

Financial Report of
COUNTY OF COKE

Robert Lee, Texas

Year Ended September 30, 2013

COUNTY OF COKE
Annual Financial Report
Year Ended September 30, 2013

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FINANCIAL SECTION

Eckert & Company

CERTIFIED PUBLIC ACCOUNTANTS

A Limited Liability Partnership

Michael E. Oliphant, CPA
Calvin Featherston, CPA
Wayne Barr, CPA
Cathryn A. Piltcock, CPA

(325) 944-3571
FAX: (325) 942-1093
www.eckertandcompany.com

Members of
American Institute of CPAs
Texas Society of CPAs

INDEPENDENT AUDITORS' REPORT

The Honorable County Judge
and Commissioners' Court
County of Coke
13 East 7th Street
Robert Lee, TX 76945

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Coke, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Section I., Note C.; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Coke, Texas, as of September 30, 2013, and the respective changes in modified cash-basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Section I., Note C.

The Honorable County Judge
and Commissioners' Court
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Basis of Accounting

We draw attention to Section I., Note C. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress for the TCDRS retirement plan on pages 3 through 6, 24 through 25, and 26, respectively, are presented to supplement the basic financial statements. We have applied certain limited procedures to this information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Coke's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

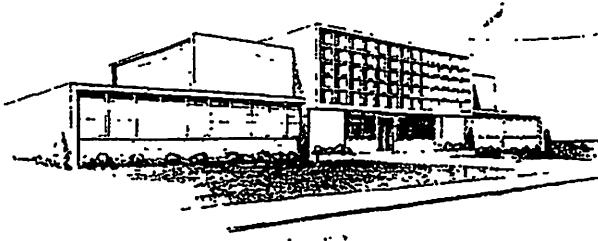
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2014, on our consideration of the County of Coke's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Coke's internal control over financial reporting and compliance.

Eckert & Company, LLP

San Angelo, Texas
January 13, 2014



COKE COUNTY

ROBERT LEE, TEXAS 76945

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the County of Coke's financial performance provides an overview of the County's financial activities for the year ended September 30, 2013, within the limitations of the County's modified cash basis of accounting. It should be read in conjunction with the County's basic financial statements and independent auditors' report.

Financial Highlights - Modified Cash Basis of Accounting

The County's assets exceeded its liabilities at the end of the current year by \$3,792,572 (net position). Of this amount, \$2,890,362 (unrestricted) may be used to meet the County's ongoing obligations.

The County's total net position increased by \$317,238 or 9% as a result of current year operations. The County's statement of activities shows total revenues of \$2,930,965 and total expenses of \$2,613,727.

The total fund balance of the General Fund is \$1,903,540 which is an increase of \$228,133 or 14% compared to the prior year.

Overview of the Financial Statements

The County's financial statements are presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's modified cash basis of accounting.

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of 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.

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 a private-sector business.

The statement of net position presents information on all of the County's assets and liabilities resulting from the use of the modified cash basis of accounting, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the current year while keeping in mind the limitations of the modified cash basis of accounting.

The governmental activities of the County include public transportation through roads and bridges, judicial, public safety, public health and welfare, and culture and recreation, as well as general administrative and support services.

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. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Overview of the Financial Statements - Continued

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 current year.

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 County's near-term financing decisions. Both the governmental fund balance sheet - modified cash basis and the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet - modified cash basis and in the governmental fund statement of revenues, expenditures, and changes in fund balances - modified cash basis for the General Fund and the Road and Bridge Fund, both of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The County adopts a budget for its General Fund and Special Revenue Funds.

Fiduciary Funds - Fiduciary funds are used to account for resources which are collected by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

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.

Government-Wide Financial Analysis

Net Position - A summary of the County's net position is presented below:

NET POSITION - MODIFIED CASH BASIS

	Governmental Activities	
	September 30,	
	2013	2012
Current and Other Assets	\$ 2,890,362	\$ 2,650,799
Capital Assets	902,210	824,535
Total Assets	\$ 3,792,572	\$ 3,475,334
Net Position		
Net Investment in Capital Assets	\$ 902,210	\$ 824,535
Unrestricted	2,890,362	2,650,799
Total Net Position	\$ 3,792,572	\$ 3,475,334

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

Government-Wide Financial Analysis - Continued

A large portion of the County's net position resulting from modified cash basis transactions (\$902,210) reflects the County's investment in capital assets. These assets are not available for future spending. The remaining balance of unrestricted net position (\$2,890,362) may be used to meet the County's ongoing obligations.

Governmental Activities - Governmental activities increased the County's net position resulting from modified cash basis transactions by \$317,238 and \$298,296 for the fiscal years ended September 30, 2013 and 2012, respectively. Key elements of these increases are as follows:

CHANGES IN NET POSITION - MODIFIED CASH BASIS

	Governmental Activities	
	Year Ended September 30,	
	2013	2012
Revenues		
Program Revenues		
Charges for Services	\$ 533,924	\$ 517,967
Operating Grants and Contributions	202,426	174,771
General Revenues		
Maintenance and Operations Taxes	2,093,694	2,053,024
Investment Earnings	18,265	22,500
Other Revenues	82,656	63,172
Total Revenues	<u>\$ 2,930,965</u>	<u>\$ 2,831,434</u>
Expenses		
General Government	\$ 1,043,224	\$ 969,269
Roads and Bridges	496,411	498,695
Justice System	267,844	257,005
Public Safety	468,067	478,814
Public Health and Welfare	124,019	120,814
Culture and Recreation	214,162	208,541
Total Expenses	<u>\$ 2,613,727</u>	<u>\$ 2,533,138</u>
Change in Net Position	\$ 317,238	\$ 298,296
Net Position - Beginning	3,475,334	3,195,374
Prior Period Adjustments	0	(18,336)
Net Position - Ending	<u>\$ 3,792,572</u>	<u>\$ 3,475,334</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**Financial Analysis of the County's Funds**

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the 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. The unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the current year within the limitations of the County's modified cash basis of accounting.

The County's governmental funds reported combined ending fund balances on the modified cash basis of accounting of \$2,890,362, an increase of \$239,563 or 9% in comparison with the prior year. These fund balances are reported in various governmental funds as follows:

General Fund \$1,903,540. All of this balance is unassigned.

Special Revenue Funds \$986,822. All of these balances are committed to special programs.

General Fund Budget

The original budget for the General Fund was \$2,003,323, and the final amended budget was \$2,008,930 which represents a \$5,607 increase in appropriations. None of the variances between the original budget and the final amended budget were significant.

The County has adopted a budget for the General Fund in the amount of \$2,061,127 for the fiscal year 2014, which is an increase of \$52,197 from the fiscal year 2013.

Capital Assets and Debt - Modified Cash Basis

Capital Assets - Financial statement footnote III., C. discloses the County's capital asset activity for the year ended September 30, 2013.

Long-Term Debt - The County had no long-term debt outstanding.

Requests for Information

The financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Roy Blair, County Judge, County of Coke, 13 East 7th Street, Robert Lee, TX 76945.

Basic Financial Statements

COUNTY OF COKE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
SEPTEMBER 30, 2013

	Primary Government
	Governmental Activities
<hr/>	
ASSETS	
Cash and Temporary Investments	\$ 2,836,635
Due from Fiduciary Funds	53,727
Capital Assets:	
Land	15,000
Buildings, net	523,456
Machinery and Equipment, net	363,754
Total Assets	<hr/> 3,792,572
NET POSITION	
Net Investment in Capital Assets	902,210
Unrestricted Net Position	2,890,362
Total Net Position	<hr/> \$ 3,792,572

The notes to the financial statements are an integral part of this statement.

COUNTY OF COKE
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 1,043,224	\$ 90,073	\$ 133,555	\$ (819,596)
Public Safety	468,067	4,884	-	(463,183)
Roads and Bridges	496,411	239,390	12,877	(244,144)
Health and Welfare	124,019	24,639	48,958	(50,422)
Culture and Recreation	214,162	13,803	-	(200,359)
Justice System	267,844	161,135	7,036	(99,673)
TOTAL PRIMARY GOVERNMENT:	<u>\$ 2,613,727</u>	<u>\$ 533,924</u>	<u>\$ 202,426</u>	<u>(1,877,377)</u>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	2,093,694
Miscellaneous Revenue	82,656
Investment Earnings	18,265

Total General Revenues 2,194,615

Change in Net Position 317,238

Net Assets - Beginning 3,475,334

Net Position--Ending \$ 3,792,572

The notes to the financial statements are an integral part of this statement.

COUNTY OF COKE
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General Fund	Major Special Revenue Fund	Other Funds	Total Governmental Funds
ASSETS				
Cash and Temporary Investments	\$ 1,858,142	\$ 836,213	\$ 142,280	\$ 2,836,635
Due from Other Funds	46,013	6,083	2,246	54,342
Total Assets	<u>\$ 1,904,155</u>	<u>\$ 842,296</u>	<u>\$ 144,526</u>	<u>\$ 2,890,977</u>
LIABILITIES				
Due to Other Funds	\$ 615	\$ -	\$ -	\$ 615
Total Liabilities	<u>615</u>	<u>-</u>	<u>-</u>	<u>615</u>
FUND BALANCES				
Committed Fund Balance:				
Other Committed Fund Balance	-	842,296	144,526	986,822
Unassigned Fund Balance	1,903,540	-	-	1,903,540
Total Fund Balances	<u>1,903,540</u>	<u>842,296</u>	<u>144,526</u>	<u>2,890,362</u>
Total Liabilities and Fund Balances	<u>\$ 1,904,155</u>	<u>\$ 842,296</u>	<u>\$ 144,526</u>	<u>\$ 2,890,977</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF COKE
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 SEPTEMBER 30, 2013

Total Fund Balances - Governmental Funds	\$ 2,890,362
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The net effect of including the beginning balances for capital assets (net of depreciation) is to increase (decrease) net position.	824,535
Current year capital outlays are expenditures in the fund financial statements but are shown as increases in capital assets in the government-wide financial statements. The net effect of including capital outlays is to increase (decrease) net position.	232,895
The gross amount received from the disposal of capital assets used in governmental activities is reported in the governmental funds as disposal proceeds. In the government-wide financial statements disposal proceeds are reduced by the remaining depreciable basis of the assets. The net effect of the adjustments is to increase (decrease) net position.	(17,500)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of financial resources. The net effect of the current year's depreciation is to decrease net position.	(137,720)
Net Position of Governmental Activities	\$ 3,792,572

The notes to the financial statements are an integral part of this statement.

COUNTY OF COKE
 STMT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	General Fund	Major Special Revenue Fund	Other Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Property Taxes	\$ 1,584,044	\$ 509,650	\$ -	\$ 2,093,694
Fees	195,956	239,390	29,447	464,793
Intergovernmental Revenue and Grants	179,322	-	23,104	202,426
Fines	69,130	-	-	69,130
Investment Earnings	14,631	3,448	186	18,265
Other Revenue	49,380	12,584	93	62,057
Total Revenues	2,092,463	765,072	52,830	2,910,365
EXPENDITURES:				
Current:				
General Government	817,462	164,864	51,520	1,033,846
Public Safety	466,483	-	-	466,483
Roads and Bridges	-	592,263	10,305	602,568
Health and Welfare	122,552	-	-	122,552
Culture and Recreation	199,609	-	3,000	202,609
Justice System	258,224	-	9,620	267,844
Total Expenditures	1,864,330	757,127	74,445	2,695,902
Excess (Deficiency) of Revenues Over (Under) Expenditures	228,133	7,945	(21,615)	214,463
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	25,100	-	25,100
Total Other Financing Sources (Uses)	-	25,100	-	25,100
Net Change in Fund Balances	228,133	33,045	(21,615)	239,563
Fund Balance - October 1 (Beginning)	1,675,407	809,251	166,141	2,650,799
Fund Balance - September 30 (Ending)	\$ 1,903,540	\$ 842,296	\$ 144,526	\$ 2,890,362

The notes to the financial statements are an integral part of this statement.

COUNTY OF COKE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Total Net Change in Fund Balances - Governmental Funds	\$ 239,563
Current year capital outlays are expenditures in the fund financial statements but are shown as increases in capital assets in the government-wide financial statements. The net effect of removing capital outlays is to increase (decrease) the change in net position.	232,895
The gross amount received from the disposal of capital assets used in governmental activities is reported in the governmental funds as disposal proceeds. In the government-wide financial statements disposal proceeds are reduced by the remaining depreciable basis of the assets. The net effect of the adjustments is to increase (decrease) net position.	(17,500)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(137,720)
Change in Net Position of Governmental Activities	\$ 317,238

The notes to the financial statements are an integral part of this statement.

COUNTY OF COKE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
SEPTEMBER 30, 2013

	Agency Funds
<hr/>	
ASSETS	
Cash and Temporary Investments	\$ 230,607
Total Assets	<u>\$ 230,607</u>
LIABILITIES	
Due to Other Governments	\$ 95,688
Due to Other Funds	53,727
Due to Others	81,192
Total Liabilities	<u>\$ 230,607</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF COKE
Notes to the Financial Statements
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Coke, Texas, prepares its basic financial statements on the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

A. Reporting Entity

The County of Coke, Texas, was organized by an Act of the Texas Legislature in 1889. The County is governed by the Commissioners' Court, a five member group consisting of an elected County Judge and four County Commissioners elected from individual precincts. Services provided by the County include public transportation through roads and bridges, judicial, public safety, public health and welfare, and culture and recreation, as well as general administrative and support services. There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position 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 include programs supported primarily by taxes, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the County and (2) grants and contributions - payments from organizations outside the County that are restricted to meeting the operational or capital requirements of a particular function or segment of the County. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as interfund receivables and payables on the government-wide statement of net position.

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. All remaining governmental funds are aggregated and reported as other funds.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as are the fiduciary fund financial statements.

The fund financial statements are reported using the current financial resources measurement focus as applied to the modified cash basis of accounting.

COUNTY OF COKE
Notes to the Financial Statements - Continued
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting - Continued

Measurement Focus - Continued

Governmental funds utilize a current financial resources measurement focus. Current financial assets and liabilities are generally the only items included on their balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. Fund balance is used to measure available spendable financial resources at the end of the period.

Basis of Accounting

The government-wide financial statements and the fund financial statements are presented using the modified cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position, fund equity, revenues, expenditures, and expenses when they result from cash transactions with a provision for depreciation in the government-wide financial statements. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America.

The use of the modified cash basis of accounting results in certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable, expenses for goods or services received but not yet paid, and accrued expenses and liabilities) not being recorded in these financial statements.

The government reports the following major governmental funds:

General Fund - This Fund is the general operating fund of the County. It is used to account for all revenues except those required to be accounted for in other funds.

Road and Bridge Fund - This Fund is a special revenue fund and is used to account for revenues for the road and bridge precincts.

Additionally, the government reports the following fund type:

Fiduciary Funds - These Funds are used to account for resources which are collected by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, or other County funds.

D. Interfund Receivables and Payables

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net position.

E. Capital Assets

In the government-wide financial statements, capital assets arising from modified cash basis transactions are reported in the statement of net position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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.

COUNTY OF COKE
Notes to the Financial Statements - Continued
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Capital Assets - Continued

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	12-30
Machinery and Equipment	5-10

In the fund financial statements, capital assets arising from modified cash basis transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

F. Compensated Absences

County employees are entitled to vacation and sick leave based on their length of employment. Vacation and sick leave do not accumulate or vest. Employees are not paid for unused vacation or sick leave upon separation from service.

G. Net Position on the Statement of Net Position

Net position on the statement of net position includes the following:

Net Investment in Capital Assets - This component of net position represents capital assets net of accumulated depreciation.

Unrestricted - This is the difference between assets and liabilities that is not reported as Net Investment in Capital Assets.

H. Fund Balances

In the fund financial statements, governmental funds report the following classifications of fund balance:

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Commissioners' Court, the County's highest level of decision making authority. Commitments may be modified or rescinded only through formal action by the Commissioners' Court.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commissioners' Court has provided otherwise in its commitment or assignment actions.

COUNTY OF COKE
Notes to the Financial Statements - Continued
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Property Tax Revenues

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all property located in the County in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

Property taxes are recognized as revenues when they are collected.

J. Interfund Transfers

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget

The County prepares and adopts a budget for governmental funds prior to the beginning of each fiscal year. The County holds public meetings for the purpose of obtaining comments from citizens prior to adopting the budget. Once a budget is approved, it can be amended only by approval of a majority of the members of the Commissioners' Court. The budget was amended during the year.

Budgets for the General Fund and Special Revenue Funds are adopted on a modified cash basis and cover a one-year period. Appropriations lapse at year end.

B. Excess Expenditures Over Appropriations

Expenditures exceeded appropriations during the fiscal year within the following programs:

Road and Bridge Fund
Precinct 1
Precinct 3

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain

COUNTY OF COKE
Notes to the Financial Statements - Continued
September 30, 2013

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

A. Deposits and Investments - Continued

U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits and investments in certificates of deposit may not be returned to it. The County's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The County is not exposed to custodial credit risk for its deposits and investments in certificates of deposit since they are covered by depository insurance and pledged securities held by a third party in the County's name.

Concentration of Credit Risk: The investment policy of the County contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At September 30, 2013, all of the County's investments are in certificates of deposit with its depository bank. The County is not exposed to this risk as described in the preceding paragraph.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At September 30, 2013, the County was not significantly exposed to credit risk.

Interest Rate Risk: The County's investment policy limits its investment portfolio to maturities of one year or less as a means of limiting its exposure to fair value losses arising from fluctuating interest rates.

Foreign Currency Risk: Not applicable

The carrying amount of the County's cash and temporary investments at September 30, 2013, approximates fair value and consisted of the following:

Cash in Bank	\$ 856,752
Certificates of Deposit	<u>2,210,490</u>
Total Cash and Temporary Investments	<u>\$ 3,067,242</u>

COUNTY OF COKE
Notes to the Financial Statements - Continued
September 30, 2013

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

B. Interfund Receivables and Payables

The following is a summary of amounts due from and due to other funds:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund			
Nonmajor Governmental Funds	\$ 0	\$ 615	Current Operations
Fiduciary Funds	46,013	0	Unremitted Fees
	<u>\$ 46,013</u>	<u>\$ 615</u>	
Road and Bridge Fund			
Fiduciary Funds	\$ 6,083	\$ 0	Unremitted Fees
Nonmajor Governmental Funds			
General Fund	\$ 615	\$ 0	Current Operations
Fiduciary Funds	1,631	0	Unremitted Fees
	<u>\$ 2,246</u>	<u>\$ 0</u>	
Fiduciary Funds			
General Fund	\$ 0	\$ 46,013	Unremitted Fees
Road and Bridge Fund	0	6,083	Unremitted Fees
Nonmajor Governmental Funds	0	1,631	Unremitted Fees
	<u>\$ 0</u>	<u>\$ 53,727</u>	
Totals	<u>\$ 54,342</u>	<u>\$ 54,342</u>	

All amounts due are expected to be repaid within one year.

COUNTY OF COKE
Notes to the Financial Statements - Continued
September 30, 2013

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

C. Capital Assets

Capital asset activity for the year ended September 30, 2013, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets				
Land	\$ 15,000	\$ 0	\$ 0	\$ 15,000
Buildings and Improvements	1,924,099	48,820	0	1,972,919
Machinery and Equipment	<u>1,650,881</u>	<u>184,075</u>	<u>86,477</u>	<u>1,748,479</u>
Total Capital Assets	<u>\$ 3,589,980</u>	<u>\$ 232,895</u>	<u>\$ 86,477</u>	<u>\$ 3,736,398</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ (1,414,181)	\$ (35,282)	\$ 0	\$ (1,449,463)
Machinery and Equipment	<u>(1,351,264)</u>	<u>(102,438)</u>	<u>(68,977)</u>	<u>(1,384,725)</u>
Total Accumulated Depreciation	<u>\$ (2,765,445)</u>	<u>\$ (137,720)</u>	<u>\$ (68,977)</u>	<u>\$ (2,834,188)</u>
Governmental Activities Capital Assets, Net	<u>\$ 824,535</u>	<u>\$ 95,175</u>	<u>\$ 17,500</u>	<u>\$ 902,210</u>

Depreciation expense was charged to governmental activities programs as follows:

General Government	\$ 51,598
Roads and Bridges	36,474
Public Safety	30,028
Public Health and Welfare	1,467
Culture and Recreation	<u>18,153</u>
Total	<u>\$ 137,720</u>

IV. OTHER INFORMATION

A. Retirement Plan

Plan Description - The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County & 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 641 nontraditional defined benefit pension plans. TCDRS in the aggregate issues on a calendar year basis a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 1-800-823-7782.

COUNTY OF COKE
Notes to the Financial Statements - Continued
September 30, 2013

IV. OTHER INFORMATION - Continued

A. Retirement Plan - Continued

The plan provisions are adopted by the governing body of the employer 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 80 or more. Members are vested after 8 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits 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 deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-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 the actuarially determined rate of 13.91% for the months of the accounting year in 2012 and 13.76% for the months of the accounting year in 2013.

The deposit rate payable by the employee members for calendar year 2013 is the rate of 7% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Annual Pension Cost - For the employer's accounting year ended September 30, 2013, the annual pension cost for the TCDRS plan for its employees was \$144,462, and the actual contributions were \$144,462.

COUNTY OF COKE
Notes to the Financial Statements - Continued
September 30, 2013

IV. OTHER INFORMATION - Continued

A. Retirement Plan - Continued

Actuarial Valuation Information			
Actuarial Valuation Date	12-31-10	12-31-11	12-31-12
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Amortization Period in Years	20.0	20.0	20.0
Asset Valuation Method	SAF: 10-Year Smoothed Value ESF: Fund Value	SAF: 10-Year Smoothed Value ESF: Fund Value	SAF: 10-Year Smoothed Value ESF: Fund Value
Actuarial Assumptions:			
Investment Return ¹	8.0%	8.0%	8.0%
Projected Salary Increases ¹	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-Living Adjustments	0.0%	0.0%	0.0%

¹ Includes Inflation at the Stated Rate

Trend Information			
Accounting Year Ended,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9-30-11	\$ 131,665	100%	\$ 0
9-30-12	142,004	100%	0
9-30-13	144,462	100%	0

The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 8% investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4%. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2012, was 20 years.

Funded Status and Funding Progress - As of December 31, 2012, the most recent actuarial valuation date, the plan was 77.87% funded. The actuarial accrued liability for benefits was \$3,440,267, and the actuarial value of assets was \$2,679,006, resulting in an unfunded actuarial accrued liability (UAAL) of \$761,261. The covered payroll (annual payroll of active employees covered by the plan) was \$1,029,558 and the ratio of the UAAL to the covered payroll was 73.94%.

COUNTY OF COKE
Notes to the Financial Statements - Continued
September 30, 2013

IV. OTHER INFORMATION - Continued

A. Retirement Plan - Continued

The schedule of funding progress, presented as Other Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Self-Insurance

The County has entered into an interlocal participation agreement with the Texas Association of Counties Workers' Compensation Self-Insurance Fund (the Fund). The Fund is an unincorporated association of counties and other county-related political subdivisions of the State of Texas that was created to provide workers' compensation benefits for its members pursuant to the provisions of Article 8309h, Texas Revised Civil Statutes Annotated. The Fund provides for the self-insurance of certain defined risks jointly among the Fund members. The Fund is required to provide stop-loss coverage; however, the amount of this coverage may be adjusted at the discretion of the Fund's Board of Trustees. The County's participation in the Fund is on a nonassessable basis. The County has no joint and several liabilities other than the maximum annual contribution required to be paid into the Fund. The County made contributions to the Fund based upon its standard annual premium which was computed using the Texas State Board of Insurance workers' compensation rates and adjusted by the County's experience modifier. Contributions are adjusted annually based upon the County's experience modifier; however, contributions are subject to adjustments on an interim basis if such adjustments are the result of changes mandated by state law.

The County has entered into an interlocal participation agreement with the Texas Association of Counties County Government Risk Management Pool (the Pool). The Pool is an unincorporated association of counties that was created to provide liability coverage to its members pursuant to the provisions of Article 4413 (32i), Texas Revised Civil Statutes Annotated. The Pool provides for the self-insurance of certain defined risks jointly among the Pool members. The Pool provides stop-loss coverage at the discretion of the Pool's Board of Trustees. The County made contributions to the Pool based upon a rating system approved by the Pool's Board of Trustees. Contributions are adjusted annually based upon the County's loss experience; however, the Pool has the right to impose a surcharge for any year in which the County's loss experience is higher than was projected in the rating system. The County's participation in the Pool provides coverage for public officials' liability, law enforcement liability, comprehensive auto liability, comprehensive general liability, and employee crime.

The County self-insures the physical damage portion of all heavy equipment in the Road and Bridge Departments.

C. Other Information

During the fiscal year, the owners of the Coke County Juvenile Justice Center donated the land, building, and equipment of the facility to the County. The facility is presently not being utilized in any capacity. The land, building, and equipment had a tax appraisal value of \$3,263,190 at the time of the donation.

D. Subsequent Events

The County's management has evaluated subsequent events through January 13, 2014, the date which the financial statements were available for issue.

Other Information

COUNTY OF COKE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 1,610,925	\$ 1,610,925	\$ 1,584,044	\$ (26,881)
Fees	191,440	191,440	195,956	4,516
Intergovernmental Revenue and Grants	81,833	81,833	179,322	97,489
Fines	67,854	67,854	69,130	1,276
Investment Earnings	22,500	22,500	14,631	(7,869)
Other Revenue	28,771	28,771	49,380	20,609
Total Revenues	2,003,323	2,003,323	2,092,463	89,140
EXPENDITURES:				
Current:				
General Government	871,360	872,235	817,462	54,773
Public Safety	520,286	520,286	466,483	53,803
Health and Welfare	131,781	131,781	122,552	9,229
Culture and Recreation	213,045	213,045	199,609	13,436
Justice System	266,851	271,583	258,224	13,359
Total Expenditures	2,003,323	2,008,930	1,864,330	144,600
Net Change in Fund Balances	-	(5,607)	228,133	233,740
Fund Balance - October 1 (Beginning)	1,675,407	1,675,407	1,675,407	-
Fund Balance - September 30 (Ending)	\$ 1,675,407	\$ 1,669,800	\$ 1,903,540	\$ 233,740

COUNTY OF COKE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Taxes				
Property Taxes	\$ 519,550	\$ 519,550	\$ 509,650	\$ (9,900)
Fees	221,600	221,600	239,390	17,790
Investment Earnings	2,800	2,800	3,448	648
Other Revenue	200	200	12,584	12,384
Total Revenues	744,150	744,150	765,072	20,922
EXPENDITURES:				
Current				
General Government	164,398	164,438	164,864	(426)
Road and Bridges				
Road and Bridge Precinct 1	145,986	164,389	158,270	6,119
Road and Bridge Precinct 2	148,082	148,082	124,802	23,280
Road and Bridge Precinct 3	144,281	172,986	171,342	1,644
Road and Bridge Precinct 4	141,403	141,386	137,849	3,537
Total Expenditures	744,150	791,281	757,127	34,154
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(47,131)	7,945	55,076
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	25,100	25,100
Total Other Financing Sources (Uses)	-	-	25,100	25,100
Change in Fund Balance	-	(47,131)	33,045	80,176
Fund Balance - October 1 (Beginning)	809,251	809,251	809,251	-
Fund Balance - September 30 (Ending)	\$ 809,251	\$ 762,120	\$ 842,296	\$ 80,176

COUNTY OF COKE
Schedule of Funding Progress for the TCDRS Retirement Plan
September 30, 2013
(Unaudited)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll¹</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12-31-10	\$ 2,115,860	\$ 2,855,199	\$ 739,339	74.11 %	\$ 974,992	75.83 %
12-31-11	2,403,283	3,196,995	793,712	75.17 %	1,020,117	77.81 %
12-31-12	2,679,006	3,440,267	761,261	77.87 %	1,029,558	73.94 %

¹ The annual covered payroll is based on the employee deposits received by TCDRS for the year ending with the valuation date.

Supplementary Information

COUNTY OF COKE
Schedule of Certificates of Deposit
Governmental Funds
September 30, 2013

<u>Description</u>	<u>Identifying Number</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Amount</u>
<u>GOVERNMENTAL FUNDS</u>				
General Fund				
Certificates of Deposit				
Robert Lee State Bank	17572	0.60	04-04-14	\$ 540,393
Robert Lee State Bank	17593	0.60	07-24-14	500,000
Robert Lee State Bank	17599	0.60	08-02-14	454,274
FNB Sterling City	3300941	0.70	03-18-14	507,394
FNB Sterling City	3301005	0.60	02-26-14	143,251
Clerk Records Management Fund				
Certificate of Deposit				
Robert Lee State Bank	17597	0.50	02-02-14	23,252
Archives Fund				
Certificate of Deposit				
Robert Lee State Bank	17598	0.50	02-02-14	<u>35,743</u>
Total Governmental Funds				<u>\$ 2,204,307</u>

COMPLIANCE AND INTERNAL CONTROLS SECTION

Eckert & Company

CERTIFIED PUBLIC ACCOUNTANTS

A Limited Liability Partnership

Michael E. Oliphant, CPA
Calvin Featherston, CPA
Wayne Barr, CPA
Cathryn A. Pitcock, CPA

(325) 944-3571
FAX: (325) 942-1093
www.eckertandcompany.com

Members of
American Institute of CPAs
Texas Society of CPAs

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

The Honorable County Judge
and Commissioners' Court
County of Coke
13 East 7th Street
Robert Lee, TX 76945

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of County of Coke, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Coke's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Coke's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Coke's internal control.

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

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

Compliance and Other Matters

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

The Honorable County Judge
and Commissioners' Court
Page 2

Purpose of This Report

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

Eckert & Company, LLP

San Angelo, Texas
January 13, 2014