

GREGG COUNTY, TEXAS

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
SEPTEMBER 30, 2010**

GREGG COUNTY, TEXAS

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INTRODUCTORY SECTION

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June 13, 2011

The Honorable District Judges of Gregg County and
The Honorable Members of the Gregg County Commissioners' Court:

In compliance with the statutory duties of the County Auditor as prescribed by Section 114.025 of the Local Government Code of the State of Texas, the Financial Statements of Gregg County, Texas are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to the requirement, we hereby issue the comprehensive annual financial report of Gregg County for the fiscal year ended September 30, 2010. The report is prepared by the Gregg County Auditor's Office.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of Gregg County. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

Gregg County's financial statements have been audited by Patillo, Brown and Hill, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of Gregg County for the year ended September 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Gregg County's financial statements are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principals require a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The Financial Statements are presented in three sections: introductory, financial and compliance. The introductory section includes this transmittal letter, the county's organizational chart and a list of officials. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Gregg County's MD&A can be found in the financial section. The financial section also includes government-wide financial statements, fund financial statements, notes, required supplementary information and the combining and individual fund financial statements and schedules in addition to the report of the independent auditors.

PROFILE OF GREGG COUNTY

Located in northeast Texas, Gregg County was inhabited by Caddo Tribes until the early 1800s and partly by Cherokee immigrants until 1839. Gregg County was settled by farmers from the southern United States after Texas achieved statehood in 1845. The construction of the railroad in the 1870's established the early towns that were to form Gregg County. In 1873, State Representative B. W. Brown introduced a bill to create Gregg County from parts of Upshur and

Rusk Counties. The County seat is Longview. The name for Gregg County commemorated a leader named John Gregg who was killed in action as a Confederate General.

Cotton was the early foundation of the economy, occupying about half of the county's cultivated acreage, and the use of the uncultivated acreage was timber for the sawmills. Late in the 1930's, Gregg County was rescued from the Great Depression by the largest pool of petroleum ever discovered in the United States. The new wealth resulted in a multitude of civic improvements being initiated before drilling slacked off.

Beginning in 1964, the construction of Interstate Highway 20 confirmed Gregg County's fortunate location on a natural east-west transportation artery. The economy that was based almost entirely on oil production and manufacturing has successfully diversified to sustain slow growth.

The County is a political subdivision of the State of Texas. The general governing body of the County is the elected five-member Commissioners' Court in accordance with Article 5, Paragraph 18 of the Texas Constitution. Commissioners serve four-year staggered terms, two members elected every two years. The County Judge is elected at large to serve a four-year term.

The annual budget serves as the foundation of Gregg County's financial planning and control. All departments of the County are required to submit budget requests to the budget officer during May of each year. The budget officer uses these requests as the starting point for developing a proposed budget along with revenue estimates provided by the County Auditor. The proposed budget is then presented to the Commissioners Court for review. The Commissioners Court is required to hold public hearings of the proposed budget. The County is required to adopt a final budget by the first day of the new fiscal year. The appropriated budget is prepared by fund, department and function.

The Commissioners' Court also sets the tax rates, establishes policies for County operations, and approves contracts for the County. The Commissioners' Court is responsible for approving financial commitments and appointment of various department heads. The management and leadership provided by members of the Commissioners' Court and the elected and appointed officials of other key County offices is crucial to the success of the County in financial management and growth.

The County Auditor has the responsibilities for prescribing the systems and procedures for handling the finances of the County and "examining, auditing and approving" all disbursements from County funds prior to their submission to the Commissioners' Court for approval.

The County provides many services not ordinarily provided by any other entity of government and provides additional services in cooperation with other local governmental units. A primary service is the administration of justice, which includes the civil and criminal county and district courts, justices of the peace, constables, district attorney, investigators, clerks of the courts, sheriff, jail, security and emergency management. Other functions performed by the County include 1) the construction and maintenance of roads and bridges, either independently or in cooperation with other entities; 2) administration of public health services; 3) assistance to indigents; 4) the provision of juvenile, health, education and welfare services involving the care and correction of dependent or delinquent children; 5) property tax collections for multiple agencies; 6) administration of elections; and 7) depository of public records. The County also operates an airport for the benefit of its citizens.

FINANCIAL INFORMATION

Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of

financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit As a recipient of federal and state financial assistance, the County is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the County.

The County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U. S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to this single audit, including a schedule of expenditures of federal and state awards, findings and questioned costs, and independent auditor's reports on the internal control structure and compliance with applicable laws and regulations, is included in the compliance section of this report.

As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended September 30, 2010, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Factors Affecting Financial Condition

Local Economy The County has diversified its economy from oil and gas and now includes manufacturing, medical and retail facilities. This diversification has lessened the effects of the recent economic downturn. Over the past decade, mineral values associated with the oil and gas industry have declined significantly and had an adverse affect on the county's tax base. The rise in property values over this time period, the addition of national retail stores within the county and expansions of existing companies have helped stabilize the overall tax base by substantially offsetting the mineral value decreases. Tax base valuations for the FY10 budget have risen slightly from \$7.9 billion to \$8.2 billion.

The U. S. Census Bureau population total for 2010 for the County was 121,730, an increase of 9.3% since 2000. The September 2010 unemployment rate of 7% compared favorably with the 8% statewide rate, and with the 9.2% national rate.

Budgetary Controls The annual budget serves as the foundation for the County's planning and control. Budget hearings are posted annually in August with the final budget and setting of the tax rate approved by the Commissioners' Court following the hearings. Activities of the general fund, certain special revenue funds and debt service funds, if any, are included in the annual budget. Project length financial plans are adopted for capital projects funds. The budget is also approved at the position level to maintain control of salaries at the position level instead of the department level. The County maintains an encumbrance accounting system as one method of accomplishing budgetary control. Encumbered amounts lapse at year-end and are not appropriated as part of the following year's budget. Budget to actual comparisons are provide in this report for each major governmental fund.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.


OTHER INFORMATION

Independent Audit The audit was designed to meet the requirements of the federal Single Audit Act of 1984 and OMB Circular A-133. The auditors' report on the basic financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the compliance section.

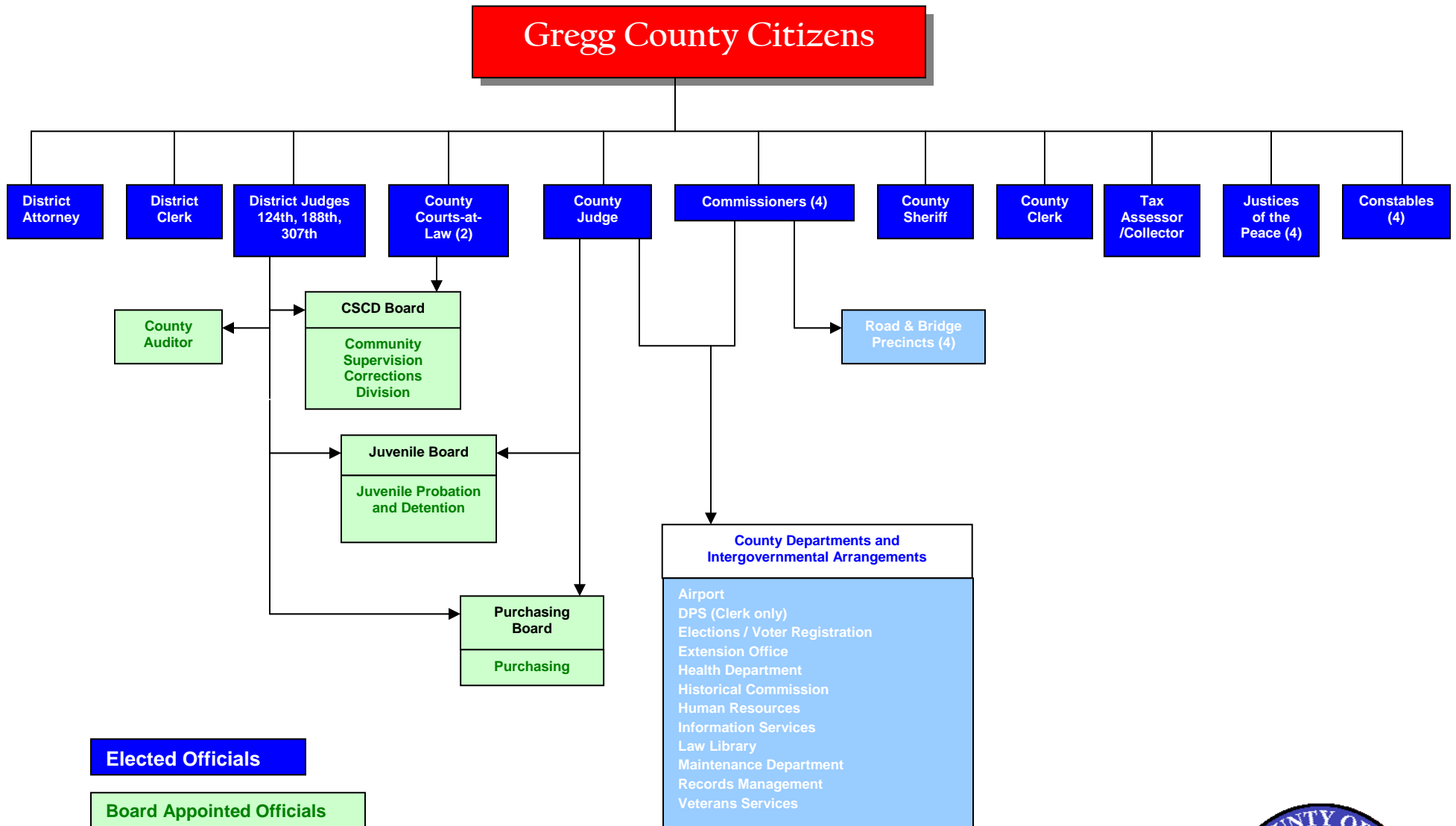
Acknowledgements The preparation of this report would not have been possible without the efficient and dedicated services of the staff of the County Auditor's office. We would also like to express our appreciation to all the officials and members of county offices who assisted in and contributed to the preparation of this annual report.

In addition, I express my appreciation to the District Judges, the County Judge and Commissioners Court members and all other County officials and employees who have given their support in planning and conducting the financial operation and management of Gregg County in a responsible manner.

Respectfully submitted,


Laurie Woloszyn
Gregg County Auditor

Gregg County Organization Chart



Elected Officials

Board Appointed Officials

Comm. Court Oversight

Direction of Authority →





**Gregg County, Texas
Directory of Officials
September 30, 2010**

Elected:

**Bill Stoudt
Charles Davis
Darryl Primo
Gary Boyd
John Mathis
Carl Dorrrough
Barbara Duncan
Connie Wade
Kirk Shields
Maxey Cerliano
James Plumlee
Billy Fort
Bill Echart
Robby Cox**

**County Judge
Commissioner, Precinct 1
Commissioner, Precinct 2
Commissioner, Precinct 3
Commissioner, Precinct 4
District Attorney
District Clerk
County Clerk
Tax Assessor Collector
Sheriff
Constable, Precinct #1
Constable, Precinct #2
Constable, Precinct #3
Constable, Precinct #4**

Judicial

**David Brabham
Robin Sage/Tim Womack
Alfonso Charles
Rebecca Simpson
Vincent Dulweber
B. H. Jameson
Arthur Fort
Talyna Carlson
Sam Lawson**

**Judge, 188th District Court
Judge, 307th District Court
Judge, 124th District Court
Judge, County Court-at-Law #1
Judge, County Court-at-Law #2
Justice of the Peace, Precinct #1
Justice of the Peace, Precinct #2
Justice of the Peace, Precinct #3
Justice of the Peace, Precinct #4**

Appointed:

**Laurie Woloszyn
Quin Tillery
Bing Canion
Shelia Embrey**

**County Auditor
Community Supervision Director
Juvenile Probation Director
Purchasing Director**

Other County Officials

**Randy Smith
Dennis Smith
Linda Bailey
Kathryn Nealy
Rick Davis
Lewis Browne, M.D.
Rita Fyffe
Cindy Romines
David Kidder**

**Veterans Service Officer
County Extension Agent
Budget Director
Elections Administrator
Airport Manager
Administrator/Health Authority
Human Resources Director
Information Services Director
Fire Marshall**

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable County Judge
and Members of the Commissioners' Court
Gregg County
Longview, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Gregg County, Texas as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Gregg County, Texas' management. Our responsibility is to express an opinion 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Gregg County, Texas as of September 30, 2010, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund and Road and Bridge Special Revenue Fund 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 June 13, 2011, on our consideration of Gregg County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an operational, economic, or historical context. We have applied certain limited procedures, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gregg County, Texas' financial statements as a whole. The introductory section and combining nonmajor 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 Gregg County, Texas. The combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion or provide any assurance on it.

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

June 13, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gregg County, we offer readers of Gregg County's financial statements this narrative overview and analysis of the financial activities of Gregg County for the fiscal year ended September 30, 2010. Gregg County is presenting financial information in the reporting format required by Governmental Accounting Standards Board (GASB) Statement 34. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the notes to financial statements and our letter of transmittal, which can be found on pages i – iv of this report.

The Gregg County Child Welfare component unit is not included in this discussion and analysis due to the immaterial nature of the program in relation to Gregg County finances.

FINANCIAL HIGHLIGHTS

The assets of the Gregg County exceeded its liabilities at the close of fiscal year 2010 by \$127,732,309 (*net assets*). Of this amount, \$63,683,421 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net assets increased by \$5,640,812 or 4.6% primarily due to increase in fund balances and net capital asset improvement or outlays, mostly related to capital grants and contributions for infrastructure improvement at the East Texas Regional Airport.
- As of September 30, 2010, Gregg County's governmental funds reported combined ending fund balances of \$59,225,944, an increase of \$7,046,024 or 13.5% in comparison with the prior year. \$58,165,516 is available for spending at the government's discretion (unreserved fund balance). \$27,172,920 (46.7%) of the unreserved fund balances is designated for capital projects.
- At the end of fiscal year 2010, total unreserved fund balance for the General Fund was \$21,576,334 or 68.83% of total General Fund expenditures, compared to \$29,560,305 or 90.9% in 2009 and 79.4% in 2008. The reduction can be attributed to a transfer of funds during 2010 to the Capital Improvements Fund for capital improvements.
- Total revenue for the government decreased 13% mostly due to a decrease in capital grants and contribution revenue \$6,201,962 or 81 % of the revenue reduction from 2009. This is due to completion of several large FAA grant contribution projects for infrastructure rehab at the East Texas Regional Airport.
- Total expenditures for the County increased only slightly at \$283,066 or .62%. The largest program to have an increase in expenditures was general government at \$507,814 or 5.3%. The next largest increase can be found in public buildings at \$423,651 or 17.36% when compared to last year's expenditures for the same program. Expenditures in transportation and roads decreased \$1,073,770 or 12.5% during the year mainly due to decreased capital equipment expenditures.
- The increase of \$507,814 or 2.4% is found in property tax revenue was primarily due to an increase from the appraised values over the prior year in the tax roll certified by the Gregg County Appraisal District. Last year's increase in property tax revenue was 10.1%.
- Investment earnings decreased 76.3% or \$802,827 due to the continued decline in interest rates although 58.86% of this decrease is related to year-end adjustments related to financial procedures that all investments held are adjusted up or down to market value at year-end. Additionally sales tax revenue from all sources decreased 4.43% (\$702,043) due to the slowed economy.
- During 2010, the Commissioners' Court voted to fund SH149 safety improvements in the amount of \$5,698,000 in cooperation with TxDOT. The funds were available in the Capital Projects excess fund balance so, no debt was issued.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Gregg County's basic financial statements. Gregg County's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) 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 Gregg County's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Gregg 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 Gregg County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Gregg 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 governmental activities of Gregg County include general government, public safety, judicial, health and human services, public buildings and transportation and roads. Gregg County reports no business-type activities.

The government-wide financial statements can be found on pages 14 - 15 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. Gregg 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 Gregg 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Gregg County maintains 52 individual 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, Road and Bridge, Capital Improvement and Airport Improvement Funds, all of which are considered to be major funds. Data from the other 48 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Gregg County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Budgetary comparisons for the Road and Bridge Fund are provided elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16 – 41 of this report.

Proprietary Funds: Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County’s various functions. Gregg County uses Internal Service Funds to account for self funding for medical and dental insurance and print shop activities. Because both of these services exclusively benefit government rather than business-type functions, they have been included within governmental activities in the government-wide statements.

The basic proprietary fund financial statements can be found on pages 41 – 43 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Gregg County’s own programs.

The basic fiduciary fund financial statement can be found on page 44 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 on pages 45 – 57 of this report.

Other Information: The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 58 – 84 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

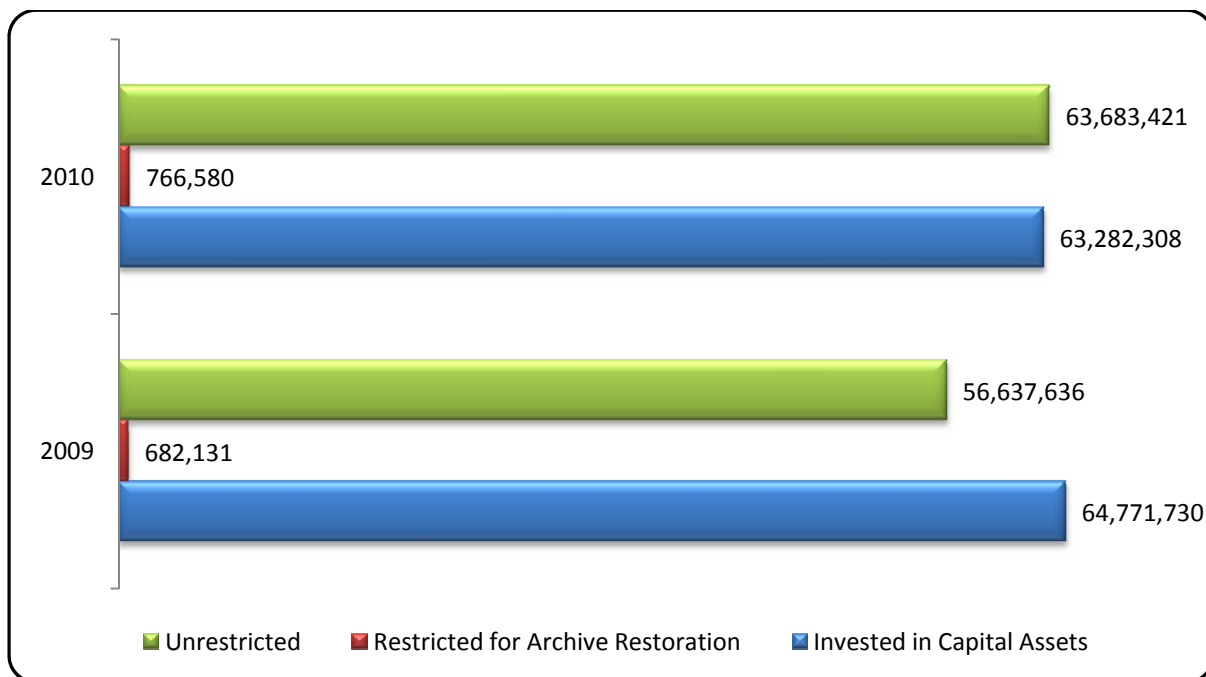
As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of Gregg County, assets exceeded liabilities by \$127,732,309 at the close of the most recent fiscal year.

Gregg County’s investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding, is 49.5% of net assets compared with 53.1% the last fiscal year. Gregg County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Gregg 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.

Gregg County's Net Assets As of September 30 Governmental Activities		
	2010	2009
Assets:		
Current and other assets	\$ 67,870,464	\$ 62,044,403
Capital assets	<u>63,804,498</u>	<u>65,154,395</u>
Total assets	<u>131,674,962</u>	<u>127,198,798</u>
Liabilities:		
Long-term liabilities	677,530	1,094,412
Other liabilities	<u>3,265,123</u>	<u>4,012,889</u>
Total liabilities	<u>3,942,653</u>	<u>5,107,301</u>
Net assets:		
Invested in capital assets, net of related debt	63,282,308	64,771,730
Restricted	766,580	682,131
Unrestricted	<u>63,683,421</u>	<u>56,637,636</u>
Total net assets	\$ <u>127,732,309</u>	\$ <u>122,091,497</u>

An additional portion of Gregg County's net assets (.60%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$63,683,421 (49.9%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Gregg County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

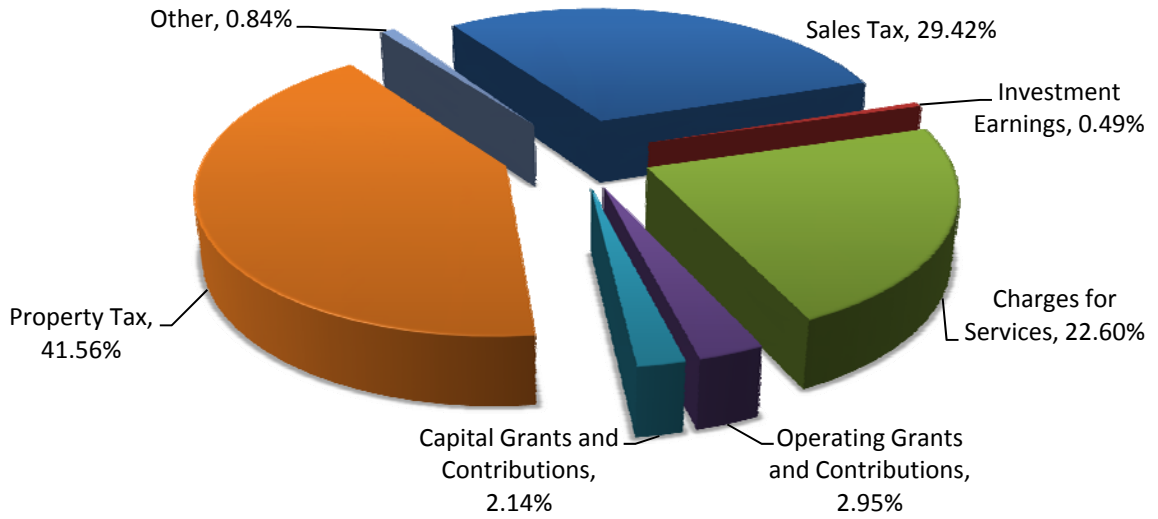


Governmental Activities: Governmental activities increased Gregg County's net assets by \$5,640,812 for a 4.6% increase of the total net assets of Gregg County. As a comparison to the prior year, net assets increased by 12.5% in FY2009.

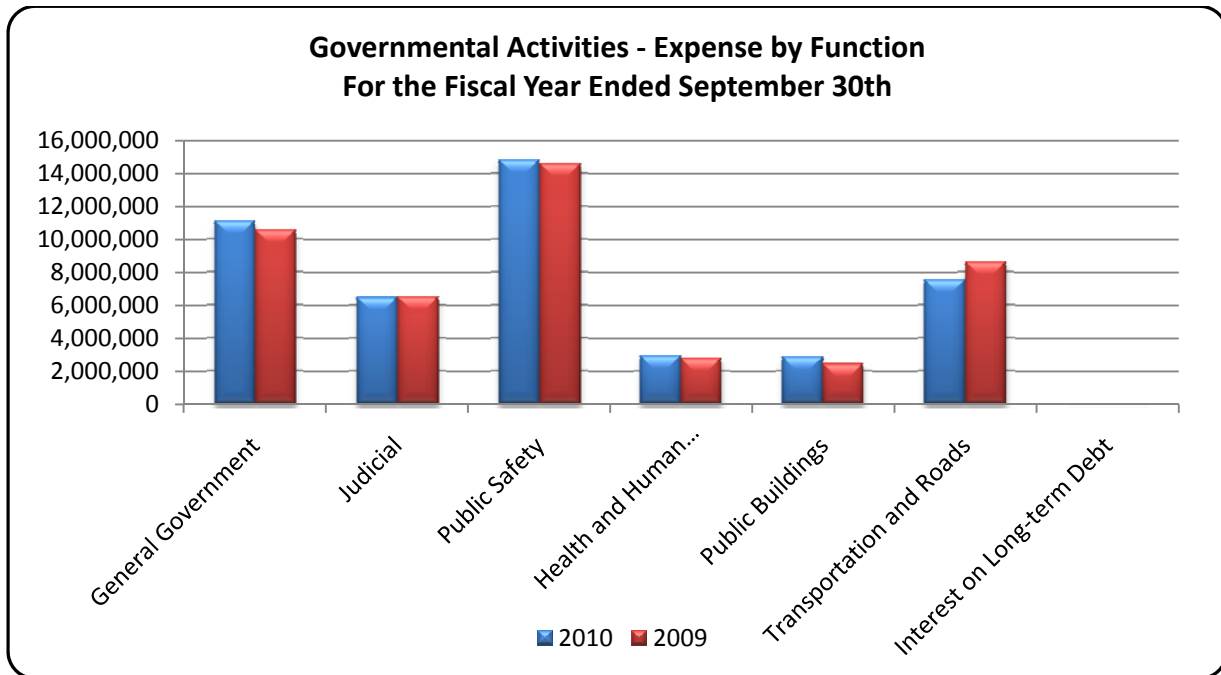
Gregg County's Changes in Net Assets Governmental Activities		
	<u>2010</u>	<u>2009</u>
REVENUES		
Program revenue		
Charges for services	\$ 11,621,871	\$ 12,399,080
Operating grants and contributions	1,514,592	1,410,235
Capital grants and contributions	1,099,734	7,301,696
General revenue		
Property taxes	21,372,685	20,864,871
Sales tax	15,129,279	15,831,322
Other taxes	300,731	316,233
Investment earnings	250,028	1,052,855
Miscellaneous	132,340	(74,770)
Total revenues	<u>51,421,260</u>	<u>59,101,522</u>
EXPENSES		
General government	11,102,197	10,545,040
Judicial	6,485,552	6,506,628
Public safety	14,826,537	14,596,497
Health and human services	2,952,009	2,780,822
Public buildings	2,864,443	2,440,792
Transportation and roads	7,531,204	8,604,974
Interest on long-term debt	18,506	22,629
Total expenses	<u>45,780,448</u>	<u>45,497,382</u>
Change in net assets	5,640,812	13,604,140
Net assets – beginning	122,091,497	108,508,688
Prior period adjustment	-	(21,331)
Net assets – ending	<u>\$ 127,732,309</u>	<u>\$ 122,091,497</u>

Net Cost of Governmental Activities for Gregg County By Function For the Fiscal Years Ended September 30		
<u>Function/Program</u>	<u>Net Cost of Services</u>	
	<u>2010</u>	<u>2009</u>
General government	\$(7,122,209)	\$(69)
Judicial	(4,067,656)	(4,214,395)
Public safety	(13,191,071)	(12,597,665)
Health and human services	(2,253,067)	(2,387,191)
Public buildings	496,942	1,180,505
Transportation and roads	(5,388,684)	(6,344,927)
Interest on long-term debt	(18,506)	(22,629)
Total	<u>\$(31,544,251)</u>	<u>\$(24,386,371)</u>

Revenue by Source FY 2010



Below is a comparison of government wide expenditures by function. Government wide expenditures increased only slightly by .62%.



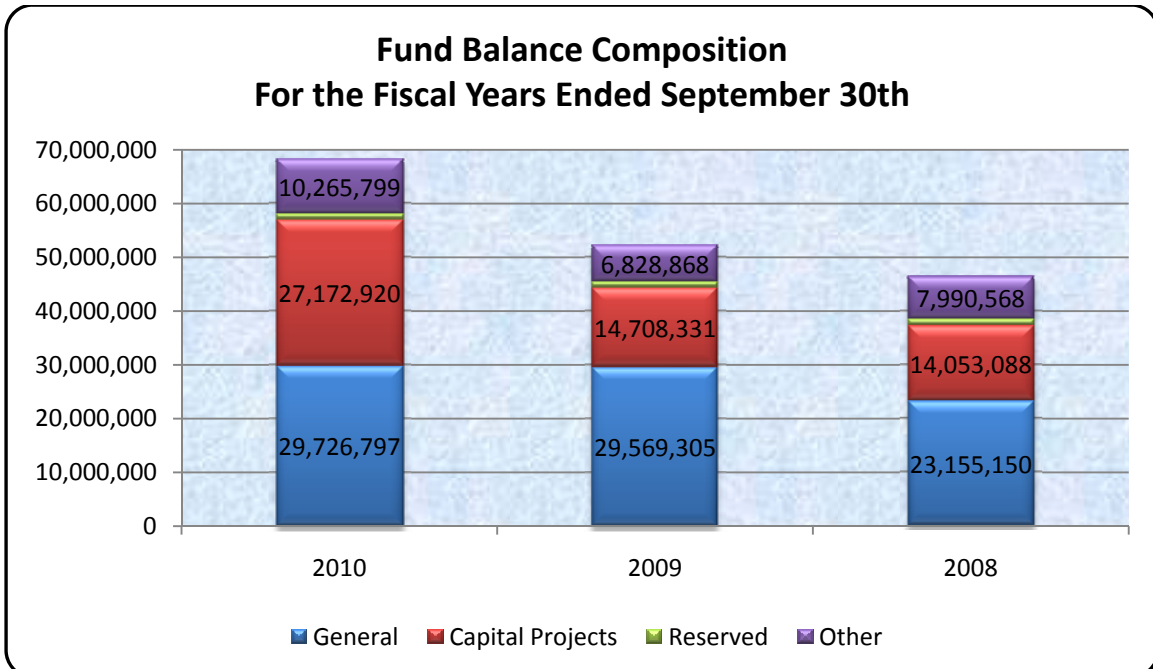
Key elements of the analysis of government-wide revenues and expenses reflect the following:

- Program revenues of \$14,236,197 equaled 31.1% of total government expenses of \$45,780,448. As expected, general revenues of \$37,185,063 provided the additional support and coverage for expenses. Program revenues consist of charges for services, operating and capital grants. General revenues consist mainly of sales and property tax which are not attributable to a specific program.
- Over 32% of the expenses are for Public Safety (\$14,826,537) reflecting the continuing demands on law enforcement. This program provided 3.2% (\$1,635,466) of the total government revenues for the year.
- The next largest category of expenses is General Government which equals \$11,102,197 or 24.2% of total expenditures. General Government provided 7.7% or \$3,979,988 of the government total revenue.
- Transportation and Roads accounted for \$7,531,204 or 16.5% of the government expenses while this category provided 4.2% or \$2,142,520 of total government revenue.
- Judicial expenses for the government for the year accounted for 14.2% or \$6,485,552 of the expenditures while this category provided for 4.7% or \$2,417,896 of the government revenue.
- Capital grant revenues and contributions comprised approximately 2.1 % of total government revenue, all in the General Government program.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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

Governmental Funds: The focus of Gregg County’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Gregg 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 fiscal year 2010, Gregg County's *governmental funds* reported combined ending fund balances of \$59,225,944, an increase of \$7,046,024 (13.5%) in comparison with the prior year. Approximately 98% of the ending fund balance constitutes *unreserved fund balance*. Special revenue unrestricted fund balances account for 17.3% (\$10,265,799) of total fund balance. CIP assigned funds, along with current capital project balances, account for 45.9% (\$27,172,920) of total fund balance. 36.4% of the total ending fund balance is reporting in the General Fund of which \$20,726,797 is unrestricted. The remainder of fund balance is reserved to indicate it is not available for new spending because it has already been committed: 1) for archive restoration (\$766,580); 2) to reflect inventories (\$210,069); and 3) for other restricted purposes (\$83,779).

General Fund

The General Fund is the chief operating fund of Gregg County. At the end of fiscal year 2010, the General Fund had an ending fund balance of \$21,576,334 with 3.9% reserved for other uses.

As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 66.13% of total General Fund expenditures.

The General Fund balance decreased by \$8,744,298 (28.8%) during the 2010 fiscal year mostly due to transfer and dedication of funds to future capital projects.

General Fund Highlights:

- Property tax revenue increased by 1.8% or \$273,548 from the prior year due to the increase in the appraised values for FY2010. Values rose from \$7.9 billion to \$8.2 billion.
- Public Building Revenue from managing contract jail operations decreased in FY10 by \$161,501 or 5.1%.
- Sales Tax revenues decreased \$347,104 (2.4%) compared to FY09 collections.
- Actual total expenditures were \$2,428,209 (7.2%) under budgeted appropriations.
- Total General Fund Revenues decreased by \$1,103,179 or 2.8% compared to a 2.8% increase last year. Total General Fund Expenditures decreased \$1,155,266 or 3.6% compared to an 11.6% increase in expenditures in FY09.
- Major equipment purchases during the year include 16 vehicles or vans for the Public Safety program for a total cost of \$303,980.
- Differences between the original budget and the final amended budget can be briefly summarized as follows:
 - A decrease of \$159,962 in expenditure appropriations.

Road and Bridge Fund

- The Road and Bridge Fund had an ending fund balance of \$5,292,032, an increase of \$3,014,213 (132%) of which \$202,877 or 3.8% is reserved for inventories and \$264,359 or 5.0% is due to the General Fund for non Road and Bridge projects. \$4,824,215 or 91.1 % is unrestricted.
- Road and Bridge tax revenue, which includes property taxes and motor vehicle sales tax, increased by \$216,681 or 5.1 % from FY09.
- Total FY 10 Road and Bridge Expenditures decreased by \$845,768 or 10.1%.
- Other financing sources included \$470,807 received from the sale of capital assets and \$495,976 from proceeds from capital leases for equipment.

- Additional capital equipment purchased during the year include the following: Six pick-up trucks - \$178,497; Rubber Tire Paver - \$320,821; International Dump Truck - \$84,912; Excavator - \$274,044; Wheel Loader - \$112,600; Dozer - \$42,000; Top Kick Haul Truck - \$15,000; Bobcat Skid-Steer Loader \$35,010; and five dump trucks purchased under capital leases with a buy back option within one year.

Airport and Airport Improvement Funds

- Major Infrastructure Project expenditures for the year include the following:
 - Runway Lights/Sign Replacement \$ 559,633
 - Parking Lot Reconstruction Expansion 335,884
 - Taxiway Kilo Reconstruction 137,541
 - Reconstruct Mike Taxiway 49,974
 - GA Apron Construction 39,695
 - Runway Taxi Drainage 30,675

Capital Improvement Fund

The County adopts a five-year Capital Improvement Plan (CIP) annually designating funds for major facility and infrastructure improvements. Only individual projects adopted by Commissioners Court as part of each budget are considered “approved” projects. During each subsequent year estimates are used for planning purposes and are reevaluated for approval during each annual budget process. The Court identifies capital projects, updates the five year plan and sets aside available funds with the desire to minimize future debt impact. The CIP will develop a clear path for future capital improvements.

Major capital improvements during the year include a partnership with TxDOT for the upgrade and other safety improvements for Hwy 149 with the County committing \$5,698,000 for the project.

Capital projects adopted in the first five-year CIP are:

- County Facility: ADA Compliance, County Telephone System, Longview Whaley Community Building renovations, Expanded Parking Facilities;
- Airport Infrastructure: County’s Grant Match for East Texas Regional Airport Improvements;
- Transportation: expansion of SH149, widen and extend George Richey Road in partnership with the City of Longview and partnerships with TxDOT on other improvements in Kilgore, White Oak, and Gladewater.

CAPITAL ASSET AND DEBT ADMINISTRATION

Gregg County adopted its new Capital Asset Policy beginning in 2003. Depreciation policies were adopted to include useful life and classification by function. Standard capitalization thresholds were established for each major class of asset and are as follows:

Building/improvements	\$	25,000
Improvements other than buildings		25,000
Infrastructure		25,000
Machinery, equipment and other assets		5,000
Construction in progress		25,000

Gregg County is reporting retroactive infrastructure assets since 2007 in conjunction with GASB 34 requirements. The method used to value the infrastructure is the estimated historical cost based on the average age of the infrastructure system.

Capital Assets: As of September 30, 2010, Gregg County’s investment in capital assets amounts to \$63,804,498 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, machinery and equipment, construction in progress and airport infrastructure.

**Gregg County’s Capital Assets
As of September 30, 2010**

Land	\$	1,315,910
Construction in progress		2,155,875
Buildings and improvements		37,814,031
Infrastructure		70,217,473
Machinery, equipment and other assets		16,925,037
Less: accumulated depreciation		<u>(64,623,828)</u>
 Total assets being depreciated		 <u>60,332,713</u>
 Total capital assets		 <u>\$ 63,804,498</u>

Additional information on Gregg County’s capital assets can be found in note 4 on pages 53 – 54 of this report.

Long-term Debt: Gregg County has no bonded indebtedness at this time. Liabilities due within more than one year at the end of the fiscal year total \$677,530 which include an accrual for compensated absences of \$662,752 (97.8%%). Due within one year are capital lease payments in the amount of \$507,412.

Additional information on Gregg County’s long-term debt can be found in note 4 on page 55 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The annual budget is developed to provide efficient and economic uses of the County’s resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the County Judge and the Commissioners set the direction of the County, allocate its resources and establish its priorities.

In considering the County budget for FY2011, the Court and management considered the following:

- The County economy has not been affected as much as the rest of the nation by the economic downturn as there was still an increase in the tax base valuation used for the 2010 budget \$8.2 billion up from \$7.9 billion in the prior year. Additionally, Gregg County has maintained a lower unemployment rate when compared with the state and national averages.
- Sales tax revenue is expected to improve for FY 2011.
- There is no plan to issue debt in the FY11 budget year or in the near future. The County's debt position continues to remain favorable.
- The tax rate approved to fund the FY11 budget remained at .2675 per \$100 valuation. This rate will adequately fund the FY11 budget.
- Budgeted revenue government wide for fiscal year 2011 is \$47,391,340 and the budgeted expenditures are \$47,248,074. Additionally, other financing sources are budgeted at \$1,732,376 and other financing uses are budgeted at \$1,349,150.
- Major capital improvements budgeted for FY10 include continued renovations at the Whaley community building, airport infrastructure improvements and partnerships with the City of Longview and TXDOT for an expansion on George Richey Road and 514149 upgrades.
- Revenue from interest is not expected to increase substantially as interest rates are expected to remain low.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Gregg County's finances for all those with an interest in the government's finances and show the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Laurie Woloszyn, Auditor's Office, 101 E. Methvin, Ste 306, Longview, TX 75601 or visit the County's website at www.co.gregg.tx.us.

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**BASIC
FINANCIAL STATEMENTS**

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GREGG COUNTY, TEXAS

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2010

	Primary Government Governmental Activities	Component Unit Child Welfare Board
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,671,749	\$ 128,449
Investments	48,080,399	74,977
Receivables (net of allowances for uncollectibles)		
Due from other governments	3,857,231	-
Accounts	3,407,981	284
Taxes	514,165	-
Inventory	224,185	-
Prepays	114,754	-
Capital assets (net of accumulated depreciation)		
Land	1,315,910	-
Buildings and improvements	37,814,031	-
Equipment	16,925,037	-
Infrastructure	70,217,473	-
Construction work in progress	2,155,875	-
Less: accumulated depreciation	(64,623,828)	-
Total capital assets	63,804,498	-
Total assets	131,674,962	203,710
LIABILITIES		
Current liabilities:		
Accounts payable	1,313,565	11,320
Accounts payable - other governments	64,499	-
Accrued liabilities	208,496	-
Accrued interest	1,171,151	-
Noncurrent liabilities:		
Due within one year	507,412	-
Due within more than one year	677,530	-
Total liabilities	3,942,653	11,320
NET ASSETS		
Invested in capital assets, net of related debt	63,282,308	-
Restricted for archive restoration	766,580	-
Unrestricted	63,683,421	192,390
Total net assets	\$ 127,732,309	\$ 192,390

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

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GREGG COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Component Unit Governmental Activities
Primary government:						
Governmental activities:						
General government	\$ 11,102,197	\$ 2,795,666	\$ 84,588	\$ 1,099,734	\$(7,122,209)	\$ -
Judicial	6,485,552	1,837,417	580,479	-	(4,067,656)	-
Public safety	14,826,537	1,444,761	190,705	-	(13,191,071)	-
Health and human services	2,952,009	175,972	522,970	-	(2,253,067)	-
Public buildings	2,864,443	3,349,981	11,404	-	496,942	-
Transportation and roads	7,531,204	2,018,074	124,446	-	(5,388,684)	-
Interest on long-term debt	<u>18,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,506)</u>	<u>-</u>
 Total primary government	 <u>\$ 45,780,448</u>	 <u>\$ 11,621,871</u>	 <u>\$ 1,514,592</u>	 <u>\$ 1,099,734</u>	 <u>(31,544,251)</u>	 <u>-</u>
Component unit:						
Child Welfare Board	\$ <u>99,571</u>	\$ <u>27,499</u>	\$ <u>-</u>	\$ <u>-</u>	<u>-</u>	<u>(72,072)</u>
 Total component unit	 <u>\$ 99,571</u>	 <u>\$ 27,499</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>-</u>	 <u>(72,072)</u>
General revenues:						
Taxes:						
Property taxes					21,372,685	-
Sales taxes					15,129,279	-
Alcoholic beverage taxes					214,451	-
Other taxes					86,280	-
Unrestricted investment earnings					250,028	1,751
Sale of capital assets					185,243	
Sale of right of way					20,000	
Gain on insurance proceeds					7,097	-
Transfers					<u>(80,000)</u>	<u>80,000</u>
Total general revenues and transfers					<u>37,185,063</u>	<u>81,751</u>
Change in net assets					5,640,812	9,679
Net assets, beginning					<u>122,091,497</u>	<u>182,711</u>
Net assets, ending					<u>\$ 127,732,309</u>	<u>\$ 192,390</u>

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

GREGG COUNTY, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS SEPTEMBER 30, 2010

	General	Road and Bridge	Capital Improvement
ASSETS			
Cash and cash equivalents	\$ 2,454,849	\$ -	\$ 4,005,247
Investments	16,288,607	5,939,330	19,819,283
Receivables (net of allowance for uncollectibles)			
Other governments	3,262,934	7,553	-
Accounts	1,847,316	1,179,199	27,824
Delinquent property taxes	369,430	87,072	-
Due from other funds	911,609	-	-
Inventory - materials/supplies	-	202,877	-
Prepays	82,957	581	-
	<u>\$ 25,217,702</u>	<u>\$ 7,416,612</u>	<u>\$ 23,852,354</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 897,461	\$ 70,776	\$ 13,000
Accounts payable - other governments	35,807	25,795	-
Accrued liabilities	968,866	126,011	-
Deferred revenues	1,739,234	1,210,559	-
Due to other funds	-	691,439	-
	<u>3,641,368</u>	<u>2,124,580</u>	<u>13,000</u>
Fund balances:			
Reserved for:			
Archive restoration	766,580	-	-
Inventory	-	202,877	-
Prepays	82,957	581	-
Unreserved, reported in:			
General fund	20,726,797	-	-
Special revenue funds			
Designated for general fund projects	-	264,359	-
Undesignated	-	4,824,215	-
Capital projects funds	-	-	23,839,354
	<u>21,576,334</u>	<u>5,292,032</u>	<u>23,839,354</u>
	<u>\$ 25,217,702</u>	<u>\$ 7,416,612</u>	<u>\$ 23,852,354</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

An Internal Service Fund is used by management to charges the costs of certain capital assets to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net assets.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of governmental activities

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

<u>Airport Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 5,083,971	\$ 11,544,067
-	3,366,846	45,414,066
366,728	220,016	3,857,231
26	253,381	3,307,746
-	57,663	514,165
-	-	911,609
-	7,192	210,069
-	306	83,844
<u>\$ 366,754</u>	<u>\$ 8,989,375</u>	<u>\$ 65,842,797</u>
\$ 108,391	\$ 223,210	\$ 1,312,838
-	2,897	64,499
-	67,566	1,162,443
-	215,671	3,165,464
<u>58,476</u>	<u>161,694</u>	<u>911,609</u>
<u>166,867</u>	<u>671,038</u>	<u>6,616,853</u>
-	-	766,580
-	7,192	210,069
-	241	83,779
-	-	20,726,797
-	-	264,359
-	5,177,225	10,001,440
<u>199,887</u>	<u>3,133,679</u>	<u>27,172,920</u>
<u>199,887</u>	<u>8,318,337</u>	<u>59,225,944</u>
<u>\$ 366,754</u>	<u>\$ 8,989,375</u>	
		63,793,996
		3,165,464
		2,740,555
		<u>(1,193,650)</u>
		<u>\$ 127,732,309</u>

GREGG COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	General	Road and Bridge	Capital Improvement
REVENUES			
Taxes:			
Current property taxes	\$ 15,167,341	\$ 3,575,976	\$ -
Delinquent property taxes	448,400	91,604	-
Alcoholic beverage tax	214,451	-	-
Bingo tax	86,280	-	-
Sales tax	13,838,557	-	-
Motor vehicle sales tax	506,881	783,841	-
Licenses and permits	128,260	1,163,503	-
Intergovernmental	908,079	24,455	-
Charges for services	3,266,504	-	-
Fines and forfeitures	544,522	612,245	-
Investment earnings	152,171	10,082	56,231
Rents and commissions	583,541	-	-
Miscellaneous	3,058,478	9,261	-
Total revenues	38,903,465	6,270,967	56,231
EXPENDITURES			
Current:			
General government	7,635,710	-	-
Judicial	6,190,949	-	-
Public safety	13,242,455	-	-
Health and human services	2,232,806	-	-
Public buildings	2,029,427	-	-
Transportation and roads	-	7,091,456	-
Debt service:			
Principal	9,393	394,710	-
Interest and fiscal charges	2,685	16,169	-
Capital outlay	-	-	227,118
Total expenditures	31,343,425	7,502,335	227,118
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,560,040	(1,231,368)	(170,887)
OTHER FINANCING SOURCES (USES)			
Transfers in	37,707	3,297,775	15,267,738
Transfers out	(16,408,606)	(20,197)	(3,702,500)
Proceeds from capital lease	-	495,976	-
Sale of capital assets	40,684	470,807	-
Sale of right of way	20,000	-	-
Insurance proceeds	5,877	1,220	-
Total other financing sources (uses)	(16,304,338)	4,245,581	11,565,238
NET CHANGE IN FUND BALANCES	(8,744,298)	3,014,213	11,394,351
FUND BALANCES, BEGINNING	30,320,632	2,277,819	12,445,003
FUND BALANCES, ENDING	\$ 21,576,334	\$ 5,292,032	\$ 23,839,354

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

<u>Airport Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 2,367,540	\$ 21,110,857
-	68,191	608,195
-	-	214,451
-	-	86,280
-	-	13,838,557
-	-	1,290,722
-	-	1,291,763
1,099,733	1,103,571	3,135,838
62,297	481,829	3,810,630
-	-	1,156,767
-	18,698	237,182
-	382,399	965,940
-	233,900	3,301,639
<u>1,162,030</u>	<u>4,656,128</u>	<u>51,048,821</u>
-	1,032,054	8,667,764
-	312,270	6,503,219
-	1,434,756	14,677,211
-	604,644	2,837,450
-	-	2,029,427
-	1,377,904	8,469,360
-	4,776	408,879
-	857	19,711
<u>1,165,276</u>	<u>33,922</u>	<u>1,426,316</u>
<u>1,165,276</u>	<u>4,801,183</u>	<u>45,039,337</u>
(3,246)	(145,055)	<u>6,009,484</u>
3,441	1,964,829	20,571,490
-	(440,187)	(20,571,490)
-	-	495,976
-	1,976	513,467
-	-	20,000
-	-	7,097
<u>3,441</u>	<u>1,526,618</u>	<u>1,036,540</u>
195	1,381,563	7,046,024
<u>199,692</u>	<u>6,936,774</u>	<u>52,179,920</u>
<u>\$ 199,887</u>	<u>\$ 8,318,337</u>	<u>\$ 59,225,944</u>

GREGG COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Amounts reported for governmental activities in the statement of activities (page 15) are different because:

Net change in fund balances - total governmental funds (pages 18 - 19)	\$ 7,046,024
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.	(1,016,403)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(328,224)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	195,145
resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(87,097)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,227)
Internal Service Funds are used by management to charge the costs of certain capital assets to individual funds. The net revenue of certain activities of Internal Service Funds is reported with governmental activities.	(166,406)
Change in net assets of governmental activities (page 15)	<u>\$ 5,640,812</u>

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

GREGG COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Current property taxes	\$ 15,108,166	\$ 15,108,166	\$ 15,072,915	\$(35,251)
Current penalty and interest	-	-	94,426	94,426
Delinquent property taxes	387,528	387,528	348,834	(38,694)
Delinquent penalty and interest	-	-	99,566	99,566
Alcoholic beverage tax	190,000	190,000	214,451	24,451
Bingo tax	75,000	75,000	86,280	11,280
Sales tax	13,200,000	13,200,000	13,838,557	638,557
Motor vehicle sales tax	625,000	625,000	506,881	(118,119)
Total taxes	<u>29,585,694</u>	<u>29,585,694</u>	<u>30,261,910</u>	<u>676,216</u>
Licenses and permits:				
Alcoholic beverage licenses	25,000	25,000	58,560	33,560
Sexually oriented businesses	16,000	16,000	33,900	17,900
Bail bond applications	5,500	5,500	2,000	(3,500)
Sewage disposal systems	30,000	30,000	33,800	3,800
Total licenses and permits	<u>76,500</u>	<u>76,500</u>	<u>128,260</u>	<u>51,760</u>
Intergovernmental:				
Juvenile salary supplement	5,000	5,000	5,000	-
State supplement - court at law	150,000	150,000	150,000	-
State supplement - assistant prosecutors	8,500	8,500	11,312	2,812
State - indigent defense	55,000	55,000	123,852	68,852
State - juror reimbursement	60,000	60,000	51,884	(8,116)
State - commercial waste management fees	200	200	317	117
City of Lakeport - sewer fees	1,000	1,000	1,300	300
Fiscal service fee	12,500	12,500	13,759	1,259
HIDTA task force	-	-	215	215
Drug enforcement task force	10,000	10,000	16,885	6,885
CSCD security deputy	23,000	23,000	23,221	221
Sabine Valley deputy	70,978	70,978	103,374	32,396
Sabine ISD resource officer	39,500	39,500	39,452	(48)
City of Longview - prisoner care	285,000	285,000	275,150	(9,850)
City of Longview Litter Abatement	-	-	12,702	12,702
State - Title IV-E Legal Reimbursement	20,000	20,000	39,822	19,822
FEMA reimbursement - direct expenditures	-	-	11,404	11,404
Child welfare board reimbursement	10,000	10,000	28,430	18,430
Total intergovernmental	<u>750,678</u>	<u>750,678</u>	<u>908,079</u>	<u>157,401</u>

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES (Continued)				
Charges for services:				
Sheriff	\$ 320,000	\$ 320,000	\$ 302,531	\$(17,469)
Constable # 1	30,000	30,000	27,665	(2,335)
Constable # 2	21,000	21,000	31,742	10,742
Constable # 3	30,000	30,000	25,635	(4,365)
Constable # 4	21,000	21,000	32,745	11,745
County clerk	1,005,000	1,005,000	987,832	(17,168)
County clerk - bond administrative fee	14,000	14,000	11,328	(2,672)
County clerk - archival fee	120,000	120,000	115,470	(4,530)
Sheriff - bond administrative fee	2,500	2,500	3,714	1,214
District clerk - bond administrative fee	100	100	100	-
District clerk-archival fee	-	-	13,315	13,315
Tax assessor - collector	590,000	590,000	570,466	(19,534)
Tax collection contract fees	230,000	230,000	264,586	34,586
District attorney	62,000	62,000	50,489	(11,511)
District clerk	390,000	390,000	414,130	24,130
Justice of the Peace # 1	20,000	20,000	19,373	(627)
Justice of the Peace # 2	17,000	17,000	12,060	(4,940)
Justice of the Peace # 3	20,000	20,000	10,744	(9,256)
Justice of the Peace # 4	17,000	17,000	11,799	(5,201)
Trial fees	50	50	73	23
Jury	26,000	26,000	27,837	1,837
Probate judge education fees	2,000	2,000	2,440	440
Other arrest fees	62,000	62,000	58,336	(3,664)
Judges fee - probate	3,600	3,600	3,281	(319)
State fees	92,000	92,000	96,383	4,383
State fees - TP - judicial efficiency	4,000	4,000	4,918	918
State fee - drug court program	-	-	14,755	14,755
Court reporter service fees	42,000	42,000	46,428	4,428
DRO fees	16,000	16,000	19,028	3,028
Guardianship fee	6,000	6,000	7,840	1,840
Parking lot fees	5,200	5,200	4,876	(324)
Computer services	6,000	6,000	6,500	500
Defensive driving fees	45,000	45,000	45,302	302
Child safety fees	3,500	3,500	2,813	(687)
Traffic fees	12,500	12,500	10,578	(1,922)
Video fees	6,000	6,000	7,524	1,524
Inmate reimbursement	2,500	2,500	1,868	(632)
Total charges for services	<u>3,243,950</u>	<u>3,243,950</u>	<u>3,266,504</u>	<u>22,554</u>

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES (Continued)				
Fines and forfeitures:				
Justice court fines - JP 1	\$ 160,000	\$ 160,000	\$ 170,261	\$ 10,261
Justice court fines - JP 2	100,000	100,000	48,549	(51,451)
Justice court fines - JP 3	160,000	160,000	238,803	78,803
Justice court fines - JP 4	<u>100,000</u>	<u>100,000</u>	<u>86,909</u>	<u>(13,091)</u>
Total fines and forfeitures	<u>520,000</u>	<u>520,000</u>	<u>544,522</u>	<u>24,522</u>
Investment earnings:				
Interest	550,000	550,000	245,926	(304,074)
Unrealized gains (losses)	<u>-</u>	<u>-</u>	<u>(93,755)</u>	<u>(93,755)</u>
Total investment earnings	<u>550,000</u>	<u>550,000</u>	<u>152,171</u>	<u>(397,829)</u>
Rent and commissions:				
BorgWarner Automotive	34,100	34,100	34,098	(2)
A & M Tower, Inc.	8,875	8,875	9,773	898
Community buildings	21,000	21,000	23,840	2,840
Other rent	8,500	8,500	9,800	1,300
Royalties	12,000	12,000	203,043	191,043
Telephone coin stations	270,000	270,000	296,950	26,950
Concession commissions	<u>8,200</u>	<u>8,200</u>	<u>6,037</u>	<u>(2,163)</u>
Total rent and commissions	<u>362,675</u>	<u>362,675</u>	<u>583,541</u>	<u>220,866</u>
Miscellaneous:				
Federal - jail lease	1,100,000	1,100,000	1,546,860	446,860
Contract jail revenue	1,700,000	1,700,000	1,471,417	(228,583)
Miscellaneous	<u>25,000</u>	<u>25,000</u>	<u>40,201</u>	<u>15,201</u>
Total miscellaneous	<u>2,825,000</u>	<u>2,825,000</u>	<u>3,058,478</u>	<u>233,478</u>
 Total revenues	 <u>37,914,497</u>	 <u>37,914,497</u>	 <u>38,903,465</u>	 <u>988,968</u>

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
EXPENDITURES				
General government:				
County clerk - administration:				
Salaries	\$ 644,756	\$ 623,571	\$ 619,436	\$ 4,135
Fringe benefits	271,160	292,345	256,302	36,043
Operating expenses	78,428	78,428	70,751	7,677
Total county clerk - administration	994,344	994,344	946,489	47,855
County clerk - archive restoration:				
Operating expenses	149,000	148,142	43,478	104,664
Capital outlay	1,000	1,858	858	1,000
Total county clerk - archive restoration	150,000	150,000	44,336	105,664
Telecommunications:				
Salaries	42,155	42,155	41,780	375
Fringe benefits	7,650	7,650	7,490	160
Operating expenses	200	200	31	169
Total telecommunications	50,005	50,005	49,301	704
Purchasing:				
Salaries	123,479	123,874	121,863	2,011
Fringe benefits	37,305	36,910	36,101	809
Operating expenses	7,900	7,900	5,964	1,936
Total purchasing	168,684	168,684	163,928	4,756
Human resources:				
Salaries	127,127	127,602	127,028	574
Fringe benefits	45,285	44,810	42,668	2,142
Operating expenses	12,983	12,983	12,745	238
Total human resources	185,395	185,395	182,441	2,954

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
EXPENDITURES (Continued)				
General government: (Continued)				
Nondepartmental - general government:				
Fringe benefits	\$ 65,860	\$ 75,485	\$ 74,747	\$ 738
Operating expenses	<u>2,933,280</u>	<u>2,535,577</u>	<u>2,377,076</u>	<u>158,501</u>
Total nondepartmental - general government	<u>2,999,140</u>	<u>2,611,062</u>	<u>2,451,823</u>	<u>159,239</u>
County judge:				
Salaries	178,358	178,771	175,771	3,000
Fringe benefits	54,660	54,247	53,236	1,011
Operating expenses	16,020	13,780	5,875	7,905
Capital outlay	<u>-</u>	<u>2,240</u>	<u>2,240</u>	<u>-</u>
Total county judge	<u>249,038</u>	<u>249,038</u>	<u>237,122</u>	<u>11,916</u>
Postal services:				
Operating expenses	<u>43,610</u>	<u>8,610</u>	<u>1,328</u>	<u>7,282</u>
Total postal services	<u>43,610</u>	<u>8,610</u>	<u>1,328</u>	<u>7,282</u>
Elections:				
Salaries	163,731	163,731	140,881	22,850
Fringe benefits	59,100	59,100	43,077	16,023
Operating expenses	<u>70,697</u>	<u>70,697</u>	<u>60,449</u>	<u>10,248</u>
Total elections	<u>293,528</u>	<u>293,528</u>	<u>244,407</u>	<u>49,121</u>
County auditor:				
Salaries	429,686	429,686	420,576	9,110
Fringe benefits	144,705	144,705	135,224	9,481
Operating expenses	24,200	23,401	22,894	507
Capital outlay	<u>1,500</u>	<u>2,299</u>	<u>2,099</u>	<u>200</u>
Total county auditor	<u>600,091</u>	<u>600,091</u>	<u>580,793</u>	<u>19,298</u>

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
General government: (Continued)				
Tax assessor-collector:				
Salaries	\$ 971,307	\$ 977,482	\$ 959,652	\$ 17,830
Fringe benefits	396,955	396,955	375,370	21,585
Operating expenses	<u>233,500</u>	<u>233,500</u>	<u>206,939</u>	<u>26,561</u>
Total tax assessor-collector	<u>1,601,762</u>	<u>1,607,937</u>	<u>1,541,961</u>	<u>65,976</u>
Information services:				
Salaries	297,321	301,082	301,082	-
Fringe benefits	98,545	95,678	95,678	-
Operating expenses	623,977	627,984	568,107	59,877
Capital outlay	<u>74,200</u>	<u>90,390</u>	<u>68,087</u>	<u>22,303</u>
Total information services	<u>1,094,043</u>	<u>1,115,134</u>	<u>1,032,954</u>	<u>82,180</u>
Agricultural extension service:				
Salaries	107,951	107,951	97,343	10,608
Fringe benefits	56,135	56,135	45,627	10,508
Operating expenses	<u>16,081</u>	<u>16,081</u>	<u>15,857</u>	<u>224</u>
Total agricultural extension service	<u>180,167</u>	<u>180,167</u>	<u>158,827</u>	<u>21,340</u>
Total general government	<u>8,609,807</u>	<u>8,213,995</u>	<u>7,635,710</u>	<u>578,285</u>
Judicial:				
Court of civil appeals:				
Salaries	13,008	13,008	13,008	-
Fringe benefits	<u>2,315</u>	<u>2,315</u>	<u>999</u>	<u>1,316</u>
Total court of civil appeals	<u>15,323</u>	<u>15,323</u>	<u>14,007</u>	<u>1,316</u>

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Judicial: (Continued)				
County court-at-law no. 1:				
Salaries	\$ 240,877	\$ 241,310	\$ 240,310	\$ 1,000
Fringe benefits	69,770	69,337	65,228	4,109
Operating expenses	19,060	13,460	13,367	93
Capital outlay	-	650	650	-
Total county court-at-law no. 1	<u>329,707</u>	<u>324,757</u>	<u>319,555</u>	<u>5,202</u>
County court-at-law no. 2:				
Salaries	232,941	188,497	180,260	8,237
Fringe benefits	68,305	67,109	51,499	15,610
Operating expenses	29,950	54,544	53,970	574
Total county court-at-law no. 2	<u>331,196</u>	<u>310,150</u>	<u>285,729</u>	<u>24,421</u>
Attorney general master:				
Operating expenses	10,200	10,200	9,338	862
Total attorney general master	<u>10,200</u>	<u>10,200</u>	<u>9,338</u>	<u>862</u>
124th district court:				
Salaries	87,282	92,164	90,565	1,599
Fringe benefits	30,660	31,124	30,368	756
Operating expenses	76,200	38,374	14,545	23,829
Capital outlay	-	926	926	-
Total 124th district court	<u>194,142</u>	<u>162,588</u>	<u>136,404</u>	<u>26,184</u>
188th district court:				
Salaries	87,421	87,753	87,753	-
Fringe benefits	30,690	30,358	29,901	457
Operating expenses	116,700	36,700	11,670	25,030
Total 188th district court	<u>234,811</u>	<u>154,811</u>	<u>129,324</u>	<u>25,487</u>

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Judicial: (Continued)				
307th district court:				
Salaries	\$ 90,713	\$ 91,532	\$ 90,502	\$ 1,030
Fringe benefits	31,290	30,951	30,004	947
Operating expenses	<u>24,650</u>	<u>17,150</u>	<u>11,995</u>	<u>5,155</u>
Total 307th district court	<u>146,653</u>	<u>139,633</u>	<u>132,501</u>	<u>7,132</u>
Judicial expenses:				
Operating expenses	<u>1,156,500</u>	<u>1,404,350</u>	<u>1,267,159</u>	<u>137,191</u>
Total judicial expenses	<u>1,156,500</u>	<u>1,404,350</u>	<u>1,267,159</u>	<u>137,191</u>
District clerk:				
Salaries	627,704	627,224	608,411	18,813
Fringe benefits	268,185	268,185	246,966	21,219
Operating expenses	<u>63,200</u>	<u>63,200</u>	<u>59,723</u>	<u>3,477</u>
Total district clerk	<u>959,089</u>	<u>958,609</u>	<u>915,100</u>	<u>43,509</u>
District clerk archive restoration:				
Operating expenses	<u>8,250</u>	<u>8,250</u>	<u>-</u>	<u>8,250</u>
Total district clerk archive restoration	<u>8,250</u>	<u>8,250</u>	<u>-</u>	<u>8,250</u>
Justice of the peace no. 1:				
Salaries	185,872	186,370	186,370	-
Fringe benefits	77,860	77,362	67,619	9,743
Operating expenses	<u>66,311</u>	<u>66,311</u>	<u>60,971</u>	<u>5,340</u>
Total justice of the peace no. 1	<u>330,043</u>	<u>330,043</u>	<u>314,960</u>	<u>15,083</u>
Justice of the peace no. 2:				
Salaries	107,178	107,380	107,380	-
Fringe benefits	41,525	41,323	40,330	993
Operating expenses	<u>42,200</u>	<u>42,200</u>	<u>33,802</u>	<u>8,398</u>
Total justice of the peace no. 2	<u>190,903</u>	<u>190,903</u>	<u>181,512</u>	<u>9,391</u>

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Judicial: (Continued)				
Justice of the peace no. 3:				
Salaries	\$ 142,112	\$ 140,551	\$ 140,551	\$ -
Fringe benefits	55,150	58,839	58,353	486
Operating expenses	<u>55,045</u>	<u>55,045</u>	<u>36,188</u>	<u>18,857</u>
Total justice of the peace no. 3	<u>252,307</u>	<u>254,435</u>	<u>235,092</u>	<u>19,343</u>
Justice of the peace no. 4:				
Salaries	104,478	104,673	104,673	-
Fringe benefits	40,990	40,795	38,692	2,103
Operating expenses	<u>41,355</u>	<u>41,355</u>	<u>28,987</u>	<u>12,368</u>
Total justice of the peace no. 4	<u>186,823</u>	<u>186,823</u>	<u>172,352</u>	<u>14,471</u>
District attorney:				
Salaries	1,430,087	1,430,087	1,403,214	26,873
Fringe benefits	469,875	469,875	448,016	21,859
Operating expenses	78,300	75,300	74,099	1,201
Capital outlay	<u>-</u>	<u>3,000</u>	<u>2,999</u>	<u>1</u>
Total district attorney	<u>1,978,262</u>	<u>1,978,262</u>	<u>1,928,328</u>	<u>49,934</u>
Bail bond board:				
Salaries	3,500	3,500	421	3,079
Fringe benefits	635	635	76	559
Operating expenses	<u>3,000</u>	<u>3,000</u>	<u>55</u>	<u>2,945</u>
Total bail bond board	<u>7,135</u>	<u>7,135</u>	<u>552</u>	<u>6,583</u>
Collections office:				
Salaries	105,297	105,655	105,578	77
Fringe benefits	41,175	40,817	39,607	1,210
Operating expenses	<u>9,650</u>	<u>9,650</u>	<u>3,851</u>	<u>5,799</u>
Total collections office	<u>156,122</u>	<u>156,122</u>	<u>149,036</u>	<u>7,086</u>
Total judicial	<u>6,487,466</u>	<u>6,592,394</u>	<u>6,190,949</u>	<u>401,445</u>

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public safety:				
Constable no. 1:				
Salaries	\$ 42,476	\$ 42,476	\$ 42,476	\$ -
Fringe benefits	16,220	16,220	15,312	908
Operating expenses	9,085	10,229	6,391	3,838
Capital outlay	<u>25,000</u>	<u>23,856</u>	<u>23,821</u>	<u>35</u>
Total constable no. 1	<u>92,781</u>	<u>92,781</u>	<u>88,000</u>	<u>4,781</u>
Constable no. 2:				
Salaries	42,476	42,476	42,476	-
Fringe benefits	16,080	16,080	15,440	640
Operating expenses	<u>11,050</u>	<u>11,050</u>	<u>3,923</u>	<u>7,127</u>
Total constable no. 2	<u>69,606</u>	<u>69,606</u>	<u>61,839</u>	<u>7,767</u>
Constable no. 3:				
Salaries	60,732	60,808	59,953	855
Fringe benefits	19,395	19,319	18,404	915
Operating expenses	13,769	14,462	11,495	2,967
Capital outlay	<u>25,000</u>	<u>24,307</u>	<u>24,307</u>	<u>-</u>
Total constable no. 3	<u>118,896</u>	<u>118,896</u>	<u>114,159</u>	<u>4,737</u>
Constable no. 4:				
Salaries	42,476	42,476	42,476	-
Fringe benefits	16,080	16,080	15,027	1,053
Operating expenses	12,150	13,366	7,084	6,282
Capital outlay	<u>25,600</u>	<u>24,384</u>	<u>21,807</u>	<u>2,577</u>
Total constable no. 4	<u>96,306</u>	<u>96,306</u>	<u>86,394</u>	<u>9,912</u>
Sheriff - corrections:				
Salaries	6,370,201	6,388,201	6,281,714	106,487
Fringe benefits	2,640,605	2,622,605	2,407,959	214,646
Operating expenses	1,331,956	1,399,542	1,187,252	212,290
Capital outlay	<u>12,000</u>	<u>69,800</u>	<u>69,059</u>	<u>741</u>
Total sheriff - corrections	<u>10,354,762</u>	<u>10,480,148</u>	<u>9,945,984</u>	<u>534,164</u>

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Public safety: (Continued)				
Contract jail operations:				
Salaries	\$ 1,503,399	\$ 1,533,399	\$ 1,495,502	\$ 37,897
Fringe benefits	674,975	644,975	612,465	32,510
Operating expenses	<u>423,733</u>	<u>373,733</u>	<u>291,244</u>	<u>82,489</u>
Total contract jail operations	<u>2,602,107</u>	<u>2,552,107</u>	<u>2,399,211</u>	<u>152,896</u>
Criminal justice center operations:				
Salaries	222,048	217,937	212,888	5,049
Fringe benefits	104,135	104,135	92,452	11,683
Operating expenses	<u>75,500</u>	<u>75,500</u>	<u>52,523</u>	<u>22,977</u>
Total criminal justice center operations	<u>401,683</u>	<u>397,572</u>	<u>357,863</u>	<u>39,709</u>
Department of public safety:				
Salaries	39,500	39,500	39,457	43
Fringe benefits	14,500	14,500	14,129	371
Operating expenses	<u>7,900</u>	<u>7,900</u>	<u>6,209</u>	<u>1,691</u>
Total department of public safety	<u>61,900</u>	<u>61,900</u>	<u>59,795</u>	<u>2,105</u>
Parks and wildlife:				
Operating expenses	<u>900</u>	<u>900</u>	<u>620</u>	<u>280</u>
Total parks and wildlife	<u>900</u>	<u>900</u>	<u>620</u>	<u>280</u>
Texas alcoholic beverage commission:				
Operating expenses	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
Total alcoholic beverage commission	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
Juvenile board:				
Salaries	98,613	98,613	92,852	5,761
Fringe benefits	<u>40,280</u>	<u>40,280</u>	<u>35,738</u>	<u>4,542</u>
Total juvenile board	<u>138,893</u>	<u>138,893</u>	<u>128,590</u>	<u>10,303</u>
Total public safety	<u>13,938,084</u>	<u>14,009,359</u>	<u>13,242,455</u>	<u>766,904</u>

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Health and human services:				
Veterans services:				
Salaries	\$ 69,042	\$ 69,305	\$ 69,305	\$ -
Fringe benefits	12,815	12,707	12,707	-
Operating expenses	<u>14,434</u>	<u>14,434</u>	<u>12,411</u>	<u>2,023</u>
Total veterans services	<u>96,291</u>	<u>96,446</u>	<u>94,423</u>	<u>2,023</u>
Civil defense:				
Operating expenses	<u>19,200</u>	<u>19,200</u>	<u>16,200</u>	<u>3,000</u>
Total civil defense	<u>19,200</u>	<u>19,200</u>	<u>16,200</u>	<u>3,000</u>
Environmental protection:				
Operating expenses	<u>23,000</u>	<u>5,000</u>	<u>1,266</u>	<u>3,734</u>
Total environmental protection	<u>23,000</u>	<u>5,000</u>	<u>1,266</u>	<u>3,734</u>
911 Addressing:				
Salaries	79,640	79,941	79,941	-
Fringe benefits	30,345	30,044	28,530	1,514
Operating expenses	<u>27,895</u>	<u>12,895</u>	<u>892</u>	<u>12,003</u>
Total 911 addressing	<u>137,880</u>	<u>122,880</u>	<u>109,363</u>	<u>13,517</u>
Health:				
Salaries	321,419	337,337	335,594	1,743
Fringe benefits	125,515	128,920	126,132	2,788
Operating expenses	<u>1,072,175</u>	<u>1,068,175</u>	<u>815,147</u>	<u>253,028</u>
Total health	<u>1,519,109</u>	<u>1,534,432</u>	<u>1,276,873</u>	<u>257,559</u>
Historical commission:				
Operating expenses	<u>6,525</u>	<u>6,525</u>	<u>1,805</u>	<u>4,720</u>
Total historical commission	<u>6,525</u>	<u>6,525</u>	<u>1,805</u>	<u>4,720</u>
Contributions:				
Operating expenses	<u>737,449</u>	<u>787,449</u>	<u>732,876</u>	<u>54,573</u>
Total contributions	<u>737,449</u>	<u>787,449</u>	<u>732,876</u>	<u>54,573</u>
Total health and human services	<u>2,539,454</u>	<u>2,571,932</u>	<u>2,232,806</u>	<u>339,126</u>

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Public buildings:				
Courthouse building:				
Salaries	\$ 484,634	\$ 472,963	\$ 464,326	\$ 8,637
Fringe benefits	227,640	223,988	205,279	18,709
Operating expenses	778,150	793,422	652,623	140,799
Capital outlay	-	1,990	1,990	-
Total courthouse building	1,490,424	1,492,363	1,324,218	168,145
Service center building:				
Operating expenses	43,250	43,250	26,902	16,348
Total service center building	43,250	43,250	26,902	16,348
Greggton building:				
Salaries	6,209	6,209	2,288	3,921
Fringe benefits	1,340	1,340	574	766
Operating expenses	25,800	25,800	16,605	9,195
Total Greggton building	33,349	33,349	19,467	13,882
Gladewater Commerce Street building:				
Operating expenses	15,850	15,850	10,595	5,255
Total Gladewater Commerce Street building	15,850	15,850	10,595	5,255
Longview Eastman Road building:				
Operating expenses	8,600	8,600	6,720	1,880
Total Longview Easton Road building	8,600	8,600	6,720	1,880
Jail building:				
Operating expenses	340,000	340,000	315,522	24,478
Total jail building	340,000	340,000	315,522	24,478
M. A. Smith Criminal Justice Center:				
Operating expenses	51,500	51,500	45,153	6,347
Total M. A. Smith Criminal Justice Center	51,500	51,500	45,153	6,347

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Public buildings: (Continued)				
Youth detention center:				
Operating expenses	\$ 36,750	\$ 36,750	\$ 25,925	\$ 10,825
Total youth detention center	36,750	36,750	25,925	10,825
Community building maintenance:				
Salaries	32,658	32,781	32,381	400
Fringe benefits	14,370	14,247	13,728	519
Operating expenses	10,400	10,400	5,954	4,446
Total community building maintenance	57,428	57,428	52,063	5,365
Longview Whaley Street community building:				
Salaries	18,112	18,112	18,082	30
Fringe benefits	3,895	3,895	3,702	193
Operating expenses	14,500	20,500	17,997	2,503
Total Longview Whaley Street community building	36,507	42,507	39,781	2,726
Judson community building:				
Operating expenses	8,300	11,617	10,235	1,382
Capital outlay	-	1,458	1,342	116
Total Judson community building	8,300	13,075	11,577	1,498
Garfield Hill community building:				
Operating expenses	10,725	10,725	3,427	7,298
Total Garfield Hill community building	10,725	10,725	3,427	7,298

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
EXPENDITURES (Continued)				
Public buildings: (Continued)				
Liberty City office/community building:				
Operating expenses	\$ 33,000	\$ 29,760	\$ 11,999	\$ 17,761
Capital outlay	-	3,240	3,240	-
Total Liberty City office/ community building	33,000	33,000	15,239	17,761
Hugh Camp Memorial Park:				
Operating expenses	24,600	24,600	11,652	12,948
Total Hugh Camp Memorial Park	24,600	24,600	11,652	12,948
Olivia R. Hilburn community building:				
Operating expenses	22,325	22,325	12,125	10,200
Total Olivia R. Hilburn community building	22,325	22,325	12,125	10,200
Kilgore office and community building:				
Salaries	28,927	29,038	29,038	-
Fringe benefits	13,575	13,464	12,969	495
Operating expenses	54,250	54,250	23,974	30,276
Total Kilgore office and community building	96,752	96,752	65,981	30,771
Kilgore South Street building:				
Operating expenses	225	225	213	12
Total Kilgore South Street building	225	225	213	12
Elderville community building:				
Operating expenses	20,250	28,399	22,446	5,953
Capital outlay	-	799	799	-
Total Elderville community building	20,250	29,198	23,245	5,953

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public buildings: (Continued)				
Easton community building:				
Operating expenses	\$ 12,250	\$ 3,302	\$ 3,302	\$ -
Total Easton community building	<u>12,250</u>	<u>3,302</u>	<u>3,302</u>	<u>-</u>
West Harrison volunteer fire department building:				
Operating expenses	<u>2,600</u>	<u>1,800</u>	<u>1,065</u>	<u>735</u>
Total West Harrison volunteer fire department building	<u>2,600</u>	<u>1,800</u>	<u>1,065</u>	<u>735</u>
Civil air patrol building:				
Operating expenses	<u>-</u>	<u>15,255</u>	<u>15,255</u>	<u>-</u>
Total civil air patrol building	<u>-</u>	<u>15,255</u>	<u>15,255</u>	<u>-</u>
Total public buildings	<u>2,344,685</u>	<u>2,371,854</u>	<u>2,029,427</u>	<u>342,427</u>
Debt service - principal:				
Capital lease	<u>9,400</u>	<u>9,400</u>	<u>9,393</u>	<u>7</u>
Total debt service - principal	<u>9,400</u>	<u>9,400</u>	<u>9,393</u>	<u>7</u>
Debt service - interest:				
Capital lease	<u>2,700</u>	<u>2,700</u>	<u>2,685</u>	<u>15</u>
Total debt service - interest	<u>2,700</u>	<u>2,700</u>	<u>2,685</u>	<u>15</u>
Total expenditures	<u>33,931,596</u>	<u>33,771,634</u>	<u>31,343,425</u>	<u>2,428,209</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,982,901</u>	<u>4,142,863</u>	<u>7,560,040</u>	<u>3,417,177</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers from other funds:				
Jail lease facility	-	233	233	-
Road and bridge	-	20,197	20,197	-
CCL #1 Courtroom Renovation	-	17,277	17,277	-
Total operating transfer from other funds	<u>-</u>	<u>37,707</u>	<u>37,707</u>	<u>-</u>

(continued)

GREGG COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES) (Continued)				
Operating transfers to other funds:				
Security	\$ (37,000)	\$ (45,700)	\$ (45,700)	\$ -
Transfer - grant match	(38,750)	(38,750)	(1,270)	37,480
Road and bridge	(1,200,000)	(1,475,775)	(1,297,775)	178,000
Airport	-	(4,111)	(4,111)	
Violence against women grant	(45,000)	(45,000)	(39,044)	5,956
307th drug court program	(50,000)	(50,000)	(17,265)	32,735
188th drug court program	(50,000)	-	-	-
Capital improvement fund	(15,000,000)	(15,000,000)	(15,000,000)	-
Airport improvement	-	(3,441)	(3,441)	-
Total operating transfers to other funds	<u>(16,420,750)</u>	<u>(16,662,777)</u>	<u>(16,408,606)</u>	<u>254,171</u>
Sale of capital assets	-	40,684	40,684	-
Sale of right of way	-	-	20,000	20,000
Insurance proceeds - loss of fixed assets	-	4,061	5,877	1,816
Total other financing sources (uses)	<u>(16,420,750)</u>	<u>(16,580,325)</u>	<u>(16,304,338)</u>	<u>275,987</u>
NET CHANGE IN FUND BALANCE	(12,437,849)	(12,437,462)	(8,744,298)	3,693,164
FUND BALANCE, BEGINNING	<u>30,320,632</u>	<u>30,320,632</u>	<u>30,320,632</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 17,882,783</u>	<u>\$ 17,883,170</u>	<u>\$ 21,576,334</u>	<u>\$ 3,693,164</u>

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

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GREGG COUNTY, TEXAS

ROAD AND BRIDGE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Current property taxes	\$ 3,557,777	\$ 3,557,777	\$ 3,553,722	\$(4,055)
Current penalty and interest	-	-	22,254	22,254
Delinquent property taxes	79,106	79,106	71,286	(7,820)
Delinquent penalty and interest	-	-	20,318	20,318
Motor vehicle sales tax	<u>1,020,000</u>	<u>1,020,000</u>	<u>783,841</u>	<u>(236,159)</u>
Total taxes	<u>4,656,883</u>	<u>4,656,883</u>	<u>4,451,421</u>	<u>(205,462)</u>
Licenses and permits:				
Motor vehicle registration	1,050,000	1,050,000	1,151,236	101,236
Weight permits	<u>12,000</u>	<u>12,000</u>	<u>12,267</u>	<u>267</u>
Total licenses and permits	<u>1,062,000</u>	<u>1,062,000</u>	<u>1,163,503</u>	<u>101,503</u>
Intergovernmental:				
Lateral road	<u>20,000</u>	<u>20,000</u>	<u>24,455</u>	<u>4,455</u>
Total intergovernmental	<u>20,000</u>	<u>20,000</u>	<u>24,455</u>	<u>4,455</u>
Fines and forfeitures:				
Misdemeanor fines	475,000	475,000	463,403	(11,597)
Felony fines	50,000	50,000	105,847	55,847
Civil/BF fines	<u>15,000</u>	<u>15,000</u>	<u>42,995</u>	<u>27,995</u>
Total fines and forfeitures	<u>540,000</u>	<u>540,000</u>	<u>612,245</u>	<u>72,245</u>
Investment earnings:				
Interest	25,000	25,000	16,454	(8,546)
Unrealized gains (losses)	<u>-</u>	<u>-</u>	<u>(6,372)</u>	<u>(6,372)</u>
Total investment earnings	<u>25,000</u>	<u>25,000</u>	<u>10,082</u>	<u>(14,918)</u>
Miscellaneous:				
Miscellaneous	<u>-</u>	<u>650</u>	<u>9,261</u>	<u>8,611</u>
Total miscellaneous	<u>-</u>	<u>650</u>	<u>9,261</u>	<u>8,611</u>
Total revenues	<u>6,303,883</u>	<u>6,304,533</u>	<u>6,270,967</u>	<u>(33,566)</u>
EXPENDITURES				
Transportation and roads:				
Administration:				
Salaries	258,916	258,916	258,916	-
Fringe benefits	79,320	79,320	73,626	5,694
Operating expenses	<u>43,500</u>	<u>43,500</u>	<u>42,281</u>	<u>1,219</u>
Total administration	<u>381,736</u>	<u>381,736</u>	<u>374,823</u>	<u>6,913</u>

(continued)

GREGG COUNTY, TEXAS

ROAD AND BRIDGE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Transportation and roads: (Continued)				
Road and bridge - general:				
Operating expenses	\$ 499,900	\$ 499,900	\$ 489,950	\$ 9,950
Total road and bridge - general	<u>499,900</u>	<u>499,900</u>	<u>489,950</u>	<u>9,950</u>
Road and bridge - precinct no. 1:				
Salaries	674,111	674,111	659,040	15,071
Fringe benefits	266,180	266,180	237,205	28,975
Operating expenses	851,720	597,402	579,384	18,018
Capital outlay	<u>104,000</u>	<u>427,700</u>	<u>427,696</u>	<u>4</u>
Total road and bridge - precinct no. 1	<u>1,896,011</u>	<u>1,965,393</u>	<u>1,903,325</u>	<u>62,068</u>
Road and bridge - precinct no. 2:				
Salaries	34,402	34,526	33,503	1,023
Fringe benefits	13,615	13,491	12,881	610
Operating expenses	<u>107,745</u>	<u>107,745</u>	<u>7,492</u>	<u>100,253</u>
Total road and bridge - precinct no. 2	<u>155,762</u>	<u>155,762</u>	<u>53,876</u>	<u>101,886</u>
Road and bridge - precinct no. 3:				
Salaries	728,901	725,997	724,033	1,964
Fringe benefits	294,230	310,199	306,930	3,269
Operating expenses	1,124,580	1,092,799	736,273	356,526
Capital outlay	<u>729,282</u>	<u>915,713</u>	<u>916,028</u>	<u>(315)</u>
Total road and bridge - precinct no. 3	<u>2,876,993</u>	<u>3,044,708</u>	<u>2,683,264</u>	<u>361,444</u>
Road and bridge - precinct no. 4:				
Salaries	510,766	511,314	501,851	9,463
Fringe benefits	208,850	208,302	198,438	9,864
Operating expenses	447,400	444,255	335,634	108,621
Capital outlay	<u>194,792</u>	<u>233,165</u>	<u>233,065</u>	<u>100</u>
Total road and bridge - precinct no. 4	<u>1,361,808</u>	<u>1,397,036</u>	<u>1,268,988</u>	<u>128,048</u>
Right-of-way:				
Operating expenses	<u>-</u>	<u>178,000</u>	<u>178,000</u>	<u>-</u>
Total right-of-way	<u>-</u>	<u>178,000</u>	<u>178,000</u>	<u>-</u>
Transportation and road expense:				
Operating expenses	<u>2,000,000</u>	<u>1,044,758</u>	<u>139,230</u>	<u>905,528</u>
Total transportation and road expense	<u>2,000,000</u>	<u>1,044,758</u>	<u>139,230</u>	<u>905,528</u>
Total transportation and roads	<u>9,172,210</u>	<u>8,667,293</u>	<u>7,091,456</u>	<u>1,575,837</u>

(continued)

GREGG COUNTY, TEXAS

ROAD AND BRIDGE

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
EXPENDITURES				
Transportation and roads: (Continued)				
Debt service:				
Principal:				
Principal - capital lease	\$ 584,944	\$ 490,547	\$ 299,913	\$ 190,634
Principal - note payable	28,132	94,797	94,797	-
Total principal	<u>613,076</u>	<u>585,344</u>	<u>394,710</u>	<u>190,634</u>
Interest and fiscal charges:				
Interest - capital lease	-	23,344	11,384	11,960
Interest - note payable	-	4,788	4,785	3
Total interest and fiscal charges	<u>-</u>	<u>28,132</u>	<u>16,169</u>	<u>11,963</u>
Total debt service	<u>613,076</u>	<u>613,476</u>	<u>410,879</u>	<u>202,597</u>
Total expenditures	<u>9,785,286</u>	<u>9,280,769</u>	<u>7,502,335</u>	<u>1,778,434</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,481,403)</u>	<u>(2,976,236)</u>	<u>(1,231,368)</u>	<u>1,744,868</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers from other funds:				
General fund	1,200,000	1,475,775	1,297,775	(178,000)
Capital improvement fund	2,000,000	2,000,000	2,000,000	-
Total operating transfers to other funds	<u>3,200,000</u>	<u>3,475,775</u>	<u>3,297,775</u>	<u>(178,000)</u>
Operating transfers to other funds:				
General fund	-	(20,197)	(20,197)	-
Total operating transfers to other funds	<u>-</u>	<u>(20,197)</u>	<u>(20,197)</u>	<u>-</u>
Proceeds from capital lease	487,380	(487,380)	495,976	983,356
Sale of capital assets	480,492	(285,029)	470,807	755,836
Insurance proceeds - loss of capital assets	-	689	1,220	531
Total other financing sources and (uses)	<u>4,167,872</u>	<u>2,683,858</u>	<u>4,245,581</u>	<u>1,561,723</u>
NET CHANGE IN FUND BALANCE	686,469	(292,378)	3,014,213	3,306,591
FUND BALANCE, BEGINNING	<u>2,277,819</u>	<u>2,277,819</u>	<u>2,277,819</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,964,288</u>	<u>\$ 1,985,441</u>	<u>\$ 5,292,032</u>	<u>\$ 3,306,591</u>

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

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GREGG COUNTY, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

SEPTEMBER 30, 2010

	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 127,683
Investments	2,666,333
Interest receivable	5,250
Accounts receivable, net of allowances	94,985
Inventory	14,116
Prepays	<u>30,909</u>
Total current assets	<u>2,939,276</u>
Noncurrent assets:	
Capital assets:	
Equipment	18,794
Less: accumulated depreciation	<u>(8,292)</u>
Total capital assets	<u>10,502</u>
Total noncurrent assets	<u>10,502</u>
Total assets	<u>2,949,778</u>
LIABILITIES	
Current liabilities:	
Accounts payable	207,594
Accrued liabilities	<u>1,630</u>
Total current liabilities	<u>209,224</u>
Total liabilities	<u>209,224</u>
NET ASSETS	
Invested in capital assets, net of related debt	10,502
Unrestricted	<u>2,730,052</u>
Total net assets	<u>\$ 2,740,554</u>

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

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GREGG COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	\$ 4,619,451
Total operating revenues	<u>4,619,451</u>
OPERATING EXPENSES	
Salaries	23,452
Fringe benefits	11,185
Supplies	50,652
Copying machine	3,768
Repairs and maintenance service	3,005
Insurance consultantce	24,701
Claim expenses	4,061,821
Administrative	614,849
Depreciation	<u>5,270</u>
Total operating expenses	<u>4,798,703</u>
OPERATING LOSS	(179,252)
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenue	<u>12,846</u>
Total nonoperating revenues (expenses)	<u>12,846</u>
CHANGES IN NET ASSETS	(166,406)
TOTAL NET ASSETS, BEGINNING	<u>2,906,960</u>
TOTAL NET ASSETS, ENDING	<u>\$ 2,740,554</u>

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

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GREGG COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2010

	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund services	\$ 4,545,838
Cash paid to suppliers for goods and services	(4,795,348)
Net cash used by operating activities	<u>(249,510)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from maturities of investments	3,908,000
Purchase of investments	(4,100,000)
Earnings on investments	<u>22,131</u>
Net cash used by investing activities	<u>(169,869)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(419,379)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>547,062</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 127,683</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating loss	\$(179,252)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	5,270
Changes in assets and liabilities:	
Decrease (increase) in assets:	
Inventory	5,250
Accounts receivable	(79,073)
Prepays	(30,909)
Increase (decrease) in liabilities:	
Accounts payable	29,002
Accrued liabilities	<u>202</u>
Net cash used by operations	<u><u>\$(249,510)</u></u>

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

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GREGG COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

SEPTEMBER 30, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 3,854,352
Investments	3,294,388
Accounts receivable	<u>4,788</u>
Total assets	<u>\$ 7,153,528</u>
LIABILITIES	
Due to others	<u>\$ 7,153,528</u>
Total liabilities	<u>\$ 7,153,528</u>

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

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Gregg County, Texas (the "County") have been prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These notes to the financial statements are an integral part of the basic financial statements of the County. The following is a discussion of the more significant accounting policies utilized by the County.

A. Reporting Entity

GASB Statement No. 14 "*The Financial Reporting Entity*," establishes criteria which should be considered and evaluated along with other judgmental factors before a decision is made to include one governmental unit with another governmental unit for the purpose of issuing basic financial statements. The five criteria considered were (1) financial accountability, (2) appointment of a voting majority, (3) imposition of will, (4) financial benefit to or a burden on a primary government, and (5) financial accountability as a result of fiscal dependency.

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision on whether or not to include a potential component unit in the reporting entity was made by applying the criteria set forth in the preceding paragraph.

Discretely presented component unit – For reporting purposes, the Gregg County Child Welfare Board has been presented as a discretely presented component unit. The Gregg County Child Welfare Board is responsible for providing additional assistance to foster children in the care of the State. The Board is appointed by the Commissioners' Court and serves at their pleasure.

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 and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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. *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*.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Separate financial statements are provided for governmental funds, proprietary 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.

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 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 reports the following major governmental funds:

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

The **Road and Bridge Fund** accounts for the operation, construction and maintenance of roads and bridges.

The **Capital Improvement Fund** accounts for activities associated with the County's Capital Improvement Plan. This plan encompasses future capital asset acquisition and construction.

The **Airport Improvement Fund** accounts for federal grant funding used to improve the East Texas Regional Airport.

Additionally, the County reports the following fund types:

Internal Service Funds account for insurance/risk management services and print services provided to other departments on a cost reimbursement basis.

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations and other governments.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

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. Governments also have the option of following subsequent private-sector guidance for their business-type activities subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenue includes all taxes.

D. Assets, Liabilities and Net Assets or Equity

Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and government securities.

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.

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."

Property tax receivables are shown net of an allowance for uncollectibles. 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.

Inventories

All inventories are stated at cost. The costs of inventory items are recognized as expenditures in governmental funds when purchased.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 for equipment and \$25,000 for buildings 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.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	40
Improvements	20
Equipment	3 - 15
Infrastructure (streets and drainage)	16

Compensated Absences

Vacation and sick leave benefits are accumulated by County employees according to formulas adopted by the Commissioners' Court. The County's policy requires vacation time to be used within 14 months of being earned. Upon termination or retirement, employees are paid for any unused vacation time. The County's policy allows for accumulation of sick leave up to 60 days and provides for payment of sick leave accruals only upon retirement. At September 30, 2010, a liability has been recorded in the government-wide financial statements for accrued vacation time as well as the portion of accumulated sick leave expected to be paid.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

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 accumulated depreciation, are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. 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.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$(1,016,403) difference are as follows:

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Capital outlay	\$ 4,374,508
Depreciation expense	<u>(5,390,911)</u>

Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities* \$(1,016,403)

Another element of that reconciliation states, "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets." The details of this \$(328,224) difference are as follows:

In the statement of activities, only the *gain* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold. \$(328,224)

Net adjustment to reduce *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities* \$(328,224)

Another element of that reconciliation states, "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$(87,097) difference are as follows:

Debt issued or incurred:	
Capital lease	\$(495,976)
Principal repayments:	
Note payable	94,797
Capital lease	<u>314,082</u>

Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities* \$(87,097)

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$(2,227) difference are as follows:

Compensated absences	\$(3,431)
Accrued interest	<u>1,204</u>

Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities* \$(2,227)

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a modified accrual basis for all governmental funds with the exception of the Sheriff Asset and Forfeiture, Sheriff Enforcement, and Sheriff Inmate Welfare Special Revenue Funds. A budget is prepared for the District Attorney General Special Revenue Fund based on a fiscal year ending October 31. A combined budget is prepared for all Code Unit operations rather than individual budgets for each fund. Budgetary control is exercised at the departmental level. All appropriations lapse at year-end.

State law provides that amendments approved by the Commissioners' Court may be made to the original budget provided that funds are available for the added expenditures. Reported budget amounts reflect the budget as originally adopted and all budget amendments and transfers approved by the Commissioners' Court.

The County uses encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation. Purchase orders outstanding at year-end are not reported as reservations of fund balance because all open purchase orders lapse at year-end and are subject to re-appropriation in the budgetary process.

4. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

On September 30, 2010, the total carrying amount of the County's deposits was \$18,820,490 (consisting of Governmental Funds in the amount of \$11,544,067, Internal Service Funds of \$127,683 and Trust and Agency Funds of \$7,148,740) and the bank balances of the County's were \$18,930,753. \$15,951,904 of the County's deposit balance was collateralized with securities held by the pledging financial institution or in a money market instruments. The remaining balance, \$2,978,849 was covered by FDIC insurance.

The County's investment pool is a 2a7-like pool. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

The County is required by state statute to seek formal bids for depository services. The Investment Policy includes collateral requirements in compliance with state statute and is made part of the Depository Contract.

Chapter 2256 of the Texas Government Code (The Public Funds Investment Act) authorizes and requires Gregg County to invest its funds under a written investment policy (the "Investment Policy") that primarily emphasizes safety of principal and liquidity. It also addresses investment diversification, yield, and maturity along with quality and capability of investment personnel. The investment policy defines what constitutes the legal list of investments allowed under the policy and the Court further limits certain investment instruments allowed under Texas law. Investments are held by the County's agent in the County's name. The County records all interest revenue earned from investment activities in the respective funds.

The County's deposits and investments are invested pursuant to the investment policy, which is approved annually by Commissioners' Court. The Court appoints an investment committee to review the investment policy and submit changes for approval. The appointment of the County's investment office is also done annually by resolution. The investment officer is authorized to invest in investment instruments provided they meet the guidelines of the investment policy. The investment policy includes a list of authorized investment instruments, and a maximum allowable stated maturity of any individual investment

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

by source of funds. In addition, the investment policy includes an “investment strategy” that specifically addresses investment options and describes the priorities of preservation and safety of principal (suitability), liquidity, maturity, marketability, diversification and yield.

The investment officer submits an investment report quarterly to Commissioners’ Court as specified by Chapter 2256 of the Government Code. The report details the investment position of the County and the compliance of the investment portfolio as it relates to both the adopted investment policy and Texas State Statute.

The County’s demand deposits are either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by an independent third party bank as the County’s agent, in the name of Gregg County at September 30, 2010. Collateral other than the FDIC insurance is comprised of various governmental agencies’ issues with a rating of AAA by Standard & Poor’s. The County’s collateral agreements require the market value of securities held by its agents exceed the total amount of cash and investments held by our depository less FDIC. All of the County’s deposits are insured or collateralized at September 30, 2010.

Investment types on September 30, 2010, were direct obligations of the U. S. Government and agency securities, and investment pools. Investments are stated at fair market value as obtained from a reputable and independent source.

As of September 30, 2010, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Dreyfus Government Cash Management	\$ 150,000	30
TexPool	17,800,010	34
U. S. Agency Securities:		
Federal Home Loan Bank	25,636,686	404
Federal Home Loan Mortgage Corp.	2,566,800	200
Fannie Mae	<u>2,001,880</u>	686
Total U. S. Agency Securities	<u>30,205,366</u>	
 Total portfolio	 <u>\$ 48,155,376</u>	
 Portfolio weighted average maturity (days)		 448

Interest Rate Risk. As a means of minimizing risk of loss due to interest rate fluctuations, the investment policy limits investment maturities. General, Debt Service, Permanent Improvements, and Road and Bridge Funds are limited to 60% of available fund balance which must remain within one year expected maturity; 40% may be invested past one year within a limit of two years. All other funds with the exception of the Health Care Fund must stay within a one-year maturity. The Health Care Fund may be entirely invested to the two-year limit.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of 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.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Credit Risk. Credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The County has limited credit risk, in conformance to state statutes and County policy, by investing in only the safest types of securities as permitted by the Public Funds Investment Act, using approved brokers and investing with different issuers. In addition, the County limits its exposure to credit risk by fully insured or collateralized deposits, regulated mutual funds and individually approved investment pools. The investment portfolio of the County is diversified to avoid incurring undue concentration in securities of one type on September 30, 2010, but the policy does not restrict the concentration of investments with one specific issuer by an explicit amount.

The County's investments as of September 30, 2010, were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>
Dreyfus Government Cash Management	AAA	Moody
TexPool	AAAm	Standard & Poor's
U. S. Agency Securities:		
Federal Home Loan Bank	AAA	Moody
Federal Home Loan Mortgage Corp.	AAA	Moody
Fannie Mae	AAA	Moody

The County did not have any derivative investment products during the current year. All significant legal and contractual provisions for investments were complied with during the year. Investments at year-end are representative of the types of investments maintained by the County during the year.

Receivables

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Capital Improvement</u>	<u>Airport Improvement</u>	<u>Nonmajor Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
Receivables:							
Taxes	\$ 808,633	\$ 190,589	\$ -	\$ -	\$ 126,217	\$ -	\$ 1,125,439
Accounts	1,847,316	1,179,199	27,824	26	253,381	100,235	3,407,981
Due from other governments	<u>3,262,934</u>	<u>7,553</u>	<u>-</u>	<u>366,728</u>	<u>220,016</u>	<u>-</u>	<u>3,857,231</u>
Gross receivables	5,918,883	1,377,341	27,824	366,754	599,614	100,235	8,390,651
Less: allowance for uncollectibles	<u>(439,203)</u>	<u>(103,517)</u>	<u>-</u>	<u>-</u>	<u>(68,554)</u>	<u>-</u>	<u>(611,274)</u>
Net total receivables	<u>\$ 5,479,680</u>	<u>\$ 1,273,824</u>	<u>\$ 27,824</u>	<u>\$ 366,754</u>	<u>\$ 531,060</u>	<u>\$ 100,235</u>	<u>\$ 7,779,377</u>

Governmental funds report *deferred revenue* in connection with receivables for revenue that is 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:

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

	Unavailable	Unearned
General fund		
Delinquent property taxes receivable	\$ 309,837	\$ -
Fines	1,429,397	-
Road and bridge:		
Delinquent property taxes receivable	73,027	-
Fines	1,137,532	-
Nonmajor funds:		
Delinquent property taxes receivable	48,362	-
Other	167,309	-
Total governmental funds	\$ 3,165,464	\$ -

Capital Assets

Capital asset activity for the year ended September 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,315,910	\$ -	\$ -	\$ 1,315,910
Construction in progress	6,957,171	1,426,317	6,227,613	2,155,875
Total assets not being depreciated	8,273,081	1,426,317	6,227,613	3,471,785
Capital assets, being depreciated:				
Buildings and improvements	37,814,031	-	-	37,814,031
Equipment	16,275,984	2,093,442	1,444,389	16,925,037
Infrastructure	63,135,111	7,082,362	-	70,217,473
Total capital assets being depreciated	117,225,126	9,175,804	1,444,389	124,956,541
Accumulated depreciation:				
Buildings and improvements	(18,075,920)	(966,352)	-	(19,042,272)
Equipment	(9,484,935)	(1,512,458)	(1,116,165)	(9,881,228)
Infrastructure	(32,782,957)	(2,917,371)	-	(35,700,328)
Total accumulated depreciation	(60,343,812)	(5,396,181)	(1,116,165)	(64,623,828)
Total capital assets being depreciated, net	56,881,314	3,779,623	328,224	60,332,713
Governmental activities capital assets, net	\$ 65,154,395	\$ 5,205,940	\$ 6,555,837	\$ 63,804,498

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

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

Governmental activities:	
General government	\$ 2,494,652
Judicial	10,646
Public safety	384,940
Health and human services	13,807
Public buildings	824,507
Transportation and roads	<u>1,667,629</u>
 Total depreciation expense - governmental activities	 <u>\$ 5,396,181</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2010, is as follows:

Due to/from other funds:

<u>Due to Fund</u>	<u>Amount</u>
District Attorney - General	\$ 13,689
VIT Operating	923
Road and Bridge	691,439
Violence Against Women Prosecution 08/31/10	9,695
Violence Against Women Prosecution 08/31/11	5,130
Bioterrorism Grant - TDH 07/31/10	17,465
Bioterrorism Grant - TDH 07/31/12	6,817
Immunization Contract 08/31/10	19,633
Immunization Contract 08/31/11	6,189
HAVA - Opportunity 12/31/08	661
H1N1 07/31/10	532
Block Grant - Street Improvement 09/14/11	78,991
H1N1 Phase 3 - 07/31/10	1,892
CDBG - Disaster Recovery 01/31/12	77
Airport Improvement	<u>58,476</u>
	 <u>\$ 911,609</u>

Interfund transfers:

	<u>Transfer In</u>					<u>Total</u>
	<u>General</u>	<u>Road and Bridge</u>	<u>Capital Improvement</u>	<u>Airport Improvement</u>	<u>Other Governmental</u>	
Transfer out:						
General	\$ -	\$ 1,297,775	\$ 15,000,000	\$ 3,441	\$ 107,390	\$ 16,408,606
Road and bridge	20,197	-	-	-	-	20,197
Capital Improvement	-	2,000,000	-	-	1,702,500	3,702,500
Other governmental	<u>17,510</u>	<u>-</u>	<u>267,738</u>	<u>-</u>	<u>154,939</u>	<u>440,187</u>
 Total transfers out	 <u>\$ 37,707</u>	 <u>\$ 3,297,775</u>	 <u>\$ 15,267,738</u>	 <u>\$ 3,441</u>	 <u>\$ 1,964,829</u>	 <u>\$ 20,571,490</u>

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as the debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Debt

General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The County currently has no outstanding bonds payable.

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Note payable	\$ 94,796	\$ -	\$ 94,796	\$ -	\$ -
Capital leases payable	340,296	495,976	314,082	522,190	507,412
Compensated absences	<u>659,320</u>	<u>5,174</u>	<u>1,742</u>	<u>662,752</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 1,094,412</u>	<u>\$ 501,150</u>	<u>\$ 410,620</u>	<u>\$ 1,184,942</u>	<u>\$ 507,412</u>

Other Information

Risk Management

The County and/or employees of the County are defendants in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Gregg County provides for the management of risks through a combination of self-insurance and traditional insurance. The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2010, the County was covered under a general liability insurance plan. Additionally, the County has commercial insurance for other risks of loss, including workers' compensation, unemployment compensation, public official liability, law enforcement liability, property and employee life and accident insurance. There were no significant reductions in insurance coverage from the prior year, nor did any settlement exceed coverage.

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

There are currently several claims and lawsuits pending against the County. It is the opinion of the County Attorney and County Staff that there is no pending litigation against the County that, if decided against the County, would have a material adverse effect upon the operations of the County or that would exceed the contingency amounts set aside for such purpose.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Retirement Plan

Plan Description

Gregg County, Texas 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 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 586 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 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 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 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 contributions 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 (ADCR) 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 10.10% for the months of the accounting year in 2010, and 9.47% for the months of the accounting year in 2009.

The deposit rate payable by the employee members for calendar year 2010 is the rate of 7.0%, as adopted by the governing body of the employer.

Annual Pension Cost

For the employer's accounting year ended September 30, 2010, the annual pension cost for the TCDRS plan for its employees was \$2,059,489 and the actual contributions were \$2,059,489.

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, 2008 and December 31, 2009, the basis for determining the contribution rates for calendar years 2009 and 2010. The December 31, 2009, actuarial valuation is the most recent valuation.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Actuarial Valuation Information

Actuarial Valuation Date	12/31/07	12/31/08	12/31/09
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	12.9	20.0	20.0
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment return ¹	8.00%	8.00%	8.00%
Projected salary increases ¹	5.3%	5.3%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹Includes inflation at the stated rate

**Trend Information for the
Retirement Plan for the Employees of Gregg County**

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/08	\$ 1,774,883	100%	\$ -
09/30/09	1,940,076	100%	-
09/30/10	2,059,489	100%	-

**Schedule of Funding Progress for the Retirement Plan
For the Employees of Gregg County**

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2007	\$ 50,427,162	\$ 54,903,892	\$ 4,476,730	91.85%	\$ 18,807,349	23.80%
2008	51,490,317	59,493,365	8,003,048	86.55%	20,509,831	39.02%
2009	57,256,667	65,104,488	7,847,821	87.95%	22,935,596	34.22%

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

(2) Revised economic and demographic assumptions due to an experience review were reflected in this valuation.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

GREGG COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	Special Revenue			
	FM 349 Project	Oilfield Theft Prosecution	Constable #3 Seizures Awarded	District Court Technology
ASSETS				
Cash and cash equivalents	\$ 19,507	\$ 13,081	\$ 4,825	\$ 6
Investments	-	-	-	-
Receivables (net of allowance for uncollectibles)				
Other governments	-	-	-	-
Accounts	-	-	-	-
Delinquent property taxes	-	-	-	-
Inventory - materials/supplies	-	-	-	-
Prepays	-	-	-	-
Total assets	\$ 19,507	\$ 13,081	\$ 4,825	\$ 6
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accounts payable - other governments	-	-	-	-
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Reserved for inventory	-	-	-	-
Reserved for prepaids	-	-	-	-
Unreserved:				
Undesignated	19,507	13,081	4,825	6
Total fund balances	19,507	13,081	4,825	6
Total liabilities and fund balances	\$ 19,507	\$ 13,081	\$ 4,825	\$ 6

Special Revenue

<u>County Court Technology</u>	<u>County Court Records Preservation</u>	<u>District Court Records Preservation</u>	<u>Hwy 149 and Other Improvements</u>	<u>Election Service Contract</u>	<u>County Clerk Records Management</u>	<u>Law Library</u>
\$ 1,218	\$ 5,409	\$ 13,870	\$ 286,284	\$ 21,434	\$ 381,249	\$ 121,304
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,906	160	590	59,504	-	2,452	29,529
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>5</u>
<u>\$ 6,124</u>	<u>\$ 5,569</u>	<u>\$ 14,460</u>	<u>\$ 345,788</u>	<u>\$ 21,434</u>	<u>\$ 383,717</u>	<u>\$ 150,838</u>
\$ -	\$ -	\$ -	\$ 123,033	\$ -	\$ 863	\$ 2,597
-	-	-	-	-	-	-
-	-	-	-	-	3,526	1,151
4,743	-	-	-	-	207	27,989
-	-	-	-	-	-	-
<u>4,743</u>	<u>-</u>	<u>-</u>	<u>123,033</u>	<u>-</u>	<u>4,596</u>	<u>31,737</u>
-	-	-	-	-	-	-
-	-	-	-	-	16	5
<u>1,381</u>	<u>5,569</u>	<u>14,460</u>	<u>222,755</u>	<u>21,434</u>	<u>379,105</u>	<u>119,096</u>
<u>1,381</u>	<u>5,569</u>	<u>14,460</u>	<u>222,755</u>	<u>21,434</u>	<u>379,121</u>	<u>119,101</u>
<u>\$ 6,124</u>	<u>\$ 5,569</u>	<u>\$ 14,460</u>	<u>\$ 345,788</u>	<u>\$ 21,434</u>	<u>\$ 383,717</u>	<u>\$ 150,838</u>

(continued)

GREGG COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2010

	Special Revenue			
	Airport	Child Support Title IV-D 08/31/03	Violence Against Women Prosecution 08/31/10	Violence Against Women Prosecution 08/31/11
ASSETS				
Cash and cash equivalents	\$ 695,465	\$ 9,677	\$ -	\$ -
Investments	24,963	-	-	-
Receivables (net of allowance for uncollectibles)				
Other governments	18,931	-	14,074	6,537
Accounts	8,710	-	-	-
Delinquent property taxes	30,754	-	-	-
Inventory - materials/supplies	7,192	-	-	-
Prepays	<u>189</u>	<u>-</u>	<u>-</u>	<u>26</u>
 Total assets	 <u>\$ 786,204</u>	 <u>\$ 9,677</u>	 <u>\$ 14,074</u>	 <u>\$ 6,563</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 29,163	\$ -	\$ -	\$ 81
Accounts payable - other governments	2,849	-	-	-
Accrued liabilities	41,477	-	4,379	1,352
Deferred revenues	25,793	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>9,695</u>	<u>5,130</u>
Total liabilities	<u>99,282</u>	<u>-</u>	<u>14,074</u>	<u>6,563</u>
Fund balances:				
Reserved for inventory	7,192	-	-	-
Reserved for prepaids	189	-	-	-
Unreserved:				
Undesignated	<u>679,541</u>	<u>9,677</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>686,922</u>	<u>9,677</u>	<u>-</u>	<u>-</u>
 Total liabilities and fund balances	 <u>\$ 786,204</u>	 <u>\$ 9,677</u>	 <u>\$ 14,074</u>	 <u>\$ 6,563</u>

Special Revenue

County Wide Records Management	Security	Bioterrorism Grant - TDH 07/31/10	Bioterrorism Grant - TDH 07/31/12	Medical Corps Funding	Immunization Contract 08/31/10	Immunization Contract 08/31/11
\$ 166,898	\$ 15,441	\$ -	\$ -	\$ 13,113	\$ -	\$ -
-	-	-	-	-	-	-
-	-	17,465	9,299	-	19,633	12,740
97,322	24,307	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6	22	-	10	-	-	29
\$ <u>264,226</u>	\$ <u>39,770</u>	\$ <u>17,465</u>	\$ <u>9,309</u>	\$ <u>13,113</u>	\$ <u>19,633</u>	\$ <u>12,769</u>
\$ 649	\$ -	\$ -	\$ 134	\$ -	\$ -	\$ 112
48	-	-	-	-	-	-
1,417	4,841	-	2,359	-	-	6,468
94,523	22,792	-	-	-	-	-
-	-	17,465	6,816	-	19,633	6,189
96,637	27,633	17,465	9,309	-	19,633	12,769
-	-	-	-	-	-	-
6	22	-	-	-	-	-
167,583	12,115	-	-	13,113	-	-
167,589	12,137	-	-	13,113	-	-
\$ <u>264,226</u>	\$ <u>39,770</u>	\$ <u>17,465</u>	\$ <u>9,309</u>	\$ <u>13,113</u>	\$ <u>19,633</u>	\$ <u>12,769</u>

(continued)

GREGG COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2010

	Special Revenue			
	HAVA - Polling 12/31/08	LEOSE	Justice Court Technology	District Clerk Civil Records Management
ASSETS				
Cash and cash equivalents	\$ -	\$ 63,832	\$ 114,792	\$ 32,762
Investments	-	-	-	-
Receivables (net of allowance for uncollectibles)				
Other governments	-	-	-	-
Accounts	-	70	5,628	359
Delinquent property taxes	-	-	-	-
Inventory - materials/supplies	-	-	-	-
Prepays	-	-	-	1
Total assets	\$ -	\$ 63,902	\$ 120,420	\$ 33,122
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 63,902	\$ 2,676	\$ -
Accounts payable - other governments	-	-	-	-
Accrued liabilities	-	-	-	199
Deferred revenues	-	-	5,219	-
Due to other funds	-	-	-	-
Total liabilities	-	63,902	7,895	199
Fund balances:				
Reserved for inventory	-	-	-	-
Reserved for prepaids	-	-	-	1
Unreserved:				
Undesignated	-	-	112,525	32,922
Total fund balances	-	-	112,525	32,923
Total liabilities and fund balances	\$ -	\$ 63,902	\$ 120,420	\$ 33,122

Special Revenue

District Clerk Criminal Records Management	Justice of the Peace Security	County Clerk Criminal Records Management	Chapter 19 Funds	HAVA - Leasing Equipment	HAVA - Opportunity 12/31/08	Health Care Fund
\$ 5,838	\$ 31,715	\$ 15,018	\$ 674	\$ 22,095	\$ -	\$ 453,688
-		-	-	-	-	2,242,822
-	-	-	-	-	661	-
1,460	1,212	9,509	-	-	-	7,164
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 7,298</u>	<u>\$ 32,927</u>	<u>\$ 24,529</u>	<u>\$ 674</u>	<u>\$ 22,095</u>	<u>\$ 661</u>	<u>\$ 2,703,674</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	397	-	-	-	-
1,410	1,110	9,316	-	-	-	-
-	-	-	-	-	661	-
<u>1,410</u>	<u>1,110</u>	<u>9,713</u>	<u>-</u>	<u>-</u>	<u>661</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	2	-	-	-	-
<u>5,888</u>	<u>31,817</u>	<u>14,814</u>	<u>674</u>	<u>22,095</u>	<u>-</u>	<u>2,703,674</u>
<u>5,888</u>	<u>31,817</u>	<u>14,816</u>	<u>674</u>	<u>22,095</u>	<u>-</u>	<u>2,703,674</u>
<u>\$ 7,298</u>	<u>\$ 32,927</u>	<u>\$ 24,529</u>	<u>\$ 674</u>	<u>\$ 22,095</u>	<u>\$ 661</u>	<u>\$ 2,703,674</u>

(continued)

GREGG COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2010

	Special Revenue			
	SCAAP Grant	SCAAP Grant FY10	188th Drug Court Program 08/31/10	188th Drug Court Program 08/31/11
ASSETS				
Cash and cash equivalents	\$ 1,056	\$ 25,593	\$(36,202)	\$(2,981)
Investments	-	-	-	-
Receivables (net of allowance for uncollectibles)				
Other governments	-	-	36,202	2,981
Accounts	-	-	-	-
Delinquent property taxes	-	-	-	-
Inventory - materials/supplies	-	-	-	-
Prepays	-	-	-	-
Total assets	\$ 1,056	\$ 25,593	\$ -	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accounts payable - other governments	-	-	-	-
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Reserved for inventory	-	-	-	-
Reserved for prepaids	-	-	-	-
Unreserved:				
Undesignated	1,056	25,593	-	-
Total fund balances	1,056	25,593	-	-
Total liabilities and fund balances	\$ 1,056	\$ 25,593	\$ -	\$ -

Special Revenue

H1N1 07/31/10	Block Grant Street Improvement 09/14/11	H1N1 Phase 3 07/31/10	CDBG Disaster Recovery 01/31/12	VIT Operating	Sheriff Asset and Forfeiture	Sheriff Enforcement
\$ -	\$ -	\$ -	\$ -	\$ 9,563	\$ 45,171	\$ 87,766
-	-	-	-	-	-	-
533	78,991	1,892	77	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>533</u>	<u>78,991</u>	<u>1,892</u>	<u>77</u>	<u>9,563</u>	<u>45,171</u>	<u>87,766</u>
\$ 533	\$ 78,991	\$ 1,892	\$ 77	\$ 9,563	\$ 45,171	\$ 87,766
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
533	78,991	1,892	77	923	-	-
<u>533</u>	<u>78,991</u>	<u>1,892</u>	<u>77</u>	<u>923</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	8,640	45,171	87,766
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,640</u>	<u>45,171</u>	<u>87,766</u>
\$ 533	\$ 78,991	\$ 1,892	\$ 77	\$ 9,563	\$ 45,171	\$ 87,766

(continued)

GREGG COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2010

	Special Revenue			
	Sheriff Inmate Welfare	Code Enforcement Awarded Forfeiture	Code Federal Enforcement Account	District Attorney General
ASSETS				
Cash and cash equivalents	\$ 143,328	\$ 215,710	\$ 8,146	\$ 47,847
Investments	-	-	-	-
Receivables (net of allowance for uncollectibles)				
Other governments	-	-	-	-
Accounts	-	-	-	-
Delinquent property taxes	-	-	-	-
Inventory - materials/supplies	-	-	-	-
Prepays	-	-	-	-
Total assets	\$ 143,328	\$ 215,710	\$ 8,146	\$ 47,847
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accounts payable - other governments	-	-	-	-
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Due to other funds	-	-	-	13,689
Total liabilities	-	-	-	13,689
Fund balances:				
Reserved for inventory	-	-	-	-
Reserved for prepaids	-	-	-	-
Unreserved:				
Undesignated	143,328	215,710	8,146	34,158
Total fund balances	143,328	215,710	8,146	34,158
Total liabilities and fund balances	\$ 143,328	\$ 215,710	\$ 8,146	\$ 47,847

Capital Projects

<u>Permanent Improvement</u>	<u>Parking Garage Construction</u>	<u>Courthouse ADA Compliance Project</u>	<u>Longview Community Center Renovation</u>	<u>Computer Upgrade Projects</u>	<u>Courthouse Phone System</u>	<u>Totals</u>
\$ 1,214,579	\$ 150,000	\$ 145,571	\$ 156,360	\$ 83,255	\$ 280,014	\$ 5,083,971
1,099,061	-	-	-	-	-	3,366,846
-	-	-	-	-	-	220,016
499	-	-	-	-	-	253,381
26,909	-	-	-	-	-	57,663
-	-	-	-	-	-	7,192
-	-	-	-	-	-	306
<u>\$ 2,341,048</u>	<u>\$ 150,000</u>	<u>\$ 145,571</u>	<u>\$ 156,360</u>	<u>\$ 83,255</u>	<u>\$ 280,014</u>	<u>\$ 8,989,375</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 223,210
-	-	-	-	-	-	2,897
-	-	-	-	-	-	67,566
22,569	-	-	-	-	-	215,671
-	-	-	-	-	-	161,694
<u>22,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>671,038</u>
-	-	-	-	-	-	7,192
-	-	-	-	-	-	241
<u>2,318,479</u>	<u>150,000</u>	<u>145,571</u>	<u>156,360</u>	<u>83,255</u>	<u>280,014</u>	<u>8,310,904</u>
<u>2,318,479</u>	<u>150,000</u>	<u>145,571</u>	<u>156,360</u>	<u>83,255</u>	<u>280,014</u>	<u>8,318,337</u>
<u>\$ 2,341,048</u>	<u>\$ 150,000</u>	<u>\$ 145,571</u>	<u>\$ 156,360</u>	<u>\$ 83,255</u>	<u>\$ 280,014</u>	<u>\$ 8,989,375</u>

GREGG COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue			
	FM 349 Project	Oilfield Theft Prosecution	Constable #3 Seizures Awarded	District Court Technology
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	6
Interest	-	1	-	-
Rent and commissions	-	-	-	-
Miscellaneous	<u>5,070</u>	<u>-</u>	<u>4,825</u>	<u>-</u>
Total revenues	<u>5,070</u>	<u>1</u>	<u>4,825</u>	<u>6</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Judicial	-	1,685	-	-
Public safety	-	-	-	-
Health and human services	-	-	-	-
Transportation and roads	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>1,685</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,070</u>	<u>(1,684)</u>	<u>4,825</u>	<u>6</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	5,070	(1,684)	4,825	6
FUND BALANCES, BEGINNING	<u>14,437</u>	<u>14,765</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 19,507</u>	<u>\$ 13,081</u>	<u>\$ 4,825</u>	<u>\$ 6</u>

Special Revenues

<u>County Court Technology</u>	<u>County Court Records Preservation</u>	<u>District Court Records Preservation</u>	<u>Hwy 149 and Other Improvements</u>	<u>Election Service Contract</u>	<u>County Clerk Management Records</u>	<u>Jail Lease Facility</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
1,381	5,569	14,460	-	5,562	137,040	-
-	-	-	-	1	17	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,381</u>	<u>5,569</u>	<u>14,460</u>	<u>-</u>	<u>5,563</u>	<u>137,057</u>	<u>-</u>
-	-	-	-	6,498	114,036	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,277,245	-	-	-
-	-	-	-	1,009	-	-
-	-	-	-	147	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,277,245</u>	<u>7,654</u>	<u>114,036</u>	<u>-</u>
<u>1,381</u>	<u>5,569</u>	<u>14,460</u>	<u>(1,277,245)</u>	<u>(2,091)</u>	<u>23,021</u>	<u>-</u>
-	-	-	1,500,000	-	-	-
-	-	-	-	-	(3,940)	(233)
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>(3,940)</u>	<u>(233)</u>
1,381	5,569	14,460	222,755	(2,091)	19,081	(233)
-	-	-	-	23,525	360,040	233
<u>\$ 1,381</u>	<u>\$ 5,569</u>	<u>\$ 14,460</u>	<u>\$ 222,755</u>	<u>\$ 21,434</u>	<u>\$ 379,121</u>	<u>\$ -</u>

(continued)

GREGG COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue			
	Law Library	Airport	Child Support Title IV-D 08/31/03	Violence Against Women Prosecution 08/31/10
REVENUES				
Taxes	\$ -	\$ 1,298,997	\$ -	\$ -
Intergovernmental	-	36,884	-	63,016
Charges for services	57,734	16,385	-	-
Interest	6	243	-	-
Rent and commissions	-	224,634	-	-
Miscellaneous	<u>607</u>	<u>4</u>	<u>-</u>	<u>-</u>
Total revenues	<u>58,347</u>	<u>1,577,147</u>	<u>-</u>	<u>63,016</u>
EXPENDITURES				
Current:				
General government	-	795,927	-	-
Judicial	74,414	-	-	102,060
Public safety	-	602,243	-	-
Health and human services	-	-	-	-
Transportation and roads	-	-	-	-
Debt service:				
Principal	3,767	-	-	-
Interest and fiscal charges	710	-	-	-
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>78,891</u>	<u>1,398,170</u>	<u>-</u>	<u>102,060</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(20,544)</u>	<u>178,977</u>	<u>-</u>	<u>(39,044)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	4,110	-	39,044
Transfers out	-	-	-	-
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>4,110</u>	<u>-</u>	<u>39,044</u>
NET CHANGE IN FUND BALANCES	<u>(20,544)</u>	<u>183,087</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING	<u>139,645</u>	<u>503,835</u>	<u>9,677</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 119,101</u>	<u>\$ 686,922</u>	<u>\$ 9,677</u>	<u>\$ -</u>

Special Revenue

Violence Against Women Prosecution 08/31/11	County Wide Records Management	Security	TNRCC SEP Project 07/06/08	Bioterrorism Grant - TDH 07/31/10	Bioterrorism Grant - TDH 07/31/12	Texas VINE Program 08/31/10
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,323	-	-	-	70,998	9,298	30,108
-	64,072	66,489	-	-	-	-
-	7	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>9,323</u>	<u>64,079</u>	<u>66,489</u>	<u>-</u>	<u>70,998</u>	<u>9,298</u>	<u>30,108</u>
-	46,096	-	-	-	-	-
9,323	-	-	-	-	-	-
-	-	111,117	-	-	-	30,108
-	-	-	817	70,998	9,298	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>9,323</u>	<u>46,096</u>	<u>111,117</u>	<u>817</u>	<u>70,998</u>	<u>9,298</u>	<u>30,108</u>
-	17,983	(44,628)	(817)	-	-	-
-	4,940	45,700	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>4,940</u>	<u>45,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	22,923	1,072	(817)	-	-	-
-	<u>144,666</u>	<u>11,065</u>	<u>817</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ 167,589	\$ 12,137	\$ -	\$ -	\$ -	\$ -

(continued)

GREGG COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue			
	State Homeland Grant V 02/28/10	Medical Corps Funding	Immunization Contract 08/31/10	Immunization Contract 08/31/11
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	71,163	-	174,336	12,740
Charges for services	-	-	-	-
Interest	-	-	-	-
Rent and commissions	-	-	-	-
Miscellaneous	-	-	54,420	7,803
Total revenues	<u>71,163</u>	<u>-</u>	<u>228,756</u>	<u>20,543</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	71,163	-	-	-
Health and human services	-	238	229,358	20,543
Transportation and roads	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>71,163</u>	<u>238</u>	<u>229,358</u>	<u>20,543</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(238)</u>	<u>(602)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	602	-
Transfers out	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>602</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	<u>(238)</u>	-	-
FUND BALANCES, BEGINNING	<u>-</u>	<u>13,351</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 13,113</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue

HAVA - Polling 12/31/08	Justice Court Technology	District Clerk Civil Records Management	District Clerk Criminal Records Management	Justice of the Peace Security	County Clerk Criminal Records Management	Chapter 19 Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,975	-	-	-	-	-	41,241
-	23,966	11,500	1,047	5,929	4,366	-
-	6	1	-	1	1	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,975</u>	<u>23,972</u>	<u>11,501</u>	<u>1,047</u>	<u>5,930</u>	<u>4,367</u>	<u>41,241</u>
4,975	-	-	-	-	8,415	41,241
-	34,930	8,865	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,975</u>	<u>34,930</u>	<u>8,865</u>	<u>-</u>	<u>-</u>	<u>8,415</u>	<u>41,241</u>
-	(10,958)	2,636	1,047	5,930	(4,048)	-
-	-	-	-	-	-	-
-	-	(1,000)	-	-	-	-
-	-	-	-	-	-	-
-	-	(1,000)	-	-	-	-
-	(10,958)	1,636	1,047	5,930	(4,048)	-
-	123,483	31,287	4,841	25,887	18,864	674
<u>\$ -</u>	<u>\$ 112,525</u>	<u>\$ 32,923</u>	<u>\$ 5,888</u>	<u>\$ 31,817</u>	<u>\$ 14,816</u>	<u>\$ 674</u>

(continued)

GREGG COUNTY, TEXAS

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

**NONMAJOR GOVERNMENTAL FUNDS
(Continued)**

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue			
	HAVA - Leasing Equipment	HAVA - Opportunity 12/31/08	Health Care Fund	SCAAP Grant
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,488	55,405	-
Charges for services	12,410	-	-	-
Interest	-	-	10,495	-
Rent and commissions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	12,410	1,488	65,900	-
EXPENDITURES				
Current:				
General government	-	1,488	-	-
Judicial	-	-	-	-
Public safety	-	-	-	23,862
Health and human services	-	-	100,000	-
Transportation and roads	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	-	1,488	100,000	23,862
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,410	-	(34,100)	(23,862)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	12,410	-	(34,100)	(23,862)
FUND BALANCES, BEGINNING	9,685	-	2,737,774	24,918
FUND BALANCES, ENDING	\$ 22,095	\$ -	\$ 2,703,674	\$ 1,056

Special Revenue

SCAAP Grant FY10	307th Drug Court 05/31/08	188th Drug Court Program 08/31/10	188th Drug Court Program 08/31/11	H1N1 07/31/10	Block Grant Street Improvement 09/14/11	H1N1 Phase 3 07/31/10
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32,812	18,055	117,662	2,981	49,824	99,991	65,711
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,518</u>	<u>-</u>	<u>26,642</u>
<u>32,812</u>	<u>18,055</u>	<u>117,662</u>	<u>2,981</u>	<u>73,342</u>	<u>99,991</u>	<u>92,353</u>
-	-	-	-	-	-	-
-	35,320	-	-	-	-	-
7,219	-	117,662	2,981	-	-	-
-	-	-	-	73,342	-	92,353
-	-	-	-	-	100,659	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,219</u>	<u>35,320</u>	<u>117,662</u>	<u>2,981</u>	<u>73,342</u>	<u>100,659</u>	<u>92,353</u>
<u>25,593</u>	<u>(17,265)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(668)</u>	<u>-</u>
-	17,265	-	-	-	668	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>17,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>668</u>	<u>-</u>
25,593	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 25,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

GREGG COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Special Revenue			
	CDBG Disaster Recovery 01/31/12	JAG 09/30/12	VIT Operating	Sheriff Asset and Forfeiture
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	100,127	39,522	-	-
Charges for services	-	-	-	-
Interest	-	-	5,301	-
Rent and commissions	-	-	-	-
Miscellaneous	-	-	-	27,086
Total revenues	<u>100,127</u>	<u>39,522</u>	<u>5,301</u>	<u>27,086</u>
EXPENDITURES				
Current:				
General government	77	-	13,301	-
Judicial	-	-	-	-
Public safety	-	39,522	-	34,320
Health and human services	100,050	-	-	-
Transportation and roads	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>100,127</u>	<u>39,522</u>	<u>13,301</u>	<u>34,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(8,000)</u>	<u>(7,234)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>(8,000)</u>	<u>(7,234)</u>
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>16,640</u>	<u>52,405</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,640</u>	<u>\$ 45,171</u>

Special Revenue					Capital Projects	
Sheriff Enforcement	Sheriff Inmate Welfare	Code Enforcement Awarded Forfeiture	Code Federal Enforcement Account	District Attorney General	Permanent Improvement	Parking Garage Construction
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,136,734	\$ -
-	-	-	-	61,622	-	-
-	-	-	-	53,913	-	-
-	5	61	120	-	2,398	-
-	157,765	-	-	-	-	-
<u>36,138</u>	<u>2,282</u>	<u>23,789</u>	<u>600</u>	<u>445</u>	<u>-</u>	<u>-</u>
<u>36,138</u>	<u>160,052</u>	<u>23,850</u>	<u>720</u>	<u>115,980</u>	<u>1,139,132</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	45,673	-	-
48,967	125,623	101,126	118,843	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>48,967</u>	<u>125,623</u>	<u>101,126</u>	<u>118,843</u>	<u>45,673</u>	<u>-</u>	<u>-</u>
(12,829)	34,429	(77,276)	(118,123)	70,307	1,139,132	-
-	-	-	-	-	-	150,000
-	-	-	-	-	(150,000)	-
-	-	1,976	-	-	-	-
-	-	1,976	-	-	(150,000)	150,000
(12,829)	34,429	(75,300)	(118,123)	70,307	989,132	150,000
<u>100,595</u>	<u>108,899</u>	<u>291,010</u>	<u>126,269</u>	<u>(36,149)</u>	<u>1,329,347</u>	<u>-</u>
\$ <u>87,766</u>	\$ <u>143,328</u>	\$ <u>215,710</u>	\$ <u>8,146</u>	\$ <u>34,158</u>	\$ <u>2,318,479</u>	\$ <u>150,000</u>

(continued)

GREGG COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Capital Projects					
	Courthouse ADA Compliance Project	Longview Community Center Renovation	Computer Upgrade Projects	CCL #1 Courtroom Renovation	Courthouse Phone System	Totals
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,435,731
Intergovernmental	-	-	-	-	-	1,103,571
Charges for services	-	-	-	-	-	481,829
Interest	-	6	2	13	13	18,698
Rent and commissions	-	-	-	-	-	382,399
Miscellaneous	-	-	47,313	-	-	233,900
Total revenues	<u>-</u>	<u>6</u>	<u>47,315</u>	<u>13</u>	<u>13</u>	<u>4,656,128</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	1,032,054
Judicial	-	-	-	-	-	312,270
Public safety	-	-	-	-	-	1,434,756
Health and human services	-	-	-	-	-	604,644
Transportation and roads	-	-	-	-	-	1,377,904
Debt service:						
Principal	-	-	-	-	-	4,776
Interest and fiscal charges	-	-	-	-	-	857
Capital projects	4,429	11,500	17,993	-	-	33,922
Total expenditures	<u>4,429</u>	<u>11,500</u>	<u>17,993</u>	<u>-</u>	<u>-</u>	<u>4,801,183</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>(4,429)</u>	<u>(11,494)</u>	<u>29,322</u>	<u>13</u>	<u>13</u>	<u>(145,055)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	150,000	52,500	-	-	-	1,964,829
Transfers out	-	-	-	(285,014)	-	(440,187)
Sale of capital assets	-	-	-	-	-	1,976
Total other financing sources (uses)	<u>150,000</u>	<u>52,500</u>	<u>-</u>	<u>(285,014)</u>	<u>-</u>	<u>1,526,618</u>
NET CHANGE IN FUND BALANCES	145,571	41,006	29,322	(285,001)	13	1,381,563
FUND BALANCES, BEGINNING	<u>-</u>	<u>115,354</u>	<u>53,933</u>	<u>285,001</u>	<u>280,001</u>	<u>6,936,774</u>
FUND BALANCES, ENDING	<u>\$ 145,571</u>	<u>\$ 156,360</u>	<u>\$ 83,255</u>	<u>\$ -</u>	<u>\$ 280,014</u>	<u>\$ 8,318,337</u>

INTERNAL SERVICE FUNDS

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GREGG COUNTY, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2010

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 971	\$ 126,712	\$ 127,683
Investments	-	2,666,333	2,666,333
Interest receivable	-	5,250	5,250
Accounts receivable, net of allowance	1,998	92,987	94,985
Inventory	14,116	-	14,116
Prepays	<u>7</u>	<u>30,902</u>	<u>30,909</u>
Total current assets	<u>17,092</u>	<u>2,922,184</u>	<u>2,939,276</u>
Noncurrent assets:			
Capital assets:			
Equipment	18,794	-	18,794
Less accumulated depreciation	<u>(8,292)</u>	<u>-</u>	<u>(8,292)</u>
Total capital assets	<u>10,502</u>	<u>-</u>	<u>10,502</u>
Total noncurrent assets	<u>10,502</u>	<u>-</u>	<u>10,502</u>
Total assets	<u>27,594</u>	<u>2,922,184</u>	<u>2,949,778</u>
LIABILITIES			
Current liabilities:			
Accounts payable	727	206,867	207,594
Accrued liabilities	<u>1,630</u>	<u>-</u>	<u>1,630</u>
Total liabilities	<u>2,357</u>	<u>206,867</u>	<u>209,224</u>
NET ASSETS			
Invested in capital assets	10,502	-	10,502
Unrestricted	<u>14,735</u>	<u>2,715,317</u>	<u>2,730,052</u>
Total net assets	<u>\$ 25,237</u>	<u>\$ 2,715,317</u>	<u>\$ 2,740,554</u>

GREGG COUNTY, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND NET ASSETS**

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 76,442	\$ 4,543,009	\$ 4,619,451
Total operating revenues	<u>76,442</u>	<u>4,543,009</u>	<u>4,619,451</u>
OPERATING EXPENSES			
Salaries	23,452	-	23,452
Fringe benefits	11,185	-	11,185
Supplies	50,652	-	50,652
Copying machine	3,768	-	3,768
Repairs and maintenance service	3,005	-	3,005
Insurance consultant	-	24,701	24,701
Claim expenses	-	4,061,821	4,061,821
Administrative	-	614,849	614,849
Depreciation	<u>5,270</u>	<u>-</u>	<u>5,270</u>
Total operating expenses	<u>97,332</u>	<u>4,701,371</u>	<u>4,798,703</u>
OPERATING LOSS	(20,890)	(158,362)	(179,252)
NONOPERATING REVENUES			
Investment earnings	<u>1</u>	<u>12,845</u>	<u>12,846</u>
CHANGE IN NET ASSETS	(20,889)	(145,517)	(166,406)
TOTAL NET ASSETS, BEGINNING	<u>46,126</u>	<u>2,860,834</u>	<u>2,906,960</u>
TOTAL NET ASSETS, ENDING	<u>\$ 25,237</u>	<u>\$ 2,715,317</u>	<u>\$ 2,740,554</u>

GREGG COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from interfund services	\$ 74,990	\$ 4,470,848	\$ 4,545,838
Cash paid to suppliers for goods and services	(92,052)	(4,703,296)	(4,795,348)
Net cash used by operating activities	<u>(17,062)</u>	<u>(232,448)</u>	<u>(249,510)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturities of investments	-	3,908,000	3,908,000
Purchase of investments	-	(4,100,000)	(4,100,000)
Investment earnings	<u>1</u>	<u>22,130</u>	<u>22,131</u>
Net cash flows provided (used) by investing activities	<u>1</u>	<u>(169,870)</u>	<u>(169,869)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,061)	(402,318)	(419,379)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>18,032</u>	<u>529,030</u>	<u>547,062</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 971</u>	<u>\$ 126,712</u>	<u>\$ 127,683</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating loss	\$(20,890)	\$(158,362)	\$(179,252)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	5,270	-	5,270
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Inventory	5,250	-	5,250
Accounts receivable	(1,516)	(77,557)	(79,073)
Prepays	(7)	(30,902)	(30,909)
Increase (decrease) in liabilities:			
Accounts payable	(5,371)	34,373	29,002
Accrued liabilities	<u>202</u>	<u>-</u>	<u>202</u>
Net cash used by operating activities	<u>\$(17,062)</u>	<u>\$(232,448)</u>	<u>\$(249,510)</u>

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AGENCY FUNDS

GREGG COUNTY, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

SEPTEMBER 30, 2010

	<u>Tax Assessor- Collector</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Sheriff</u>
ASSETS				
Cash	\$ 1,312,578	\$ 449,069	\$ 522,838	\$ 194,878
Investments	630,500	435,009	2,228,879	-
Accounts receivable	<u>-</u>	<u>4,788</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,943,078</u>	<u>\$ 888,866</u>	<u>\$ 2,751,717</u>	<u>\$ 194,878</u>
LIABILITIES				
Due to others	<u>\$ 1,943,078</u>	<u>\$ 888,866</u>	<u>\$ 2,751,717</u>	<u>\$ 194,878</u>
Total liabilities	<u>\$ 1,943,078</u>	<u>\$ 888,866</u>	<u>\$ 2,751,717</u>	<u>\$ 194,878</u>

<u>District Attorney</u>	<u>Code Forfeiture Pending</u>	<u>State Fees</u>	<u>Gregg/ Harrison First Call Warning</u>	<u>Juvenile Probation</u>	<u>Totals</u>
\$ 476,616	\$ 35,357	\$ 300,860	\$ 8,107	\$ 554,049	\$ 3,854,352
-	-	-	-	-	3,294,388
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,788</u>
<u>\$ 476,616</u>	<u>\$ 35,357</u>	<u>\$ 300,860</u>	<u>\$ 8,107</u>	<u>\$ 554,049</u>	<u>\$ 7,153,528</u>
<u>\$ 476,616</u>	<u>\$ 35,357</u>	<u>\$ 300,860</u>	<u>\$ 8,107</u>	<u>\$ 554,049</u>	<u>\$ 7,153,528</u>
<u>\$ 476,616</u>	<u>\$ 35,357</u>	<u>\$ 300,860</u>	<u>\$ 8,107</u>	<u>\$ 554,049</u>	<u>\$ 7,153,528</u>

GREGG COUNTY, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Office and Fund</u>	<u>Cash and Investments October 1</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Cash and Investments September 30</u>
Tax assessor-collector	\$ 1,749,957	\$ 185,737,905	\$ 185,544,784	\$ 1,943,078
County clerk	780,109	1,889,666	1,785,697	884,078
District clerk	2,849,850	2,310,645	2,408,778	2,751,717
Sheriff	192,839	1,684,364	1,682,325	194,878
District attorney	304,714	645,484	473,582	476,616
Code forfeiture pending	38,840	34,549	38,032	35,357
State fees	333,136	1,253,950	1,286,226	300,860
Local emergency planning	1,500	-	1,500	-
Gregg/Harrison first call warning	20,607	3,000	15,500	8,107
Juvenile probation	<u>430,555</u>	<u>3,034,620</u>	<u>2,911,126</u>	<u>554,049</u>
	<u>\$ 6,702,107</u>	<u>\$ 196,594,183</u>	<u>\$ 196,147,550</u>	<u>\$ 7,148,740</u>

COMPLIANCE SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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**

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Gregg County, Texas as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 13, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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*.

This report is intended solely for the information and use of management, others within the County, and Commissioners' Court, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

June 13, 2011



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited Gregg County, Texas, (the "County") compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of Gregg County, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Commissioners' Court, others within the County, and appropriate federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

June 13, 2011

GREGG COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2010

Pass-through Grantor's Number	Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Total Expenditures
<u>U. S. Department of Justice</u>			
Passed through the Criminal Justice Council:			
WF-09-V30-13450-13	Violence Against Women	16.588	\$ 9,323
WF-08-V30-13450-12	Violence Against Women	16.588	<u>63,016</u>
	Total Passed through the Criminal Justice Council		<u>72,339</u>
Passed through the Office of the Governor:			
DJ-08-A10-21964-01	Violence Against Women	16.738	105,706
2009APBX0418	Violence Against Women	16.738	<u>32,812</u>
	Total Passed through the Office of the Governor		<u>138,518</u>
Passed through the City of Longview:			
2009-SB-B9-3276	2009 Recovery Act JAG Grant	16.738	<u>39,522</u>
	Total passed through the City of Longview		<u>39,522</u>
	Total U. S. Department of Justice		<u>250,379</u>
<u>U. S. Department of Transportation</u>			
Passed through Federal Aviation Administration:			
3-48-0137-25-2006	Airport Development Projects	20.106	3,262
3-48-0137-26-2007	Airport Development Projects	20.106	25,879
3-48-0137-29-2009	Airport Development Projects	20.106	49,981
3-48-0137-31-2009	Airport Development Projects	20.106	569,360
3-48-0137-33-2009	Airport Development Projects	20.106	137,540
3-48-0137-34-2009	Airport Development Projects	20.106	<u>313,711</u>
	Total Passed through Federal Aviation Administration		<u>1,099,733</u>
	Total U. S. Department of Transportation		<u>1,099,733</u>

(continued)

GREGG COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2010

Pass-through Grantor's Number	Federal Grantor/ Pass-through Grantor/Program Title	Federal CFDA Number	Total Expenditures
<u>U. S. Department of Health and Human Services</u>			
Passed through Texas Department of Protective and Regulatory Services:			
Centers for Disease Control and Prevention			
2009-031927	Investigations and Technical Assistance	93.283	\$ <u>64,827</u>
	Total Passed through Texas Department of Protective and Regulatory Services		<u>64,827</u>
Passed through Texas Secretary of State:			
N/A	Help America Vote Act - Polling	93.617	4,975
N/A	Help America Vote Act - Opportunity for Access	93.617	<u>1,488</u>
	Total Passed through Texas Secretary of State		<u>6,463</u>
Passed through Texas Department of State Health Services:			
2010-033327	H1N1	93.07	115,535
2010-031692-001	Immunization Branch - Locals	93.268	174,336
2011-035489-001	Immunization Branch - Locals	93.268	<u>12,740</u>
	Total Passed through Texas Department of State Health Services		<u>302,611</u>
Direct:			
07-GA 48183-02	Title IV-E Legal Reimbursement	93.658	<u>39,822</u>
	Total Direct		<u>39,822</u>
	Total U. S. Department of Health and Human Services		<u>413,723</u>
<u>U. S. Department of Homeland Security</u>			
Passed through Texas Department of Public Safety:			
PA-06-TX1791-PW-01178	FEMA	97.036	<u>11,404</u>
	Total Passed through the Texas Department of Public Safety		<u>11,404</u>
Passed through Texas Engineering Extension Service:			
07-SR 48183-01	State Homeland Security Grant program	97.073	<u>71,163</u>
	Total Passed through the Texas Engineering and Extension Service		<u>71,163</u>
Passed through Transportation Security Administration:			
HSTS0208HSLR154	TSA-OSSA-LEO Reimbursement Program	97.090	<u>36,884</u>
	Total Passed through Transportation Security Administration		<u>36,884</u>
	Total U. S. Department of Homeland Security		<u>119,451</u>
<u>U. S. Department of Housing and Urban Development</u>			
Passed through Texas Department of Rural Affairs:			
DRS010058	CDBG Disaster Recovery Non-Entitlement Grant	16.588	100,127
R729180	Block Grant Street Improvement	16.588	<u>99,991</u>
	Total Passed through the Texas Department of Rural Affairs		<u>200,118</u>
	Total Federal Awards		<u>\$ 2,083,404</u>

GREGG COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SEPTEMBER 30, 2010

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of Gregg County. The County's reporting entity is defined in Note 1 of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the financial statements.

GREGG COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Summary of Auditors' Results

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None
Noncompliance which is material to the basic financial statements	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133	None
Dollar threshold considered between Type A and Type B federal programs	\$300,000
Low risk auditee statement	The County was not classified as a low-risk auditee in the context of OMB Circular A-133
Major federal programs	Airport Development, CFDA #20.106 ARRA State Homeland Security Grant Program, CFDA #97.073

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

None

Findings and Questioned Costs for Federal Awards

None

GREGG COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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

None

Findings and Questioned Costs for Federal Awards

<u>Item 2009-1:</u>	All Major Programs
<u>Condition:</u>	We identified instances in which documentation verifying a vendor's suspension or debarment status could not be provided.
<u>Criteria:</u>	According to OMB Circular A-133, recipients of federal and state awards are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. The County should have control procedures in place to verify that each entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.
<u>Cause:</u>	Policies and procedures are not in place to prevent the County from contracting with or purchasing goods or services to parties that are suspended or debarred.
<u>Effect:</u>	The County may purchase goods or services from vendors who are suspended or debarred.
<u>Recommendation:</u>	Management should implement a policy to verify that each entity it contracts with or purchases goods or services from is not suspended, debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity. Additionally, management or representatives of management should periodically conduct independent reviews of procurements and contracting activities to determine whether policies and procedures are being followed as intended.
<u>Management's Response:</u>	Gregg County has implemented a policy to verify that each entity it contracts with or purchases goods or services from is not suspended, debarred or otherwise excluded as follows:

(continued)

GREGG COUNTY, TEXAS

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Findings and Questioned Costs for Federal Awards (Continued)

Item 2009-1: (Continued)

Management's Response: Verifiable documentation must be provided documenting that the vendor is not currently suspended, debarred or otherwise excluded from doing business before a requisition will be approved and in order to obtain a purchase order for any purchase being made through grant funds. Verification documentation will be obtained by accessing the Excluded Parties List System ("EPLS") maintained by the General Services Administration (GSA) at <http://epls.arnet.gov>.

Contact Person Responsible
for corrective action: County Purchasing Agent

Anticipated Completion Date: Immediate

Current Status: This matter has been resolved.