

# **COOKE COUNTY, TEXAS**

**Annual  
Financial Report**

**For Fiscal Year  
September 30, 2019**

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**COOKE COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

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## **INTRODUCTORY SECTION**

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**COOKE COUNTY AUDITOR  
COOKE COUNTY**

**COURTHOUSE**

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

June 22, 2020

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, 2019, 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, 2019, 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, 2019, 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 41,257, which is a 12% 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 growth felt across North Texas, and oil and gas production has increased resulting in the raising of mineral values that had decreased in previous years. Population growth has remained relatively steady but is predicted to increase with multiple subdivisions planned. 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 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 and permanent part-time employees through a nontraditional defined pension plan in the statewide Texas County and District Retirement System (TCDRS). Detailed 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 of professionalism in the management of Cooke County's finances.

Respectfully submitted,



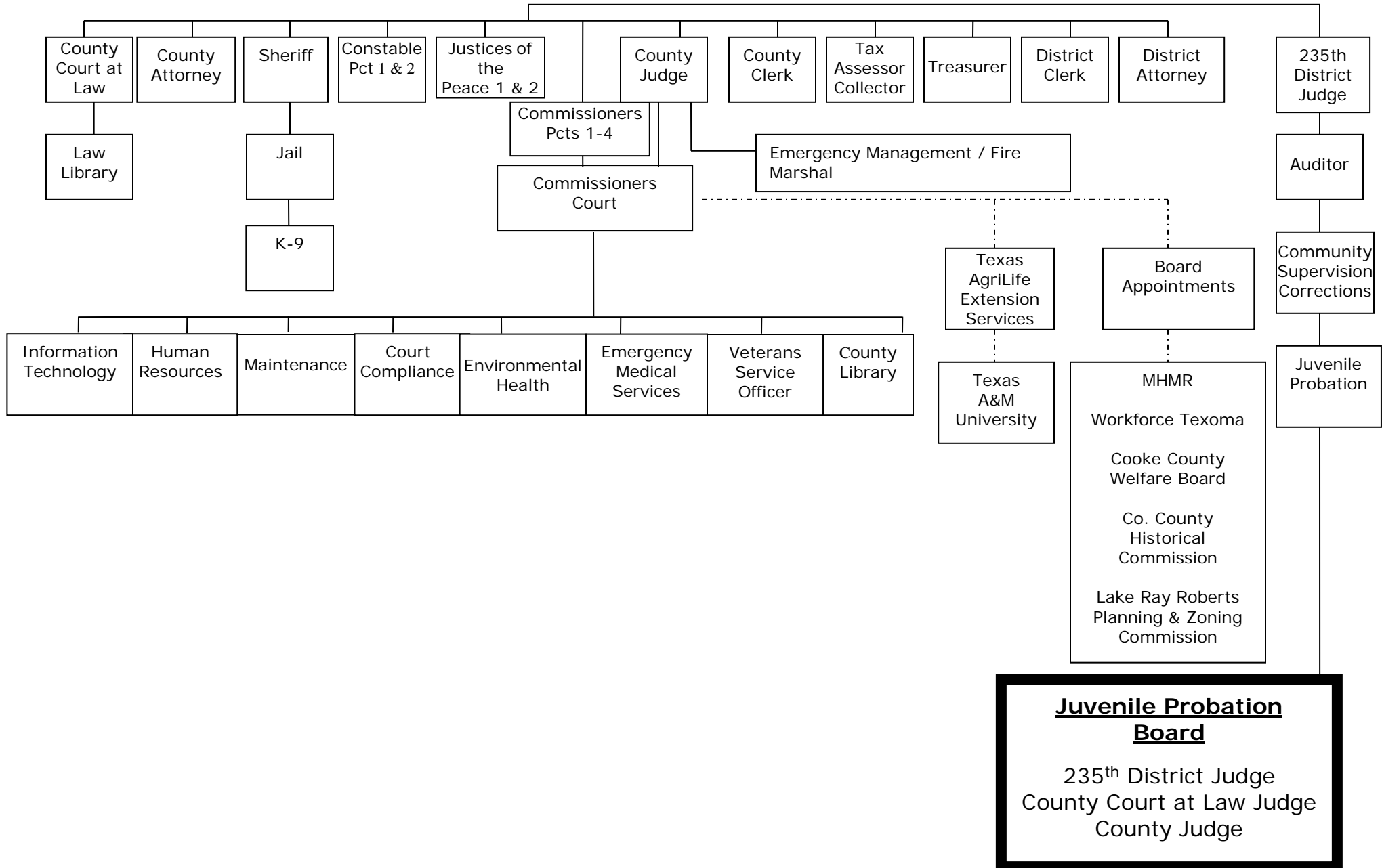
Shelly Atteberry  
Cooke County Auditor

## COOKE COUNTY, TEXAS

### ELECTED OFFICIALS AND APPOINTED DEPARTMENT HEADS

County Judge	Jason Brinkley
Commissioner Pct. 1	Gary Hollowell
Commissioner Pct. 2	Jason Snuggs
Commissioner Pct. 3	John Klement
Commissioner Pct. 4	Leon Klement
County Attorney	Edmund Zielinski
County Auditor	Shelly Atteberry
County Clerk	Pamela Harrison
County Court at Law Judge	John Morris
District Clerk	Marci Gilbert
Justice of Peace Pct. 1	Olivia Neu
Justice of Peace Pct. 2	Carroll Johnson
Sheriff	Terry Gilbert
Tax Assessor-Collector	Brandy Carr
Treasurer	Patty Brennan
District Attorney	John Warren
District Judge	Janelle Haverkamp
Environmental Health	Laura Blanton
Librarian	Jennifer Johnson-Spence
Veterans Service Officer	Tim Cortes
EMS Administrator	Kevin Grant
Constable Pct. 1	Chris Watson
Constable Pct. 2	Russ Harper

# Cooke County, Texas Organizational Chart 2019



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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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, 2019, 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.

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cooke County, Texas, as of September 30, 2019, 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.

### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston

NEW MEXICO | Albuquerque

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents 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, and other schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and other schedule have 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 18, 2020, 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 testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Waco, Texas  
June 18, 2020



## **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, 2019. 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 9.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2019, by \$57,602,217 (net position), an increase of \$2,100,445 or 3.78% over the prior year ending net position. Of this amount, \$21,152,698 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- As of September 30, 2019, the County's governmental funds reported combined fund balances of \$32,688,398. Approximately 34.10% of this total amount, \$11,147,674, 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 \$11,147,674, or approximately 55.05% of total General Fund expenditures.
- The County's total outstanding long-term liabilities increased by \$1,204,979 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 9. 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, liabilities, and deferred inflows of resources, with the difference between the four 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 9 – 10 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 33 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 32 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 11 – 14 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 15 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 16 – 34 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 35 – 41 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 and deferred inflows of resources by \$57,602,217 as of September 30, 2019, an increase of \$2,100,445 from operations 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 \$21,152,698 at September 30, 2019, an increase of \$1,406,265 from the prior year unrestricted net position of \$19,746,433.

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

### COOKE COUNTY'S NET POSITION

	Governmental Activities	
	2019	2018
Current and other assets	\$ 35,127,467	\$ 35,625,440
Capital assets	28,503,624	27,922,501
Total assets	<u>63,631,091</u>	<u>63,547,941</u>
Deferred outflows of resources	4,075,971	1,500,677
Total deferred outflows of resources	<u>4,075,971</u>	<u>1,500,677</u>
Long-term liabilities	8,331,115	7,126,136
Other liabilities	1,367,882	1,349,554
Total liabilities	<u>9,698,997</u>	<u>8,475,690</u>
Deferred inflows of resources	405,848	1,071,156
Total deferred inflows of resources	<u>405,848</u>	<u>1,071,156</u>
Net position:		
Net investment		
in capital assets	24,923,484	23,912,186
Restricted	11,526,035	11,843,153
Unrestricted	<u>21,152,698</u>	<u>19,746,433</u>
Total net position	<u>\$ 57,602,217</u>	<u>\$ 55,501,772</u>

Investment in capital assets (i.e. land, buildings, furniture, and equipment) less any outstanding debt used to acquire those assets is \$24,923,484, an increase of 4.10% over the prior fiscal year balance of \$23,912,186. This represents a significant portion (43.26%) 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 (20.01%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$21,152,698 (36.72%) 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	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 5,834,860	\$ 5,382,564
Operating grants and contributions	429,370	1,833,948
Capital grants and contributions	111,664	360,578
General revenues:		
Property taxes	17,668,207	17,333,259
Sales taxes	3,838,013	3,943,435
Other taxes	288,128	273,805
Gain on sale of capital assets	-	237,162
Investment income	755,084	507,228
Miscellaneous	202,989	104,130
Total revenues	<u>29,128,315</u>	<u>29,976,109</u>
Expenses:		
General government	4,757,852	6,510,006
Health and safety	4,139,270	3,798,116
Education	122,592	123,204
Culture and recreation	637,230	628,032
Welfare	85,212	69,490
Judicial	10,990,166	10,730,811
Transportation	6,166,944	5,208,504
Interest on long-term debt	128,604	146,722
Total expenses	<u>27,027,870</u>	<u>27,214,885</u>
Change in net position	2,100,445	2,761,224
Net position, beginning	<u>55,501,772</u>	<u>52,740,548</u>
Net position, ending	<u>\$ 57,602,217</u>	<u>\$ 55,501,772</u>

### Governmental Activities

The County's total net position increased by \$2,100,445 from operations as compared to the prior fiscal year's increase of \$2,761,224. The total cost of all governmental activities this year was \$27,027,870, a decrease of 0.69% 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 \$32,688,398, an increase of \$577,574 (1.80%) over the prior year. Approximately 34.10% of this amount (\$11,147,674) 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 (\$22,371), 2) legally required to be maintained intact (\$34,000), 3) restricted for particular purposes (\$11,307,101), or 4) assigned for particular purposes (\$10,177,252).

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 \$21,347,297, an increase of \$944,963 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, 2019, unassigned fund balance represents 55.05% of total General Fund expenditures.

In the prior fiscal year, fund balance increased by \$1,183,518 compared to the current year increase of \$944,963. Key factors in the decrease of the change in fund balance for the General Fund are as follows:

- A \$561,074 increase in revenues, mostly caused by an increase in fines and fees revenues;
- A \$154,717 increase in investment earnings;
- A \$273,735 increase in judicial expenditures as compared to the prior year; and
- A \$111,296 increase in capital outlay expenditures as compared to the prior year.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were limited to a total decrease in appropriations of \$90,796 and consisted of the following briefly summarized items:

- \$87,016 increase in general government;
- \$165,328 decrease in emergency medical services;
- \$11,551 increase in library;
- \$171,308 decrease in Sheriff's office;
- \$69,513 increase in jail operations; and
- \$53,296 increase in juvenile probation.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

Cooke County's investment in capital assets for its governmental activities as of September 30, 2019, amounts to \$28,503,624 (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 the completion of infrastructure projects in the amount of \$1,892,235 and purchases of various vehicles and equipment for the amount of \$1,670,460.

### **COOKE COUNTY'S CAPITAL ASSETS**

	Governmental Activities	
	2019	2018
Land	\$ 1,333,865	\$ 1,333,865
Buildings and improvements	31,271,943	31,271,943
Infrastructure	4,062,524	2,170,289
Machinery and equipment	15,741,727	14,240,987
Accumulated depreciation	( 23,906,435)	( 22,168,377)
Total capital assets	\$ <u>28,503,624</u>	\$ <u>27,922,501</u>

Additional information regarding the County's capital assets can be found in the notes on page 24 of this report.

## Long-term Liabilities

### COOKE COUNTY'S LONG-TERM LIABILITIES

	Governmental Activities	
	2019	2018
General obligations bonds	\$ 3,784,869	\$ 4,486,085
Capital lease	61,401	120,887
Compensated absences	398,298	346,032
Net pension liability	2,281,122	-
Total OPEB liability	<u>1,805,425</u>	<u>2,173,132</u>
Total long-term debt	\$ <u>8,331,115</u>	\$ <u>7,126,136</u>

At year-end, the County had \$3,784,869 in bonds outstanding versus \$4,486,085 at the end of the prior year. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements on pages 25 – 33.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cooke County's elected officials considered many factors when setting the fiscal year 2020 budget and tax rates. The County authorized a maintenance and operations tax rate of \$0.4162 as compared with the fiscal year 2019 rate of \$0.4435. However, in fiscal year 2018-19, the interest and sinking rate was \$0.0176, while for fiscal year 2019-20, the interest and sinking tax rate will be \$0.0183, making the County's total tax rate, including \$0.0001 for lateral road, \$0.4345 for 2019-20 as compared with a total tax rate of \$0.4611 for fiscal year 2018-19.

The County's 2019-20 budget projects an increase in General Fund revenues of \$848,075 and an increase in General Fund expenditures of \$914,674. However, due to the outbreak of COVID-19, the revenues for the County are uncertain moving forward.

### REQUESTS FOR INFORMATION

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



**BASIC  
FINANCIAL STATEMENTS**

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**COOKE COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 32,660,259
Receivables, net	2,444,837
Inventory	13,683
Prepays	8,688
Capital assets:	
Non-depreciable	1,333,865
Depreciable	<u>27,169,759</u>
Total capital assets, net	<u>28,503,624</u>
Total assets	<u>63,631,091</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	266,130
Deferred outflows - OPEB	339,002
Deferred outflows - pensions	<u>3,470,839</u>
Total deferred outflows of resources	<u>4,075,971</u>
<b>LIABILITIES</b>	
Accounts payable	964,172
Accrued liabilities	338,087
Unearned revenue	48,474
Interest payable	17,149
Noncurrent liabilities:	
Due within one year	
Long-term debt	814,197
Total OPEB liability	100,959
Due in more than one year	
Long-term debt	3,430,371
Net Pension liability	2,281,122
Total OPEB liability	<u>1,704,466</u>
Total noncurrent liabilities	<u>8,331,115</u>
Total liabilities	<u>9,698,997</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - OPEB	5,285
Deferred inflows - pensions	<u>400,563</u>
Total deferred inflows of resources	<u>405,848</u>
<b>NET POSITION</b>	
Net investment in capital assets	24,923,484
Restricted for:	
Capital projects	3,073,988
Public safety	544,052
Judicial	610,213
Records management and preservation	434,564
Transportation	5,866,756
Debt service	527,226
Culture and recreation:	
Expendable	435,236
Non-expendable	34,000
Unrestricted	<u>21,152,698</u>
Total net position	<u>\$ 57,602,217</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, 2019**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government					
Governmental activities:					
General government	\$ 4,757,852	\$ 1,584,679	\$ 111,352	\$ -	\$( 3,061,821)
Health and safety	4,139,270	1,760,922	73,456	-	( 2,304,892)
Education	122,592	-	-	-	( 122,592)
Culture and recreation	637,230	-	7,045	-	( 630,185)
Welfare	85,212	29	-	-	( 85,183)
Judicial	10,990,166	1,249,892	214,713	-	( 9,525,561)
Transportation	6,166,944	1,239,338	22,804	111,664	( 4,793,138)
Interest on long-term debt	128,604	-	-	-	( 128,604)
Total governmental activities	<u>27,027,870</u>	<u>5,834,860</u>	<u>429,370</u>	<u>111,664</u>	<u>( 20,651,976)</u>
Total primary government	<u>\$ 27,027,870</u>	<u>\$ 5,834,860</u>	<u>\$ 429,370</u>	<u>\$ 111,664</u>	<u>( 20,651,976)</u>
General revenues:					
Taxes:					
Property taxes					17,668,207
Sales taxes					3,838,013
Other taxes					288,128
Investment income					755,084
Miscellaneous					<u>202,989</u>
Total general revenues					22,752,421
Change in net position					<u>2,100,445</u>
Net position - beginning					<u>55,501,772</u>
Net position - ending					<u>\$ 57,602,217</u>

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

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**COOKE COUNTY, TEXAS****BALANCE SHEET****GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2019

	General	Road and Bridge #4	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 21,097,031	\$ 1,692,126	\$ 9,871,102	\$ 32,660,259
Receivables, net				
Taxes	926,214	25,692	144,571	1,096,477
Accounts	790,649	3,254	35,974	829,877
Intergovernmental	155,636	167,982	194,865	518,483
Inventory	13,683	-	-	13,683
Prepaid items	8,688	-	-	8,688
Total assets	<u>22,991,901</u>	<u>1,889,054</u>	<u>10,246,512</u>	<u>35,127,467</u>
<b>LIABILITIES</b>				
Accounts payable	566,986	96,149	301,037	964,172
Accrued liabilities	287,179	12,623	38,285	338,087
Unearned revenue	48,474	-	-	48,474
Total liabilities	<u>902,639</u>	<u>108,772</u>	<u>339,322</u>	<u>1,350,733</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	341,270	26,592	175,491	543,353
Unavailable revenue - court fines	292,414	-	-	292,414
Unavailable revenue - ambulance	108,281	-	-	108,281
Unavailable revenue - grants	-	144,288	-	144,288
Total deferred inflows of resources	<u>741,965</u>	<u>170,880</u>	<u>175,491</u>	<u>1,088,336</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items and inventory	22,371	-	-	22,371
Library endowment	-	-	34,000	34,000
Restricted for:				
Capital projects	-	-	3,060,695	3,060,695
Public safety	-	-	544,052	544,052
Judicial	-	-	610,213	610,213
Records management and preservation	-	-	434,564	434,564
Transportation	-	1,609,402	4,101,012	5,710,414
Debt service	-	-	511,927	511,927
Culture and recreation	-	-	435,236	435,236
Assigned for:				
Capital projects	5,000,000	-	-	5,000,000
Subsequent year's budget	5,177,252	-	-	5,177,252
Unassigned	11,147,674	-	-	11,147,674
Total fund balances	<u>21,347,297</u>	<u>1,609,402</u>	<u>9,731,699</u>	<u>32,688,398</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 22,991,901</u>	<u>\$ 1,889,054</u>	<u>\$ 10,246,512</u>	<u>\$ 35,127,467</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, 2019**

Total fund balances - governmental funds balance sheet \$ 32,688,398

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

Uncollected revenues are reported as unavailable resources in the governmental funds balance sheet, but are recognized as a revenue in the statement of activities. 1,088,336

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 28,503,624

Long-term liabilities, including bonds payable, capital leases, compensated absences, and the total OPEB liability are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.

Bonds payable	( 3,784,869)
Capital leases	( 61,401)
Deferred amount on refunding	266,130
Compensated absences	( 398,298)
Total OPEB liability	( 1,805,425)
Net Pension Liability	( 2,281,122)
Deferred outflows related to OPEB	339,002
Deferred inflows related to OPEB	( 5,285)
Deferred outflows related to pensions	3,470,839
Deferred inflows related to pensions	( 400,563)

Interest payable on long-term liabilities does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet. ( 17,149)

Net position of governmental activities \$ 57,602,217



**COOKE COUNTY, TEXAS****STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	General	Road and Bridge #4	Other Governmental Funds	Total Governmental
<b>REVENUES</b>				
Taxes				
Ad valorem taxes	\$ 11,942,487	\$ 1,087,724	\$ 4,587,725	\$ 17,617,936
Sales taxes	3,838,013	-	-	3,838,013
Hotel occupancy	-	-	219,027	219,027
Other	69,101	-	-	69,101
Intergovernmental	430,301	22,063	210,849	663,213
License and permits	-	251,621	754,863	1,006,484
Fines and fees	4,076,169	48,744	657,577	4,782,490
Investment earnings	477,433	45,281	232,370	755,084
Miscellaneous	183,848	1,183	22,684	207,715
Total revenues	<u>21,017,352</u>	<u>1,456,616</u>	<u>6,685,095</u>	<u>29,159,063</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,441,435	-	785,214	5,226,649
Health and safety	3,835,611	-	-	3,835,611
Education	124,568	-	-	124,568
Culture and recreation	542,538	-	92,005	634,543
Welfare	86,121	-	-	86,121
Judicial	10,367,086	-	207,042	10,574,128
Transportation	-	1,576,446	4,004,189	5,580,635
Capital outlay	851,399	269,473	977,882	2,098,754
Debt service:				
Principal	-	-	714,486	714,486
Interest and fiscal charges	-	-	121,594	121,594
Total expenditures	<u>20,248,758</u>	<u>1,845,919</u>	<u>6,902,412</u>	<u>28,997,089</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>768,594</u>	<u>( 389,303)</u>	<u>( 217,317)</u>	<u>161,974</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,108	25,000	-	26,108
Transfers out	-	-	( 26,108)	( 26,108)
Insurance recovery	42,601	-	5,025	47,626
Proceeds from sale of assets	132,660	92,157	143,157	367,974
Total other financing sources and uses	<u>176,369</u>	<u>117,157</u>	<u>122,074</u>	<u>415,600</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>944,963</u>	<u>( 272,146)</u>	<u>( 95,243)</u>	<u>577,574</u>
<b>FUND BALANCES, BEGINNING</b>	<u>20,402,334</u>	<u>1,881,548</u>	<u>9,826,942</u>	<u>32,110,824</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 21,347,297</u>	<u>\$ 1,609,402</u>	<u>\$ 9,731,699</u>	<u>\$ 32,688,398</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, 2019

Net change in fund balances - total governmental funds	\$ 577,574
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay in the governmental funds reported as capital asset additions in the government-wide statements.	2,488,901
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.	( 1,890,033)
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	( 17,745)
Compensated absences are accrued on the statement of net position 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.	( 52,266)
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.	714,486
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.	( 30,748)
Some OPEB and pension costs are recognized in the period during which services are rendered in the statement of activities, and are recognized as expenditures in the fund statements when the current resources are used.	<u>317,286</u>
Change in net position of governmental activities	\$ <u>2,100,445</u>

**COOKE COUNTY, TEXAS**  
STATEMENT OF FIDUCIARY FUNDS  
SEPTEMBER 30, 2019

	Agency Fund
	<hr/>
<b>ASSETS</b>	
Cash and investments	\$ <u>1,812,539</u>
<b>LIABILITIES</b>	
Due to others	\$ <u>1,812,539</u>

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## COOKE COUNTY, TEXAS

### NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

#### 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.

The **Road & Bridge #4 Fund** is reported by Commissioners' Precinct and is used to account for revenues and expenditures relating to road construction and maintenance. Revenues in these funds are derived from restricted property taxes.

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 **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 for the County are reported at fair value, except for the position in investment pools. The County's investment pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

TexPool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only imposed restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

**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 law firm 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 acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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:

Assets	Years
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 10 years	6.7 hours per month/80 hours per year
Over 10 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 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.

## **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's Fiduciary Net Position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **Other Post-Employment Benefits**

For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the County for benefits due and payable that are not reimbursed by plan assets. Information regarding the County's total OPEB liability is obtained from a report prepared by a consulting actuary, Gabriel Roeder Smith & Company.

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category:

- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Differences between expected and actual experience – This difference is deferred and amortized over a closed five-year period.
- Changes in actuarial assumptions – This difference is deferred and amortized over the average remaining service life for all active, inactive, and retired members.
- Deferred charge on refunding – 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 County has the following items that qualify for reporting in this category:

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Differences between expected and actual experience – This difference is deferred and amortized over a closed five-year period.



## **Fund Balance**

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

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

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

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

## **Net Position**

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

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

## **Use of Estimates**

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

## **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

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

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

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

### III. DETAILED NOTES ON ALL FUNDS

#### A. Cash and Investments

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

**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, 2019, the County's full 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, 2019, were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	AAAm	Standard & Poor's	34
LOGIC	AAAm	Standard & Poor's	49
TexSTAR	AAAm	Standard & Poor's	18

#### 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:

	<u>Governmental Funds</u>			
	<u>General</u>	<u>Road and Bridge #4</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 980,381	\$ 33,906	\$ 163,691	\$ 1,177,978
Adjudicated fines	5,848,283	-	-	5,848,283
Ambulance	901,016	-	-	901,016
Accounts	64,153	3,254	35,974	103,381
Intergovernmental	<u>155,636</u>	<u>167,982</u>	<u>194,865</u>	<u>518,483</u>
Gross receivables	7,949,469	205,142	394,530	8,549,141
Less: allowance for uncollectibles	<u>( 6,076,970)</u>	<u>( 8,214)</u>	<u>( 19,120)</u>	<u>( 6,104,304)</u>
Total receivables, net	<u>\$ 1,872,499</u>	<u>\$ 196,928</u>	<u>\$ 375,410</u>	<u>\$ 2,444,837</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 2019 tax rate allocated to each fund:

<u>Fund</u>	<u>Rate Per \$100</u>
General fund	\$ 0.3134
Permanent improvement fund	0.0150
Road and bridge fund	0.1150
Farm to market and lateral road fund	0.0001
Interest and sinking fund	<u>0.0176</u>
	<u>\$ 0.4611</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, 2019, was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,333,865	\$ -	\$ -	\$ 1,333,865
Construction in progress	1,073,794	793,021	( 1,866,815)	-
Total assets not being depreciated	2,407,659	793,021	( 1,866,815)	1,333,865
Capital assets, being depreciated:				
Buildings and improvements	31,271,943	-	-	31,271,943
Infrastructure	2,170,289	1,892,235	-	4,062,524
Machinery and equipment	14,240,987	1,670,460	( 169,720)	15,741,727
Total capital assets being depreciated	47,683,219	3,562,695	( 169,720)	51,076,194
Less accumulated depreciation:				
Buildings and improvements	10,807,640	622,132	-	11,429,772
Infrastructure	644,281	54,470	-	698,751
Machinery and equipment	10,716,456	1,213,431	( 151,975)	11,777,912
Total accumulated depreciation	22,168,377	1,890,033	( 151,975)	23,906,435
Total capital assets being depreciated, net	25,514,842	1,672,662	( 17,745)	27,169,759
Governmental activities capital assets, net	\$ 27,922,501	\$ 2,465,683	\$ ( 1,884,560)	\$ 28,503,624

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

Governmental activities:	
General government	\$ 350,467
Health and safety	350,325
Culture and recreation	7,887
Judicial	555,254
Transportation	626,100
Total depreciation expense - governmental activities	\$ 1,890,033

**E. Interfund Transfers**

The composition of interfund transfers for the year ended September 30, 2019 is as follows:

Transfers in	Transfers out	Amount
General Fund	Nonmajor governmental	\$ 26,108
Total		\$ 26,108

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, 2019, amounted to \$105,990. Future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Lease Obligation</u>
2020	\$ 132,728
2021	55,128
2022	46,920
2023	<u>29,810</u>
Total	\$ <u>264,586</u>

## G. Long-term Liabilities

### Capital Leases

The County finances some equipment purchases through capital leases. Detailed information on outstanding capital leases is as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Lease Obligation</u>
2020	<u>63,112</u>
Total minimum lease payments	63,112
Less: amount representing interest	<u>1,711</u>
Present value of minimum lease payments	\$ <u>61,401</u>

### 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%	\$ 3,600,000	\$ 675,000

The Series 2012 Refunding Bonds constitute direct obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County. If the County defaults in the payment of principal or interest, or defaults in the observation or performance of any other covenants, the registered owners may seek a writ of mandamus to compel County officials to carry out their legally imposed duties with respect to the Bonds.

The annual debt service requirements for general obligation bonds outstanding, as of September 30, 2019, are as follows:

Fiscal Year Ending September 30,	General Obligation Bonds		
	Principal	Interest	Total
2020	675,000	97,875	772,875
2021	700,000	77,250	777,250
2022	720,000	55,950	775,950
2023	740,000	34,050	774,050
2024	765,000	11,475	776,475
Total	\$ 3,600,000	\$ 276,600	\$ 3,876,600

### Changes in Long-term Liabilities

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2019:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 4,255,000	\$ -	\$ 655,000	\$ 3,600,000	\$ 675,000
Capital lease	120,887	-	59,486	61,401	59,537
Premium	231,085	-	46,216	184,869	-
Compensated absences	346,032	726,448	674,182	398,298	79,660
Total	\$ 4,953,004	\$ 726,448	\$ 1,434,884	\$ 4,244,568	\$ 814,197

Compensated absences and capital leases 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, 2019, 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 participates in 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 nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tcdrs.org](http://www.tcdrs.org).

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

### Benefits Provided

TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 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 eight 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 employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

### *Employees covered by benefit terms*

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	132
Inactive employees entitled to but not yet receiving benefits	160
Active employees	<u>261</u>
	<u>553</u>

**Contributions.** The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 8.38% and 8.42% in calendar years 2018 and 2019, respectively. The County's contributions to TCDRS for the year ended September 30, 2019, were \$1,303,481, and were \$300,000 greater than the required contributions.

**Net Pension Liability (Asset).** The County's Net Pension Liability (Asset) (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.



### ***Actuarial Assumptions***

The Total Pension Liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	3.25% per year
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Cost-of-living adjustments ("COLA") for the County are considered to be substantively automatic. Therefore, an annual cost-of-living adjustment is not included in the actuarial valuation. Each year, the County may elect an ad-hoc COLA for its retirees.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

Updated morality assumptions were adopted in the actuarial valuation of December 31, 2018. All other actuarial assumptions that determined the total pension liability as of December 31, 2018, were based on the results of an actuarial experience study for the period January 1, 2013, through December 31, 2016.

The long-term expected rate of return on pension plan investments is 8.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2018 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. The target allocation and best estimates of geometric real rates return for each major asset's class are summarized in the following table:

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation <sup>(1)</sup></b>	<b>Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup></b>
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	11.00%	5.40%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(4)</sup>	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

<sup>(1)</sup> Target asset allocation adopted at the April 2019 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return  
Cliffwater's 2019 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

### **Discount Rate**

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

### Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2017	\$ 39,318,233	\$ 40,381,360	\$( 1,063,127)
Changes for the year:			
Service cost	1,490,471	-	1,490,471
Interest on total pension liability <sup>(1)</sup>	3,230,386	-	3,230,386
Effect of plan changes <sup>(2)</sup>	-	-	-
Effect of economic/demographic gains or losses	( 87,477)	-	( 87,477)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	( 137,601)	( 137,601)	-
Benefit payments	( 1,754,021)	( 1,754,021)	-
Administrative expenses	-	( 31,951)	31,951
Member contributions	-	800,021	( 800,021)
Net investment income	-	( 750,390)	750,390
Employer contributions	-	1,262,309	( 1,262,309)
Other <sup>(3)</sup>	-	9,142	( 9,142)
Balance at 12/31/2018	\$ 42,059,991	\$ 39,778,869	\$ 2,281,122

<sup>(1)</sup> Reflects the change in the liability due to the time value of money. TCDRS does not charge fees fees or interest.

<sup>(2)</sup> No plan changes valued.

<sup>(3)</sup> Relates to allocation of system-wide items.

### Sensitivity Analysis

The following presents the net pension liability (asset) of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-point higher (9.1%) than the current rate:

	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 47,759,603	\$ 42,059,991	\$ 37,319,958
Fiduciary net position	<u>39,778,869</u>	<u>39,778,869</u>	<u>39,778,869</u>
Net pension liability/(asset)	\$ <u>7,980,734</u>	\$ <u>2,281,122</u>	\$ <u>( 2,458,911)</u>

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at [www.tcdrs.org](http://www.tcdrs.org).

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the County recognized pension expense of \$1,517,910.

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 400,563	\$ -
Changes in actuarial assumptions	-	176,799
Difference between projected and actual investment earnings	-	2,525,947
Contributions subsequent to the measurement date	-	768,093
Total	\$ 400,563	\$ 3,470,839

\$768,093 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2020	\$ 818,316
2021	340,770
2022	355,163
2023	787,933

#### **D. Other Post-Employment Benefits – Retiree Health Insurance Plan**

**Plan Description.** The County sponsors a Retiree Health Insurance Benefits Plan (the “Plan”). The Plan provides these other post-employment benefits (“OPEB”) for eligible employees through a single-employer defined benefit plan, under the County’s policy. This plan is administered by the County and it has the authority to establish and amend the benefit terms and financing arrangements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Benefits and Eligibility.** 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.

**Contributions.** The County pays the retirees premiums. The County’s contributions to the OPEB for the year ended September 30, 2019, were \$92,171, which equal benefit payments for retirees.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	5
Active members	179
Total	184

## ***Actuarial Methods and Assumptions***

Significant methods and assumptions were as follows:

Actuarial Cost Method	Individual Entry Age
Inflation Rate	2.50%
Salary Increases	0.50% to 5.00%, not including wage inflation of 3.25%
Demographic Assumptions	Based on the experience study covering the four year period ending December 31, 2016 as conducted for the Texas County and District Retirement System (TCDRS).
Mortality	For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 130% and female rates multiplied by 110%. Those rates are projected on a fully generational basis based on 110% of the ultimate rates of Scale MP-2014.
Health care cost trend rates	Initial rate of 7.50% declining to an ultimate rate of 5.25% after 11 years; Ultimate trend rate includes a 1.00% adjustment for the excise tax.
Participation rates	It was assumed that 100% of eligible retirees will choose to participate.
Discount rate	The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018. Additionally, the Health Care Trend assumptions were updated to reflect the plan's anticipated experience.

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

A Single Discount Rate of 3.71% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2018.

### ***Changes in the Total OPEB Liability***

The County's total OPEB liability of \$1,805,425 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2018.

	Total OPEB Liability
Balance at 12/31/2017	\$ 2,173,132
Changes for the year:	
Service cost	158,103
Interest on the total liability	72,942
Changes of benefit terms	( 698,723)
Difference between expected and actual experience	202,733
Changes in assumptions and other inputs	( 5,773)
Benefit payments	( 96,989)
Net changes	( 367,707)
Balance at 12/31/2018	\$ 1,805,425

Changes in assumptions and other inputs reflect a change in the discount rate from 3.31% to 3.71%.

#### ***Discount Rate Sensitivity Analysis***

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.71%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB liability	\$ 1,969,550	\$ 1,805,425	\$ 1,654,027

#### ***Healthcare Cost Trend Rate Sensitivity Analysis***

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB liability	\$ 1,610,557	\$ 1,805,425	\$ 2,037,302

#### ***OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB***

For the year ended September 30, 2019, the County recognized OPEB income of \$(439,178). At September 30, 2019, the County reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 209,218
Changes in actuarial assumptions	5,285	75,811
Contributions subsequent to the measurement date	-	53,973
Total	\$ 5,285	\$ 339,002

\$53,973 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the County paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2020. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2020	\$ 28,500
2021	28,500
2022	28,500
2023	28,500
2024	28,500
Thereafter	137,244

#### **E. Tax Abatements**

The County enters into economic development agreements designed to promote development and redevelopment within the County, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the County. This program reduces the assessed property values as authorized under Chapter 381 of the Texas Local Government Code and Chapter 312 of the Texas Tax Code.

The County has entered into agreements that reduce property taxes. Agreements for a reduction of taxable property values on incremental values call for a reduction of 50% to 70% for 5 to 10 years. Each agreement requires a developer to maintain a minimum assessed valuation and/or minimum employment requirements. For the fiscal year ending 2019, the County rebated property taxes of \$137,118.

**F. New Accounting Principles**

Significant new accounting standard not yet implemented by the County includes the following.

Statement No. 84, *Fiduciary Activities* – This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement will become effective for the County in fiscal year 2021.

Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the County in fiscal year 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objectives of this statement are to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement will become effective for the County in fiscal year 2022.

Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* – The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for the County in fiscal year 2021.

**G. Subsequent Event**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a Public Health Emergency of International Concern and on March 10, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively affect the County's operations, suppliers or other vendors, as well as intergovernmental entities and citizens it collects fees from. Subsequent shelter in place orders, labor shortages or other disruptions to the County's operations, or that of its suppliers and vendors, may adversely affect the County's ability to provide services to citizens and taxpayers. In addition, the epidemic and its effects could result in a widespread health crisis that may lead to an economic downturn, negatively affecting tax revenues and demand for services. As of the date of this report, the impact of COVID-19 on the County's financial statements or operations cannot be determined. The extent to which COVID-19 may affect the County's results will depend on future developments, which are highly uncertain.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**COOKE COUNTY, TEXAS****GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 12,392,068	\$ 12,224,068	\$ 11,942,487	\$( 281,581)
Sales	3,500,000	3,500,000	3,838,013	338,013
Other	60,000	60,000	69,101	9,101
Intergovernmental	341,065	341,065	430,301	89,236
Fines and fees	3,373,200	3,373,200	4,076,169	702,969
Investment earnings	250,000	250,000	477,433	227,433
Miscellaneous	40,900	40,900	183,848	142,948
Total revenues	<u>19,957,233</u>	<u>19,789,233</u>	<u>21,017,352</u>	<u>1,228,119</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Courthouse	872,544	713,870	609,831	104,039
Auditor	411,419	411,419	386,371	25,048
Tax assessor	468,741	468,741	459,537	9,204
County clerk	305,084	443,429	367,704	75,725
Treasurer	105,039	105,039	100,274	4,765
Commissioners' office	2,197	2,646	990	1,656
Human resources	102,237	102,237	97,767	4,470
Election expense	57,700	57,700	54,622	3,078
Court appointed attorneys	445,000	528,808	514,118	14,690
Technology	550,078	484,278	421,597	62,681
Tax appraisal district	321,055	409,943	366,535	43,408
Lake Ray Roberts	1,000	1,000	231	769
Other	2,728,790	2,728,790	1,061,858	1,666,932
Total general government	<u>6,370,884</u>	<u>6,457,900</u>	<u>4,441,435</u>	<u>2,016,465</u>
Health and safety:				
Environmental health	79,080	79,508	72,185	7,323
Emergency management	115,325	115,325	104,878	10,447
Emergency medical services	3,937,007	3,771,679	3,501,408	270,271
Fire marshal	158,824	167,147	157,140	10,007
Total health and safety	<u>4,290,236</u>	<u>4,133,659</u>	<u>3,835,611</u>	<u>298,048</u>
Education:				
County extension	127,406	127,406	124,568	2,838
Total education	<u>127,406</u>	<u>127,406</u>	<u>124,568</u>	<u>2,838</u>
Culture and recreation:				
Library	395,278	406,829	385,338	21,491
Social services	170,250	170,250	157,200	13,050
Total culture and recreation	<u>565,528</u>	<u>577,079</u>	<u>542,538</u>	<u>34,541</u>
Welfare:				
Child welfare	19,000	19,000	8,416	10,584
Veterans' service	79,333	78,734	77,705	1,029
Total welfare	<u>98,333</u>	<u>97,734</u>	<u>86,121</u>	<u>11,613</u>

**COOKE COUNTY, TEXAS**

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b> (Continued)				
Current:				
Judicial:				
Courthouse security	\$ 226,636	\$ 226,912	\$ 209,038	\$ 17,874
County judge	164,074	164,074	154,834	9,240
Sheriff	3,532,215	3,360,907	3,243,864	117,043
Jail operations	3,703,999	3,773,512	3,488,282	285,230
County attorney	638,430	638,430	619,979	18,451
Justice of the peace, 1	247,695	247,695	226,027	21,668
Justice of the peace, 2	218,025	218,025	206,403	11,622
Highway patrol	60,565	60,565	55,536	5,029
District judge	249,031	249,031	234,099	14,932
District attorney	580,457	580,457	540,082	40,375
Jury	75,300	75,300	26,027	49,273
Constable, precinct 1	67,192	67,192	62,485	4,707
Constable, precinct 2	75,012	75,012	66,074	8,938
District clerk	297,889	307,346	297,105	10,241
County court-at-law	375,978	375,978	359,195	16,783
County court-at-law clerk's office	192,493	192,493	183,078	9,415
Adult probation	-	6,579	6,578	1
Juvenile probation	286,668	339,964	304,698	35,266
Compliance officer	87,060	87,060	82,774	4,286
Game warden	1,000	1,000	928	72
Total judicial	<u>11,079,719</u>	<u>11,047,532</u>	<u>10,367,086</u>	<u>680,446</u>
Capital outlay	<u>2,510,616</u>	<u>2,510,616</u>	<u>851,399</u>	<u>1,659,217</u>
Total expenditures	<u>25,042,722</u>	<u>24,951,926</u>	<u>20,248,758</u>	<u>4,703,168</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 5,085,489)	( 5,162,693)	768,594	5,931,287
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recovery	24,196	24,196	42,601	( 18,405)
Proceeds from sale of capital assets	-	-	132,660	132,660
Total other financing sources (uses)	<u>24,196</u>	<u>24,196</u>	<u>176,369</u>	<u>152,173</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 5,061,293)	( 5,138,497)	944,963	6,083,460
<b>FUND BALANCES, BEGINNING</b>	<u>20,402,334</u>	<u>20,402,334</u>	<u>20,402,334</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 15,341,041</u>	<u>\$ 15,263,837</u>	<u>\$ 21,347,297</u>	<u>\$ 6,083,460</u>

**COOKE COUNTY, TEXAS****ROAD AND BRIDGE #4****SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 1,094,859	\$ 1,094,859	\$ 1,087,724	\$( 7,135)
Intergovernmental	13,900	13,900	22,063	8,163
License and permits	240,000	240,000	251,621	11,621
Fines and fees	65,000	65,000	48,744	( 16,256)
Investment earnings	20,000	20,000	45,281	25,281
Miscellaneous	500	500	1,183	683
Total revenues	<u>1,434,259</u>	<u>1,434,259</u>	<u>1,456,616</u>	<u>22,357</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	2,085,003	2,143,214	1,576,446	566,768
Capital outlay	<u>270,000</u>	<u>422,157</u>	<u>269,473</u>	<u>152,684</u>
Total expenditures	<u>2,355,003</u>	<u>2,565,371</u>	<u>1,845,919</u>	<u>719,452</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>( 920,744)</u>	<u>( 1,131,112)</u>	<u>( 389,303)</u>	<u>741,809</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	25,000	25,000
Proceeds from sale of assets	<u>-</u>	<u>92,157</u>	<u>92,157</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>92,157</u>	<u>117,157</u>	<u>25,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 920,744)</u>	<u>( 1,038,955)</u>	<u>( 272,146)</u>	<u>1,311,101</u>
<b>FUND BALANCES, BEGINNING</b>	<u>1,881,548</u>	<u>1,881,548</u>	<u>1,881,548</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 960,804</u>	<u>\$ 842,593</u>	<u>\$ 1,609,402</u>	<u>\$ 766,809</u>

**COOKE COUNTY, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**SEPTEMBER 30, 2019**

<b>Measurement Date December 31</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Pension Liability</b>					
Service Cost	\$ 1,490,471	\$ 1,503,639	\$ 1,510,381	\$ 1,327,963	\$ 1,264,645
Interest on total pension liability	3,230,386	3,008,030	2,759,965	2,615,683	2,448,024
Effect of plan changes	-	-	-	( 283,822)	-
Effect of assumption changes or inputs	-	172,250	-	367,248	-
Effect of economic/demographic (gains) or losses	( 87,477)	( 55,306)	( 314,435)	( 858,121)	( 277,412)
Benefit payments/refunds of contributions	( 1,891,620)	( 1,849,814)	( 1,470,646)	( 1,403,096)	( 1,470,268)
Net change in total pension liability	2,741,760	2,778,799	2,485,265	1,765,855	1,964,989
Total pension liability - beginning	<u>39,318,231</u>	<u>36,539,432</u>	<u>34,054,167</u>	<u>32,288,312</u>	<u>30,323,324</u>
Total pension liability - ending (a)	<u>\$ 42,059,991</u>	<u>\$ 39,318,231</u>	<u>\$ 36,539,432</u>	<u>\$ 34,054,167</u>	<u>\$ 32,288,313</u>
<b>Plan Fiduciary Net Position</b>					
Employer contributions	\$ 1,262,309	\$ 1,217,276	\$ 1,242,929	\$ 1,215,858	\$ 1,272,234
Member contributions	800,021	766,222	743,298	721,957	686,818
Investment income net of investment expenses	( 750,390)	5,131,571	2,393,641	( 236,516)	2,008,728
Benefit payments/refunds of contributions	( 1,891,620)	( 1,849,813)	( 1,470,646)	( 1,403,096)	( 1,470,268)
Administrative expenses	( 31,951)	( 26,855)	( 26,054)	( 23,215)	( 23,871)
Other	<u>9,142</u>	<u>1,538</u>	<u>( 91,020)</u>	<u>( 13,221)</u>	<u>( 210,451)</u>
Net change in plan fiduciary net position	( 602,489)	5,239,939	2,792,148	261,767	2,263,190
Plan fiduciary net position - beginning	<u>40,381,358</u>	<u>35,141,419</u>	<u>32,349,271</u>	<u>32,087,504</u>	<u>29,824,315</u>
Plan fiduciary net position - ending (b)	<u>\$ 39,778,869</u>	<u>\$ 40,381,358</u>	<u>\$ 35,141,419</u>	<u>\$ 32,349,271</u>	<u>\$ 32,087,505</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 2,281,122</u>	<u>\$ ( 1,063,127)</u>	<u>\$ 1,398,013</u>	<u>\$ 1,704,896</u>	<u>\$ 200,808</u>
Fiduciary net position as a percentage of total pension liability (asset)	94.58%	102.70%	96.17%	94.99%	99.38%
Covered payroll	\$ 11,428,876	\$ 10,946,033	\$ 10,618,539	\$ 10,313,672	\$ 9,771,284
Net pension liability (asset) as a percentage of covered payroll	19.96%	-9.71%	13.17%	16.53%	2.06%

- This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

**COOKE COUNTY, TEXAS****SCHEDULE OF EMPLOYER CONTRIBUTIONS**

SEPTEMBER 30, 2019

<b>Fiscal Year Ended September 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2014	\$ 956,467	\$ 1,606,467	\$( 650,000)	\$ 9,630,847	16.7%
2015	937,148	1,237,148	( 300,000)	9,771,284	12.7%
2016	968,815	1,268,815	( 300,000)	10,910,078	11.6%
2017	923,773	1,223,773	( 300,000)	10,873,705	11.3%
2018	943,059	1,243,059	( 300,000)	11,212,500	11.1%
2019	1,003,481	1,303,481	( 300,000)	12,396,740	10.5%

- This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

## COOKE COUNTY, TEXAS

### NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

SEPTEMBER 30, 2019

**Valuation Date** Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.

**Methods and assumptions used to determine contributions rates:**

<b>Actuarial Cost Method</b>	Entry age
<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Remaining Amortization Period</b>	12.7 years (based on contribution rate calculated in 12/31/2018 valuation)
<b>Asset Valuation Method</b>	5-year smoothed market
<b>Inflation</b>	2.75%
<b>Salary Increases</b>	Varies by age and service. 4.9% average over career including inflation.
<b>Investment Rate of Return</b>	8.00%, net of investment expenses, including inflation.
<b>Retirement Age</b>	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
<b>Mortality</b>	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuity Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
<b>Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions</b>	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
<b>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions</b>	2015: No changes in plan provisions were reflected in the schedule. 2016: No changes in plan provisions were reflected in the schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule.



**COOKE COUNTY, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**  
**AND RELATED RATIOS**  
**SEPTEMBER 30, 2019**

**Measurement Date December 31**

**Total Pension Liability**

	<u><b>2017</b></u>	<u><b>2018</b></u>
Service Cost	\$ 119,925	\$ 158,103
Interest on total OPEB liability	74,891	72,942
Change in benefit terms	-	( 698,723)
Difference between expected and actual experience of the total OPEB liability	29,261	202,733
Changes of assumptions	93,863	( 5,773)
Benefit payments	<u>( 100,959)</u>	<u>( 96,989)</u>
Net change in total OPEB liability	216,981	( 367,707)
Total OPEB liability - beginning	<u>1,956,151</u>	<u>2,173,132</u>
Total OPEB liability - ending	<u>\$ 2,173,132</u>	<u>\$ 1,805,425</u>
Covered-employee payroll	\$ 11,154,985	\$ 11,687,686
Total OPEB liability (asset) as a percentage of covered-employee payroll	19.48%	15.45%

**Notes to Schedule:**

- No assets are accumulated in a trust for the plan to pay related benefits that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.
- Included in the changes in assumptions is an increase in the discount rate from 3.31% to 3.71%.

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## **COMBINING STATEMENTS**

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**COOKE COUNTY, TEXAS****COMBINING BALANCE SHEET****NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2019

	Special Revenue			
	<u>Jail Commissary</u>	<u>Courthouse Security</u>	<u>Records Management</u>	<u>Records Preservation</u>
<b>ASSETS</b>				
Cash and investments	\$ 148,306	\$ 285,699	\$ 151,443	\$ 140,525
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	-
Accounts	3,215	-	-	-
Intergovernmental	-	-	-	-
Total assets	<u>151,521</u>	<u>285,699</u>	<u>151,443</u>	<u>140,525</u>
<b>LIABILITIES</b>				
Accounts payable	388	1,228	8	-
Accrued liabilities	-	-	840	-
Total liabilities	<u>388</u>	<u>1,228</u>	<u>848</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	151,133	-	-	-
Judicial	-	284,471	-	-
Records management and preservation	-	-	150,595	140,525
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Total fund balances	<u>151,133</u>	<u>284,471</u>	<u>150,595</u>	<u>140,525</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>151,521</u>	\$ <u>285,699</u>	\$ <u>151,443</u>	\$ <u>140,525</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
\$ 165,953	\$ 18,231	\$ 790,977	\$ 47,119	\$ 3,544	\$ 3,548	\$ 15,762
-	-	109	-	-	-	-
-	-	-	-	-	-	-
-	-	518	-	-	-	-
<u>165,953</u>	<u>18,231</u>	<u>791,604</u>	<u>47,119</u>	<u>3,544</u>	<u>3,548</u>	<u>15,762</u>
460	-	3	38	-	-	-
-	-	-	-	-	-	-
<u>460</u>	<u>-</u>	<u>3</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	98	-	-	-	-
<u>-</u>	<u>-</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	18,231	-	-	-	-	-
165,493	-	-	47,081	3,544	-	15,762
-	-	-	-	-	-	-
-	-	791,503	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,548	-
<u>165,493</u>	<u>18,231</u>	<u>791,503</u>	<u>47,081</u>	<u>3,544</u>	<u>3,548</u>	<u>15,762</u>
\$ <u>165,953</u>	\$ <u>18,231</u>	\$ <u>791,604</u>	\$ <u>47,119</u>	\$ <u>3,544</u>	\$ <u>3,548</u>	\$ <u>15,762</u>

**COOKE COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

	Special Revenue			
	Library	District Attorney Drug Enforcement	Seizure Law Enforcement	Sheriff Drug Enforcement
<b>ASSETS</b>				
Cash and investments	\$ 74,870	\$ 100,384	\$ 50,587	\$ 219,681
Receivables (net of allowances for uncollectibles)				
Taxes	-	-	-	-
Accounts	44	1,128	-	-
Intergovernmental	639	-	-	-
Total assets	<u>75,553</u>	<u>101,512</u>	<u>50,587</u>	<u>219,681</u>
<b>LIABILITIES</b>				
Accounts payable	376	2,294	-	3,488
Accrued liabilities	-	-	-	-
Total liabilities	<u>376</u>	<u>2,294</u>	<u>-</u>	<u>3,488</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	-	99,218	50,587	216,193
Judicial	-	-	-	-
Records management and preservation	-	-	-	-
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	75,177	-	-	-
Total fund balances	<u>75,177</u>	<u>99,218</u>	<u>50,587</u>	<u>216,193</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 75,553</u>	<u>\$ 101,512</u>	<u>\$ 50,587</u>	<u>\$ 219,681</u>

Special Revenue						
<u>Road and Bridge #1</u>	<u>Road and Bridge #2</u>	<u>Road and Bridge #3</u>	<u>Records Archive</u>	<u>Juvenile Probation IV-E</u>	<u>Court Reporter Fund</u>	<u>Permanent Improvement</u>
\$ 1,492,129	\$ 913,958	\$ 1,059,726	\$ 150,064	\$ 100	\$ 36,099	\$ 3,054,733
29,289	29,301	32,839	-	-	-	19,255
3,167	2,930	3,248	-	-	-	-
15,803	15,803	161,502	-	-	-	-
<u>1,540,388</u>	<u>961,992</u>	<u>1,257,315</u>	<u>150,064</u>	<u>100</u>	<u>36,099</u>	<u>3,073,988</u>
78,256	85,051	120,303	6,620	-	2,017	-
11,036	12,171	13,717	-	-	-	-
<u>89,292</u>	<u>97,222</u>	<u>134,020</u>	<u>6,620</u>	<u>-</u>	<u>2,017</u>	<u>-</u>
<u>26,563</u>	<u>76,562</u>	<u>26,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,293</u>
<u>26,563</u>	<u>76,562</u>	<u>26,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,293</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	3,060,695
-	-	-	-	-	-	-
-	-	-	-	100	34,082	-
-	-	-	143,444	-	-	-
1,424,533	788,208	1,096,768	-	-	-	-
-	-	-	-	-	-	-
<u>1,424,533</u>	<u>788,208</u>	<u>1,096,768</u>	<u>143,444</u>	<u>100</u>	<u>34,082</u>	<u>3,060,695</u>
\$ <u>1,540,388</u>	\$ <u>961,992</u>	\$ <u>1,257,315</u>	\$ <u>150,064</u>	\$ <u>100</u>	\$ <u>36,099</u>	\$ <u>3,073,988</u>



**COOKE COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2019**

	Special Revenue			
	District Clerk Archive	Pretrial Diversion	District Court Preservation	County/ District Clerk Technology
<b>ASSETS</b>				
Cash and investments	\$ 22,230	\$ 13,720	\$ 15,970	\$ 8,188
Receivables (net of allowances for uncollectibles)				
Taxes	-	-	-	-
Accounts	-	-	-	-
Intergovernmental	600	-	-	-
Total assets	<u>22,830</u>	<u>13,720</u>	<u>15,970</u>	<u>8,188</u>
<b>LIABILITIES</b>				
Accounts payable	500	-	7	-
Accrued liabilities	<u>116</u>	<u>-</u>	<u>405</u>	<u>-</u>
Total liabilities	<u>616</u>	<u>-</u>	<u>412</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	-	-	-	-
Judicial	22,214	13,720	15,558	8,188
Records management and preservation	-	-	-	-
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Total fund balances	<u>22,214</u>	<u>13,720</u>	<u>15,558</u>	<u>8,188</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,830</u>	<u>\$ 13,720</u>	<u>\$ 15,970</u>	<u>\$ 8,188</u>

Special Revenue			Debt Service	Permanent	Total Nonmajor Governmental Funds
Child Abuse Prevention	Contract Elections	Hotel Occupancy Tax	Interest and Sinking	Library Permanent	
\$ 350	\$ 8,340	\$ 332,515	\$ 510,597	\$ 35,754	\$ 9,871,102
-	-	-	33,778	-	144,571
-	-	22,073	-	169	35,974
-	-	-	-	-	194,865
<u>350</u>	<u>8,340</u>	<u>354,588</u>	<u>544,375</u>	<u>35,923</u>	<u>10,246,512</u>
-	-	-	-	-	301,037
-	-	-	-	-	38,285
-	-	-	-	-	339,322
-	-	-	32,448	-	175,491
-	-	-	32,448	-	175,491
-	-	-	-	34,000	34,000
-	-	-	-	-	3,060,695
350	8,340	-	-	-	544,052
-	-	-	-	-	610,213
-	-	-	-	-	434,564
-	-	-	-	-	4,101,012
-	-	-	511,927	-	511,927
-	-	354,588	-	1,923	435,236
<u>350</u>	<u>8,340</u>	<u>354,588</u>	<u>511,927</u>	<u>35,923</u>	<u>9,731,699</u>
\$ <u>350</u>	\$ <u>8,340</u>	\$ <u>354,588</u>	\$ <u>544,375</u>	\$ <u>35,923</u>	\$ <u>10,246,512</u>

**COOKE COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue			
	<u>Jail Commissary</u>	<u>Courthouse Security</u>	<u>Records Management</u>	<u>Records Preservation</u>
<b>REVENUES</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	29,335	34,523	26,113	99,813
Investment earnings	2,917	6,268	4,285	1,595
Miscellaneous	-	-	-	-
Total revenues	<u>32,252</u>	<u>40,791</u>	<u>30,398</u>	<u>101,408</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	254,315	-
Culture and recreation	-	-	-	-
Judicial	10,784	23,906	-	-
Transportation	-	-	-	-
Capital outlay	-	30,012	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>10,784</u>	<u>53,918</u>	<u>254,315</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>21,468</u>	<u>( 13,127)</u>	<u>( 223,917)</u>	<u>101,408</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	( 908)	-
Insurance recovery	-	1,537	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,537</u>	<u>( 908)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	21,468	( 11,590)	( 224,825)	101,408
<b>FUND BALANCES, BEGINNING</b>	<u>129,665</u>	<u>296,061</u>	<u>375,420</u>	<u>39,117</u>
<b>FUND BALANCES, ENDING</b>	\$ <u>151,133</u>	\$ <u>284,471</u>	\$ <u>150,595</u>	\$ <u>140,525</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
\$ -	\$ -	\$ 3,835	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	8,266	534	-	-	-	-
-	-	-	-	-	-	-
19,645	-	-	18,254	1,495	-	-
3,287	318	18,046	673	-	37	146
-	-	3	-	-	-	1,590
<u>22,932</u>	<u>8,584</u>	<u>22,418</u>	<u>18,927</u>	<u>1,495</u>	<u>37</u>	<u>1,736</u>
-	-	-	-	-	-	-
-	-	-	-	-	550	-
6,900	8,226	-	13,637	2,806	-	-
-	-	81	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,900</u>	<u>8,226</u>	<u>81</u>	<u>13,637</u>	<u>2,806</u>	<u>550</u>	<u>-</u>
<u>16,032</u>	<u>358</u>	<u>22,337</u>	<u>5,290</u>	<u>( 1,311)</u>	<u>( 513)</u>	<u>1,736</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
16,032	358	22,337	5,290	( 1,311)	( 513)	1,736
<u>149,461</u>	<u>17,873</u>	<u>769,166</u>	<u>41,791</u>	<u>4,855</u>	<u>4,061</u>	<u>14,026</u>
\$ <u>165,493</u>	\$ <u>18,231</u>	\$ <u>791,503</u>	\$ <u>47,081</u>	\$ <u>3,544</u>	\$ <u>3,548</u>	\$ <u>15,762</u>

**COOKE COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue			
	Library	District Attorney Drug Enforcement	Seizure Law Enforcement	Sheriff Drug Enforcement
<b>REVENUES</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-
Intergovernmental	4,909	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	-	21,225	64,879	79,572
Investment earnings	1,482	2,070	-	2,892
Miscellaneous	16,822	-	-	-
Total revenues	<u>23,213</u>	<u>23,295</u>	<u>64,879</u>	<u>82,464</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Culture and recreation	15,812	-	-	-
Judicial	-	19,076	56,874	40,548
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>15,812</u>	<u>19,076</u>	<u>56,874</u>	<u>40,548</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,401</u>	<u>4,219</u>	<u>8,005</u>	<u>41,916</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	-
Insurance recovery	-	-	-	3,488
Proceeds from sale of assets	-	-	-	50,051
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,539</u>
<b>NET CHANGE IN FUND BALANCES</b>	7,401	4,219	8,005	95,455
<b>FUND BALANCES, BEGINNING</b>	<u>67,776</u>	<u>94,999</u>	<u>42,582</u>	<u>120,738</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 75,177</u>	<u>\$ 99,218</u>	<u>\$ 50,587</u>	<u>\$ 216,193</u>

Special Revenue

Road and Bridge #1	Road and Bridge #2	Road and Bridge #3	Records Archive	Juvenile Probation IV-E	Court Reporter Fund	Permanent Improvement
\$ 1,087,792	\$ 1,087,792	\$ 1,087,793	\$ -	\$ -	\$ -	\$ 636,422
-	-	-	-	-	-	-
14,173	14,173	159,872	-	-	-	2,454
251,621	251,621	251,621	-	-	-	-
48,745	48,745	48,744	91,480	-	10,576	-
40,097	27,085	32,451	3,014	-	976	64,649
1,097	1,995	1,177	-	-	-	-
<u>1,443,525</u>	<u>1,431,411</u>	<u>1,581,658</u>	<u>94,494</u>	<u>-</u>	<u>11,552</u>	<u>703,525</u>
-	-	-	84,932	-	-	420,096
-	-	-	-	-	-	-
-	-	-	-	-	24,285	-
1,197,184	1,431,820	1,375,104	-	-	-	-
473,152	270,944	203,774	-	-	-	-
59,486	-	-	-	-	-	-
3,419	-	-	-	-	-	-
<u>1,733,241</u>	<u>1,702,764</u>	<u>1,578,878</u>	<u>84,932</u>	<u>-</u>	<u>24,285</u>	<u>420,096</u>
( 289,716)	( 271,353)	2,780	9,562	-	( 12,733)	283,429
( 200)	( 25,000)	-	-	-	-	-
-	-	-	-	-	-	-
<u>22,328</u>	<u>70,204</u>	<u>574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>22,128</u>	<u>45,204</u>	<u>574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
( 267,588)	( 226,149)	3,354	9,562	-	( 12,733)	283,429
<u>1,692,121</u>	<u>1,014,357</u>	<u>1,093,414</u>	<u>133,882</u>	<u>100</u>	<u>46,815</u>	<u>2,777,266</u>
\$ <u>1,424,533</u>	\$ <u>788,208</u>	\$ <u>1,096,768</u>	\$ <u>143,444</u>	\$ <u>100</u>	\$ <u>34,082</u>	\$ <u>3,060,695</u>

**COOKE COUNTY, TEXAS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue			
	District Clerk Archive	Pretrial Diversion	District Court Preservation	County/ District Clerk Technology
<b>REVENUES</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-
Intergovernmental	3,588	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	3,976	2,626	5,170	2,632
Investment earnings	293	-	354	88
Miscellaneous	-	-	-	-
Total revenues	<u>7,857</u>	<u>2,626</u>	<u>5,524</u>	<u>2,720</u>
<b>EXPENDITURES</b>				
Current:				
General government	9,202	-	16,519	150
Culture and recreation	-	-	-	-
Judicial	-	-	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>9,202</u>	<u>-</u>	<u>16,519</u>	<u>150</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 1,345)</u>	<u>2,626</u>	<u>( 10,995)</u>	<u>2,570</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	-
Insurance Recovery	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 1,345)</u>	<u>2,626</u>	<u>( 10,995)</u>	<u>2,570</u>
<b>FUND BALANCES, BEGINNING</b>	<u>23,559</u>	<u>11,094</u>	<u>26,553</u>	<u>5,618</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 22,214</u>	<u>\$ 13,720</u>	<u>\$ 15,558</u>	<u>\$ 8,188</u>

Special Revenue			Debt Service	Permanent	Total Nonmajor Governmental Funds
Child Abuse Prevention	Contract Elections	Hotel Occupancy Tax	Interest and Sinking	Library Permanent	
\$ -	\$ -	\$ -	\$ 684,091	\$ -	\$ 4,587,725
-	-	219,027	-	-	219,027
-	-	-	2,880	-	210,849
-	-	-	-	-	754,863
29	-	-	-	-	657,577
3	83	5,243	13,592	426	232,370
-	-	-	-	-	22,684
<u>32</u>	<u>83</u>	<u>224,270</u>	<u>700,563</u>	<u>426</u>	<u>6,685,095</u>
-	-	-	-	-	785,214
-	-	74,500	-	1,143	92,005
-	-	-	-	-	207,042
-	-	-	-	-	4,004,189
-	-	-	-	-	977,882
-	-	-	655,000	-	714,486
-	-	-	118,175	-	121,594
<u>-</u>	<u>-</u>	<u>74,500</u>	<u>773,175</u>	<u>1,143</u>	<u>6,902,412</u>
<u>32</u>	<u>83</u>	<u>149,770</u>	<u>( 72,612)</u>	<u>( 717)</u>	<u>( 217,317)</u>
-	-	-	-	-	( 26,108)
-	-	-	-	-	5,025
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,157</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,074</u>
32	83	149,770	( 72,612)	( 717)	( 95,243)
<u>318</u>	<u>8,257</u>	<u>204,818</u>	<u>584,539</u>	<u>36,640</u>	<u>9,826,942</u>
\$ <u>350</u>	\$ <u>8,340</u>	\$ <u>354,588</u>	\$ <u>511,927</u>	\$ <u>35,923</u>	\$ <u>9,731,699</u>



**COOKE COUNTY, TEXAS**

**COMBINING STATEMENT OF FIDUCIARY FUNDS**

**SEPTEMBER 30, 2019**

	<u>County Clerk</u>	<u>District Clerk</u>	<u>Tax-Assessor Collector</u>
<b>ASSETS</b>			
Cash and investments	\$ <u>208,616</u>	\$ <u>709,476</u>	\$ <u>201,370</u>
Total assets	<u>208,616</u>	<u>709,476</u>	<u>201,370</u>
<b>LIABILITIES</b>			
Deposits held for others	<u>208,616</u>	<u>709,476</u>	<u>201,370</u>
Total liabilities	\$ <u><u>208,616</u></u>	\$ <u><u>709,476</u></u>	\$ <u><u>201,370</u></u>

<u>Sheriff</u>	<u>County Attorney</u>	<u>Adult Probations</u>	<u>Juvenile Probations</u>	<u>Total Fiduciary Funds</u>
\$ <u>23,193</u>	\$ <u>6,654</u>	\$ <u>651,742</u>	\$ <u>11,488</u>	\$ <u>1,812,539</u>
<u>23,193</u>	<u>6,654</u>	<u>651,742</u>	<u>11,488</u>	<u>1,812,539</u>
<u>23,193</u>	<u>6,654</u>	<u>651,742</u>	<u>11,488</u>	<u>1,812,539</u>
\$ <u><u>23,193</u></u>	\$ <u><u>6,654</u></u>	\$ <u><u>651,742</u></u>	\$ <u><u>11,488</u></u>	\$ <u><u>1,812,539</u></u>

## **OTHER SCHEDULE**

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**COOKE COUNTY, TEXAS****TAX RATE INFORMATION**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General fund	\$ 0.2987	\$ 0.3096	\$ 0.3263	\$ 0.3115
Road and bridge fund	0.1050	0.1050	0.1050	0.1050
Permanent improvement	0.0150	0.0150	0.0150	0.0150
Interest and sinking	<u>0.0312</u>	<u>0.0327</u>	<u>0.0206</u>	<u>0.0204</u>
Subtotal	<u>0.4499</u>	<u>0.4623</u>	<u>0.4669</u>	<u>0.4519</u>
FM and lateral road	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>
<b>Total Tax Rate</b>	<u>\$ 0.4500</u>	<u>\$ 0.4624</u>	<u>\$ 0.4670</u>	<u>\$ 0.4520</u>

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 0.3344	\$ 0.3262	\$ 0.3502	\$ 0.3508	\$ 0.3451	\$ 0.3134
0.1050	0.1050	0.1150	0.1150	0.1150	0.1150
0.0150	0.0150	0.0150	0.0150	0.0150	0.0150
<u>0.0205</u>	<u>0.0274</u>	<u>0.0195</u>	<u>0.0189</u>	<u>0.0186</u>	<u>0.0176</u>
<u>0.4749</u>	<u>0.4736</u>	<u>0.4997</u>	<u>0.4997</u>	<u>0.4937</u>	<u>0.4610</u>
<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>
\$ <u>0.4750</u>	\$ <u>0.4737</u>	\$ <u>0.4998</u>	\$ <u>0.4998</u>	\$ <u>0.4938</u>	\$ <u>0.4611</u>

## **COMPLIANCE SECTION**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable 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, 2019, 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 18, 2020.

**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.

**OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Waco, Texas  
June 18, 2020