

COOKE COUNTY, TEXAS

Annual Financial Report



**For the Fiscal Year Ended
September 30, 2023**

Gainesville, Texas

COOKE COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

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**COOKE COUNTY AUDITOR
COOKE COUNTY COURTHOUSE
101 SOUTH DIXON STREET
GAINESVILLE, TEXAS 76240**

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

June 28, 2024

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, 2023, 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, 2023, 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, 2023, 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.

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 43,050, which is a 3.3% increase over the 2020 census of 41,668. The County has a land area of 874.8 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 slowed the growth. Oil and gas production has remained steady but down resulting in lower mineral values and causing some companies to stop production. Population growth has increased with multiple subdivisions planned or 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, CD's, Treasury bills 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 blue ink that reads "Shelly Atteberry". The signature is written in a cursive, flowing style.

Shelly Atteberry
Cooke County Auditor

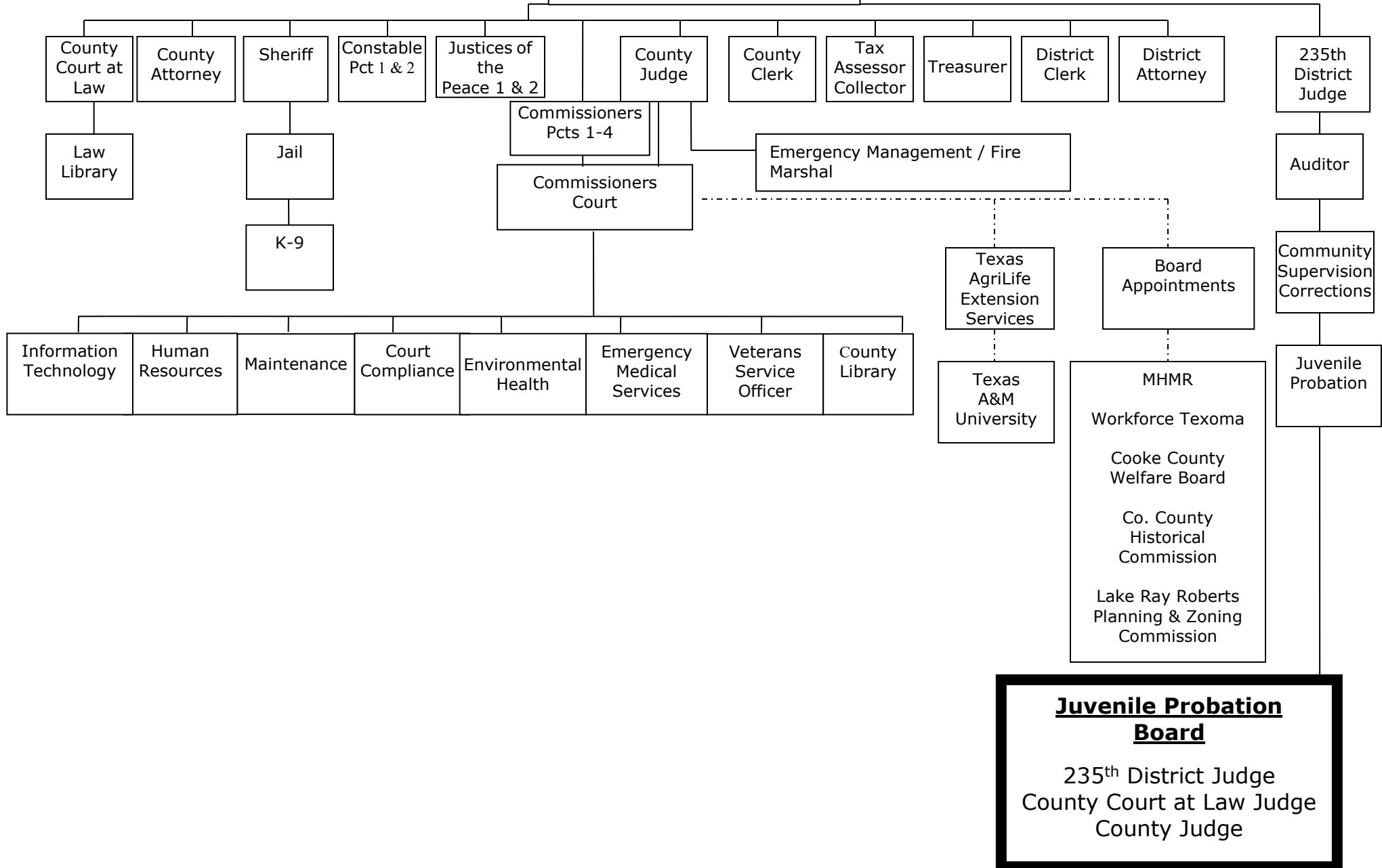
COOKE COUNTY, TEXAS

ELECTED OFFICIALS & APPOINTED DEPARTMENT HEADS

SEPTEMBER 30, 2023

County Judge	John Roane
Commissioner Pct. 1	Gary Hollowell
Commissioner Pct. 2	Jason Snuggs
Commissioner Pct. 3	Adam Arendt
Commissioner Pct. 4	Matt Sicking
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	Ray Sappington
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	Wes Reed
Constable Pct. 1	Mark Westbrook
Constable Pct. 2	Chuck Owen

Cooke County, Texas Organizational Chart 2023



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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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise Cooke County, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cooke County, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cooke County, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

OFFICE LOCATIONS

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cooke County, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cooke County, Texas' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cooke County, Texas' basic financial statements. The combining and individual fund financial statements and schedules are presented for the purposes of additional analysis and are 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 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 and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information included in the Annual Financial Report

Management is responsible for the other information included in the annual financial report (AFR). The other information comprises the introductory section and tax rate information schedule but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of Cooke County, Texas' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cooke County, Texas' 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 Cooke County, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
June 28, 2024

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of Cooke County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with the independent auditor's report and the County's basic financial statements.

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, 2023, by \$69,443,381 (net position), an increase of \$3,720,508 or 5.66% over the prior year ending net position. Of this amount, \$19,071,553 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors.
- As of September 30, 2023, the County's governmental funds reported combined fund balances of \$33,414,198. Approximately 19.47% of this total amount, \$6,507,293, 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 \$6,508,129, or approximately 26.55% of total General Fund expenditures.
- The County's total outstanding long-term liabilities decreased by \$1,705,918 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 10. 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 immediately following the management's discussion and analysis.

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 36 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 and ARPA Grant funds which are the only funds considered to be major funds. Data from the other 34 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.

- **Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government.

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.

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 immediately following the notes to the financial statements.

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 \$69,443,381 as of September 30, 2023, an increase of \$3,720,508 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 \$19,071,553 at September 30, 2023, a decrease of \$1,334,662 from the prior year unrestricted net position of \$20,406,215.

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

COOKE COUNTY'S NET POSITION

	Governmental Activities	
	2023	2022
Current and other assets	\$ 38,935,684	\$ 46,127,201
Capital assets	35,886,201	34,707,726
Total assets	<u>74,821,885</u>	<u>80,834,927</u>
Deferred outflows of resources	3,645,165	3,477,914
Total deferred outflows of resources	<u>3,645,165</u>	<u>3,477,914</u>
Long-term liabilities	4,268,856	5,974,774
Other liabilities	3,986,531	5,040,398
Total liabilities	<u>8,255,387</u>	<u>11,015,172</u>
Deferred inflows of resources	768,282	7,574,796
Total deferred inflows of resources	<u>768,282</u>	<u>7,574,796</u>
Net position:		
Net investment		
in capital assets	33,888,648	31,319,603
Restricted	16,483,180	13,997,055
Unrestricted	<u>19,071,553</u>	<u>20,406,215</u>
Total net position	<u>\$ 69,443,381</u>	<u>\$ 65,722,873</u>

Investment in capital assets (i.e. land, buildings, furniture, and equipment) less any outstanding debt used to acquire those assets is \$33,888,648, an increase of 8.20% over the prior fiscal year balance of \$31,319,603. This represents a significant portion (48.80%) 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 (23.74%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$19,071,553 (27.46%) 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	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 6,724,647	\$ 6,047,438
Operating grants and contributions	3,193,949	6,176,258
Capital grants and contributions	64,022	333,203
General revenues:		
Property taxes	20,187,952	19,884,647
Sales taxes	4,525,508	4,126,511
Other taxes	395,658	386,493
Gain on sale of capital assets	334,863	160,453
Investment income	1,555,376	235,116
Miscellaneous	229,215	398,897
Total revenues	<u>37,211,190</u>	<u>37,749,016</u>
Expenses:		
General government	6,205,804	5,716,837
Health and safety	5,094,324	4,503,896
Education	126,447	117,714
Culture and recreation	951,011	794,167
Welfare	88,444	78,935
Judicial	13,229,604	12,073,574
Transportation	7,719,785	7,251,851
Interest on long-term debt	75,263	80,792
Total expenses	<u>33,490,682</u>	<u>30,617,766</u>
Change in net position	3,720,508	7,131,250
Net position, beginning	<u>65,722,873</u>	<u>58,591,623</u>
Net position, ending	<u>\$ 69,443,381</u>	<u>\$ 65,722,873</u>

Governmental Activities

The County's total net position increased by \$3,720,508 from operations as compared to the prior fiscal year's increase of \$7,131,250. The total cost of all governmental activities this year was \$33,490,682, an increase of 9.38% 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 \$33,414,198, an increase of \$755,375 (2.31%) over the prior year. Approximately 19.47% of this amount \$6,507,293 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 (\$39,912), 2) legally required to be maintained intact (\$34,000), 3) restricted for particular purposes \$15,834,632, or 4) assigned for particular purposes (\$10,750,091).

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 \$17,959,453, a decrease of \$1,189,918 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, 2023, unassigned fund balance represents 26.55% of total General Fund expenditures.

In the prior fiscal year, fund balance increased by \$2,692,006 compared to the current year decrease of \$1,189,918. Key factors in the decrease of the change in fund balance for the General Fund are as follows:

- A \$1,397,620 increase in revenue, mostly caused by an increase in investment earnings and intergovernmental revenue;
- A decrease in net transfers from \$3,559,946 transfers in in the prior year to \$280,200 transfer out in the current year; and
- A \$858,008 increase in judicial expenditures as compared to the prior year;

The American Recovery Plan Act (ARPA) Fund ended the year with fund balance of \$248,270, which was driven by investment earnings on stimulus funds not yet spent.

General Fund Budgetary Highlights

Differences between the final amended budget and actual expenditures consisted of the following briefly summarized items:

- \$1,354,203 under budget in general government;
- \$1,534,846 under budget in capital outlay; and
- \$701,885 under budget in judicial.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Cooke County's investment in capital assets for its governmental activities as of September 30, 2023, amounts to \$35,886,201 (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 buildings and improvement of \$2,719,743 and machinery and equipment in the amount of \$2,432,474. The County also sold or disposed of \$933,584 of assets, including the Kress Building.

COOKE COUNTY'S CAPITAL ASSETS

	Governmental Activities	
	2023	2022
Land	\$ 1,504,748	\$ 1,504,748
Right-to-use land	322,413	480,942
Buildings and improvements	39,094,429	37,300,578
Infrastructure	4,110,328	4,110,328
Machinery and equipment	22,110,973	20,016,511
Right-to-use equipment	782,832	909,187
Accumulated depreciation	<u>(32,039,522)</u>	<u>(29,614,568)</u>
Total capital assets	<u>\$ 35,886,201</u>	<u>\$ 34,707,726</u>

Additional information regarding the County's capital assets can be found in the notes to the financial statements.

Long-term Liabilities

COOKE COUNTY'S LONG-TERM LIABILITIES

	Governmental Activities	
	2023	2022
General obligations bonds	\$ 765,000	\$ 1,551,221
Lease liability	893,281	1,222,326
Financed purchases	392,498	721,028
Compensated absences	469,663	388,892
Total OPEB liability	<u>1,748,414</u>	<u>2,091,307</u>
Total long-term debt	<u>\$ 4,268,856</u>	<u>\$ 5,974,774</u>

At year-end, the County had \$765,000 in bonds outstanding versus \$1,551,221 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cooke County's elected officials considered many factors when setting the fiscal year 2024 budget and tax rates. The County authorized a maintenance and operations tax rate of \$0.3204 as compared with the fiscal year 2023 rate of \$0.3243. However, in fiscal year 2022-23, the interest and sinking rate was \$0.0120, while for fiscal year 2023-24, the interest and sinking tax rate will be \$0.0038, making the County's total tax rate, including \$0.0001 for lateral road, \$0.3243 for 2023-24 as compared with a total tax rate of \$0.3364 for fiscal year 2022-23.

The County's 2023-24 budget projects an increase in General Fund revenues of \$2,776,731 and an increase in General Fund expenditures of \$969,780. 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**

COOKE COUNTY, TEXAS**STATEMENT OF NET POSITION**

SEPTEMBER 30, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 32,957,052
Receivables, net	5,564,430
Inventory	27,400
Prepays	12,512
Net pension asset	374,290
Capital assets:	
Non-depreciable	1,504,748
Depreciable	<u>34,381,453</u>
Total capital assets, net	<u>35,886,201</u>
Total assets	<u>74,821,885</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	53,226
Deferred outflows - OPEB	484,470
Deferred outflows - pensions	<u>3,107,469</u>
Total deferred outflows of resources	<u>3,645,165</u>
LIABILITIES	
Accounts payable	1,544,228
Accrued liabilities	650,383
Unearned revenue	1,791,920
Noncurrent liabilities:	
Due within one year	
Long-term debt	1,714,013
Total OPEB liability	74,080
Due in more than one year	
Long-term debt	806,429
Total OPEB liability	<u>1,674,334</u>
Total noncurrent liabilities	<u>4,268,856</u>
Total liabilities	<u>8,255,387</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - OPEB	622,829
Deferred inflows - pensions	<u>145,453</u>
Total deferred inflows of resources	<u>768,282</u>
NET POSITION	
Net investment in capital assets	33,888,648
Restricted for:	
Net pension asset	228,837
General government	248,270
Capital projects	3,468,698
Public safety	754,332
Economic development	663,284
Judicial	915,555
Records management and preservation	489,343
Transportation	8,262,930
Debt service	593,299
Culture and recreation:	
Expendable	824,632
Non-expendable	34,000
Unrestricted	<u>19,071,553</u>
Total net position	<u>\$ 69,443,381</u>

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

COOKE COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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	\$ 6,205,804	\$ 1,650,518	\$ 2,431,046	\$ -	\$ (2,124,240)
Health and safety	5,094,324	2,240,050	254,212	-	(2,600,062)
Education	126,447	-	-	-	(126,447)
Culture and recreation	951,011	-	106,260	-	(844,751)
Welfare	88,444	-	-	-	(88,444)
Judicial	13,229,604	1,734,960	256,646	-	(11,237,998)
Transportation	7,719,785	1,099,119	145,785	64,022	(6,410,859)
Interest on long-term debt	75,263	-	-	-	(75,263)
Total governmental activities	<u>33,490,682</u>	<u>6,724,647</u>	<u>3,193,949</u>	<u>64,022</u>	<u>(23,508,064)</u>
Total primary government	<u>\$ 33,490,682</u>	<u>\$ 6,724,647</u>	<u>\$ 3,193,949</u>	<u>\$ 64,022</u>	<u>(23,508,064)</u>
General revenues:					
Taxes:					
Property taxes					20,187,952
Sales taxes					4,525,508
Other taxes					395,658
Investment income					1,555,376
Gain on sale of capital assets					334,863
Miscellaneous					<u>229,215</u>
Total general revenues					<u>27,228,572</u>
Change in net position					3,720,508
Net position - beginning					<u>65,722,873</u>
Net position - ending					<u>\$ 69,443,381</u>

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

COOKE COUNTY, TEXAS**BALANCE SHEET****GOVERNMENTAL FUNDS****SEPTEMBER 30, 2023**

	General	ARPA Grant	Other Governmental Funds	Total
ASSETS				
Cash and investments	\$ 15,556,774	\$ 1,879,769	\$ 15,520,509	\$ 32,957,052
Receivables, net				
Taxes	1,063,834	-	126,380	1,190,214
Accounts	3,303,888	-	101,147	3,405,035
Intergovernmental	665,192	-	303,989	969,181
Inventory	27,400	-	-	27,400
Prepaid items	10,549	-	1,963	12,512
Total assets	<u>20,627,637</u>	<u>1,879,769</u>	<u>16,053,988</u>	<u>38,561,394</u>
LIABILITIES				
Accounts payable	887,675	278	656,275	1,544,228
Accrued liabilities	549,929	3,689	96,765	650,383
Unearned revenue	156,991	1,627,532	7,397	1,791,920
Total liabilities	<u>1,594,595</u>	<u>1,631,499</u>	<u>760,437</u>	<u>3,986,531</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	224,557	-	87,076	311,633
Unavailable revenue - court fines	293,074	-	-	293,074
Unavailable revenue - ambulance	555,958	-	-	555,958
Total deferred inflows of resources	<u>1,073,589</u>	<u>-</u>	<u>87,076</u>	<u>1,160,665</u>
FUND BALANCES				
Nonspendable:				
Prepaid items and inventory	37,949	-	1,963	39,912
Library endowment	-	-	34,000	34,000
Restricted for:				
General government	-	248,270	-	248,270
Capital projects	-	-	3,463,273	3,463,273
Public safety	-	-	703,967	703,967
Economic development	663,284	-	-	663,284
Judicial	-	-	915,555	915,555
Records management and preservation	-	-	489,343	489,343
Transportation	-	-	8,194,858	8,194,858
Debt service	-	-	579,720	579,720
Culture and recreation	-	-	824,632	824,632
Assigned for:				
Capital projects	5,000,000	-	-	5,000,000
Subsequent year's budget	5,750,091	-	-	5,750,091
Unassigned	6,508,129	-	(836)	6,507,293
Total fund balances	<u>17,959,453</u>	<u>248,270</u>	<u>15,206,475</u>	<u>33,414,198</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 20,627,637</u>	<u>\$ 1,879,769</u>	<u>\$ 16,053,988</u>	<u>\$ 38,561,394</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, 2023

Total fund balances - governmental funds balance sheet \$ 33,414,198

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. 1,160,665

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 35,886,201

Long-term assets and their related deferred inflows and outflows of resources are not current financial resources and therefore are not reported in the governmental funds balance sheet.

Net pension asset	374,290
Deferred outflows related to pensions	3,107,469
Deferred inflows related to pensions	(145,453)

Long-term liabilities, including bonds payable, leases payable, financed purchases, 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.

Long-term liabilities and related deferred inflows and outflows of resources:

Bonds payable	(765,000)
Deferred amount on refunding	53,226
Leases	(893,281)
Financed purchases	(392,498)
Compensated absences	(469,663)
Total OPEB liability	(1,748,414)
Deferred outflows related to OPEB	484,470
Deferred inflows related to OPEB	<u>(622,829)</u>

Net position of governmental activities \$ 69,443,381

COOKE COUNTY, TEXAS

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

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>General</u>	<u>ARPA Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
REVENUES				
Taxes				
Ad valorem taxes	\$ 11,641,075	\$ -	\$ 8,546,877	\$ 20,187,952
Sales taxes	4,525,508	-	-	4,525,508
Hotel occupancy	-	-	326,113	326,113
Other	69,545	-	-	69,545
Intergovernmental	1,562,210	1,473,965	239,337	3,275,512
License and permits	-	-	994,484	994,484
Fines and fees	4,776,080	-	638,334	5,414,414
Investment earnings	708,935	182,124	664,317	1,555,376
Miscellaneous	<u>214,471</u>	<u>-</u>	<u>119,751</u>	<u>334,222</u>
Total revenues	<u>23,497,824</u>	<u>1,656,089</u>	<u>11,529,213</u>	<u>36,683,126</u>
EXPENDITURES				
Current:				
General government	5,006,436	90,685	265,580	5,362,701
Health and safety	4,609,372	63,837	-	4,673,209
Education	124,037	3,512	-	127,549
Culture and recreation	589,844	7,766	346,243	943,853
Welfare	86,973	2,405	-	89,378
Judicial	12,318,642	332,219	203,038	12,853,899
Transportation	-	65,702	6,729,842	6,795,544
Capital outlay	1,696,269	907,839	2,488,485	5,092,593
Debt service:				
Principal	66,850	-	1,116,720	1,183,570
Interest and fiscal charges	<u>13,055</u>	<u>-</u>	<u>60,847</u>	<u>73,902</u>
Total expenditures	<u>24,511,478</u>	<u>1,473,965</u>	<u>11,210,755</u>	<u>37,196,198</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,013,654)</u>	<u>182,124</u>	<u>318,458</u>	<u>(513,072)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,853	-	283,053	285,906
Transfers out	(283,053)	-	(2,853)	(285,906)
Insurance recovery	69,271	-	5,634	74,905
Sale of general capital assets	<u>34,665</u>	<u>-</u>	<u>1,158,877</u>	<u>1,193,542</u>
Total other financing sources and uses	<u>(176,264)</u>	<u>-</u>	<u>1,444,711</u>	<u>1,268,447</u>
NET CHANGE IN FUND BALANCES	(1,189,918)	182,124	1,763,169	755,375
FUND BALANCES, BEGINNING	<u>19,149,371</u>	<u>66,146</u>	<u>13,443,306</u>	<u>32,658,823</u>
FUND BALANCES, ENDING	<u>\$ 17,959,453</u>	<u>\$ 248,270</u>	<u>\$ 15,206,475</u>	<u>\$ 33,414,198</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, 2023

Net change in fund balances - total governmental funds	\$ 755,375
Amounts reported for governmental activities in the Statement of Activities are different	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay in the governmental funds reported as capital asset additions in the government-wide statements.	5,152,217
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.	(2,837,127)
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.	(80,771)
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.	266,604
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.	(7,005)
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.	193,201
Some OPEB and pension costs are recognized in the period during which services are rendered in the statement of activities, and are recognized as expenditures in the fund statements when the current resources are used.	<u>278,014</u>
Change in net position of governmental activities	<u>\$ 3,720,508</u>

COOKE COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and investments	<u>\$ 6,167,703</u>
Total assets	<u>6,167,703</u>
LIABILITIES	
Due to other governments	355,919
Due to individuals and organizations	<u>100,707</u>
Total liabilities	<u>456,626</u>
NET POSITION	
Restricted for:	
Individuals and organizations	<u>5,711,077</u>
Total net position	<u>\$ 5,711,077</u>

COOKE COUNTY, TEXAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Registry deposits	\$ 5,905,631
Receipts from inmates	194,097
Appellate justice system collections	52,489
Hot check collections	8,966
Vehicle registration collections	17,683,619
Cash bond receipts	344,779
Investment earnings	<u>6,071</u>
Total additions	<u>24,195,652</u>
DEDUCTIONS	
Registry withdrawals	4,521,044
Inmate disbursements	190,986
Appellate justice system disbursements	37,463
Hot check disbursements	10,210
Vehicle registration disbursements	17,579,829
Refunds	<u>340,638</u>
Total deductions	<u>22,680,170</u>
NET INCREASE IN FIDUCIARY NET POSITION	1,515,482
NET POSITION, BEGINNING	<u>4,195,595</u>
NET POSITION, ENDING	<u><u>\$ 5,711,077</u></u>

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COOKE COUNTY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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 and fiduciary funds 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 County reports the following major governmental funds:

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

The **ARPA Grant Fund** is used to account for the resources received from the American Rescue Plan Act of 2021.

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.

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

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 impose 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
Right-to-use land	40 - 45
Right-to-use equipment	3 - 10

Compensated Absences

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

All regular full-time 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.

Leases

The County is a lessee for a noncancellable lease of equipment. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

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 assets 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.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- 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 assets 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 OPEB 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.

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.

The District Court Preservation fund had a deficit fund balance of \$836 as of September 30, 2023. The County plans to transfer funds from the General Fund to cover this deficit in the subsequent fiscal year.

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.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Of the County's total fair value investments, \$992,523 were valued using documented trade history in exact security and \$2,467,079 were valued using the present value of expected future cash flow model.

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, 2023, 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. As of September 30, 2023, all of the investment pools had a rating of AAAM.

The County's investments as of September 30, 2023, were as follows:

	9/30/2023	Fair Value Measurement Using (Level 2)	Weighted Average Maturity (Days)
Primary government			
Investment pools:			
Logic	\$ 8,058,680		39
TexPool	9,601,066		37
TexStar	8,211,433		39
Total investment pools	17,812,499		
Investments by fair value level:			
Debt securities:			
U.S. Treasury Bonds (Level 1)	1,457,633	\$ 1,457,633	388
Freddie Mac (Level 2)	992,523	992,523	758
Farmer Mac (Level 2)	1,009,446	1,009,446	1424
Total debt securities	3,459,602	3,459,602	
Total investments of the primary government	\$ 21,272,101	\$ 3,459,602	
Portfolio weighted average maturity (days)			161

B. Receivables

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

	Governmental Funds		
	General	Nonmajor Funds	Total
Receivables:			
Taxes	\$ 1,128,611	\$ 155,296	\$ 1,283,907
Adjudicated fines	5,861,484	-	5,861,484
Ambulance	2,068,906	-	2,068,906
Accounts	2,074,132	101,147	2,175,279
Intergovernmental	656,004	303,989	959,993
Gross receivables	11,789,137	560,432	12,349,569
Less: allowance for uncollectibles	(6,765,223)	(28,916)	(6,794,139)
Total receivables, net	\$ 5,023,914	\$ 531,516	\$ 5,555,430

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 2023 tax rate allocated to each fund:

Fund	Rate Per \$100
General fund	\$ 0.1843
Permanent improvement fund	0.0150
Road and bridge fund	0.1250
Farm to market and lateral road fund	0.0001
Interest and sinking fund	0.0120
	<u>\$ 0.33640</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, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,504,748	\$ -	\$ -	\$ 1,504,748
Total assets not being depreciated	<u>1,504,748</u>	<u>-</u>	<u>-</u>	<u>1,504,748</u>
Capital assets, being depreciated:				
Right-to-use land	434,588	-	(9,464)	425,124
Buildings and improvements	37,300,578	2,719,743	(925,892)	39,094,429
Infrastructure	4,110,328	-	-	4,110,328
Machinery and equipment	20,016,511	2,432,474	(338,012)	22,110,973
Right-to-use equipment	690,699	-	(10,578)	680,121
Total capital assets being depreciated	<u>62,552,704</u>	<u>5,152,217</u>	<u>(1,283,946)</u>	<u>66,420,975</u>
Less accumulated depreciation:				
Right-to-use land	33,859	43,714	(9,464)	68,109
Buildings and improvements	13,491,033	892,709	(21,604)	14,362,138
Infrastructure	1,129,252	145,703	-	1,274,955
Machinery and equipment	14,630,593	1,483,464	(308,716)	15,805,341
Right-to-use equipment	268,020	271,537	(10,578)	528,979
Total accumulated depreciation	<u>29,552,757</u>	<u>2,837,127</u>	<u>(350,362)</u>	<u>32,039,522</u>
Total capital assets being depreciated, net	<u>32,999,947</u>	<u>2,315,090</u>	<u>(933,584)</u>	<u>34,381,453</u>
Governmental activities capital assets, net	<u>\$ 34,504,695</u>	<u>\$ 2,315,090</u>	<u>\$ (933,584)</u>	<u>\$ 35,886,201</u>

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

Governmental activities:	
General government	\$ 937,357
Health and safety	460,313
Culture and recreation	10,400
Judicial	473,416
Transportation	<u>955,641</u>
Total depreciation expense - governmental activities	<u>\$ 2,837,127</u>

E. Long-term Liabilities

General Obligation Bonds

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

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Due Within One Year</u>
\$6,810,000 General Obligation Refunding Bonds, Series 2012	06/20/2012	2.0% - 3.0%	\$ 765,000	\$ 765,000

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, 2023, are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 765,000	\$ 11,475	\$ 776,475
Total	<u>\$ 765,000</u>	<u>\$ 11,475</u>	<u>\$ 776,475</u>

Leases

The County entered into lease agreements for equipment, land, and infrastructure. These agreements carry interest rates up to 10% and have monthly payments ranging from \$671 to \$256,000. Interest expense during the year totaled \$27,529.

The future lease principal and interest payments as of September 30, 2023, were as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2024	\$ 526,003	\$ 17,947	\$ 543,950
2025	39,900	6,043	45,943
2026	20,213	5,833	26,046
2027	7,718	5,682	13,400
2028	3,999	5,601	9,600
2029 - 2033	23,075	26,805	49,880
2034 - 2038	28,466	24,334	52,800
2039 - 2043	33,377	21,491	54,868
2044 - 2048	40,095	17,985	58,080
2049 - 2053	46,363	13,992	60,355
2054 - 2058	54,703	9,185	63,888
2059 - 2063	48,332	4,003	52,335
2064 - 2067	21,037	633	21,670
Total	<u>\$ 893,281</u>	<u>\$ 159,534</u>	<u>\$ 1,052,815</u>

Financed Purchases

The County entered into various agreements to finance the purchase of heavy machinery and equipment. These agreements carry interest rates ranging from 2.394% to 4.340% and have annual payments ranging from \$35,600 to \$156,540. Interest expense during the year totaled \$11,283.

The future debt service payments as of September 30, 2023, were as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2024	\$ 329,077	\$ 14,248	\$ 343,325
2025	32,704	2,895	35,599
2026	<u>30,717</u>	<u>1,465</u>	<u>32,182</u>
Total	<u>\$ 392,498</u>	<u>\$ 18,608</u>	<u>\$ 411,106</u>

Changes in Long-term Liabilities

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2023:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 1,505,000	\$ -	\$ 740,000	\$ 765,000	\$ 765,000
Premium on bonds	46,221	-	46,221	-	-
Leases	1,008,321	-	115,040	893,281	526,003
Financed purchases	721,028	-	328,530	392,498	329,077
Compensated absences	<u>388,892</u>	<u>479,965</u>	<u>399,194</u>	<u>469,663</u>	<u>93,933</u>
Total	<u>\$ 3,669,462</u>	<u>\$ 479,965</u>	<u>\$ 1,628,985</u>	<u>\$ 2,520,442</u>	<u>\$ 1,714,013</u>

Compensated absences, leases, and financed purchases are generally liquidated by the General Fund and special revenue funds.

F. 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, 2023, 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.

G. 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.

H. 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 temporary positions 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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	154
Inactive employees entitled to but not yet receiving benefits	223
Active employees	<u>264</u>
Total	<u><u>641</u></u>

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

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 9.94% and 8.76% in calendar years 2022 and 2023, respectively. The County’s contributions to TCDRS for the year ended September 30, 2023, were \$1,621,755, 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, 2022, 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, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	7.50%, 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	135% of Pub-2010. General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Service retirees, beneficiaries and non-depositing members	135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Disabled retirees	160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Tables for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.

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 7.50%. 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	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
International Equities - Developed	MSCI World Ex USA (net) Index	5.00%	4.95%
International Equities - Emerging	MSCI EM Standard (net) Index	6.00%	4.95%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	3.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	0.20%

(1) Target asset allocation adopted at the March 2023 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.

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

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. 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 12/31/2021	\$ 55,294,748	\$ 62,760,908	\$ (7,466,160)
Changes for the year:			
Service cost	1,892,669	-	1,892,669
Interest on total pension liability ⁽¹⁾	4,251,230	-	4,251,230
Effect of economic/demographic gains or losses	3,197	-	3,197
Refund of contributions	(362,524)	(362,524)	-
Benefit payments	(2,184,479)	(2,184,479)	-
Administrative expenses	-	(34,733)	34,733
Member contributions	-	1,005,022	(1,005,022)
Net investment income	-	(3,692,846)	3,692,846
Employer contributions	-	1,702,706	(1,702,706)
Other ⁽²⁾	-	75,077	(75,077)
Balance at 12/31/2022	<u>\$ 58,894,841</u>	<u>\$ 59,269,131</u>	<u>\$ (374,290)</u>

⁽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 7.6%, 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 (6.6%) or 1-percentage-point higher (8.6%) than the current rate:

	1% Decrease 6.6%	Current Discount Rate 7.6%	1% Increase 8.6%
Total pension liability	\$ 67,415,177	\$ 58,894,841	\$ 51,887,115
Fiduciary net position	<u>59,269,131</u>	<u>59,269,131</u>	<u>59,269,131</u>
Net pension liability/(asset)	<u>\$ 8,146,046</u>	<u>\$ (374,290)</u>	<u>\$ (7,382,016)</u>

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023, the County recognized pension expense of \$1,291,208.

At September 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 124,279	\$ 78,962
Changes in actuarial assumptions	783,870	66,491
Difference between projected and actual investment earnings	1,265,919	-
Contributions subsequent to the measurement date	<u>933,401</u>	<u>-</u>
Total	<u>\$ 3,107,469</u>	<u>\$ 145,453</u>

\$933,401 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, 2024. 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,	
2024	\$ 182,075
2025	(63,059)
2026	215,564
2027	<u>1,694,035</u>
Total	<u>\$ 2,028,615</u>

I. 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, 2023, were \$79,273, 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	<u>160</u>
Total	<u><u>165</u></u>

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	4.05% as of December 31, 2022
Inflation Rate	2.50%
Salary Increases	0.40% to 5.25%, not including wage inflation of 3.00%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2020 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 Pub-2010 General Retirees Tables for males and females are used with male rates multiplied by 135% and female rates multiplied by 120%. Those rates are projected on a fully generational basis based on 100% of the ultimate rates of mortality improvement scale MP-2021.
Health care cost trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 15 years.
Participation rates	It was assumed that 100% of eligible retirees would choose to receive retiree health care benefits through the County.
Discount rate	The discount rate changed from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. Additionally, the health care trend assumption was modified.

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 1.84% 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, 2021.

Changes in the Total OPEB Liability

The County's total OPEB liability of \$1,748,414 was measured as of December 31, 2022 and was determined by an actuarial valuation as of December 31, 2022.

	Total OPEB Liability
Balance at 12/31/2021	\$ 2,091,307
Changes for the year:	
Service cost	102,844
Interest on the total liability	38,697
Difference between expected and actual experience	(167,162)
Changes in assumptions and other inputs	(237,999)
Benefit payments	(79,273)
Net changes	(342,893)
Balance at 12/31/2022	<u>\$ 1,748,414</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022 and revised TCDRS demographic and salary increase assumptions.

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 (4.05%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
Total OPEB liability	\$ 1,893,954	\$ 1,748,414	\$ 1,615,333

Healthcare Cost Trend Rate Sensitivity Analysis

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Total OPEB liability	\$ 1,588,384	\$ 1,748,414	\$ 1,935,928

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

For the year ended September 30, 2023, the County recognized OPEB expense of \$126,369. At September 30, 2023, the County reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 129,370	\$ 406,089
Changes in actuarial assumptions	281,020	216,740
Contributions subsequent to the measurement date	74,080	-
Total	<u>\$ 484,470</u>	<u>\$ 622,829</u>

\$74,080 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2024	\$ (15,173)
2025	(15,173)
2026	(15,173)
2027	(15,173)
2028	(22,293)
Thereafter	<u>(129,454)</u>
Total	<u>\$ (212,439)</u>

J. 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 2023, the County abated property taxes of \$295,054.

K. Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2023 is as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 2,853
Nonmajor Governmental	General Fund	<u>283,053</u>
Total		<u>\$ 285,906</u>

The transfer from the General Fund to nonmajor governmental funds was used to fund archive and restoration purchases.

L. New Accounting Principles

Significant new accounting guidance issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the County include the following:

GASB Statement No. 99, *Omnibus 2022* – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

The Government Accounting Standards Board (GASB) has amended the existing standards regarding capitalization thresholds for assets. The amended guidance for the capitalization threshold comes from GASB Implementation Guide 2021-1, Question 5.1. Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significantly collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers. The amended guidance is effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

COOKE COUNTY, TEXAS**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL****FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Ad valorem	\$ 12,216,934	\$ 12,216,934	\$ 11,641,075	\$ (575,859)
Sales	4,000,000	4,000,000	4,525,508	525,508
Other	65,500	65,500	69,545	4,045
Intergovernmental	459,708	459,708	1,553,022	1,093,314
Fines and fees	3,719,695	3,719,695	4,776,080	1,056,385
Investment earnings	131,000	131,000	708,935	577,935
Miscellaneous	45,935	45,935	214,471	168,536
Total revenues	<u>20,638,772</u>	<u>20,638,772</u>	<u>23,488,636</u>	<u>2,849,864</u>
EXPENDITURES				
Current:				
General government:				
Courthouse	863,971	863,971	805,640	58,331
Auditor	595,761	595,761	452,763	142,998
Tax assessor	580,162	580,162	572,953	7,209
County clerk	279,975	279,975	267,602	12,373
Treasurer	112,382	112,382	111,501	881
Commissioners' office	997	997	136	861
Human resources	114,640	114,640	111,596	3,044
Election expense	105,413	105,413	83,699	21,714
Court appointed attorneys	443,627	443,627	224,080	219,547
Technology	927,254	927,254	644,371	282,883
Tax appraisal district	516,723	516,723	491,313	25,410
Lake Ray Roberts	1,000	1,000	-	1,000
Other	<u>1,818,734</u>	<u>1,818,734</u>	<u>1,240,782</u>	<u>577,952</u>
Total general government	<u>6,360,639</u>	<u>6,360,639</u>	<u>5,006,436</u>	<u>1,354,203</u>
Health and safety:				
Rural subdivision and septic	159,967	159,967	122,581	37,386
Emergency management	147,285	147,285	131,755	15,530
Emergency medical services	4,199,547	4,199,547	4,165,028	34,519
Fire marshal	<u>198,133</u>	<u>198,133</u>	<u>190,008</u>	<u>8,125</u>
Total health and safety	<u>4,704,932</u>	<u>4,704,932</u>	<u>4,609,372</u>	<u>95,560</u>
Education:				
County extension	<u>139,966</u>	<u>139,966</u>	<u>124,037</u>	<u>15,929</u>
Total education	<u>139,966</u>	<u>139,966</u>	<u>124,037</u>	<u>15,929</u>
Culture and recreation:				
Library	483,812	483,812	430,844	52,968
Social services	<u>179,250</u>	<u>179,250</u>	<u>159,000</u>	<u>20,250</u>
Total culture and recreation	<u>663,062</u>	<u>663,062</u>	<u>589,844</u>	<u>73,218</u>
Welfare:				
Child welfare	13,500	13,500	1,960	11,540
Veterans' service	<u>88,325</u>	<u>88,325</u>	<u>85,013</u>	<u>3,312</u>
Total welfare	<u>101,825</u>	<u>101,825</u>	<u>86,973</u>	<u>14,852</u>

COOKE COUNTY, TEXAS**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<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	\$ 321,689	\$ 321,689	\$ 293,497	\$ 28,192
County judge	182,842	182,842	157,198	25,644
Sheriff	3,988,402	3,988,402	3,894,168	94,234
Jail operations	4,490,115	4,490,115	4,136,266	353,849
County attorney	668,185	668,185	662,843	5,342
Justice of the peace, 1	274,641	274,641	248,539	26,102
Justice of the peace, 2	280,210	280,210	269,368	10,842
Highway patrol	67,093	67,093	66,396	697
District judge	241,144	241,144	230,210	10,934
District attorney	679,187	679,187	659,736	19,451
Jury	80,300	80,300	22,432	57,868
Constable, precinct 1	80,217	80,217	77,983	2,234
Constable, precinct 2	79,287	79,287	73,967	5,320
District clerk	443,702	443,702	434,624	9,078
County court-at-law	460,980	460,980	451,902	9,078
County court-at-law clerk's office	191,732	191,732	190,251	1,481
Adult probation	7,130	7,130	7,130	-
Juvenile probation	349,795	349,795	309,748	40,047
Compliance officer	132,876	132,876	131,404	1,472
Game warden	1,000	1,000	980	20
Total judicial	<u>13,020,527</u>	<u>13,020,527</u>	<u>12,318,642</u>	<u>701,885</u>
Capital outlay	<u>3,231,115</u>	<u>3,231,115</u>	<u>1,696,269</u>	<u>1,534,846</u>
Debt service:				
Principal	-	-	66,850	(66,850)
Interest and fiscal charges	-	-	13,055	(13,055)
Total debt service	<u>-</u>	<u>-</u>	<u>79,905</u>	<u>(79,905)</u>
Total expenditures	<u>28,222,066</u>	<u>28,222,066</u>	<u>24,511,478</u>	<u>3,710,588</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(7,583,294)	(7,583,294)	(1,022,842)	6,560,452
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,853	2,853
Transfers out	-	-	(283,053)	(283,053)
Insurance recovery	25,588	25,588	69,271	43,683
Sale of general capital assets	-	-	34,665	34,665
Total other financing sources (uses)	<u>25,588</u>	<u>25,588</u>	<u>(176,264)</u>	<u>(201,852)</u>
NET CHANGE IN FUND BALANCES	(7,557,706)	(7,557,706)	(1,199,106)	6,358,600
FUND BALANCES, BEGINNING	<u>4,432,872</u>	<u>4,432,872</u>	<u>19,149,371</u>	<u>14,716,499</u>
FUND BALANCES, ENDING	<u>\$ (3,124,834)</u>	<u>\$ (3,124,834)</u>	<u>\$ 17,950,265</u>	<u>\$ 21,075,099</u>

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COOKE COUNTY, TEXAS**ARPA GRANT FUND****SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL****FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 48,970	\$ 48,970	\$ 1,473,965	\$ 1,424,995
Investment earnings	35,000	35,000	182,124	147,124
Total revenues	<u>83,970</u>	<u>83,970</u>	<u>1,656,089</u>	<u>1,572,119</u>
EXPENDITURES				
Current:				
General government	1,420,966	1,420,966	90,685	1,330,281
Health and safety	124,995	124,995	63,837	61,158
Education	7,097	7,097	3,512	3,585
Culture and recreation	15,973	15,973	7,766	8,207
Welfare	4,611	4,611	2,405	2,206
Judicial	605,880	605,880	332,219	273,661
Transportation	143,376	143,376	65,702	77,674
Capital outlay	<u>924,991</u>	<u>924,991</u>	<u>907,839</u>	<u>17,152</u>
Total expenditures	<u>3,247,889</u>	<u>3,247,889</u>	<u>1,473,965</u>	<u>1,773,924</u>
NET CHANGE IN FUND BALANCES	<u>(3,163,919)</u>	<u>(3,163,919)</u>	<u>182,124</u>	<u>2,981,795</u>
FUND BALANCES, BEGINNING	<u>66,146</u>	<u>66,146</u>	<u>66,146</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ (3,097,773)</u>	<u>\$ (3,097,773)</u>	<u>\$ 248,270</u>	<u>\$ 3,346,043</u>

COOKE COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

SEPTEMBER 30, 2023

Measurement Date December 31	2022	2021	2020
Total Pension Liability			
Service cost	\$ 1,892,669	\$ 1,800,370	\$ 1,682,547
Interest on total pension liability	4,251,230	4,009,910	3,738,618
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	-	(132,982)	3,135,481
Effect of economic/demographic (gains) or losses	3,197	(157,923)	155,251
Benefit payments/refunds of contributions	<u>(2,547,003)</u>	<u>(2,329,788)</u>	<u>(2,118,695)</u>
Net change in total pension liability	3,600,093	3,189,587	6,593,202
Total pension liability - beginning	<u>55,294,748</u>	<u>52,105,161</u>	<u>45,511,959</u>
Total pension liability - ending (a)	<u>58,894,841</u>	<u>55,294,748</u>	<u>52,105,161</u>
Plan Fiduciary Net Position			
Employer contributions	1,702,706	1,375,109	1,396,131
Member contributions	1,005,022	932,568	950,805
Investment income net of investment expenses	(3,692,846)	11,308,386	4,803,187
Benefit payments/refunds of contributions	(2,547,003)	(2,329,788)	(2,118,695)
Administrative expenses	(34,733)	(33,954)	(37,680)
Other	<u>75,077</u>	<u>13,555</u>	<u>11,361</u>
Net change in plan fiduciary net position	(3,491,777)	11,265,876	5,005,109
Plan fiduciary net position - beginning	<u>62,760,908</u>	<u>51,495,032</u>	<u>46,489,923</u>
Plan fiduciary net position - ending (b)	<u>59,269,131</u>	<u>62,760,908</u>	<u>51,495,032</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (374,290)</u>	<u>\$ (7,466,160)</u>	<u>\$ 610,129</u>
Fiduciary net position as a percentage of total pension liability (asset)	100.64%	113.50%	98.83%
Covered payroll	\$ 14,357,464	\$ 13,322,399	\$ 13,582,926
Net pension liability (asset) as a percentage of covered payroll	-2.61%	-56.04%	4.49%

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

2019	2018	2017	2016	2015	2014
\$ 1,573,366	\$ 1,490,471	\$ 1,503,639	\$ 1,510,381	\$ 1,327,963	\$ 1,264,645
3,455,199	3,230,386	3,008,030	2,759,965	2,615,683	2,448,024
-	-	-	-	(283,822)	-
-	-	172,250	-	367,248	-
415,340	(87,477)	(55,306)	(314,435)	(858,121)	(277,412)
<u>(1,991,937)</u>	<u>(1,891,620)</u>	<u>(1,849,814)</u>	<u>(1,470,646)</u>	<u>(1,403,096)</u>	<u>(1,470,268)</u>
3,451,968	2,741,760	2,778,799	2,485,265	1,765,855	1,964,989
<u>42,059,991</u>	<u>39,318,231</u>	<u>36,539,432</u>	<u>34,054,167</u>	<u>32,288,312</u>	<u>30,323,324</u>
<u>45,511,959</u>	<u>42,059,991</u>	<u>39,318,231</u>	<u>36,539,432</u>	<u>34,054,167</u>	<u>32,288,313</u>
1,309,482	1,262,309	1,217,276	1,242,929	1,215,858	1,272,234
883,303	800,021	766,222	743,298	721,957	686,818
6,532,279	(750,390)	5,131,571	2,393,641	(236,516)	2,008,728
(1,991,937)	(1,891,620)	(1,849,813)	(1,470,646)	(1,403,096)	(1,470,268)
(35,427)	(31,951)	(26,855)	(26,054)	(23,215)	(23,871)
<u>13,354</u>	<u>9,142</u>	<u>1,538</u>	<u>(91,020)</u>	<u>(13,221)</u>	<u>(210,451)</u>
6,711,054	(602,489)	5,239,939	2,792,148	261,767	2,263,190
<u>39,778,869</u>	<u>40,381,358</u>	<u>35,141,419</u>	<u>32,349,271</u>	<u>32,087,504</u>	<u>29,824,315</u>
<u>46,489,923</u>	<u>39,778,869</u>	<u>40,381,358</u>	<u>35,141,419</u>	<u>32,349,271</u>	<u>32,087,505</u>
<u>\$ (977,964)</u>	<u>\$ 2,281,122</u>	<u>\$ (1,063,127)</u>	<u>\$ 1,398,013</u>	<u>\$ 1,704,896</u>	<u>\$ 200,808</u>
102.15%	94.58%	102.70%	96.17%	94.99%	99.38%
\$ 12,618,616	\$ 11,428,876	\$ 10,946,033	\$ 10,618,539	\$ 10,313,672	\$ 9,771,284
-7.75%	19.96%	-9.71%	13.17%	16.53%	2.06%

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

SEPTEMBER 30, 2023

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%
2021	1,051,349	1,351,349	(300,000)	13,027,932	10.4%
2022	1,333,873	1,633,873	(300,000)	14,122,944	11.6%
2023	1,321,755	1,621,755	(300,000)	14,841,112	10.9%

COOKE COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

SEPTEMBER 30, 2023

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	18.1 years (based on contribution rate calculated in 12/31/2022 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.
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. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation 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. 2018-2022: 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, 2023

Measurement Date December 31	2022	2021	2020	2019
Total OPEB Liability				
Service cost	\$ 102,844	\$ 110,391	\$ 109,868	\$ 106,406
Interest on total OPEB liability	38,697	38,312	55,509	67,770
Change in benefit terms	-	-	-	-
Difference between expected and actual experience of the total OPEB liability	(167,162)	(15,403)	(317,569)	(8,208)
Changes of assumptions	(237,999)	123,596	106,951	88,028
Benefit payments	<u>(79,273)</u>	<u>(51,956)</u>	<u>(63,908)</u>	<u>(63,905)</u>
Net change in total OPEB liability	(342,893)	204,940	(109,149)	190,091
Total OPEB liability - beginning	<u>2,091,307</u>	<u>1,886,367</u>	<u>1,995,516</u>	<u>1,805,425</u>
Total OPEB liability - ending	<u>\$ 1,748,414</u>	<u>\$ 2,091,307</u>	<u>\$ 1,886,367</u>	<u>\$ 1,995,516</u>
Covered-employee payroll	\$ 13,909,778	\$ 13,657,380	\$ 13,954,064	\$ 12,819,385
Total OPEB liability (asset) as a percentage of covered-employee payroll	12.57%	15.31%	13.52%	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.

2023	4.05%
2022	1.84%
2021	2.00%
2020	2.75%
2019	3.71%
2018	3.31%
2017	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.

2018	2017
\$ 158,103	\$ 119,925
72,942	74,891
(698,723)	-
202,733	29,261
(5,773)	93,863
<u>(96,989)</u>	<u>(100,959)</u>
(367,707)	216,981
<u>2,173,132</u>	<u>1,956,151</u>
<u>\$ 1,805,425</u>	<u>\$ 2,173,132</u>
\$ 11,687,686	\$ 11,154,985
15.45%	19.48%

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COMBINING STATEMENTS

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Special Revenue			
	Jail Commissary	Courthouse Security	Records Management	Records Preservation
ASSETS				
Cash and investments	\$ 218,940	\$ 416,861	\$ 113,869	\$ 123,276
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	-
Accounts	3,081	-	-	-
Intergovernmental	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>222,021</u>	<u>416,861</u>	<u>113,869</u>	<u>123,276</u>
LIABILITIES				
Accounts payable	1,045	-	-	-
Accrued liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>1,045</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	-	-	-	-
Library endowment	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Public safety	220,976	-	-	-
Judicial	-	416,861	-	-
Records management and preservation	-	-	113,869	123,276
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>220,976</u>	<u>416,861</u>	<u>113,869</u>	<u>123,276</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 222,021</u>	<u>\$ 416,861</u>	<u>\$ 113,869</u>	<u>\$ 123,276</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
\$ 236,194	\$ 17,212	\$ 896,237	\$ 41,069	\$ 1,502	\$ 2,645	\$ 87,471	\$ 35,855
-	-	89	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>236,194</u>	<u>17,212</u>	<u>896,326</u>	<u>41,069</u>	<u>1,502</u>	<u>2,645</u>	<u>87,471</u>	<u>35,855</u>
559	345	-	693	-	-	7,240	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>559</u>	<u>345</u>	<u>-</u>	<u>693</u>	<u>-</u>	<u>-</u>	<u>7,240</u>	<u>-</u>
-	-	64	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>64</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	16,867	-	-	-	-	-	-
235,635	-	-	40,376	1,502	-	80,231	35,855
-	-	-	-	-	-	-	-
-	-	896,262	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,645	-	-
-	-	-	-	-	-	-	-
<u>235,635</u>	<u>16,867</u>	<u>896,262</u>	<u>40,376</u>	<u>1,502</u>	<u>2,645</u>	<u>80,231</u>	<u>35,855</u>
<u>\$ 236,194</u>	<u>\$ 17,212</u>	<u>\$ 896,326</u>	<u>\$ 41,069</u>	<u>\$ 1,502</u>	<u>\$ 2,645</u>	<u>\$ 87,471</u>	<u>\$ 35,855</u>

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Special Revenue			
	Library	District Attorney Drug Enforcement	Seizure Law Enforcement	Sheriff Drug Enforcement
ASSETS				
Cash and investments	\$ 103,647	\$ 99,529	\$ 206,138	\$ 133,292
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	-
Accounts	103	1,632	-	-
Intergovernmental	1,178	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>104,928</u>	<u>101,161</u>	<u>206,138</u>	<u>133,292</u>
LIABILITIES				
Accounts payable	1,072	5,633	-	42
Accrued liabilities	-	-	-	-
Unearned revenue	<u>7,375</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>8,447</u>	<u>5,633</u>	<u>-</u>	<u>42</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	-	-	-	-
Library endowment	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Public safety	-	95,528	206,138	133,250
Judicial	-	-	-	-
Records management and preservation	-	-	-	-
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	96,481	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>96,481</u>	<u>95,528</u>	<u>206,138</u>	<u>133,250</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 104,928</u>	<u>\$ 101,161</u>	<u>\$ 206,138</u>	<u>\$ 133,292</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
\$ 2,246,104	\$ 777,178	\$ 1,773,753	\$ 2,805,113	\$ 258,818	\$ 110	\$ 35,569	\$ 3,427,116
23,908	24,706	28,244	21,097	-	-	-	12,332
7,804	6,593	6,813	6,621	-	-	-	40,000
16,136	16,136	135,126	135,126	-	-	-	-
-	-	-	-	1,963	-	-	-
<u>2,293,952</u>	<u>824,613</u>	<u>1,943,936</u>	<u>2,967,957</u>	<u>260,781</u>	<u>110</u>	<u>35,569</u>	<u>3,479,448</u>
280,986	86,667	122,049	78,220	6,620	-	-	10,750
23,747	22,067	25,577	24,541	-	-	-	-
-	-	-	-	-	-	-	-
<u>304,733</u>	<u>108,734</u>	<u>147,626</u>	<u>102,761</u>	<u>6,620</u>	<u>-</u>	<u>-</u>	<u>10,750</u>
17,004	17,003	16,968	17,033	-	-	-	5,425
<u>17,004</u>	<u>17,003</u>	<u>16,968</u>	<u>17,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,425</u>
-	-	-	-	1,963	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	3,463,273
-	-	-	-	-	-	-	-
-	-	-	-	-	110	35,569	-
-	-	-	-	252,198	-	-	-
1,972,215	698,876	1,779,342	2,848,163	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,972,215</u>	<u>698,876</u>	<u>1,779,342</u>	<u>2,848,163</u>	<u>254,161</u>	<u>110</u>	<u>35,569</u>	<u>3,463,273</u>
<u>\$ 2,293,952</u>	<u>\$ 824,613</u>	<u>\$ 1,943,936</u>	<u>\$ 2,967,957</u>	<u>\$ 260,781</u>	<u>\$ 110</u>	<u>\$ 35,569</u>	<u>\$ 3,479,448</u>

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023

	Special Revenue			
	District Clerk Archive	Pretrial Diversion	District Court Preservation	County/ District Clerk Technology
ASSETS				
Cash and investments	\$ 34,540	\$ 21,420	\$ -	\$ 13,256
Receivables (net of allowances for uncollectibles):				
Taxes	-	-	-	-
Accounts	-	200	-	-
Intergovernmental	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>34,540</u>	<u>21,620</u>	<u>-</u>	<u>13,256</u>
LIABILITIES				
Accounts payable	-	-	3	-
Accrued liabilities	-	-	833	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>836</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	-	-	-	-
Library endowment	-	-	-	-
Restricted for:				
Capital projects	-	-	-	-
Public safety	-	-	-	-
Judicial	34,540	21,620	-	13,256
Records management and preservation	-	-	-	-
Transportation	-	-	-	-
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Unassigned	-	-	(836)	-
Total fund balances	<u>34,540</u>	<u>21,620</u>	<u>(836)</u>	<u>13,256</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,540</u>	<u>\$ 21,620</u>	<u>\$ -</u>	<u>\$ 13,256</u>

Special Revenue			Debt Service	Permanent	Total Nonmajor Governmental Funds
Child Abuse Prevention	Contract Elections	Hotel Occupancy Tax	Interest and Sinking	Library Permanent	
\$ 511	\$ 30,432	\$ 749,707	\$ 577,295	\$ 35,850	\$ 15,520,509
-	-	-	16,004	-	126,380
-	-	28,240	-	60	101,147
-	287	-	-	-	303,989
-	-	-	-	-	1,963
<u>511</u>	<u>30,719</u>	<u>777,947</u>	<u>593,299</u>	<u>35,910</u>	<u>16,053,988</u>
-	-	54,351	-	-	656,275
-	-	-	-	-	96,765
-	22	-	-	-	7,397
-	22	54,351	-	-	760,437
-	-	-	13,579	-	87,076
-	-	-	13,579	-	87,076
-	-	-	-	-	1,963
-	-	-	-	34,000	34,000
-	-	-	-	-	3,463,273
511	30,697	-	-	-	703,967
-	-	-	-	-	915,555
-	-	-	-	-	489,343
-	-	-	-	-	8,194,858
-	-	-	579,720	-	579,720
-	-	723,596	-	1,910	824,632
-	-	-	-	-	(836)
<u>511</u>	<u>30,697</u>	<u>723,596</u>	<u>579,720</u>	<u>35,910</u>	<u>15,206,475</u>
<u>\$ 511</u>	<u>\$ 30,719</u>	<u>\$ 777,947</u>	<u>\$ 593,299</u>	<u>\$ 35,910</u>	<u>\$ 16,053,988</u>

COOKE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue			
	Jail Commissary	Courthouse Security	Records Management	Records Preservation
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	39,032	38,554	31,034	93,410
Investment earnings	8,783	16,699	3,837	3,594
Miscellaneous	-	-	-	-
Total revenues	<u>47,815</u>	<u>55,253</u>	<u>34,871</u>	<u>97,004</u>
EXPENDITURES				
Current:				
General government	-	-	8,785	-
Culture and recreation	-	-	-	-
Judicial	11,773	20,388	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>11,773</u>	<u>20,388</u>	<u>8,785</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>36,042</u>	<u>34,865</u>	<u>26,086</u>	<u>97,004</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	14,989	-	-
Transfers out	-	-	-	-
Insurance recoveries	-	-	-	-
Sale of general capital assets	-	1,600	-	-
Total other financing sources (uses)	<u>-</u>	<u>16,589</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	36,042	51,454	26,086	97,004
FUND BALANCES, BEGINNING	<u>184,934</u>	<u>365,407</u>	<u>87,783</u>	<u>26,272</u>
FUND BALANCES, ENDING	<u>\$ 220,976</u>	<u>\$ 416,861</u>	<u>\$ 113,869</u>	<u>\$ 123,276</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
\$ -	\$ -	\$ 5,868	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	6,536	6,533	-	-	-	41,470	-
-	-	-	-	-	-	-	-
24,247	-	-	10,053	22,579	-	-	11,654
9,868	708	39,701	1,752	-	87	2,507	938
-	-	-	-	-	-	1,470	-
<u>34,115</u>	<u>7,244</u>	<u>52,102</u>	<u>11,805</u>	<u>22,579</u>	<u>87</u>	<u>45,447</u>	<u>12,592</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,155	9,042	-	11,042	21,988	-	13,572	-
-	-	142	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,647	-	-	-	-
-	-	-	-	-	-	-	-
<u>7,155</u>	<u>9,042</u>	<u>142</u>	<u>12,689</u>	<u>21,988</u>	<u>-</u>	<u>13,572</u>	<u>-</u>
<u>26,960</u>	<u>(1,798)</u>	<u>51,960</u>	<u>(884)</u>	<u>591</u>	<u>87</u>	<u>31,875</u>	<u>12,592</u>
-	-	-	-	-	-	-	-
-	-	-	(2,853)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,853)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
26,960	(1,798)	51,960	(3,737)	591	87	31,875	12,592
<u>208,675</u>	<u>18,665</u>	<u>844,302</u>	<u>44,113</u>	<u>911</u>	<u>2,558</u>	<u>48,356</u>	<u>23,263</u>
<u>\$ 235,635</u>	<u>\$ 16,867</u>	<u>\$ 896,262</u>	<u>\$ 40,376</u>	<u>\$ 1,502</u>	<u>\$ 2,645</u>	<u>\$ 80,231</u>	<u>\$ 35,855</u>

COOKE COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Special Revenue</u>			
	Library	District Attorney Drug Enforcement	Seizure Law Enforcement	Sheriff Drug Enforcement
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-
Intergovernmental	43,334	-	-	1,146
Licenses and permits	-	-	-	-
Fines and fees	-	15,534	143,973	3,000
Investment earnings	3,878	4,410	-	5,912
Miscellaneous	<u>16,923</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>64,135</u>	<u>19,944</u>	<u>143,973</u>	<u>10,058</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Culture and recreation	52,180	-	-	-
Judicial	-	28,214	-	55,808
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	2,044	-	-	-
Interest and fiscal charges	<u>55</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>54,279</u>	<u>28,214</u>	<u>-</u>	<u>55,808</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,856</u>	<u>(8,270)</u>	<u>143,973</u>	<u>(45,750)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Insurance recoveries	-	-	-	-
Sale of general capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,227</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,227</u>
NET CHANGE IN FUND BALANCES	9,856	(8,270)	143,973	(4,523)
FUND BALANCES, BEGINNING	<u>86,625</u>	<u>103,798</u>	<u>62,165</u>	<u>137,773</u>
FUND BALANCES, ENDING	<u>\$ 96,481</u>	<u>\$ 95,528</u>	<u>\$ 206,138</u>	<u>\$ 133,250</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
\$ 1,796,874	\$ 1,796,874	\$ 1,796,873	\$ 1,796,873	\$ -	\$ -	\$ -	\$ 612,426
-	-	-	-	-	-	-	-
17,352	17,352	65,718	33,008	-	-	-	3,827
248,621	248,621	248,621	248,621	-	-	-	-
16,779	16,779	16,779	16,778	88,350	-	17,638	13,820
108,776	44,107	89,854	128,129	10,957	4	1,050	117,779
72,460	-	28,498	400	-	-	-	-
<u>2,260,862</u>	<u>2,123,733</u>	<u>2,246,343</u>	<u>2,223,809</u>	<u>99,307</u>	<u>4</u>	<u>18,688</u>	<u>747,852</u>
-	-	-	-	81,403	-	-	175,392
-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,743	-
1,644,975	1,666,472	1,940,297	1,477,956	-	-	-	-
496,514	87,845	200,466	152,761	-	-	-	1,300,007
-	56,395	294,221	22,413	-	-	-	-
-	9,496	10,533	6,213	-	-	-	-
<u>2,141,489</u>	<u>1,820,208</u>	<u>2,445,517</u>	<u>1,659,343</u>	<u>81,403</u>	<u>-</u>	<u>5,743</u>	<u>1,475,399</u>
<u>119,373</u>	<u>303,525</u>	<u>(199,174)</u>	<u>564,466</u>	<u>17,904</u>	<u>4</u>	<u>12,945</u>	<u>(727,547)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	5,634	-	-	-	-	-
<u>1,907</u>	<u>98,010</u>	<u>3,302</u>	<u>7,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,005,269</u>
<u>1,907</u>	<u>98,010</u>	<u>8,936</u>	<u>7,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,005,269</u>
121,280	401,535	(190,238)	572,028	17,904	4	12,945	277,722
<u>1,850,935</u>	<u>297,341</u>	<u>1,969,580</u>	<u>2,276,135</u>	<u>236,257</u>	<u>106</u>	<u>22,624</u>	<u>3,185,551</u>
<u>\$ 1,972,215</u>	<u>\$ 698,876</u>	<u>\$ 1,779,342</u>	<u>\$ 2,848,163</u>	<u>\$ 254,161</u>	<u>\$ 110</u>	<u>\$ 35,569</u>	<u>\$3,463,273</u>

COOKE COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Special Revenue</u>			
	District Clerk Archive	Pretrial Diversion	District Court Preservation	County/ District Clerk Technology
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	298	7,600	305	1,535
Investment earnings	1,187	-	-	406
Miscellaneous	-	-	-	-
Total revenues	<u>1,485</u>	<u>7,600</u>	<u>305</u>	<u>1,941</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Judicial	-	-	18,313	-
Transportation	-	-	-	-
Capital outlay	-	-	250,892	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>269,205</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,485</u>	<u>7,600</u>	<u>(268,900)</u>	<u>1,941</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	268,064	-
Transfers out	-	-	-	-
Insurance recoveries	-	-	-	-
Sale of general capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>268,064</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,485	7,600	(836)	1,941
FUND BALANCES, BEGINNING	<u>33,055</u>	<u>14,020</u>	<u>-</u>	<u>11,315</u>
FUND BALANCES, ENDING	<u>\$ 34,540</u>	<u>\$ 21,620</u>	<u>\$ (836)</u>	<u>\$ 13,256</u>

Special Revenue			Debt Service	Permanent	Total Nonmajor Governmental Funds
Child Abuse Prevention	Contract Elections	Hotel Occupancy Tax	Interest and Sinking	Library Permanent	
\$ -	\$ -	\$ -	\$ 741,089	\$ -	\$ 8,546,877
-	-	326,113	-	-	326,113
-	-	-	3,061	-	239,337
-	-	-	-	-	994,484
-	8,603	-	-	-	638,334
17	825	30,942	27,108	502	664,317
-	-	-	-	-	119,751
<u>17</u>	<u>9,428</u>	<u>357,055</u>	<u>771,258</u>	<u>502</u>	<u>11,529,213</u>
-	-	-	-	-	265,580
-	-	294,063	-	-	346,243
-	-	-	-	-	203,038
-	-	-	-	-	6,729,842
-	-	-	-	-	2,488,485
-	-	-	740,000	-	1,116,720
-	-	-	34,550	-	60,847
<u>-</u>	<u>-</u>	<u>294,063</u>	<u>774,550</u>	<u>-</u>	<u>11,210,755</u>
<u>17</u>	<u>9,428</u>	<u>62,992</u>	<u>(3,292)</u>	<u>502</u>	<u>318,458</u>
-	-	-	-	-	283,053
-	-	-	-	-	(2,853)
-	-	-	-	-	5,634
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,158,877</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,444,711</u>
17	9,428	62,992	(3,292)	502	1,763,169
<u>494</u>	<u>21,269</u>	<u>660,604</u>	<u>583,012</u>	<u>35,408</u>	<u>13,443,306</u>
<u>\$ 511</u>	<u>\$ 30,697</u>	<u>\$ 723,596</u>	<u>\$ 579,720</u>	<u>\$ 35,910</u>	<u>\$ 15,206,475</u>

COOKE COUNTY, TEXAS**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

SEPTEMBER 30, 2023

	County Clerk	District Clerk	Tax-Assessor Collector	Sheriff
ASSETS				
Cash and investments	\$ 3,485,083	\$ 1,531,416	\$ 504,970	\$ 58,373
Total assets	<u>3,485,083</u>	<u>1,531,416</u>	<u>504,970</u>	<u>58,373</u>
LIABILITIES				
Due to other governments	-	-	355,919	-
Due to individuals and organizations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>355,919</u>	<u>-</u>
NET POSITION				
Restricted for:				
Individuals and organizations	<u>3,485,083</u>	<u>1,531,416</u>	<u>149,051</u>	<u>58,373</u>
Total net position	<u>\$ 3,485,083</u>	<u>\$ 1,531,416</u>	<u>\$ 149,051</u>	<u>\$ 58,373</u>

<u>County Attorney</u>	<u>Adult Probations</u>	<u>Juvenile Probations</u>	<u>Total Fiduciary Funds</u>
<u>\$ 220</u>	<u>\$ 587,641</u>	<u>\$ -</u>	<u>\$ 6,167,703</u>
<u>220</u>	<u>587,641</u>	<u>-</u>	<u>6,167,703</u>
-	-	-	355,919
<u>-</u>	<u>100,707</u>	<u>-</u>	<u>100,707</u>
<u>-</u>	<u>100,707</u>	<u>-</u>	<u>456,626</u>
220	486,934	-	5,711,077
<u>\$ 220</u>	<u>\$ 486,934</u>	<u>\$ -</u>	<u>\$ 5,711,077</u>

COOKE COUNTY, TEXAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	County Clerk	District Clerk	Tax-Assessor Collector	Sheriff
ADDITIONS				
Registry deposits	\$ 4,593,571	\$ 1,312,060	\$ -	\$ -
Receipts from inmates	-	-	-	194,097
Appellate justice system collections	-	-	-	-
Hot check collections	-	-	-	-
Vehicle registration collections	-	-	17,683,619	-
Cash bond receipts	31,600	105,034	-	208,145
Investment earnings	<u>3,810</u>	<u>2,261</u>	<u>-</u>	<u>-</u>
Total additions	<u>4,628,981</u>	<u>1,419,355</u>	<u>17,683,619</u>	<u>402,242</u>
DEDUCTIONS				
Registry withdrawals	2,253,896	2,267,148	-	-
Inmate disbursements	-	-	-	190,986
Appellate justice system disbursements	-	-	-	-
Hot check disbursements	-	-	-	-
Vehicle registration disbursements	-	-	17,579,829	-
Refunds	<u>24,459</u>	<u>98,034</u>	<u>-</u>	<u>218,145</u>
Total deductions	<u>2,278,355</u>	<u>2,365,182</u>	<u>17,579,829</u>	<u>409,131</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	2,350,626	(945,827)	103,790	(6,889)
NET POSITION, BEGINNING	<u>1,134,457</u>	<u>2,477,243</u>	<u>45,261</u>	<u>65,262</u>
NET POSITION, ENDING	<u>\$ 3,485,083</u>	<u>\$ 1,531,416</u>	<u>\$ 149,051</u>	<u>\$ 58,373</u>

County Attorney	Adult Probations	Juvenile Probations	Total Fiduciary Funds
\$ -	\$ -	\$ -	\$ 5,905,631
-	-	-	194,097
-	39,234	13,255	52,489
8,966	-	-	8,966
-	-	-	17,683,619
-	-	-	344,779
-	-	-	6,071
<u>8,966</u>	<u>39,234</u>	<u>13,255</u>	<u>24,195,652</u>
-	-	-	4,521,044
-	-	-	190,986
-	24,208	13,255	37,463
10,210	-	-	10,210
-	-	-	17,579,829
-	-	-	340,638
<u>10,210</u>	<u>24,208</u>	<u>13,255</u>	<u>22,680,170</u>
(1,244)	15,026	-	1,515,482
<u>1,464</u>	<u>471,908</u>	<u>-</u>	<u>4,195,595</u>
<u>\$ 220</u>	<u>\$ 486,934</u>	<u>\$ -</u>	<u>\$ 5,711,077</u>

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OTHER SCHEDULE

COOKE COUNTY, TEXAS

TAX RATE INFORMATION

LAST TEN FISCAL YEARS

Fiscal Year	2014	2015	2016	2017
General fund	\$ 0.3344	\$ 0.3262	\$ 0.3502	\$ 0.3508
Road and bridge fund	0.1050	0.1050	0.1150	0.1150
Permanent improvement	0.0150	0.0150	0.0150	0.0150
Interest and sinking	<u>0.0205</u>	<u>0.0274</u>	<u>0.0195</u>	<u>0.0189</u>
Subtotal	<u>0.4749</u>	<u>0.4736</u>	<u>0.4997</u>	<u>0.4997</u>
FM and lateral road	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>
Total Tax Rate	<u>\$ 0.4750</u>	<u>\$ 0.4737</u>	<u>\$ 0.4998</u>	<u>\$ 0.4998</u>

2018	2019	2020	2021	2022	2023
\$ 0.3451	\$ 0.3134	\$ 0.2761	\$ 0.2652	\$ 0.2561	\$ 0.1843
0.1150	0.1150	0.1250	0.1250	0.1250	0.1250
0.0150	0.0150	0.0150	0.0150	0.0150	0.0150
<u>0.0186</u>	<u>0.0176</u>	<u>0.0183</u>	<u>0.0172</u>	<u>0.0168</u>	<u>0.0120</u>
<u>0.4937</u>	<u>0.4610</u>	<u>0.4344</u>	<u>0.4224</u>	<u>0.4129</u>	<u>0.3363</u>
<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>	<u>0.0001</u>
<u>\$ 0.4938</u>	<u>\$ 0.4611</u>	<u>\$ 0.4345</u>	<u>\$ 0.4225</u>	<u>\$ 0.4130</u>	<u>\$ 0.3364</u>

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COOKE COUNTY, TEXAS

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2023**

COOKE COUNTY, TEXAS

SINGLE AUDIT REPORT

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

Honorable County Judge
and Commissioners Court
Cooke County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cooke County, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Cooke County, Texas' basic financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cooke County, Texas' internal control over financial reporting (internal control) as a basis for designing 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 Cooke County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Cooke County, Texas' 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 Cooke County, Texas' 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cooke County, Texas' 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*.

OFFICE LOCATIONS

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

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 Cooke County, Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas
June 28, 2024



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

Honorable Judge and
Commissioners' Court
Cooke County, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cooke County, Texas' compliance with the types of compliance requirements identified as subject to audit in the (OMB) *Compliance Supplement* that could have a direct and material effect on each of Cooke County, Texas' major federal programs for the year ended September 30, 2023. Cooke County, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cooke County, Texas complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cooke County, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Cooke County, Texas' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Cooke County, Texas' federal programs.

OFFICE LOCATIONS

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NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cooke County, Texas' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cooke County, Texas' compliance with the requirements of each major federal program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cooke County, Texas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cooke County, Texas' internal control over compliance relevant to the audit to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cooke County, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2023, and the related notes to the financial statements, which collectively comprise Cooke County, Texas' basic financial statements. We issued our report thereon, dated June 28, 2024, 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 the 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 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
June 28, 2024

COOKE COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Program:			
State Criminal Alien Assistance Program	16.606	BJA-2023-171698	\$ 19,832
Total U.S. Department of Justice			<u>19,832</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
Direct Program:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	1,373,965
COVID-19 - Local Assistance and Tribal Consistency Fund	21.032	LATCFCO1906	<u>100,000</u>
Total U.S. Department of the Treasury			<u>1,473,965</u>
<u>FEDERAL COMMUNICATIONS COMMISSION</u>			
Direct Program:			
Emergency Connectivity Fund	32.009	229001469711	<u>6,408</u>
Total U.S. Department of Health and Human Services			<u>6,408</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>			
Passed through Texas State Library and Archives Commission			
Grants to States	45.310	LS-252486-OLS-22	<u>32,071</u>
Total passed through Texas State Library and Archives Commission			<u>32,071</u>
Total Institute of Museum and Library Services			<u>32,071</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 1,532,276</u>

COOKE COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2023

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the County under programs of the federal government for the year ended September 30, 2023. The information in this schedule is presented in accordance with the 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)*. Because the schedule presents only a selected portion of the operations of the County, it is not intended and does not present the financial position, changes in net position/fund balance or cash flows of the County.

Note 2 - Summary of Significant Accounting Policies

The County accounts for federal funding using the modified accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences, claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenue until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note 3 - Indirect Costs

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

Note 4 - Pass-through of Federal Funds

None of the federal expenditures reported on the schedule of expenditures of federal awards were passed through to subrecipients.

COOKE COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Summary of 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? None reported

Noncompliance material to financial statements noted?

None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

None

Identification of major programs:

Assistance Listing Number

21.027

Name of Federal Program or Cluster:

COVID-19 - American Rescue Plan Fiscal Funds - SLFRF Program

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

\$750,000

Auditee qualified as low-risk auditee?

No

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

None

Findings and Questioned Costs Related to Federal Awards

None

COOKE COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

SEPTEMBER 30, 2023

None

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Honorable County Judge
And Commissioners Court
Cooke County, Texas

We have audited the financial statements of Cooke County, Texas as of and for the year ended September 30, 2023, and have issued our report thereon dated September 30, 2023. 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 September 30, 2023, our responsibility, as described by professional standards, is to form and express an opinion 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 its 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 Cooke County, Texas 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, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

OFFICE LOCATIONS

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

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

In order to reduce threats to our independence caused by these nonattest services to an acceptable level, we applied certain safeguards. These safeguards include a concurring review, which is a review of the financial statements and key audit areas which is performed by a partner or manager who has adequate experience in audits of local governments, but who was not involved in this audit engagement. The concurring reviewer serves as an evaluator of the performance of the engagement team and the nonattest services provided.

In addition, management assumed responsibility for the financial statements, related notes to the financial statements, schedule of expenditures of federal and any other nonaudit services we provided. Management acknowledged, in the management representation letter, our assistance with the preparation of the financial statements, related notes to the financial statements and the schedule of expenditures of federal 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.

Significant Risks Considered

We have considered the following significant risks during our audit process, which required special audit consideration. None of the specific risks below have resulted in a significant matter, finding, or issue.

<u>Significant Risk Considered</u>	<u>Reasoning for Special Audit Consideration</u>
Management override of controls	The risk that members of management could circumvent well-designed and effective internal controls.

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 Cooke County; Texas is included in the notes to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2023. 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 allowance for doubtful accounts for property tax and adjudicated fines receivable is based on a historical analysis of the collectability of these receivables. We evaluated key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the accumulated depreciation, the related useful lives of capital assets, and the allowance for uncollectible fines. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the pension liability, OPEB liability, and pension 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 pension liability, OPEB liability, and pension 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.

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 Cooke County, Texas' financial statements relate to the pension and OPEB liabilities.

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 also 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. 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.

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 Cooke County, Texas' 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 attached letter dated June 28, 2024.

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 Cooke County, Texas, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Cooke County, Texas' auditors.

Other Information Included in Annual Report

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in Cooke County, Texas' annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following statements which will become effective in subsequent fiscal years:

GASB Statement No. 99, *Omnibus 2022* – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

The Government Accounting Standards Board (GASB) has amended the existing standards regarding capitalization thresholds for assets. The amended guidance for the capitalization threshold comes from GASB Implementation Guide 2021-1, Question 5.1. Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significantly collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers. The amended guidance is effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

Restrictions on Use

This report is intended solely for the information and use of the Commissioners Court and management of Cooke County, Texas 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
June 28, 2024