

COOKE COUNTY, TEXAS

Annual Financial Report

**For the Fiscal Year Ended
September 30, 2020**

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

May 21, 2021

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, 2020, 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, 2020, 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, 2020, 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 40,685, which is a 11% 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 was experiencing the same economic growth felt across North Texas in recent years, but the COVID-19 pandemic and the nationwide shutdown slowed the growth. Oil and gas production has decreased resulting in lower mineral values and causing some companies to stop production. Population growth has increased with multiple subdivisions planned or are being built. The 100-year old courthouse has been restored 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,

A handwritten signature in cursive script that reads "Shelly Atteberry". The ink is dark and the signature is fluid.

Shelly Atteberry
Cooke County Auditor

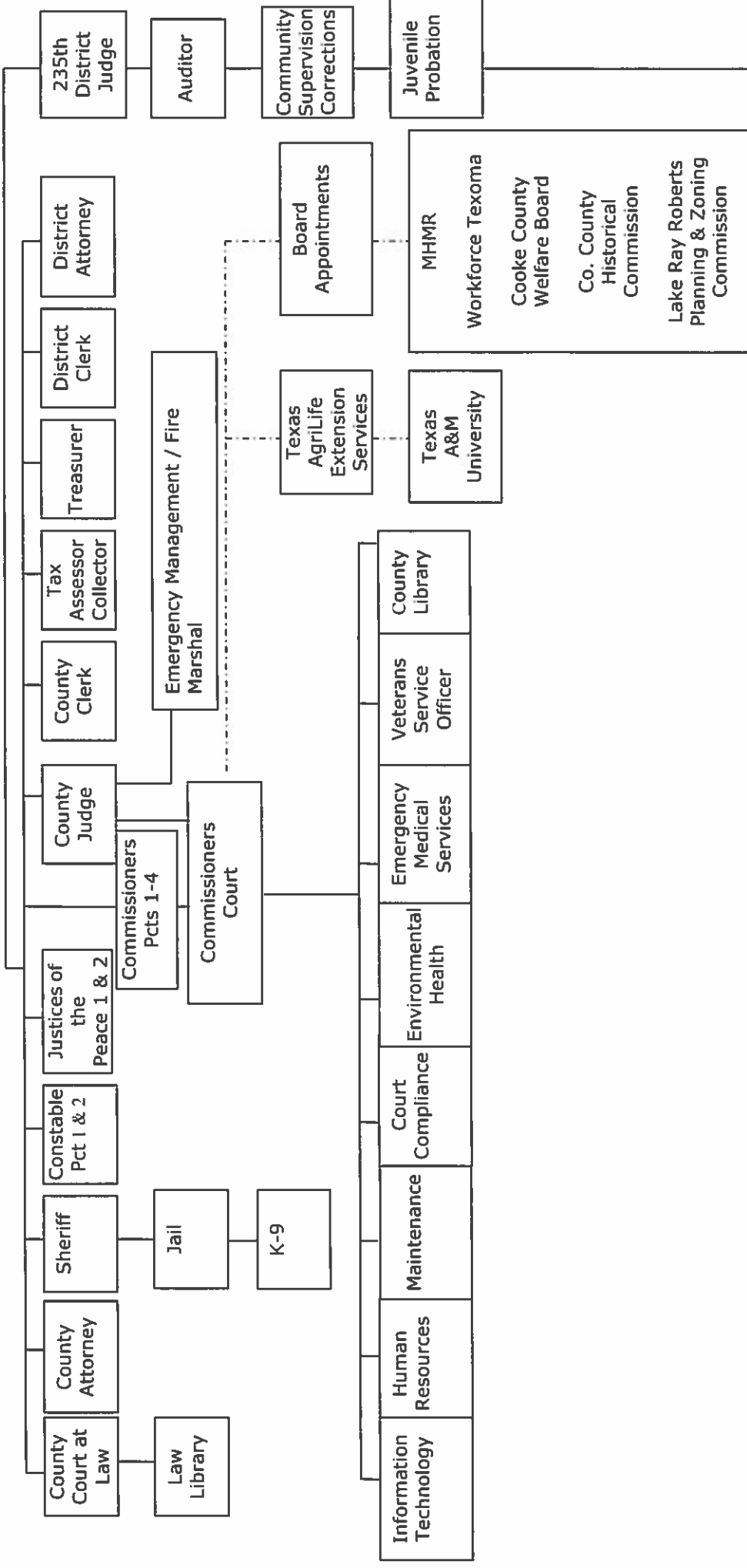
COOKE COUNTY, TEXAS

ELECTED OFFICIALS & APPOINTED DEPARTMENT HEADS COOKE COUNTY

SEPTEMBER 30, 2020

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	Jody Henry
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	Todd Daniel
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
2020**



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

235th District Judge
County Court at Law Judge
County Judge

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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, 2020, 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, 2020, 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 May 21, 2021, 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
May 21, 2021

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, 2020. 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, 2020, by \$58,174,307 (net position), an increase of \$572,090 or 0.99% over the prior year ending net position. Of this amount, \$21,181,161 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- As of September 30, 2020, the County's governmental funds reported combined fund balances of \$31,608,206. Approximately 28.23% of this total amount, \$8,923,603, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,923,603, or approximately 41.84% of total General Fund expenditures.
- The County's total outstanding long-term liabilities decreased by \$2,829,780 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 34 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 33 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 – 33 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 34 – 40 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 \$58,174,307 as of September 30, 2020, an increase of \$572,090 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 \$21,181,161 at September 30, 2020, an increase of \$28,463 from the prior year unrestricted net position of \$21,152,698.

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

COOKE COUNTY'S NET POSITION

	Governmental Activities	
	2020	2019
Current and other assets	\$ 36,226,003	\$ 35,127,467
Capital assets	<u>28,602,081</u>	<u>28,503,624</u>
Total assets	<u>64,828,084</u>	<u>63,631,091</u>
Deferred outflows of resources	<u>1,815,246</u>	<u>4,075,971</u>
Total deferred outflows of resources	<u>1,815,246</u>	<u>4,075,971</u>
Long-term liabilities	5,501,335	8,331,115
Other liabilities	<u>1,727,872</u>	<u>1,367,882</u>
Total liabilities	<u>7,229,207</u>	<u>9,698,997</u>
Deferred inflows of resources	<u>1,239,816</u>	<u>405,848</u>
Total deferred inflows of resources	<u>1,239,816</u>	<u>405,848</u>
Net position:		
Net investment		
in capital assets	25,631,084	24,923,484
Restricted	11,362,062	11,526,035
Unrestricted	<u>21,181,161</u>	<u>21,152,698</u>
Total net position	<u>\$ 58,174,307</u>	<u>\$ 57,602,217</u>

Investment in capital assets (i.e. land, buildings, furniture, and equipment) less any outstanding debt used to acquire those assets is \$25,631,084, an increase of 2.84% over the prior fiscal year balance of \$24,923,484. This represents a significant portion (44.06%) 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 (19.53%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$21,181,161 (36.41%) 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	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 5,427,229	\$ 5,834,860
Operating grants and contributions	2,160,677	429,370
Capital grants and contributions	17	111,664
General revenues:		
Property taxes	17,996,933	17,668,207
Sales taxes	3,361,830	3,838,013
Other taxes	252,567	288,128
Gain on sale of capital assets	10,484	-
Investment income	403,236	755,084
Miscellaneous	458,254	202,989
Total revenues	<u>30,071,227</u>	<u>29,128,315</u>
Expenses:		
General government	5,961,601	4,757,852
Health and safety	4,515,559	4,139,270
Education	105,799	122,592
Culture and recreation	795,610	637,230
Welfare	81,891	85,212
Judicial	11,415,219	10,990,166
Transportation	6,525,275	6,166,944
Interest on long-term debt	<u>98,183</u>	<u>128,604</u>
Total expenses	<u>29,499,137</u>	<u>27,027,870</u>
Change in net position	572,090	2,100,445
Net position, beginning	<u>57,602,217</u>	<u>55,501,772</u>
Net position, ending	<u>\$ 58,174,307</u>	<u>\$ 57,602,217</u>

Governmental Activities

The County's total net position increased by \$572,090 from operations as compared to the prior fiscal year's increase of \$2,100,445. The total cost of all governmental activities this year was \$29,499,137, an increase of 9.14% 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 \$31,608,206, a decrease of \$1,080,192 (3.30%) over the prior year. Approximately 28.23% of this amount (\$8,923,603) 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 (\$19,014), 2) legally required to be maintained intact (\$34,000), 3) restricted for particular purposes (\$11,184,323), or 4) assigned for particular purposes (\$11,447,266).

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 \$20,389,883, a decrease of \$957,414 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, 2020, unassigned fund balance represents 41.84% of total General Fund expenditures.

In the prior fiscal year, fund balance increased by \$944,963 compared to the current year decrease of \$957,414. Key factors in the decrease of the change in fund balance for the General Fund are as follows:

- A \$920,875 decrease in revenue, mostly caused by a decrease in sales tax revenue, ad valorem tax revenue, and fines and fees revenue;
- A \$331,439 increase in general government expenditures as compared to the prior year;
- A \$364,478 increase in health and safety expenditures as compared to the prior year; and
- A \$287,614 increase in judicial expenditures.

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:

- \$194,505 increase in general government;
- \$7,407 decrease in health and safety;
- \$15,239 increase in culture and recreation;
- \$600 decrease in welfare; and
- \$146,711 increase in judicial.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Cooke County's investment in capital assets for its governmental activities as of September 30, 2020, amounts to \$28,602,081 (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 purchase of machinery and equipment in the amount of \$1,998,831.

COOKE COUNTY'S CAPITAL ASSETS

	Governmental Activities	
	2020	2019
Land	\$ 1,504,748	\$ 1,333,865
Buildings and improvements	31,310,629	31,271,943
Infrastructure	4,110,328	4,062,524
Machinery and equipment	17,328,451	15,741,727
Accumulated depreciation	(25,652,075)	(23,906,435)
Total capital assets	\$ 28,602,081	\$ 28,503,624

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	
	2020	2019
General obligations bonds	\$ 3,063,653	\$ 3,784,869
Capital lease	-	61,401
Compensated absences	442,166	398,298
Net pension liability	-	2,281,122
Total OPEB liability	<u>1,995,516</u>	<u>1,805,425</u>
Total long-term debt	\$ <u>5,501,335</u>	\$ <u>8,331,115</u>

At year-end, the County had \$3,063,653 in bonds outstanding versus \$3,784,869 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. In the prior year, the County reported a net pension liability, and in the current year the county has a net pension asset.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cooke County's elected officials considered many factors when setting the fiscal year 2021 budget and tax rates. The County authorized a maintenance and operations tax rate of \$0.4053 as compared with the fiscal year 2020 rate of \$0.4162. However, in fiscal year 2019-20, the interest and sinking rate was \$0.0183, while for fiscal year 2020-21, the interest and sinking tax rate will be \$0.0172, making the County's total tax rate, including \$0.0001 for lateral road, \$0.4225 for 2020-21 as compared with a total tax rate of \$0.4345 for fiscal year 2019-20.

The County's 2020-21 budget projects a decrease in General Fund revenues of \$696,378 and an increase in General Fund expenditures of \$573,636. 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, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 31,694,322
Receivables, net	3,508,288
Inventory	18,029
Prepays	27,400
Net pension asset	977,964
Capital assets:	
Non-depreciable	1,504,748
Depreciable	<u>27,097,333</u>
Total capital assets, net	<u>28,602,081</u>
Total assets	<u>64,828,084</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	212,904
Deferred outflows - OPEB	386,982
Deferred outflows - pensions	<u>1,215,360</u>
Total deferred outflows of resources	<u>1,815,246</u>
LIABILITIES	
Accounts payable	943,206
Accrued liabilities	449,000
Unearned revenue	207,074
Interest payable	8,344
Short-term liabilities	120,248
Noncurrent liabilities:	
Due within one year	
Long-term debt	788,433
Total OPEB liability	63,905
Due in more than one year	
Long-term debt	2,717,386
Total OPEB liability	<u>1,931,611</u>
Total noncurrent liabilities	<u>5,501,335</u>
Total liabilities	<u>7,229,207</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - OPEB	12,310
Deferred inflows - pensions	<u>1,227,506</u>
Total deferred inflows of resources	<u>1,239,816</u>
NET POSITION	
Net investment in capital assets	25,631,084
Restricted for:	
Capital projects	3,247,562
Public safety	551,391
Judicial	660,985
Records management and preservation	332,132
Transportation	5,548,694
Debt service	549,584
Culture and recreation:	
Expendable	437,714
Non-expendable	34,000
Unrestricted	<u>21,181,161</u>
Total net position	<u>\$ 58,174,307</u>

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

COOKE COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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	\$ 5,961,601	\$ 1,630,540	\$ 1,529,979	\$ -	\$(2,801,082)
Health and safety	4,515,559	1,728,159	52,246	-	(2,735,154)
Education	105,799	-	-	-	(105,799)
Culture and recreation	795,610	-	5,543	-	(790,067)
Welfare	81,891	113	-	-	(81,778)
Judicial	11,415,219	932,552	234,843	-	(10,247,824)
Transportation	6,525,275	1,135,865	338,066	17	(5,051,327)
Interest on long-term debt	98,183	-	-	-	(98,183)
Total governmental activities	<u>29,499,137</u>	<u>5,427,229</u>	<u>2,160,677</u>	<u>17</u>	<u>(21,911,214)</u>
Total primary government	<u>\$ 29,499,137</u>	<u>\$ 5,427,229</u>	<u>\$ 2,160,677</u>	<u>\$ 17</u>	<u>(21,911,214)</u>
General revenues:					
Taxes:					
Property taxes					17,996,933
Sales taxes					3,361,830
Other taxes					252,567
Investment income					403,236
Gain on sale of capital assets					10,484
Miscellaneous					<u>458,254</u>
Total general revenues					22,483,304
Change in net position					<u>572,090</u>
Net position - beginning					<u>57,602,217</u>
Net position - ending					<u>\$ 58,174,307</u>

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

COOKE COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 20,276,630	\$ 11,417,692	\$ 31,694,322
Receivables, net			
Taxes	917,326	168,808	1,086,134
Accounts	769,870	47,725	817,595
Intergovernmental	1,159,331	445,228	1,604,559
Inventory	18,029	-	18,029
Prepaid items	985	26,415	27,400
Total assets	<u>23,142,171</u>	<u>12,105,868</u>	<u>35,248,039</u>
LIABILITIES			
Accounts payable	698,182	245,024	943,206
Accrued liabilities	379,491	69,509	449,000
Unearned revenue	50,681	156,393	207,074
Short-term liabilities	-	120,248	120,248
Total liabilities	<u>1,128,354</u>	<u>591,174</u>	<u>1,719,528</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	341,270	152,083	493,353
Unavailable revenue - court fines	275,331	-	275,331
Unavailable revenue - ambulance	108,281	-	108,281
Unavailable revenue - grants	899,052	144,288	1,043,340
Total deferred inflows of resources	<u>1,623,934</u>	<u>296,371</u>	<u>1,920,305</u>
FUND BALANCES			
Nonspendable:			
Prepaid items and inventory	19,014	-	19,014
Library endowment	-	34,000	34,000
Restricted for:			
Capital projects	-	3,234,269	3,234,269
Public safety	-	551,391	551,391
Judicial	-	660,985	660,985
Records management and preservation	-	332,132	332,132
Transportation	-	5,442,352	5,442,352
Debt service	-	525,480	525,480
Culture and recreation	-	437,714	437,714
Assigned for:			
Capital projects	5,000,000	-	5,000,000
Subsequent year's budget	6,447,266	-	6,447,266
Unassigned	8,923,603	-	8,923,603
Total fund balances	<u>20,389,883</u>	<u>11,218,323</u>	<u>31,608,206</u>
 Total liabilities, deferred inflows and fund balances	 <u>\$ 23,142,171</u>	 <u>\$ 12,105,868</u>	 <u>\$ 35,248,039</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, 2020

Total fund balances - governmental funds balance sheet \$ 31,608,206

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. 1,920,305

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 28,602,081

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. Additionally, a long-term asset related to pensions is not reported in the fund statements.

Bonds payable	(3,063,653)
Deferred amount on refunding	212,904
Compensated absences	(442,166)
Total OPEB liability	(1,995,516)
Net pension asset	977,964
Deferred outflows related to OPEB	386,982
Deferred inflows related to OPEB	(12,310)
Deferred outflows related to pensions	1,215,360
Deferred inflows related to pensions	(1,227,506)

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. (8,344)

Net position of governmental activities \$ 58,174,307

COOKE COUNTY, TEXAS

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

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
REVENUES			
Taxes			
Ad valorem taxes	\$ 11,591,541	\$ 6,460,937	\$ 18,052,478
Sales taxes	3,361,830	-	3,361,830
Hotel occupancy	-	197,431	197,431
Other	55,136	-	55,136
Intergovernmental	804,369	507,804	1,312,173
License and permits	-	949,692	949,692
Fines and fees	3,751,278	617,762	4,369,040
Investment earnings	258,795	144,441	403,236
Miscellaneous	<u>273,528</u>	<u>82,973</u>	<u>356,501</u>
Total revenues	<u>20,096,477</u>	<u>8,961,040</u>	<u>29,057,517</u>
EXPENDITURES			
Current:			
General government	4,772,874	826,615	5,599,489
Health and safety	4,200,089	-	4,200,089
Education	105,677	-	105,677
Culture and recreation	568,645	216,427	785,072
Welfare	81,836	-	81,836
Judicial	10,654,700	182,139	10,836,839
Transportation	-	5,829,848	5,829,848
Capital outlay	944,692	1,276,301	2,220,993
Debt service:			
Principal	-	736,012	736,012
Interest and fiscal charges	<u>-</u>	<u>99,978</u>	<u>99,978</u>
Total expenditures	<u>21,328,513</u>	<u>9,167,320</u>	<u>30,495,833</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,232,036)</u>	<u>(206,280)</u>	<u>(1,438,316)</u>
OTHER FINANCING SOURCES (USES)			
Insurance recovery	254,206	-	254,206
Proceeds from sale of capital assets	<u>20,416</u>	<u>83,502</u>	<u>103,918</u>
Total other financing sources and uses	<u>274,622</u>	<u>83,502</u>	<u>358,124</u>
NET CHANGE IN FUND BALANCES	<u>(957,414)</u>	<u>(122,778)</u>	<u>(1,080,192)</u>
FUND BALANCES, BEGINNING	<u>21,347,297</u>	<u>11,341,101</u>	<u>32,688,398</u>
FUND BALANCES, ENDING	\$ <u>20,389,883</u>	\$ <u>11,218,323</u>	\$ <u>31,608,206</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, 2020

Net change in fund balances - total governmental funds \$(1,080,192)

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. 2,256,204

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. (1,981,364)

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. (176,383)

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. (43,868)

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. 745,206

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. 831,969

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. 27,528

Change in net position of governmental activities \$ 572,090

COOKE COUNTY, TEXAS
STATEMENT OF FIDUCIARY FUNDS
SEPTEMBER 30, 2020

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ <u>3,083,648</u>
LIABILITIES	
Due to others	\$ <u>3,083,648</u>

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COOKE COUNTY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

Additionally, the County reports the following fund types:

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

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

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

The **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, court costs, and restitution.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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:

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

Compensated Absences

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

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

After 1 year	3.3 hours per month/40 hours per year
1 to 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.
- 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.
- Difference in projected and actual earnings on pension assets – 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.

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, 2020, 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, 2020, 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	38
LOGIC	AAAm	Standard & Poor's	54
TexSTAR	AAAm	Standard & Poor's	39

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>Nonmajor Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 971,493	\$ 196,142	\$ 1,167,635
Adjudicated fines	5,506,616	-	5,506,616
Ambulance	815,723	-	815,723
Accounts	108,106	47,725	155,831
Intergovernmental	<u>1,159,331</u>	<u>445,228</u>	<u>1,604,559</u>
Gross receivables	8,561,269	689,095	9,250,364
Less: allowance for uncollectibles	<u>(5,714,742)</u>	<u>(27,334)</u>	<u>(5,742,076)</u>
Total receivables, net	<u>\$ 2,846,527</u>	<u>\$ 661,761</u>	<u>\$ 3,508,288</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 2020 tax rate allocated to each fund:

<u>Fund</u>	<u>Rate Per \$100</u>
General fund	\$ 0.2761
Permanent improvement fund	0.0150
Road and bridge fund	0.1250
Farm to market and lateral road fund	0.0001
Interest and sinking fund	<u>0.0183</u>
	<u>\$ 0.43450</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, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ <u>1,333,865</u>	\$ <u>170,883</u>	\$ <u>-</u>	\$ <u>1,504,748</u>
Total assets not being depreciated	<u>1,333,865</u>	<u>170,883</u>	<u>-</u>	<u>1,504,748</u>
Capital assets, being depreciated:				
Buildings and improvements	31,271,943	38,686	-	31,310,629
Infrastructure	4,062,524	47,804	-	4,110,328
Machinery and equipment	<u>15,741,727</u>	<u>1,998,831</u>	<u>(412,107)</u>	<u>17,328,451</u>
Total capital assets being depreciated	<u>51,076,194</u>	<u>2,085,321</u>	<u>(412,107)</u>	<u>52,749,408</u>
Less accumulated depreciation:				
Buildings and improvements	11,429,772	621,332	-	12,051,104
Infrastructure	698,751	145,704	-	844,455
Machinery and equipment	<u>11,777,912</u>	<u>1,214,328</u>	<u>(235,724)</u>	<u>12,756,516</u>
Total accumulated depreciation	<u>23,906,435</u>	<u>1,981,364</u>	<u>(235,724)</u>	<u>25,652,075</u>
Total capital assets being depreciated, net	<u>27,169,759</u>	<u>103,957</u>	<u>(176,383)</u>	<u>27,097,333</u>
Governmental activities capital assets, net	\$ <u>28,503,624</u>	\$ <u>274,840</u>	\$ <u>(176,383)</u>	\$ <u>28,602,081</u>

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

Governmental activities:	
General government	\$ 395,784
Health and safety	312,593
Culture and recreation	10,217
Judicial	569,796
Transportation	<u>692,974</u>
Total depreciation expense - governmental activities	\$ <u>1,981,364</u>

E. Operating Leases

The County is committed under various leases for office equipment (i.e., copiers and postage machine). These leases are considered for accounting purposes to be operating leases. Operating lease expenditures for the year ended September 30, 2020, 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>
2021	\$ 55,128
2022	46,920
2023	<u>29,810</u>
Total	\$ <u>131,858</u>

F. Short-term Liabilities

Note Payable

In the current year, the County financed equipment through a short-term note payable. The note carries an interest rate of 2.91% and matures in 2021. No interest payments were made during the current year. The following is a summary of short-term debt activity for the fiscal year ended September 30, 2020:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Note payable	\$ -	\$ 180,248	\$ 60,000	\$ 120,248	\$ 120,248
Total	\$ 4,244,568	\$ 180,248	\$ 60,000	\$ 120,248	\$ 120,248

G. Long-term Liabilities

General Obligation Bonds

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

	Date of Issue	Interest Rate	Principal Balance	Due Within One Year
\$6,810,000 General Obligation Refunding Bonds, Series 2012	06/20/2012	2.0% - 3.0%	\$ 2,925,000	\$ 700,000

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, 2020, are as follows:

Fiscal Year Ending September 30,	General Obligation Bonds		
	Principal	Interest	Total
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	\$ 2,925,000	\$ 178,725	\$ 3,103,725

Changes in Long-term Liabilities

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2020:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 3,600,000	\$ -	\$ 675,000	\$ 2,925,000	\$ 700,000
Capital lease	61,012	-	61,012	-	-
Premium	184,869	-	46,216	138,653	-
Compensated absences	398,298	527,749	483,881	442,166	88,433
Total	\$ 4,244,179	\$ 527,749	\$ 1,266,109	\$ 3,505,819	\$ 788,433

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, 2020, 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

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 that can be obtained at 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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	133
Inactive employees entitled to but not yet receiving benefits	177
Active employees	264
	<hr/>
	574

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 8.42% and 8.0% in calendar years 2019 and 2020, respectively. The County's contributions to TCDRS for the year ended September 30, 2020, were \$1,354,999, 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, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date. This liability is generally liquidated by the General Fund.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019, 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 mortality 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, 2019, 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:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	20.00%	8.20%
Global Equities	MSCI World (net) Index	2.50%	5.50%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	7.00%	5.20%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

⁽¹⁾ Target asset allocation adopted at the June 2020 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return
Cliffwater's 2020 capital market assumptions.

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ 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 12/31/2018	\$ 42,059,991	\$ 39,778,869	\$ 2,281,122
Changes for the year:			
Service cost	1,573,366	-	1,573,366
Interest on total pension liability ⁽¹⁾	3,455,199	-	3,455,199
Effect of economic/demographic gains or losses	415,340	-	415,340
Refund of contributions	(93,646)	(93,646)	-
Benefit payments	(1,898,291)	(1,898,291)	-
Administrative expenses	-	(35,427)	35,427
Member contributions	-	883,303	(883,303)
Net investment income	-	6,532,279	(6,532,279)
Employer contributions	-	1,309,482	(1,309,482)
Other ⁽²⁾	-	13,354	(13,354)
Balance at 12/31/2019	\$ 45,511,959	\$ 46,489,923	\$ (977,964)

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

⁽²⁾ 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	\$ 51,686,563	\$ 45,511,959	\$ 40,375,678
Fiduciary net position	46,489,923	46,489,923	46,489,923
Net pension liability/(asset)	\$ 5,196,640	\$ (977,964)	\$ (6,114,245)

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.

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

For the year ended September 30, 2020, the County recognized pension expense of \$1,178,914.

At September 30, 2020, 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	\$ 137,496	\$ 332,272
Changes in actuarial assumptions	-	68,900
Difference between projected and actual investment earnings	1,090,010	-
Contributions subsequent to the measurement date	-	814,188
Total	\$ 1,227,506	\$ 1,215,360

\$814,188 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, 2021. 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,	
2021	\$(236,781)
2022	(222,389)
2023	210,385
2024	(577,549)

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, 2020, were \$63,905, 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). For the OPEB valuation, the standard TCDRS retirement rates were adjusted to reflect the impact of the County's retiree medical plan design.
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 7.20% declining to an ultimate rate of 4.25% after 15 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 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. Additionally, as a result of the repeal of the "Cadillac Tax" on December 20, 2019, the ultimate trend assumption was decreased from 5.25% to 4.25%.

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 2.75% 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, 2019.

Changes in the Total OPEB Liability

The County's total OPEB liability of \$1,995,516 was measured as of December 31, 2019 and was determined by an actuarial valuation as of December 31, 2018.

	<u>Total OPEB Liability</u>
Balance at 12/31/2018	\$ 1,805,425
Changes for the year:	
Service cost	106,406
Interest on the total liability	67,770
Difference between expected and actual experience	(8,208)
Changes in assumptions and other inputs	88,028
Benefit payments	(63,905)
Net changes	<u>190,091</u>
Balance at 12/31/2019	\$ <u>1,995,516</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.71% to 2.75%. Additionally, the ultimate trend assumption was decreased as a result of the Excise Tax repeal passed by Congress on December 20, 2019.

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 (2.75%) in measuring the total OPEB liability.

	<u>1% Decrease in Discount Rate (1.75%)</u>	<u>Discount Rate (2.75%)</u>	<u>1% Increase in Discount Rate (3.75%)</u>
Total OPEB liability	\$ 2,167,237	\$ 1,995,516	\$ 1,835,281

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.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,763,500	\$ 1,995,516	\$ 2,273,266

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

For the year ended September 30, 2020, the County recognized OPEB expense of \$209,428. At September 30, 2020, the County reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 7,514	\$ 189,256
Changes in actuarial assumptions	4,796	147,367
Contributions subsequent to the measurement date	-	50,359
Total	\$ 12,310	\$ 386,982

\$50,359 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, 2021. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2021	\$ 35,252
2022	35,252
2023	35,252
2024	35,252
2025	35,252
Thereafter	148,053

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 2020, the County rebated property taxes of \$134,557.

F. New Accounting Principles

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 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 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 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 will become effective in fiscal year 2021.

Statement No. 91, Conduit Debt Obligations – This Statement provides a single method of reporting conduit debt obligation by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 will be implemented in fiscal year 2023 and the impact has not yet been determined.

Statement No. 92, Omnibus 2020 – The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB 92 will be implemented by the County in fiscal year 2022 and the impact has not yet been determined.

Statement No. 93, Replacement of Interbank Offered Rates – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)-most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB 93 will be implemented in fiscal year 2022 and the impact has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

COOKE COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Ad valorem	\$ 12,146,199	\$ 12,146,199	\$ 11,591,541	\$(554,658)
Sales	4,000,000	4,000,000	3,361,830	(638,170)
Other	60,000	60,000	55,136	(4,864)
Intergovernmental	467,706	467,706	804,369	336,663
Fines and fees	3,684,700	3,684,700	3,751,278	66,578
Investment earnings	375,000	375,000	258,795	(116,205)
Miscellaneous	40,900	40,900	273,528	232,628
Total revenues	<u>20,774,505</u>	<u>20,774,505</u>	<u>20,096,477</u>	<u>(678,028)</u>
EXPENDITURES				
Current:				
General government:				
Courthouse	892,650	703,022	626,684	76,338
Auditor	424,596	425,196	408,935	16,261
Tax assessor	494,665	494,665	477,166	17,499
County clerk	255,434	335,009	320,652	14,357
Treasurer	103,956	103,956	99,533	4,423
Commissioners' office	1,497	1,497	261	1,236
Human resources	104,019	107,019	101,284	5,735
Election expense	57,700	219,800	135,860	83,940
Court appointed attorneys	445,000	490,000	369,901	120,099
Technology	621,006	701,391	671,752	29,639
Tax appraisal district	321,055	440,000	418,363	21,637
Lake Ray Roberts	1,000	1,000	-	1,000
Other	2,728,790	2,623,318	1,142,483	1,480,835
Total general government	<u>6,451,368</u>	<u>6,645,873</u>	<u>4,772,874</u>	<u>1,872,999</u>
Health and safety:				
Environmental health	81,599	86,999	69,345	17,654
Emergency management	117,580	176,653	170,741	5,912
Emergency medical services	4,002,023	3,923,893	3,803,872	120,021
Fire marshal	154,843	161,093	156,131	4,962
Total health and safety	<u>4,356,045</u>	<u>4,348,638</u>	<u>4,200,089</u>	<u>148,549</u>
Education:				
County extension	133,224	133,224	105,677	27,547
Total education	<u>133,224</u>	<u>133,224</u>	<u>105,677</u>	<u>27,547</u>
Culture and recreation:				
Library	413,737	423,976	389,895	34,081
Social services	175,500	180,500	178,750	1,750
Total culture and recreation	<u>589,237</u>	<u>604,476</u>	<u>568,645</u>	<u>35,831</u>
Welfare:				
Child welfare	13,500	13,500	3,555	9,945
Veterans' service	82,192	81,592	78,281	3,311
Total welfare	<u>95,692</u>	<u>95,092</u>	<u>81,836</u>	<u>13,256</u>

COOKE COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES (Continued)				
Current:				
Judicial:				
Courthouse security	\$ 305,781	\$ 309,311	\$ 274,745	\$ 34,566
County judge	168,845	171,739	160,747	10,992
Sheriff	3,468,030	3,468,030	3,226,003	242,027
Jail operations	3,833,351	3,961,232	3,517,736	443,496
County attorney	626,918	626,918	587,438	39,480
Justice of the peace, 1	253,295	253,295	245,204	8,091
Justice of the peace, 2	262,779	262,779	249,850	12,929
Highway patrol	62,072	62,072	55,881	6,191
District judge	253,787	255,132	241,925	13,207
District attorney	670,005	670,005	629,862	40,143
Jury	75,300	75,300	18,845	56,455
Constable, precinct 1	69,509	69,509	63,285	6,224
Constable, precinct 2	75,012	76,109	69,002	7,107
District clerk	366,950	366,950	344,373	22,577
County court-at-law	449,258	449,258	428,322	20,936
County court-at-law clerk's office	184,725	184,725	179,811	4,914
Adult probation	-	6,649	6,648	1
Juvenile probation	354,773	358,088	267,786	90,302
Compliance officer	90,038	90,038	86,274	3,764
Game warden	1,000	1,000	963	37
Total judicial	<u>11,571,428</u>	<u>11,718,139</u>	<u>10,654,700</u>	<u>1,063,439</u>
Capital outlay	<u>2,510,616</u>	<u>2,421,132</u>	<u>944,692</u>	<u>1,476,440</u>
Total expenditures	<u>25,707,610</u>	<u>25,966,574</u>	<u>21,328,513</u>	<u>4,638,061</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(4,933,105)	(5,192,069)	(1,232,036)	3,960,033
OTHER FINANCING SOURCES (USES)				
Insurance recovery	24,196	14,814	254,206	239,392
Proceeds from sale of capital assets	-	-	20,416	20,416
Total other financing sources (uses)	<u>24,196</u>	<u>14,814</u>	<u>274,622</u>	<u>259,808</u>
NET CHANGE IN FUND BALANCES	(4,908,909)	(5,177,255)	(957,414)	4,219,841
FUND BALANCES, BEGINNING	<u>21,347,297</u>	<u>21,347,297</u>	<u>21,347,297</u>	-
FUND BALANCES, ENDING	<u>\$ 16,438,388</u>	<u>\$ 16,170,042</u>	<u>\$ 20,389,883</u>	<u>\$ 4,219,841</u>

COOKE COUNTY, TEXAS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS**

SEPTEMBER 30, 2020

Measurement Date December 31	2019	2018	2017
Total Pension Liability			
Service Cost	\$ 1,573,366	\$ 1,490,471	\$ 1,503,639
Interest on total pension liability	3,455,199	3,230,386	3,008,030
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	-	-	172,250
Effect of economic/demographic (gains) or losses	415,340	(87,477)	(55,306)
Benefit payments/refunds of contributions	(1,991,937)	(1,891,620)	(1,849,814)
Net change in total pension liability	3,451,968	2,741,760	2,778,799
Total pension liability - beginning	<u>42,059,991</u>	<u>39,318,231</u>	<u>36,539,432</u>
Total pension liability - ending (a)	<u>\$ 45,511,959</u>	<u>\$ 42,059,991</u>	<u>\$ 39,318,231</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 1,309,482	\$ 1,262,309	\$ 1,217,276
Member contributions	883,303	800,021	766,222
Investment income net of investment expenses	6,532,279	(750,390)	5,131,571
Benefit payments/refunds of contributions	(1,991,937)	(1,891,620)	(1,849,813)
Administrative expenses	(35,427)	(31,951)	(26,855)
Other	<u>13,354</u>	<u>9,142</u>	<u>1,538</u>
Net change in plan fiduciary net position	6,711,054	(602,489)	5,239,939
Plan fiduciary net position - beginning	<u>39,778,869</u>	<u>40,381,358</u>	<u>35,141,419</u>
Plan fiduciary net position - ending (b)	<u>\$ 46,489,923</u>	<u>\$ 39,778,869</u>	<u>\$ 40,381,358</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (977,964)</u>	<u>\$ 2,281,122</u>	<u>\$ (1,063,127)</u>
Fiduciary net position as a percentage of total pension liability (asset)	102.15%	94.58%	102.70%
Covered payroll	\$ 12,618,616	\$ 11,428,876	\$ 10,946,033
Net pension liability (asset) as a percentage of covered payroll	-7.75%	19.96%	-9.71%

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,510,381	\$ 1,327,963	\$ 1,264,645
2,759,965	2,615,683	2,448,024
-	(283,822)	-
-	367,248	-
(314,435)	(858,121)	(277,412)
<u>(1,470,646)</u>	<u>(1,403,096)</u>	<u>(1,470,268)</u>
2,485,265	1,765,855	1,964,989
<u>34,054,167</u>	<u>32,288,312</u>	<u>30,323,324</u>
\$ <u>36,539,432</u>	\$ <u>34,054,167</u>	\$ <u>32,288,313</u>
\$ 1,242,929	\$ 1,215,858	\$ 1,272,234
743,298	721,957	686,818
2,393,641	(236,516)	2,008,728
(1,470,646)	(1,403,096)	(1,470,268)
(26,054)	(23,215)	(23,871)
<u>(91,020)</u>	<u>(13,221)</u>	<u>(210,451)</u>
2,792,148	261,767	2,263,190
<u>32,349,271</u>	<u>32,087,504</u>	<u>29,824,315</u>
\$ <u>35,141,419</u>	\$ <u>32,349,271</u>	\$ <u>32,087,505</u>
\$ <u>1,398,013</u>	\$ <u>1,704,896</u>	\$ <u>200,808</u>
96.17%	94.99%	99.38%
\$ 10,618,539	\$ 10,313,672	\$ 9,771,284
13.17%	16.53%	2.06%

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

SEPTEMBER 30, 2020

Fiscal Year Ended September 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2020	1,054,999	1,354,999	(300,000)	13,502,246	10.0%

- 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, 2020

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:

Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.0 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of investment expenses, including inflation.
Retirement Age	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.
Mortality	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.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	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. 2019: 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, 2020

Measurement Date December 31	2017	2018	2019
Total OPEB Liability			
Service cost	\$ 119,925	\$ 158,103	\$ 106,406
Interest on total OPEB liability	74,891	72,942	67,770
Change in benefit terms	-	(698,723)	-
Difference between expected and actual experience of the total OPEB liability	29,261	202,733	(8,208)
Changes of assumptions	93,863	(5,773)	88,028
Benefit payments	(100,959)	(96,989)	(63,905)
Net change in total OPEB liability	216,981	(367,707)	190,091
Total OPEB liability - beginning	<u>1,956,151</u>	<u>2,173,132</u>	<u>1,805,425</u>
Total OPEB liability - ending	<u>\$ 2,173,132</u>	<u>\$ 1,805,425</u>	<u>\$ 1,995,516</u>
Covered-employee payroll	\$ 11,154,985	\$ 11,687,686	\$ 12,819,385
Total OPEB liability (asset) as a percentage of covered-employee payroll	19.48%	15.45%	15.57%

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.
- Changes of assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates each period.

2019	2.75%
2018	3.71%
2017	3.31%
2016	3.81%

- In 2019 the ultimate trend assumption was decreased from 5.25% to 4.25%.
- In 2018 the health care trend assumption was modified. Changes of benefit terms include removing life insurance, adding vision and HRA benefits, and changes to the underlying BCBS health care plan.

COMBINING STATEMENTS

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>Special Revenue</u>			
	<u>Jail Commissary</u>	<u>Courthouse Security</u>	<u>Records Management</u>	<u>Records Preservation</u>
ASSETS				
Cash and investments	\$ 163,252	\$ 305,416	\$ 113,050	\$ 53,530
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	-
Accounts	5,377	-	-	-
Intergovernmental	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>168,629</u>	<u>305,416</u>	<u>113,050</u>	<u>53,530</u>
LIABILITIES				
Accounts payable	-	-	2,609	-
Accrued liabilities	-	-	1,155	-
Unearned revenue	-	-	-	-
Short-term liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>3,764</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - grants	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Library endowment	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Public safety	168,629	-	-	-
Judicial	-	305,416	-	-
Records management and preservation	-	-	109,286	53,530
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Total fund balances	<u>168,629</u>	<u>305,416</u>	<u>109,286</u>	<u>53,530</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 168,629</u>	<u>\$ 305,416</u>	<u>\$ 113,050</u>	<u>\$ 53,530</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	Juvenile Delinquency Prevention
\$ 179,546	\$ 20,541	\$ 803,802	\$ 48,766	\$ 2,308	\$ 2,453	\$ 44,084	\$ 5,111
-	-	107	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	7,227	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>179,546</u>	<u>20,541</u>	<u>811,136</u>	<u>48,766</u>	<u>2,308</u>	<u>2,453</u>	<u>44,084</u>	<u>5,111</u>
1,034	737	-	172	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,034</u>	<u>737</u>	<u>-</u>	<u>172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	98	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	98	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
178,512	19,804	-	48,594	2,308	-	44,084	5,111
-	-	-	-	-	-	-	-
-	-	811,038	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>178,512</u>	<u>19,804</u>	<u>811,038</u>	<u>48,594</u>	<u>2,308</u>	<u>2,453</u>	<u>44,084</u>	<u>5,111</u>
\$ <u>179,546</u>	\$ <u>20,541</u>	\$ <u>811,136</u>	\$ <u>48,766</u>	\$ <u>2,308</u>	\$ <u>2,453</u>	\$ <u>44,084</u>	\$ <u>5,111</u>

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Special Revenue			
	Library	District Attorney Drug Enforcement	Seizure Law Enforcement	Sheriff Drug Enforcement
ASSETS				
Cash and investments	\$ 72,393	\$ 92,590	\$ 114,336	\$ 112,827
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	-
Accounts	51	-	-	762
Intergovernmental	5,543	-	-	-
Prepaid items	-	-	-	26,190
Total assets	<u>77,987</u>	<u>92,590</u>	<u>114,336</u>	<u>139,779</u>
LIABILITIES				
Accounts payable	263	-	-	-
Accrued liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Short-term liabilities	-	-	-	-
Total liabilities	<u>263</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - grants	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Library endowment	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Public safety	-	92,590	114,336	139,779
Judicial	-	-	-	-
Records management and preservation	-	-	-	-
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	<u>77,724</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>77,724</u>	<u>92,590</u>	<u>114,336</u>	<u>139,779</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 77,987</u>	<u>\$ 92,590</u>	<u>\$ 114,336</u>	<u>\$ 139,779</u>

Special Revenue

<u>Road and Bridge #1</u>	<u>Road and Bridge #2</u>	<u>Road and Bridge #3</u>	<u>Road and Bridge #4</u>	<u>Records Archive</u>	<u>Juvenile Probation IV-E</u>	<u>Court Reporter Fund</u>	<u>Permanent Improvement</u>
\$ 1,642,508	\$ 611,701	\$ 1,011,054	\$ 1,572,682	\$ 175,936	\$ 102	\$ 24,940	\$ 3,228,688
29,144	29,156	32,694	25,547	-	-	-	18,874
4,215	3,990	5,143	3,990	-	-	-	-
12,350	12,350	131,340	275,645	-	-	-	-
225	-	-	-	-	-	-	-
<u>1,688,442</u>	<u>657,197</u>	<u>1,180,231</u>	<u>1,877,864</u>	<u>175,936</u>	<u>102</u>	<u>24,940</u>	<u>3,247,562</u>
51,986	32,781	59,353	39,968	6,620	-	2,272	-
16,498	16,391	17,319	17,344	-	-	-	-
-	-	150,000	-	-	-	-	-
60,124	60,124	-	-	-	-	-	-
<u>128,608</u>	<u>109,296</u>	<u>226,672</u>	<u>57,312</u>	<u>6,620</u>	<u>-</u>	<u>2,272</u>	<u>-</u>
26,563	26,562	26,527	26,592	-	-	-	13,293
-	-	-	144,288	-	-	-	-
<u>26,563</u>	<u>26,562</u>	<u>26,527</u>	<u>170,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,293</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,234,269
-	-	-	-	-	102	22,668	-
-	-	-	-	169,316	-	-	-
1,533,271	521,339	927,032	1,649,672	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,533,271</u>	<u>521,339</u>	<u>927,032</u>	<u>1,649,672</u>	<u>169,316</u>	<u>102</u>	<u>22,668</u>	<u>3,234,269</u>
\$ <u>1,688,442</u>	\$ <u>657,197</u>	\$ <u>1,180,231</u>	\$ <u>1,877,864</u>	\$ <u>175,936</u>	\$ <u>102</u>	\$ <u>24,940</u>	\$ <u>3,247,562</u>

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Special Revenue			
	District Clerk Archive	Pretrial Diversion	District Court Preservation	County/ District Clerk Technology
ASSETS				
Cash and investments	\$ 26,128	\$ 13,720	\$ 4,586	\$ 9,788
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	-
Accounts	-	-	-	-
Intergovernmental	773	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>26,901</u>	<u>13,720</u>	<u>4,586</u>	<u>9,788</u>
LIABILITIES				
Accounts payable	1	-	2	-
Accrued liabilities	266	-	536	-
Unearned revenue	-	-	-	-
Short-term liabilities	-	-	-	-
Total liabilities	<u>267</u>	<u>-</u>	<u>538</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - grants	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Library endowment	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Public safety	-	-	-	-
Judicial	26,634	13,720	4,048	9,788
Records management and preservation	-	-	-	-
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Total fund balances	<u>26,634</u>	<u>13,720</u>	<u>4,048</u>	<u>9,788</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,901</u>	<u>\$ 13,720</u>	<u>\$ 4,586</u>	<u>\$ 9,788</u>

Special Revenue				Debt Service	Permanent	Total Nonmajor Governmental Funds
Child Abuse Prevention	Contract Elections	Hotel Occupancy Tax	HAVA Grant	Interest and Sinking	Library Permanent	
\$ 474	\$ 15,801	\$ 379,488	\$ 6,371	\$ 524,642	\$ 35,078	\$ 11,417,692
-	-	-	-	33,286	-	168,808
-	-	24,166	-	-	31	47,725
-	-	-	-	-	-	445,228
-	-	-	-	-	-	26,415
<u>474</u>	<u>15,801</u>	<u>403,654</u>	<u>6,371</u>	<u>557,928</u>	<u>35,109</u>	<u>12,105,868</u>
-	-	47,226	-	-	-	245,024
-	-	-	-	-	-	69,509
-	22	-	6,371	-	-	156,393
-	-	-	-	-	-	120,248
<u>-</u>	<u>22</u>	<u>47,226</u>	<u>6,371</u>	<u>-</u>	<u>-</u>	<u>591,174</u>
-	-	-	-	32,448	-	152,083
-	-	-	-	-	-	144,288
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,448</u>	<u>-</u>	<u>296,371</u>
-	-	-	-	-	34,000	34,000
-	-	-	-	-	-	3,234,269
474	15,779	-	-	-	-	551,391
-	-	-	-	-	-	660,985
-	-	-	-	-	-	332,132
-	-	-	-	-	-	5,442,352
-	-	-	-	525,480	-	525,480
-	-	356,428	-	-	1,109	437,714
<u>474</u>	<u>15,779</u>	<u>356,428</u>	<u>-</u>	<u>525,480</u>	<u>35,109</u>	<u>11,218,323</u>
\$ <u>474</u>	\$ <u>15,801</u>	\$ <u>403,654</u>	\$ <u>6,371</u>	\$ <u>557,928</u>	\$ <u>35,109</u>	\$ <u>12,105,868</u>

COOKE COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Special Revenue</u>			
	<u>Jail Commissary</u>	<u>Courthouse Security</u>	<u>Records Management</u>	<u>Records Preservation</u>
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	28,756	29,218	19,062	110,690
Investment earnings	1,828	3,358	1,765	448
Miscellaneous	-	-	-	-
Total revenues	<u>30,584</u>	<u>32,576</u>	<u>20,827</u>	<u>111,138</u>
EXPENDITURES				
Current:				
General government	-	-	62,136	198,133
Culture and recreation	-	-	-	-
Judicial	13,088	11,631	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>13,088</u>	<u>11,631</u>	<u>62,136</u>	<u>198,133</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>17,496</u>	<u>20,945</u>	<u>(41,309)</u>	<u>(86,995)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	17,496	20,945	(41,309)	(86,995)
FUND BALANCES, BEGINNING	<u>151,133</u>	<u>284,471</u>	<u>150,595</u>	<u>140,525</u>
FUND BALANCES, ENDING	\$ <u>168,629</u>	\$ <u>305,416</u>	\$ <u>109,286</u>	\$ <u>53,530</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	Juvenile Delinquency Prevention
\$ -	\$ -	\$ 4,141	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	8,148	7,245	-	-	-	25,922	-
-	-	-	-	-	-	-	-
16,839	-	-	11,434	1,567	-	-	5,074
2,087	302	8,245	755	-	81	896	37
-	-	-	-	-	-	1,504	-
<u>18,926</u>	<u>8,450</u>	<u>19,631</u>	<u>12,189</u>	<u>1,567</u>	<u>81</u>	<u>28,322</u>	<u>5,111</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	1,176	-	-
5,907	6,877	-	10,676	2,803	-	-	-
-	-	96	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,907</u>	<u>6,877</u>	<u>96</u>	<u>10,676</u>	<u>2,803</u>	<u>1,176</u>	<u>-</u>	<u>-</u>
<u>13,019</u>	<u>1,573</u>	<u>19,535</u>	<u>1,513</u>	<u>(1,236)</u>	<u>(1,095)</u>	<u>28,322</u>	<u>5,111</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,019	1,573	19,535	1,513	(1,236)	(1,095)	28,322	5,111
<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>-</u>
\$ <u>178,512</u>	\$ <u>19,804</u>	\$ <u>811,038</u>	\$ <u>48,594</u>	\$ <u>2,308</u>	\$ <u>2,453</u>	\$ <u>44,084</u>	\$ <u>5,111</u>

COOKE COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Special Revenue</u>			
	Library	District Attorney Drug Enforcement	Seizure Law Enforcement	Sheriff Drug Enforcement
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-
Intergovernmental	5,543	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	-	8,899	101,300	5,821
Investment earnings	893	1,144	-	2,257
Miscellaneous	<u>10,775</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>17,211</u>	<u>10,043</u>	<u>101,300</u>	<u>8,078</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Culture and recreation	14,664	-	-	-
Judicial	-	16,671	37,551	55,692
Transportation	-	-	-	-
Capital outlay	-	-	-	75,390
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>14,664</u>	<u>16,671</u>	<u>37,551</u>	<u>131,082</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,547</u>	<u>(6,628)</u>	<u>63,749</u>	<u>(123,004)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,590</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,590</u>
NET CHANGE IN FUND BALANCES	2,547	(6,628)	63,749	(76,414)
FUND BALANCES, BEGINNING	<u>75,177</u>	<u>99,218</u>	<u>50,587</u>	<u>216,193</u>
FUND BALANCES, ENDING	\$ <u>77,724</u>	\$ <u>92,590</u>	\$ <u>114,336</u>	\$ <u>139,779</u>

Special Revenue

Road and Bridge #1	Road and Bridge #2	Road and Bridge #3	Road and Bridge #4	Records Archive	Juvenile Probation IV-E	Court Reporter Fund	Permanent Improvement
\$ 1,264,926	\$ 1,264,926	\$ 1,264,926	\$ 1,270,539	\$ -	\$ -	\$ -	\$ 616,628
-	-	-	-	-	-	-	-
15,007	15,007	133,997	128,469	-	-	-	2,661
237,423	237,423	237,423	237,423	-	-	-	-
37,082	37,082	37,081	37,080	103,320	-	9,385	-
21,651	11,353	17,768	20,756	1,993	2	444	31,698
587	69,171	936	-	-	-	-	-
<u>1,576,676</u>	<u>1,634,962</u>	<u>1,692,131</u>	<u>1,694,267</u>	<u>105,313</u>	<u>2</u>	<u>9,829</u>	<u>650,987</u>
-	-	-	-	79,441	-	-	306,530
-	-	-	-	-	-	-	-
-	-	-	-	-	-	21,243	-
1,137,246	1,501,226	1,721,104	1,470,176	-	-	-	-
270,959	415,774	141,789	201,506	-	-	-	170,883
61,012	-	-	-	-	-	-	-
1,753	-	-	-	-	-	-	-
<u>1,470,970</u>	<u>1,917,000</u>	<u>1,862,893</u>	<u>1,671,682</u>	<u>79,441</u>	<u>-</u>	<u>21,243</u>	<u>477,413</u>
<u>105,706</u>	<u>(282,038)</u>	<u>(170,762)</u>	<u>22,585</u>	<u>25,872</u>	<u>2</u>	<u>(11,414)</u>	<u>173,574</u>
<u>3,032</u>	<u>15,169</u>	<u>1,026</u>	<u>17,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,032</u>	<u>15,169</u>	<u>1,026</u>	<u>17,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
108,738	(266,869)	(169,736)	40,270	25,872	2	(11,414)	173,574
<u>1,424,533</u>	<u>788,208</u>	<u>1,096,768</u>	<u>1,609,402</u>	<u>143,444</u>	<u>100</u>	<u>34,082</u>	<u>3,060,695</u>
\$ <u>1,533,271</u>	\$ <u>521,339</u>	\$ <u>927,032</u>	\$ <u>1,649,672</u>	\$ <u>169,316</u>	\$ <u>102</u>	\$ <u>22,668</u>	\$ <u>3,234,269</u>

COOKE COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Special Revenue</u>			
	<u>District Clerk Archive</u>	<u>Pretrial Diversion</u>	<u>District Court Preservation</u>	<u>County/ District Clerk Technology</u>
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-
Intergovernmental	9,054	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	3,901	-	5,110	1,750
Investment earnings	520	-	140	190
Miscellaneous	-	-	-	-
Total revenues	<u>13,475</u>	<u>-</u>	<u>5,250</u>	<u>1,940</u>
EXPENDITURES				
Current:				
General government	9,055	-	16,760	340
Culture and recreation	-	-	-	-
Judicial	-	-	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>9,055</u>	<u>-</u>	<u>16,760</u>	<u>340</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,420</u>	<u>-</u>	<u>(11,510)</u>	<u>1,600</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4,420	-	(11,510)	1,600
FUND BALANCES, BEGINNING	<u>22,214</u>	<u>13,720</u>	<u>15,558</u>	<u>8,188</u>
FUND BALANCES, ENDING	\$ <u>26,634</u>	\$ <u>13,720</u>	\$ <u>4,048</u>	\$ <u>9,788</u>

Special Revenue				Debt Service	Permanent	Total Nonmajor Governmental Funds
Child Abuse Prevention	Contract Elections	Hotel Occupancy Tax	HAVA Grant	Interest and Sinking	Library Permanent	
\$ -	\$ -	\$ -	\$ -	\$ 774,851	\$ -	\$ 6,460,937
-	-	197,431	-	-	-	197,431
-	-	-	153,504	3,247	-	507,804
-	-	-	-	-	-	949,692
113	7,198	-	-	-	-	617,762
11	241	3,808	716	8,680	374	144,441
-	-	-	-	-	-	82,973
<u>124</u>	<u>7,439</u>	<u>201,239</u>	<u>154,220</u>	<u>786,778</u>	<u>374</u>	<u>8,961,040</u>
-	-	-	154,220	-	-	826,615
-	-	199,399	-	-	1,188	216,427
-	-	-	-	-	-	182,139
-	-	-	-	-	-	5,829,848
-	-	-	-	-	-	1,276,301
-	-	-	-	675,000	-	736,012
-	-	-	-	98,225	-	99,978
-	-	199,399	154,220	773,225	1,188	9,167,320
<u>124</u>	<u>7,439</u>	<u>1,840</u>	<u>-</u>	<u>13,553</u>	<u>(814)</u>	<u>(206,280)</u>
-	-	-	-	-	-	83,502
-	-	-	-	-	-	83,502
124	7,439	1,840	-	13,553	(814)	(122,778)
<u>350</u>	<u>8,340</u>	<u>354,588</u>	<u>-</u>	<u>511,927</u>	<u>35,923</u>	<u>11,341,101</u>
\$ <u>474</u>	\$ <u>15,779</u>	\$ <u>356,428</u>	\$ <u>-</u>	\$ <u>525,480</u>	\$ <u>35,109</u>	\$ <u>11,218,323</u>

COOKE COUNTY, TEXAS
COMBINING STATEMENT OF FIDUCIARY FUNDS
SEPTEMBER 30, 2020

	<u>County Clerk</u>	<u>District Clerk</u>	<u>Tax-Assessor Collector</u>	<u>District Attorney</u>
ASSETS				
Cash and investments	\$ <u>270,928</u>	\$ <u>1,780,010</u>	\$ <u>278,662</u>	\$ <u>3,614</u>
Total assets	<u>270,928</u>	<u>1,780,010</u>	<u>278,662</u>	<u>3,614</u>
LIABILITIES				
Deposits held for others	<u>270,928</u>	<u>1,780,010</u>	<u>278,662</u>	<u>3,614</u>
Total liabilities	\$ <u>270,928</u>	\$ <u>1,780,010</u>	\$ <u>278,662</u>	\$ <u>3,614</u>

<u>Sheriff</u>	<u>County Attorney</u>	<u>Adult Probations</u>	<u>Juvenile Probations</u>	<u>Total Fiduciary Funds</u>
\$ <u>68,278</u>	\$ <u>1,407</u>	\$ <u>644,371</u>	\$ <u>36,378</u>	\$ <u>3,083,648</u>
<u>68,278</u>	<u>1,407</u>	<u>644,371</u>	<u>36,378</u>	<u>3,083,648</u>
<u>68,278</u>	<u>1,407</u>	<u>644,371</u>	<u>36,378</u>	<u>3,083,648</u>
\$ <u>68,278</u>	\$ <u>1,407</u>	\$ <u>644,371</u>	\$ <u>36,378</u>	\$ <u>3,083,648</u>

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OTHER SCHEDULE

COOKE COUNTY, TEXAS**TAX RATE INFORMATION****LAST TEN FISCAL YEARS**

Fiscal Year	2011	2012	2013	2014	2015
General fund	\$ 0.3096	\$ 0.3263	\$ 0.3115	\$ 0.3344	\$ 0.3262
Road and bridge fund	0.1050	0.1050	0.1050	0.1050	0.1050
Permanent improvement	0.0150	0.0150	0.0150	0.0150	0.0150
Interest and sinking	<u>0.0327</u>	<u>0.0206</u>	<u>0.0204</u>	<u>0.0205</u>	<u>0.0274</u>
Subtotal	<u>0.4623</u>	<u>0.4669</u>	<u>0.4519</u>	<u>0.4749</u>	<u>0.4736</u>
FM and lateral road	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>
Total Tax Rate	\$ <u>0.4624</u>	\$ <u>0.4670</u>	\$ <u>0.4520</u>	\$ <u>0.4750</u>	\$ <u>0.4737</u>

2016	2017	2018	2019	2020
\$ 0.3502	\$ 0.3508	\$ 0.3451	\$ 0.3134	\$ 0.2761
0.1150	0.1150	0.1150	0.1150	0.1250
0.0150	0.0150	0.0150	0.0150	0.0150
<u>0.0195</u>	<u>0.0189</u>	<u>0.0186</u>	<u>0.0176</u>	<u>0.0183</u>
<u>0.4997</u>	<u>0.4997</u>	<u>0.4937</u>	<u>0.4610</u>	<u>0.4344</u>
<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>
\$ <u>0.4998</u>	\$ <u>0.4998</u>	\$ <u>0.4938</u>	\$ <u>0.4611</u>	\$ <u>0.4345</u>

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Honorable County Judge and
Commissioners' Court
Cooke County, Texas

We have audited the financial statements of Cooke County, Texas (the "County"), for the year ended September 30, 2020, and have issued our report thereon dated May 21, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 1, 2021, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and, as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

As a part of the engagement, we assisted in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the County in conformity with U.S. generally accepted accounting principles and Uniform Guidance. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services were not conducted in accordance with *Government Auditing Standards*.

OFFICE LOCATIONS

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In order to ensure we maintain our independence for performing these nonaudit services certain safeguards were applied to this engagement. Management assumed responsibility for the financial statements, schedule of expenditures of federal awards, and related notes and any other nonaudit services we provided. Management acknowledged in the management representation letter our assistance with the preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that these items were reviewed and approved prior to their issuance and accepted responsibility for them. Further, the nonaudit services were overseen by an individual within management that has the suitable skill, knowledge, or experience; evaluated the adequacy and results of the services; and accepted responsibility for them.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note I to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ending September 30, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the useful lives of capital assets is based on the expected lifespan of the asset in accordance with standard guidelines. We evaluated the key factors and assumptions used to develop the estimate of useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability, pension expense, other post-employment benefits (OPEB) liabilities, and OPEB expense are based on actuarial assumptions which are determined by the demographics of the plan and future projections that the actuarial makes based on historical information of the plan and the investment market. We evaluated the key factors and assumptions used to develop the net pension liability, pension expense, other post-employment benefits liabilities, and OPEB expense and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the allowance for uncollectible property taxes is based on historical collections. We evaluated the key factors and assumptions used to develop the allowance for uncollectible property taxes in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Management's estimate of the allowance for uncollectible EMS receivable is based on historical collections. We evaluated the key factors and assumptions used to develop the allowance for EMS revenues in determining that it is reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the County's financial statements relate to the net pension liability and OPEB liability. The disclosures in the financial statements are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the County's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated May 21, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Honorable County Judge, Commissioners' Court, and management of the County and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Waco, Texas
May 21, 2021

COOKE COUNTY, TEXAS
SINGLE AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

COOKE COUNTY, TEXAS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE***

Honorable County Judge
and Commissioners' Court
Cooke County, Texas

Report on Compliance for Each Major Federal Program

We have audited Cooke County, Texas (the "County") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("*Uniform Guidance*"). Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Cooke County, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

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Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

Report on Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cooke County, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 21, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas
May 21, 2021



**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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 21, 2021.

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) as a basis for determining 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.

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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 financial statements. 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
May 21, 2021

COOKE COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<u>U.S. Department of Justice</u>			
Passed through the Office of the Governor:			
COVID-19 - Coronavirus Emergency Supplemental Funding	16.034	4145101	\$ 93,636
Total Office of the Governor			<u>93,636</u>
Total U.S. Department of Justice			<u>93,636</u>
<u>U.S. Department of Treasury</u>			
Passed through Texas Department of Emergency Management:			
COVID-19 - Coronavirus Relief Fund	21.019	2020-CF-21019	<u>1,123,815</u>
Total Texas Department of Emergency Management			<u>1,123,815</u>
Total U.S. Department of Treasury			<u>1,123,815</u>
<u>National Endowment for the Humanities</u>			
Passed through Texas State Library and Archives Commission:			
Interlibrary Loan Program	45.310	901741	514
COVID-19 - Interlibrary Loan Program	45.310	901741	<u>5,029</u>
Total Texas State Library and Archives Commission			<u>5,543</u>
Total National Endowment for the Humanities			<u>5,543</u>
<u>Election Assistance Commission</u>			
Passed through Secretary of State:			
Help America Vote Act	90.404	N/A	120,000
COVID-19 - Help America Vote Act	90.404	N/A	<u>33,504</u>
Total Secretary of State			<u>153,504</u>
Total Election Assistance Commission			<u>153,504</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Texas Health and Human Services Commission:			
Medical Assistance Program (Medicaid Cluster)	93.778	N/A	<u>54,383</u>
Total Texas Health and Human Services Commission			<u>54,383</u>
Total U.S. Department of Health and Human Services			<u>54,383</u>
Total Expenditures of Federal Awards			\$ <u>1,430,881</u>

COOKE COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of Cooke County, Texas. The County's reporting entity is defined in Note I to the County's basic financial statements. Federal awards received directly from federal and state agencies as well as federal awards passed through other government agencies are included in the respective schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using modified accrual basis of accounting, which is described in Note I to the County's basic financial statements.

3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditure reports as of September 30, 2020, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

4. INDIRECT COSTS

The County has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

5. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the County were passed through to subrecipients.

COOKE COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Summary of the Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered a material weakness?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered a material weakness?	None reported
Type of auditor's report issued on compliance for major federal and state programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None
Identification of major federal programs:	

<u>CFDA Number(s):</u>	<u>Name of Federal Program or Cluster:</u>
21.019	COVID-19 - Coronavirus Relief Fund

The dollar threshold used to distinguish between type A and type B federal programs.	\$750,000
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Auditee qualified as low-risk auditee?	No
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Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None reported

Findings and Questioned Costs for Federal Awards

None reported



**COOKE COUNTY AUDITOR
COOKE COUNTY COURTHOUSE**

101 SOUTH DIXON STREET

GAINESVILLE, TEXAS 76240

PHONE: 940-668-5431 - FAX: 940-668-5442

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

None