u>	<u>59,013</u>	<u>6,817</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,284</u>	<u>15,722</u>	<u>( 5,651)</u>	<u>13,917</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of assets	-	-	-	16,812
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,812</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,284	15,722	( 5,651)	30,729
<b>FUND BALANCES, BEGINNING</b>	<u>29,957</u>	<u>51,477</u>	<u>51,452</u>	<u>15,779</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 31,241</u>	<u>\$ 67,199</u>	<u>\$ 45,801</u>	<u>\$ 46,508</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
\$ 873,085	\$ 873,085	\$ 873,085	\$ 873,088	\$ -	\$ -	\$ -
186,844	13,684	78,297	119,201	-	-	-
247,730	247,729	247,729	247,729	-	-	-
72,322	72,321	72,321	72,320	101,860	-	8,580
1,188	610	1,147	1,204	91	25	80
1,766	418	30,915	22,939	-	-	-
<u>1,382,935</u>	<u>1,207,847</u>	<u>1,303,494</u>	<u>1,336,481</u>	<u>101,951</u>	<u>25</u>	<u>8,660</u>
-	-	-	-	80,618	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	16,015
1,063,462	1,004,273	1,012,893	1,253,226	-	-	-
121,931	463,741	178,215	179,509	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,185,393</u>	<u>1,468,014</u>	<u>1,191,108</u>	<u>1,432,735</u>	<u>80,618</u>	<u>-</u>	<u>16,015</u>
197,542	( 260,167)	112,386	( 96,254)	21,333	25	( 7,355)
-	-	-	-	-	-	-
( 4,500)	-	-	-	-	-	-
<u>40,821</u>	<u>16,450</u>	<u>22,162</u>	<u>30,874</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>36,321</u>	<u>16,450</u>	<u>22,162</u>	<u>30,874</u>	<u>-</u>	<u>-</u>	<u>-</u>
233,863	( 243,717)	134,548	( 65,380)	21,333	25	( 7,355)
<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>\$ 1,241,141</u>	<u>\$ 195,425</u>	<u>\$ 1,182,406</u>	<u>\$ 1,065,491</u>	<u>\$ 91,404</u>	<u>\$ 13,912</u>	<u>\$ 56,311</u>



**COOKE COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Special Revenue				
	District Clerk Archive	Pretrial Diversion	District Court Preservation	County/ District Clerk Technology	Child Abuse Prevention
<b>REVENUES</b>					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8,082	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines and fees	3,486	481	5,780	2,386	124
Investment earnings	21	-	37	10	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>11,589</u>	<u>481</u>	<u>5,817</u>	<u>2,396</u>	<u>124</u>
<b>EXPENDITURES</b>					
Current:					
General government	8,082	-	-	1,149	-
Culture and recreation	-	-	-	-	-
Judicial	-	-	-	-	-
Transportation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<u>8,082</u>	<u>-</u>	<u>-</u>	<u>1,149</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,507</u>	<u>481</u>	<u>5,817</u>	<u>1,247</u>	<u>124</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	( 1,600)	-
Proceeds from sale of assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 1,600)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,507	481	5,817	( 353)	124
<b>FUND BALANCES, BEGINNING</b>	<u>10,074</u>	<u>5,106</u>	<u>20,084</u>	<u>5,311</u>	<u>100</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 13,581</u>	<u>\$ 5,587</u>	<u>\$ 25,901</u>	<u>\$ 4,958</u>	<u>\$ 224</u>

Debt Service	Capital Projects		Permanent	Total Nonmajor Governmental Funds
Interest and Sinking	Jail Construction	Permanent Improvement	Library Permanent	
\$ 695,011	\$ -	\$ 588,273	\$ -	\$ 4,778,955
3,036	-	2,222	-	438,331
-	-	-	-	990,917
-	-	-	-	722,394
986	1	1,222	142	8,798
-	-	-	-	95,722
<u>699,033</u>	<u>1</u>	<u>591,717</u>	<u>142</u>	<u>7,035,117</u>
-	-	87,912	-	345,203
-	-	-	1,498	29,822
-	-	-	-	159,337
-	-	-	-	4,333,917
-	-	-	-	943,396
565,000	-	-	-	565,000
203,688	-	-	-	203,688
<u>768,688</u>	<u>-</u>	<u>87,912</u>	<u>1,498</u>	<u>6,580,363</u>
( 69,655)	1	503,805	( 1,356)	454,754
238	-	-	-	238
-	( 238)	-	-	( 6,338)
-	-	-	-	127,119
<u>238</u>	<u>( 238)</u>	<u>-</u>	<u>-</u>	<u>121,019</u>
( 69,417)	( 237)	503,805	( 1,356)	575,773
840,793	237	964,485	41,138	7,533,103
<u>\$ 771,376</u>	<u>\$ -</u>	<u>\$ 1,468,290</u>	<u>\$ 39,782</u>	<u>\$ 8,108,876</u>

**COOKE COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2014**

	<u>County Clerk</u>	<u>District Clerk</u>	<u>Tax-Assessor Collector</u>	<u>District Attorney</u>
<b>ASSETS</b>				
Cash and investments	\$ <u>1,658,074</u>	\$ <u>741,176</u>	\$ <u>268,639</u>	\$ <u>4,181</u>
Total assets	<u>1,658,074</u>	<u>741,176</u>	<u>268,639</u>	<u>4,181</u>
<b>LIABILITIES</b>				
Deposits held for others	<u>1,658,074</u>	<u>741,176</u>	<u>268,639</u>	<u>4,181</u>
Total liabilities	<u>\$ 1,658,074</u>	<u>\$ 741,176</u>	<u>\$ 268,639</u>	<u>\$ 4,181</u>

<u>Sheriff</u>	<u>County Attorney</u>	<u>Adult Probations</u>	<u>Juvenile Probations</u>	<u>Total Fiduciary Funds</u>
\$ <u>28,979</u>	\$ <u>4,025</u>	\$ <u>171,877</u>	\$ <u>63,325</u>	\$ <u>2,940,276</u>
<u>28,979</u>	<u>4,025</u>	<u>171,877</u>	<u>63,325</u>	<u>2,940,276</u>
<u>28,979</u>	<u>4,025</u>	<u>171,877</u>	<u>63,325</u>	<u>2,940,276</u>
\$ <u>28,979</u>	\$ <u>4,025</u>	\$ <u>171,877</u>	\$ <u>63,325</u>	\$ <u>2,940,276</u>

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**SINGLE AUDIT SECTION**

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PATTILLO, 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, 2014, 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 3, 2015.

**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.

*Parillo, Brown & Hill, LLP*

Waco, Texas  
June 3, 2015



PATTILLO, 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, 2014. 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, 2014.

### 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. The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major program is not modified with respect to this matter. 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.

*Paula R. Brown & Hill, LLP*

Waco, Texas  
June 3, 2015

**COOKE COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b><u>U. S. Department of the Interior</u></b>			
Passed through U.S. Bureau of Land Management:			
Payment in Lieu of Taxes	15.226	PL 110-343	\$ 70,350
Total Passed through U.S. Bureau of Land Management			<u>70,350</u>
Total U. S. Department of the Interior			<u>70,350</u>
<b><u>U. S. General Services Administration</u></b>			
Passed through Texas Facilities Commission:			
Donation of Federal Surplus Personal Property	39.003		129,730
Total Passed through Texas Facilities Commission			<u>129,730</u>
Total U.S. General Services Administration			<u>129,730</u>
<b><u>U.S. Institute of Museum and Library Services</u></b>			
Passed through Texas State Library and Archives Commission			
Grants to States	45.310	LS-00-13-0044-13	300
Total Passed through Texas State Library and Archives Commission			<u>300</u>
Total U.S. Institute of Museum and Library Services			<u>300</u>
<b><u>U.S. Department of Education</u></b>			
Passed through Texas Workforce Commission			
Adult Education - Basic Grants to States	84.002		450
Total Passed through Texas Workforce Commission			<u>450</u>
Total U.S. Department of Education			<u>450</u>
<b><u>U. S. Department of Health and Human Services Centers for Medicare and Medicaid Services</u></b>			
Passed through Texas Health and Human Services Commission:			
Medical Assistance Program-Ambulance Service Cost Settlements	93.778	1X184PFEMS	735,139
Total Passed through Texas Health and Human Services Commission			<u>735,139</u>
Total U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services			<u>735,139</u>
<b><u>U. S. Department of Homeland Security</u></b>			
Passed through Texas Department of Public Safety:			
Hazard Mitigation Grant-Individual Safe Room Rebate Program	97.039	DR-1999-003	280,714
Homeland Security Grant Program-SHSP LETPA	97.067	EMW -2012-SS-00018-S01	14,583
Homeland Security Grant Program-SHSP LETPA	97.067	EMW-2013-SS-00045	20,591
Total Passed through Texas Department of Public Safety			<u>315,888</u>
Total U.S. Department of Homeland Security			<u>315,888</u>
Total Expenditures of Federal Awards			\$ <u>1,251,857</u>

**COOKE COUNTY, TEXAS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**SEPTEMBER 30, 2014**

**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, 2014. 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, 2014

**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? 2014-1

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?

2014-1

Identification of major programs:

CFDA Number:

93.778

Name of Federal Program:

Medical Assistance Program - Ambulance Service Cost Settlements

Dollar threshold used to distinguish between type A and type B programs

\$300,000

Auditee qualified as low-risk auditee?

No

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

None

COOKE COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Findings and Questioned Costs for Federal Awards

Finding 2014-001

Federal Grantor:	U.S. Department of Health and Human Services
Program:	Medical Assistance Program – CFDA #93.778
Compliance Requirement:	Financial Reporting
Criteria:	Entities must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency.
Condition:	The County did not include all allowable expenditures and understated others on their cost report.
Effect:	The County understated their allowable costs. Including all eligible costs potentially could have entitled them to receive more money from the program.
Recommendation:	The County should implement policies and procedures that will ensure that the proper amounts are recorded on the cost report. This could be done by reviewing the G/L and cost report prior to submission to ensure that everything is included.
Management's Response:	The County Auditor is now comparing all expense reports to prepared grant cost reports to ensure that all allowable expenses are captured and that all cost reports match the expense reports.

**COOKE COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

No prior year findings.



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