



GREGG COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2013**

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**FOR THE YEAR ENDED
SEPTEMBER 30, 2013**

Prepared By:
Gregg County Auditor's Office
Laurie Woloszyn, County Auditor

GREGG COUNTY, TEXAS

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INTRODUCTORY SECTION



March 31, 2014

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, 2013. 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, 2013 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 and land area is 273 square miles. The construction of the railroad in the 1870's established the early towns that were to form Gregg County. The 2010 person per square mile was 445.

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 slackened 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, 2013 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 FY13 budget increased slightly from \$8.53 billion to \$8.55 billion.

Estimated 2013 population is 125,185. Median household income, 2008-2012 is \$43,222. Housing units for 2012 were 50,208. Homeownership rate, 2008-2012 is 63.3%. The median value of owner-occupied housing units for the same time period is \$117,300. The September, 2013 unemployment rate of 5.5% compared favorably with the 6.3% statewide rate, and with the 7.2% 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.

Long-term Financial Planning Gregg County has adopted several financial management policies to provide guidelines to insure its long-term financial health. The Fund Balance policy sets a minimum level for reserves at 25% of the budgeted operating expenditures. Currently, the County is one of the few Texas counties that are not encumbered with major debt obligations. The County adhered to its goals of early retirement of all of its callable bonds and plans to continue this policy if any future debt service is required, which is not foreseen in the near future. The County will attempt to pay all capital improvement project costs on a cash basis. To further strengthen our long-term financial planning, Gregg County annually updates and adopts its formal Capital Improvements Plan.

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 auditor's report on the general-purpose financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the compliance section.


Awards and Acknowledgements The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in financial Reporting to Gregg County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2012. This was the first year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the county must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another year.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire 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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

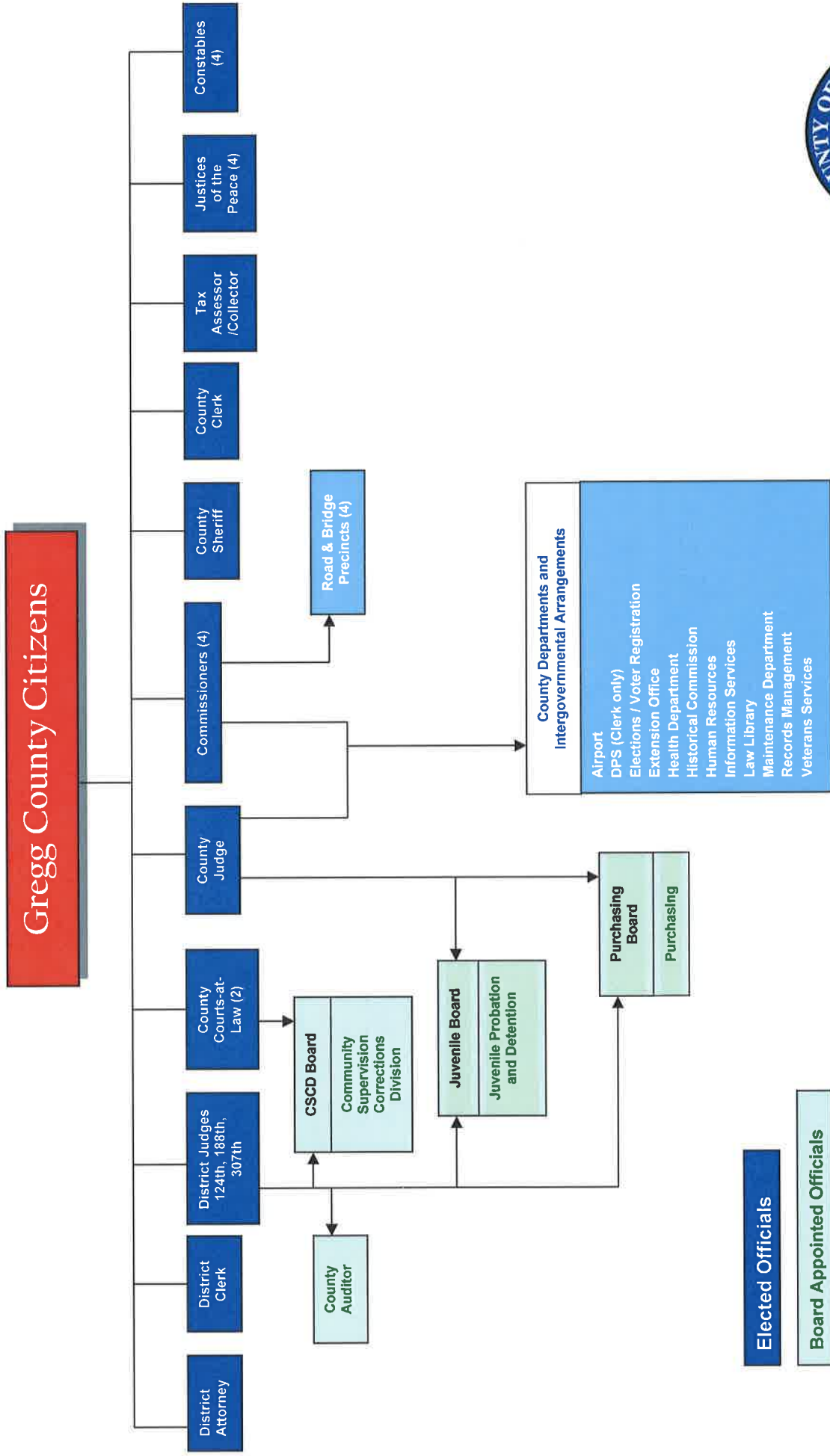
**Gregg County
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

Gregg County Organization Chart



Elected Officials

Board Appointed Officials

Comm. Court Oversight

Direction of Authority →





**Gregg County, Texas
Directory of Officials
September 30, 2013**

Elected:

**Bill Stoudt
Ronnie McKinney
Darryl Primo
Gary Boyd
John Mathis
Carl Dorrough
Barbara Duncan
Connie Wade
Kirk Shields
Maxey Cerliano
James Plumlee
Billy Fort
Mike Baggett
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
Alfonso Charles
Tim Womack
Rebecca Simpson
Vincent Dulweber
B. H. Jameson
Arthur Fort
Talya Carlson
Sam Lawson**

**Judge, 188th District Court
Judge, 124th District Court
Judge, 307th 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
DeeLee Smith
Linda Bailey
Kathryn Nealy
Roy Miller
Lewis Browne
Rita Fyffe
Derold Miller**

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

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2013, and the related notes to the financial statements, which collectively comprise the Gregg County, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Gregg County, Texas, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–13 and 43–63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gregg County, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014, on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Gregg County, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
March 31, 2014

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, 2013. 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 Gregg County exceeded its liabilities at the close of fiscal year 2013 by \$133,539,042 (*net position*). Of this amount, \$61,857,470 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net position decreased by -\$824,724 or -1% primarily due to net change in fund balances.
- As of September 30, 2013, Gregg County's governmental funds reported combined ending fund balances of \$68,658,680, a decrease of -\$329,269 or -0.5% in comparison with the prior year. \$38,422,086 (56%) is *available for spending* at the government's discretion (*unassigned fund balance*). \$13,246,656 (19%) is assigned fund balance designated for capital projects, transportation and road improvements, public safety and other projects.
- At the end of fiscal year 2013, total unassigned fund balance for the General Fund was \$38,422,086 or 89% of total General Fund expenditures, compared to \$32,672,039 or 95% in 2012 and \$27,494,970 or 75% in 2011.
- Total revenue for the governmental activities increased 7.0% mostly due to an increase in sales tax revenue, capital grants and contribution revenue and property tax revenue.
- Total expenses for the government increased by \$8,396,311 or 18%. The program to have the largest increase in expenditures was Transportation and Roads at \$6,603,678 or 101%. This was mostly due to the completion of a large infrastructure assistance project with TxDOT for FM2275. The next largest increase can be found in General Government at \$1,044,870 or 9%.

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 position* presents information on all of Gregg County's assets and liabilities with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Gregg County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 – 16 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 16 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 12 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17 – 22 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 23 – 25 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 26 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 27 – 41 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Gregg County's progress in funding its obligation to provide pension benefits to its employees. Additionally, Gregg County adopts an annual appropriated budget for its General Fund and for the Road and Bridge Fund. Budgetary comparison statements have been provided for the General Fund and the Road and Bridge Fund to demonstrate compliance with these budgets.

Required supplementary information can be found on pages 42 – 63 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 64 – 83 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Gregg County, assets exceeded liabilities by \$133,539,042 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 44% of net position compared with 48.6% 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 Position

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 79,110,372	\$ 78,213,576	\$ 12,471	\$ 66,689	\$ 79,122,843	\$ 78,280,265
Capital assets	58,850,246	59,676,664	298,645	313,158	59,148,891	59,989,822
Total assets	<u>137,960,618</u>	<u>137,890,240</u>	<u>311,116</u>	<u>379,847</u>	<u>138,271,734</u>	<u>138,270,087</u>
Long-term liabilities	735,569	732,264	-	-	735,569	732,264
Other liabilities	3,978,527	3,156,921	18,596	17,136	3,997,123	3,174,057
Total liabilities	<u>4,714,096</u>	<u>3,889,185</u>	<u>18,596</u>	<u>17,136</u>	<u>4,732,692</u>	<u>3,906,321</u>
Net position:						
Net investment in capital assets	58,814,064	59,664,989	298,645	313,158	59,112,709	59,978,147
Restricted	12,568,863	11,787,722	-	-	12,568,863	11,787,722
Unrestricted	<u>61,863,595</u>	<u>62,548,344</u>	<u>(6,125)</u>	<u>49,553</u>	<u>61,857,470</u>	<u>62,597,897</u>
Total net position	<u>\$ 133,246,522</u>	<u>\$ 134,001,055</u>	<u>\$ 292,520</u>	<u>\$ 362,711</u>	<u>\$ 133,539,042</u>	<u>\$ 134,363,766</u>

An additional portion of Gregg County's net position (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$61,857,470 (46%) 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 position, both for the government as a whole, as well as for its separate governmental activities.

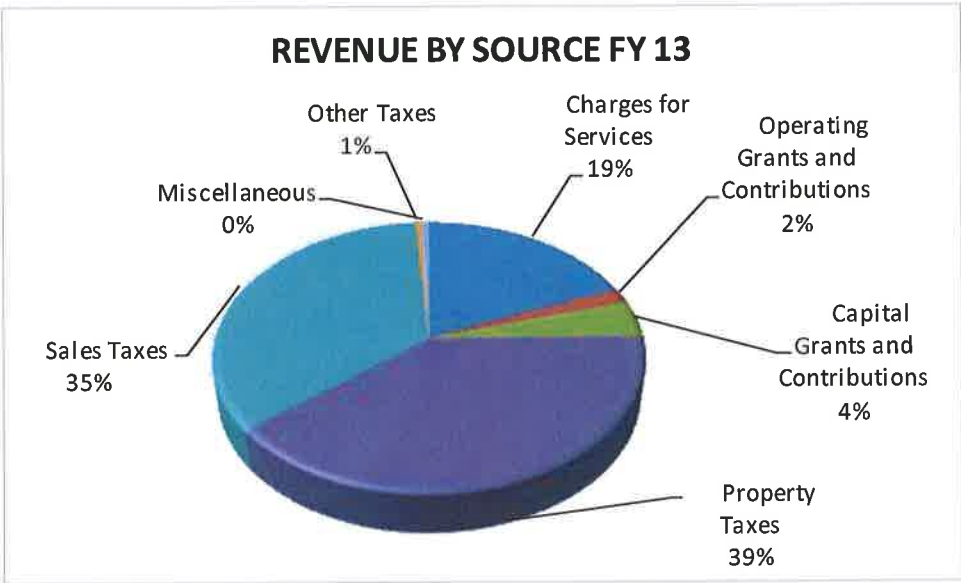
Governmental Activities: Governmental activities decreased Gregg County's net position by \$(754,533) for a -0.6% decrease of the total net position of Gregg County. As a comparison to the prior year, net position increased by 2.8% in FY12.

Gregg County's Changes in Net Position

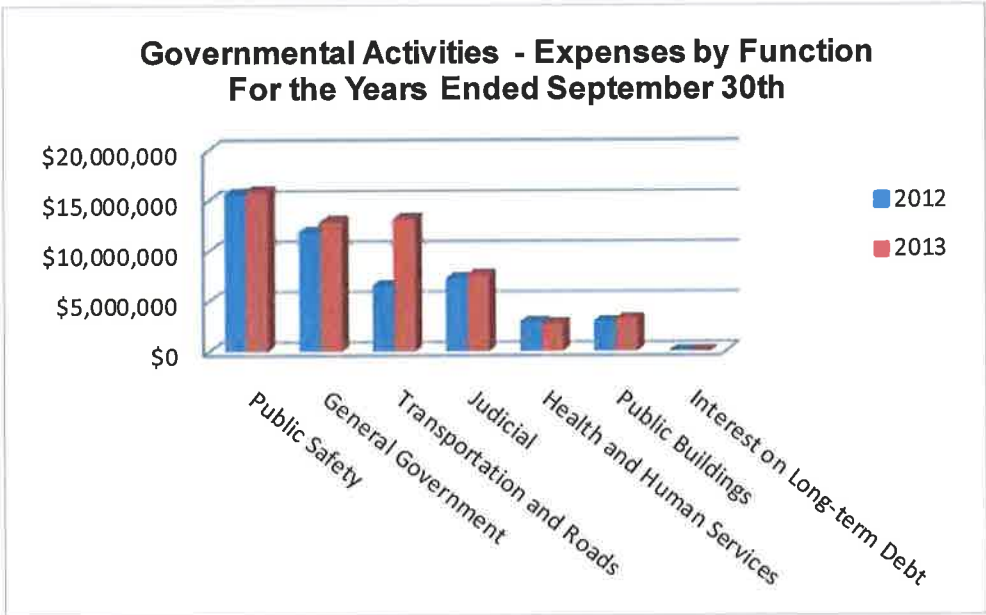
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 10,233,500	\$ 10,936,155	\$ 63,738	\$ 54,936	\$ 10,297,238	\$ 10,991,091
Operating grants and contributions	1,052,759	1,245,358	-	-	1,052,759	1,245,358
Capital grants and contributions	2,312,910	380,331	-	-	2,312,910	380,331
General revenues:						
Property taxes	21,660,737	21,177,159	-	-	21,660,737	21,177,159
Sales taxes	18,981,037	16,902,274	-	-	18,981,037	16,902,274
Other taxes	306,982	302,200	-	-	306,982	302,200
Investment earnings	137,628	177,938	-	-	137,628	177,938
Miscellaneous	155,729	133,755	-	-	155,729	133,755
Total revenues	54,841,282	51,255,170	63,738	54,936	54,905,020	51,310,106
Expenses:						
General government	12,874,593	11,829,723	-	-	12,874,593	11,829,723
Judicial	7,604,265	7,263,692	-	-	7,604,265	7,263,692
Public safety	15,872,926	15,617,020	-	-	15,872,926	15,617,020
Health and human services	2,828,937	2,938,243	-	-	2,828,937	2,938,243
Public buildings	3,244,751	3,021,237	-	-	3,244,751	3,021,237
Transportation and roads	13,154,752	6,551,074	-	-	13,154,752	6,551,074
Interest on long-term debt	590	1,250	-	-	590	1,250
Longview						
Community Center	-	-	148,929	111,194	148,929	111,194
Total expenses	55,580,815	47,222,239	148,929	111,194	55,729,744	47,333,433
Increases in net position before transfers	(739,533)	4,032,931	(85,191)	(56,258)	(824,724)	3,976,673
Transfers	(15,000)	(418,969)	15,000	418,969	-	-
Change in net position	(754,533)	3,613,962	(70,191)	362,711	(824,724)	3,976,673
Net position, beginning	134,001,055	130,387,093	362,711	-	134,363,766	130,387,093
Net position, ending	\$ 133,246,522	\$ 134,001,055	\$ 292,520	\$ 362,711	\$ 133,539,042	\$ 134,363,766

**Net Cost of Governmental Activities for Gregg County
By Function for the Fiscal Years Ended September 30**

Function/Program	Net Cost of Services	
	2013	2012
General Government	\$(7,649,142)	\$(8,621,416)
Judicial	(5,611,226)	(5,173,921)
Public Safety	(14,504,961)	(13,839,237)
Health and Human Services	(2,357,257)	(2,367,820)
Public Buildings	(564,153)	(226,725)
Transportation and Roads	(11,294,316)	(4,430,026)
Interest on long-term debt	(590)	(1,250)
Total	\$(41,981,646)	\$(34,660,395)



Comparison of government-wide expenses by function. Total expenses increased 6%.



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

- Program revenues of \$13,599,169 equaled 24% of total government expenses of \$55,580,815. As expected, general revenues of \$41,242,113 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 29% of the expenses are for Public Safety (\$15,872,926) reflecting the continuing demands on law enforcement. This program provided 2% (\$1,367,965) of the total government revenues for the year.
- The next largest category of expenses is General Government which equals \$12,874,593 or 23% of total expenditures. General Government provided 10% or \$5,225,451 of the government total revenue.
- Transportation and Roads accounted for \$13,154,752 or 24% of the government expenses while this category provided 3% or \$1,860,436 of total government revenue.
- Judicial expenses for the government for the year accounted for 14% or \$7,604,265 of the expenditures while this category provided for 4% or \$1,993,039 of the government revenue.
- The property tax rate decreased .0025 cents per \$100 of assessed value, from .2650 to .2625.
- Capital Grant Revenues and Contributions comprised 4% of total government revenue, all in the General Government program. Operating Grants and Contributions accounts for 2% of total government revenue distributed throughout all programs.

Business-type Activities:

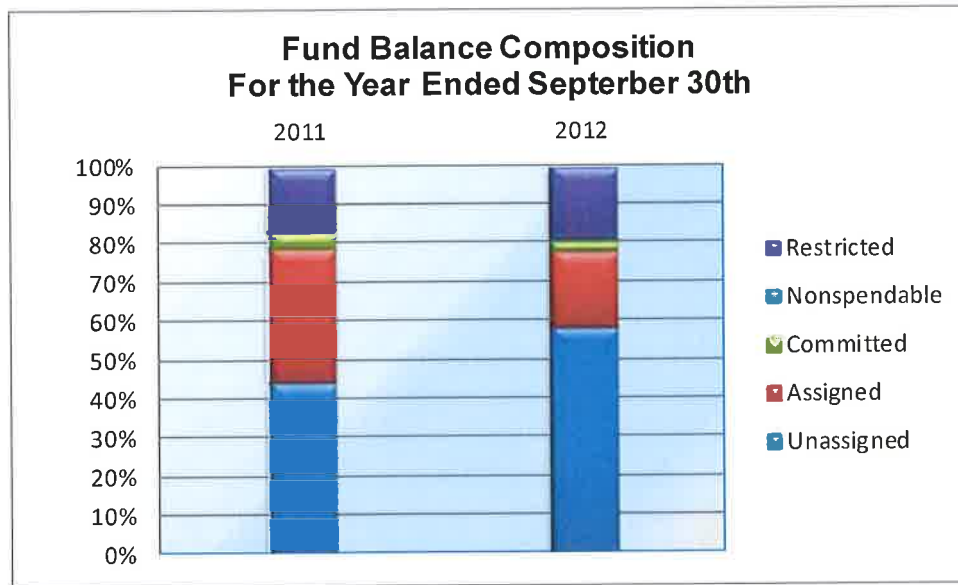
Operations of the historic Longview Community Center reverted back to Gregg County in 2012 from the Federated Women Clubs and are accounted for as business-type activity.

Business-type activities resulted in a .05% decrease or \$(70,191) of the County total net position and accounts for 0.2% of the total primary government's net position. Last year business activities accounted for 0.3% of the total government's net position.

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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.



At the end of fiscal year 2013, Gregg County's *governmental funds* reported combined ending fund balances of \$68,658,680, a decrease of -\$329,269 (-0.5%) in comparison with the prior year. "Unassigned" fund balance accounts for 56% or \$38,422,086 of the total. An additional \$13,246,656 (19%) is "Assigned" fund balance and is constituted mostly of CIP funds. "Committed" fund balance total is \$4,357,002 or 6% of total fund balance and would require a Commissioner's Court order to use for any other purpose. \$12,474,827 or 18% of the total ending fund balance is reporting as "Restricted" fund balance and accounts for special revenue or dedicated funds. The remainder of fund balance is "Nonspendable" to indicate it is not available for new spending because it has already been committed: 1) to reflect inventories (\$134,282); and 2) for prepaid expenditures (\$23,827).

General Fund

The General Fund is the chief operating fund of Gregg County. At the end of fiscal year 2013, the General Fund had an ending fund balance of \$39,254,360 with 1% restricted for other uses.

As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance of \$38,422,086 represents 89% of total General Fund expenditures.

The General Fund property tax rate decreased from .1937 to .1897 per \$100 assessed value.

The General Fund balance increased by \$5,380,397 (16%) during the 2013 fiscal year. The increase can be attributed to the Other Financing Sources transfer to fund the TXDOT transportation project expenditure.

General Fund Highlights:

- Property tax revenue remained relatively unchanged, -\$19,390 from the prior year due to the decrease in the tax rate. Values rose from \$8.2 billion to \$8.4 billion.
- Sales Tax revenues increased \$1,913,695 (12.6%) compared to FY12 collections.
- Actual total expenditures were \$2,783,910 (6%) under final budget appropriations.
- Total General Fund revenues increased by \$1,827,891, or 4.5% compared to a 0.3% decrease last year.
- Other financing sources included \$6,623,273 received from transfers from other funds primarily to fund the TXDOT partnerships.

- Total General Fund expenditures increased \$8,689,109 or 24% compared to a 6.0% decrease last year. The largest expenditure increase \$6,480,000 was due to the completion of partnerships with TxDOT for highway improvements to US259 at Synergy Drive (\$150,000), FM2275 (\$5,000,000), and SH 42 (\$1,330,000).
- Differences between the original budget and the final amended budget can be briefly summarized as follows:
 - A decrease of \$52,642 in expenditure appropriations, although final expenditures were \$2,836,552 under the original budget appropriations.

Road and Bridge Fund

- The Road and Bridge Fund had an ending fund balance of \$5,606,271, a increase of \$762,255 (16%) of which \$130,048 or 2% is nonspendable for inventories and \$142,597, or 2%, is assigned for road and bridge projects. The remaining balance \$5,333,626 or 95% is restricted for use on road and bridge projects.
- Total FY12 Road and Bridge expenditures decreased by \$184,656 or 4%.
- Other financing sources included \$106,266 received from the sale of capital assets.
- Revenues were \$71,525 above the final budgeted amount.
- Final expenditures were \$647,426 under the final budget appropriations.
- Differences between the original budget and the final amended budget can be briefly summarized as follows:
 - An increase of \$82,523 in expenditure appropriations.

Airport and Airport Improvement Funds

- Major Infrastructure Project completions for the year include the following:
 - Airport Terminal Improvements Design
 - Airport AeroSmith Apron Construction and Design
- Major Construction in Progress at the Airport include the following:
 - Terminal Improvements Construction
 - Airport Perimeter Road Construction
- Other financing sources included \$210,913 received from transfers from other funds.

Capital Improvement Fund

The government 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 develops a clearer path for future capital improvements.

Major Capital Building Projects completed during the year are as follows:

- Precinct 1 Office Building
- Juvenile Building Renovations
- Courthouse Boiler and Chiller Replacements

Construction in Progress at County buildings at year-end include the following:

- Countywide ADA Compliance Upgrades
- Improvements at the Longview Community Center

Future Projects included in the CIP are:

- County Facilities: Multi Level Courthouse Parking Facilities; Continuing ADA and Longview Community Center Improvements, Additional Courthouse Chiller Replacement, and CCL#1 Renovations
- Airport Infrastructure: County's Grant Match for East Texas Regional Airport Improvements; Perimeter Road Phase II, Runway Lighting Improvements, Design and Construction of Runway 13/31, and Design and Construction of ARFF station.

CAPITAL ASSET AND DEBT ADMINISTRATION

Gregg County adopted its' Capital Asset Policy 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 building	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, 2013, Gregg County's investment in capital assets amounts to \$59,148,891 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, machinery and equipment, construction in progress and airport infrastructure.

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,301,800	\$ 1,296,670	\$ 19,240	\$ 19,240	\$ 1,321,040	\$ 1,315,910
Construction in progress	2,833,132	592,508	10,679	10,679	2,843,811	603,187
Buildings and improvements	19,910,194	20,201,275	268,726	283,239	20,178,920	20,484,514
Machinery and equipment	5,164,208	5,927,023	-	-	5,164,208	5,927,023
Infrastructure	29,640,912	31,659,188	-	-	29,640,912	31,659,188
Total	\$ 58,850,246	\$ 59,676,664	\$ 298,645	\$ 313,158	\$ 59,148,891	\$ 59,989,822

Capital Assets purchased during FY13 include the following:

- General Fund major equipment purchases during the year included SAS Drives (\$99,807),
- San Storage Networks and Iron Port (\$47,561), seven server upgrades (\$52,894), Motorola repeater radio system (\$15,457) and 10 Law Enforcement vehicles (\$213,642).
- Road & Bridge Fund capital equipment purchased during the year include the following: Tractor with 22' boom mower (\$107,897 including trade in), Crew Cab (\$25,840), Bull Dozer (\$96,950 including trade in) and Mosquito spraying generator (\$7,595).
- Airport capital equipment purchase of two crew cab trucks (\$47,860) and one vehicle (\$18,596).

Capital Assets disposed of during the year are as follows:

- Road and Bridge – a 1985 Sweeper, a 1980 Excavator, a 1976 and 1984 water truck, a 1981 Roller, a 1975 Scraper, a 1973 Front End Loader, a 1974 Motorgrader, a 1979 and 1983 Dozers, 1973 Tank Truck, and three older model pick-up trucks.

Additional information on Gregg County's capital assets can be found in Note 4 on pages 35 – 36 of this report.

Long-term Debt: Gregg County has no bonded indebtedness at this time. Long-term liabilities at the end of the fiscal year total \$735,569 almost all of which are an accrual for compensated absences of \$732,830 (99%).

Additional information on Gregg County's long-term debt can be found in Note 4 on pages 37 – 38 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 FY14, the Court considered the following:

- The County economy continues to remain stronger than the state or national averages. A slight increase in the tax base valuation was realized from \$8.53 billion in the prior year to \$8.55 billion in FY14. Additionally, Gregg County continues to maintain a lower unemployment rate when compared with the state and national averages.
- Sales tax revenue growth is expected decrease slightly.
- There is no plan to issue debt in the FY14 budget year or in the near future. The County's debt position continues to remain favorable. The commissioner's court also continues to fund major capital projects on a pay-as-you-go basis.
- The tax rate approved to fund the FY14 budget was .2625 per \$100 valuation, the same as the prior year. This rate will adequately fund the FY14 budget.
- Budgeted revenue government wide for FY14 is \$52,755,466 and the budgeted expenditures are \$59,946,388. Additionally, other financing sources are budgeted at \$11,105,400 and other financing uses are budgeted at \$11,229,150. Transfers consist mainly of transfers for large capital projects.
- Major capital improvements budgeted for FY14 include continued renovations at the Longview Community Building, ADA Compliance Projects, CCL#1 Renovation, and the completion to the courthouse chillers. Airport infrastructure improvements are the completion of the construction of the Terminal Expansion and Remodel and the initiation of the Perimeter Road Phase II Project.
- Additional capital equipment expenditures approved in the budget are the purchase of nine Sheriff vehicles and a Dump Truck with a loading arm.
- Partnerships with TXDOT and Cities continue for road improvements for FM2275 (\$850,000), Harrison Road Safety Upgrades (\$500,000), and City of Longview (\$225,000) and City of Kilgore (\$125,000) Street Maintenance Programs.
- Other planned projects include the development and construction by the City of Longview of an estimated \$5 million new animal shelter, with \$2.5 million committed by the Court to assist with the project.

- Revenue from interest is 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.

**BASIC
FINANCIAL STATEMENTS**

GREGG COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Child Welfare Board
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 17,683,698	\$ 12,286	\$ 17,695,984	\$ 225,552
Investments	52,910,322	-	52,910,322	-
Receivables (net of allowances for uncollectibles)				
Taxes	498,778	-	498,778	-
Accounts	4,218,684	185	4,218,869	-
Interest	51,721	-	51,721	-
Due from other governments	3,568,515	-	3,568,515	-
Inventory	154,827	-	154,827	-
Prepaid expenses	23,827	-	23,827	-
Capital assets (net of accumulated depreciation)				
Land	1,301,800	19,240	1,321,040	-
Construction in progress	2,833,132	10,679	2,843,811	-
Buildings and improvements	41,975,347	475,559	42,450,906	-
Equipment	18,502,942	-	18,502,942	-
Infrastructure	75,313,636	-	75,313,636	-
Less: accumulated depreciation	(81,076,611)	(206,833)	(81,283,444)	-
Total capital assets	<u>58,850,246</u>	<u>298,645</u>	<u>59,148,891</u>	<u>-</u>
Total assets	<u>137,960,618</u>	<u>311,116</u>	<u>138,271,734</u>	<u>225,552</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,927,138	14,209	1,941,347	6,581
Due to other governments	214,515	-	214,515	-
Accrued liabilities	1,836,874	4,387	1,841,261	-
Noncurrent liabilities:				
Due within one year	549,086	-	549,086	-
Due within more than one year	186,483	-	186,483	-
Total liabilities	<u>4,714,096</u>	<u>18,596</u>	<u>4,732,692</u>	<u>6,581</u>
NET POSITION				
Net investment in capital assets	58,814,064	298,645	59,112,709	-
Restricted for:				
Transportation and roads	5,447,169	-	5,447,169	-
Public safety operations	527,863	-	527,863	-
Judicial operations	139,605	-	139,605	-
Bail bond board operations	29,439	-	29,439	-
Airport operations	197,781	-	197,781	-
Court technology and security	239,711	-	239,711	-
Records management and preservation	755,926	-	755,926	-
Voting and elections	24,643	-	24,643	-
Health and human services operations	71,209	-	71,209	-
Archive restoration	475,923	-	475,923	-
Permanent improvements	4,659,594	-	4,659,594	-
Unrestricted	<u>61,863,595</u>	<u>(6,125)</u>	<u>61,857,470</u>	<u>218,971</u>
Total net position	<u>\$ 133,246,522</u>	<u>\$ 292,520</u>	<u>\$ 133,539,042</u>	<u>\$ 218,971</u>

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

GREGG COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 12,874,593	\$ 2,812,045	\$ 100,496	\$ 2,312,910
Judicial	7,604,265	1,548,149	444,890	-
Public safety	15,872,926	1,157,352	210,613	-
Health and human services	2,828,937	193,902	277,778	-
Public buildings	3,244,751	2,680,598	-	-
Transportation and roads	13,154,752	1,841,454	18,982	-
Interest on long-term debt	590	-	-	-
Total governmental activities	55,580,815	10,233,500	1,052,759	2,312,910
Business-type activities:				
Longview community center	148,929	63,738	-	-
Total business-type activities	148,929	63,738	-	-
Total primary government	\$ 55,729,744	\$ 10,297,238	\$ 1,052,759	\$ 2,312,910
Component unit:				
Child Welfare Board	\$ 121,136	\$ 14,595	\$ 85,000	\$ -
Total component unit	\$ 121,136	\$ 14,595	\$ 85,000	\$ -
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Alcoholic beverage taxes				
Other taxes				
Unrestricted investment earnings				
Miscellaneous				
Gain on disposal of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

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

Net (Expense) Revenue
and Changes
in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Governmental Activities
\$(7,649,142)	\$ -	\$(7,649,142)	\$ -
(5,611,226)	-	(5,611,226)	-
(14,504,961)	-	(14,504,961)	-
(2,357,257)	-	(2,357,257)	-
(564,153)	-	(564,153)	-
(11,294,316)	-	(11,294,316)	-
(590)	-	(590)	-
<u>(41,981,646)</u>	<u>-</u>	<u>(41,981,646)</u>	<u>-</u>
<u>-</u>	(85,191)	(85,191)	<u>-</u>
<u>-</u>	(85,191)	(85,191)	<u>-</u>
<u>\$(41,981,646)</u>	<u>\$(85,191)</u>	<u>\$(42,066,837)</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>	(21,541)
<u>-</u>	<u>-</u>	<u>-</u>	(21,541)
21,660,737	-	21,660,737	-
18,981,037	-	18,981,037	-
190,613	-	190,613	-
116,369	-	116,369	-
137,628	-	137,628	107
56,954	-	56,954	-
98,775	-	98,775	-
(15,000)	15,000	-	-
<u>41,227,113</u>	<u>15,000</u>	<u>41,242,113</u>	<u>107</u>
(754,533)	(70,191)	(824,724)	(21,434)
<u>134,001,055</u>	<u>362,711</u>	<u>134,363,766</u>	<u>240,405</u>
<u>\$ 133,246,522</u>	<u>\$ 292,520</u>	<u>\$ 133,539,042</u>	<u>\$ 218,971</u>

GREGG COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	General	Road and Bridge	Capital Improvement
ASSETS			
Cash and cash equivalents	\$ 7,985,708	\$ 419,315	\$ 6,767,521
Investments	30,499,896	5,386,711	10,806,900
Receivables (net of allowance for uncollectibles)			
Accounts	2,288,352	1,505,368	-
Taxes	364,579	67,382	26,350
Interest	31,582	3,990	9,761
Due from other funds	223,355	-	-
Due from other governments	2,803,865	11,242	-
Inventories	-	130,048	-
Prepaid expenditures	23,827	-	-
Total assets	\$ 44,221,164	\$ 7,524,056	\$ 17,610,532
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	1,197,025	116,775	42,222
Due to other governments	57,602	151,343	-
Accrued liabilities	1,354,753	152,582	-
Deferred revenues	2,357,424	1,497,085	21,697
Due to other funds	-	-	-
Total liabilities	4,966,804	1,917,785	63,919
Fund balances:			
Nonspendable:			
Prepaid expenditures	23,827	-	-
Inventories	-	130,048	-
Restricted for:			
Archive restoration	475,923	-	-
Transportation and road improvements	19,507	5,333,626	-
Public Safety operations	-	-	-
Bail bond board operations	29,439	-	-
Judicial operations	-	-	-
Airport operations	-	-	-
Court technology and security	-	-	-
Records management and preservation	-	-	-
Voting and elections	-	-	-
Health and human services operations	66,538	-	-
Vehicle inventory tax administration	-	-	-
Permanent improvements	-	-	4,659,594
Committed for:			
Airport operations	-	-	-
Donations to healthcare organizations	-	-	-
Assigned for:			
Capital projects	-	-	12,887,019
Transportation and road improvements	176,962	-	-
Public Safety	40,078	-	-
Other Projects	-	142,597	-
Unassigned	38,422,086	-	-
Total fund balances	39,254,360	5,606,271	17,546,613
Total liabilities and fund balances	\$ 44,221,164	\$ 7,524,056	\$ 17,610,532

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

Airport Improvement	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,306,030	\$ 17,478,574
-	4,046,927	50,740,434
26	233,904	4,027,650
-	40,467	498,778
-	4,014	49,347
-	-	223,355
640,241	113,167	3,568,515
-	4,234	134,282
-	-	23,827
<u>\$ 640,267</u>	<u>\$ 6,748,743</u>	<u>\$ 76,744,762</u>
412,994	\$ 156,134	\$ 1,925,150
-	5,570	214,515
-	98,835	1,606,170
-	240,686	4,116,892
29,492	193,863	223,355
<u>442,486</u>	<u>695,088</u>	<u>8,086,082</u>
-	-	23,827
-	4,234	134,282
-	-	475,923
-	-	5,353,133
-	527,863	527,863
-	-	29,439
-	139,605	139,605
197,781	-	197,781
-	239,711	239,711
-	753,334	753,334
-	24,643	24,643
-	4,671	71,209
-	2,592	2,592
-	-	4,659,594
-	1,587,670	1,587,670
-	2,769,332	2,769,332
-	-	12,887,019
-	-	176,962
-	-	40,078
-	-	142,597
-	-	38,422,086
<u>197,781</u>	<u>6,053,655</u>	<u>68,658,680</u>
<u>\$ 640,267</u>	<u>\$ 6,748,743</u>	<u>\$ 76,744,762</u>

GREGG COUNTY, TEXAS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

AS OF SEPTEMBER 30, 2013

Total fund balances - governmental funds balance sheet	\$ 68,658,680
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	58,816,803
Certain receivables will not be collected soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.	
Property taxes	404,811
Court fines and fees	3,712,081
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(732,830)
Capital leases	(2,739)
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 position.	<u>2,389,716</u>
Net position of governmental activities	\$ <u>133,246,522</u>

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

GREGG COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>General</u>	<u>Road and Bridge</u>	<u>Capital Improvement</u>
REVENUES			
Taxes:			
Current property taxes	\$ 15,226,964	\$ 3,012,130	\$ 1,042,836
Delinquent property taxes	390,419	72,162	28,217
Alcoholic beverage tax	190,613	-	-
Bingo tax	116,369	-	-
Sales tax	17,066,298	-	-
Motor vehicle sales tax	1,311,831	602,908	-
Licenses and permits	96,650	1,245,988	-
Intergovernmental	856,974	18,982	-
Charges for services	3,200,144	-	-
Fines and forfeitures	578,390	557,088	-
Investment earnings	79,728	8,491	38,564
Rents and commissions	2,869,325	-	-
Miscellaneous	67,725	38,378	-
Total revenues	<u>42,051,430</u>	<u>5,556,127</u>	<u>1,109,617</u>
EXPENDITURES			
Current:			
General government	9,027,348	-	-
Judicial	7,319,864	-	-
Public safety	14,843,970	-	-
Health and human services	2,435,674	-	-
Public buildings	2,214,203	-	-
Transportation and roads	6,480,000	4,868,421	-
Debt service:			
Principal	5,619	-	-
Interest and fiscal charges	590	-	-
Capital outlay	754,722	215,527	1,031,761
Total expenditures	<u>43,081,990</u>	<u>5,083,948</u>	<u>1,031,761</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,030,560)</u>	<u>472,179</u>	<u>77,856</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	6,623,273	183,810	45,000
Transfers out	(236,829)	-	(6,917,036)
Sale of capital assets	2,376	106,266	-
Insurance recoveries	22,137	-	34,817
Total other financing sources (uses)	<u>6,410,957</u>	<u>290,076</u>	<u>(6,837,219)</u>
NET CHANGE IN FUND BALANCES	5,380,397	762,255	(6,759,363)
FUND BALANCES, BEGINNING	<u>33,873,963</u>	<u>4,844,016</u>	<u>24,305,976</u>
FUND BALANCES, ENDING	<u>\$ 39,254,360</u>	<u>\$ 5,606,271</u>	<u>\$ 17,546,613</u>

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

<u>Airport Capital Improvement</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,791,618	\$ 21,073,548
-	43,321	534,119
-	-	190,613
-	-	116,369
-	-	17,066,298
-	-	1,914,739
-	-	1,342,638
2,312,910	566,510	3,755,376
82,062	471,985	3,754,191
-	82,391	1,217,869
-	10,845	137,628
-	403,823	3,273,148
-	149,844	255,947
<u>2,394,972</u>	<u>3,520,337</u>	<u>54,632,483</u>
-	1,243,026	10,270,374
-	243,648	7,563,512
-	1,296,775	16,140,745
-	381,091	2,816,765
-	-	2,214,203
-	-	11,348,421
-	-	5,619
-	-	590
<u>2,578,467</u>	<u>171,642</u>	<u>4,752,119</u>
<u>2,578,467</u>	<u>3,336,182</u>	<u>55,112,348</u>
(183,495)	184,155	(479,865)
210,913	169,855	7,232,851
-	(93,986)	(7,247,851)
-	-	108,642
-	-	56,954
<u>210,913</u>	<u>75,869</u>	<u>150,596</u>
27,418	260,024	(329,269)
<u>170,363</u>	<u>5,793,631</u>	<u>68,987,949</u>
\$ <u>197,781</u>	\$ <u>6,053,655</u>	\$ <u>68,658,680</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, 2013

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)	\$(329,269)
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. This is the amount of capital assets recorded in the current period.	5,318,821
Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds.	(6,168,815)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(5,372)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	596,408
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 the net position. 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 Principal payment on capital leases	4,441
Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Compensated absences liability	(7,746)
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.	(163,001)
Change in net position of governmental activities (page 15)	\$(<u>754,533</u>)

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

GREGG COUNTY, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2013

	Business-type Activities	Governmental Activities
	Longview Community Center	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,286	\$ 205,124
Investments	-	2,169,888
Interest receivable	-	2,374
Accounts receivable, net of allowances	185	191,034
Inventory	-	20,545
Total current assets	12,471	2,588,965
Noncurrent assets:		
Capital assets:		
Land	19,240	-
Construction in process	10,679	-
Buildings and improvements	475,559	-
Equipment	-	40,998
Less: accumulated depreciation	(206,833)	(7,555)
Total capital assets	298,645	33,443
Total noncurrent assets	298,645	33,443
Total assets	311,116	2,622,408
LIABILITIES		
Current liabilities:		
Accounts payable	14,209	1,988
Accrued liabilities	4,387	230,704
Total current liabilities	18,596	232,692
Total liabilities	18,596	232,692
NET POSITION		
Investment in capital assets	298,645	33,443
Unrestricted	(6,125)	2,356,273
Total net position	\$ 292,520	\$ 2,389,716

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

GREGG COUNTY, TEXAS

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION**

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Longview Community Center</u>	<u>Internal Service Funds</u>
OPERATING REVENUES		
Charges for services	\$ 63,738	\$ 5,703,450
Total operating revenues	<u>63,738</u>	<u>5,703,450</u>
OPERATING EXPENSES		
Salaries	73,213	25,793
Fringe benefits	23,445	13,554
Operating expenses	37,758	57,342
Insurance consultant	-	22,000
Claim expenses	-	5,188,264
Administrative	-	573,087
Depreciation	14,513	2,060
Total operating expenses	<u>148,929</u>	<u>5,882,100</u>
OPERATING INCOME (LOSS)	(85,191)	(178,650)
NONOPERATING REVENUES (EXPENSES):		
Interest and investment revenue	-	15,649
Total nonoperating revenues (expenses)	<u>-</u>	<u>15,649</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(85,191)	(163,001)
Transfers in	<u>15,000</u>	<u>-</u>
CHANGES IN NET POSITION	(70,191)	(163,001)
TOTAL NET POSITION, BEGINNING	<u>362,711</u>	<u>2,552,717</u>
TOTAL NET POSITION, ENDING	\$ <u>292,520</u>	\$ <u>2,389,716</u>

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

GREGG COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities	Governmental Activities
	Longview Community Center	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 67,515	\$ -
Cash receipts from interfund charges for print shop services	-	113,829
Cash receipts from interfund charges for self-insurance services	-	5,652,166
Payments to suppliers for goods and services	(36,202)	(5,898,153)
Payments to employees for salaries and benefits	(96,754)	(39,108)
Net cash used by operating activities	(65,441)	(171,266)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	15,000	-
Net cash provided by noncapital financing activities	15,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	-	(31,008)
Net cash flows provided by capital and related financing activities	-	(31,008)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities of investments	-	2,399,051
Purchase of investments	-	(2,169,888)
Earnings on investments	-	16,262
Net cash used by investing activities	-	245,425
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(50,441)	43,151
CASH AND CASH EQUIVALENTS, BEGINNING	62,727	161,973
CASH AND CASH EQUIVALENTS, ENDING	\$ 12,286	\$ 205,124
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$(85,191)	\$(178,650)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	14,513	2,060
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Inventory	-	4,907
Accounts receivable	3,777	62,545
Increase (decrease) in liabilities:		
Accounts payable	1,556	(2,537)
Accrued liabilities	(96)	(59,591)
Net cash used by operations	\$(65,441)	\$(171,266)
Noncash investing, capital and financing activities:		
Contributions of capital assets	\$ -	\$ -

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

GREGG COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>8,437,495</u>
Total assets	\$ <u>8,437,495</u>
LIABILITIES	
Due to others	\$ <u>8,437,495</u>
Total liabilities	\$ <u>8,437,495</u>

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

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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. Separately issued financial statements are available for the Gregg County Child Welfare Board and can be obtained by contacting the Gregg County, Texas County Auditor's office, 101 E. Methvin, Suite 306, Longview, TX 75601.

B. Basis of Presentation – Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial 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 to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's Enterprise Funds. 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.

As discussed earlier, the government has one discretely presented component unit. While the Child Welfare Board is not considered to be a major component unit, it is nevertheless shown in separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

C. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and Enterprise Funds, each displayed in a separate column. All remaining governmental and Enterprise Funds are aggregated and reported as nonmajor funds. Major individual governmental and Enterprise Funds are reported as separate columns in the fund financial statements.

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 Road and Bridge Fund is financed by a designated part of the annual property tax levy, as well as certain statutory fees.

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 for capital improvements for the East Texas Regional Airport.

The County reports the following major Enterprise Fund:

The **Longview Community Center Fund** is used to account for the activities of the community center.

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.

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.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales and other 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

E. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance for court fines and fees receivable is currently 35-90% of the uncollected balance. The property tax allowance is calculated by year as a percentage of the outstanding levy. The allowance for property taxes for the current year, with this calculation, is approximately 56% of the uncollected balance at September 30, 2013.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Inventories and Prepaid Items

All inventories are stated at cost using the first-in/first-out (FIFO) method. The costs of inventory items are recognized as expenditures in governmental funds when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns 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.

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, 2013, 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 Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the Commissioners' Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Commissioners' Court per the County's fund balance policy.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers unrestricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of unassigned funds, then assigned funds, and finally committed.

Net Position

Net position represent the difference between assets and liabilities. Net position 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 position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

F. Revenues and Expenditures/Expenses

Program revenues

Amounts reported as program revenues include 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Property Taxes

Property taxes are levied on October 1 of each year 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.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Longview Community Center and Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

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 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.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

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, 2013. 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, 2013.

Investment types on September 30, 2013, 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, 2013, the County had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Days)
TexPool	\$ 12,314,126	55
Municipal securities	951,067	152
U. S. Agency Securities:		
Federal Home Loan Bank	11,562,345	365
Federal Farm Credit Bank	12,011,820	366
Federal Home Loan Mortgage Corp.	3,497,970	697
Federal National Mortgage Association	12,572,995	427
Total U. S. Agency Securities	<u>39,645,130</u>	
Total portfolio	<u>\$ 52,910,322</u>	
Portfolio weighted average maturity (days)		326

Interest Rate Risk. As a means of minimizing risk of loss due to interest rate fluctuations, the investment policy limits investment maturities. General, Capital Improvement, 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. On September 30, 2013, the total carrying amount of the County's deposits was fully collateralized with securities held by the pledging financial institution in the County's name, in money market instruments, or was covered by FDIC insurance.

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, 2013, but the policy does not restrict the concentration of investments with one specific issuer by an explicit amount.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

The County's investments as of September 30, 2013, were rated as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>
TexPool	AAAm	Standard & Poor's
Municipal securities	AA	Standard & Poor's
U. S. Agency Securities:		
Federal Home Loan Bank	AA+	Standard & Poor's
Federal Farm Credit Bank	AA+	Standard & Poor's
Federal Home Loan Mortgage Corp.	AA+	Standard & Poor's

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, nonmajor funds in the aggregate, and Internal Service Funds 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>Longview Community Center</u>	<u>Internal Service</u>	<u>Total</u>
Receivables:								
Taxes	\$ 819,762	\$ 151,504	\$ 59,249	\$ -	\$ 90,987	\$ -	\$ -	\$ 1,121,502
Accounts	6,117,297	2,151,544	-	26	460,643	185	191,034	8,920,729
Interest	31,582	3,990	9,761	-	4,014	-	2,374	51,721
Due from other governments	<u>2,803,865</u>	<u>11,242</u>	<u>-</u>	<u>640,241</u>	<u>113,167</u>	<u>-</u>	<u>-</u>	<u>3,568,515</u>
Gross receivables	9,772,506	2,318,280	69,010	640,267	668,811	185	193,408	13,662,467
Less: allowance for uncollectibles	<u>(4,284,128)</u>	<u>(730,298)</u>	<u>(32,899)</u>	<u>-</u>	<u>(277,259)</u>	<u>-</u>	<u>-</u>	<u>(5,324,584)</u>
Net total receivables	<u>\$ 5,488,378</u>	<u>\$ 1,587,982</u>	<u>\$ 36,111</u>	<u>\$ 640,267</u>	<u>\$ 391,552</u>	<u>\$ 185</u>	<u>\$ 193,408</u>	<u>\$ 8,337,883</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
General fund	
Delinquent property taxes receivable	\$ 296,671
Fines	2,060,753
Road and bridge:	
Delinquent property taxes receivable	53,958
Fines	1,443,127
Capital improvement:	
Delinquent property taxes receivable	21,697
Nonmajor funds:	
Delinquent property taxes receivable	32,484
Fines	208,202
Total governmental funds	\$ 4,116,892

Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,296,670	\$ 5,130	\$ -	\$ 1,301,800
Construction in progress	592,508	3,246,534	(1,005,910)	2,833,132
Total assets not being depreciated	1,889,178	3,251,664	(1,005,910)	4,134,932
Capital assets, being depreciated:				
Buildings and improvements	41,072,989	902,358	-	41,975,347
Equipment	18,688,265	813,700	(999,023)	18,502,942
Infrastructure	73,915,629	1,398,007	-	75,313,636
Total capital assets being depreciated	133,676,883	3,114,065	(999,023)	135,791,925
Accumulated depreciation:				
Buildings and improvements	(20,871,714)	(1,193,439)	-	(22,065,153)
Equipment	(12,761,242)	(1,566,648)	989,156	(13,338,734)
Infrastructure	(42,256,441)	(3,416,283)	-	(45,672,724)
Total accumulated depreciation	(75,889,397)	(6,176,370)	989,156	(81,076,611)
Total capital assets being depreciated, net	57,787,486	(3,062,305)	(9,867)	54,715,314
Governmental activities capital assets, net	\$ 59,676,664	\$ 189,359	\$(1,015,777)	\$ 58,850,246

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

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

Governmental activities:		
General government	\$	2,767,608
Judicial		6,523
Public safety		385,252
Health and human services		7,282
Public buildings		1,025,658
Transportation and roads		<u>1,984,047</u>
Total depreciation expense - governmental activities	\$	<u>6,176,370</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 19,240	\$ -	\$ -	\$ 19,240
Construction in progress	<u>10,679</u>	<u>-</u>	<u>-</u>	<u>10,679</u>
Total assets not being depreciated	<u>29,919</u>	<u>-</u>	<u>-</u>	<u>29,919</u>
Capital assets, being depreciated:				
Buildings and improvements	<u>475,559</u>	<u>-</u>	<u>-</u>	<u>475,559</u>
Total capital assets being depreciated	<u>475,559</u>	<u>-</u>	<u>-</u>	<u>475,559</u>
Accumulated depreciation:				
Buildings and improvements	(192,320)	(14,513)	<u>-</u>	(206,833)
Total accumulated depreciation	<u>(192,320)</u>	<u>(14,513)</u>	<u>-</u>	<u>(206,833)</u>
Total capital assets being depreciated, net	<u>283,239</u>	<u>(14,513)</u>	<u>-</u>	<u>268,726</u>
Business-type activities capital assets, net	<u>\$ 313,158</u>	<u>\$(14,513)</u>	<u>\$ -</u>	<u>\$ 298,645</u>

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2013, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Airport Improvement	\$ 29,492
	Nonmajor governmental:	
	Airport	104,381
	Grant	72,641
	VIT Operating	857
	District Attorney	2,810
	Inmate welfare	13,174
		<u>\$ 223,355</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>Nonmajor Governmental</u>	<u>Longview Community Center</u>	
Transfer out:							
General	\$ -	\$ 100,000	\$ -	\$ -	\$ 121,829	\$ 15,000	\$ 236,829
Capital improvement	6,623,273	82,850	-	210,913	-	-	6,917,036
Nonmajor governmental	-	960	45,000	-	48,026	-	93,986
Total transfers out	<u>\$ 6,623,273</u>	<u>\$ 183,810</u>	<u>\$ 45,000</u>	<u>\$ 210,913</u>	<u>\$ 169,855</u>	<u>\$ 15,000</u>	<u>\$ 7,247,851</u>

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.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Capital leases payable	\$ 9,741	\$ -	\$ 7,002	\$ 2,739	\$ 2,739
Compensated absences	725,084	530,031	522,285	732,830	546,347
Governmental activity long-term liabilities	<u>\$ 734,825</u>	<u>\$ 530,031</u>	<u>\$ 529,287</u>	<u>\$ 735,569</u>	<u>\$ 549,086</u>

For compensated absences, the General Fund normally liquidates approximately 80 percent of this liability. The Road and Bridge Special Revenue Fund liquidates approximately 15% of the liability with the remaining liability being liquidated by nonmajor governmental funds.

Lease Obligations

The County entered into various lease agreements for copiers to be used in multiple departments of the County valued at \$24,331. This equipment has a 5-year estimated useful life. This year, \$4,866 was included in depreciation expense for this equipment. These agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2013, were as follows:

Year ending September 30,	Governmental Activities
2014	\$ 2,818
Total minimum lease payments	2,818
Less: amount representing interest	79
Present value of minimum lease payments	<u>\$ 2,739</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 2013, 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.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

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.

Retirement Plan

Plan Description

Gregg County, Texas provides retirement, disability, and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 641 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 2012 and 10.55% for the months of the accounting year in 2013.

The deposit rate payable by the employee members for calendar year 2013 is the rate of 7.0%, as adopted by the governing body of the employer.

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

Annual Pension Cost

For the employer's accounting year ended September 30, 2013, the annual pension cost for the TCDRS plan for its employees was \$2,480,808 and the actual contributions were \$2,480,808 . 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, 2010 and December 31, 2011, the basis for determining the contribution rates for calendar years 2012 and 2013. The December 31, 2012 actuarial valuation is the most recent valuation.

The required contribution was determined as a part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 5.4 percent. Both (a) and (b) included an inflation component of 3.5 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at December 31, 2012, was 20.0 years.

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 86.1% funded. The actuarial accrued liability for benefits was \$77,572,685, and the actuarial value of assets was \$66,790,943, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,781,742. The covered payroll was \$23,117,139, and the ratio of UAAL to the covered payroll was 46.64%.

Actuarial Valuation Information

Actuarial Valuation Date	12/31/10	12/31/11	12/31/12
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	17.9	20.0	20.0
Asset valuation method			
Subdivision Accumulation Fund	10-yr smoothed value	10-yr smoothed value	10-yr smoothed value
Employees Savings Fund	Fund value	Fund value	Fund value
Actuarial Assumptions:			
Investment return ¹	8.0%	8.0%	8.0%
Projected salary increases ¹	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

¹Includes inflation at the stated rate

GREGG COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS (continued)

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
09/30/11	\$ 2,088,079	100%	-
09/30/12	2,308,954	100%	-
09/30/13	2,480,808	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)
12/31/2012	\$ 66,790,943	\$ 77,572,685	\$ 10,781,742	86.10%	\$ 23,117,139	46.64%

- (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.

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**REQUIRED
SUPPLEMENTARY INFORMATION**

GREGG COUNTY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS FOR PARTICIPATION IN TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funded Ratio (a/b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/(c)</u>
12/31/2010	\$ 61,261,693	\$ 69,839,488	87.72%	\$ 8,577,795	\$ 22,056,031	38.89%
12/31/2011	63,433,688	73,267,028	86.58%	9,833,340	22,363,811	43.97%
12/31/2012	66,790,943	77,572,685	86.10%	10,781,742	23,117,139	46.64%

GREGG COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Current property taxes	\$ 15,427,738	\$ 15,427,738	\$ 15,154,579	\$(273,159)
Current penalty and interest	74,000	74,000	72,385	(1,615)
Delinquent property taxes	432,408	432,408	307,552	(124,856)
Delinquent penalty and interest	90,000	90,000	82,867	(7,133)
Alcoholic beverage tax	190,000	190,000	190,613	613
Bingo tax	80,000	80,000	116,369	36,369
Sales tax	13,900,000	13,900,000	17,066,298	3,166,298
Motor vehicle sales tax	925,000	925,000	1,311,831	386,831
Total taxes	<u>31,119,146</u>	<u>31,119,146</u>	<u>34,302,494</u>	<u>3,183,348</u>
Licenses and permits:				
Alcoholic beverage licenses	38,000	38,000	29,150	(8,850)
Sexually oriented businesses	34,500	34,500	31,500	(3,000)
Bail bond applications	6,500	6,500	1,000	(5,500)
Sewage disposal systems	23,500	23,500	35,000	11,500
Total licenses and permits	<u>102,500</u>	<u>102,500</u>	<u>96,650</u>	<u>(5,850)</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	11,500	11,500	21,067	9,567
State - indigent defense	62,000	62,000	122,946	60,946
State - juror reimbursement	45,000	45,000	40,140	(4,860)
State - commercial waste management fees	200	200	375	175
City of Lakeport - sewer fees	1,000	1,000	1,200	200
Fiscal service fee	13,000	13,000	14,271	1,271
Social security incentive payment	-	-	25,400	25,400
Drug enforcement task force	5,500	5,500	16,799	11,299
Sabine Valley deputy	103,374	103,374	103,374	-
Sabine ISD resource officer	39,452	39,452	39,452	-
City of Longview - prisoner care	247,125	247,125	247,126	1
State - Title IV-E Legal Reimbursement	20,000	20,000	40,521	20,521
Child welfare board reimbursement	20,000	20,000	23,423	3,423
State grant	-	-	5,880	5,880
Total intergovernmental	<u>723,151</u>	<u>723,151</u>	<u>856,974</u>	<u>133,823</u>

GREGG COUNTY, TEXAS

GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES (Continued)				
Charges for services:				
Sheriff	\$ 320,000	\$ 320,000	\$ 316,070	\$(3,930)
Constable # 1	31,000	31,000	30,590	(410)
Constable # 2	28,500	28,500	34,625	6,125
Constable # 3	18,400	18,400	19,105	705
Constable # 4	32,000	32,000	40,415	8,415
County clerk	860,000	860,000	895,751	35,751
County clerk - bond administrative fee	9,200	9,200	139	(9,061)
County clerk - archival fee	104,000	104,000	118,190	14,190
Sheriff - bond administrative fee	2,100	2,100	466	(1,634)
District clerk-archival fee	11,500	11,500	12,167	667
Tax assessor - collector	605,000	605,000	653,348	48,348
Tax collection contract fees	240,000	240,000	269,751	29,751
District attorney	40,000	40,000	41,308	1,308
District clerk	355,000	335,000	331,370	(3,630)
Justice of the Peace # 1	20,000	20,000	16,863	(3,137)
Justice of the Peace # 2	12,500	12,500	15,832	3,332
Justice of the Peace # 3	8,500	8,500	9,206	706
Justice of the Peace # 4	12,000	12,000	15,676	3,676
Trial fees	25	25	42	17
Jury	6,500	6,500	7,062	562
Probate judge education fees	2,400	2,400	2,720	320
Other arrest fees	82,000	82,000	91,515	9,515
Judges fee - probate	3,000	3,000	3,161	161
State fees	83,000	83,000	99,567	16,567
State fees - TP - judicial efficiency	4,200	4,200	6,422	2,222
State fee - drug court program	19,500	19,500	19,626	126
Court reporter service fees	40,000	40,000	42,724	2,724
DRO fees	1,200	1,200	899	(301)
Guardianship fee	7,100	7,100	7,700	600
Parking lot fees	5,600	5,600	5,306	(294)
Computer services	5,500	5,500	7,042	1,542
Family protection fees	-	-	10,868	10,868
Defensive driving fees	42,000	42,000	39,181	(2,819)
Child safety fees	2,000	2,000	2,675	675
Traffic fees	9,800	9,800	8,839	(961)
Video fees	6,800	6,800	7,280	480
Inmate reimbursement	2,500	2,500	16,643	14,143
Total charges for services	<u>3,032,825</u>	<u>3,012,825</u>	<u>3,200,144</u>	<u>187,319</u>

GREGG COUNTY, TEXAS

GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES (Continued)				
Fines and forfeitures:				
Justice court fines - JP 1	\$ 185,000	\$ 185,000	\$ 155,153	\$(29,847)
Justice court fines - JP 2	81,000	81,000	128,626	47,626
Justice court fines - JP 3	252,000	252,000	221,134	(30,866)
Justice court fines - JP 4	93,000	93,000	73,477	(19,523)
Total fines and forfeitures	<u>611,000</u>	<u>611,000</u>	<u>578,390</u>	<u>(32,610)</u>
Investment earnings:				
Interest	75,000	75,000	94,000	19,000
Unrealized gains (losses)	-	-	(14,272)	(14,272)
Total investment earnings	<u>75,000</u>	<u>75,000</u>	<u>79,728</u>	<u>4,728</u>
Rent and commissions:				
BorgWarner Automotive	34,098	34,098	34,098	-
A & M Tower, Inc.	11,160	11,160	11,987	827
Community buildings	38,000	38,000	26,635	(11,365)
Other rent	31,500	31,500	27,844	(3,656)
Royalties	82,000	82,000	48,157	(33,843)
Telephone coin stations	240,000	240,000	232,581	(7,419)
Federal - jail lease	3,000,000	3,000,000	2,311,038	(688,962)
Contract jail revenue	511,000	511,000	105,038	(405,962)
Concession sales	-	-	65,152	65,152
Vending machine sales	-	-	6,795	6,795
Total rent and commissions	<u>3,947,758</u>	<u>3,947,758</u>	<u>2,869,325</u>	<u>(1,078,433)</u>
Miscellaneous:				
Miscellaneous	25,000	27,848	67,725	39,877
Total miscellaneous	<u>25,000</u>	<u>27,848</u>	<u>67,725</u>	<u>39,877</u>
Total revenues	<u>39,636,380</u>	<u>39,619,228</u>	<u>42,051,430</u>	<u>2,432,202</u>

GREGG COUNTY, TEXAS

GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General government:				
County clerk - administration:				
Salaries	\$ 676,418	\$ 679,268	\$ 658,701	\$ 20,567
Fringe benefits	324,867	322,017	298,851	23,166
Operating expenditures	82,145	69,345	52,761	16,584
Capital outlay	-	12,800	12,087	713
Total county clerk - administration	<u>1,083,430</u>	<u>1,083,430</u>	<u>1,022,400</u>	<u>61,030</u>
County clerk - archive restoration:				
Salaries	27,065	27,167	27,167	-
Fringe benefits	14,515	14,413	13,711	702
Operating expenditures	561,082	560,138	455,535	104,603
Capital outlay	-	944	944	-
Total county clerk - archive restoration	<u>602,662</u>	<u>602,662</u>	<u>497,357</u>	<u>105,305</u>
Telecommunications:				
Salaries	48,910	48,910	44,285	4,625
Fringe benefits	9,220	9,220	8,296	924
Operating expenditures	1,000	1,000	57	943
Total telecommunications	<u>59,130</u>	<u>59,130</u>	<u>52,638</u>	<u>6,492</u>
Purchasing:				
Salaries	177,792	178,346	165,185	13,161
Fringe benefits	61,955	61,401	57,259	4,142
Operating expenditures	12,100	13,300	11,523	1,777
Total purchasing	<u>251,847</u>	<u>253,047</u>	<u>233,967</u>	<u>19,080</u>
Human resources:				
Salaries	137,470	137,984	137,324	660
Fringe benefits	54,320	53,374	50,806	2,568
Operating expenditures	13,040	13,472	13,388	84
Total human resources	<u>204,830</u>	<u>204,830</u>	<u>201,518</u>	<u>3,312</u>

GREGG COUNTY, TEXAS

GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
General government: (Continued)				
Nondepartmental - general government:				
Salaries	\$ -	\$ 4,314	4,314	-
Fringe benefits	210,000	120,852	-	120,852
Operating expenditures	3,406,525	2,884,782	2,637,609	247,173
Capital outlay	25,000	23,911	-	23,911
Total nondepartmental - general government	<u>3,641,525</u>	<u>3,033,859</u>	<u>2,641,923</u>	<u>391,936</u>
County judge:				
Salaries	172,660	173,065	173,065	-
Fringe benefits	63,042	62,637	56,162	6,475
Operating expenditures	16,020	16,020	7,142	8,878
Capital outlay	-	1,089	1,089	-
Total county judge	<u>251,722</u>	<u>252,811</u>	<u>237,458</u>	<u>15,353</u>
Postal services:				
Operating expenditures	43,610	43,610	7,077	36,533
Total postal services	<u>43,610</u>	<u>43,610</u>	<u>7,077</u>	<u>36,533</u>
Concession operations:				
Salaries	-	-	35,721	(35,721)
Fringe benefits	-	-	15,424	(15,424)
Operating expenditures	-	-	40,528	(40,528)
Total concession operations	<u>-</u>	<u>-</u>	<u>91,673</u>	<u>(91,673)</u>
Elections:				
Salaries	176,482	189,409	187,502	1,907
Fringe benefits	70,810	72,563	63,261	9,302
Operating expenditures	125,140	110,460	94,820	15,640
Total elections	<u>372,432</u>	<u>372,432</u>	<u>345,583</u>	<u>26,849</u>
County auditor:				
Salaries	503,072	504,916	503,174	1,742
Fringe benefits	189,585	187,741	181,011	6,730
Operating expenditures	23,300	26,683	26,626	57
Capital outlay	-	3,900	3,490	410
Total county auditor	<u>715,957</u>	<u>723,240</u>	<u>714,301</u>	<u>8,939</u>

GREGG COUNTY, TEXAS

GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
General government: (Continued)				
Tax assessor-collector:				
Salaries	\$ 1,016,231	\$ 1,016,231	\$ 1,004,102	\$ 12,129
Fringe benefits	463,869	463,869	431,443	32,426
Operating expenditures	231,850	227,726	187,043	40,683
Capital outlay	-	4,124	4,124	-
Total tax assessor-collector	<u>1,711,950</u>	<u>1,711,950</u>	<u>1,626,712</u>	<u>85,238</u>
Information services:				
Salaries	332,830	332,830	324,998	7,832
Fringe benefits	129,080	129,080	121,873	7,207
Operating expenditures	737,600	772,600	769,334	3,266
Capital outlay	305,000	393,590	370,697	22,893
Total information services	<u>1,504,510</u>	<u>1,628,100</u>	<u>1,586,902</u>	<u>41,198</u>
Agricultural extension service:				
Salaries	104,816	104,816	93,950	10,866
Fringe benefits	57,210	57,210	45,013	12,197
Operating expenditures	18,719	21,869	21,307	562
Total agricultural extension service	<u>180,745</u>	<u>183,895</u>	<u>160,270</u>	<u>23,625</u>
Total general government	<u>10,624,350</u>	<u>10,152,996</u>	<u>9,419,779</u>	<u>733,217</u>
Judicial:				
Court of civil appeals:				
Salaries	13,008	13,238	13,238	-
Fringe benefits	2,375	2,145	1,017	1,128
Total court of civil appeals	<u>15,383</u>	<u>15,383</u>	<u>14,255</u>	<u>1,128</u>
E-filing system:				
Operating expenditures	-	75,014	75,014	-
Capital Outlay	-	8,410	8,410	-
Total e-filing system	<u>-</u>	<u>83,424</u>	<u>83,424</u>	<u>-</u>

GREGG COUNTY, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Judicial: (Continued)				
County court-at-law no. 1:				
Salaries	\$ 252,944	\$ 254,501	\$ 253,501	\$ 1,000
Fringe benefits	80,822	79,265	75,542	3,723
Operating expenditures	14,110	12,810	12,713	97
Capital outlay	-	1,300	1,300	-
Total county court-at-law no. 1	<u>347,876</u>	<u>347,876</u>	<u>343,056</u>	<u>4,820</u>
County court-at-law no. 2:				
Salaries	239,976	241,486	239,986	1,500
Fringe benefits	78,327	76,817	72,227	4,590
Operating expenditures	14,750	12,545	8,316	4,229
Capital outlay	1,500	3,705	2,205	1,500
Total county court-at-law no. 2	<u>334,553</u>	<u>334,553</u>	<u>322,734</u>	<u>11,819</u>
Attorney general master:				
Operating expenditures	12,200	12,200	3,619	8,581
Total attorney general master	<u>12,200</u>	<u>12,200</u>	<u>3,619</u>	<u>8,581</u>
124th district court:				
Salaries	103,590	103,977	102,377	1,600
Fringe benefits	38,495	38,108	36,719	1,389
Operating expenditures	40,590	39,752	13,241	26,511
Capital outlay	-	838	-	838
Total 124th district court	<u>182,675</u>	<u>182,675</u>	<u>152,337</u>	<u>30,338</u>
188th district court:				
Salaries	97,740	98,112	98,112	-
Fringe benefits	37,385	37,013	35,853	1,160
Operating expenditures	37,900	37,062	12,985	24,077
Capital outlay	-	838	838	-
Total 188th district court	<u>173,025</u>	<u>173,025</u>	<u>147,788</u>	<u>25,237</u>

GREGG COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Judicial: (Continued)				
307th district court:				
Salaries	\$ 92,236	\$ 92,578	\$ 90,078	\$ 2,500
Fringe benefits	36,335	35,993	34,183	1,810
Operating expenditures	17,150	17,150	7,493	9,657
Total 307th district court	<u>145,721</u>	<u>145,721</u>	<u>131,754</u>	<u>13,967</u>
Judicial expenditures:				
Operating expenditures	<u>1,599,000</u>	<u>1,749,000</u>	<u>1,610,014</u>	<u>138,986</u>
Total judicial expenses	<u>1,599,000</u>	<u>1,749,000</u>	<u>1,610,014</u>	<u>138,986</u>
307th Drug Court Program:				
Operating expenditures	<u>15,000</u>	<u>15,000</u>	-	<u>15,000</u>
Total judicial expenses	<u>15,000</u>	<u>15,000</u>	-	<u>15,000</u>
District clerk:				
Salaries	688,684	688,684	632,623	56,061
Fringe benefits	327,247	327,247	288,544	38,703
Operating expenditures	<u>71,400</u>	<u>71,400</u>	<u>59,473</u>	<u>11,927</u>
Total district clerk	<u>1,087,331</u>	<u>1,087,331</u>	<u>980,640</u>	<u>106,691</u>
District clerk archive restoration:				
Operating expenditures	15,000	19,650	2,745	16,905
Capital Outlay	-	12,975	9,572	3,403
Total district clerk archive restoration	<u>15,000</u>	<u>32,625</u>	<u>12,317</u>	<u>20,308</u>
Justice of the peace no. 1:				
Salaries	219,165	219,165	218,934	231
Fringe benefits	107,092	107,092	98,613	8,479
Operating expenditures	<u>74,777</u>	<u>74,777</u>	<u>62,343</u>	<u>12,434</u>
Total justice of the peace no. 1	<u>401,034</u>	<u>401,034</u>	<u>379,890</u>	<u>21,144</u>
Justice of the peace no. 2:				
Salaries	110,514	110,733	110,733	-
Fringe benefits	49,002	48,783	46,871	1,912
Operating expenditures	<u>40,200</u>	<u>40,200</u>	<u>20,794</u>	<u>19,406</u>
Total justice of the peace no. 2	<u>199,716</u>	<u>199,716</u>	<u>178,398</u>	<u>21,318</u>

GREGG COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Judicial: (Continued)				
Justice of the peace no. 3:				
Salaries	\$ 151,600	\$ 151,632	\$ 149,163	\$ 2,469
Fringe benefits	66,112	66,080	62,384	3,696
Operating expenditures	40,210	40,210	33,790	6,420
Total justice of the peace no. 3	<u>257,922</u>	<u>257,922</u>	<u>245,337</u>	<u>12,585</u>
Justice of the peace no. 4:				
Salaries	108,614	108,824	108,824	-
Fringe benefits	48,632	48,422	45,608	2,814
Operating expenditures	40,855	36,283	19,241	17,042
Capital outlay	-	4,572	4,572	-
Total justice of the peace no. 4	<u>198,101</u>	<u>198,101</u>	<u>178,245</u>	<u>19,856</u>
District attorney:				
Salaries	1,753,428	1,753,429	1,693,655	59,774
Fringe benefits	641,592	641,592	561,180	80,412
Operating expenditures	97,650	97,650	95,747	1,903
Total district attorney	<u>2,492,670</u>	<u>2,492,671</u>	<u>2,350,582</u>	<u>142,089</u>
Bail bond board:				
Salaries	3,500	3,500	80	3,420
Fringe benefits	655	655	14	641
Operating expenditures	2,750	2,750	836	1,914
Total bail bond board	<u>6,905</u>	<u>6,905</u>	<u>930</u>	<u>5,975</u>
Collections office:				
Salaries	131,977	132,478	132,478	-
Fringe benefits	62,560	62,059	59,233	2,826
Operating expenditures	15,600	15,600	11,320	4,280
Total collections office	<u>210,137</u>	<u>210,137</u>	<u>203,031</u>	<u>7,106</u>
Total judicial	<u>7,694,249</u>	<u>7,945,299</u>	<u>7,338,351</u>	<u>606,948</u>

GREGG COUNTY, TEXAS

GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

EXPENDITURES (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public safety:				
Constable no. 1:				
Salaries	\$ 42,476	\$ 42,476	\$ 42,476	\$ -
Fringe benefits	18,802	18,802	16,998	1,804
Operating expenditures	8,300	8,300	3,904	4,396
Total constable no. 1	69,578	69,578	63,378	6,200
Constable no. 2:				
Salaries	42,476	42,476	42,476	-
Fringe benefits	18,627	18,627	17,155	1,472
Operating expenditures	13,400	13,400	4,632	8,768
Total constable no. 2	74,503	74,503	64,263	10,240
Constable no. 3:				
Salaries	62,012	62,012	60,325	1,687
Fringe benefits	22,307	22,307	20,059	2,248
Operating expenditures	17,419	17,419	15,099	2,320
Total constable no. 3	101,738	101,738	95,483	6,255
Constable no. 4:				
Salaries	42,476	42,476	42,476	-
Fringe benefits	18,627	18,627	16,691	1,936
Operating expenditures	13,850	13,850	8,345	5,505
Total constable no. 4	74,953	74,953	67,512	7,441
Sheriff - corrections:				
Salaries	7,070,589	7,155,099	7,116,210	38,889
Fringe benefits	3,176,540	3,166,111	2,894,414	271,697
Operating expenditures	1,448,855	1,558,411	1,579,290	(20,879)
Capital outlay	207,000	298,548	296,744	1,804
Total sheriff - corrections	11,902,984	12,178,169	11,886,658	291,511
Contract jail operations:				
Salaries	1,562,741	1,615,093	1,524,328	90,765
Fringe benefits	758,020	777,749	635,359	142,390
Operating expenditures	364,500	314,500	333,452	(18,952)
Total contract jail operations	2,685,261	2,707,342	2,493,139	214,203

GREGG COUNTY, TEXAS

GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public safety: (Continued)				
Criminal justice center operations:				
Salaries	\$ 247,832	\$ 144,512	\$ 121,881	\$ 22,631
Fringe benefits	124,970	84,129	57,491	26,638
Operating expenditures	<u>75,500</u>	<u>31,300</u>	<u>29,042</u>	<u>2,258</u>
Total criminal justice center operations	<u>448,302</u>	<u>259,941</u>	<u>208,414</u>	<u>51,527</u>
Department of public safety:				
Salaries	45,732	46,244	46,243	1
Fringe benefits	18,235	17,723	17,390	333
Operating expenditures	<u>8,112</u>	<u>8,112</u>	<u>8,017</u>	<u>95</u>
Total department of public safety	<u>72,079</u>	<u>72,079</u>	<u>71,650</u>	<u>429</u>
DPS Hangar:				
Operating expenditures	<u>1,500</u>	<u>9,208</u>	<u>4,428</u>	<u>4,780</u>
Total DPS hangar	<u>1,500</u>	<u>9,208</u>	<u>4,428</u>	<u>4,780</u>
Parks and wildlife:				
Operating expenditures	<u>1,100</u>	<u>1,100</u>	<u>1,099</u>	<u>1</u>
Total parks and wildlife	<u>1,100</u>	<u>1,100</u>	<u>1,099</u>	<u>1</u>
Texas alcoholic beverage commission:				
Operating expenditures	<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>
Pre-Trial services:				
Salaries	26,431	26,431	23,594	2,837
Fringe benefits	14,450	14,450	12,070	2,380
Operating expenditures	<u>3,500</u>	<u>3,500</u>	<u>1,029</u>	<u>2,471</u>
Total pre-trial services	<u>44,381</u>	<u>44,381</u>	<u>36,693</u>	<u>7,688</u>
Basic supervision:				
Operating expenditures	<u>5,000</u>	<u>5,000</u>	<u>2,674</u>	<u>2,326</u>
Total basic supervision	<u>5,000</u>	<u>5,000</u>	<u>2,674</u>	<u>2,326</u>

GREGG COUNTY, TEXAS

GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Juvenile board:				
Salaries	\$ 98,613	\$ 98,613	\$ 98,613	\$ -
Fringe benefits	46,911	47,840	46,710	1,130
Total juvenile board	<u>145,524</u>	<u>146,453</u>	<u>145,323</u>	<u>1,130</u>
Total public safety	<u>15,627,153</u>	<u>15,744,695</u>	<u>15,140,714</u>	<u>603,981</u>
Health and human services:				
Veterans services:				
Salaries	75,129	75,414	75,414	-
Fringe benefits	14,460	14,460	14,302	158
Operating expenditures	14,128	14,128	11,208	2,920
Total veterans services	<u>103,717</u>	<u>104,002</u>	<u>100,924</u>	<u>3,078</u>
Civil defense:				
Operating expenditures	22,500	22,500	12,175	10,325
Total civil defense	<u>22,500</u>	<u>22,500</u>	<u>12,175</u>	<u>10,325</u>
Environmental protection:				
Operating expenditures	28,000	10,000	-	10,000
Total environmental protection	<u>28,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
911 Addressing:				
Salaries	90,026	90,037	51,396	38,641
Fringe benefits	36,499	36,488	10,914	25,574
Operating expenditures	23,895	619	571	48
Total 911 addressing	<u>150,420</u>	<u>127,144</u>	<u>62,881</u>	<u>64,263</u>
Health:				
Salaries	351,060	351,060	297,503	53,557
Fringe benefits	160,815	160,815	130,022	30,793
Operating expenditures	1,118,270	1,118,270	907,967	210,303
Total health	<u>1,630,145</u>	<u>1,630,145</u>	<u>1,335,492</u>	<u>294,653</u>
Historical commission:				
Operating expenditures	9,000	9,000	95	8,905
Total historical commission	<u>9,000</u>	<u>9,000</u>	<u>95</u>	<u>8,905</u>
Contributions:				
Operating expenditures	952,608	952,608	924,107	28,501
Total contributions	<u>952,608</u>	<u>952,608</u>	<u>924,107</u>	<u>28,501</u>
Total health and human services	<u>2,896,390</u>	<u>2,855,399</u>	<u>2,435,674</u>	<u>419,725</u>

GREGG COUNTY, TEXAS

GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public buildings:				
Courthouse building:				
Salaries	\$ 497,387	\$ 497,387	\$ 472,052	\$ 25,335
Fringe benefits	252,325	252,325	225,110	27,215
Operating expenditures	876,650	883,318	759,074	124,244
Capital outlay	-	2,532	2,532	-
Total courthouse building	<u>1,626,362</u>	<u>1,635,562</u>	<u>1,458,768</u>	<u>176,794</u>
Jail building:				
Operating expenditures	410,000	412,008	360,425	51,583
Total jail building	<u>410,000</u>	<u>412,008</u>	<u>360,425</u>	<u>51,583</u>
Service center building:				
Operating expenditures	57,250	56,705	30,284	26,421
Capital outlay	-	545	545	-
Total service center building	<u>57,250</u>	<u>57,250</u>	<u>30,829</u>	<u>26,421</u>
Community building maintenance:				
Salaries	35,508	35,616	35,216	400
Fringe benefits	16,780	16,673	16,001	672
Operating expenditures	10,900	10,900	4,946	5,954
Total community building maintenance	<u>63,188</u>	<u>63,189</u>	<u>56,163</u>	<u>7,026</u>
Judson community building:				
Operating expenditures	12,300	12,300	9,621	2,679
Total Judson community building	<u>12,300</u>	<u>12,300</u>	<u>9,621</u>	<u>2,679</u>
Pct. 1 Maintenance Shop:				
Operating expenditures	2,600	2,600	1,267	1,333
Total Pct.1 Maintenance Shop	<u>2,600</u>	<u>2,600</u>	<u>1,267</u>	<u>1,333</u>

GREGG COUNTY, TEXAS

GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public buildings: (Continued)				
Greggton community building:				
Salaries	\$ 7,083	\$ 7,083	\$ 2,602	\$ 4,481
Fringe benefits	1,460	1,460	626	834
Operating expenditures	<u>30,500</u>	<u>30,500</u>	<u>19,919</u>	<u>10,581</u>
Total Greggton building	<u>39,043</u>	<u>39,043</u>	<u>23,147</u>	<u>15,896</u>
Garfield Hill community building:				
Operating expenditures	<u>6,975</u>	<u>6,975</u>	<u>2,746</u>	<u>4,229</u>
Total Garfield Hill community building	<u>6,975</u>	<u>6,975</u>	<u>2,746</u>	<u>4,229</u>
Gladewater senior citizens building:				
Operating expenditures	<u>5,350</u>	<u>5,350</u>	<u>-</u>	<u>5,350</u>
Total Gladewater senior citizens building	<u>5,350</u>	<u>5,350</u>	<u>-</u>	<u>5,350</u>
Gladewater Commerce Street building:				
Operating expenditures	<u>17,200</u>	<u>17,200</u>	<u>10,790</u>	<u>6,410</u>
Total Gladewater Commerce Street building	<u>17,200</u>	<u>17,200</u>	<u>10,790</u>	<u>6,410</u>
Liberty City office/community building:				
Operating expenditures	<u>17,600</u>	<u>17,600</u>	<u>10,050</u>	<u>7,550</u>
Total Liberty City office/ community building	<u>17,600</u>	<u>17,600</u>	<u>10,050</u>	<u>7,550</u>
Hugh Camp Memorial Park:				
Operating expenditures	13,600	46,885	45,010	1,875
Capital outlay	<u>-</u>	<u>44,300</u>	<u>43,218</u>	<u>1,082</u>
Total Hugh Camp Memorial Park	<u>13,600</u>	<u>91,185</u>	<u>88,228</u>	<u>2,957</u>

GREGG COUNTY, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public buildings: (Continued)				
Olivia R. Hilburn community building:				
Operating expenditures	\$ 15,825	\$ 15,825	\$ 10,547	\$ 5,278
Total Olivia R. Hilburn community building	<u>15,825</u>	<u>15,825</u>	<u>10,547</u>	<u>5,278</u>
Kilgore office and community building:				
Salaries	31,525	31,644	31,644	-
Fringe benefits	15,945	15,826	15,204	622
Operating expenditures	<u>29,950</u>	<u>29,950</u>	<u>21,256</u>	<u>8,694</u>
Total Kilgore office and community building	<u>77,420</u>	<u>77,420</u>	<u>68,104</u>	<u>9,316</u>
Kilgore South Street building:				
Operating expenditures	<u>250</u>	<u>250</u>	<u>190</u>	<u>60</u>
Total Kilgore South Street building	<u>250</u>	<u>250</u>	<u>190</u>	<u>60</u>
Elderville community building:				
Salaries	-	1,429	-	1,429
Fringe benefits	-	270	-	270
Operating expenditures	24,917	24,117	16,734	7,383
Capital outlay	<u>-</u>	<u>800</u>	<u>765</u>	<u>35</u>
Total Elderville community building	<u>24,917</u>	<u>26,616</u>	<u>17,499</u>	<u>9,117</u>
Easton community building:				
Operating expenditures	<u>250</u>	<u>250</u>	<u>194</u>	<u>56</u>
Total Easton community building	<u>250</u>	<u>250</u>	<u>194</u>	<u>56</u>
Longview Eastman Road building:				
Salaries	-	520	-	520
Fringe benefits	-	98	-	98
Operating expenditures	<u>31,800</u>	<u>31,800</u>	<u>30,895</u>	<u>905</u>
Total Longview Eastman Road building	<u>31,800</u>	<u>32,418</u>	<u>30,895</u>	<u>1,523</u>
M. A. Smith Criminal Justice Center:				
Operating expenditures	<u>51,500</u>	<u>51,500</u>	<u>35,522</u>	<u>15,978</u>
Total M. A. Smith Criminal Justice Center	<u>51,500</u>	<u>51,500</u>	<u>35,522</u>	<u>15,978</u>

GREGG COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public buildings: (Continued)				
Youth detention center:				
Operating expenditures	\$ 116,750	\$ 116,750	\$ 46,278	\$ 70,472
Total youth detention center	<u>116,750</u>	<u>116,750</u>	<u>46,278</u>	<u>70,472</u>
Total public buildings	<u>2,590,180</u>	<u>2,681,291</u>	<u>2,261,263</u>	<u>420,028</u>
Transportation and road expense:				
Operating expenditures	<u>6,480,000</u>	<u>6,480,000</u>	<u>6,480,000</u>	<u>-</u>
Total transportation and road expense	<u>6,480,000</u>	<u>6,480,000</u>	<u>6,480,000</u>	<u>-</u>
Total transportation and roads	<u>6,480,000</u>	<u>6,480,000</u>	<u>6,480,000</u>	<u>-</u>
Debt service - principal:				
Capital lease	<u>5,625</u>	<u>5,625</u>	<u>5,619</u>	<u>6</u>
Total debt service - principal	<u>5,625</u>	<u>5,625</u>	<u>5,619</u>	<u>6</u>
Debt service - interest:				
Capital lease	<u>595</u>	<u>595</u>	<u>590</u>	<u>5</u>
Total debt service - interest	<u>595</u>	<u>595</u>	<u>590</u>	<u>5</u>
Total expenditures	<u>45,918,542</u>	<u>45,865,900</u>	<u>43,081,990</u>	<u>2,783,910</u>

GREGG COUNTY, TEXAS

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ (6,282,162)</u>	<u>\$ (6,246,672)</u>	<u>\$ (1,030,560)</u>	<u>\$ (351,708)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers from other funds:				
Capital projects fund	<u>6,480,000</u>	<u>6,623,273</u>	<u>6,623,273</u>	<u>-</u>
Total operating transfers from other funds	<u>6,480,000</u>	<u>6,623,273</u>	<u>6,623,273</u>	<u>-</u>
Operating transfers to other funds:				
Grant fund	(118,750)	(125,950)	(52,830)	73,120
Road and bridge fund	(100,000)	(100,000)	(100,000)	-
Longview community center fund	-	(15,000)	(15,000)	-
Airport Special Revenue Fund	-	(68,999)	(68,999)	-
Total operating transfers to other funds	<u>(218,750)</u>	<u>(309,949)</u>	<u>(236,829)</u>	<u>73,120</u>
Sale of capital assets	4,500	4,500	2,376	(2,124)
Insurance proceeds - loss of fixed assets	-	18,196	22,137	3,941
Total other financing sources (uses)	<u>6,265,750</u>	<u>6,336,020</u>	<u>6,410,957</u>	<u>74,937</u>
NET CHANGE IN FUND BALANCE	<u>(16,412)</u>	<u>89,348</u>	<u>5,380,397</u>	<u>5,291,049</u>
FUND BALANCE, BEGINNING	<u>33,873,963</u>	<u>33,873,963</u>	<u>33,873,963</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 33,857,551</u>	<u>\$ 33,963,311</u>	<u>\$ 39,254,360</u>	<u>\$ 5,291,049</u>

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

GREGG COUNTY, TEXAS

ROAD AND BRIDGE

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

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Current property taxes	\$ 3,046,183	\$ 3,046,183	\$ 2,997,625	\$(48,558)
Current penalty and interest	13,500	13,500	14,505	1,005
Delinquent property taxes	79,821	79,821	56,838	(22,983)
Delinquent penalty and interest	18,500	18,500	15,324	(3,176)
Motor vehicle sales tax	680,000	680,000	602,908	(77,092)
Total taxes	<u>3,838,004</u>	<u>3,838,004</u>	<u>3,687,200</u>	<u>(150,804)</u>
Licenses and permits:				
Motor vehicle registration	1,050,000	1,050,000	1,225,149	175,149
Weight permits	5,500	5,500	20,839	15,339
Total licenses and permits	<u>1,055,500</u>	<u>1,055,500</u>	<u>1,245,988</u>	<u>190,488</u>
Intergovernmental:				
Lateral road	24,000	24,000	18,982	(5,018)
Total intergovernmental	<u>24,000</u>	<u>24,000</u>	<u>18,982</u>	<u>(5,018)</u>
Fines and forfeitures:				
Misdemeanor fines	415,000	415,000	407,490	(7,510)
Felony fines	102,000	102,000	117,359	15,359
Civil/BF fines	15,000	15,000	32,239	17,239
Total fines and forfeitures	<u>532,000</u>	<u>532,000</u>	<u>557,088</u>	<u>25,088</u>
Investment earnings:				
Interest	1,500	1,500	8,653	7,153
Unrealized gains (losses)	-	-	(162)	(162)
Total investment earnings	<u>1,500</u>	<u>1,500</u>	<u>8,491</u>	<u>6,991</u>
Miscellaneous:				
Miscellaneous	-	33,598	38,378	4,780
Total miscellaneous	<u>-</u>	<u>33,598</u>	<u>38,378</u>	<u>4,780</u>
Total revenues	<u>5,451,004</u>	<u>5,484,602</u>	<u>5,556,127</u>	<u>71,525</u>
EXPENDITURES				
Transportation and roads:				
Administration:				
Salaries	258,916	259,912	259,912	-
Fringe benefits	88,868	87,872	81,593	6,279
Operating expenses	43,500	43,500	38,055	5,445
Total administration	<u>391,284</u>	<u>391,284</u>	<u>379,560</u>	<u>11,724</u>

GREGG COUNTY, TEXAS

ROAD AND BRIDGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Transportation and roads: (Continued)				
Road and bridge - general:				
Operating expenses	\$ 454,900	\$ 454,900	\$ 378,896	\$ 76,004
Total road and bridge - general	<u>454,900</u>	<u>454,900</u>	<u>378,896</u>	<u>76,004</u>
Road and bridge - precinct no. 1:				
Salaries	702,700	703,660	645,323	58,337
Fringe benefits	288,505	288,505	245,895	42,610
Operating expenses	628,817	552,204	469,933	82,271
Capital outlay	117,900	198,226	198,063	163
Total road and bridge - precinct no. 1	<u>1,737,922</u>	<u>1,742,595</u>	<u>1,559,214</u>	<u>183,381</u>
Road and bridge - precinct no. 2:				
Salaries	37,264	37,397	36,611	786
Fringe benefits	16,465	16,332	15,330	1,002
Operating expenses	64,845	64,845	33,060	31,785
Total road and bridge - precinct no. 2	<u>118,574</u>	<u>118,574</u>	<u>85,001</u>	<u>33,573</u>
Road and bridge - precinct no. 3:				
Salaries	698,844	698,844	659,079	39,765
Fringe benefits	299,315	299,315	266,167	33,148
Operating expenses	839,160	828,635	687,355	141,280
Capital outlay	-	10,525	10,525	-
Total road and bridge - precinct no. 3	<u>1,837,319</u>	<u>1,837,319</u>	<u>1,623,126</u>	<u>214,193</u>
Road and bridge - precinct no. 4:				
Salaries	506,487	511,987	496,435	15,552
Fringe benefits	219,715	219,715	205,340	14,375
Operating expenses	377,650	364,970	266,686	98,284
Capital outlay	-	7,180	6,939	241
Total road and bridge - precinct no. 4	<u>1,103,852</u>	<u>1,103,852</u>	<u>975,400</u>	<u>128,452</u>
West Point Bridge Replacement:				
Operating expenses	-	82,850	82,751	99
Total transportation and road expense	<u>-</u>	<u>82,850</u>	<u>82,751</u>	<u>99</u>
Total transportation and roads	<u>5,643,851</u>	<u>5,731,374</u>	<u>5,083,948</u>	<u>647,426</u>

GREGG COUNTY, TEXAS

ROAD AND BRIDGE

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Total expenditures	\$ 5,643,851	\$ 5,731,374	\$ 5,083,948	\$ 647,426
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(192,847)	(246,772)	472,179	718,951
OTHER FINANCING SOURCES (USES)				
Operating transfers from other funds:				
Airport	-	960	960	-
General fund	100,000	100,000	100,000	-
Capital improvement fund	-	82,850	82,850	-
Total operating transfers from other funds	100,000	183,810	183,810	-
Sale of capital assets	10,000	10,000	106,266	96,266
Total other financing sources and (uses)	110,000	193,810	290,076	96,266
NET CHANGE IN FUND BALANCE	(82,847)	(52,962)	762,255	815,217
FUND BALANCE, BEGINNING	4,844,016	4,844,016	4,844,016	-
FUND BALANCE, ENDING	\$ 4,761,169	\$ 4,791,054	\$ 5,606,271	\$ 815,217

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

GREG COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. 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. All open purchase orders lapse at year-end and are subject to re-appropriation in the subsequent year's budgetary process.

Budgetary comparison schedules are presented as required supplementary information for the General Fund and for each major special revenue fund. The budgetary comparison schedules included in the required supplementary information present a comparison of budgetary data to actual results of operations for the General Fund and Road and Bridge Fund. Comparisons of budgetary data to actual results of operations for the Capital Improvement Fund (major capital projects fund), Airport Improvement (major capital projects fund), Airport Fund (nonmajor special revenue), Law Enforcement Fund (nonmajor special revenue), Court Technology and Security Fund (nonmajor special revenue), Records Management and Preservation Fund (nonmajor special revenue), Voting and Elections Fund (nonmajor special revenue), Law Library Fund (nonmajor special revenue), and Health Care Fund (nonmajor special revenue) are presented as supplementary information.

The following nonmajor special revenue funds do not have legally adopted budgets; therefore, no budgetary comparison schedules are presented: Grant Fund, Code Enforcement Fund, VIT Operating Fund, District Attorney Fund, and Sheriff Fund.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

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

Airport Fund – This fund accounts for the activities of the East Texas Regional Airport.

Law Enforcement Fund – This fund is used to account for law enforcement revenues and expenditures restricted by federal and state statutes.

Court Technology and Security Fund – This fund accounts for the fees collected from defendants in criminal cases pursuant to the Code of Criminal Procedure §102.0169, §102.017, and §102.0173. Proceeds are used to cover the costs of continuing education and training for the judges and clerks on technological enhancements and for the purchase and maintenance of technological enhancements including computer systems, networks, hardware, and software, imaging systems, electronic kiosks, and docket management systems.

Records Management and Preservation Fund – This fund is used to account for receipts and disbursements related to the record management and preservation program. Resources from this fund are used to manage, organize, promote, implement, preserve, and maintain county records.

Voting and Elections Fund – This fund is used to account for activities related to voting and elections within the County which are restricted by federal and state statutes.

Grant Fund – This fund is used to account for activities related to federal, state, and local grants received by the County.

Law Library - This fund accounts for fees collected pursuant to Local Government Code §323.023 for the operations of the law library.

Health Care Fund – This fund is used to account for the federal and state funding received for health care activities.

Code Enforcement Fund – This fund is used to account for the activities related to code enforcement.

VIT Operating Fund – This fund is used to account for the vehicle inventory tax functions of the County tax office.

District Attorney Fund – This fund accounts for all receipts and disbursements related to the discretionary funding of the District Attorney.

Sheriff Fund – This fund is used to account for the inmate welfare activities at the County jail as well as asset forfeitures. These funds are restricted by statute.

GREGG COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	Special Revenue					
	Airport	Law Enforcement	Court Technology and Security	Records Management and Preservation	Voting and Elections	Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ 75,639	\$ 244,705	\$ 756,216	\$ 32,596	\$ 105,301
Investments	1,794,474	-	-	-	-	-
Receivables (net of allowance for uncollectibles):						
Accounts	16,358	-	48,679	136,975	-	-
Taxes	40,467	-	-	-	-	-
Interest	2,148	-	-	-	-	-
Due from other governments	3,660	-	-	-	21,848	87,659
Inventory	4,234	-	-	-	-	-
Total assets	\$ 1,861,341	\$ 75,639	\$ 293,384	\$ 893,191	\$ 54,444	\$ 192,960
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 47,981	\$ 60,050	\$ 3,856	\$ 2,962	\$ 29,801	\$ 8,293
Due to other governments	5,323	-	-	247	-	-
Accrued liabilities	79,259	-	3,058	5,620	-	9,877
Deferred revenues	32,495	-	46,760	131,021	-	-
Due to other funds	104,381	-	-	-	-	72,641
Total liabilities	269,439	60,050	53,674	139,850	29,801	90,811
Fund balances:						
Nonspendable:						
Inventories	4,234	-	-	-	-	-
Restricted for:						
Public safety operations	-	15,589	-	-	-	87,801
Judicial operations	-	-	-	-	-	9,677
Court technology and security	-	-	239,710	-	-	-
Records management and preservation	-	-	-	753,341	-	-
Voting and Elections	-	-	-	-	24,643	-
Health and human services operations	-	-	-	-	-	4,671
VIT operations	-	-	-	-	-	-
Committed for:						
Airport operations	1,587,668	-	-	-	-	-
Donations to healthcare organizations	-	-	-	-	-	-
Total fund balances	1,591,902	15,589	239,710	753,341	24,643	102,149
Total liabilities and fund balances	\$ 1,861,341	\$ 75,639	\$ 293,384	\$ 893,191	\$ 54,444	\$ 192,960

Special Revenue

Law Library	Health Care	Code Enforcement	VIT Operating	District Attorney	Sheriff	Total Nonmajor Governmental Funds
\$ 90,792	\$ 515,012	\$ 170,757	\$ 3,449	\$ 44,676	\$ 266,887	\$ 2,306,030
-	2,252,453	-	-	-	-	4,046,927
31,892	-	-	-	-	-	233,904
-	-	-	-	-	-	40,467
-	1,866	-	-	-	-	4,014
-	-	-	-	-	-	113,167
-	-	-	-	-	-	4,234
<u>\$ 122,684</u>	<u>\$ 2,769,331</u>	<u>\$ 170,757</u>	<u>\$ 3,449</u>	<u>\$ 44,676</u>	<u>\$ 266,887</u>	<u>\$ 6,748,743</u>
\$ 3,191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,134
-	-	-	-	-	-	5,570
1,021	-	-	-	-	-	98,835
30,410	-	-	-	-	-	240,686
-	-	-	857	2,810	13,174	193,863
<u>34,622</u>	<u>-</u>	<u>-</u>	<u>857</u>	<u>2,810</u>	<u>13,174</u>	<u>695,088</u>
-	-	-	-	-	-	4,234
-	-	170,757	-	-	253,713	527,860
88,062	-	-	-	41,866	-	139,605
-	-	-	-	-	-	239,710
-	-	-	-	-	-	753,341
-	-	-	-	-	-	24,643
-	-	-	-	-	-	4,671
-	-	-	2,592	-	-	2,592
-	-	-	-	-	-	1,587,668
-	2,769,331	-	-	-	-	2,769,331
<u>88,062</u>	<u>2,769,331</u>	<u>170,757</u>	<u>2,592</u>	<u>41,866</u>	<u>253,713</u>	<u>6,053,655</u>
<u>\$ 122,684</u>	<u>\$ 2,769,331</u>	<u>\$ 170,757</u>	<u>\$ 3,449</u>	<u>\$ 44,676</u>	<u>\$ 266,887</u>	<u>\$ 6,748,743</u>

GREGG COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue					Grant
	Airport	Law Enforcement	Court Technology and Security	Records Management and Preservation	Voting and Elections	
REVENUES						
Current property taxes	\$ 1,791,618	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent property taxes	43,321	-	-	-	-	-
Intergovernmental	21,900	-	-	-	21,848	439,186
Charges for services	16,560	-	100,804	223,717	19,309	-
Fines and forfeitures	-	260	-	-	-	-
Interest	2,692	-	-	-	-	-
Rent and commissions	234,609	-	-	-	-	-
Miscellaneous	3,076	-	-	99	-	146,459
Total revenues	<u>2,113,776</u>	<u>260</u>	<u>100,804</u>	<u>223,816</u>	<u>41,157</u>	<u>585,645</u>
EXPENDITURES						
Current:						
General government	938,563	-	-	162,864	51,880	86,399
Judicial	-	-	3,111	9,663	-	114,093
Public safety	874,889	-	61,730	-	-	17,543
Health and human services	-	-	-	-	-	361,091
Capital outlay	89,086	-	6,851	-	-	75,705
Total expenditures	<u>1,902,538</u>	<u>-</u>	<u>71,692</u>	<u>172,527</u>	<u>51,880</u>	<u>654,831</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>211,238</u>	<u>260</u>	<u>29,112</u>	<u>51,289</u>	<u>(10,723)</u>	<u>(69,186)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	68,999	-	-	-	-	100,856
Transfers out	(93,986)	-	-	-	-	-
Total other financing sources (uses)	<u>(24,987)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,856</u>
NET CHANGE IN FUND BALANCES	186,251	260	29,112	51,289	(10,723)	31,670
FUND BALANCES, BEGINNING	<u>1,405,651</u>	<u>15,329</u>	<u>210,598</u>	<u>702,052</u>	<u>35,366</u>	<u>70,479</u>
FUND BALANCES, ENDING	<u>\$ 1,591,902</u>	<u>\$ 15,589</u>	<u>\$ 239,710</u>	<u>\$ 753,341</u>	<u>\$ 24,643</u>	<u>\$ 102,149</u>

Special Revenues

Law Library	Health Care	Code Enforcement	VIT Operating	District Attorney	Sheriff	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,791,618
-	-	-	-	-	-	43,321
-	50,116	-	-	33,460	-	566,510
55,109	-	-	6,624	36,011	13,851	471,985
-	-	48,329	-	-	33,802	82,391
-	7,947	183	6	-	17	10,845
-	-	-	-	-	169,214	403,823
210	-	-	-	-	-	149,844
<u>55,319</u>	<u>58,063</u>	<u>48,512</u>	<u>6,630</u>	<u>69,471</u>	<u>216,884</u>	<u>3,520,337</u>
-	-	-	3,320	-	-	1,243,026
58,662	-	-	-	58,119	-	243,648
-	-	75,973	-	-	266,640	1,296,775
-	20,000	-	-	-	-	381,091
-	-	-	-	-	-	171,642
<u>58,662</u>	<u>20,000</u>	<u>75,973</u>	<u>3,320</u>	<u>58,119</u>	<u>266,640</u>	<u>3,336,182</u>
(3,343)	38,063	(27,461)	3,310	11,352	(49,756)	184,155
-	-	-	-	-	-	169,855
-	-	-	-	-	-	(93,986)
-	-	-	-	-	-	75,869
(3,343)	38,063	(27,461)	3,310	11,352	(49,756)	260,024
<u>91,405</u>	<u>2,731,268</u>	<u>198,218</u>	<u>(718)</u>	<u>30,514</u>	<u>303,469</u>	<u>5,793,631</u>
<u>\$ 88,062</u>	<u>\$ 2,769,331</u>	<u>\$ 170,757</u>	<u>\$ 2,592</u>	<u>\$ 41,866</u>	<u>\$ 253,713</u>	<u>\$ 6,053,655</u>

GREGG COUNTY, TEXAS

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

CAPITAL IMPROVEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Current property taxes	\$ 1,062,351	\$ 1,062,351	\$ 1,042,836	\$(19,515)
Delinquent property taxes	37,653	37,653	28,217	(9,436)
Investment earnings	39,800	39,800	38,564	(1,236)
Total revenues	<u>1,139,804</u>	<u>1,139,804</u>	<u>1,109,617</u>	<u>(30,187)</u>
EXPENDITURES				
Current:				
Capital outlay	<u>1,285,000</u>	<u>1,578,980</u>	<u>1,031,761</u>	<u>547,219</u>
Total expenditures	<u>1,285,000</u>	<u>1,578,980</u>	<u>1,031,761</u>	<u>547,219</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(145,196)</u>	<u>(439,176)</u>	<u>77,856</u>	<u>517,032</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	45,000	45,000	-
Transfers out	(8,033,000)	(8,109,123)	(6,917,036)	1,192,087
Insurance proceeds	-	-	34,817	34,817
Total other financing sources (uses)	<u>(7,883,000)</u>	<u>(8,064,123)</u>	<u>(6,837,219)</u>	<u>1,226,904</u>
NET CHANGE IN FUND BALANCE	<u>(8,028,196)</u>	<u>(8,503,299)</u>	<u>(6,759,363)</u>	<u>1,743,936</u>
FUND BALANCE, BEGINNING	<u>24,305,976</u>	<u>24,305,976</u>	<u>24,305,976</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 16,277,780</u>	<u>\$ 15,802,677</u>	<u>\$ 17,546,613</u>	<u>\$ 1,743,936</u>

GREGG COUNTY, TEXAS

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

AIRPORT IMPROVEMENT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 4,850,000	\$ 3,433,407	\$ 2,312,910	\$(1,120,497)
Charges for services	52,500	52,500	82,062	29,562
Total revenues	<u>4,902,500</u>	<u>3,485,907</u>	<u>2,394,972</u>	<u>(1,090,935)</u>
EXPENDITURES				
Capital outlay	<u>4,250,000</u>	<u>2,676,008</u>	<u>2,578,467</u>	<u>97,541</u>
Total expenditures	<u>4,250,000</u>	<u>2,676,008</u>	<u>2,578,467</u>	<u>97,541</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>652,500</u>	<u>809,899</u>	<u>(183,495)</u>	<u>(993,394)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,403,000</u>	<u>1,403,000</u>	<u>210,913</u>	<u>(1,192,087)</u>
Total other financing sources (uses)	<u>1,403,000</u>	<u>1,403,000</u>	<u>210,913</u>	<u>(1,192,087)</u>
NET CHANGE IN FUND BALANCE	2,055,500	2,212,899	27,418	(2,185,481)
FUND BALANCE, BEGINNING	<u>170,363</u>	<u>170,363</u>	<u>170,363</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,225,863</u>	<u>\$ 2,383,262</u>	<u>\$ 197,781</u>	<u>\$(2,185,481)</u>

GREGG COUNTY, TEXAS

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

AIRPORT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Current property taxes	\$ 1,821,693	\$ 1,821,693	\$ 1,791,618	\$(30,075)
Delinquent property taxes	56,696	56,696	43,321	(13,375)
Intergovernmental	27,500	27,500	21,900	(5,600)
Charges for services	14,500	14,500	16,560	2,060
Investment earnings	-	-	2,692	2,692
Rents and commissions	199,800	199,800	234,609	34,809
Miscellaneous	-	-	3,076	3,076
Total revenues	<u>2,120,189</u>	<u>2,120,189</u>	<u>2,113,776</u>	<u>(6,413)</u>
EXPENDITURES				
Current:				
General government	1,205,117	1,097,760	938,563	159,197
Public safety	896,412	894,512	874,889	19,623
Capital outlay	7,500	89,796	89,086	710
Total expenditures	<u>2,109,029</u>	<u>2,082,068</u>	<u>1,902,538</u>	<u>179,530</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,160</u>	<u>38,121</u>	<u>211,238</u>	<u>173,117</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	68,999	68,999	-
Transfers out	-	(95,960)	(93,986)	1,974
Total other financing sources (uses)	<u>-</u>	<u>(26,961)</u>	<u>(24,987)</u>	<u>1,974</u>
NET CHANGE IN FUND BALANCE	11,160	11,160	186,251	175,091
FUND BALANCE, BEGINNING	<u>1,405,651</u>	<u>1,405,651</u>	<u>1,405,651</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,416,811</u>	<u>\$ 1,416,811</u>	<u>\$ 1,591,902</u>	<u>\$ 175,091</u>

GREGG COUNTY, TEXAS

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

LAW ENFORCEMENT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 260	\$ 260
Total revenues	<u>-</u>	<u>-</u>	<u>260</u>	<u>260</u>
EXPENDITURES				
Current:				
Judicial	<u>3,552</u>	<u>3,552</u>	<u>-</u>	<u>3,552</u>
Total expenditures	<u>3,552</u>	<u>3,552</u>	<u>-</u>	<u>3,552</u>
NET CHANGE IN FUND BALANCE	(3,552)	(3,552)	260	3,812
FUND BALANCE, BEGINNING	<u>15,329</u>	<u>15,329</u>	<u>15,329</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 11,777</u>	<u>\$ 11,777</u>	<u>\$ 15,589</u>	<u>\$ 3,812</u>

GREGG COUNTY, TEXAS

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

COURT TECHNOLOGY AND SECURITY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ <u>97,400</u>	\$ <u>97,400</u>	\$ <u>100,804</u>	\$ <u>3,404</u>
Total revenues	<u>97,400</u>	<u>97,400</u>	<u>100,804</u>	<u>3,404</u>
EXPENDITURES				
Current:				
Judicial	46,600	46,600	3,111	43,489
Public safety	63,867	63,867	61,730	2,137
Capital outlay	<u>43,000</u>	<u>43,000</u>	<u>6,851</u>	<u>36,149</u>
Total expenditures	<u>153,467</u>	<u>153,467</u>	<u>71,692</u>	<u>81,775</u>
NET CHANGE IN FUND BALANCE	(56,067)	(56,067)	29,112	85,179
FUND BALANCE, BEGINNING	<u>210,598</u>	<u>210,598</u>	<u>210,598</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u>154,531</u>	\$ <u>154,531</u>	\$ <u>239,710</u>	\$ <u>85,179</u>

GREGG COUNTY, TEXAS

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

RECORDS MANAGEMENT AND PRESERVATION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 207,750	\$ 207,750	\$ 223,717	\$ 15,967
Miscellaneous	-	-	99	99
Total revenues	<u>207,750</u>	<u>207,750</u>	<u>223,816</u>	<u>16,066</u>
EXPENDITURES				
Current:				
General government	190,227	190,227	162,864	27,363
Judicial	<u>39,128</u>	<u>39,128</u>	<u>9,663</u>	<u>29,465</u>
Total expenditures	<u>229,355</u>	<u>229,355</u>	<u>172,527</u>	<u>56,828</u>
NET CHANGE IN FUND BALANCE	(21,605)	(21,605)	51,289	72,894
FUND BALANCE, BEGINNING	<u>702,052</u>	<u>702,052</u>	<u>702,052</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 680,447</u>	<u>\$ 680,447</u>	<u>\$ 753,341</u>	<u>\$ 72,894</u>

GREGG COUNTY, TEXAS

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

VOTING AND ELECTIONS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 25,348	\$ 21,848	\$ (3,500)
Charges for services	-	-	19,309	19,309
Total revenues	<u>-</u>	<u>25,348</u>	<u>41,157</u>	<u>15,809</u>
EXPENDITURES				
Current:				
General government	-	33,751	51,880	(18,129)
Total expenditures	<u>-</u>	<u>33,751</u>	<u>51,880</u>	<u>(18,129)</u>
NET CHANGE IN FUND BALANCE	-	(8,403)	(10,723)	(2,320)
FUND BALANCE, BEGINNING	<u>35,366</u>	<u>35,366</u>	<u>35,366</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 35,366</u>	<u>\$ 26,963</u>	<u>\$ 24,643</u>	<u>\$ (2,320)</u>

GREGG COUNTY, TEXAS

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

LAW LIBRARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 52,000	\$ 52,000	\$ 55,109	\$ 3,109
Miscellaneous	150	150	210	60
Total revenues	<u>52,150</u>	<u>52,150</u>	<u>55,319</u>	<u>3,169</u>
EXPENDITURES				
Current:				
Judicial	<u>66,571</u>	<u>66,571</u>	<u>58,662</u>	<u>7,909</u>
Total expenditures	<u>66,571</u>	<u>66,571</u>	<u>58,662</u>	<u>7,909</u>
NET CHANGE IN FUND BALANCE	(14,421)	(14,421)	(3,343)	11,078
FUND BALANCE, BEGINNING	<u>91,405</u>	<u>91,405</u>	<u>91,405</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 76,984</u>	<u>\$ 76,984</u>	<u>\$ 88,062</u>	<u>\$ 11,078</u>

GREGG COUNTY, TEXAS

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

HEALTH CARE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 48,000	\$ 48,000	\$ 50,116	\$ 2,116
Investment earnings	8,500	8,500	7,947	(553)
Total revenues	<u>56,500</u>	<u>56,500</u>	<u>58,063</u>	<u>1,563</u>
EXPENDITURES				
Current:				
Health and human services	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	36,500	36,500	38,063	1,563
FUND BALANCE, BEGINNING	<u>2,731,268</u>	<u>2,731,268</u>	<u>2,731,268</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,767,768</u>	<u>\$ 2,767,768</u>	<u>\$ 2,769,331</u>	<u>\$ 1,563</u>

INTERNAL SERVICE FUNDS

GREGG COUNTY, TEXAS

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2013

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 32,977	\$ 172,147	\$ 205,124
Investments	-	2,169,888	2,169,888
Interest receivable	-	2,374	2,374
Accounts receivable, net of allowance	811	190,223	191,034
Inventory	<u>20,545</u>	<u>-</u>	<u>20,545</u>
Total current assets	<u>54,333</u>	<u>2,534,632</u>	<u>2,588,965</u>
Noncurrent assets:			
Capital assets:			
Equipment	40,998	-	40,998
Less accumulated depreciation	<u>(7,555)</u>	<u>-</u>	<u>(7,555)</u>
Total capital assets	<u>33,443</u>	<u>-</u>	<u>33,443</u>
Total noncurrent assets	<u>33,443</u>	<u>-</u>	<u>33,443</u>
Total assets	<u>87,776</u>	<u>2,534,632</u>	<u>2,622,408</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,988	-	1,988
Accrued liabilities	<u>2,125</u>	<u>228,579</u>	<u>230,704</u>
Total liabilities	<u>4,113</u>	<u>228,579</u>	<u>232,692</u>
NET POSITION			
Net investment in capital assets	33,443	-	33,443
Unrestricted	<u>50,220</u>	<u>2,306,053</u>	<u>2,356,273</u>
Total net position	<u>\$ 83,663</u>	<u>\$ 2,306,053</u>	<u>\$ 2,389,716</u>

GREGG COUNTY, TEXAS

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

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 111,978	\$ 5,591,472	\$ 5,703,450
Total operating revenues	<u>111,978</u>	<u>5,591,472</u>	<u>5,703,450</u>
OPERATING EXPENSES			
Salaries	25,793	-	25,793
Fringe benefits	13,554	-	13,554
Operating expenses	57,342	-	57,342
Insurance consultant	-	22,000	22,000
Claim expenses	-	5,188,264	5,188,264
Administrative	-	573,087	573,087
Depreciation	<u>2,060</u>	<u>-</u>	<u>2,060</u>
Total operating expenses	<u>98,749</u>	<u>5,783,351</u>	<u>5,882,100</u>
OPERATING INCOME	13,229	(191,879)	(178,650)
NONOPERATING REVENUES			
Investment earnings	<u>11,699</u>	<u>3,950</u>	<u>15,649</u>
CHANGE IN NET POSITION	24,928	(187,929)	(163,001)
TOTAL NET POSITION, BEGINNING	<u>58,735</u>	<u>2,493,982</u>	<u>2,552,717</u>
TOTAL NET POSITION, ENDING	<u>\$ 83,663</u>	<u>\$ 2,306,053</u>	<u>\$ 2,389,716</u>

GREGG COUNTY, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from interfund charges for print shop services	\$ 113,829	\$ -	\$ 113,829
Cash receipts from interfund charges for self-insurance services	-	5,652,166	5,652,166
Payments to suppliers for goods and services	(51,002)	(5,847,151)	(5,898,153)
Payments to employees for salaries and benefits	(39,108)	-	(39,108)
Net cash provided (used) by operating activities	<u>23,719</u>	<u>(194,985)</u>	<u>(171,266)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(31,008)	-	(31,008)
Net cash flows provided by capital and related financing activities	<u>(31,008)</u>	<u>-</u>	<u>(31,008)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturities of investments	-	2,399,051	2,399,051
Purchase of investments	-	(2,169,888)	(2,169,888)
Investment earnings	<u>11,699</u>	<u>4,563</u>	<u>16,262</u>
Net cash flows used by investing activities	<u>11,699</u>	<u>233,726</u>	<u>245,425</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,410	38,741	43,151
CASH AND CASH EQUIVALENTS, BEGINNING	<u>28,567</u>	<u>133,406</u>	<u>161,973</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 32,977</u>	<u>\$ 172,147</u>	<u>\$ 205,124</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income	\$ 13,229	\$(191,879)	\$(178,650)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,060	-	2,060
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Inventory	4,907	-	4,907
Accounts receivable	1,851	60,694	62,545
Increase (decrease) in liabilities:			
Accounts payable	1,433	(3,970)	(2,537)
Accrued liabilities	<u>239</u>	<u>(59,830)</u>	<u>(59,591)</u>
Net cash provided (loss) by operating activities	<u>\$ 23,719</u>	<u>\$(194,985)</u>	<u>\$(171,266)</u>

AGENCY FUNDS

GREGG COUNTY, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2013

	<u>Tax Assessor- Collector</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Sheriff</u>
ASSETS				
Cash and investments	\$ <u>2,505,015</u>	\$ <u>934,068</u>	\$ <u>2,910,410</u>	\$ <u>241,700</u>
Total assets	\$ <u>2,505,015</u>	\$ <u>934,068</u>	\$ <u>2,910,410</u>	\$ <u>241,700</u>
LIABILITIES				
Due to others	\$ <u>2,505,015</u>	\$ <u>934,068</u>	\$ <u>2,910,410</u>	\$ <u>241,700</u>
Total liabilities	\$ <u>2,505,015</u>	\$ <u>934,068</u>	\$ <u>2,910,410</u>	\$ <u>241,700</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>
\$ <u>285,818</u>	\$ <u>39,073</u>	\$ <u>287,516</u>	\$ <u>10,107</u>	\$ <u>1,223,788</u>	\$ <u>8,437,495</u>
\$ <u>285,818</u>	\$ <u>39,073</u>	\$ <u>287,516</u>	\$ <u>10,107</u>	\$ <u>1,223,788</u>	\$ <u>8,437,495</u>
\$ <u>285,818</u>	\$ <u>39,073</u>	\$ <u>287,516</u>	\$ <u>10,107</u>	\$ <u>1,223,788</u>	\$ <u>8,437,495</u>
\$ <u>285,818</u>	\$ <u>39,073</u>	\$ <u>287,516</u>	\$ <u>10,107</u>	\$ <u>1,223,788</u>	\$ <u>8,437,495</u>

GREGG COUNTY, TEXAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>TAX ASSESSOR-COLLECTOR</u>				
Assets:				
Cash and investments	\$ <u>2,386,335</u>	\$ <u>209,540,298</u>	\$ <u>209,421,618</u>	\$ <u>2,505,015</u>
Liabilities:				
Due to others	\$ <u>2,386,335</u>	\$ <u>209,540,298</u>	\$ <u>209,421,618</u>	\$ <u>2,505,015</u>
<u>COUNTY CLERK</u>				
Assets:				
Cash and investments	\$ 848,227	\$ 1,777,165	\$ 1,691,324	\$ 934,068
Accounts receivable	<u>1,814</u>	<u>-</u>	<u>1,814</u>	<u>-</u>
Total Assets	\$ <u>850,041</u>	\$ <u>1,777,165</u>	\$ <u>1,693,138</u>	\$ <u>934,068</u>
Liabilities:				
Due to others	\$ <u>850,041</u>	\$ <u>1,777,165</u>	\$ <u>1,693,138</u>	\$ <u>934,068</u>
<u>DISTRICT CLERK</u>				
Assets:				
Cash and investments	\$ <u>3,247,603</u>	\$ <u>2,278,296</u>	\$ <u>2,615,489</u>	\$ <u>2,910,410</u>
Liabilities:				
Due to others	\$ <u>3,247,603</u>	\$ <u>2,278,296</u>	\$ <u>2,615,489</u>	\$ <u>2,910,410</u>
<u>SHERIFF</u>				
Assets:				
Cash and investments	\$ <u>217,439</u>	\$ <u>1,754,407</u>	\$ <u>1,730,146</u>	\$ <u>241,700</u>
Liabilities:				
Due to others	\$ <u>217,439</u>	\$ <u>1,754,407</u>	\$ <u>1,730,146</u>	\$ <u>241,700</u>
<u>DISTRICT ATTORNEY</u>				
Assets:				
Cash and investments	\$ <u>321,760</u>	\$ <u>426,102</u>	\$ <u>462,044</u>	\$ <u>285,818</u>
Liabilities:				
Due to others	\$ <u>321,760</u>	\$ <u>426,102</u>	\$ <u>462,044</u>	\$ <u>285,818</u>

GREGG COUNTY, TEXAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - ALL AGENCY FUNDS**

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<u>CODE FORFEITURE PENDING</u>				
Assets:				
Cash and investments	\$ <u>32,319</u>	\$ <u>38,516</u>	\$ <u>31,762</u>	\$ <u>39,073</u>
Liabilities:				
Due to others	\$ <u>32,319</u>	\$ <u>38,516</u>	\$ <u>31,762</u>	\$ <u>39,073</u>
 <u>STATE FEES</u>				
Assets:				
Cash and investments	\$ <u>277,742</u>	\$ <u>1,258,815</u>	\$ <u>1,249,041</u>	\$ <u>287,516</u>
Liabilities:				
Due to others	\$ <u>277,742</u>	\$ <u>1,258,815</u>	\$ <u>1,249,041</u>	\$ <u>287,516</u>
 <u>GREGG / HARRISON FIRST CALL WARNING</u>				
Assets:				
Cash and investments	\$ <u>10,107</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,107</u>
Liabilities:				
Due to others	\$ <u>10,107</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,107</u>
 <u>JUVENILE PROBATION</u>				
Assets:				
Cash and investments	\$ <u>1,049,760</u>	\$ <u>3,663,812</u>	\$ <u>3,489,784</u>	\$ <u>1,223,788</u>
Liabilities:				
Due to others	\$ <u>1,049,760</u>	\$ <u>3,663,812</u>	\$ <u>3,489,784</u>	\$ <u>1,223,788</u>
 <u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 8,391,292	\$ 220,737,411	\$ 220,691,208	\$ 8,437,495
Accounts receivable	<u>1,814</u>	<u>-</u>	<u>1,814</u>	<u>-</u>
Total assets	\$ <u>8,393,106</u>	\$ <u>220,737,411</u>	\$ <u>220,693,022</u>	\$ <u>8,437,495</u>
Liabilities:				
Due to others	\$ <u>8,393,106</u>	\$ <u>220,737,411</u>	\$ <u>220,693,022</u>	\$ <u>8,437,495</u>

STATISTICAL SECTION

(Unaudited)

This portion of the Gregg County, Texas comprehensive annual financial report presents multiple years of data to provide a historical perspective for understanding the information in the financial statements, note disclosures, and required supplementary information and for assessing the County's overall financial health.

Contents

Financial Trends

These schedules contain information to assist readers in understanding and assessing how the County's financial position has changed over time.

Table 1.1 – Net Assets by Component

Table 1.2 - Changes in Net Assets

Table 1.3 - Fund Balances of Governmental Funds

Table 1.4 – Changes in Fund Balances of Governmental Funds

Revenue Capacity

These schedules contain trend information that is intended to assist readers in understanding and assessing the factors affecting the County's ability to generate its own source revenues.

Table 2.1 – Assessed Value and Estimated Taxable Value of Property

Table 2.2 – Property Tax Rates – Direct and Overlapping Governments

Table 2.3 - Principal Taxpayers and Chart

Table 2.4 – Property Tax Levies and Collections

Table 2.5 – Revenue By Source

Debt Capacity

These schedules contain trend information to help the reader in understanding and assessing the County's debt burden and its ability to issue additional debt in the future.

Table 3.1 – Ratios of Outstanding Debt by Type

Table 3.2 - Ratios of General Bonded Debt Outstanding

Table 3.3 - Direct and Overlapping Governmental Activities Debt

Table 3.4 – Legal Debt Margin Information

Demographic and Economic Information

These schedules contain economic and demographic information to help the reader understand the environment within which the County's financial activities take place.

Table 4.1 – Demographic and Economic Statistics

Table 4.2 – Principal Employers and Chart

Operating Information

Operating information is intended to provide statistical information about the County's operations and resources to assist readers in understanding how the information relates to the services and activities performed by the County.

Table 5.1 – County Employees by Function and Chart

Table 5.2 – Operating Indicators by Function/Program

Table 5.3 – Capital Asset Statistics by Function/Program

Table 5.4 – Insurance Information

GREGG COUNTY TEXAS

**Table 1.1 NET ASSETS BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Invested in capital assets, net of related debt	\$ 26,940,685	\$ 28,958,344	\$ 33,113,380	\$ 52,493,563
Restricted for:				
Debt service	629,542	722,587	99,244	140,745
Archive restoration	-	-	-	-
Transportation and road improvements	-	-	-	-
Public safety operations	-	-	-	-
Judicial operations	-	-	-	-
Bail bond board operations	-	-	-	-
Airport operations	-	-	-	-
Court technology and security	-	-	-	-
Records management and preservation	-	-	-	-
Voting and elections	-	-	-	-
Health and human services operations	-	-	-	-
Permanent improvements	-	-	-	-
Unrestricted	<u>11,773,150</u>	<u>18,333,513</u>	<u>28,845,812</u>	<u>39,146,149</u>
Total governmental activities net assets	<u>\$ 39,343,377</u>	<u>\$ 48,014,444</u>	<u>\$ 62,058,436</u>	<u>\$ 91,780,457</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 26,940,685	\$ 28,958,344	\$ 33,113,380	\$ 52,493,563
Restricted for:				
Debt service	629,542	722,587	99,244	140,745
Archive restoration	-	-	-	-
Transportation and road improvements	-	-	-	-
Public safety operations	-	-	-	-
Judicial operations	-	-	-	-
Bail bond board operations	-	-	-	-
Airport operations	-	-	-	-
Court technology and security	-	-	-	-
Records management and preservation	-	-	-	-
Voting and elections	-	-	-	-
Health and human services operations	-	-	-	-
Permanent improvements	-	-	-	-
Unrestricted	<u>11,773,150</u>	<u>18,333,513</u>	<u>28,845,812</u>	<u>39,146,149</u>
Total primary government net assets	<u>\$ 39,343,377</u>	<u>\$ 48,014,444</u>	<u>\$ 62,058,436</u>	<u>\$ 91,780,457</u>

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 58,405,677	\$ 64,771,730	\$ 63,282,308	\$ 63,355,158	\$ 59,664,989	\$ 58,814,064	
265,955	-	-	-	-	-	
687,010	682,131	766,580	743,251	813,419	475,923	
-	-	-	-	4,789,161	5,447,169	
-	-	-	-	606,516	527,863	
-	-	-	-	131,596	139,605	
-	-	-	-	-	29,439	
-	-	-	-	170,363	197,781	
-	-	-	-	210,598	239,711	
-	-	-	-	702,052	755,926	
-	-	-	-	35,366	24,643	
-	-	-	-	56,341	71,209	
-	-	-	-	4,272,310	4,659,594	
<u>49,150,046</u>	<u>56,637,636</u>	<u>63,683,421</u>	<u>66,288,684</u>	<u>62,548,344</u>	<u>61,863,595</u>	
\$ <u>108,508,688</u>	\$ <u>122,091,497</u>	\$ <u>127,732,309</u>	\$ <u>130,387,093</u>	\$ <u>134,001,055</u>	\$ <u>133,246,522</u>	
\$ -	\$ -	\$ -	\$ -	\$ 313,158	\$ 298,645	
-	-	-	-	49,553	(6,125)	
\$ -	\$ -	\$ -	\$ -	\$ 362,711	\$ 292,520	
\$ 58,405,677	\$ 64,771,730	\$ 63,282,308	\$ 63,355,158	\$ 59,978,147	\$ 59,112,709	
265,955	-	-	-	-	-	
687,010	682,131	766,580	743,251	813,419	475,923	
-	-	-	-	4,789,161	5,447,169	
-	-	-	-	606,516	527,863	
-	-	-	-	131,596	139,605	
-	-	-	-	-	29,439	
-	-	-	-	170,363	197,781	
-	-	-	-	210,598	239,711	
-	-	-	-	702,052	755,926	
-	-	-	-	35,366	24,643	
-	-	-	-	56,341	71,209	
-	-	-	-	4,272,310	4,659,594	
<u>49,150,046</u>	<u>56,637,636</u>	<u>63,683,421</u>	<u>66,288,684</u>	<u>62,597,897</u>	<u>61,857,470</u>	
\$ <u>108,508,688</u>	\$ <u>122,091,497</u>	\$ <u>127,732,309</u>	\$ <u>130,387,093</u>	\$ <u>134,363,766</u>	\$ <u>133,539,042</u>	

GREGG COUNTY TEXAS

**Table 1.2 CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2004	2005	2006	2007
EXPENSES				
<i>Governmental activities:</i>				
General government	\$ 7,951,967	\$ 7,969,874	\$ 8,390,812	\$ 8,542,001
Judicial	4,777,374	4,761,461	5,081,639	5,493,674
Public safety	7,808,400	8,590,597	9,828,994	11,597,098
Health and human services	2,870,741	2,481,293	2,154,018	2,707,724
Public buildings	2,476,390	2,507,921	2,767,706	2,806,514
Transportation and roads	4,013,338	3,618,383	4,397,210	5,386,309
Interest on long-term debt	479,177	148,683	47,954	38,178
Total expenses, governmental activities	<u>30,377,387</u>	<u>30,078,212</u>	<u>32,668,333</u>	<u>36,571,498</u>
<i>Business-type activities:</i>				
Longview community center	-	-	-	-
Total expenses, business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses, primary government	<u>\$ 30,377,387</u>	<u>\$ 30,078,212</u>	<u>\$ 32,668,333</u>	<u>\$ 36,571,498</u>
PROGRAM REVENUES				
<i>Governmental activities</i>				
Charges for services:				
General government	\$ 2,237,113	\$ 2,640,012	\$ 3,040,048	\$ 3,056,985
Judicial	1,803,993	1,868,072	2,037,259	1,889,671
Public safety	977,170	1,041,901	1,125,363	1,169,268
Health and human services	43,867	31,001	30,844	39,854
Public buildings	539,166	658,461	723,396	2,217,764
Transportation and roads	1,645,445	1,663,277	1,815,739	1,848,874
Operating grants and contributions	1,401,835	1,151,503	1,619,853	1,287,135
Capital grants and contributions	591,335	838,455	3,130,111	5,205,230
Total program revenue, governmental activities	<u>9,239,924</u>	<u>9,892,682</u>	<u>13,522,613</u>	<u>16,714,781</u>
<i>Business-type activities</i>				
Charges for services:				
Longview community center	-	-	-	-
Total program revenue, business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenue, primary government	<u>\$ 9,239,924</u>	<u>\$ 9,892,682</u>	<u>\$ 13,522,613</u>	<u>\$ 16,714,781</u>
NET (EXPENSE) REVENUE				
Governmental activities	\$(21,137,463)	\$(20,185,530)	\$(19,145,720)	\$(19,856,717)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government net expense	<u>\$(21,137,463)</u>	<u>\$(20,185,530)</u>	<u>\$(19,145,720)</u>	<u>\$(19,856,717)</u>

Fiscal Year

	2008	2009	2010	2011	2012	2013
\$	9,543,171	\$ 10,545,040	\$ 11,102,197	\$ 12,066,388	\$ 11,829,723	\$ 12,874,593
	5,931,707	6,506,628	6,485,552	6,926,043	7,263,692	7,604,265
	13,189,470	14,596,497	14,826,537	14,857,301	15,617,020	15,872,926
	2,363,996	2,780,822	2,952,009	3,566,125	2,938,243	2,828,937
	2,941,860	2,440,792	2,864,443	2,921,703	3,021,237	3,244,751
	6,259,955	8,604,974	7,531,204	10,119,148	6,551,074	13,154,752
	28,459	22,629	18,506	12,105	1,250	590
	<u>40,258,618</u>	<u>45,497,382</u>	<u>45,780,448</u>	<u>50,468,813</u>	<u>47,222,239</u>	<u>55,580,815</u>
	-	-	-	-	111,194	148,929
	-	-	-	-	111,194	148,929
\$	<u>40,258,618</u>	<u>45,497,382</u>	<u>45,780,448</u>	<u>50,468,813</u>	<u>47,333,433</u>	<u>55,729,744</u>
\$	2,870,400	\$ 3,125,963	\$ 2,795,666	\$ 2,867,886	\$ 2,787,306	\$ 2,812,045
	1,924,753	1,872,257	1,837,417	1,788,901	1,706,448	1,548,149
	1,485,239	1,527,640	1,444,761	1,306,073	1,393,005	1,157,352
	81,403	60,446	175,972	124,161	196,892	193,902
	3,810,197	3,577,124	3,349,981	3,341,469	2,773,416	2,680,598
	2,089,882	2,235,650	2,018,074	1,752,571	2,079,088	1,841,454
	1,578,343	1,410,235	1,514,592	1,981,326	1,245,358	1,052,759
	5,937,901	7,301,696	1,099,734	1,263,850	380,331	2,312,910
	<u>19,778,118</u>	<u>21,111,011</u>	<u>14,236,197</u>	<u>14,426,237</u>	<u>12,561,844</u>	<u>13,599,169</u>
	-	-	-	-	54,936	63,738
	-	-	-	-	54,936	63,738
\$	<u>19,778,118</u>	<u>21,111,011</u>	<u>14,236,197</u>	<u>14,426,237</u>	<u>12,616,780</u>	<u>13,662,907</u>
\$(20,480,500)	\$(24,386,371)	\$(31,544,251)	\$(36,042,576)	\$(34,660,395)	\$(41,981,646)
	-	-	-	-	(56,258)	(85,191)
\$(<u>20,480,500</u>	<u>24,386,371</u>	<u>31,544,251</u>	<u>36,042,576</u>	<u>34,716,653</u>	<u>42,066,837</u>

GREGG COUNTY TEXAS

**Table 1.2 CHANGES IN NET ASSETS
(Continued)
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2004	2005	2006	2007
General revenue and other changes in net assets				
<i>Governmental activities</i>				
Property taxes	\$ 11,891,659	\$ 15,193,252	\$ 16,553,242	\$ 17,995,408
Sales taxes	10,763,374	11,854,879	15,060,036	15,288,500
Alcoholic beverage taxes	150,222	151,062	174,379	187,869
Other taxes	64,984	78,050	83,588	99,547
Unrestricted investment earnings	224,225	557,393	1,291,587	1,898,174
Gain on sale of assets	24,461	-	17,638	227,854
Gain on insurance settlement	1,751	1,782	9,242	11,807
Gain on extinguishment of debt	479,586	-	-	-
Miscellaneous	-	-	-	-
Transfers	-	-	-	(90,000)
Total governmental activities	<u>23,600,262</u>	<u>27,836,418</u>	<u>33,189,712</u>	<u>35,619,159</u>
<i>Business-type activities</i>				
Transfers	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>23,600,262</u>	<u>27,836,418</u>	<u>33,189,712</u>	<u>35,619,159</u>
Changes in net assets				
Governmental activities	2,462,799	7,650,888	14,043,992	15,762,442
Business-type activities	-	-	-	-
Total primary government	<u>\$ 2,462,799</u>	<u>\$ 7,650,888</u>	<u>\$ 14,043,992</u>	<u>\$ 15,762,442</u>

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 18,953,528	\$ 20,864,871	\$ 21,372,685	\$ 21,302,750	\$ 21,177,159	\$ 21,660,737
16,392,118	15,831,322	15,129,279	16,912,110	16,902,274	18,981,037
205,875	211,389	214,451	203,001	189,867	190,613
64,489	104,844	86,280	77,913	112,333	116,369
1,339,856	1,052,855	250,028	260,974	177,938	137,628
236,282	-	205,243	-	37,865	98,775
86,227	8,730	7,097	25,612	-	-
-	-	-	-	-	-
-	-	-	-	95,890	56,954
(90,000)	(83,500)	(80,000)	(85,000)	(418,969)	(15,000)
<u>37,188,375</u>	<u>37,990,511</u>	<u>37,185,063</u>	<u>38,697,360</u>	<u>38,274,357</u>	<u>41,227,113</u>
-	-	-	-	418,969	15,000
-	-	-	-	418,969	15,000
<u>37,188,375</u>	<u>37,990,511</u>	<u>37,185,063</u>	<u>38,697,360</u>	<u>38,693,326</u>	<u>41,242,113</u>
16,707,875	13,604,140	5,640,812	2,654,784	3,613,962	(754,533)
-	-	-	-	362,711	(70,191)
<u>\$ 16,707,875</u>	<u>\$ 13,604,140</u>	<u>\$ 5,640,812</u>	<u>\$ 2,654,784</u>	<u>\$ 3,976,673</u>	<u>\$ (824,724)</u>

GREGG COUNTY, TEXAS

**Table 1.3 FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2004	2005	2006	2007
General fund				
Unreserved	\$ 5,937,789	\$ 9,507,157	\$ 18,287,075	\$ 27,085,477
Reserved	34,314	39,942	65,455	37,452
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>5,972,103</u>	<u>9,547,099</u>	<u>18,352,530</u>	<u>27,122,929</u>
All other governmental funds				
Reserved	727,965	816,880	196,464	274,276
Unreserved reported in:				
Special revenue funds	4,584,977	5,675,666	6,218,927	6,415,571
Debt service fund	-	-	-	-
Capital projects fund	182,534	645,030	1,190,478	2,098,595
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>5,495,476</u>	<u>7,137,576</u>	<u>7,605,869</u>	<u>8,788,442</u>
Total governmental funds	<u>\$ 11,467,579</u>	<u>\$ 16,684,675</u>	<u>\$ 25,958,399</u>	<u>\$ 35,911,371</u>

Extracted from Balance Sheet - Governmental Funds

Includes General, Special Revenue, Debt Service and Capital Projects Funds

Beginning in 2011, fund balances are stated in accordance with the requirements of GASB Statement 54

Fiscal Year

2008	2009	2010	2011	2012	2013
\$ 23,155,150	\$ 29,560,305	\$ 20,726,797	\$ -	\$ -	\$ -
752,131	760,327	849,537	-	-	-
-	-	-	41,219	27,517	23,827
-	-	-	770,646	832,926	591,407
-	-	-	29,136	256,442	217,040
-	-	-	27,494,970	32,672,039	38,422,086
<u>23,907,281</u>	<u>30,320,632</u>	<u>21,576,334</u>	<u>28,335,971</u>	<u>33,788,924</u>	<u>39,254,360</u>
500,492	322,089	210,891	-	-	-
7,990,568	6,828,868	10,265,799	-	-	-
-	-	-	-	-	-
14,053,088	14,708,331	27,172,920	-	-	-
-	-	-	103,010	112,030	134,282
-	-	-	9,326,086	10,724,171	11,883,420
-	-	-	2,687,276	1,399,986	4,357,002
-	-	-	21,271,834	20,033,666	13,029,616
-	-	-	-	(718)	-
<u>22,544,148</u>	<u>21,859,288</u>	<u>37,649,610</u>	<u>33,388,206</u>	<u>32,269,135</u>	<u>29,404,320</u>
\$ <u>46,451,429</u>	\$ <u>52,179,920</u>	\$ <u>59,225,944</u>	\$ <u>61,724,177</u>	\$ <u>66,058,059</u>	\$ <u>68,658,680</u>

GREGG COUNTY, TEXAS

**Table 1.4 CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2004	2005	2006	2007
REVENUES				
Taxes	\$ 22,907,089	\$ 27,351,797	\$ 31,936,653	\$ 33,629,304
Licenses and permits	1,152,454	1,177,202	1,268,757	1,296,641
Intergovernmental	2,417,656	2,381,998	5,176,316	6,906,239
Charges for services	3,373,557	3,704,969	4,287,972	4,315,165
Fines and forfeitures	1,049,229	1,073,380	1,130,345	1,147,893
Investment earnings	218,441	512,369	1,218,619	1,794,201
Rents and commissions	583,245	749,970	654,938	726,786
Miscellaneous	616,806	745,570	851,251	2,217,380
Total revenues	<u>32,318,477</u>	<u>37,697,255</u>	<u>46,524,851</u>	<u>52,033,609</u>
EXPENDITURES				
General government	7,561,253	7,556,069	8,079,901	7,941,151
Judicial	4,863,351	4,857,743	5,184,329	5,507,797
Public safety	8,001,496	8,813,959	10,283,176	11,631,436
Health and human services	2,875,569	2,510,482	2,182,786	2,789,852
Public buildings	1,756,523	1,798,791	2,141,922	2,123,898
Transportation and roads	3,914,850	3,590,760	4,422,556	5,362,341
Debt service				
Principal	4,309,940	670,224	869,277	860,000
Interest	1,904,279	1,786,779	43,978	26,143
Capital outlay	690,542	935,754	4,097,017	6,535,229
Total expenditures	<u>35,877,803</u>	<u>32,520,561</u>	<u>37,304,942</u>	<u>42,777,847</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,559,326)</u>	<u>5,176,694</u>	<u>9,219,909</u>	<u>9,255,762</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	921,007	567,547	1,801,454	2,960,170
Transfers out	(922,507)	(569,047)	(1,801,454)	(2,960,170)
Issuance of bonds	2,585,107	-	-	-
Payment to refunding escrow agent	(2,535,000)	-	-	-
Issuance of notes payable	-	-	-	274,230
Issuance of capital lease	-	-	-	-
Sale of capital assets	53,917	40,120	44,573	441,172
Sale of right-of-way	-	-	-	-
Insurance recoveries	1,751	1,782	9,242	11,808
Total other financing sources and uses	<u>104,275</u>	<u>40,402</u>	<u>53,815</u>	<u>727,210</u>
NET CHANGE IN FUND BALANCE	<u>\$(3,455,051)</u>	<u>\$ 5,217,096</u>	<u>\$ 9,273,724</u>	<u>\$ 9,982,972</u>
DEBT SERVICES AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	12.25%	2.12%	2.62%	2.37%

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 35,625,377	\$ 36,962,804	\$ 37,149,062	\$ 38,362,150	\$ 38,594,743	\$ 40,895,686
1,302,467	1,339,496	1,291,763	1,237,844	1,398,039	1,342,638
8,123,597	9,323,668	3,135,838	3,731,436	2,061,285	3,755,376
4,033,578	3,935,251	3,810,630	3,774,549	3,713,143	3,754,191
1,121,854	1,196,596	1,156,767	1,168,021	1,444,602	1,217,869
1,265,171	1,001,794	237,182	251,352	171,354	137,628
788,573	1,081,838	965,940	1,033,682	3,352,952	3,273,148
4,148,033	3,704,754	3,301,639	3,327,129	359,238	255,947
<u>56,408,650</u>	<u>58,546,201</u>	<u>51,048,821</u>	<u>52,886,163</u>	<u>51,095,356</u>	<u>54,632,483</u>
8,721,700	9,024,350	8,667,764	9,404,049	9,325,778	10,270,374
6,090,503	6,600,583	6,503,219	6,887,259	7,285,879	7,563,512
13,535,782	15,132,278	14,677,211	14,585,933	15,429,054	16,140,745
2,488,704	2,766,474	2,837,450	3,630,641	2,944,827	2,816,765
2,213,314	2,782,000	2,029,427	2,082,011	2,130,553	2,214,203
5,532,873	8,087,017	8,469,360	10,272,011	4,924,912	11,348,421
949,404	391,117	408,879	507,108	6,478	5,619
19,390	25,883	19,711	20,810	1,250	590
<u>7,010,064</u>	<u>8,635,325</u>	<u>1,426,316</u>	<u>3,037,040</u>	<u>1,823,401</u>	<u>4,752,119</u>
<u>46,561,734</u>	<u>53,445,027</u>	<u>45,039,337</u>	<u>50,426,862</u>	<u>43,872,132</u>	<u>55,112,348</u>
<u>9,846,916</u>	<u>5,101,174</u>	<u>6,009,484</u>	<u>2,459,301</u>	<u>7,223,224</u>	<u>(479,865)</u>
13,232,941	3,026,651	20,571,490	5,658,471	569,510	7,232,851
(13,232,941)	(3,026,651)	(20,571,490)	(5,667,406)	(669,510)	(7,247,851)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
288,628	319,632	495,976	-	-	-
267,941	298,955	513,467	22,255	44,658	108,642
-	-	20,000	-	-	-
<u>86,227</u>	<u>8,730</u>	<u>7,097</u>	<u>25,612</u>	<u>95,890</u>	<u>56,954</u>
<u>642,796</u>	<u>627,317</u>	<u>1,036,540</u>	<u>38,932</u>	<u>40,548</u>	<u>150,596</u>
<u>\$ 10,489,712</u>	<u>\$ 5,728,491</u>	<u>\$ 7,046,024</u>	<u>\$ 2,498,233</u>	<u>\$ 7,263,772</u>	<u>\$ (329,269)</u>
2.40%	0.87%	0.94%	1.07%	0.02%	0.01%

GREGG COUNTY, TEXAS

Table 2.1 ASSESSED VALUE AND ESTIMATED TAXABLE VALUE OF PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property	All Other	Total Assessed Value	Total Direct Tax Rate	Total Estimated Adjusted Taxable Value	Ratio of Assessed to Taxable Value
	Residential	Commercial and Industrial						
2013	\$ 4,350,648,888	\$ 1,496,395,216	\$ 2,598,610,843	\$ 1,303,433,696	\$ 9,749,088,643	0.2625	\$ 8,551,471,159	87.72%
2012	4,272,847,976	1,482,068,047	2,625,917,889	1,366,234,962	9,747,068,874	0.2625	8,531,427,424	87.53%
2011	4,163,385,481	1,458,990,774	2,614,937,186	1,304,153,840	9,541,467,281	0.2650	8,274,304,580	86.72%
2010	4,030,009,115	1,429,187,433	2,525,788,590	1,382,082,118	9,367,067,256	0.2675	8,093,936,284	86.41%
2009	3,975,705,322	1,482,539,709	2,716,969,670	1,486,020,405	9,661,235,106	0.2675	8,359,720,810	86.53%
2008	3,779,194,424	1,361,951,056	2,434,480,540	1,594,889,649	9,170,515,669	0.2675	7,977,911,558	87.00%
2007	3,489,683,979	1,216,749,937	2,027,697,958	1,486,849,173	8,220,981,047	0.2700	7,163,176,252	87.13%
2006	3,165,577,832	1,124,150,938	1,706,872,878	1,483,166,221	7,479,767,869	0.2800	6,550,802,231	87.58%
2005	2,951,241,916	1,065,394,483	1,497,802,301	1,305,878,531	6,820,317,231	0.2800	5,931,937,925	86.97%
2004	2,816,348,271	981,078,912	1,382,525,487	1,153,974,132	6,333,926,802	0.2800	5,465,177,943	86.28%

Source: Gregg County Appraisal District

Note: The difference between total assessed value and total estimated adjusted taxable value is due to tax exemptions and exclusions.

GREGG COUNTY, TEXAS

Table 2.2 PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Direct rates										
Gregg County general rate	0.2747	0.2747	0.2747	0.2647	0.2622	0.2622	0.2622	0.2597	0.2572	0.2572
Gregg Co. special road and bridge rate	<u>0.0053</u>	<u>0.0053</u>	<u>0.0053</u>	<u>0.0053</u>	<u>0.0053</u>	<u>0.0053</u>	<u>0.0053</u>	<u>0.0053</u>	<u>0.0053</u>	<u>0.0053</u>
Total direct debt	<u>0.2800</u>	<u>0.2800</u>	<u>0.2800</u>	<u>0.2700</u>	<u>0.2675</u>	<u>0.2675</u>	<u>0.2675</u>	<u>0.2650</u>	<u>0.2625</u>	<u>0.2625</u>
Overlapping debt:										
City rates										
Clarksville City	0.5472	0.4327	0.3754	0.4333	0.3678	0.4471	0.4649	0.4886	0.4196	0.4501
East Mountain	0.0000	0.0000	0.0000	0.0000	0.0903	0.8529	0.1000	0.1000	0.1000	0.1000
Easton	0.0807	0.0767	0.0778	0.0840	0.1000	0.1000	0.0820	0.0794	0.0913	0.2500
Gladewater	0.5767	0.5767	0.5654	0.5860	0.5831	0.5831	0.6123	0.6426	0.6426	0.6445
Kilgore	0.5249	0.5249	0.5074	0.4600	0.4000	0.3924	0.3994	0.3900	0.4000	0.4200
Lakeport	0.2653	0.3317	0.2889	0.3244	0.2975	0.4011	0.6299	0.5915	0.6023	0.6275
Longview	0.4834	0.4834	0.4834	0.4840	0.4840	0.4840	0.4840	0.5009	0.5009	0.5009
Warren City	0.4409	0.4629	0.4122	0.4599	0.4560	0.5000	0.5000	0.5000	0.2500	0.2500
White Oak	0.5500	0.5200	0.5100	0.4800	0.4800	0.4800	0.5200	0.5200	0.5200	0.5201
School districts										
Gladewater ISD	1.5164	1.4809	1.3352	1.1203	1.0400	1.0400	1.1700	1.1700	1.1700	1.1700
Kilgore ISD	1.6120	1.6120	1.4667	1.1331	1.1210	1.1092	1.1092	1.3092	1.3092	1.3092
Longview ISD	1.6150	1.6100	1.4680	1.1381	1.2980	1.4202	1.5130	1.5130	1.5130	1.5130
Pine Tree ISD	1.6328	1.6983	1.6139	1.3469	1.3485	1.3785	1.3785	1.5110	1.5110	1.5500
Sabine ISD	1.5000	1.5000	1.3700	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	1.2928
Spring Hill ISD	1.6450	1.6450	1.5150	1.1850	1.5400	1.5400	1.5400	1.5400	1.6700	1.6700
White Oak ISD	1.6065	1.6032	1.4437	1.1900	1.2426	1.2457	1.2408	1.2439	1.2333	1.2432
Special district rates										
Gregg Co. ESD #1	0.1000	0.1000	0.1000	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983
Kilgore Junior College	<u>0.1789</u>	<u>0.1740</u>	<u>0.1740</u>	<u>0.1640</u>	<u>0.1640</u>	<u>0.1540</u>	<u>0.1540</u>	<u>0.1540</u>	<u>0.1540</u>	<u>0.1540</u>
Total direct and overlapping rates	<u>15.1557</u>	<u>15.1124</u>	<u>13.9870</u>	<u>11.9972</u>	<u>12.4185</u>	<u>13.5339</u>	<u>13.3039</u>	<u>13.6574</u>	<u>13.4880</u>	<u>14.0261</u>

Source: Gregg County Appraisal District

GREGG COUNTY, TEXAS

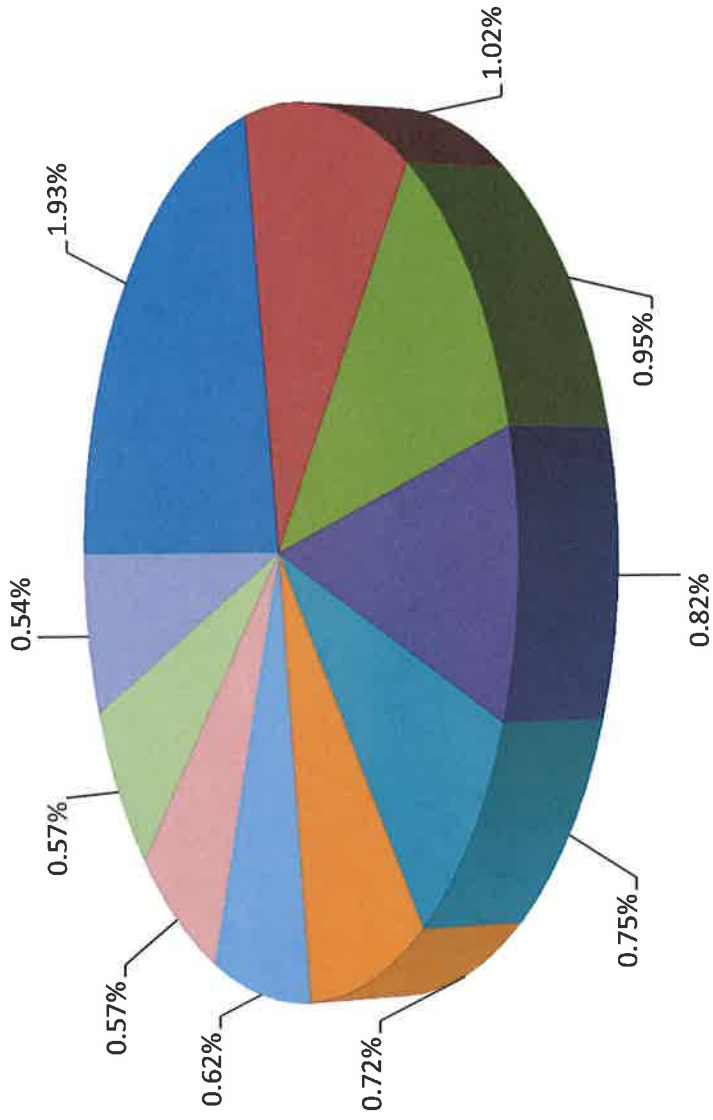
**Table 2.3 - PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2013			2004		
	Total Assessed Value	Rank	Percentage of Total Assessed Value	Total Assessed Value	Rank	Percentage of Total Assessed Value
Letourneau Inc./ Letourneau Technologies Inc.	\$ 188,053,350	1	1.93%	\$ 103,565,083	1	1.64%
Halliburton Co./Halliburton Energy Services/Halliburton Services - Wellnight	99,760,310	2	1.02%	30,041,420	10	0.47%
AEP Southwestern Elec Power Co./ AEP/SWEPCO/Southwestern Electric Power Co.	92,131,570	3	0.95%	94,937,370	2	1.50%
Wal-Mart / Sam's	79,905,700	4	0.82%	46,523,480	5	0.73%
Cudd Pressure Control	73,403,380	5	0.75%	-		
Trican (Liberty Pressure Pump)	70,534,970	6	0.72%	-		
Quantum Resource Mgmt.	60,379,290	7	0.62%	-		
J W Power Co / J W Manufacturing	55,920,650	8	0.57%	-		
Longview Medical Center/Longview Regional Hospital/Texas HCP Holding/ Longview Regional Business	55,491,750	9	0.57%	42,323,280	6	0.67%
Trinity Industries	52,960,150	10	0.54%	-		
XTO Energy				75,175,950	3	1.19%
Oneok Resources Co				62,067,650	4	0.98%
Southwestern Bell Telephone				41,553,780	7	0.66%
ExxonMobil				35,624,500	8	0.56%
Dowell Schlumberger Inc				34,039,730	9	0.54%
Total	\$ 828,541,120		8.50%	\$ 565,852,243		8.93%

Source: Gregg County Appraisal District

2013 TOP TEN TAXPAYERS

- LETOURNEAU INC
- HALLIBURTON
- SOUTHWESTERN ELECTRIC
- WALMART/SAMS
- CUDD PRESSURE CONTROL
- TRICAN
- QUANTUM RESOURCES MGMT.
- JW POWER CO.
- LONGVIEW MEDICAL CENTER
- TRINITY INDUSTRIES



GREGG COUNTY, TEXAS

**Table 2.4 PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Levy for Fiscal Year	Collected Within Fiscal Year of Levy		Adjustments to Levy in Subsequent Years	Total Adj. Levy	Collections in Subsequent Years	Total Collections to Date			Delinquent Taxes 09/30/13	Delinquent Taxes to Total Adj. Levy
		Levy Collected	Percent of Original Levy				Total Collections To Date	Percent of Adjusted Levy			
2004	11,952,311	11,694,070	97.84%	(25,055)	11,927,256	205,390	11,899,460	99.77%	27,796	0.23%	
2005	15,293,229	15,027,526	98.26%	2,628	15,295,857	234,479	15,262,004	99.78%	33,853	0.22%	
2006	16,560,421	16,365,917	98.83%	47,020	16,607,441	198,450	16,564,367	99.74%	43,074	0.26%	
2007	18,216,072	17,962,462	98.61%	(14,171)	18,201,901	189,610	18,152,072	99.73%	49,829	0.27%	
2008	19,129,114	18,863,462	98.61%	28,050	19,157,164	221,057	19,084,519	99.62%	72,645	0.38%	
2009	21,017,998	20,727,939	98.62%	50,090	21,068,088	259,175	20,987,114	99.62%	80,975	0.38%	
2010	21,713,885	21,571,949	99.35%	188,268	21,902,153	250,822	21,822,771	99.64%	79,382	0.36%	
2011	21,259,861	21,016,555	98.86%	50,235	21,310,096	199,430	21,215,985	99.56%	94,110	0.44%	
2012	21,541,094	21,294,083	98.85%	46,110	21,587,204	161,901	21,455,984	99.39%	131,220	0.61%	
2013	22,022,808	21,567,906	97.93%	(81,196)	21,941,612	-	21,567,906	98.30%	373,706	1.70%	

- (1) Taxes are levied on assessed property values on January 1 of prior calendar year (i.e., in 2013, taxes are levied on calendar year 2012)
- (2) Adjustments to the original levy include exonerations, tax relief, and supplemental assessments
- (3) This table includes real estate taxes only and does not include penalty and interest

GREGG COUNTY, TEXAS

Table 2.5 GOVERNMENT REVENUE BY SOURCE

Fiscal Year	Licenses and Permits		Inter-Governmental	Charges for Services	Fines and Forfeitures	Investment Earnings	Rents and Commissions	Miscellaneous	Totals
	Taxes	Permits							
2013	\$ 40,895,686	\$ 1,342,638	\$ 3,756,409	\$ 3,754,191	\$ 1,217,869	\$ 137,628	\$ 3,273,148	\$ 255,947	\$ 54,633,516
2012	38,594,743	1,398,039	2,096,963	3,750,936	1,406,809	171,354	3,352,952	323,560	51,095,356
2011	38,362,150	1,237,844	3,731,436	3,774,549	1,168,021	251,352	1,033,682	3,327,129	52,886,163
2010	37,149,062	1,291,763	3,135,838	3,810,630	1,156,767	237,182	965,940	3,301,639	51,048,821
2009	36,962,804	1,339,496	9,323,668	3,935,251	1,196,596	1,001,794	1,081,838	3,704,754	58,546,201
2008	35,625,377	1,302,467	8,123,597	4,033,578	1,121,854	1,265,171	788,573	4,148,033	56,408,650
2007	33,629,304	1,296,641	6,906,239	4,315,165	1,147,893	1,794,201	726,786	2,217,380	52,033,609
2006	31,936,653	1,268,757	5,176,316	4,287,972	1,130,345	1,218,619	654,938	851,251	46,524,851
2005	27,351,797	1,177,202	2,381,998	3,704,969	1,073,380	512,369	749,970	745,570	37,697,255
2004	22,907,089	1,152,454	2,417,656	3,373,557	1,049,229	218,441	583,245	616,806	32,318,477

Source: Extracted from Statement of Revenues, Expenditures, and Changes in Fund Balances

GREGG COUNTY, TEXAS

**Table 3.1 RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Capital Leases	Notes Payable	Less Debt Service Reserved Balance	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
2013	\$ -	\$ 2,739	\$ -	\$ -	\$ 2,739	*	*
2012	-	7,833	-	-	7,833	0.14%	0.06
2011	-	13,658	-	-	13,658	0.26%	0.11
2010	-	522,190	-	-	522,190	0.01%	4.28
2009	-	340,296	94,796	-	435,092	0.01%	3.64
2008	-	288,420	185,034	-	473,454	0.01%	4.02
2007	854,646	-	274,230	140,745	988,131	0.02%	8.45
2006	1,709,292	-	-	99,244	1,610,048	0.04%	13.89
2005	2,558,938	14,277	-	722,587	1,850,628	0.05%	16.18
2004	4,853,830	-	-	629,542	4,224,288	0.12%	37.14

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements

¹ See the Schedule of Demographic and Economic Statistics for personal income and population data

* Personal income and per capita income data unavailable

GREGG COUNTY, TEXAS

Table 3.2 RATIOS OF GENERAL BONDED DEBT OUTSTANDING

**LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property ¹	Per Capita ²
2013	\$ -	\$ -	\$ -	N/A	N/A
2012	-	-	-	N/A	N/A
2011	-	-	-	N/A	N/A
2010	-	-	-	N/A	N/A
2009	-	-	-	N/A	N/A
2008	-	-	-	N/A	N/A
2007	854,646	140,745	713,901	0.0089%	6.07
2006	1,709,292	99,244	1,610,048	0.0225%	13.77
2005	2,558,938	722,587	1,836,351	0.0280%	15.84
2004	4,853,830	629,542	4,224,288	0.0712%	36.94

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data

² Population data can be found in the Schedule of Demographic and Economic Statistics

GREGG COUNTY, TEXAS

**Table 3.3 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2013**

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct Debt:			
Gregg County	\$ 2,739	100.00%	\$ 2,739
Overlapping Debt:			
Clarksville City, City of	2,748,000	99.97%	2,747,176
Gladewater, City of	2,118,725	61.15%	1,295,600
Kilgore, City of	5,305,000	87.33%	4,632,857
Kilgore Independent School District	57,860,000	75.20%	43,510,720
Lakeport, City of	1,570,000	100.00%	1,570,000
Longview, City of	55,267,279	95.21%	52,619,976
Longview Independent School District	250,495,308	100.00%	250,495,308
Pine Tree Independent School District	72,175,000	100.00%	72,175,000
Spring Hill Independent School District	40,285,000	100.00%	40,285,000
White Oak Independent School District	<u>4,437,343</u>	100.00%	<u>4,437,343</u>
Total Direct and Overlapping Debt	<u>\$ 492,261,655</u>		<u>\$ 473,768,980</u>

Note: (1) The percentage of overlapping debt is estimated using taxable assessed property values.

Source: Outstanding Debt as of September 30, 2013

GREGG COUNTY, TEXAS

**Table 3.4 LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 1,366,294,486	\$ 1,482,984,481	\$ 1,637,700,558	\$ 1,790,794,063
Total net debt applicable to limit	<u>2,602,254</u>	<u>1,852,413</u>	<u>1,620,756</u>	<u>719,255</u>
Legal Debt Margin	\$ <u>1,363,692,232</u>	\$ <u>1,481,132,068</u>	\$ <u>1,636,079,802</u>	\$ <u>1,790,074,808</u>
Total Net Debt applicable to the limit as a percent of debt limit	0.19%	0.12%	0.10%	0.04%

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 1,994,477,890	\$ 2,089,930,203	\$ 2,023,484,071	\$ 2,068,576,145	\$ 2,132,856,856	\$ 2,137,867,790
-	-	-	-	-	-
<u>\$ 1,994,477,890</u>	<u>\$ 2,089,930,203</u>	<u>\$ 2,023,484,071</u>	<u>\$ 2,068,576,145</u>	<u>\$ 2,132,856,856</u>	<u># \$ 2,137,867,790</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

GREGG COUNTY, TEXAS

**Table 4.1 DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2013	*	*	*	5.5
2012	122,658	\$ 5,759,320	\$ 46,954	5.6
2011	123,081	5,319,858	43,222	6.8
2010	121,906	4,885,931	40,079	7.2
2009	119,637	5,051,999	42,228	7.1
2008	117,665	5,157,005	43,828	4.0
2007	116,938	4,560,227	38,997	3.8
2006	115,898	4,208,132	36,309	4.5
2005	114,366	3,836,809	33,549	4.9
2004	113,735	3,602,198	31,672	5.9
2003	113,152	3,474,091	30,703	7.1

Sources: Texas Workforce Commission
Bureau of Economic Analysis

* Data unavailable

GREGG COUNTY, TEXAS

**Table 4.2 PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2013		2004	
	Employees	Percentage of Total County Employees	Employees	Percentage of Total County Employees
Good Shepherd Medical Center	3,500	5.3%	-	0.0%
Trinity Rail, LLC	1,767	2.7%	-	-
Eastman Chemical	1,549	2.3%	-	0.0%
Longview ISD	1,312	2.0%	-	0.0%
Wal-Mart	1,187	1.8%	-	0.0%
Joy Global	1,026	1.5%	-	0.0%
Longview Regional Medical Center	875	1.3%	-	0.0%
City of Longview	835	1.3%	-	0.0%
Pine Tree ISD	678	1.0%	-	-
Diagnostic Clinic of Longview	655	1.0%	-	0.0%
Total	13,384	20.2%	-	0.0%

Sources: Longview Economic Development Corporation;

Notes: Percentage of total County employment based on County employment of 66,237
Information for 9 years prior was not available

GREGG COUNTY, TEXAS

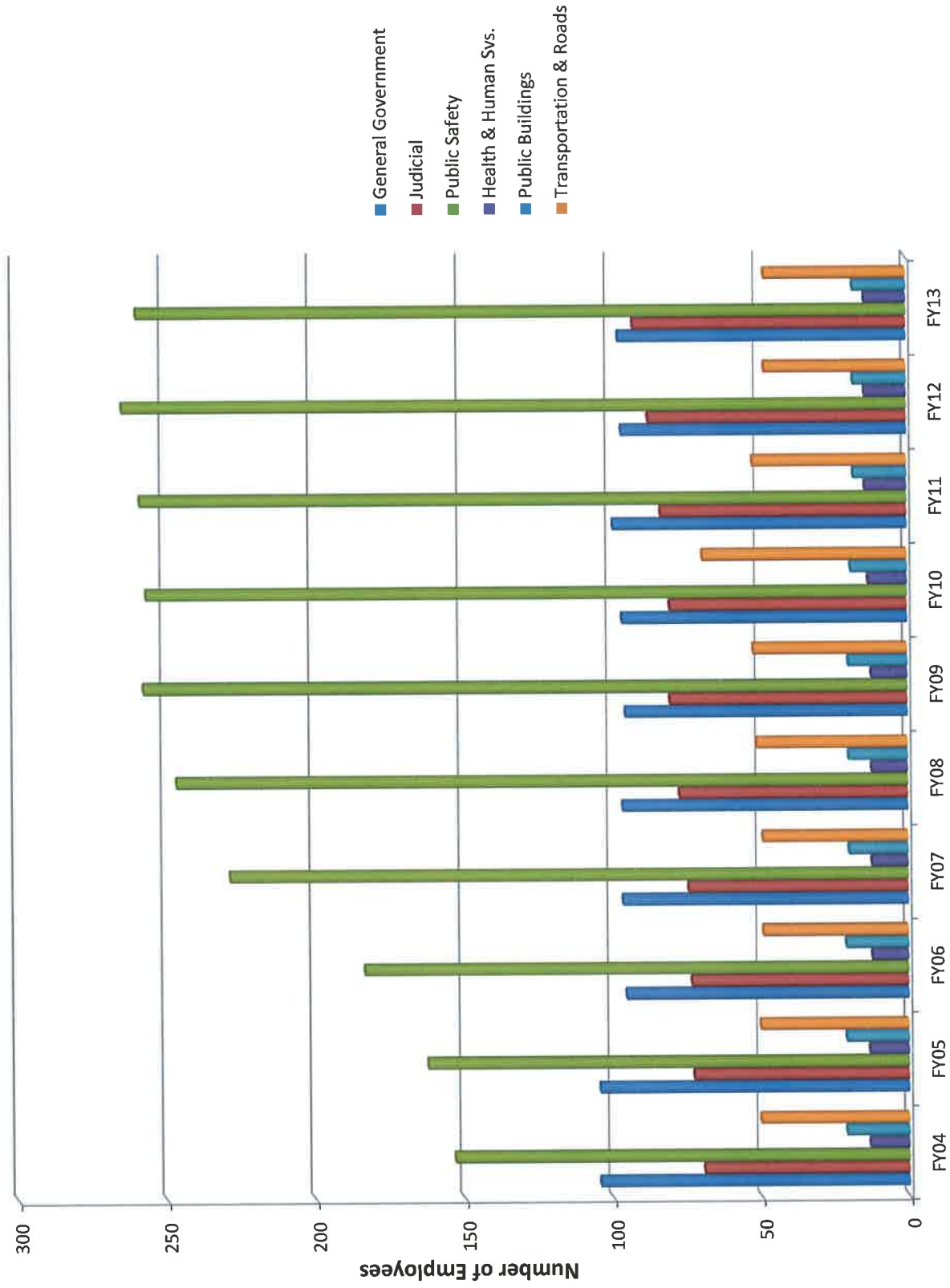
Table 5.1 COUNTY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

SEPTEMBER 30, 2013

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	104	104	95	96	96	95	96	99	96	97
Judicial	69	72	73	74	77	80	80	83	87	92
Public safety	153	162	183	228	246	257	256	258	264	259
Health and Human Services	13	13	12	12	12	12	13	14	14	14
Public buildings	21	21	21	20	20	20	19	18	18	18
Transportation and roads	50	50	49	49	51	52	69	52	48	48
Totals	<u>410</u>	<u>422</u>	<u>433</u>	<u>479</u>	<u>502</u>	<u>516</u>	<u>533</u>	<u>524</u>	<u>527</u>	<u>528</u>

County Employees by Function



GREGG COUNTY, TEXAS

Table 5.2 OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2013

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
County Finance										
Accounts Payable Checks Processed	8,747	8,577	8,875	9,552	9,627	10,560	8,321	7,845	8,409	8,789
Tax Office (1)										
Motor vehicle registrations	119,500	119,488	125,254	131,438	128,732	128,189	127,751	129,604	133,481	133,761
Motor vehicle titles issued	42,803	43,395	44,968	47,734	47,626	39,293	39,992	45,622	49,178	49,411
Elections Office										
Registered Voters	75,954	73,544	70,349	73,680	71,799	67,977	68,612	64,458	66,464	65,680
Number of Elections Held	8	3	6	3	13	7	13	5	11	10
Judicial										
District Court level										
Civil cases filed	4,327	5,253	4,646	3,984	3,838	3,583	4,076	3,319	3,064	3,417
Criminal cases filed	1,392	1,587	1,749	1,364	1,467	1,604	1,751	1,304	1,266	1,389
County Court level										
Civil cases filed	-	-	-	-	-	-	-	-	-	-
Probate/Mental Health cases filed	505	524	466	530	488	449	528	591	629	525
Criminal cases filed	-	-	-	-	-	-	-	-	-	-
Statutory County Court level (2)										
Civil cases filed	747	690	656	611	564	469	413	1,181	1,174	1,180
Criminal cases filed	6,665	6,216	6,349	6,131	5,631	5,168	4,895	4,328	4,005	4,129
Law Enforcement/Corrections (3)										
Jail facilities										
Jail Book-ins	11,071	11,449	10,896	12,492	12,125	11,320	10,519	10,556	10,696	10,282
Law Enforcement										
Warrants executed	4,615	5,065	5,543	5,157	3,417	3,041	4,358	4,462	4,340	5,770
Civil process served	7,798	8,775	4,795	4,142	5,222	5,341	4,853	4,585	4,165	3,523
Health & Human Services										
Patients seen by Doctor	1,140	1,196	1,115	1,193	836	847	769	841	757	646
Patients seen by Nurse	1,352	1,236	1,633	1,688	1,583	2,584	2,266	2,501	2,848	2,354
Immunizations	11,298	11,157	12,637	13,301	6,346	7,781	7,142	11,158	7,504	5,440
Welfare Applicants	8,699	1,977	1,348	1,302	1,277	1,686	1,359	1,444	1,377	1,004
Transportation & Roads										
Miles of County Roads	n/a	n/a	n/a	279	279	281	281	281	281	281

Sources: County departmental and court statistical reports for state and local reporting requirements

- (1) Tax Office data based on State Fiscal year
- (2) Change in Texas OCA reporting requirements
- (3) Law Enforcement data based on calendar year

GREGG COUNTY, TEXAS

Table 5.3 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

SEPTEMBER 30, 2013

FUNCTION/PROGRAM	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Vehicles	5	6	6	5	7	6	6	6	6	10
Judicial										
Vehicles	0	0	0	0	2	2	3	3	3	4
Video/sound system	1	1	1	1	1	2	2	2	2	2
Law enforcement/corrections										
Vehicles	42	50	60	47	57	73	77	91	93	99
Transportation and roads										
Road and bridge vehicles	29	27	30	30	28	33	34	34	36	29
Road and bridge equipment	125	118	125	114	113	120	113	113	116	111
Public buildings										
Vehicles	4	6	5	4	5	4	4	4	4	4
Health and human services										
Vehicles	4	3	3	3	3	3	2	2	2	2

GREGG COUNTY, TEXAS

Table 5.4 SCHEDULE OF INSURANCE

SEPTEMBER 30, 2013
(UNAUDITED)

Insuring Company	Type of Coverage	Policy From	Policy To	Summary of Coverage	Liability Limits
Texas Public Entity Group Agent: Rooker Downing & Booth	Property	10/01/12	10/01/13	Buildings Personal Property Valuable Papers Contractors Equipment Flood Earth Movement	\$ 85,055,483 50,000 250,000 250,000 160,000 160,000
Texas Public Entity Group Agent: Rooker Downing & Booth	Commerical Crime	10/01/12	10/01/13	Employee Theft - per loss Computer Fraud Funds Transfer Fraud Forgery	600,000 600,000 600,000 25,000
Texas Public Entity Group Agent: Rooker Downing & Booth	Auto	10/01/12	10/01/13	Liability Comprehensive Collision	1,000,000 Actual cash value or cost of repair (lessor of) Actual cash value or cost of repair (lessor of)
Texas Public Entity Group Agent: Rooker Downing & Booth	Cyber Theft	10/01/12	10/01/13	General Aggregate Crisis Management Security Breach Notification	1,000,000 50,000 50,000
Texas Public Entity Group Agent: Rooker Downing & Booth	General Liability	10/01/12	10/01/13	General Aggregate	400,000
Tac Risk Management Pool	Public Officials Liability	10/01/12	10/01/13	Aggregate	2,000,000
JamisonPro	State Judges Professional Liability	01/01/13	01/01/14	Damages / Claims Exp.	1,000,000
Tac Risk Management Pool	Law Enforcement Liability	10/01/12	10/01/13	Aggregate	2,000,000
Evanston Insurance Company Agent: Rooker Downing & Booth	Gregg Co. Jail/Medical Services	12/15/12	12/15/13	Liability	1,000,000
Admiral Insurance Company Agent: Rooker Downing & Booth	Health Department	10/01/12	10/01/13	Aggregate	1,000,000
Old Republic Insurance Company Agent: Rooker Downing & Booth	East Texas Regional Airport	10/01/12	10/01/13	Products Personal Injury Malpractice Hangar keepers Fire Damage	5,000,000 5,000,000 5,000,000 5,000,000 50,000
Federal Insurance Company	Employee Benefit Plan	10/01/12	10/01/13	Liability / each loss	1,000,000
Nautilus Insurance Company	Storage Tank Systems	08/04/13	08/04/14	Clean up costs, Third Party Liability, Property damage Liability	1,000,000

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gregg County, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Gregg County, Texas' basic financial statements, and have issued our report thereon dated March 31, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gregg County, Texas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

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

Waco, Texas
March 31, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the Gregg County, Texas' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Gregg County, Texas' (the "County") major federal programs for the year ended September 30, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit 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 that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Patillo Brown & Hill, L.L.P.

Waco, Texas
March 31, 2014

GREGG COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Pass-through Grantor's Number</u>	<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
	<u>U. S. Department of Justice</u>		
	Direct:		
N/A	DEA Task Force Agreement	16.001	\$ 16,551
	Total Direct		<u>16,551</u>
	Passed through the Criminal Justice Council:		
WF-13-V30-13450-16	Violence Against Women	16.588	6,191
WF-12-V30-13450-15	Violence Against Women	16.588	<u>64,025</u>
	Total Passed through the Criminal Justice Council		<u>70,216</u>
	Passed through the Office of the Governor:		
2012-H5206-TX-AP	State Criminal Alien Assistance Program	16.606	<u>39,515</u>
	Total Passed through the Office of the Governor		<u>39,515</u>
	Total U. S. Department of Justice		<u>126,282</u>
	<u>U. S. Department of Transportation</u>		
	Passed through Federal Aviation Administration:		
3-48-0137-37,38,39	Airport Improvement Program	20.106	<u>2,312,910</u>
	Total Passed through Federal Aviation Administration		<u>2,312,910</u>
	Total U. S. Department of Transportation		<u>2,312,910</u>
	<u>U. S. Department of Health and Human Services</u>		
	Direct:		
MRC 13-0526	Medical Reserve Corps	93.008	<u>4,000</u>
	Total Direct		<u>4,000</u>
	Passed through Texas Department of State Health Services:		
2014-039676-001	Immunization Branch - Locals	93.268	11,747
2013-041508-001	Immunization Branch - Locals	93.268	<u>170,160</u>
	Total Passed through Texas Department of State Health Services		<u>181,907</u>
	Passed through Texas Department of Family and Protective Services:		
23938981	Title IV-E County Legal Services Contract	93.283	<u>40,521</u>
	Total Passed through Texas Department of Family and Protective Services		<u>40,521</u>

GREGG COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Pass-through Grantor's Number</u>	<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
	Passed through Texas Secretary of State:		
N/A	HAVA - Polling Place Accessibility	93.617	5,340
N/A	HAVA - Opportunity for Access	93.617	<u>4,415</u>
	Total Passed through Texas Secretary of State		<u>9,755</u>
	Total U. S. Department of Health and Human Services		<u>236,183</u>
	<u>U. S. Department of Homeland Security</u>		
	Passed through Texas Department of Public Safety:		
11-SR-48183-01	State Homeland Security Grant program	97.067	\$ <u>30,225</u>
	Total Passed through the Texas Department of Public Safety		<u>30,225</u>
	Passed through Transportation Security Administration:		
HSTS0213HSLR255	TSA-OSSA-LEO Reimbursement Program	97.090	<u>21,900</u>
	Total Passed through Transportation Security Administration		<u>21,900</u>
	Total U. S. Department of Homeland Security		<u>52,125</u>
	Total Federal Awards		\$ <u>2,727,500</u>

GREGG COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SEPTEMBER 30, 2013

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, 2013

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	None
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Identification of major programs:

CFDA Number(s) #20.106	Name of Federal Program or Cluster: Airport Improvement Program
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Dollar threshold used to distinguish between type A and type B programs	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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**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, 2013

None