

COOKE COUNTY, TEXAS

Annual Financial Report

**For Fiscal Year
September 30, 2008**

INTRODUCTORY SECTION

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COOKE COUNTY AUDITOR
COOKE COUNTY COURTHOUSE
100 SO. DIXON STREET
GAINESVILLE, TEXAS 76240
PHONE: 940-668-5431 - FAX: 940-668-5442

November 16, 2009

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, 2008, 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, 2008, 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 unqualified opinion on Cooke County's financial statements for fiscal year ended September 30, 2008, that they were fairly presented in conformity with GAAP.

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

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

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

Profile of the Government

Located in North Central Texas, Cooke County was incorporated in 1848 and the County was named after the Texas Revolution Hero William G. Cooke. The County's population has remained relatively stable in the last hundred years. The current population projection is 38,486, which is a 6% increase over the 2000 census of 36,363. The County has a land area of 792 square miles.

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

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

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

Factors Affecting Financial Condition

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

Local Economy. Cooke County is experiencing the same economic growth felt across North Texas. Population growth has consistently increased each year. Several new manufacturing businesses have relocated within the County. A wind farm consisting of approximately 75 wind turbines has been constructed in the northwestern area of the County.

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

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

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

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

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

Respectfully submitted,

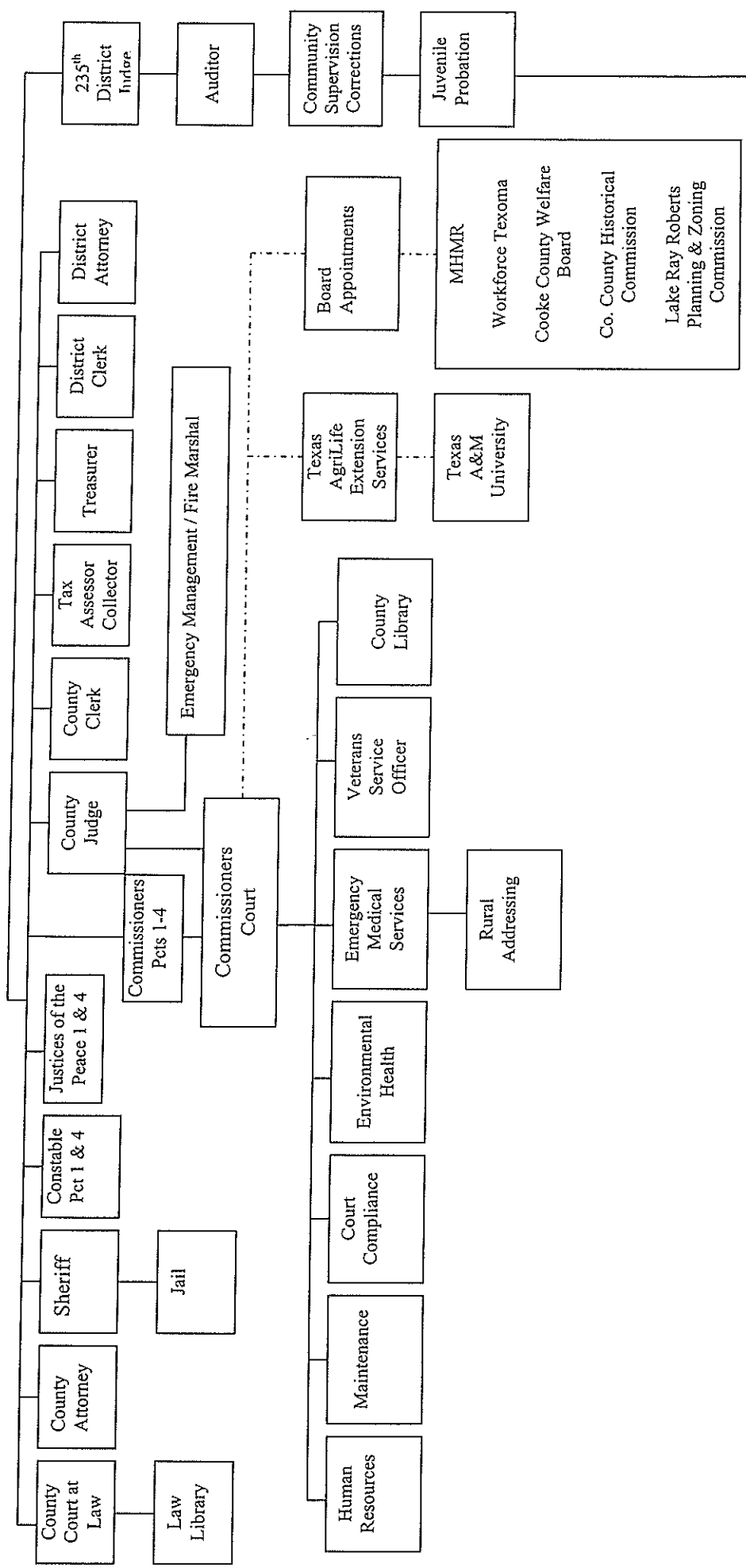
Shelly Atteberry
Cooke County Auditor

COOKE COUNTY, TEXAS

ELECTED OFFICIALS AND APPOINTED DEPARTMENT HEADS

County Judge	Bill M. Freeman
Commissioner Pct. 1	Gary Hollowell
Commissioner Pct. 2	Stephen Key
Commissioner Pct. 3	Al Smith
Commissioner Pct. 4	Virgil Hess
County Attorney	Tonya Davis
County Auditor	Shelly Saunders
County Clerk	Rebecca Lawson
County Court at Law Judge	John Morris
District Clerk	Patricia Payne
Justice of Peace Pct. 1	Dorthy Lewis
Justice of Peace Pct. 4	John Roane
Sheriff	Michael E. Compton
Tax Assessor-Collector	Billie J. Knight
Treasurer	Judy Hunter
District Attorney	Cindy Stormer
District Judge	Janelle Haverkamp
Environmental Health	Laura Blanton
Librarian	Jennifer Johnson-Spence
Veterans Service Officer	Judson Perry
EMS Administrator	Bobby Harbin
Constable Pct. 1	Terry Gilbert
Constable Pct. 4	Anthony Ward

Cooke County, Texas Organizational Chart 2008



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

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cooke County, Texas, (the "County") as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cooke County, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2008, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2009, on our consideration of Cooke County, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary information on pages 3 through 10 and 36 through 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the basic financial statements of the County. The combining fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Paxillo, Brown & Hill, LLP

November 5, 2009

**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, 2008. We encourage readers to consider the information presented here in conjunction with the independent auditors' report on page 1 and the County's basic financial statements that begin on page 11.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the fiscal year ended September 30, 2008, by \$25,547,711 (net assets), an increase of \$4,149,004 (21.66%) over the previous year. Of this amount, \$15,777,201 (unrestricted net assets) may be used to meet the County's ongoing obligations.
- As of September 30, 2008, the County's governmental funds reported combined ending fund balances of \$16,033,599. Approximately 93.99% of this total amount, \$15,069,538, is available for spending at the County's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved fund balance in the General Fund was \$8,814,704 or 68.50% of total expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

The *Statement of Activities* presents information showing how the County's net assets 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.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The County has no business-type activities and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 11 – 12 of this report.

Fund Financial Statements

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

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

All of the funds of the County can be divided into three categories: governmental funds, proprietary 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 statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 33 governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the general fund, interest and sinking fund, and the jail construction fund, all of which are considered to be major funds. Data from the other 32 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 these budgets. The basic governmental fund financial statements can be found on pages 13 – 16 of this report.

- **Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The statement of fiduciary net assets can be found on page 17 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements on pages 18 – 35 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 36 – 37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$25,547,711 as of September 30, 2008, an increase of \$4,149,004 as compared with the previous fiscal year. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, is \$15,777,201 at September 30, 2008, an increase of \$2,667,866 from the prior year unrestricted net assets of \$13,109,335.

The following table reflects the condensed Statement of Net Assets:

COOKE COUNTY'S NET ASSETS

	Governmental Activities	
	2008	2007
Current and other assets	\$ 18,274,362	\$ 15,924,513
Capital assets	<u>18,169,114</u>	<u>14,378,085</u>
Total assets	<u>36,443,476</u>	<u>30,302,598</u>
Long-term liabilities	9,683,031	9,695,000
Other liabilities	<u>1,212,734</u>	<u>1,453,271</u>
Total liabilities	<u>10,895,765</u>	<u>11,148,271</u>
Net assets:		
Invested in capital assets, net of related debt	9,190,271	4,683,085
Restricted	580,239	1,361,907
Unrestricted	<u>15,777,201</u>	<u>13,109,335</u>
Total net assets	<u>\$ 25,547,711</u>	<u>\$ 19,154,327</u>

Investment in capital assets (i.e. land, buildings, furniture, and equipment) less any related debt used to acquire those assets that are still outstanding is \$9,190,271, an increase of 96.24% over the prior fiscal year balance of \$4,683,085. This represents a significant portion (35.97%) of the County's net assets. 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 assets (2.27%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$15,777,201 (61.76%) 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 the result of having *long-term commitments* that are less than currently available resources.

COOKE COUNTY, TEXAS' CHANGES IN NET ASSETS

	Governmental Activities	
	2008	2007
Revenues:		
Program revenues:		
Charges for services	\$ 5,389,614	\$ 5,380,635
Operating grants and contributions	393,723	944,175
Capital grants and contributions	616,875	-
General revenues:		
Property taxes	11,616,214	10,865,621
Other taxes	2,892,087	2,225,672
Investment earnings	565,831	723,598
Miscellaneous	211,846	159,443
Total revenues	<u>21,686,190</u>	<u>20,299,144</u>
Expenses:		
General government	3,383,724	3,537,435
Health and safety	2,426,074	2,595,567
Education	125,755	124,241
Culture and recreation	419,850	376,113
Welfare	38,072	181,218
Judicial	7,172,369	7,307,881
Transportation	3,520,495	3,089,979
Interest on long-term debt	450,847	450,506
Total expenses	<u>17,537,186</u>	<u>17,662,940</u>
Change in net assets	4,149,004	2,636,204
Net assets, beginning	19,154,327	16,518,123
Prior period adjustment	<u>2,244,380</u>	<u>-</u>
Net assets, ending	<u>\$ 25,547,711</u>	<u>\$ 19,154,327</u>

Government Activities

The County's total net assets increased by \$4,149,004 (21.66%) in comparison with the prior fiscal year's increase of \$2,636,204. The total cost of all governmental activities this year was \$17,537,186, a decrease of 0.71% over the prior fiscal year. The amount that our taxpayers paid for these activities through property taxes was \$11,616,214 or 66.24% of total governmental expenditures. The next largest segment of revenues came from charges for services, which accounted for \$5,389,614 or 30.73% of total governmental expenditures.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

The focus on Cooke County's governmental funds 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, unreserved 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 \$16,033,599, an increase of \$2,332,876 (17.04%) in comparison with the prior year. Approximately 93.99%, or \$15,069,538 of this total fund balance constitutes unrestricted fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed to pay debt service (\$597,904) and use the funds to construct a new jail facility (\$366,157).

The General Fund is the chief operating fund of Cooke County. At the end of the current fiscal year, unreserved and total fund balance of the General Fund was \$8,814,704, an increase of \$2,315,643 over the prior year. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. At September 30, 2008, unreserved fund balance represents 68.50% of the total General Fund expenditures.

The fund balance of the County's General Fund increased by \$2,315,643 during the current fiscal year. Key factors in this growth are as follows:

- An increase in sales tax and other local taxes of \$1,261,518;
- Intergovernmental revenues increased \$103,017;
- An increase in fines and fees of \$292,865; and
- Miscellaneous increased \$59,851.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were limited to a total increase in appropriations of \$124,292 and consisted of the following items that are briefly summarized as follows:

- \$35,650 increase in the Sheriff's office;
- \$33,098 decrease in jail operations;
- \$177,326 decrease in miscellaneous;
- \$24,169 increase in County Clerk;
- \$98,007 increase in capital outlay;
- \$72,093 increase in emergency management;

- \$56,510 increase in EMS;
- \$10,004 increase in Fire Marshal;
- \$3,058 increase in Justice of the Peace 1;
- \$35,255 increase in District Attorney.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Cooke County's investment in capital assets for its governmental type activities as of September 30, 2008, amounts to \$18,169,114 (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 following:

- \$428,791 spent on equipment for the general government, EMS, and the Sheriff's office.

COOKE COUNTY'S CAPITAL ASSETS

	Governmental Activities	
	2008	2007
Land	\$ 392,108	\$ -
Buildings and improvements	8,505,989	19,356,235
Machinery and equipment	7,004,593	6,182,917
Infrastructure	1,561,164	-
Construction in progress	12,170,234	-
Accumulated depreciation	(11,464,974)	(11,161,067)
Total capital assets	\$ 18,169,114	\$ 14,378,085

Additional information regarding the County's capital assets can be found in the notes on pages 27 – 28 of this report.

COOKE COUNTY'S OUTSTANDING DEBT AT YEAR-END

	Governmental Activities	
	2008	2007
General obligations	\$ 9,345,000	\$ 9,695,000
	\$ 9,345,000	\$ 9,695,000

Long-term Debt. At year-end, the County had \$9,345,000 in bonds outstanding versus \$9,965,000 at September 30, 2007. More detailed information about the County's long-term liabilities is presented in the notes to the financial statements on pages 29 – 30.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cooke County's elected officials considered many factors when setting the fiscal year 2009 budget and tax rates. The County authorized a maintenance and operations tax rate of \$0.4149 as compared with the fiscal year 2007-08 rate of \$0.4377. However, in fiscal year 2007-08, the interest and sinking rate was \$0.390, while for fiscal year 2008-09, the interest and sinking tax rate will be \$0.0350, making the County's total tax rate, including \$0.0001 for lateral road, \$0.4500 for 2008-09 as compared with a total tax rate of \$0.4768 for fiscal year 2007-08.

The County's 2008-09 budget projects an increase in General Fund revenues of \$919,469 (7%) and an increase in General Fund expenditures of \$3,138,297 (19%).

REQUESTS FOR INFORMATION

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

**BASIC
FINANCIAL STATEMENTS**

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COOKE COUNTY, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2008

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 16,399,144
Receivables (net of allowance for uncollectibles)	<u>1,866,445</u>
Total current assets	<u>18,265,589</u>
Noncurrent assets:	
Bond issuance costs	8,773
Capital assets:	
Non-depreciable	12,562,342
Depreciable	<u>5,606,772</u>
Total capital assets, net of accumulated depreciation	<u>18,169,114</u>
Total noncurrent assets	<u>18,177,887</u>
Total assets	<u>36,443,476</u>
LIABILITIES	
Current liabilities:	
Accounts payable	612,836
Accrued liabilities	384,936
Due to others	71,143
Unearned revenue	89,482
Interest payable	<u>54,337</u>
Total current liabilities	<u>1,212,734</u>
Noncurrent liabilities:	
Due within one year	447,606
Due in more than one year	<u>9,235,425</u>
Total noncurrent liabilities	<u>9,683,031</u>
Total liabilities	<u>10,895,765</u>
NET ASSETS	
Invested in capital assets, net of related debt	9,190,271
Restricted for debt service	580,239
Unrestricted	<u>15,777,201</u>
Total net assets	<u>\$ 25,547,711</u>

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

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COOKE COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government					
Governmental activities:					
General government	\$ 3,383,724	\$ 1,161,991	\$ 48,006	\$ 30,260	\$(2,143,467)
Health and safety	2,426,074	1,594,681	58,149	-	(773,244)
Education	125,755	-	-	-	(125,755)
Culture and recreation	419,850	-	18,797	-	(401,053)
Welfare	38,072	-	-	-	(38,072)
Judicial	7,172,369	1,472,611	233,342	-	(5,466,416)
Transportation	3,520,495	1,160,331	35,429	586,615	(1,738,120)
Interest on long-term debt	450,847	-	-	-	(450,847)
Total governmental activities	<u>17,537,186</u>	<u>5,389,614</u>	<u>393,723</u>	<u>616,875</u>	<u>(11,136,974)</u>
Total primary government	<u>\$ 17,537,186</u>	<u>\$ 5,389,614</u>	<u>\$ 393,723</u>	<u>\$ 616,875</u>	<u>(11,136,974)</u>
General revenues:					
Taxes:					
Property taxes					11,616,214
Sales taxes					2,829,012
Other taxes					63,075
Investment income					565,831
Gain on sale of assets					21,777
Miscellaneous					<u>190,069</u>
Total general revenues					<u>15,285,978</u>
Change in net assets					4,149,004
Net assets - beginning					19,154,327
Prior period adjustment					<u>2,244,380</u>
Net assets - ending					<u>\$ 25,547,711</u>

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

COOKE COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

AS OF SEPTEMBER 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 8,700,266	\$ 7,698,878	\$ 16,399,144
Receivables (net of allowances for uncollectibles)			
Taxes	893,121	200,602	1,093,723
Accounts	588,713	12,328	601,041
Intergovernmental	<u>163,806</u>	<u>7,875</u>	<u>171,681</u>
Total assets	\$ <u>10,345,906</u>	\$ <u>7,919,683</u>	\$ <u>18,265,589</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 276,177	\$ 336,659	\$ 612,836
Accrued liabilities	343,939	40,997	384,936
Due to others	1,964	69,179	71,143
Deferred revenue	<u>909,122</u>	<u>253,953</u>	<u>1,163,075</u>
Total liabilities	<u>1,531,202</u>	<u>700,788</u>	<u>2,231,990</u>
Fund balances:			
Reserved for:			
Reserved for construction	-	366,157	366,157
Reserved for debt service	-	597,904	597,904
Unreserved, undesignated, reported in:			
General fund	8,814,704	-	8,814,704
Special revenue funds	<u>-</u>	<u>6,254,834</u>	<u>6,254,834</u>
Total fund balances	<u>8,814,704</u>	<u>7,218,895</u>	<u>16,033,599</u>
Total liabilities and fund balances	\$ <u>10,345,906</u>	\$ <u>7,919,683</u>	\$ <u>18,265,589</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 ASSETS

AS OF SEPTEMBER 30, 2008

Total fund balances - governmental funds balance sheet \$ 16,033,599

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

Taxes and other receivables that are not available to pay for current period expenditures and therefore are deferred in the governmental funds. 1,073,593

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet, net of accumulated depreciation of \$11,464,974. 18,169,114

Interest payable on long-term does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet. (54,337)

Certificates of obligation and bonds payable are not reported as liabilities in the governmental fund balance sheet. This amount represents total noncurrent liabilities related to governmental activities. (9,345,000)

Bond issuance costs related to the certificates of obligation. 8,773

Compensated absences are not reported as liabilities in the governmental fund balance sheet. (338,031)

Net assets of governmental activities \$ 25,547,711

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

COOKE COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
REVENUES			
Taxes			
Ad valorem taxes	\$ 7,906,445	\$ 3,898,890	\$ 11,805,335
Sales taxes	2,829,012	-	2,829,012
Other	63,075	-	63,075
Intergovernmental	389,030	729,305	1,118,335
License and permits	-	925,958	925,958
Fines and fees	3,583,725	505,997	4,089,722
Investment earnings	283,684	284,012	567,696
Miscellaneous	<u>110,551</u>	<u>107,543</u>	<u>218,094</u>
Total revenues	<u>15,165,522</u>	<u>6,451,705</u>	<u>21,617,227</u>
EXPENDITURES			
Current:			
General government	2,988,626	239,496	3,228,122
Health and safety	2,270,660	-	2,270,660
Education	125,755	-	125,755
Culture and recreation	346,406	63,908	410,314
Welfare	37,869	-	37,869
Judicial	6,672,838	244,213	6,917,051
Transportation	-	3,453,946	3,453,946
Capital outlay	425,861	1,660,409	2,086,270
Debt service:			
Principal	-	350,000	350,000
Interest and fiscal charges	<u>-</u>	<u>441,047</u>	<u>441,047</u>
Total expenditures	<u>12,868,015</u>	<u>6,453,019</u>	<u>19,321,034</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,297,507</u>	<u>(1,314)</u>	<u>2,296,193</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	12,203	37,806	50,009
Transfers out	-	(50,009)	(50,009)
Proceeds from sale of assets	<u>5,933</u>	<u>30,750</u>	<u>36,683</u>
Total other financing sources and uses	<u>18,136</u>	<u>18,547</u>	<u>36,683</u>
NET CHANGE IN FUND BALANCES	2,315,643	17,233	2,332,876
FUND BALANCES, BEGINNING	6,478,397	7,211,661	13,690,058
PRIOR PERIOD ADJUSTMENT	<u>20,664</u>	<u>(9,999)</u>	<u>10,665</u>
FUND BALANCES, ENDING	<u>\$ 8,814,704</u>	<u>\$ 7,218,895</u>	<u>\$ 16,033,599</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, 2008

Net change in fund balances - total governmental funds	\$ 2,332,876
Amounts reported for governmental activities in the Statement of Activities are different	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the government-wide statement of net assets in the current period.	2,386,659
Depreciation expense on capital assets reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(829,345)
Compensated absences are accrued on the government-wide statement of net assets, but do not require the use of current financial resources. The current period change in compensated absences is reported in the government-wide statement of activities and change in net assets. This is the current period net increase in compensated absences not reported as expenditures in governmental funds.	(128,572)
Accrued interest expense on long-term debt is reported in the government-wide financial statements but not governmental funds as it does not require the use of current financial resources; therefore, this is the current period change in accrued interest expense.	(9,215)
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. There was no debt issued during the current fiscal year. This amount represents current period debt payments.	350,000
Bond issuance costs are amortized over the life of the bond in the government-wide statement of net assets.	(585)
Some revenues in the statement of activities do not provide current financial resources, and therefore, are not reported as revenues in governmental funds.	<u>47,186</u>
Change in net assets of governmental activities	\$ <u>4,149,004</u>

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

COOKE COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2008

ASSETS

Cash and investments	\$ <u>1,132,603</u>
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LIABILITIES

Deposits held for others	\$ <u>1,132,603</u>
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The accompanying notes are an integral part of these financial statements.

COOKE COUNTY, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

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, accountability or with which the County has a special financial relationship. The County has no component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the fiduciary fund financial statements. 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.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County has 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 required to be accounted for in another fund.

Additionally, the County reports the following fund type:

Special Revenue Funds are used to account for specific revenue sources (other than for capital projects) that are legally restricted to expenditures for specified purposes. These legal restrictions can come from outside the County or from Commissioners' Court.

Agency 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. Agency Funds are custodial in nature and do not include measurements of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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 various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, government securities, mutual funds, repurchase agreements, and the Texas Local Government Investment Pool.

State statutes authorize the County to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on 2007 historical collection rates receivable allowance for uncollectibles. The property tax receivable allowance is equal to 4 percent of current year tax levy at September 30, 2008. The County has contracted with a law firm to aggressively collect these delinquent property taxes.

Property taxes are levied on October 1 and attach as an enforceable lien on property as of January 1. Statements are mailed on October 1, or as soon thereafter as possible, and are due upon receipt. All unpaid taxes become delinquent if not paid before February 1 of the following year.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, dams and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

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

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Governmental funds report a liability for compensated absences only in connection with terminated employee; therefore, no liability is recorded for accumulated leave.

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

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

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

- Sick 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.

(continued)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets 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 assets are 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.

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, some Special Revenue Funds and the Debt Service Fund on the modified accrual basis of accounting. Budgets were not adopted for Probate Judge Fund, Seizure Law Enforcement Fund, Flood Damage Fund, or Court Reporter Fund. 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 funds. 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 fund 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 following budget amendments were significant:

	<u>Increase (Decrease)</u>
General Fund	
General government	\$(174,831)
Health and safety	139,133
Judicial	61,957
Capital outlay	98,007

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); (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with a third party selected or approved the County, and placed through a primary government securities dealer.

Following are the County's investments at September 30, 2008:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ <u>14,725,473</u>	45
Total investments	\$ <u>14,725,473</u>	45

Investment pools are not categorized as to investment risk since specific securities relating to the government cannot be identified. Investments in 2a7-like pools are valued based upon the value of pool shares. TexPool is a 2a7-like pool. No investments are reported at amortized cost.

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool.

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, 2008, \$2,682,009 of the County's \$3,087,667 deposit balance was collateralized with securities held by the pledging financial institution. \$6,987 of the County's deposit balance was not covered by either pledged securities of FDIC insurance. The remaining balance of \$398,671 was covered by FDIC insurance.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash and Investments (Continued)

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 by at least one nationally recognized rating service. The County's investments as of September 30, 2008, were rated as follows:

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

B. Receivables and Deferred Revenues

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

	<u>Governmental Funds</u>		
	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$ 983,415	\$ 240,306	\$ 1,223,721
Adjudicated fines	3,538,759	-	3,538,759
Ambulance	5,564,684	-	5,564,684
Accounts	27,286	12,278	39,564
Intergovernmental	<u>163,806</u>	<u>7,875</u>	<u>171,681</u>
Gross receivables	10,277,950	260,459	10,538,409
Less: allowance for uncollectibles	<u>(8,632,310)</u>	<u>(39,704)</u>	<u>(8,672,014)</u>
Net total receivables	<u>\$ 1,645,640</u>	<u>\$ 220,755</u>	<u>\$ 1,866,395</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables and Deferred Revenues (Continued)

	<u>Unavailable</u>	<u>Unearned</u>
General fund:		
Delinquent property taxes receivable	\$ 347,695	\$ -
Adjudicated fines receivable	176,938	-
Ambulance receivable	<u>384,489</u>	<u>-</u>
Total general fund	<u>909,122</u>	<u>-</u>
Other governmental funds:		
Delinquent property taxes receivable	164,471	
Unearned grant revenue	<u>-</u>	<u>89,482</u>
Total other governmental funds	<u>164,471</u>	<u>89,482</u>
Total governmental funds	<u>\$ 1,073,593</u>	<u>\$ 89,482</u>

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 2007 tax rate allocated to each fund:

	<u>Rate Per \$100</u>
General Fund	\$ 0.31770
Permanent improvements	0.01500
Road and bridge fund	0.10500
FM and lateral roads	0.00010
Interest and sinking	<u>0.03900</u>
	<u>\$ 0.47680</u>

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables and Deferred Revenues (Continued)

Property Tax Calendar, Collections and Delinquencies

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.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Grant revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements.

C. Capital Assets

Capital assets are recorded at cost or, if donated, at fair value at the date of receipt. In accordance with GASB 34, depreciation policies were adopted to include useful lives and classification by function. Infrastructure assets are valued in two ways: either actual historical cost where the amount can be determined from existing records or using current cost deflated to the year of construction. Once the historical cost is determined, regardless of how it is determined, the asset is then depreciated over its useful life.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Capital asset activity for the year ended September 30, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Prior Period Adjustment	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ -	\$ 16,878	\$ -	\$ 375,230	\$ 392,108
Construction in progress	-	704,958	-	11,465,276	12,170,234
Total assets not being depreciated	-	721,836	-	11,840,506	12,562,342
Capital assets, being depreciated:					
Buildings and improvements	19,356,235	353,666	-	(11,203,912)	8,505,989
Infrastructure	-	377,055	-	1,184,109	1,561,164
Machinery and equipment	6,182,917	949,008	(117,785)	(9,547)	7,004,593
Total capital assets being depreciated	25,539,152	1,679,729	(117,785)	(10,029,350)	17,071,746
Less accumulated depreciation:					
Buildings and improvements	6,620,147	96,067	-	(526,844)	6,189,370
Infrastructure	-	39,029	-	67,078	106,107
Machinery and equipment	4,540,920	694,249	(102,879)	37,207	5,169,497
Total accumulated depreciation	11,161,067	829,345	(102,879)	(422,559)	11,464,974
Total capital assets being depreciated, net	14,378,085	850,384	(14,906)	(9,606,791)	5,606,772
Governmental activities capital assets, net	\$ 14,378,085	\$ 1,572,220	\$(14,906)	\$ 2,233,715	\$ 18,169,114

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

Governmental activities:	
General government	\$ 146,275
Health and safety	135,809
Culture and recreation	6,853
Judicial	178,646
Transportation	361,762
Total depreciation expense - governmental activities	\$ 829,345

D. Interfund Transfers

The following schedule briefly summarizes the County's transfer activity:

Transfers in	Transfers out	Amount
General	Nonmajor governmental	\$ 12,203
		\$ 12,203

Transfers are used to move unrestricted revenues collected in Special Revenue Funds to the General Fund.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Operating Leases

The County is committed under various leases for office equipment (i.e., copiers and postage machine). These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended September 30, 2008, amounted to \$32,366. Future minimum lease payments for these leases are as follows:

<u>Year Ending September 30,</u>	<u>Lease Obligation</u>
2009	\$ 36,071
2010	35,120
2011	31,533
2012	17,240
2013	<u>3,029</u>
Totals	<u>\$ 122,993</u>

F. Long-term Liabilities

The County issues general obligation bonds to finance major capital projects. General obligations debt, certificates of obligation and contractual obligations are generally payable from property tax revenues. All other obligations, including capital leases and compensated absences, are payable from revenues of the General Fund.

General Obligation Bonds

The County periodically sells issues of general obligation bonds. Detailed information on outstanding certificates of obligation follows:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Due Within One Year</u>
\$10,500,000 General Obligation Bonds, Series 2004	07/15/2004	3.0% - 5.5%	\$ 9,345,000	\$ 380,000

The County issued general obligation bonds in the amount of \$10,500,000 to provide funds for the construction of and acquisition of equipment for a new jail facility. The bonds, dated July 15, 2004, were issued as Cooke County, Texas, General Obligation Bonds, Series 2004. Interest on the bonds is payable at rates from 3.0% to 5.5% and is due February 15 and August 15 of each year to maturity. Principal is payable February 15 of each year commencing February 15, 2005, with a final payment February 15, 2024.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term Liabilities (Continued)

General Obligation Bonds (Continued)

The annual debt service requirements for general obligation bonds outstanding, as of September 30, 2008, are as follows:

Fiscal Year Ending September 30,	General Obligation Bonds		
	Principal	Interest	Total
2009	\$ 380,000	\$ 428,042	\$ 808,042
2010	405,000	414,305	819,305
2011	430,000	399,155	829,155
2012	455,000	381,993	836,993
2013	485,000	363,192	848,192
2014-2018	2,800,000	1,484,887	4,284,887
2019-2023	3,555,000	736,712	4,291,712
2024	<u>835,000</u>	<u>22,963</u>	<u>857,963</u>
Total	\$ <u>9,345,000</u>	\$ <u>4,231,249</u>	\$ <u>13,576,249</u>

Changes in Long-term Liabilities

The following is a summary of long-term debt activity for the fiscal year ended September 30, 2008:

Description	Amounts Outstanding September 30, 2007	Issued	Retired	Amounts Outstanding September 30, 2008	Due Within One Year
General obligation bonds	\$ 9,695,000	\$ -	\$ 350,000	\$ 9,345,000	\$ 380,000
Compensated absences	<u>209,459</u>	<u>784,540</u>	<u>655,968</u>	<u>338,031</u>	<u>67,606</u>
	\$ <u>9,904,459</u>	\$ <u>784,540</u>	\$ <u>1,005,968</u>	\$ <u>9,683,031</u>	\$ <u>447,606</u>

Compensated absences are generally liquidated by the General Fund and Special Revenue Funds.

(continued)

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Prior Period Adjustments

In the governmental funds financial statements, an adjustment was made to defer revenue related to the ambulance receivable that was not collected within 60 days of year-end. This adjustment decreased beginning fund balance in the General Fund by \$186,885.

In the governmental funds financial statements, an adjustment was made to recognize grant revenues in the General Fund and Road and Bridge funds in the prior year. This adjustment increased beginning fund balance in the General Fund by \$14,936 and increased beginning fund balance in the Road and Bridge Funds by \$227,915, collectively.

In the governmental funds financial statements, an adjustment was made to recognize sales tax revenue earned and collected within 60 days of year-end and in the prior year. This adjustment increased beginning fund balance in the General Fund by \$192,613.

Additionally, certain Special Revenue Funds were reported as a part of the County's financial, but the County is providing accounting services to these entities. Therefore, the funds were reclassified as agency funds. This reclassification decreased other governmental fund balance in the amount of \$237,914.

In the government-wide financial statements, there was an adjustment made to increase the beginning net assets in governmental activities by \$2,233,715 to add infrastructure assets and their accumulated depreciation, land assets and construction in progress previously expensed when they should have been capitalized.

The net effect of all these adjustments to beginning net assets in the government-wide financial statements is an increase of \$2,244,380.

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended September 30, 2008, the County carried insurance through various commercial carriers, including the Texas Association of Counties, to cover all risks of losses. The County has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

B. Contingent Liabilities and Commitments

Litigation

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

(continued)

IV. OTHER INFORMATION (Continued)

C. Retirement Plan

Plan Description

The County provides retirement, disability, and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan in the statewide Texas County and district Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 574 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the Commissioners' Court within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and County-financed monetary credits. The level of these credits is adopted by the Commissioners' Court of the County within the actuarial constraints imposed by the TCDRS Act to that the resulting benefits can be expected to be adequately financed by the County's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the County-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

The employer has elected the annually determined contribution rate (Variable Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 8.49% for the months of the accounting year in 2008, and 7.82% for the months of the accounting year in 2007.

The deposit rate payable by the employee members for calendar year 2008 is the rate of 7%, as adopted by the governing body of the employer. The employee deposit rate and the employer deposit rate may be changed by the Commissioners' Court of the County within the options available in the TCDRS Act.

(continued)

IV. OTHER INFORMATION (Continued)

C. Retirement Plan (Continued)

Annual Pension Cost

For the employer's accounting year ended September 30, 2008, the annual pension cost for the TCDRS plan for its employees was \$674,900, and the actual contributions were \$674,900. The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2006 and December 31, 2005, the basis for determining the contribution rates for calendar years 2008 and 2007. The December 31, 2007, actuarial valuation is the most recent valuation.

Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/05	12/31/06	12/31/07
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, open	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	20	15	15
Asset valuation method	long-term appreciation with adjustment	SAF: 10-yr smoothed value ESF: Fund Value	SAF: 10-yr smoothed value ESF: Fund Value
Actuarial Assumptions:			
Investment return	8.00%	8.00%	8.00%
Projected salary increases	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

Trend Information for the Retirement Plan for the Employees of Cooke County

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/06	\$ 448,908	100%	\$ -
09/30/07	572,014	100%	-
09/30/08	674,900	100%	-

(continued)

IV. OTHER INFORMATION (Continued)

C. Retirement Plan (Continued)

Annual Pension Cost (Continued)

Schedule of Funding Progress for the Retirement Plan For the Employees of Cooke County

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2005	\$ 9,811,797	\$ 11,346,022	\$ 1,534,225	86.48%	\$ 6,368,006	24.09%
2006	11,168,779	12,843,163	1,674,384	86.96%	7,165,241	23.37%
2007	12,686,810	14,373,319	1,686,509	88.27%	7,496,821	22.50%

- 1) The annual covered payroll is based on the employee contributions received by TCDRS for the year ended with the valuation date.
- 2) Revised economic and demographic assumptions due to an experience review were reflected in this valuation.

D. Other Post-retirement Health Care Benefits

The County provides certain health care and life insurance benefits, under county policy, for all active employees upon retirement that meet one of the following requirements: age 60 with 20 or more years of service or at age 55 with 25 or more years of service.

A retiree may choose to receive health care coverage through the County's insurance plan if retiring between the ages of 55 to 60 with 25 or 20 years of services respectively or the retiree may choose to obtain coverage through the CountyChoice Silver plan offered by Texas Association of Counties if retiring at age 55 to 60 until the retiree becomes Medicare eligible. As noted, it is the retiree's option to choose either based upon age and other qualifying requirements when retirement occurs. The retiree is free to choose an independent plan for coverage. The County pays the premium 100% until the retiree becomes Medicare eligible. Paid retirement benefits have been offered to qualified retirees since fiscal year 2003.

Expenses for post-retirement health care benefits are recognized on a pay-as-you-go basis. During the year, post-retirement health care benefits paid by the County were \$15,646.

In June 2004, the GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. GASB 45 requires employer governments to account for and report the annual cost of other postemployment benefits in the same manner as they do pensions. This statement is effective for the County's financial statements for the fiscal year ending September 30, 2010.

(continued)

IV. OTHER INFORMATION (Continued)

D. Other Post-retirement Health Care Benefits (Continued)

The County contracted with an actuarial firm to value the postemployment medical plan. Results of the valuations are as follows:

Actuarial Accrued Liability (AAL)	\$ 1,891,628
Annual Required Contribution (ARC)	192,948
Amortization Period	30 years

The most recent actuarial evaluation of the plan was made as of October 1, 2007. The projected unit credit, level percent of payroll actuarial cost method has been used to calculate the annual required contributions for this plan. The actuarial calculations assumed a discount rate of 4.5% and a projected increase in active member payroll of 3.0% per year.

The County's annual employer contributions each year will continue to equal the benefits that are paid on behalf of the retirees and the stipends paid directly to retirees. The County will reflect proper treatment and note disclosure of Health Care Benefits for Retired Employees in accordance with GASB Statement No. 45 beginning with the fiscal year ending September 30, 2010.

**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, 2008

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Ad valorem	\$ 7,497,014	\$ 7,497,014	\$ 7,906,445	\$ 409,431
Sales	2,000,000	2,000,000	2,829,012	829,012
Other	40,000	40,000	63,075	23,075
Intergovernmental	203,000	286,013	389,030	103,017
Fines and fees	3,290,860	3,290,860	3,583,725	292,865
Investment earnings	300,000	300,000	283,684	(16,316)
Miscellaneous	50,200	50,700	110,551	59,851
Total revenues	<u>13,381,074</u>	<u>13,464,587</u>	<u>15,165,522</u>	<u>1,700,935</u>
EXPENDITURES				
Current:				
General government:				
Courthouse	470,224	559,459	496,388	63,071
Auditor	295,057	295,107	245,129	49,978
Tax assessor	296,818	298,064	295,728	2,336
County clerk	292,836	317,005	310,552	6,453
District clerk	248,729	248,833	227,102	21,731
Treasurer	101,795	101,795	93,443	8,352
Rural addressing	68,818	68,844	58,559	10,285
Commissioners' office	2,500	2,500	1,854	646
Human resources	57,783	57,733	42,973	14,760
Election expense	15,000	46,611	46,335	276
Court appointed attorneys	415,000	377,700	325,247	52,453
Tax appraisal district	281,060	280,860	247,097	33,763
Other	1,013,540	729,818	598,219	131,599
Total general government	<u>3,559,160</u>	<u>3,384,329</u>	<u>2,988,626</u>	<u>395,703</u>
Health and safety:				
Environmental health	57,357	57,883	56,349	1,534
Emergency management	67,584	139,677	108,355	31,322
Emergency medical services	2,198,586	2,255,096	2,018,043	237,053
Fire marshal	88,608	98,612	87,913	10,699
Total health and safety	<u>2,412,135</u>	<u>2,551,268</u>	<u>2,270,660</u>	<u>280,608</u>
Education:				
County extension	128,108	128,108	125,755	2,353
Total education	<u>128,108</u>	<u>128,108</u>	<u>125,755</u>	<u>2,353</u>
Culture and recreation:				
Library	272,473	272,473	289,706	(17,233)
Social services	56,700	56,700	56,700	-
Total cultural and recreational	<u>329,173</u>	<u>329,173</u>	<u>346,406</u>	<u>(17,233)</u>
Welfare:				
Child welfare	12,100	12,100	11,616	484
Veterans' service	27,260	27,286	26,253	1,033
Total welfare	<u>39,360</u>	<u>39,386</u>	<u>37,869</u>	<u>1,517</u>

(continued)

COOKE COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current:				
Judicial:				
County judge	\$ 121,609	\$ 122,207	\$ 120,734	\$ 1,473
Sheriff	1,940,003	1,975,653	1,938,459	37,194
Jail operations	2,397,510	2,364,412	2,402,326	(37,914)
County attorney	451,789	453,155	453,155	-
Justice of the peace, 1	170,694	173,752	173,290	462
Justice of the peace, 4	140,811	140,890	144,530	(3,640)
Highway patrol	53,794	53,820	52,568	1,252
District judge	200,986	205,578	205,156	422
District attorney	380,833	416,088	429,688	(13,600)
Jury	113,600	113,600	84,456	29,144
Constable, precinct 1	47,092	47,118	42,726	4,392
Constable, precinct 4	47,092	47,118	45,223	1,895
County court-at-law	325,305	325,491	315,202	10,289
Adult probation	13,429	14,579	21,676	(7,097)
Juvenile probation	175,712	179,470	186,236	(6,766)
Compliance officer	54,144	63,429	56,689	6,740
Game warden	1,000	1,000	724	276
Total judicial	<u>6,635,403</u>	<u>6,697,360</u>	<u>6,672,838</u>	<u>24,522</u>
Capital outlay	<u>328,500</u>	<u>426,507</u>	<u>425,861</u>	<u>646</u>
Total expenditures	<u>13,431,839</u>	<u>13,556,131</u>	<u>12,868,015</u>	<u>688,116</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(50,765)	(91,544)	2,297,507	2,389,051
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	12,203	12,203
Proceeds from sale of capital assets	-	-	5,933	5,933
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>18,136</u>	<u>18,136</u>
NET CHANGE IN FUND BALANCES	(50,765)	(91,544)	2,315,643	2,407,187
FUND BALANCES, BEGINNING	6,478,397	6,478,397	6,478,397	-
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>20,664</u>	<u>20,664</u>
FUND BALANCES, ENDING	<u>\$ 6,427,632</u>	<u>\$ 6,386,853</u>	<u>\$ 8,814,704</u>	<u>\$ 2,427,851</u>

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COMBINING STATEMENTS

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	Special Revenue			
	Texas Juvenile Probation	Intensive Supervision	Jail Commissary	Courthouse Security
ASSETS				
Cash and investments	\$ -	\$ -	\$ 36,176	\$ 156,374
Receivables (net of allowances for uncollectibles)	-	-	-	-
Taxes	-	-	-	-
Accounts	-	-	7,491	4,190
Intergovernmental	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,667</u>	<u>\$ 160,564</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 294	\$ 136
Accrued liabilities	-	-	-	-
Due to others	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>294</u>	<u>136</u>
Fund balances:				
Reserved for construction	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved, undesignated	-	-	43,373	160,428
Total fund balances	<u>-</u>	<u>-</u>	<u>43,373</u>	<u>160,428</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,667</u>	<u>\$ 160,564</u>

Special Revenue							
Records Management	Records Preservation	Permanent Improvement	Law Library	Law Enforcement Education	Farm to Market and Lateral Road	Justice of the Peace Technology	Probate Judge
\$ 203,943	\$ 412,342	\$ 1,051,712	\$ 48,216	\$ 30,418	\$ 839,249	\$ 67,127	\$ 3,135
-	-	22,055	-	-	274	-	-
-	-	-	-	-	-	-	-
-	-	743	-	-	5	-	-
<u>\$ 203,943</u>	<u>\$ 412,342</u>	<u>\$ 1,074,510</u>	<u>\$ 48,216</u>	<u>\$ 30,418</u>	<u>\$ 839,528</u>	<u>\$ 67,127</u>	<u>\$ 3,135</u>
\$ 113	\$ 10,040	\$ 49,622	\$ 694	\$ -	\$ -	\$ 550	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	13,333	-	-	244	-	-
<u>113</u>	<u>10,040</u>	<u>62,955</u>	<u>694</u>	<u>-</u>	<u>244</u>	<u>550</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>203,830</u>	<u>402,302</u>	<u>1,011,555</u>	<u>47,522</u>	<u>30,418</u>	<u>839,284</u>	<u>66,577</u>	<u>3,135</u>
<u>203,830</u>	<u>402,302</u>	<u>1,011,555</u>	<u>47,522</u>	<u>30,418</u>	<u>839,284</u>	<u>66,577</u>	<u>3,135</u>
<u>\$ 203,943</u>	<u>\$ 412,342</u>	<u>\$ 1,074,510</u>	<u>\$ 48,216</u>	<u>\$ 30,418</u>	<u>\$ 839,528</u>	<u>\$ 67,127</u>	<u>\$ 3,135</u>

(continued)

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2008

	Special Revenue			
	Check Collecting	Cooke County Historical	Juvenile Probation Diversion	Adult Probation
ASSETS				
Cash and investments	\$ 20,792	\$ 1,917	\$ 1,360	\$ -
Receivables (net of allowances for uncollectibles)				
Taxes	-	-	-	-
Accounts	-	-	50	-
Intergovernmental	-	-	-	-
Total assets	<u>\$ 20,792</u>	<u>\$ 1,917</u>	<u>\$ 1,410</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 77	\$ -	\$ -	\$ -
Accrued liabilities	946	-	-	-
Due to others	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>1,023</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for construction	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved, undesignated	19,769	1,917	1,410	-
Total fund balances	<u>19,769</u>	<u>1,917</u>	<u>1,410</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 20,792</u>	<u>\$ 1,917</u>	<u>\$ 1,410</u>	<u>\$ -</u>

Special Revenue						
Library	District Attorney Drug Enforcement	Seizure Law Enforcement	Sheriff Drug Enforcement	Flood Damage	Community Corrections	Disaster Relief
\$ 73,683	\$ 9,622	\$ 12,187	\$ 18,279	\$ 17,739	\$ -	\$ 107,855
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 73,683</u>	<u>\$ 9,622</u>	<u>\$ 12,187</u>	<u>\$ 18,279</u>	<u>\$ 17,739</u>	<u>\$ -</u>	<u>\$ 107,855</u>
\$ 15,393	\$ 577	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
1,670	-	-	-	-	-	67,509
-	-	-	-	-	-	-
<u>17,063</u>	<u>577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,509</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>56,620</u>	<u>9,045</u>	<u>12,187</u>	<u>18,279</u>	<u>17,739</u>	<u>-</u>	<u>40,346</u>
<u>56,620</u>	<u>9,045</u>	<u>12,187</u>	<u>18,279</u>	<u>17,739</u>	<u>-</u>	<u>40,346</u>
<u>\$ 73,683</u>	<u>\$ 9,622</u>	<u>\$ 12,187</u>	<u>\$ 18,279</u>	<u>\$ 17,739</u>	<u>\$ -</u>	<u>\$ 107,855</u>

(continued)

COOKE COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2008

	Special Revenue			
	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3	Road and Bridge #4
ASSETS				
Cash and investments	\$ 649,852	\$ 684,405	\$ 974,832	\$ 1,151,038
Receivables (net of allowances for uncollectibles)				
Taxes	34,519	34,519	34,518	34,517
Accounts	-	576	7	14
Intergovernmental	<u>1,299</u>	<u>1,299</u>	<u>1,299</u>	<u>1,299</u>
Total assets	<u>\$ 685,670</u>	<u>\$ 720,799</u>	<u>\$ 1,010,656</u>	<u>\$ 1,186,868</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 60,469	\$ 66,207	\$ 31,107	\$ 57,789
Accrued liabilities	8,958	9,774	8,038	9,198
Due to others	-	-	-	-
Deferred revenue	<u>54,016</u>	<u>92,576</u>	<u>28,556</u>	<u>28,556</u>
Total liabilities	<u>123,443</u>	<u>168,557</u>	<u>67,701</u>	<u>95,543</u>
Fund balances:				
Reserved for construction	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved, undesignated	<u>562,227</u>	<u>552,242</u>	<u>942,955</u>	<u>1,091,325</u>
Total fund balances	<u>562,227</u>	<u>552,242</u>	<u>942,955</u>	<u>1,091,325</u>
Total liabilities and fund balances	<u>\$ 685,670</u>	<u>\$ 720,799</u>	<u>\$ 1,010,656</u>	<u>\$ 1,186,868</u>

Special Revenue					Capital Projects	Total Nonmajor Governmental Funds
Records Archive	Juvenile Probation IV-E	Court Reporter Fund	Chapter 19	Interest and Sinking	Jail Construction	
\$ 66,842	\$ 33,166	\$ 18,473	\$ 5,951	\$ 592,445	\$ 409,748	\$ 7,698,878
-	-	-	-	40,200	-	200,602
-	-	-	-	-	-	12,328
-	-	-	-	1,931	-	7,875
<u>\$ 66,842</u>	<u>\$ 33,166</u>	<u>\$ 18,473</u>	<u>\$ 5,951</u>	<u>\$ 634,576</u>	<u>\$ 409,748</u>	<u>\$ 7,919,683</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,591	\$ 336,659
-	1,304	-	2,779	-	-	40,997
-	-	-	-	-	-	69,179
-	-	-	-	36,672	-	253,953
-	1,304	-	2,779	36,672	43,591	700,788
-	-	-	-	-	366,157	366,157
-	-	-	-	597,904	-	597,904
66,842	31,862	18,473	3,172	-	-	6,254,834
<u>66,842</u>	<u>31,862</u>	<u>18,473</u>	<u>3,172</u>	<u>597,904</u>	<u>366,157</u>	<u>7,218,895</u>
<u>\$ 66,842</u>	<u>\$ 33,166</u>	<u>\$ 18,473</u>	<u>\$ 5,951</u>	<u>\$ 634,576</u>	<u>\$ 409,748</u>	<u>\$ 7,919,683</u>

COOKE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Special Revenue			
	Texas Juvenile Probation	Intensive Supervision	Jail Commissary	Courthouse Security
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	-	-	20,529	45,875
Investment earnings	-	-	1,925	6,080
Miscellaneous	-	-	-	-
Total revenues	-	-	22,454	51,955
EXPENDITURES				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Judicial	-	-	11,012	58,709
Transportation	-	-	-	-
Capital outlay	-	-	-	27,218
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	11,012	85,927
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	11,442	(33,972)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	11,420
Transfers out	-	-	-	(11,037)
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	-	-	-	383
NET CHANGE IN FUND BALANCES	-	-	11,442	(33,589)
FUND BALANCES, BEGINNING	13,766	19,451	31,931	194,017
PRIOR PERIOD ADJUSTMENT	(13,766)	(19,451)	-	-
FUND BALANCES, ENDING	\$ -	\$ -	\$ 43,373	\$ 160,428

Special Revenue							
Records Management	Records Preservation	Permanent Improvement	Law Library	Law Enforcement Education	Farm to Market and Lateral Road	Justice of the Peace Technology	Probate Judge
\$ -	\$ -	\$ 376,444	\$ -	\$ -	\$ 2,518	\$ -	\$ -
-	-	32,227	-	6,926	3,698	-	-
-	-	-	-	-	-	-	-
27,979	117,247	-	19,460	-	-	27,515	460
5,945	12,124	40,776	1,591	658	26,585	2,743	160
-	-	65,453	-	-	-	-	-
<u>33,924</u>	<u>129,371</u>	<u>514,900</u>	<u>21,051</u>	<u>7,584</u>	<u>32,801</u>	<u>30,258</u>	<u>620</u>
549	79,946	152,086	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	8,296	375	-	34,275	-
-	-	-	-	-	43	-	-
-	-	558,043	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>549</u>	<u>79,946</u>	<u>710,129</u>	<u>8,296</u>	<u>375</u>	<u>43</u>	<u>34,275</u>	<u>-</u>
<u>33,375</u>	<u>49,425</u>	<u>(195,229)</u>	<u>12,755</u>	<u>7,209</u>	<u>32,758</u>	<u>(4,017)</u>	<u>620</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>33,375</u>	<u>49,425</u>	<u>(195,229)</u>	<u>12,755</u>	<u>7,209</u>	<u>32,758</u>	<u>(4,017)</u>	<u>620</u>
170,455	352,877	1,206,784	34,767	23,209	806,526	70,594	2,515
-	-	-	-	-	-	-	-
<u>\$ 203,830</u>	<u>\$ 402,302</u>	<u>\$ 1,011,555</u>	<u>\$ 47,522</u>	<u>\$ 30,418</u>	<u>\$ 839,284</u>	<u>\$ 66,577</u>	<u>\$ 3,135</u>

(continued)

COOKE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2008

	Special Revenue			
	Check Collecting	Cooke County Historical	Juvenile Probation Diversion	Adult Probation
REVENUES				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and fees	19,756	-	-	-
Investment earnings	-	37	36	-
Miscellaneous	-	420	1,901	-
Total revenues	<u>19,756</u>	<u>457</u>	<u>1,937</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Judicial	42,175	-	3,070	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>42,175</u>	<u>-</u>	<u>3,070</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(22,419)</u>	<u>457</u>	<u>(1,133)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	826	-	-	-
Transfers out	(13,412)	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources (uses)	<u>(12,586)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(35,005)</u>	<u>457</u>	<u>(1,133)</u>	<u>-</u>
FUND BALANCES, BEGINNING	54,774	1,460	2,543	187,220
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>(187,220)</u>
FUND BALANCES, ENDING	<u>\$ 19,769</u>	<u>\$ 1,917</u>	<u>\$ 1,410</u>	<u>\$ -</u>

Special Revenue

Library	District Attorney Drug Enforcement	Seizure Law Enforcement	Sheriff Drug Enforcement	Flood Damage	Community Corrections	Disaster Relief
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,759	-	-	-	-	-	-
-	-	-	-	-	-	-
-	12,143	13,630	243	-	-	-
4,001	172	-	48	-	-	377
23,024	-	-	-	-	-	-
<u>36,784</u>	<u>12,315</u>	<u>13,630</u>	<u>291</u>	<u>-</u>	<u>-</u>	<u>377</u>
-	-	-	-	-	-	-
63,908	-	-	-	-	-	-
-	7,126	24,286	4,476	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>63,908</u>	<u>7,126</u>	<u>24,286</u>	<u>4,476</u>	<u>-</u>	<u>-</u>	<u>-</u>
(27,124)	<u>5,189</u>	(10,656)	(4,185)	-	-	<u>377</u>
-	-	560	-	-	-	-
-	-	-	(560)	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>560</u>	<u>(560)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(27,124)	5,189	(10,096)	(4,745)	-	-	377
83,744	3,856	22,283	23,024	17,739	17,477	39,969
-	-	-	-	-	(17,477)	-
<u>\$ 56,620</u>	<u>\$ 9,045</u>	<u>\$ 12,187</u>	<u>\$ 18,279</u>	<u>\$ 17,739</u>	<u>\$ -</u>	<u>\$ 40,346</u>

(continued)

COOKE COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

SEPTEMBER 30, 2008

	Special Revenue			
	Road and Bridge #1	Road and Bridge #2	Road and Bridge #3	Road and Bridge #4
REVENUES				
Ad valorem taxes	\$ 639,721	\$ 639,723	\$ 639,721	\$ 639,721
Intergovernmental	93,868	168,984	57,009	322,851
Licenses and permits	231,489	231,489	231,490	231,490
Fines and fees	48,010	48,010	48,010	48,010
Investment earnings	25,467	22,938	30,334	35,442
Miscellaneous	295	16,331	-	94
Total revenues	<u>1,038,850</u>	<u>1,127,475</u>	<u>1,006,564</u>	<u>1,277,608</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Judicial	-	-	-	-
Transportation	919,944	965,343	713,970	854,646
Capital outlay	125,443	86,686	72,563	184,377
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,045,387</u>	<u>1,052,029</u>	<u>786,533</u>	<u>1,039,023</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,537)</u>	<u>75,446</u>	<u>220,031</u>	<u>238,585</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	25,000	-	-
Transfers out	-	-	(25,000)	-
Proceeds from sale of assets	<u>2,002</u>	<u>28,666</u>	<u>30</u>	<u>52</u>
Total other financing sources (uses)	<u>2,002</u>	<u>53,666</u>	<u>(24,970)</u>	<u>52</u>
NET CHANGE IN FUND BALANCES	<u>(4,535)</u>	<u>129,112</u>	<u>195,061</u>	<u>238,637</u>
FUND BALANCES, BEGINNING	<u>531,294</u>	<u>350,325</u>	<u>692,908</u>	<u>788,032</u>
PRIOR PERIOD ADJUSTMENT	<u>35,468</u>	<u>72,805</u>	<u>54,986</u>	<u>64,656</u>
FUND BALANCES, ENDING	<u>\$ 562,227</u>	<u>\$ 552,242</u>	<u>\$ 942,955</u>	<u>\$ 1,091,325</u>

Special Revenue				Capital Projects		Total Nonmajor Governmental Funds
Records Archive	Juvenile Probation IV-E	Court Reporter Fund	Chapter 19	Interest and Sinking	Jail Construction	
\$ -	\$ -	\$ -	\$ -	\$ 961,042	\$ -	\$ 3,898,890
-	10,132	-	3,739	5,112	15,000	729,305
-	-	-	-	-	-	925,958
1,485	-	7,635	-	-	-	505,997
2,241	1,865	426	-	33,401	28,640	284,012
-	-	-	-	-	25	107,543
<u>3,726</u>	<u>11,997</u>	<u>8,061</u>	<u>3,739</u>	<u>999,555</u>	<u>43,665</u>	<u>6,451,705</u>
6,915	-	-	-	-	-	239,496
-	-	-	-	-	-	63,908
-	49,363	-	-	-	1,050	244,213
-	-	-	-	-	-	3,453,946
-	-	-	-	-	606,079	1,660,409
-	-	-	-	350,000	-	350,000
-	-	-	-	441,047	-	441,047
<u>6,915</u>	<u>49,363</u>	<u>-</u>	<u>-</u>	<u>791,047</u>	<u>607,129</u>	<u>6,453,019</u>
(3,189)	(37,366)	8,061	3,739	208,508	(563,464)	(1,314)
-	-	-	-	-	-	37,806
-	-	-	-	-	-	(50,009)
-	-	-	-	-	-	30,750
-	-	-	-	-	-	18,547
(3,189)	(37,366)	8,061	3,739	208,508	(563,464)	17,233
70,031	69,228	10,412	(567)	389,396	929,621	7,211,661
-	-	-	-	-	-	(9,999)
<u>\$ 66,842</u>	<u>\$ 31,862</u>	<u>\$ 18,473</u>	<u>\$ 3,172</u>	<u>\$ 597,904</u>	<u>\$ 366,157</u>	<u>\$ 7,218,895</u>

COOKE COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

SEPTEMBER 30, 2008

	<u>County Clerk</u>	<u>District Clerk</u>	<u>Tax-Assessor Collector</u>	<u>District Attorney</u>
ASSETS				
Cash and investments	\$ <u>16,559</u>	\$ <u>596,922</u>	\$ <u>45,604</u>	\$ <u>16,955</u>
Total assets	\$ <u>16,559</u>	\$ <u>596,922</u>	\$ <u>45,604</u>	\$ <u>16,955</u>
LIABILITIES				
Deposits held for others	\$ <u>16,559</u>	\$ <u>596,922</u>	\$ <u>45,604</u>	\$ <u>16,955</u>
Total liabilities	\$ <u>16,559</u>	\$ <u>596,922</u>	\$ <u>45,604</u>	\$ <u>16,955</u>

<u>Sheriff</u>	<u>County Attorney</u>	<u>Adult Probations</u>	<u>Juvenile Probations</u>	<u>Total Fiduciary Funds</u>
\$ <u>100,088</u>	\$ <u>31,817</u>	\$ <u>273,688</u>	\$ <u>50,970</u>	\$ <u>1,132,603</u>
\$ <u>100,088</u>	\$ <u>31,817</u>	\$ <u>273,688</u>	\$ <u>50,970</u>	\$ <u>1,132,603</u>
\$ <u>100,088</u>	\$ <u>31,817</u>	\$ <u>273,688</u>	\$ <u>50,970</u>	\$ <u>1,132,603</u>
\$ <u>100,088</u>	\$ <u>31,817</u>	\$ <u>273,688</u>	\$ <u>50,970</u>	\$ <u>1,132,603</u>

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