



# **GREGG COUNTY, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2014**



# **GREGG COUNTY, TEXAS**

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**FOR THE YEAR ENDED  
SEPTEMBER 30, 2014**

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

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# GREGG COUNTY, TEXAS

## TABLE OF CONTENTS

SEPTEMBER 30, 2014

**Page  
Number**

### **INTRODUCTORY SECTION**

Letter of Transmittal.....	i – iv
GFOA Certificate of Achievement .....	v
Organizational Chart.....	vi
Principal County Officials.....	vii

### **FINANCIAL SECTION**

Independent Auditors' Report.....	1 – 3
Management's Discussion and Analysis .....	4 – 13
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets.....	14
Statement of Activities .....	15 – 16
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	17 – 18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	20 – 21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22

# GREGG COUNTY, TEXAS

## TABLE OF CONTENTS (Continued) SEPTEMBER 30, 2014

**Page  
Number**

**FINANCIAL SECTION** (Continued)

Fund Financial Statements (Continued)

Statement of Net Position – Proprietary Fund .....	23
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund .....	24
Statement of Cash Flows – Proprietary Fund .....	25
Statement of Fiduciary Net Position – Agency Funds .....	26

Notes to Financial Statements .....	27 – 40
-------------------------------------	---------

Required Supplementary Information

Schedule of Funding Progress for Employee Retirement System .....	41
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	42 – 57
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge Fund .....	58 – 60
Notes to the Required Supplementary Information .....	61

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet .....	62 – 63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	64 – 65

Budgetary Comparison Schedules

Capital Improvements .....	66
Airport Improvements .....	67
Airport .....	68
Law Enforcement .....	69
Court Technology and Security .....	70
Records Management and Preservation .....	71
Voting and Elections .....	72
Law Library .....	73
Health Care .....	74

# GREGG COUNTY, TEXAS

## TABLE OF CONTENTS (Continued) SEPTEMBER 30, 2014

**Page  
Number**

Internal Service Funds

Combining Statement of Net Position .....	75
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position.....	76
Combining Statement of Cash Flows .....	77

Agency Funds

Combining Statement of Fiduciary Net Position.....	78 – 79
Combining Statement of Changes in Assets and Liabilities.....	80 – 81

**Table      Page  
Number**

**STATISTICAL SECTION**

Net Position by Component.....	1.1	82 – 83
Changes in Net Position .....	1.2	84 – 85
Fund Balances of Governmental Funds.....	1.3	86 – 89
Change in Fund Balances of Governmental Funds .....	1.4	90 – 91
Assessed Value and Estimated Taxable Value of Property .....	2.1	92
Property Tax Rates – Direct and Overlapping Governments.....	2.2	93
Principal Taxpayers .....	2.3	94 – 95
Property Tax Levies and Collections .....	2.4	96
Government Revenue by Source .....	2.5	97

# GREGG COUNTY, TEXAS

## TABLE OF CONTENTS (Continued) SEPTEMBER 30, 2014

	<u>Table</u>	<u>Page Number</u>
<b>STATISTICAL SECTION (Continued)</b>		
Ratios of Outstanding Debt by Type.....	3.1	98
Ratios of General Bonded Debt Outstanding .....	3.2	99
Direct and Overlapping Governmental Activities Debt .....	3.3	100
Legal Debt Margin Information .....	3.4	101 – 102
Demographic and Economic Statistics.....	4.1	103
Principal Employers.....	4.2	104
County Employees by Function.....	5.1	105 – 106
Operating Indicators by Function/Program.....	5.2	107
Capital Asset Statistics by Function/Program .....	5.3	108
Schedule of Insurance.....	5.4	109
<b>COMPLIANCE SECTION</b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....		110 – 111
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....		112 – 113
Schedule of Expenditures of Federal Awards .....		114 – 115
Notes to Schedule of Expenditures of Federal Awards.....		116
Schedule of Findings and Questioned Costs .....		117 – 118
Summary Schedule of Prior Audit Findings.....		119



# **INTRODUCTORY SECTION**

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March 31, 2015

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, 2014. 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 Pattillo, 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, 2014, 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 principles 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. All transfers

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. All transfers of appropriations, other than interdepartmental operating category transfers, require Commissioners' Court approval.

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 awards, findings and questioned costs, and independent auditors' 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, 2014, 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 effect 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 FY14 budget increased slightly from \$8.55 billion to \$8.67 billion.

The most recent population estimate is 125,185. Median household income, 2009-2013 is \$45,525. Housing units for 2013 were 50,602 compared with 50,208 in 2012. Homeownership rate, 2009-2013 is 62.4%. The median value of owner-occupied housing units for the same time period is \$121,300. The December, 2014 unemployment rate of 3.5% compared favorably with the 4.6% statewide rate, and with the 5.6% 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 adopted at the categorical level for operating expenditures. In addition, the budget is 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, 2013. This was the second 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.

In 2014, Gregg County has been awarded the Leadership Circle "Platinum" Award by the Texas Comptroller of Public Accounts, their newest and highest level of transparency. The Leadership Circle recognizes local governments across Texas that are striving to meet a high standard for financial transparency online by opening their books to the public; providing a clear, consistent picture of spending; and sharing information in a user-friendly format. The new "Platinum" award recognizes local governments that go above and beyond providing financial transparency.

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

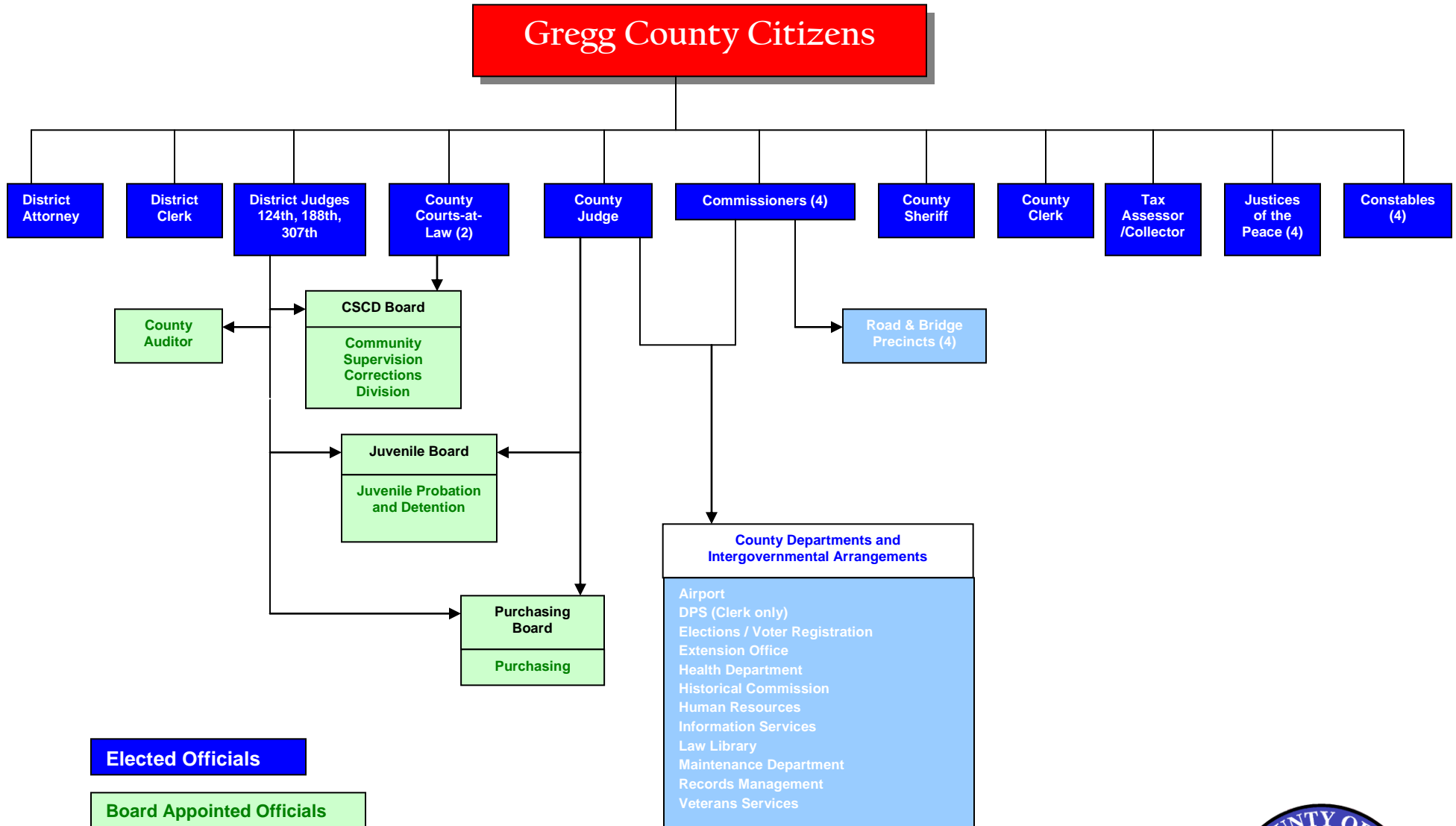
**Gregg County  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

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, 2014**

**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  
Talyna Carlson  
James Mathis**

**Judge, 188<sup>th</sup> District Court  
Judge, 124<sup>th</sup> District Court  
Judge, 307<sup>th</sup> 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  
Kelli Davis**

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

**Other County Officials**

**Michael Conner  
DeeLee Smith  
Linda Bailey  
Kathryn Nealy  
Roy Miller  
Lewis Browne  
Rita Fyffe  
Derold Miller  
Harry McMahon**

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

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# **FINANCIAL SECTION**

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P A T T I L L O , B R O W N & H I L L , L . L . P .  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## 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, 2014, 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, 2014, 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, Schedule of Funding Progress for the Participation in Texas County and District Retirement System and budgetary comparison information on pages 4–13, 41 and 42–61 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 schedules, 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 schedules 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 schedules 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, 2015, 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, 2015

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## 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, 2014. 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 2014 by \$136,654,102 (*net position*). Of this amount, \$62,949,183 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net position increased by \$3,115,060 or 2% primarily due to net change in fund balances.
- As of September 30, 2014, Gregg County's governmental funds reported combined ending fund balances of \$71,192,824, an increase of \$2,534,144 or 4% in comparison with the prior year. \$34,676,637 (49%) is *available for spending* at the government's discretion (*unassigned fund balance*). \$18,794,750 (26%) is fund balance assigned for capital projects, transportation and road improvements, public safety and other projects.
- At the end of fiscal year 2014, total unassigned fund balance for the General Fund was \$34,676,637 or 88% of total General Fund expenditures, compared to \$38,422,086 or 89% in 2013 and \$32,672,039 or 95% in 2012.
- Total revenue for the governmental activities increased 0.6% mostly due to an increase in property tax revenue and capital grants and contribution revenue.
- Total expenses for the government decreased by \$4,261,928 or 8%. The program to have the largest decrease in expenses was Transportation and Roads at \$5,225,632 or 40%. This was mostly due to the completion of a large infrastructure assistance project with TxDOT for FM2275 in FY 2013. This decrease were offset by an increase in expenses in Public Safety of \$1,058,922 or 7%.

### 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 business-type activities for the Longview Community Center Fund.

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:** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. 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 \$136,654,102 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 43% 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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 83,187,747	\$ 79,110,372	\$ ( 70,881)	\$ 12,471	\$ 83,116,866	\$ 79,122,843
Capital assets	58,218,734	58,850,246	490,770	298,645	58,709,504	59,148,891
Total assets	<u>141,406,481</u>	<u>137,960,618</u>	<u>419,889</u>	<u>311,116</u>	<u>141,826,370</u>	<u>138,271,734</u>
Long-term liabilities	764,877	735,569	-	-	764,877	735,569
Other liabilities	4,384,415	3,978,527	22,976	18,596	4,407,391	3,997,123
Total liabilities	<u>5,149,292</u>	<u>4,714,096</u>	<u>22,976</u>	<u>18,596</u>	<u>5,172,268</u>	<u>4,732,692</u>
Net position:						
Net investment in capital assets	58,218,734	58,814,064	490,770	298,645	58,709,504	59,112,709
Restricted	14,995,415	12,568,863	-	-	14,995,415	12,568,863
Unrestricted	<u>63,043,040</u>	<u>61,863,595</u>	<u>( 93,857)</u>	<u>( 6,125)</u>	<u>62,949,183</u>	<u>61,857,470</u>
Total net position	\$ <u>136,257,189</u>	\$ <u>133,246,522</u>	\$ <u>396,913</u>	\$ <u>292,520</u>	\$ <u>136,654,102</u>	\$ <u>133,539,042</u>

An additional portion of Gregg County’s net position (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$62,949,183 (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.

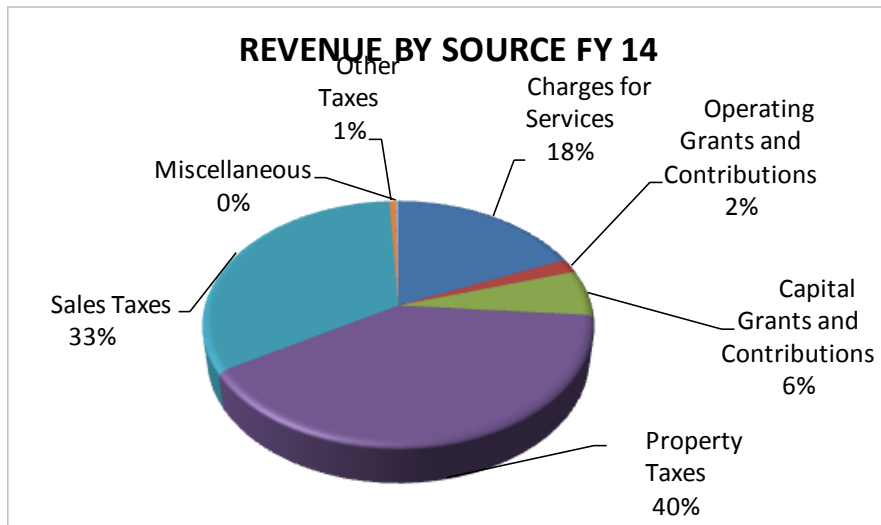
**Governmental Activities:** Governmental activities increased Gregg County’s net position by \$3,010,667 for a 2.3% increase of the total net position of Gregg County. As a comparison to the prior year, net position decreased by 0.6% in FY13.

## Gregg County's Changes in Net Position

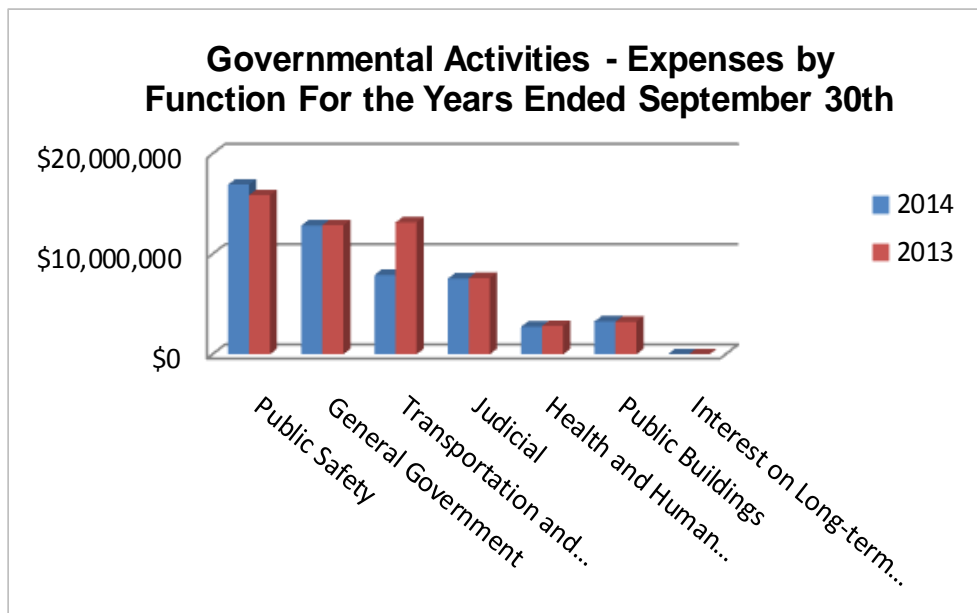
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 10,033,275	\$ 10,233,500	\$ 50,633	\$ 63,738	\$ 10,083,908	\$ 10,297,238
Operating grants and contributions	1,014,974	1,052,759	-	-	1,014,974	1,052,759
Capital grants and contributions	3,274,049	2,312,910	-	-	3,274,049	2,312,910
General revenues:						
Property taxes	21,899,820	21,660,737	-	-	21,899,820	21,660,737
Sales taxes	17,854,086	18,981,037	-	-	17,854,086	18,981,037
Other taxes	325,909	306,982	-	-	325,909	306,982
Investment earnings	130,130	137,628	-	-	130,130	137,628
Miscellaneous	-	155,729	-	-	-	155,729
Total revenues	<u>54,532,243</u>	<u>54,841,282</u>	<u>50,633</u>	<u>63,738</u>	<u>54,582,876</u>	<u>54,905,020</u>
<b>Expenses:</b>						
General government	12,848,089	12,874,594	-	-	12,848,089	12,874,594
Judicial	7,554,982	7,604,265	-	-	7,554,982	7,604,265
Public safety	16,931,848	15,872,926	-	-	16,931,848	15,872,926
Health and human services	2,771,049	2,828,937	-	-	2,771,049	2,828,937
Public buildings	3,273,248	3,244,751	-	-	3,273,248	3,244,751
Transportation and roads	7,929,120	13,154,752	-	-	7,929,120	13,154,752
Interest on long-term debt	74	590	-	-	74	590
Longview						
Community Center	-	-	159,406	148,929	159,406	148,929
Total expenses	<u>51,308,410</u>	<u>55,580,815</u>	<u>159,406</u>	<u>148,929</u>	<u>51,467,816</u>	<u>55,729,744</u>
<b>Increases in net position before transfers</b>						
	3,223,833	( 739,533)	( 108,773)	( 85,191)	3,115,060	( 824,724)
<b>Transfers</b>						
	( 213,166)	( 15,000)	213,166	15,000	-	-
<b>Change in net position</b>						
	3,010,667	( 754,533)	104,393	( 70,191)	3,115,060	( 824,724)
<b>Net position, beginning</b>						
	<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>
<b>Net position, ending</b>						
	<u>\$ 136,257,189</u>	<u>\$ 133,246,522</u>	<u>\$ 396,913</u>	<u>\$ 292,520</u>	<u>\$ 136,654,102</u>	<u>\$ 133,539,042</u>

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

Function/Program	Net Cost of Services	
	2014	2013
General Government	\$( 6,650,607)	\$( 7,649,142)
Judicial	( 5,408,417)	( 5,611,226)
Public Safety	( 15,540,449)	( 14,504,961)
Health and Human Services	( 2,362,887)	( 2,357,257)
Public Buildings	( 1,154,379)	( 564,153)
Transportation and Roads	( 5,869,299)	( 11,294,317)
Interest on long-term debt	( 74)	( 590)
<b>Total</b>	<b>\$( 36,986,112)</b>	<b>\$( 41,981,646)</b>



Comparison of government-wide expenses by function. Total expenses decreased 8%.



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

- Program revenues for the governmental activities of \$14,322,298 equaled 28% of total governmental activities expenses of \$51,308,410. As expected, general revenues of \$40,209,945 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 33% of the expenses are for Public Safety (\$16,931,848) reflecting the continuing demands on law enforcement. This program provided 3% (\$1,391,399) of the total governmental activities revenues for the year.
- The next largest category of expenses for governmental activities is General Government which equals \$12,848,089 or 25% of total expenses. General Government provided 11% or \$6,197,482 of the government total revenue.

- Transportation and Roads accounted for \$7,929,120 or 15% of the governmental activities expenses while this category provided 4% or \$2,059,821 of total government revenue.
- Judicial expenses for the government for the year accounted for 15% or \$7,554,982 of the expenditures while this category provided for 4% or \$2,146,565 of the governmental activities revenue.
- Capital Grant Revenues and Contributions comprised 6% of total governmental activities 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:**

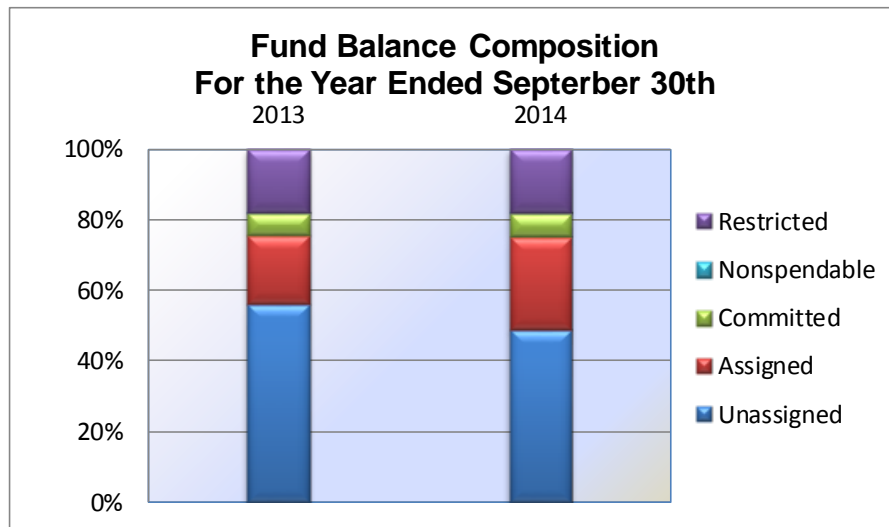
Operations of the historic Longview Community Center reverted back to Gregg County in 2012 from the Federated Women Clubs and are accounted for as business-type activity.

Business-type activities resulted in a 0.1% increase or \$104,393 of the County total net position and accounts for 0.3% of the total primary government's net position. Last year business activities accounted for 0.2% 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 2014, Gregg County's *governmental funds* reported combined ending fund balances of \$71,192,824, an increase of \$2,534,144 (4%) in comparison with the prior year. "Unassigned" fund balance accounts for 49% or \$34,676,637 of the total. An additional \$18,794,750 (26%) is "Assigned" fund balance and is constituted mostly of CIP funds. "Committed" fund balance total is \$4,569,024 or 6% of total fund balance and would require a Commissioner's Court order to use for any other purpose. \$13,011,870 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 (\$133,327); and 2) for prepaid expenditures (\$7,216).



## **General Fund**

The General Fund is the chief operating fund of Gregg County. At the end of fiscal year 2014, the General Fund had an ending fund balance of \$35,718,102 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 \$34,676,637 represents 88% of total General Fund expenditures.

The General Fund balance decreased by \$3,536,258 (9%) 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, \$193,277 from the prior year. Values rose from \$8.53 billion to \$8.55 billion.
- Sales Tax revenues increased \$1,152,187 (6.8%) compared to FY13 collections.
- Actual total expenditures were \$2,900,303 (7%) under final budget appropriations.
- Total General Fund revenues decreased by \$1,142,549, or 2.7% compared to a 4.5% increase last year and this can be attributed mostly to a decrease in sales tax revenue.
- Other financing sources included \$1,850,000 received from transfers from other funds primarily to fund the capital projects.
- Total General Fund expenditures decreased \$3,840,160 or 9% compared to a 24.0% increase last year. The largest expenditure decrease \$4,495,000 was due to the completion of partnerships with TxDOT for highway improvements to US259 at Synergy Drive, FM2275 and SH 42. This is offset mostly due to the total Public Safety expenditure increase of \$813,297.
- Differences between the original budget and the final amended budget can be briefly summarized as follows:
  - An increase of \$128,453 in expenditure appropriations, although actual expenditures were \$2,771,850 under the original budget appropriations.

## **Road and Bridge Fund**

- The Road and Bridge Fund had an ending fund balance of \$6,186,296, an increase of \$580,025 (10%) and can be attributed to actual expenditures being \$471,029 less than anticipated. Of the ending fund balance, \$128,302 or 2% is nonspendable for inventories and \$115,938, or 2%, is assigned for road and bridge projects. The remaining balance \$5,942,056 or 96% is restricted for use on road and bridge projects.
- Total FY14 Road and Bridge expenditures decreased by \$28,049 or 1%.
- Other financing sources included \$109,027 received from the General Fund mostly to fund non Road and Bridge projects and \$112,265 from the Capital Improvement Fund for the emergency repair of the Old 135 Bridge. Revenues were \$34,504 above the final budgeted amount.
- Final expenditures were \$471,029 under the final budget appropriations.
- Differences between the original budget and the final amended budget can be briefly summarized as follows:
  - An increase of \$141,413 in expenditure appropriations.

### **Airport and Airport Improvement Funds**

- Major Construction in Progress at the Airport include the following:
  - Continuing Terminal Improvements Construction
  - Continuing Airport Perimeter Road Construction Phase 1, 2 and 3
- Other financing sources included \$271,694 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:

- Longview Community Center Phase 1
- Juvenile Building Renovations
- Courthouse Chiller Replacements

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

- Juvenile Building Roof Replacement
- North Jail Building Roof Replacement
- Countywide ADA Compliance Upgrades
- Additional 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; 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, 2014, Gregg County's investment in capital assets amounts to \$58,702,506 (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	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,301,800	\$ 1,301,800	\$ 19,240	\$ 19,240	\$ 1,321,040	\$ 1,321,040
Construction in progress	6,652,952	2,833,132	-	10,679	6,652,952	2,843,811
Buildings and improvements	18,907,299	19,910,194	471,530	268,726	19,378,829	20,178,920
Machinery and equipment	4,304,218	5,164,208	-	-	4,304,218	5,164,208
Infrastructure	<u>27,045,467</u>	<u>29,640,912</u>	<u>-</u>	<u>-</u>	<u>27,045,467</u>	<u>29,640,912</u>
Total	<u>\$ 58,211,736</u>	<u>\$ 58,850,246</u>	<u>\$ 490,770</u>	<u>\$ 298,645</u>	<u>\$ 58,702,506</u>	<u>\$ 59,148,891</u>

Capital Assets purchased during FY14 include the following:

- General Fund purchased 13 Law Enforcement vehicles (\$330,707) and a Data Compression Appliance (\$19,073).
- Road & Bridge Fund capital equipment purchased or built during the year include the following: Traffic sign making machine (\$11,735) and a Tire Shredder (\$7,700), an additional Mosquito Sprayer (\$6,200) and one Crew Cab Truck (\$26,655). Additionally, a Brush Truck was purchased (\$136,200).

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 \$764,877 all of which are an accrual for compensated absences of \$764,877 (100%).

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 FY15, 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 \$8.55 billion in the prior year to \$8.66 billion in FY15. Additionally, Gregg County continues to maintain a lower unemployment rate when compared with the state and national averages.
- Sales tax revenue is expected to remain flat.

- There is no plan to issue debt in the FY15 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 FY15 budget was .2625 per \$100 valuation, the same as the prior year. This rate will adequately fund the FY15 budget.
- Budgeted revenue government wide for FY15 is \$51,566,422 and the budgeted expenditures are \$61,214,727. Additionally, other financing sources are budgeted at \$13,749,181 and other financing uses are budgeted at \$13,892,931. Transfers consist mainly of transfers for large capital projects.
- Major capital improvements budgeted for FY15 include continued renovations at the Longview Community Building, ADA Compliance Projects, CCL#1 Renovation, and Capital Energy Upgrades to the Courthouse that will span a two year period. Airport infrastructure improvements are the completion of the construction of the Terminal Expansion and Remodel and continuing work on Perimeter Road Phase II & III. Additionally, work on Taxiway Mike will commence. The initiation of safety improvements at the Tryon Road/Hawkins parkway intersection were adopted in the budget also.
- Additional capital equipment expenditures approved in the FY15 budget are the purchase of 25 multiband portable radios and 20 bullet proof vests for Law Enforcement, and appliance upgrades in the Jail and a replacement for the Jail Control System. Three Dump Trucks are budgeted for the Road and Bridge Precincts along with the purchase of a Drott Excavator, Asphalt Roller and a Crew Cab pickup.
- The FY15 adopted budget includes a reclassification of capital equipment and capital road and bridge projects from the Operating Funds to the Capital Projects Fund for clear presentation and budgeting of operating expenditures vs capital expenditures.
- Other planned projects include the re-budget for 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.
- The FY15 continues to look at the feasibility of easing the parking shortage for the public conducting business at the courthouse and options available.
- Revenue from interest is expected to remain flat.

## **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](http://www.co.gregg.tx.us).

**BASIC  
FINANCIAL STATEMENTS**

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**GREGG COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2014**

	Primary Government			Child Welfare
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 14,287,851	\$ -	\$ 14,287,851	\$ 210,759
Investments	58,691,651	-	58,691,651	49,985
Receivables (net of allowances for uncollectibles)				
Taxes	500,458	-	500,458	-
Accounts	4,690,190	771	4,690,961	-
Interest	95,922	-	95,922	23
Internal balances	71,652	( 71,652)	-	-
Due from other governments	4,689,912	-	4,689,912	-
Inventory	152,895	-	152,895	-
Prepaid expenses	7,216	-	7,216	-
Capital assets (net of accumulated depreciation)				
Land	1,301,800	19,240	1,321,040	-
Construction in progress	6,652,952	-	6,652,952	-
Buildings and improvements	42,204,872	699,404	42,904,276	-
Equipment	18,531,174	-	18,531,174	-
Infrastructure	76,206,151	-	76,206,151	-
Less: accumulated depreciation	( 86,678,215)	( 227,874)	( 86,906,089)	-
Total capital assets	<u>58,218,734</u>	<u>490,770</u>	<u>58,709,504</u>	<u>-</u>
Total assets	<u>141,406,481</u>	<u>419,889</u>	<u>141,826,370</u>	<u>260,767</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	2,323,285	17,232	2,340,517	5,443
Due to other governments	40,780	-	40,780	-
Accrued liabilities	2,020,350	5,744	2,026,094	-
Retainage payable	-	-	-	-
Noncurrent liabilities:				
Due within one year	570,576	-	570,576	-
Due within more than one year	194,301	-	194,301	-
Total liabilities	<u>5,149,292</u>	<u>22,976</u>	<u>5,172,268</u>	<u>5,443</u>
<b>NET POSITION</b>				
Net investment in capital assets	58,218,734	490,770	58,709,504	-
Restricted for:				
Archive restoration	506,979	-	506,979	-
Transportation and roads	7,664,128	-	7,664,128	-
Public safety operations	561,196	-	561,196	-
Bail bond board operations	34,820	-	34,820	-
Judicial operations	164,282	-	164,282	-
Airport improvements	203,040	-	203,040	-
Court technology and security	313,465	-	313,465	-
Records management and preservation	919,572	-	919,572	-
Voting and elections	23,195	-	23,195	-
Health and human services operations	29,250	-	29,250	-
Vehicle inventory tax administration	1,589	-	1,589	-
Permanent improvements	4,573,899	-	4,573,899	-
Unrestricted	<u>63,043,040</u>	<u>( 93,857)</u>	<u>62,949,183</u>	<u>255,324</u>
Total net position	<u>\$ 136,257,189</u>	<u>\$ 396,913</u>	<u>\$ 136,654,102</u>	<u>\$ 255,324</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, 2014**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 12,848,089	\$ 2,825,010	\$ 98,423	\$ 3,274,049
Judicial	7,554,982	1,630,996	515,569	-
Public safety	16,931,848	1,239,998	151,401	-
Health and human services	2,771,049	178,194	229,968	-
Public buildings	3,273,248	2,118,869	-	-
Transportation and roads	7,929,120	2,040,208	19,613	-
Interest on long-term debt	74	-	-	-
Total governmental activities	<u>51,308,410</u>	<u>10,033,275</u>	<u>1,014,974</u>	<u>3,274,049</u>
Business-type activities:				
Longview community center	159,406	50,633	-	-
Total business-type activities	<u>159,406</u>	<u>50,633</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 51,467,816</u>	<u>\$ 10,083,908</u>	<u>\$ 1,014,974</u>	<u>\$ 3,274,049</u>
Component unit:				
Child Welfare Board	\$ 71,919	\$ 23,188	\$ 85,000	\$ -
Total component unit	<u>\$ 71,919</u>	<u>\$ 23,188</u>	<u>\$ 85,000</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Alcoholic beverage taxes				
Other taxes				
Unrestricted investment earnings				
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			
Governmental Activities	Business-type Activities	Total	Governmental Activities
\$( 6,650,607)	\$ -	\$( 6,650,607)	\$ -
( 5,408,417)	-	( 5,408,417)	-
( 15,540,449)	-	( 15,540,449)	-
( 2,362,887)	-	( 2,362,887)	-
( 1,154,379)	-	( 1,154,379)	-
( 5,869,299)	-	( 5,869,299)	-
( 74)	-	( 74)	-
<u>( 36,986,112)</u>	<u>-</u>	<u>( 36,986,112)</u>	<u>-</u>
<u>-</u>	<u>( 108,773)</u>	<u>( 108,773)</u>	<u>-</u>
<u>-</u>	<u>( 108,773)</u>	<u>( 108,773)</u>	<u>-</u>
<u>\$( 36,986,112)</u>	<u>\$( 108,773)</u>	<u>\$( 37,094,885)</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>36,269</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>36,269</u>
21,899,820	-	21,899,820	-
17,854,086	-	17,854,086	-
234,572	-	234,572	-
91,337	-	91,337	-
130,130	-	130,130	84
<u>( 213,166)</u>	<u>213,166</u>	<u>-</u>	<u>-</u>
<u>39,996,779</u>	<u>213,166</u>	<u>40,209,945</u>	<u>84</u>
3,010,667	104,393	3,115,060	36,353
<u>133,246,522</u>	<u>292,520</u>	<u>133,539,042</u>	<u>218,971</u>
<u>\$ 136,257,189</u>	<u>\$ 396,913</u>	<u>\$ 136,654,102</u>	<u>\$ 255,324</u>

**GREGG COUNTY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2014**

	<u>General</u>	<u>Road and Bridge</u>	<u>Capital Improvement</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,367,370	\$ 405,531	\$ 6,157,232
Investments	29,850,876	5,872,776	16,735,747
Receivables (net of allowance for uncollectibles)			
Accounts	2,676,213	1,711,033	324
Taxes	361,665	71,494	24,784
Interest	53,460	2,438	30,665
Due from other funds	498,188	-	-
Due from other governments	2,865,352	3,262	-
Inventories	-	128,302	-
Prepaid expenditures	7,216	-	-
Total assets	<u>\$ 40,680,340</u>	<u>\$ 8,194,836</u>	<u>\$ 22,948,752</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 742,054	\$ 111,331	\$ 148,017
Due to other governments	33,684	1,370	-
Accrued liabilities	1,455,788	189,162	-
Due to other funds	-	-	-
Total liabilities	<u>2,231,526</u>	<u>301,863</u>	<u>148,017</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	<u>2,730,712</u>	<u>1,706,677</u>	<u>20,263</u>
Total deferred inflows of resources	<u>2,730,712</u>	<u>1,706,677</u>	<u>20,263</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid expenditures	7,216	-	-
Inventories	-	128,302	-
Restricted for:			
Archive restoration	506,979	-	-
Transportation and road improvements	19,507	5,942,056	-
Public Safety operations	-	-	-
Bail bond board operations	34,820	-	-
Judicial operations	-	-	-
Airport improvements	-	-	-
Court technology and security	-	-	-
Records management and preservation	-	-	-
Voting and elections	-	-	-
Health and human services operations	22,533	-	-
Vehicle inventory tax administration	-	-	-
Permanent improvements	-	-	4,552,070
Committed for:			
Airport operations	-	-	-
Donations to healthcare organizations	-	-	-
Assigned for:			
Capital projects	-	-	18,228,402
Transportation and road improvements	391,962	-	-
Public Safety	58,448	-	-
Other Projects	-	115,938	-
Unassigned	<u>34,676,637</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>35,718,102</u>	<u>6,186,296</u>	<u>22,780,472</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 40,680,340</u>	<u>\$ 8,194,836</u>	<u>\$ 22,948,752</u>

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

Airport Improvement	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,469,981	\$ 13,400,114
-	4,036,573	56,495,972
-	250,829	4,638,399
-	42,515	500,458
-	8,751	95,314
-	-	498,188
1,709,001	112,297	4,689,912
-	5,025	133,327
-	-	7,216
<u>\$ 1,709,001</u>	<u>\$ 6,925,971</u>	<u>\$ 80,458,900</u>
\$ 1,207,300	\$ 113,304	\$ 2,322,006
-	5,726	40,780
-	112,942	1,757,892
<u>331,338</u>	<u>95,198</u>	<u>426,536</u>
<u>1,538,638</u>	<u>327,170</u>	<u>4,547,214</u>
-	261,210	4,718,862
<u>-</u>	<u>261,210</u>	<u>4,718,862</u>
-	-	7,216
-	5,025	133,327
-	-	506,979
-	-	5,961,563
-	561,196	561,196
-	-	34,820
-	133,444	133,444
170,363	-	170,363
-	261,571	261,571
-	775,830	775,830
-	23,195	23,195
-	6,717	29,250
-	1,589	1,589
-	-	4,552,070
-	1,759,671	1,759,671
-	2,809,353	2,809,353
-	-	18,228,402
-	-	391,962
-	-	58,448
-	-	115,938
-	-	34,676,637
<u>170,363</u>	<u>6,337,591</u>	<u>71,192,824</u>
<u>\$ 1,709,001</u>	<u>\$ 6,925,971</u>	<u>\$ 80,458,900</u>

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## GREGG COUNTY, TEXAS

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

AS OF SEPTEMBER 30, 2014

Total fund balances - governmental funds balance sheet	\$ 71,192,824
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.	58,184,104
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	408,926
Court fines and fees	4,309,936
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	( 764,877)
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>2,926,276</u>
Net position of governmental activities	\$ <u>136,257,189</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, 2014**

	<u>General</u>	<u>Road and Bridge</u>	<u>Capital Improvement</u>
<b>REVENUES</b>			
Taxes:			
Current property taxes	\$ 15,420,241	\$ 3,029,605	\$ 1,055,570
Delinquent property taxes	418,764	82,779	28,693
Alcoholic beverage tax	234,572	-	-
Bingo tax	91,337	-	-
Sales tax	15,914,111	-	-
Motor vehicle sales tax	1,497,812	442,163	-
Licenses and permits	116,711	1,274,340	-
Intergovernmental	966,153	19,613	-
Charges for services	3,143,790	-	-
Fines and forfeitures	603,982	555,728	-
Investment earnings	64,796	2,647	52,031
Rents and commissions	2,289,259	-	-
Miscellaneous	147,353	5,004	-
Total revenues	<u>40,908,881</u>	<u>5,411,879</u>	<u>1,136,294</u>
<b>EXPENDITURES</b>			
Current:			
General government	8,812,787	-	-
Judicial	7,620,583	-	-
Public safety	15,598,861	-	-
Health and human services	2,431,977	-	-
Public buildings	2,220,231	-	-
Transportation and roads	1,985,000	4,705,923	-
Debt service:			
Principal	2,216	-	-
Interest and fiscal charges	74	-	-
Capital outlay	570,101	349,976	668,476
Total expenditures	<u>39,241,830</u>	<u>5,055,899</u>	<u>668,476</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,667,051</u>	<u>355,980</u>	<u>467,818</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,850,000	221,292	7,000,000
Transfers out	( 7,163,098)	-	( 2,233,959)
Sale of capital assets	61,490	2,753	-
Insurance recoveries	48,299	-	-
Total other financing sources (uses)	<u>( 5,203,309)</u>	<u>224,045</u>	<u>4,766,041</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 3,536,258)	580,025	5,233,859
<b>FUND BALANCES, BEGINNING</b>	<u>39,254,360</u>	<u>5,606,271</u>	<u>17,546,613</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 35,718,102</u>	<u>\$ 6,186,296</u>	<u>\$ 22,780,472</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>
\$ -	\$ 1,810,828	\$ 21,316,244
-	49,225	579,461
-	-	234,572
-	-	91,337
-	-	15,914,111
-	-	1,939,975
-	-	1,391,051
3,274,049	456,564	4,716,379
95,954	435,562	3,675,306
-	78,239	1,237,949
-	9,394	128,868
-	405,151	2,694,410
-	133,050	285,407
<u>3,370,003</u>	<u>3,378,013</u>	<u>54,205,070</u>
-	1,326,760	10,139,547
-	249,591	7,870,174
-	1,183,212	16,782,073
-	347,202	2,779,179
-	-	2,220,231
-	-	6,690,923
-	-	2,216
-	-	74
<u>3,669,115</u>	<u>54,492</u>	<u>5,312,160</u>
<u>3,669,115</u>	<u>3,161,257</u>	<u>51,796,577</u>
( 299,112)	<u>216,756</u>	<u>2,408,493</u>
271,694	104,064	9,447,050
-	( 49,993)	( 9,447,050)
-	-	64,243
-	13,109	61,408
<u>271,694</u>	<u>67,180</u>	<u>125,651</u>
( 27,418)	283,936	2,534,144
<u>197,781</u>	<u>6,053,655</u>	<u>68,658,680</u>
<u>\$ 170,363</u>	<u>\$ 6,337,591</u>	<u>\$ 71,192,824</u>

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## 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, 2014

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)	\$ 2,534,144
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.	5,836,581
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.	( 6,095,895)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	( 373,385)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	601,970
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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal payment on capital leases	2,739
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	( 32,047)
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.	<u>536,560</u>
Change in net position of governmental activities (page 15)	<u>\$ 3,010,667</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, 2014**

	Business-type Activities	Governmental Activities
	Longview Community Center	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ -	\$ 887,737
Investments	-	2,195,679
Interest receivable	-	608
Accounts receivable, net of allowances	771	51,791
Inventory	-	19,568
Total current assets	771	3,155,383
Noncurrent assets:		
Capital assets:		
Land	19,240	-
Buildings and improvements	699,404	-
Equipment	-	49,288
Less: accumulated depreciation	( 227,874)	( 14,658)
Total capital assets	490,770	34,630
Total noncurrent assets	490,770	34,630
Total assets	491,541	3,190,013
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	17,232	1,279
Accrued liabilities	5,744	262,458
Due to other funds	71,652	-
Total current liabilities	94,628	263,737
Total liabilities	94,628	263,737
<b>NET POSITION</b>		
Net investment in capital assets	490,770	34,630
Unrestricted	( 93,857)	2,891,646
Total net position	\$ 396,913	\$ 2,926,276

**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, 2014**

	Business-type Activities	Governmental Activities
	Longview Community Center	Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for services	\$ 50,633	\$ 5,864,916
Total operating revenues	50,633	5,864,916
<b>OPERATING EXPENSES</b>		
Salaries	72,250	26,305
Fringe benefits	24,003	14,161
Operating expenses	42,112	44,537
Insurance consultant	-	22,000
Claim expenses	-	4,625,154
Administrative	-	590,358
Depreciation	21,041	7,103
Total operating expenses	159,406	5,329,618
<b>OPERATING INCOME (LOSS)</b>	( 108,773)	535,298
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest and investment revenue	-	1,262
Total nonoperating revenues (expenses)	-	1,262
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	( 108,773)	536,560
Capital contributions	213,166	-
<b>CHANGES IN NET POSITION</b>	104,393	536,560
<b>TOTAL NET POSITION, BEGINNING</b>	292,520	2,389,716
<b>TOTAL NET POSITION, ENDING</b>	\$ 396,913	\$ 2,926,276

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, 2014**

	Business-type Activities	Governmental Activities
	Longview Community Center	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 50,047	\$ -
Cash receipts from interfund charges for print shop services	-	118,120
Cash receipts from interfund charges for self-insurance services	-	5,886,039
Payments to suppliers for goods and services	( 39,089)	( 5,251,734)
Payments to employees for salaries and benefits	( 23,244)	( 38,759)
Net cash used by operating activities	( 12,286)	713,666
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	-	( 8,290)
Net cash flows provided by capital and related financing activities	-	( 8,290)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturities of investments	-	1,774,000
Purchase of investments	-	( 1,796,000)
Earnings on investments	-	( 763)
Net cash used by investing activities	-	( 22,763)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	( 12,286)	682,613
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	12,286	205,124
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ -	\$ 887,737
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$( 108,773)	\$ 535,298
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	21,041	7,103
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Inventory	-	977
Accounts receivable	( 586)	139,243
Increase (decrease) in liabilities:		
Accounts payable	3,023	( 709)
Accrued liabilities	1,357	31,754
Other liabilities	71,652	-
Net cash used by operations	\$( 12,286)	\$ 713,666
Noncash investing, capital and financing activities:		
Contributions of capital assets	\$ 213,166	\$ -

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, 2014**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ <u>9,022,882</u>
Total assets	\$ <u>9,022,882</u>
<b>LIABILITIES</b>	
Due to others	\$ <u>9,022,882</u>
Total liabilities	\$ <u>9,022,882</u>

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

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# GREGG COUNTY, TEXAS

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

### 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.

### **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 **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 situations where the County's role is strictly custodial in nature. Most of these funds are held for legal reasons. Those reasons vary from funds held in trust for minors, to funds placed in escrow awaiting a decision and order by the presiding court. Additional funds were on hand at year-end for tax collections for other governmental entities for fees collected on their behalf. As a result, all assets reported in an agency fund are offset by a liability to the party or entity on whose behalf the assets are held.

### **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.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, and agency funds have no measurement focus, but utilize the *accrual basis of accounting* for reporting its assets and liabilities. 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 Position 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 58% of the uncollected balance at September 30, 2014.

### **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 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:

<u>Assets</u>	<u>Years</u>
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, 2014, 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 position.

## Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County is currently not reporting any balances of deferred outflows of resources at this time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet, and includes \$408,926 in unavailable revenue for property taxes, and \$4,309,936 in unavailable revenue for court fines and fees.

## **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:

**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.

**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, deferred inflows/outflows 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 are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## **Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

## **E. 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.

### **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.

## **4. DETAILED NOTES ON ALL FUNDS**

### **Deposits and Investments**

The County's investment pool, TexPool, 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 Texas State Comptroller oversees the operations of the investment pool, with a third party managing the daily operations of the pool under contract.

The County invests in TexPool to provide its primary liquidity needs. TexPool is a local government investment pool established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Investment Act, Chapter 2256 of the Code. TexPool is a 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily. The County considers the holdings in these funds to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, short of a significant change in value. The fair value of the County's position in TexPool is the same as the value of the pool's shares.

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.

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, 2014. 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, 2014.

Investment types on September 30, 2014, were direct obligations of the U. S. Government and agency securities, and investment pools. Investments are stated at fair value as obtained from a reputable and independent source.

As of September 30, 2014, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 9,529,126	51
Municipal securities	5,672,274	453
U. S. Agency Securities:		
Federal Home Loan Bank	31,068,155	783
Federal Farm Credit Bank	6,485,790	548
Federal Home Loan Mortgage Corp.	<u>5,986,290</u>	1013
Total U. S. Agency Securities	<u>43,540,235</u>	
Total portfolio	<u>\$ 58,741,635</u>	
Portfolio weighted average maturity (days)		630

*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, 2014, 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, 2014, but the policy does not restrict the concentration of investments with one specific issuer by an explicit amount.

The County's investments as of September 30, 2014, 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
Federal National Mortgage Association	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:

	General	Road and Bridge	Capital Improvement	Airport Improvement	Nonmajor Funds	Longview Community Center	Internal Service	Total
Receivables:								
Taxes	\$ 838,493	\$ 165,908	\$ 57,515	\$ -	\$ 98,660	\$ -	\$ -	\$ 1,160,576
Accounts	6,798,198	2,448,294	324	-	490,708	771	51,791	9,790,086
Interest	53,460	2,438	30,665	-	8,751	-	608	95,922
Due from other governments	<u>2,865,352</u>	<u>3,262</u>	<u>-</u>	<u>1,709,001</u>	<u>112,297</u>	<u>-</u>	<u>-</u>	<u>4,689,912</u>
Gross receivables	10,555,503	2,619,902	88,504	1,709,001	710,416	771	52,399	15,736,496
Less: allowance for uncollectibles	<u>( 4,598,813)</u>	<u>( 831,675)</u>	<u>( 32,731)</u>	<u>-</u>	<u>( 296,024)</u>	<u>-</u>	<u>-</u>	<u>( 5,759,243)</u>
Net total receivables	<u>\$ 5,956,690</u>	<u>\$ 1,788,227</u>	<u>\$ 55,773</u>	<u>\$ 1,709,001</u>	<u>\$ 414,392</u>	<u>\$ 771</u>	<u>\$ 52,399</u>	<u>\$ 9,977,253</u>

## Capital Assets

Capital asset activity for the year ended September 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,301,800	\$ -	\$ -	\$ 1,301,800
Construction in progress	<u>2,833,132</u>	<u>4,368,916</u>	<u>( 549,096)</u>	<u>6,652,952</u>
Total assets not being depreciated	<u>4,134,932</u>	<u>4,368,916</u>	<u>( 549,096)</u>	<u>7,954,752</u>
Capital assets, being depreciated:				
Buildings and improvements	41,975,347	229,525	-	42,204,872
Equipment	18,502,942	591,139	( 562,907)	18,531,174
Infrastructure	<u>75,313,636</u>	<u>892,515</u>	<u>-</u>	<u>76,206,151</u>
Total capital assets being depreciated	<u>135,791,925</u>	<u>1,713,179</u>	<u>( 562,907)</u>	<u>136,942,197</u>
Accumulated depreciation:				
Buildings and improvements	( 22,065,153)	( 1,232,420)	-	( 23,297,573)
Equipment	( 13,338,734)	( 1,382,618)	501,394	( 14,219,958)
Infrastructure	<u>( 45,672,724)</u>	<u>( 3,487,960)</u>	<u>-</u>	<u>( 49,160,684)</u>
Total accumulated depreciation	<u>( 81,076,611)</u>	<u>( 6,102,998)</u>	<u>501,394</u>	<u>( 86,678,215)</u>
Total capital assets being depreciated, net	<u>54,715,314</u>	<u>( 4,389,819)</u>	<u>( 61,513)</u>	<u>50,263,982</u>
Governmental activities capital assets, net	<u>\$ 58,850,246</u>	<u>\$ ( 20,903)</u>	<u>\$ ( 610,609)</u>	<u>\$ 58,218,734</u>

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

Governmental activities:	
General government	\$ 2,632,961
Judicial	6,365
Public safety	355,684
Health and human services	2,411
Public buildings	1,062,889
Transportation and roads	<u>2,042,688</u>
Total depreciation expense - governmental activities	<u>\$ 6,102,998</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 19,240	\$ -	\$ -	\$ 19,240
Construction in progress	10,679	-	(10,679)	-
Total assets not being depreciated	<u>29,919</u>	<u>-</u>	<u>(10,679)</u>	<u>19,240</u>
Capital assets, being depreciated:				
Buildings and improvements	475,559	223,845	-	699,404
Total capital assets being depreciated	<u>475,559</u>	<u>223,845</u>	<u>-</u>	<u>699,404</u>
Accumulated depreciation:				
Buildings and improvements	( 206,833)	( 21,041)	-	( 227,874)
Total accumulated depreciation	<u>( 206,833)</u>	<u>( 21,041)</u>	<u>-</u>	<u>( 227,874)</u>
Total capital assets being depreciated, net	<u>268,726</u>	<u>202,804</u>	<u>-</u>	<u>471,530</u>
Business-type activities capital assets, net	<u>\$ 298,645</u>	<u>\$ 202,804</u>	<u>\$ (10,679)</u>	<u>\$ 490,770</u>

### **Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of September 30, 2014, is as follows:

#### **Due to/from other funds:**

Receivable Fund	Payable Fund	Amount
General	Airport Improvement	\$ 331,338
	Longview Community Center	71,652
	Nonmajor governmental:	
	Grant	85,824
	VIT Operating	847
	District Attorney	<u>8,527</u>
		<u>\$ 498,188</u>

#### **Interfund transfers:**

	Transfer In					Total
	General	Road and Bridge	Capital Improvement	Airport Improvement	Nonmajor Governmental	
Transfer out:						
General	\$ -	\$ 109,027	\$ 7,000,000	\$ -	\$ 54,071	\$ 7,163,098
Capital Improvement	1,850,000	112,265	-	271,694	-	2,233,959
Nonmajor governmental	-	-	-	-	<u>49,993</u>	<u>49,993</u>
Total transfers out	<u>\$ 1,850,000</u>	<u>\$ 221,292</u>	<u>\$ 7,000,000</u>	<u>\$ 271,694</u>	<u>\$ 104,064</u>	<u>\$ 9,447,050</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.

Additionally, capital assets totaling \$213,166 were transferred from the governmental activities to the business-type activities. This transfer is reflected in the government-wide financial statements.

**Debt**

**General Obligation Bonds**

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

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Capital leases payable	\$ 2,739	\$ -	\$ 2,739	\$ -	\$ -
Compensated absences	<u>732,830</u>	<u>655,438</u>	<u>623,391</u>	<u>764,877</u>	<u>570,576</u>
Governmental activity long-term liabilities	<u>\$ 735,569</u>	<u>\$ 655,438</u>	<u>\$ 626,130</u>	<u>\$ 764,877</u>	<u>\$ 570,576</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. These leases were paid in full at September 30, 2014.

**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 2014, the County was covered under a general liability insurance plan. Additionally, the County has commercial insurance for other risks of loss, including workers' compensation, unemployment compensation, public official liability, law enforcement liability, property and employee life and accident insurance. There were no significant reductions in insurance coverage from the prior year, nor did any settlement exceed coverage.

## **Contingent Liabilities**

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

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

## **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 624 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 2014.

The deposit rate payable by the employee members for calendar year 2014 is the rate of 7.0%, as adopted by the governing body of the employer.

## Annual Pension Cost

For the employer's accounting year ended September 30, 2014, the annual pension cost for the TCDRS plan for its employees was \$2,560,627 and the actual contributions were \$2,560,627. 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, 2011 and December 31, 2012, the basis for determining the contribution rates for calendar years 2013 and 2014. The December 31, 2013 actuarial valuation is the most recent valuation.

The required contribution was determined as a part of the December 31, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 8.0 percent investment rate of return (net of administrative expenses), and (b) projected salary increases of 4.9 percent. Both (a) and (b) included an inflation component of 3.0 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, 2013, was 20.0 years.

## Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the plan was 87.57% funded. The actuarial accrued liability for benefits was \$82,980,484, and the actuarial value of assets was \$72,669,553, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,310,931. The covered payroll was \$24,008,588, and the ratio of UAAL to the covered payroll was 42.95%.

### Actuarial Valuation Information

Actuarial Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20.0	20.0	20.0
Asset valuation method			
Subdivision Accumulation Fund	10-yr smoothed value	10-yr smoothed value	5-yr smoothed value
Employees Savings Fund	Fund value	Fund value	Fund value
Actuarial Assumptions:			
Investment return <sup>1</sup>	8.0%	8.0%	8.0%
Projected salary increases <sup>1</sup>	5.4%	5.4%	4.9%
Inflation	3.5%	3.5%	3.0%
Cost-of-living adjustments	0.0%	0.0%	0.0%

<sup>1</sup>Includes inflation at the stated rate

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

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2012	\$ 2,308,954	100%	\$ -
9/30/2013	2,480,808	100%	-
9/30/2014	2,560,627	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)
12/31/2013	\$ 72,669,553	\$ 82,980,484	\$ 10,310,931	87.57%	\$ 24,008,588	42.95%

- (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.

**Subsequent Event**

On November 17, 2014, the County entered into a capital lease agreement in order to purchase 3 dump trucks in the amount of \$390,689. The lease has an interest rate of 2.07% and matures on February 13, 2016.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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# 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, 2014

<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>
12/31/2011	\$ 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%
12/31/2013	72,669,553	82,980,484	87.57%	10,310,931	24,008,588	42.95%

# GREGG COUNTY, TEXAS

## GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Current property taxes	\$ 15,460,748	\$ 15,460,748	\$ 15,341,529	\$( 119,219)
Current penalty and interest	72,000	72,000	78,712	6,712
Delinquent property taxes	397,622	397,622	339,900	( 57,722)
Delinquent penalty and interest	75,000	75,000	78,864	3,864
Alcoholic beverage tax	175,000	175,000	234,572	59,572
Bingo tax	98,000	98,000	91,337	( 6,663)
Sales tax	14,900,000	14,900,000	15,914,111	1,014,111
Motor vehicle sales tax	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,497,812</u>	<u>347,812</u>
Total taxes	<u>32,328,370</u>	<u>32,328,370</u>	<u>33,576,837</u>	<u>1,248,467</u>
Licenses and permits:				
Alcoholic beverage licenses	38,000	38,000	53,111	15,111
Sexually oriented businesses	30,000	30,000	23,700	( 6,300)
Bail bond applications	500	500	5,500	5,000
Sewage disposal systems	<u>23,500</u>	<u>23,500</u>	<u>34,400</u>	<u>10,900</u>
Total licenses and permits	<u>92,000</u>	<u>92,000</u>	<u>116,711</u>	<u>24,711</u>
Intergovernmental:				
Juvenile salary supplement	5,000	5,000	5,000	-
State supplement - court at law	150,000	150,000	168,000	18,000
State supplement - assistant prosecutors	11,500	11,500	26,292	14,792
State - indigent defense	92,000	92,000	201,841	109,841
State - juror reimbursement	41,000	41,000	46,002	5,002
State - commercial waste management fees	200	200	350	150
City of Lakeport - sewer fees	700	700	1,200	500
Fiscal service fee	14,215	14,215	15,303	1,088
Social security incentive payment	-	-	24,800	24,800
Drug enforcement task force	10,500	10,500	14,155	3,655
Sabine Valley deputy	105,000	105,000	103,374	( 1,626)
Sabine ISD resource officer	39,452	39,452	39,452	-
City of Longview - prisoner care	357,608	357,608	297,608	( 60,000)
State - Title IV-E Legal Reimbursement	20,000	20,000	11,249	( 8,751)
Child welfare board reimbursement	<u>18,000</u>	<u>18,000</u>	<u>11,527</u>	<u>( 6,473)</u>
Total intergovernmental	<u>865,175</u>	<u>865,175</u>	<u>966,153</u>	<u>100,978</u>



# GREGG COUNTY, TEXAS

## GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

REVENUES (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Charges for services:				
Sheriff	\$ 305,000	\$ 305,000	\$ 332,412	\$ 27,412
Constable # 1	26,000	26,000	30,755	4,755
Constable # 2	28,000	28,000	38,349	10,349
Constable # 3	17,000	17,000	26,700	9,700
Constable # 4	25,000	25,000	40,840	15,840
County clerk	860,000	860,000	817,751	( 42,249)
County clerk - archival fee	104,000	104,000	104,600	600
County clerk - electronic trans fee	-	-	220	220
District clerk - archival fee	10,000	10,000	19,095	9,095
District clerk - electronic trans fee	-	-	5,302	5,302
Tax assessor - collector	620,000	620,000	669,853	49,853
Tax collection contract fees	240,000	240,000	265,389	25,389
District attorney	40,000	40,000	38,367	( 1,633)
District clerk	300,000	300,000	335,448	35,448
Justice of the Peace # 1	17,500	17,500	15,661	( 1,839)
Justice of the Peace # 2	14,000	14,000	14,780	780
Justice of the Peace # 3	7,800	7,800	13,002	5,202
Justice of the Peace # 4	12,500	12,500	14,958	2,458
Trial fees	20	20	28	8
Jury	6,500	6,500	5,966	( 534)
Probate judge education fees	2,600	2,600	2,650	50
Other arrest fees	85,000	85,000	85,699	699
Judges fee - probate	2,800	2,800	3,425	625
State fees	80,000	80,000	95,278	15,278
State fees - TP - judicial efficiency	5,200	5,200	6,772	1,572
State fee - drug court program	18,000	18,000	19,948	1,948
Court reporter service fees	39,000	39,000	41,815	2,815
DRO fees	-	-	882	882
Guardianship fee	7,100	7,100	10,740	3,640
Parking lot fees	5,600	5,600	4,919	( 681)
Computer services	6,500	6,500	5,958	( 542)
Family protection fees	23,000	23,000	9,995	( 13,005)
Defensive driving fees	42,000	42,000	35,030	( 6,970)
Child safety fees	2,300	2,300	2,437	137
Traffic fees	9,300	9,300	7,583	( 1,717)
Video fees	6,500	6,500	6,345	( 155)
Inmate reimbursement	2,500	2,500	14,838	12,338
Total charges for services	2,970,720	2,970,720	3,143,790	173,070

**GREGG COUNTY, TEXAS**

**GENERAL FUND**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES (Continued)</b>				
Fines and forfeitures:				
Justice court fines - JP 1	\$ 150,000	\$ 150,000	\$ 145,515	\$( 4,485)
Justice court fines - JP 2	100,000	100,000	153,358	53,358
Justice court fines - JP 3	235,000	235,000	229,893	( 5,107)
Justice court fines - JP 4	75,000	75,000	75,216	216
Total fines and forfeitures	<u>560,000</u>	<u>560,000</u>	<u>603,982</u>	<u>43,982</u>
Investment earnings:				
Interest	70,000	70,000	111,262	41,262
Unrealized gains (losses)	-	-	( 46,466)	( 46,466)
Total investment earnings	<u>70,000</u>	<u>70,000</u>	<u>64,796</u>	<u>( 5,204)</u>
Rent and commissions:				
BorgWarner Automotive	34,098	34,098	34,098	-
A & M Tower, Inc.	9,500	9,500	10,654	1,154
Community buildings	38,000	38,000	30,225	( 7,775)
Other rent	27,200	27,200	27,700	500
Royalties	72,000	72,000	34,761	( 37,239)
Telephone coin stations	220,000	220,000	227,275	7,275
Federal - jail lease	2,000,000	2,000,000	1,834,302	( 165,698)
Contract jail revenue	400,000	400,000	17,676	( 382,324)
Concession sales	-	-	66,436	66,436
Vending machine sales	-	-	6,132	6,132
Total rent and commissions	<u>2,800,798</u>	<u>2,800,798</u>	<u>2,289,259</u>	<u>( 511,539)</u>
Miscellaneous:				
Miscellaneous	45,000	47,848	147,353	99,505
Total miscellaneous	<u>45,000</u>	<u>47,848</u>	<u>147,353</u>	<u>99,505</u>
Total revenues	<u>39,732,063</u>	<u>39,734,911</u>	<u>40,908,881</u>	<u>1,173,970</u>

# GREGG COUNTY, TEXAS

## GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

EXPENDITURES	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General government:				
County clerk - administration:				
Salaries	\$ 645,507	\$ 645,507	\$ 620,241	\$ 25,266
Fringe benefits	307,372	307,404	298,730	8,674
Operating expenditures	79,063	73,913	65,650	8,263
Capital outlay	-	5,150	5,150	-
Total county clerk - administration	1,031,942	1,031,974	989,771	42,203
County clerk - archive restoration:				
Salaries	27,601	27,706	27,706	-
Fringe benefits	14,480	14,513	14,333	180
Operating expenditures	130,320	130,320	29,069	101,251
Capital outlay	8,906	8,906	8,586	320
Total county clerk - archive restoration	181,307	181,445	79,694	101,751
Telecommunications:				
Salaries	48,910	48,910	45,020	3,890
Fringe benefits	9,430	9,430	8,088	1,342
Operating expenditures	1,000	1,000	493	507
Total telecommunications	59,340	59,340	53,601	5,739
Purchasing:				
Salaries	176,898	176,898	131,498	45,400
Fringe benefits	70,870	70,870	51,884	18,986
Operating expenditures	9,255	20,305	17,798	2,507
Capital outlay	-	735	725	10
Total purchasing	257,023	268,073	201,905	66,168
Human resources:				
Salaries	140,151	143,676	140,834	2,842
Fringe benefits	54,530	54,924	52,988	1,936
Operating expenditures	13,440	12,740	12,735	5
Capital outlay	-	700	511	189
Total human resources	208,121	212,040	207,068	4,972

# GREGG COUNTY, TEXAS

## GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b> (Continued)				
General government: (Continued)				
Nondepartmental - general government:				
Fringe benefits	\$ 426,000	\$ 296,701	\$ 4,571	\$ 292,130
Operating expenditures	<u>3,473,565</u>	<u>2,991,243</u>	<u>2,704,540</u>	<u>286,703</u>
Total nondepartmental - general government	<u>3,899,565</u>	<u>3,287,944</u>	<u>2,709,111</u>	<u>578,833</u>
County judge:				
Salaries	175,660	176,077	176,077	-
Fringe benefits	61,472	61,555	57,994	3,561
Operating expenditures	21,275	21,275	6,352	14,923
Capital outlay	<u>-</u>	<u>15,000</u>	<u>6,866</u>	<u>8,134</u>
Total county judge	<u>258,407</u>	<u>273,907</u>	<u>247,289</u>	<u>26,618</u>
Postal services:				
Operating expenditures	<u>43,500</u>	<u>43,500</u>	<u>9,900</u>	<u>33,600</u>
Total postal services	<u>43,500</u>	<u>43,500</u>	<u>9,900</u>	<u>33,600</u>
Concession operations:				
Salaries	-	-	36,048	( 36,048)
Fringe benefits	-	-	16,145	( 16,145)
Operating expenditures	<u>-</u>	<u>-</u>	<u>35,051</u>	<u>( 35,051)</u>
Total concession operations	<u>-</u>	<u>-</u>	<u>87,244</u>	<u>( 87,244)</u>
Elections:				
Salaries	196,521	196,281	161,129	35,152
Fringe benefits	69,395	69,395	60,308	9,087
Operating expenditures	122,237	120,117	115,590	4,527
Capital outlay	<u>9,000</u>	<u>13,927</u>	<u>9,828</u>	<u>-</u>
Total elections	<u>397,153</u>	<u>399,720</u>	<u>346,855</u>	<u>48,766</u>
County auditor:				
Salaries	516,710	518,605	517,815	790
Fringe benefits	191,745	192,050	189,846	2,204
Operating expenditures	24,100	27,350	27,231	119
Capital outlay	<u>-</u>	<u>1,500</u>	<u>1,338</u>	<u>162</u>
Total county auditor	<u>732,555</u>	<u>739,505</u>	<u>736,230</u>	<u>3,275</u>

# GREGG COUNTY, TEXAS

## GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b> (Continued)				
General government: (Continued)				
Tax assessor-collector:				
Salaries	\$ 1,033,940	\$ 1,051,764	\$ 1,047,251	\$ 4,513
Fringe benefits	464,417	465,207	458,804	6,403
Operating expenditures	233,850	224,247	214,416	9,831
Capital outlay	-	9,603	5,353	4,250
Total tax assessor-collector	<u>1,732,207</u>	<u>1,750,821</u>	<u>1,725,824</u>	<u>24,997</u>
Information services:				
Salaries	377,987	378,227	362,914	15,313
Fringe benefits	146,560	147,360	137,163	10,197
Operating expenditures	862,377	850,318	828,905	21,413
Capital outlay	115,000	163,646	144,232	19,414
Total information services	<u>1,501,924</u>	<u>1,539,551</u>	<u>1,473,214</u>	<u>66,337</u>
Agricultural extension service:				
Salaries	104,243	104,243	76,495	27,748
Fringe benefits	56,440	56,440	37,380	19,060
Operating expenditures	18,719	18,719	13,795	4,924
Capital outlay	-	800	800	-
Total agricultural extension service	<u>179,402</u>	<u>180,202</u>	<u>128,470</u>	<u>51,732</u>
Total general government	<u>10,482,446</u>	<u>9,968,022</u>	<u>8,996,176</u>	<u>967,747</u>
Judicial:				
Court of civil appeals:				
Salaries	17,763	17,763	16,008	1,755
Fringe benefits	1,225	1,229	1,229	-
Total court of civil appeals	<u>18,988</u>	<u>18,992</u>	<u>17,237</u>	<u>1,755</u>
E-filing system:				
Operating expenditures	-	19,784	17,855	1,929
Capital outlay	-	8,983	8,771	212
Total e-filing system	<u>-</u>	<u>28,767</u>	<u>26,626</u>	<u>2,141</u>

# GREGG COUNTY, TEXAS

## GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b> (Continued)				
Judicial: (Continued)				
County court-at-law no. 1:				
Salaries	\$ 270,441	\$ 270,929	\$ 269,929	\$ 1,000
Fringe benefits	84,187	84,340	79,670	4,670
Operating expenditures	14,825	14,825	14,541	284
Capital outlay	-	-	-	-
Total county court-at-law no. 1	<u>369,453</u>	<u>370,094</u>	<u>364,140</u>	<u>5,954</u>
County court-at-law no. 2:				
Salaries	257,477	257,918	256,418	1,500
Fringe benefits	81,587	81,588	77,574	4,014
Operating expenditures	14,470	13,020	12,527	493
Capital outlay	-	2,150	2,150	-
Total county court-at-law no. 2	<u>353,534</u>	<u>354,676</u>	<u>348,669</u>	<u>6,007</u>
Attorney general master:				
Operating expenditures	<u>12,200</u>	<u>12,200</u>	-	<u>12,200</u>
Total attorney general master	<u>12,200</u>	<u>12,200</u>	-	<u>12,200</u>
124th district court:				
Salaries	105,846	106,240	104,640	1,600
Fringe benefits	38,680	38,742	38,388	354
Operating expenditures	40,990	38,638	13,215	25,423
Capital outlay	-	2,352	2,352	-
Total 124th district court	<u>185,516</u>	<u>185,972</u>	<u>158,595</u>	<u>27,377</u>
188th district court:				
Salaries	99,916	100,295	100,295	-
Fringe benefits	37,700	37,764	37,499	265
Operating expenditures	<u>37,900</u>	<u>37,900</u>	<u>11,079</u>	<u>26,821</u>
Total 188th district court	<u>175,516</u>	<u>175,959</u>	<u>148,873</u>	<u>27,086</u>

# GREGG COUNTY, TEXAS

## GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>EXPENDITURES</b> (Continued)				
Judicial: (Continued)				
307th district court:				
Salaries	\$ 94,017	\$ 94,365	\$ 91,865	\$ 2,500
Fringe benefits	36,260	36,324	35,705	619
Operating expenditures	17,650	16,758	13,162	3,596
Capital outlay	-	892	892	-
Total 307th district court	<u>147,927</u>	<u>148,339</u>	<u>141,624</u>	<u>6,715</u>
Judicial expenditures:				
Operating expenditures	<u>1,781,000</u>	<u>1,996,000</u>	<u>1,847,474</u>	<u>148,526</u>
Total judicial expenses	<u>1,781,000</u>	<u>1,996,000</u>	<u>1,847,474</u>	<u>148,526</u>
District clerk:				
Salaries	699,256	699,256	618,903	80,353
Fringe benefits	326,842	326,874	290,479	36,395
Operating expenditures	<u>71,900</u>	<u>71,900</u>	<u>55,852</u>	<u>16,048</u>
Capital outlay	-	-	-	-
Total district clerk	<u>1,097,998</u>	<u>1,098,030</u>	<u>965,234</u>	<u>132,796</u>
District clerk archive restoration:				
Operating expenditures	15,000	15,000	12,947	2,053
Capital Outlay	<u>15,000</u>	<u>15,000</u>	-	<u>15,000</u>
Total district clerk archive restoration	<u>15,000</u>	<u>15,000</u>	<u>12,947</u>	<u>2,053</u>
Justice of the peace no. 1:				
Salaries	223,570	224,205	224,205	-
Fringe benefits	107,627	107,850	104,471	3,379
Operating expenditures	<u>75,577</u>	<u>75,577</u>	<u>44,019</u>	<u>31,558</u>
Total justice of the peace no. 1	<u>406,774</u>	<u>407,632</u>	<u>372,695</u>	<u>34,937</u>
Justice of the peace no. 2:				
Salaries	112,779	113,002	113,002	-
Fringe benefits	49,692	49,804	49,498	306
Operating expenditures	40,600	39,850	29,767	10,083
Capital outlay	-	750	710	40
Total justice of the peace no. 2	<u>203,071</u>	<u>203,406</u>	<u>192,977</u>	<u>10,429</u>

# GREGG COUNTY, TEXAS

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Judicial: (Continued)				
Justice of the peace no. 3:				
Salaries	\$ 156,480	\$ 156,853	\$ 155,003	\$ 1,850
Fringe benefits	67,152	67,279	66,038	1,241
Operating expenditures	<u>41,110</u>	<u>51,110</u>	<u>44,944</u>	<u>6,166</u>
Total justice of the peace no. 3	<u>264,742</u>	<u>275,242</u>	<u>265,985</u>	<u>9,257</u>
Justice of the peace no. 4:				
Salaries	110,836	112,730	79,891	32,839
Fringe benefits	48,832	48,782	35,266	13,516
Operating expenditures	<u>42,855</u>	<u>32,855</u>	<u>13,714</u>	<u>19,141</u>
Total justice of the peace no. 4	<u>202,523</u>	<u>194,367</u>	<u>128,871</u>	<u>65,496</u>
District attorney:				
Salaries	1,793,551	1,794,850	1,738,933	55,917
Fringe benefits	644,612	645,276	602,517	42,759
Operating expenditures	98,150	98,150	93,263	4,887
Capital outlay	<u>-</u>	<u>6,927</u>	<u>6,926</u>	<u>1</u>
Total district attorney	<u>2,536,313</u>	<u>2,545,203</u>	<u>2,441,639</u>	<u>103,564</u>
Bail bond board:				
Salaries	3,600	3,600	-	3,600
Fringe benefits	690	690	-	690
Operating expenditures	<u>2,550</u>	<u>2,550</u>	<u>118</u>	<u>2,432</u>
Total bail bond board	<u>6,840</u>	<u>6,840</u>	<u>118</u>	<u>6,722</u>
Collections office:				
Salaries	134,593	135,104	135,104	-
Fringe benefits	62,605	62,733	61,865	868
Operating expenditures	15,600	14,911	11,711	3,200
Capital outlay	<u>-</u>	<u>689</u>	<u>-</u>	<u>689</u>
Total collections office	<u>212,798</u>	<u>213,437</u>	<u>208,680</u>	<u>4,757</u>
Total judicial	<u>7,990,193</u>	<u>8,221,389</u>	<u>7,642,384</u>	<u>605,631</u>



# GREGG COUNTY, TEXAS

## GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

EXPENDITURES (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public safety:				
Constable no. 1:				
Salaries	\$ 43,326	\$ 43,326	\$ 43,326	\$ -
Fringe benefits	18,732	18,766	18,406	360
Operating expenditures	7,387	7,387	2,824	4,563
Total constable no. 1	69,445	69,479	64,556	4,923
Constable no. 2:				
Salaries	43,326	43,326	43,326	-
Fringe benefits	18,587	18,619	17,913	706
Operating expenditures	13,400	13,400	4,570	8,830
Total constable no. 2	75,313	75,345	65,809	9,536
Constable no. 3:				
Salaries	62,626	62,706	60,867	1,839
Fringe benefits	22,177	22,209	20,966	1,243
Operating expenditures	17,419	17,339	10,718	6,621
Total constable no. 3	102,222	102,254	92,551	9,703
Constable no. 4:				
Salaries	42,956	43,326	43,326	-
Fringe benefits	18,957	18,621	17,939	682
Operating expenditures	14,400	14,400	10,130	4,270
Total constable no. 4	76,313	76,347	71,395	4,952
Sheriff - corrections:				
Salaries	7,353,492	7,433,371	7,394,998	38,373
Fringe benefits	3,275,352	3,195,351	3,109,644	85,707
Operating expenditures	1,491,555	1,589,983	1,528,174	61,809
Capital outlay	213,300	484,809	355,150	129,659
Total sheriff - corrections	12,333,699	12,703,514	12,387,966	315,548
Contract jail operations:				
Salaries	1,553,109	1,553,109	1,495,927	57,182
Fringe benefits	743,490	743,491	674,476	69,015
Operating expenditures	363,100	363,100	359,629	3,471
Total contract jail operations	2,659,699	2,659,700	2,530,032	129,668

# GREGG COUNTY, TEXAS

## GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b> (Continued)				
Public safety: (Continued)				
Criminal justice center operations:				
Salaries	\$ 252,488	\$ 252,488	\$ 246,245	\$ 6,243
Fringe benefits	125,065	125,065	118,423	6,642
Operating expenditures	<u>75,500</u>	<u>75,500</u>	<u>82,989</u>	<u>( 7,489)</u>
Total criminal justice center operations	<u>453,053</u>	<u>453,053</u>	<u>447,657</u>	<u>5,396</u>
Department of public safety:				
Salaries	49,406	49,530	47,141	2,389
Fringe benefits	18,675	18,707	18,165	542
Operating expenditures	<u>8,112</u>	<u>8,112</u>	<u>7,949</u>	<u>163</u>
Total department of public safety	<u>76,193</u>	<u>76,349</u>	<u>73,255</u>	<u>3,094</u>
DPS Hangar:				
Operating expenditures	<u>8,200</u>	<u>8,200</u>	<u>5,745</u>	<u>2,455</u>
Total DPS hangar	<u>8,200</u>	<u>8,200</u>	<u>5,745</u>	<u>2,455</u>
Parks and wildlife:				
Operating expenditures	<u>1,350</u>	<u>1,350</u>	<u>1,096</u>	<u>254</u>
Total parks and wildlife	<u>1,350</u>	<u>1,350</u>	<u>1,096</u>	<u>254</u>
Pre-Trial services:				
Salaries	26,174	26,274	26,274	-
Fringe benefits	14,200	14,232	14,070	162
Operating expenditures	<u>3,500</u>	<u>3,500</u>	<u>900</u>	<u>2,600</u>
Total pre-trial services	<u>43,874</u>	<u>44,006</u>	<u>41,244</u>	<u>2,762</u>
Basic supervision:				
Operating expenditures	<u>-</u>	<u>2,558</u>	<u>2,558</u>	<u>-</u>
Total basic supervision	<u>-</u>	<u>2,558</u>	<u>2,558</u>	<u>-</u>
Juvenile board:				
Salaries	116,613	116,613	116,613	-
Fringe benefits	49,656	54,280	53,534	746
Total juvenile board	<u>166,269</u>	<u>170,893</u>	<u>170,147</u>	<u>746</u>
Total public safety	<u>16,065,630</u>	<u>16,443,048</u>	<u>15,954,011</u>	<u>489,037</u>

# GREGG COUNTY, TEXAS

## GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Health and human services:				
Veterans services:				
Salaries	\$ 76,617	\$ 77,472	\$ 77,472	\$ -
Fringe benefits	15,040	15,313	15,184	129
Operating expenditures	13,800	13,800	13,249	551
Total veterans services	<u>105,457</u>	<u>106,585</u>	<u>105,905</u>	<u>680</u>
Civil defense:				
Operating expenditures	20,000	17,000	16,809	191
Total civil defense	<u>20,000</u>	<u>17,000</u>	<u>16,809</u>	<u>191</u>
911 Addressing:				
Salaries	57,164	57,363	52,363	5,000
Fringe benefits	21,090	21,245	11,877	9,368
Operating expenditures	7,995	1,125	571	554
Total 911 addressing	<u>86,249</u>	<u>79,733</u>	<u>64,811</u>	<u>14,922</u>
Health:				
Salaries	318,525	318,531	314,354	4,177
Fringe benefits	145,655	145,649	141,275	4,374
Operating expenditures	1,108,270	1,108,270	904,071	204,199
Total health	<u>1,572,450</u>	<u>1,572,450</u>	<u>1,359,700</u>	<u>212,750</u>
Historical commission:				
Operating expenditures	9,000	9,000	395	8,605
Total historical commission	<u>9,000</u>	<u>9,000</u>	<u>395</u>	<u>8,605</u>
Contributions:				
Operating expenditures	933,608	933,608	884,357	49,251
Total contributions	<u>933,608</u>	<u>933,608</u>	<u>884,357</u>	<u>49,251</u>
Total health and human services	<u>2,726,764</u>	<u>2,718,376</u>	<u>2,431,977</u>	<u>286,399</u>
Courthouse building:				
Salaries	501,639	503,412	497,624	5,788
Fringe benefits	252,230	252,278	237,268	15,010
Operating expenditures	876,050	872,239	751,843	120,396
Capital outlay	-	7,491	6,786	705
Total courthouse building	<u>1,629,919</u>	<u>1,635,420</u>	<u>1,493,521</u>	<u>141,899</u>
Jail building:				
Operating expenditures	394,000	390,320	363,377	26,943
Total jail building	<u>394,000</u>	<u>390,320</u>	<u>363,377</u>	<u>26,943</u>

# GREGG COUNTY, TEXAS

## GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>EXPENDITURES (Continued)</b>				
Service center building:				
Operating expenditures	\$ 56,250	\$ 56,250	\$ 31,552	\$ 24,698
Total service center building	<u>56,250</u>	<u>56,250</u>	<u>31,552</u>	<u>24,698</u>
Community building maintenance:				
Salaries	36,200	38,085	39,138	( 1,053)
Fringe benefits	17,245	19,241	17,260	1,981
Operating expenditures	<u>10,500</u>	<u>10,500</u>	<u>4,750</u>	<u>5,750</u>
Total community building maintenance	<u>63,945</u>	<u>67,826</u>	<u>61,148</u>	<u>6,678</u>
Judson community building:				
Operating expenditures	<u>10,500</u>	<u>9,700</u>	<u>7,033</u>	<u>2,667</u>
Total Judson community building	<u>10,500</u>	<u>9,700</u>	<u>7,033</u>	<u>2,667</u>
West Harrison volunteer fire department building:				
Operating expenditures	<u>2,600</u>	<u>2,600</u>	<u>1,203</u>	<u>1,397</u>
Total West Harrison volunteer fire department building	<u>2,600</u>	<u>2,600</u>	<u>1,203</u>	<u>1,397</u>
Greggton community building:				
Salaries	6,973	6,973	2,364	4,609
Fringe benefits	1,490	1,490	592	898
Operating expenditures	<u>27,300</u>	<u>27,300</u>	<u>18,649</u>	<u>8,651</u>
Total Greggton building	<u>35,763</u>	<u>35,763</u>	<u>21,605</u>	<u>14,158</u>
Garfield Hill community building:				
Operating expenditures	<u>6,975</u>	<u>6,975</u>	<u>3,774</u>	<u>3,201</u>
Total Garfield Hill community building	<u>6,975</u>	<u>6,975</u>	<u>3,774</u>	<u>3,201</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>17,700</u>	<u>17,700</u>	<u>11,623</u>	<u>6,077</u>
Total Gladewater Commerce Street building	<u>17,700</u>	<u>17,700</u>	<u>11,623</u>	<u>6,077</u>

# GREGG COUNTY, TEXAS

## GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b> (Continued)				
Public buildings: (Continued)				
Liberty City office/community building:				
Operating expenditures	\$ 17,600	\$ 17,600	\$ 10,844	\$ 6,756
Total Liberty City office/ community building	<u>17,600</u>	<u>17,600</u>	<u>10,844</u>	<u>6,756</u>
Hugh Camp Memorial Park:				
Operating expenditures	<u>33,000</u>	<u>33,000</u>	<u>14,239</u>	<u>18,761</u>
Total Hugh Camp Memorial Park	<u>33,000</u>	<u>33,000</u>	<u>14,239</u>	<u>18,761</u>
Olivia R. Hilburn community building:				
Operating expenditures	<u>16,025</u>	<u>16,025</u>	<u>15,866</u>	<u>159</u>
Total Olivia R. Hilburn community building	<u>16,025</u>	<u>16,025</u>	<u>15,866</u>	<u>159</u>
Kilgore office and community building:				
Salaries	32,150	32,272	32,272	-
Fringe benefits	16,385	16,437	16,279	158
Operating expenditures	<u>30,150</u>	<u>30,150</u>	<u>19,970</u>	<u>10,180</u>
Total Kilgore office and community building	<u>78,685</u>	<u>78,859</u>	<u>68,521</u>	<u>10,338</u>
Kilgore South Street building:				
Operating expenditures	<u>250</u>	<u>250</u>	<u>203</u>	<u>47</u>
Total Kilgore South Street building	<u>250</u>	<u>250</u>	<u>203</u>	<u>47</u>
Elderville community building:				
Salaries	-	32,272	1,830	30,442
Fringe benefits	930	16,437	428	16,009
Operating expenditures	19,917	3,100	10,907	( 7,807)
Capital outlay	<u>-</u>	<u>2,975</u>	<u>2,975</u>	<u>-</u>
Total Elderville community building	<u>20,847</u>	<u>54,784</u>	<u>16,140</u>	<u>38,644</u>

# GREGG COUNTY, TEXAS

## GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

EXPENDITURES (Continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public buildings: (Continued)				
Easton community building:				
Operating expenditures	\$ 250	\$ 250	\$ 207	\$ 43
Total Easton community building	250	250	207	43
Longview Eastman Road building:				
Salaries	-	3,500	3,095	405
Fringe benefits	645	783	625	158
Operating expenditures	16,800	16,800	7,910	8,890
Total Longview Eastman Road building	17,445	21,083	11,630	8,890
M. A. Smith Criminal Justice Center:				
Operating expenditures	51,500	51,500	45,936	5,564
Total M. A. Smith Criminal Justice Center	51,500	51,500	45,936	5,564
Youth detention center:				
Operating expenditures	87,750	87,750	51,570	36,180
Total youth detention center	87,750	87,750	51,570	36,180
Total public buildings	2,546,354	2,589,005	2,229,992	359,013
Transportation and road expense:				
Operating expenditures	2,200,000	2,200,000	1,985,000	215,000
Total transportation and road expense	2,200,000	2,200,000	1,985,000	215,000
Total transportation and roads	2,200,000	2,200,000	1,985,000	215,000
Debt service - principal:				
Capital lease	2,217	2,217	2,216	1
Total debt service - principal	2,217	2,217	2,216	1
Debt service - interest:				
Capital lease	76	76	74	2
Total debt service - interest	76	76	74	2
Total expenditures	42,013,680	42,142,133	39,241,830	2,900,303

# GREGG COUNTY, TEXAS

## GENERAL FUND

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$( 2,281,617)	\$( 2,407,222)	\$ 1,667,051	\$( 1,726,333)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers from other funds:				
Capital projects fund	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,850,000</u>	<u>-</u>
Total operating transfers from other funds	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,850,000</u>	<u>-</u>
Operating transfers to other funds:				
Grant fund	( 88,750)	( 88,750)	( 45,766)	42,984
Road and bridge fund	( 100,000)	( 109,027)	( 109,027)	-
Capital projects fund	( 7,000,000)	( 7,000,000)	( 7,000,000)	-
Airport Special Revenue Fund	-	<u>8,305</u>	<u>( 8,305)</u>	<u>( 16,610)</u>
Total operating transfers to other funds	<u>( 7,188,750)</u>	<u>( 7,189,472)</u>	<u>( 7,163,098)</u>	<u>26,374</u>
Sale of capital assets	20,000	20,000	61,490	41,490
Insurance proceeds - loss of fixed assets	<u>-</u>	<u>48,299</u>	<u>48,299</u>	<u>-</u>
Total other financing sources (uses)	<u>( 5,318,750)</u>	<u>( 5,271,173)</u>	<u>( 5,203,309)</u>	<u>67,864</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 7,600,367)	( 7,678,395)	( 3,536,258)	4,142,137
<b>FUND BALANCE, BEGINNING</b>	<u>39,254,360</u>	<u>39,254,360</u>	<u>39,254,360</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 31,653,993</u>	<u>\$ 31,575,965</u>	<u>\$ 35,718,102</u>	<u>\$ 4,142,137</u>

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

# GREGG COUNTY, TEXAS

## ROAD AND BRIDGE

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Current property taxes	\$ 3,052,865	\$ 3,052,865	\$ 3,014,043	\$( 38,822)
Current penalty and interest	13,500	13,500	15,562	2,062
Delinquent property taxes	78,510	78,510	67,191	( 11,319)
Delinquent penalty and interest	18,500	18,500	15,588	( 2,912)
Motor vehicle sales tax	500,000	500,000	442,163	( 57,837)
Total taxes	3,663,375	3,663,375	3,554,547	( 108,828)
Licenses and permits:				
Motor vehicle registration	1,100,000	1,100,000	1,259,660	159,660
Weight permits	10,000	10,000	14,680	4,680
Total licenses and permits	1,110,000	1,110,000	1,274,340	164,340
Intergovernmental:				
Lateral road	18,000	18,000	19,613	1,613
Total intergovernmental	18,000	18,000	19,613	1,613
Fines and forfeitures:				
Misdemeanor fines	400,000	400,000	376,281	( 23,719)
Felony fines	108,000	108,000	131,312	23,312
Civil/BF fines	21,000	21,000	48,135	27,135
Total fines and forfeitures	529,000	529,000	555,728	26,728
Investment earnings:				
Interest	2,000	2,000	10,748	8,748
Unrealized gains (losses)	-	-	( 8,101)	( 8,101)
Total investment earnings	2,000	2,000	2,647	647
Miscellaneous:				
Miscellaneous	5,000	55,000	5,004	( 49,996)
Total miscellaneous	5,000	55,000	5,004	( 49,996)
Total revenues	5,327,375	5,377,375	5,411,879	34,504
<b>EXPENDITURES</b>				
Transportation and roads:				
Administration:				
Salaries	262,691	262,561	261,694	867
Fringe benefits	86,583	86,708	85,313	1,395
Operating expenses	43,500	43,500	42,522	978
Total administration	392,774	392,769	389,529	3,240



# GREGG COUNTY, TEXAS

## ROAD AND BRIDGE

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Transportation and roads: (Continued)				
Road and bridge - general:				
Operating expenses	\$ 4,900	\$ 4,790	\$ 3,277	\$ 1,513
Total road and bridge - general	<u>4,900</u>	<u>4,790</u>	<u>3,277</u>	<u>1,513</u>
Road and bridge - precinct no. 1:				
Salaries	689,808	701,166	686,862	14,304
Fringe benefits	285,295	273,937	269,259	4,678
Operating expenses	653,780	603,425	462,235	141,190
Capital outlay	136,280	186,635	186,107	528
Total road and bridge - precinct no. 1	<u>1,765,163</u>	<u>1,765,163</u>	<u>1,604,463</u>	<u>160,700</u>
Road and bridge - precinct no. 2:				
Salaries	37,959	45,522	44,446	1,076
Fringe benefits	16,275	17,740	17,615	125
Operating expenses	64,845	64,845	18,373	46,472
Total road and bridge - precinct no. 2	<u>119,079</u>	<u>128,107</u>	<u>80,434</u>	<u>47,673</u>
Road and bridge - precinct no. 3:				
Salaries	680,931	681,300	672,793	8,507
Fringe benefits	286,075	285,706	274,869	10,837
Operating expenses	938,985	938,985	819,372	119,613
Total road and bridge - precinct no. 3	<u>1,905,991</u>	<u>1,905,991</u>	<u>1,767,034</u>	<u>138,957</u>
Road and bridge - precinct no. 4:				
Salaries	518,218	518,212	515,130	3,082
Fringe benefits	220,740	220,746	216,287	4,459
Operating expenses	455,350	435,318	315,876	119,442
Capital outlay	3,300	23,332	18,568	4,764
Total road and bridge - precinct no. 4	<u>1,197,608</u>	<u>1,197,608</u>	<u>1,065,861</u>	<u>131,747</u>
Old Hwy 135 Culvert Project				
Capital outlay	-	132,500	115,926	16,574
Total highway 135 bridge	<u>-</u>	<u>132,500</u>	<u>115,926</u>	<u>16,574</u>
Tyron Rd/Hawkins Pkwy Intersection				
Capital outlay	-	29,875	29,375	500
Total highway 135 bridge	<u>-</u>	<u>29,875</u>	<u>29,375</u>	<u>500</u>
Total transportation and roads	<u>5,385,515</u>	<u>5,526,928</u>	<u>5,055,899</u>	<u>471,029</u>

**GREGG COUNTY, TEXAS**

**ROAD AND BRIDGE**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Total expenditures	\$ 5,385,515	\$ 5,526,928	\$ 5,055,899	\$ 471,029
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 58,140)	( 149,553)	355,980	505,533
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers from other funds:				
General fund	100,000	109,027	109,027	-
Capital improvement fund	-	-	112,265	112,265
Total operating transfers to other funds	100,000	109,027	221,292	112,265
Sale of capital assets	25,000	25,000	2,753	( 22,247)
Total other financing sources and (uses)	125,000	134,027	224,045	90,018
<b>NET CHANGE IN FUND BALANCE</b>	66,860	( 15,526)	580,025	595,551
<b>FUND BALANCE, BEGINNING</b>	5,606,271	5,606,271	5,606,271	-
<b>FUND BALANCE, ENDING</b>	\$ 5,673,131	\$ 5,590,745	\$ 6,186,296	\$ 595,551

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

# GREG COUNTY, TEXAS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014

### 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.

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**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

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# NONMAJOR GOVERNMENTAL FUNDS

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

**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, 2014**

	Special Revenue					
	Airport	Law Enforcement	Court Technology and Security	Records Management and Preservation	Voting and Elections	Grant
<b>ASSETS</b>						
Cash and cash equivalents	\$ 538,161	\$ 83,223	\$ 262,735	\$ 777,306	\$ 23,195	\$ 97,438
Investments	1,321,750	-	-	-	-	-
Receivables (net of allowance for uncollectibles):						
Accounts	13,599	-	54,059	150,529	-	-
Taxes	42,515	-	-	-	-	-
Interest	494	-	-	-	-	-
Due from other governments	3,660	-	-	-	-	108,637
Inventory	5,025	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,925,204</b>	<b>\$ 83,223</b>	<b>\$ 316,794</b>	<b>\$ 927,835</b>	<b>\$ 23,195</b>	<b>\$ 206,075</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 35,134	\$ 67,334	\$ -	\$ 1,960	\$ -	\$ 6,535
Due to other governments	4,283	300	-	163	-	980
Accrued liabilities	86,355	-	3,330	6,139	-	15,998
Due to other funds	-	-	-	-	-	85,824
<b>Total liabilities</b>	<b>125,772</b>	<b>67,634</b>	<b>3,330</b>	<b>8,262</b>	<b>-</b>	<b>109,337</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	34,736	-	51,893	143,743	-	-
<b>Total deferred inflows of resources</b>	<b>34,736</b>	<b>-</b>	<b>51,893</b>	<b>143,743</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventories	5,025	-	-	-	-	-
Restricted for:						
Public safety operations	-	15,589	-	-	-	80,344
Judicial operations	-	-	-	-	-	9,677
Court technology and security	-	-	261,571	-	-	-
Records management and preservation	-	-	-	775,830	-	-
Voting and Elections	-	-	-	-	23,195	-
Health and human services operations	-	-	-	-	-	6,717
VIT operations	-	-	-	-	-	-
Committed for:						
Airport operations	1,759,671	-	-	-	-	-
Donations to healthcare organizations	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>1,764,696</b>	<b>15,589</b>	<b>261,571</b>	<b>775,830</b>	<b>23,195</b>	<b>96,738</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,925,204</b>	<b>\$ 83,223</b>	<b>\$ 316,794</b>	<b>\$ 927,835</b>	<b>\$ 23,195</b>	<b>\$ 206,075</b>



Special Revenue

Law Library	Health Care	Code Enforcement	VIT Operating	District Attorney	Sheriff	Total Nonmajor Governmental Funds
\$ 80,835	\$ 86,273	\$ 197,438	\$ 2,436	\$ 53,116	\$ 267,825	\$ 2,469,981
-	2,714,823	-	-	-	-	4,036,573
32,642	-	-	-	-	-	250,829
-	-	-	-	-	-	42,515
-	8,257	-	-	-	-	8,751
-	-	-	-	-	-	112,297
-	-	-	-	-	-	5,025
<u>\$ 113,477</u>	<u>\$ 2,809,353</u>	<u>\$ 197,438</u>	<u>\$ 2,436</u>	<u>\$ 53,116</u>	<u>\$ 267,825</u>	<u>\$ 6,925,971</u>
\$ 2,341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,304
-	-	-	-	-	-	5,726
1,120	-	-	-	-	-	112,942
-	-	-	847	8,527	-	95,198
<u>3,461</u>	<u>-</u>	<u>-</u>	<u>847</u>	<u>8,527</u>	<u>-</u>	<u>327,170</u>
30,838	-	-	-	-	-	261,210
<u>30,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,210</u>
-	-	-	-	-	-	5,025
-	-	197,438	-	-	267,825	561,196
79,178	-	-	-	44,589	-	133,444
-	-	-	-	-	-	261,571
-	-	-	-	-	-	775,830
-	-	-	-	-	-	23,195
-	-	-	-	-	-	6,717
-	-	-	1,589	-	-	1,589
-	-	-	-	-	-	1,759,671
-	2,809,353	-	-	-	-	2,809,353
-	-	-	-	-	-	-
<u>79,178</u>	<u>2,809,353</u>	<u>197,438</u>	<u>1,589</u>	<u>44,589</u>	<u>267,825</u>	<u>6,337,591</u>
<u>\$ 113,477</u>	<u>\$ 2,809,353</u>	<u>\$ 197,438</u>	<u>\$ 2,436</u>	<u>\$ 53,116</u>	<u>\$ 267,825</u>	<u>\$ 6,925,971</u>

**GREGG COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Special Revenue					Grant
	Airport	Law Enforcement	Court Technology and Security	Records Management and Preservation	Voting and Elections	
<b>REVENUES</b>						
Current property taxes	\$ 1,810,828	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent property taxes	49,225	-	-	-	-	-
Intergovernmental	21,900	-	-	-	-	350,576
Charges for services	16,375	-	93,421	206,053	17,238	-
Fines and forfeitures	-	-	-	-	-	-
Interest	1,189	-	-	-	-	-
Rent and commissions	245,087	-	-	-	-	-
Miscellaneous	7	-	-	-	-	132,252
Total revenues	<u>2,144,611</u>	<u>-</u>	<u>93,421</u>	<u>206,053</u>	<u>17,238</u>	<u>482,828</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,042,588	-	-	165,313	18,686	93,821
Judicial	-	-	881	10,195	-	115,478
Public safety	877,344	-	59,524	-	-	35,522
Health and human services	-	-	-	-	-	327,202
Capital outlay	23,306	-	11,155	8,056	-	11,975
Total expenditures	<u>1,943,238</u>	<u>-</u>	<u>71,560</u>	<u>183,564</u>	<u>18,686</u>	<u>583,998</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>201,373</u>	<u>-</u>	<u>21,861</u>	<u>22,489</u>	<u>( 1,448)</u>	<u>( 101,170)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	8,305	-	-	-	-	95,759
Transfers out	( 49,993)	-	-	-	-	-
Insurance proceeds	13,109	-	-	-	-	-
Total other financing sources (uses)	<u>( 28,579)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,759</u>
<b>NET CHANGE IN FUND BALANCES</b>	172,794	-	21,861	22,489	( 1,448)	( 5,411)
<b>FUND BALANCES, BEGINNING</b>	<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>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,764,696</u>	<u>\$ 15,589</u>	<u>\$ 261,571</u>	<u>\$ 775,830</u>	<u>\$ 23,195</u>	<u>\$ 96,738</u>

Special Revenues

Law Library	Health Care	Code Enforcement	VIT Operating	District Attorney	Sheriff	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,810,828
-	-	-	-	-	-	49,225
-	51,972	-	-	32,116	-	456,564
52,330	-	-	5,345	31,639	13,161	435,562
-	-	41,565	-	-	36,674	78,239
-	8,050	132	4	-	19	9,394
-	-	-	-	-	160,064	405,151
257	-	-	-	534	-	133,050
<u>52,587</u>	<u>60,022</u>	<u>41,697</u>	<u>5,349</u>	<u>64,289</u>	<u>209,918</u>	<u>3,378,013</u>
-	-	-	6,352	-	-	1,326,760
61,471	-	-	-	61,566	-	249,591
-	-	15,016	-	-	195,806	1,183,212
-	20,000	-	-	-	-	347,202
-	-	-	-	-	-	54,492
<u>61,471</u>	<u>20,000</u>	<u>15,016</u>	<u>6,352</u>	<u>61,566</u>	<u>195,806</u>	<u>3,161,257</u>
( 8,884)	40,022	26,681	( 1,003)	2,723	14,112	216,756
-	-	-	-	-	-	104,064
-	-	-	-	-	-	( 49,993)
-	-	-	-	-	-	13,109
-	-	-	-	-	-	67,180
( 8,884)	40,022	26,681	( 1,003)	2,723	14,112	283,936
<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>79,178</u>	\$ <u>2,809,353</u>	\$ <u>197,438</u>	\$ <u>1,589</u>	\$ <u>44,589</u>	\$ <u>267,825</u>	\$ <u>6,337,591</u>

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**GREGG COUNTY, TEXAS**

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

**CAPITAL IMPROVEMENTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Current property taxes	\$ 1,064,214	\$ 1,064,214	\$ 1,055,570	\$ ( 8,644)
Delinquent property taxes	32,249	32,249	28,693	( 3,556)
Investment earnings	<u>28,500</u>	<u>28,500</u>	<u>52,031</u>	<u>23,531</u>
Total revenues	<u>1,124,963</u>	<u>1,124,963</u>	<u>1,136,294</u>	<u>11,331</u>
<b>EXPENDITURES</b>				
Current:				
Capital outlay	<u>5,000,000</u>	<u>4,138,449</u>	<u>668,476</u>	<u>3,469,973</u>
Total expenditures	<u>5,000,000</u>	<u>4,138,449</u>	<u>668,476</u>	<u>3,469,973</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 3,875,037)</u>	<u>( 3,013,486)</u>	<u>467,818</u>	<u>3,481,304</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	7,000,000	7,000,000	7,000,000	-
Transfers out	<u>( 2,290,000)</u>	<u>( 3,222,956)</u>	<u>( 2,233,959)</u>	<u>988,997</u>
Total other financing sources (uses)	<u>4,710,000</u>	<u>3,777,044</u>	<u>4,766,041</u>	<u>988,997</u>
<b>NET CHANGE IN FUND BALANCE</b>	834,963	763,558	5,233,859	4,470,301
<b>FUND BALANCE, BEGINNING</b>	<u>17,546,613</u>	<u>17,546,613</u>	<u>17,546,613</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 18,381,576</u>	<u>\$ 18,310,171</u>	<u>\$ 22,780,472</u>	<u>\$ 4,470,301</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, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 3,900,000	\$ 11,119,627	\$ 3,274,049	\$ ( 7,845,578)
Charges for services	<u>55,000</u>	<u>55,000</u>	<u>95,954</u>	<u>40,954</u>
Total revenues	<u>3,955,000</u>	<u>11,174,627</u>	<u>3,370,003</u>	<u>( 7,804,624)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>4,400,000</u>	<u>4,069,115</u>	<u>3,669,115</u>	<u>400,000</u>
Total expenditures	<u>4,400,000</u>	<u>4,069,115</u>	<u>3,669,115</u>	<u>400,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 445,000)</u>	<u>7,105,512</u>	<u>( 299,112)</u>	<u>( 7,404,624)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>440,000</u>	<u>1,260,691</u>	<u>271,694</u>	<u>( 988,997)</u>
Total other financing sources (uses)	<u>440,000</u>	<u>1,260,691</u>	<u>271,694</u>	<u>( 988,997)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 5,000)</u>	<u>8,366,203</u>	<u>( 27,418)</u>	<u>( 8,393,621)</u>
<b>FUND BALANCE, BEGINNING</b>	<u>197,781</u>	<u>197,781</u>	<u>197,781</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 192,781</u>	<u>\$ 8,563,984</u>	<u>\$ 170,363</u>	<u>\$ ( 8,393,621)</u>

## GREGG COUNTY, TEXAS

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

#### AIRPORT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Current property taxes	\$ 1,825,373	\$ 1,825,373	\$ 1,810,828	\$( 14,545)
Delinquent property taxes	54,742	54,742	49,225	( 5,517)
Intergovernmental	25,000	25,000	21,900	( 3,100)
Charges for services	14,000	14,000	16,375	2,375
Investment earnings	1,000	1,000	1,189	189
Rents and commissions	201,100	201,100	245,087	43,987
Miscellaneous	2,000	2,000	7	( 1,993)
Total revenues	<u>2,123,215</u>	<u>2,123,215</u>	<u>2,144,611</u>	<u>21,396</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,273,155	1,262,835	1,042,588	220,247
Public safety	922,579	919,558	877,344	42,214
Capital outlay	7,500	42,255	23,306	18,949
Total expenditures	<u>2,203,234</u>	<u>2,224,648</u>	<u>1,943,238</u>	<u>281,410</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 80,019)</u>	<u>( 101,433)</u>	<u>201,373</u>	<u>302,806</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	8,305	8,305	-
Transfers out	-	( 50,000)	( 49,993)	7
Insurance proceeds	-	13,109	13,109	-
Total other financing sources (uses)	<u>-</u>	<u>( 28,586)</u>	<u>( 28,579)</u>	<u>7</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 80,019)</u>	<u>( 130,019)</u>	<u>172,794</u>	<u>302,813</u>
<b>FUND BALANCE, BEGINNING</b>	<u>1,591,902</u>	<u>1,591,902</u>	<u>1,591,902</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,511,883</u>	<u>\$ 1,461,883</u>	<u>\$ 1,764,696</u>	<u>\$ 302,813</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, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
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>
<b>NET CHANGE IN FUND BALANCE</b>	( 3,552)	( 3,552)	-	3,552
<b>FUND BALANCE, BEGINNING</b>	<u>15,589</u>	<u>15,589</u>	<u>15,589</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 12,037</u>	<u>\$ 12,037</u>	<u>\$ 15,589</u>	<u>\$ 3,552</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, 2014**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 96,000	\$ 96,000	\$ 93,421	\$( 2,579)
Total revenues	<u>96,000</u>	<u>96,000</u>	<u>93,421</u>	<u>( 2,579)</u>
<b>EXPENDITURES</b>				
Current:				
Judicial	53,800	53,800	881	52,919
Public safety	63,876	60,176	59,524	652
Capital outlay	<u>56,500</u>	<u>56,500</u>	<u>11,155</u>	<u>45,345</u>
Total expenditures	<u>174,176</u>	<u>170,476</u>	<u>71,560</u>	<u>98,916</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 78,176)	( 74,476)	21,861	96,337
<b>FUND BALANCE, BEGINNING</b>	<u>239,710</u>	<u>239,710</u>	<u>239,710</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 161,534</u>	<u>\$ 165,234</u>	<u>\$ 261,571</u>	<u>\$ 96,337</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, 2014

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 208,600	\$ 208,600	\$ 206,053	\$( 2,547)
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>( 2,000)</u>
Total revenues	<u>210,600</u>	<u>210,600</u>	<u>206,053</u>	<u>( 4,547)</u>
<b>EXPENDITURES</b>				
Current:				
General government	203,243	203,242	165,313	37,929
Judicial	79,290	79,290	10,195	69,095
Capital outlay	<u>9,000</u>	<u>9,000</u>	<u>8,056</u>	<u>944</u>
Total expenditures	<u>291,533</u>	<u>291,532</u>	<u>183,564</u>	<u>107,968</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 80,933)	( 80,932)	22,489	103,421
<b>FUND BALANCE, BEGINNING</b>	<u>753,341</u>	<u>753,341</u>	<u>753,341</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 672,408</u>	<u>\$ 672,409</u>	<u>\$ 775,830</u>	<u>\$ 103,421</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ <u>-</u>	\$ <u>-</u>	\$ <u>17,238</u>	\$ <u>17,238</u>
Total revenues	<u>-</u>	<u>-</u>	<u>17,238</u>	<u>17,238</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>-</u>	<u>18,860</u>	<u>18,686</u>	<u>174</u>
Total expenditures	<u>-</u>	<u>18,860</u>	<u>18,686</u>	<u>174</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	( 18,860)	( 1,448)	17,412
<b>FUND BALANCE, BEGINNING</b>	<u>24,643</u>	<u>24,643</u>	<u>24,643</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	\$ <u>24,643</u>	\$ <u>5,783</u>	\$ <u>23,195</u>	\$ <u>17,412</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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 51,000	\$ 51,000	\$ 52,330	\$ 1,330
Miscellaneous	<u>250</u>	<u>250</u>	<u>257</u>	<u>7</u>
Total revenues	<u>51,250</u>	<u>51,250</u>	<u>52,587</u>	<u>1,337</u>
<b>EXPENDITURES</b>				
Current:				
Judicial	<u>66,798</u>	<u>66,798</u>	<u>61,471</u>	<u>5,327</u>
Total expenditures	<u>66,798</u>	<u>66,798</u>	<u>61,471</u>	<u>5,327</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 15,548)	( 15,548)	( 8,884)	6,664
<b>FUND BALANCE, BEGINNING</b>	<u>88,062</u>	<u>88,062</u>	<u>88,062</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 72,514</u>	<u>\$ 72,514</u>	<u>\$ 79,178</u>	<u>\$ 6,664</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, 2014

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 48,000	\$ 48,000	\$ 51,972	\$ 3,972
Investment earnings	<u>7,000</u>	<u>7,000</u>	<u>8,050</u>	<u>1,050</u>
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>60,022</u>	<u>5,022</u>
<b>EXPENDITURES</b>				
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>
<b>NET CHANGE IN FUND BALANCE</b>	35,000	35,000	40,022	5,022
<b>FUND BALANCE, BEGINNING</b>	<u>2,769,331</u>	<u>2,769,331</u>	<u>2,769,331</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,804,331</u>	<u>\$ 2,804,331</u>	<u>\$ 2,809,353</u>	<u>\$ 5,022</u>

**GREGG COUNTY, TEXAS**

**COMBINING STATEMENT OF NET ASSETS**

**INTERNAL SERVICE FUNDS**

**SEPTEMBER 30, 2014**

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 59,779	\$ 827,958	\$ 887,737
Investments	-	2,195,679	2,195,679
Interest receivable	-	608	608
Accounts receivable, net of allowance	767	51,024	51,791
Inventory	<u>19,568</u>	<u>-</u>	<u>19,568</u>
Total current assets	<u>80,114</u>	<u>3,075,269</u>	<u>3,155,383</u>
Noncurrent assets:			
Capital assets:			
Equipment	49,288	-	49,288
Less accumulated depreciation	<u>( 14,658)</u>	<u>-</u>	<u>( 14,658)</u>
Total capital assets	<u>34,630</u>	<u>-</u>	<u>34,630</u>
Total noncurrent assets	<u>34,630</u>	<u>-</u>	<u>34,630</u>
Total assets	<u>114,744</u>	<u>3,075,269</u>	<u>3,190,013</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,279	-	1,279
Accrued liabilities	<u>3,832</u>	<u>258,626</u>	<u>262,458</u>
Total liabilities	<u>5,111</u>	<u>258,626</u>	<u>263,737</u>
<b>NET POSITION</b>			
Net investment in capital assets	34,630	-	34,630
Unrestricted	<u>75,003</u>	<u>2,816,643</u>	<u>2,891,646</u>
Total net position	<u>\$ 109,633</u>	<u>\$ 2,816,643</u>	<u>\$ 2,926,276</u>

# **INTERNAL SERVICE FUNDS**

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# GREGG COUNTY, TEXAS

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

### INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 118,076	\$ 5,746,840	\$ 5,864,916
Total operating revenues	<u>118,076</u>	<u>5,746,840</u>	<u>5,864,916</u>
<b>OPERATING EXPENSES</b>			
Salaries	26,305	-	26,305
Fringe benefits	14,161	-	14,161
Operating expenses	44,537	-	44,537
Insurance consultant	-	22,000	22,000
Claim expenses	-	4,625,154	4,625,154
Administrative	-	590,358	590,358
Depreciation	7,103	-	7,103
Total operating expenses	<u>92,106</u>	<u>5,237,512</u>	<u>5,329,618</u>
<b>OPERATING INCOME</b>	25,970	509,328	535,298
<b>NONOPERATING REVENUES</b>			
Investment earnings	-	1,262	1,262
<b>CHANGE IN NET POSITION</b>	25,970	510,590	536,560
<b>TOTAL NET POSITION, BEGINNING</b>	<u>83,663</u>	<u>2,306,053</u>	<u>2,389,716</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 109,633</u>	<u>\$ 2,816,643</u>	<u>\$ 2,926,276</u>

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**GREGG COUNTY, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from interfund charges for print shop services	\$ 118,120	\$ -	\$ 118,120
Cash receipts from interfund charges for self-insurance services	-	5,886,039	5,886,039
Payments to suppliers for goods and services	( 44,269)	(5,207,465)	(5,251,734)
Payments to employees for salaries and benefits	( 38,759)	-	( 38,759)
Net cash provided (used) by operating activities	<u>35,092</u>	<u>678,574</u>	<u>713,666</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	( 8,290)	-	( 8,290)
Net cash flows provided by capital and related financing activities	<u>( 8,290)</u>	<u>-</u>	<u>( 8,290)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from maturities of investments	-	1,774,000	1,774,000
Purchase of investments	-	(1,796,000)	(1,796,000)
Investment earnings	-	( 763)	( 763)
Net cash flows used by investing activities	<u>-</u>	<u>( 22,763)</u>	<u>( 22,763)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	26,802	655,811	682,613
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>32,977</u>	<u>172,147</u>	<u>205,124</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 59,779</u>	<u>\$ 827,958</u>	<u>\$ 887,737</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income	\$ 25,970	\$ 509,328	\$ 535,298
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	7,103	-	7,103
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Inventory	977	-	977
Accounts receivable	44	139,199	139,243
Increase (decrease) in liabilities:			
Accounts payable	( 709)	-	( 709)
Accrued liabilities	<u>1,707</u>	<u>30,047</u>	<u>31,754</u>
Net cash provided (loss) by operating activities	<u>\$ 35,092</u>	<u>\$ 678,574</u>	<u>\$ 713,666</u>

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# **AGENCY FUNDS**

**GREGG COUNTY, TEXAS**

**AGENCY FUNDS**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**SEPTEMBER 30, 2014**

	<u>Tax Assessor- Collector</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Sheriff</u>
<b>ASSETS</b>				
Cash and investments	\$ <u>2,810,348</u>	\$ <u>868,942</u>	\$ <u>2,886,191</u>	\$ <u>239,344</u>
Total assets	\$ <u>2,810,348</u>	\$ <u>868,942</u>	\$ <u>2,886,191</u>	\$ <u>239,344</u>
<b>LIABILITIES</b>				
Due to others	\$ <u>2,810,348</u>	\$ <u>868,942</u>	\$ <u>2,886,191</u>	\$ <u>239,344</u>
Total liabilities	\$ <u>2,810,348</u>	\$ <u>868,942</u>	\$ <u>2,886,191</u>	\$ <u>239,344</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>276,479</u>	\$ <u>45,227</u>	\$ <u>280,275</u>	\$ <u>10,107</u>	\$ <u>1,605,969</u>	\$ <u>9,022,882</u>
\$ <u>276,479</u>	\$ <u>45,227</u>	\$ <u>280,275</u>	\$ <u>10,107</u>	\$ <u>1,605,969</u>	\$ <u>9,022,882</u>
\$ <u>276,479</u>	\$ <u>45,227</u>	\$ <u>280,275</u>	\$ <u>10,107</u>	\$ <u>1,605,969</u>	\$ <u>9,022,882</u>
\$ <u>276,479</u>	\$ <u>45,227</u>	\$ <u>280,275</u>	\$ <u>10,107</u>	\$ <u>1,605,969</u>	\$ <u>9,022,882</u>

**GREGG COUNTY, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
<b><u>TAX ASSESSOR-COLLECTOR</u></b>				
Assets:				
Cash and investments	\$ <u>2,505,015</u>	\$ <u>218,387,426</u>	\$ <u>218,082,093</u>	\$ <u>2,810,348</u>
Liabilities:				
Due to others	\$ <u>2,505,015</u>	\$ <u>218,387,426</u>	\$ <u>218,082,093</u>	\$ <u>2,810,348</u>
<b><u>COUNTY CLERK</u></b>				
Assets:				
Cash and investments	\$ <u>934,068</u>	\$ <u>1,551,531</u>	\$ <u>1,616,657</u>	\$ <u>868,942</u>
Liabilities:				
Due to others	\$ <u>934,068</u>	\$ <u>1,551,531</u>	\$ <u>1,616,657</u>	\$ <u>868,942</u>
<b><u>DISTRICT CLERK</u></b>				
Assets:				
Cash and investments	\$ <u>2,910,410</u>	\$ <u>2,226,070</u>	\$ <u>2,250,289</u>	\$ <u>2,886,191</u>
Liabilities:				
Due to others	\$ <u>2,910,410</u>	\$ <u>2,226,070</u>	\$ <u>2,250,289</u>	\$ <u>2,886,191</u>
<b><u>SHERIFF</u></b>				
Assets:				
Cash and investments	\$ <u>241,700</u>	\$ <u>1,634,553</u>	\$ <u>1,636,909</u>	\$ <u>239,344</u>
Liabilities:				
Due to others	\$ <u>241,700</u>	\$ <u>1,634,553</u>	\$ <u>1,636,909</u>	\$ <u>239,344</u>
<b><u>DISTRICT ATTORNEY</u></b>				
Assets:				
Cash and investments	\$ <u>285,818</u>	\$ <u>353,244</u>	\$ <u>362,583</u>	\$ <u>276,479</u>
Liabilities:				
Due to others	\$ <u>285,818</u>	\$ <u>353,244</u>	\$ <u>362,583</u>	\$ <u>276,479</u>



## GREGG COUNTY, TEXAS

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b><u>CODE FORFEITURE PENDING</u></b>				
Assets:				
Cash and investments	\$ 39,073	\$ 34,662	\$ 28,508	\$ 45,227
Liabilities:				
Due to others	\$ 39,073	\$ 34,662	\$ 28,508	\$ 45,227
<b><u>STATE FEES</u></b>				
Assets:				
Cash and investments	\$ 287,516	\$ 1,260,844	\$ 1,268,085	\$ 280,275
Liabilities:				
Due to others	\$ 287,516	\$ 1,260,844	\$ 1,268,085	\$ 280,275
<b><u>GREGG / HARRISON FIRST CALL WARNING</u></b>				
Assets:				
Cash and investments	\$ 10,107	\$ -	\$ -	\$ 10,107
Liabilities:				
Due to others	\$ 10,107	\$ -	\$ -	\$ 10,107
<b><u>JUVENILE PROBATION</u></b>				
Assets:				
Cash and investments	\$ 1,223,788	\$ 4,276,153	\$ 3,893,972	\$ 1,605,969
Liabilities:				
Due to others	\$ 1,223,788	\$ 4,276,153	\$ 3,893,972	\$ 1,605,969
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
Assets:				
Cash and investments	\$ 8,437,495	\$ 229,724,483	\$ 229,139,096	\$ 9,022,882
Liabilities:				
Due to others	\$ 8,437,495	\$ 229,724,483	\$ 229,139,096	\$ 9,022,882

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## 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 Position by Component

Table 1.2 - Changes in Net Position

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 POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	\$ 28,958,344	\$ 33,113,380	\$ 52,493,563	\$ 58,405,677
Restricted for:				
Debt service	722,587	99,244	140,745	265,955
Archive restoration	-	-	-	687,010
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	-	-	-	-
Vehicle inventory tax administration	-	-	-	-
Permanent improvements	-	-	-	-
Unrestricted	<u>18,333,513</u>	<u>28,845,812</u>	<u>39,146,149</u>	<u>49,150,046</u>
Total governmental activities net position	<u>\$ 48,014,444</u>	<u>\$ 62,058,436</u>	<u>\$ 91,780,457</u>	<u>\$ 108,508,688</u>
Business-type activities:				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government:				
Net investment in capital assets	\$ 28,958,344	\$ 33,113,380	\$ 52,493,563	\$ 58,405,677
Restricted for:				
Debt service	722,587	99,244	140,745	265,955
Archive restoration	-	-	-	687,010
Transportation and road improvements	-	-	-	-
Public safety operations	-	-	-	-
Bail bond board operations	-	-	-	-
Judicial operations	-	-	-	-
Airport operations	-	-	-	-
Court technology and security	-	-	-	-
Records management and preservation	-	-	-	-
Voting and elections	-	-	-	-
Health and human services operations	-	-	-	-
Vehicle inventory tax administration	-	-	-	-
Permanent improvements	-	-	-	-
Unrestricted	<u>18,333,513</u>	<u>28,845,812</u>	<u>39,146,149</u>	<u>49,150,046</u>
Total primary government net position	<u>\$ 48,014,444</u>	<u>\$ 62,058,436</u>	<u>\$ 91,780,457</u>	<u>\$ 108,508,688</u>

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 64,771,730	\$ 63,282,308	\$ 63,355,158	\$ 59,664,989	\$ 58,814,064	\$ 58,218,734	
-	-	-	-	-	-	
682,131	766,580	743,251	813,419	475,923	506,979	
-	-	-	4,789,161	5,447,169	7,664,128	
-	-	-	606,516	527,863	561,196	
-	-	-	131,596	139,605	164,282	
-	-	-	-	29,439	34,820	
-	-	-	170,363	197,781	203,040	
-	-	-	210,598	239,711	313,465	
-	-	-	702,052	755,926	919,572	
-	-	-	35,366	24,643	23,195	
-	-	-	56,341	71,209	29,250	
-	-	-	-	-	1,589	
-	-	-	4,272,310	4,659,594	4,573,899	
<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>63,043,040</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>	\$ <u>136,257,189</u>	
\$ -	\$ -	\$ -	\$ 313,158	\$ 298,645	\$ 490,770	
-	-	-	49,553	( 6,125)	( 93,857)	
\$ -	\$ -	\$ -	\$ 362,711	\$ 292,520	\$ 396,913	
\$ 64,771,730	\$ 63,282,308	\$ 63,355,158	\$ 59,978,147	\$ 59,112,709	\$ 58,709,504	
-	-	-	-	-	-	
682,131	766,580	743,251	813,419	475,923	506,979	
-	-	-	4,789,161	5,447,169	7,664,128	
-	-	-	606,516	527,863	561,196	
-	-	-	-	29,439	34,820	
-	-	-	131,596	139,605	164,282	
-	-	-	170,363	197,781	203,040	
-	-	-	210,598	239,711	313,465	
-	-	-	702,052	755,926	919,572	
-	-	-	35,366	24,643	23,195	
-	-	-	56,341	71,209	29,250	
-	-	-	-	-	1,589	
-	-	-	4,272,310	4,659,594	4,573,899	
<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>62,949,183</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>	\$ <u>136,654,102</u>	

## GREGG COUNTY TEXAS

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

	Fiscal Year			
	2005	2006	2007	2008
<b>EXPENSES</b>				
<i>Governmental activities:</i>				
General government	\$ 7,969,874	\$ 8,390,812	\$ 8,542,001	\$ 9,543,171
Judicial	4,761,461	5,081,639	5,493,674	5,931,707
Public safety	8,590,597	9,828,994	11,597,098	13,189,470
Health and human services	2,481,293	2,154,018	2,707,724	2,363,996
Public buildings	2,507,921	2,767,706	2,806,514	2,941,860
Transportation and roads	3,618,383	4,397,210	5,386,309	6,259,955
Interest on long-term debt	148,683	47,954	38,178	28,459
Total expenses, governmental activities	<u>30,078,212</u>	<u>32,668,333</u>	<u>36,571,498</u>	<u>40,258,618</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>\$ 30,078,212</u>	<u>\$ 32,668,333</u>	<u>\$ 36,571,498</u>	<u>\$ 40,258,618</u>
<b>PROGRAM REVENUES</b>				
<i>Governmental activities</i>				
Charges for services:				
General government	\$ 2,640,012	\$ 3,040,048	\$ 3,056,985	\$ 2,870,400
Judicial	1,868,072	2,037,259	1,889,671	1,924,753
Public safety	1,041,901	1,125,363	1,169,268	1,485,239
Health and human services	31,001	30,844	39,854	81,403
Public buildings	658,461	723,396	2,217,764	3,810,197
Transportation and roads	1,663,277	1,815,739	1,848,874	2,089,882
Operating grants and contributions	1,151,503	1,619,853	1,287,135	1,578,343
Capital grants and contributions	838,455	3,130,111	5,205,230	5,937,901
Total program revenue, governmental activities	<u>9,892,682</u>	<u>13,522,613</u>	<u>16,714,781</u>	<u>19,778,118</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>\$ 9,892,682</u>	<u>\$ 13,522,613</u>	<u>\$ 16,714,781</u>	<u>\$ 19,778,118</u>
<b>NET (EXPENSE) REVENUE</b>				
Governmental activities	\$( 20,185,530)	\$( 19,145,720)	\$( 19,856,717)	\$( 20,480,500)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government net expense	<u>\$( 20,185,530)</u>	<u>\$( 19,145,720)</u>	<u>\$( 19,856,717)</u>	<u>\$( 20,480,500)</u>

Fiscal Year

	2009	2010	2011	2012	2013	2014
\$	10,545,040	\$ 11,102,197	\$ 12,066,388	\$ 11,829,723	\$ 12,874,593	\$ 12,848,089
	6,506,628	6,485,552	6,926,043	7,263,692	7,604,265	7,554,982
	14,596,497	14,826,537	14,857,301	15,617,020	15,872,926	16,931,848
	2,780,822	2,952,009	3,566,125	2,938,243	2,828,937	2,771,049
	2,440,792	2,864,443	2,921,703	3,021,237	3,244,751	3,273,248
	8,604,974	7,531,204	10,119,148	6,551,074	13,154,752	7,929,120
	22,629	18,506	12,105	1,250	590	74
	<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>	<u>51,308,410</u>
	-	-	-	111,194	148,929	159,406
	-	-	-	111,194	148,929	159,406
\$	<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>	<u>51,467,816</u>
\$	3,125,963	\$ 2,795,666	\$ 2,867,886	\$ 2,787,306	\$ 2,812,045	\$ 2,825,010
	1,872,257	1,837,417	1,788,901	1,706,448	1,548,149	1,630,996
	1,527,640	1,444,761	1,306,073	1,393,005	1,157,352	1,239,998
	60,446	175,972	124,161	196,892	193,902	178,194
	3,577,124	3,349,981	3,341,469	2,773,416	2,680,598	2,118,869
	2,235,650	2,018,074	1,752,571	2,079,088	1,841,454	2,040,208
	1,410,235	1,514,592	1,981,326	1,245,358	1,052,759	1,014,974
	7,301,696	1,099,734	1,263,850	380,331	2,312,910	3,274,049
	<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>	<u>14,322,298</u>
	-	-	-	54,936	63,738	50,633
	-	-	-	54,936	63,738	50,633
\$	<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>	<u>14,372,931</u>
\$	( 24,386,371)	\$ ( 31,544,251)	\$ ( 36,042,576)	\$ ( 34,660,395)	\$ ( 41,981,646)	\$ ( 36,986,112)
	-	-	-	( 56,258)	( 85,191)	( 108,773)
\$	<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>	<u>( 37,094,885)</u>

## GREGG COUNTY TEXAS

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

	Fiscal Year			
	2005	2006	2007	2008
<b>General revenue and other changes in net position</b>				
<i>Governmental activities</i>				
Property taxes	\$ 15,193,252	\$ 16,553,242	\$ 17,995,408	\$ 18,953,528
Sales taxes	11,854,879	15,060,036	15,288,500	16,392,118
Alcoholic beverage taxes	151,062	174,379	187,869	205,875
Other taxes	78,050	83,588	99,547	64,489
Unrestricted investment earnings	557,393	1,291,587	1,898,174	1,339,856
Gain on sale of assets	-	17,638	227,854	236,282
Gain on insurance settlement	1,782	9,242	11,807	86,227
Miscellaneous	-	-	-	-
Transfers	-	-	( 90,000)	( 90,000)
Total governmental activities	<u>27,836,418</u>	<u>33,189,712</u>	<u>35,619,159</u>	<u>37,188,375</u>
<i>Business-type activities</i>				
Transfers	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>27,836,418</u>	<u>33,189,712</u>	<u>35,619,159</u>	<u>37,188,375</u>
<b>Changes in net position</b>				
Governmental activities	7,650,888	14,043,992	15,762,442	16,707,875
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 7,650,888</u>	<u>\$ 14,043,992</u>	<u>\$ 15,762,442</u>	<u>\$ 16,707,875</u>



Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 20,864,871	\$ 21,372,685	\$ 21,302,750	\$ 21,177,159	\$ 21,660,737	\$ 21,899,820
15,831,322	15,129,279	16,912,110	16,902,274	18,981,037	17,854,086
211,389	214,451	203,001	189,867	190,613	234,572
104,844	86,280	77,913	112,333	116,369	91,337
1,052,855	250,028	260,974	177,938	137,628	130,130
-	205,243	-	37,865	98,775	-
8,730	7,097	25,612	-	-	-
-	-	-	95,890	56,954	-
( 83,500)	( 80,000)	( 85,000)	( 418,969)	( 15,000)	( 213,166)
<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>	<u>39,996,779</u>
-	-	-	418,969	15,000	213,166
-	-	-	418,969	15,000	213,166
<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>	<u>40,209,945</u>
13,604,140	5,640,812	2,654,784	3,613,962	( 754,533)	3,010,667
-	-	-	362,711	( 70,191)	104,393
<u>\$ 13,604,140</u>	<u>\$ 5,640,812</u>	<u>\$ 2,654,784</u>	<u>\$ 3,976,673</u>	<u>\$ ( 824,724)</u>	<u>\$ 3,115,060</u>

## GREGG COUNTY, TEXAS

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

	Fiscal Year			
	2005	2006	2007	2008
General fund				
Unreserved	\$ 9,507,157	\$ 18,287,075	\$ 27,085,477	\$ 23,155,150
Reserved	39,942	65,455	37,452	752,131
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>9,547,099</u>	<u>18,352,530</u>	<u>27,122,929</u>	<u>23,907,281</u>
All other governmental funds				
Reserved	816,880	196,464	274,276	500,492
Unreserved reported in:				
Special revenue funds	5,675,666	6,218,927	6,415,571	7,990,568
Capital projects fund	645,030	1,190,478	2,098,595	14,053,088
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>7,137,576</u>	<u>7,605,869</u>	<u>8,788,442</u>	<u>22,544,148</u>
Total governmental funds	<u>\$ 16,684,675</u>	<u>\$ 25,958,399</u>	<u>\$ 35,911,371</u>	<u>\$ 46,451,429</u>

Extracted from Balance Sheet - Governmental Funds

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

Fiscal Year

2009	2010	2011	2012	2013	2014
\$ 29,560,305	\$ 20,726,797	\$ -	\$ -	\$ -	\$ -
760,327	849,537	-	-	-	-
-	-	41,219	27,517	23,827	7,216
-	-	770,646	832,926	591,407	583,839
-	-	29,136	256,442	217,040	450,410
-	-	27,494,970	32,672,039	38,422,086	34,676,637
<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>	<u>35,718,102</u>
322,089	210,891	-	-	-	-
6,828,868	10,265,799	-	-	-	-
14,708,331	27,172,920	-	-	-	-
-	-	103,010	112,030	134,282	133,327
-	-	9,326,086	10,724,171	11,883,420	12,428,031
-	-	2,687,276	1,399,986	4,357,002	4,569,024
-	-	21,271,834	20,033,666	13,029,616	18,344,340
-	-	-	( 718)	-	-
<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>35,474,722</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>	<u>\$ 71,192,824</u>

## GREGG COUNTY, TEXAS

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

	Fiscal Year			
	2005	2006	2007	2008
<b>REVENUES</b>				
Taxes	\$ 27,351,797	\$ 31,936,653	\$ 33,629,304	\$ 35,625,377
Licenses and permits	1,177,202	1,268,757	1,296,641	1,302,467
Intergovernmental	2,381,998	5,176,316	6,906,239	8,123,597
Charges for services	3,704,969	4,287,972	4,315,165	4,033,578
Fines and forfeitures	1,073,380	1,130,345	1,147,893	1,121,854
Investment earnings	512,369	1,218,619	1,794,201	1,265,171
Rents and commissions	749,970	654,938	726,786	788,573
Miscellaneous	745,570	851,251	2,217,380	4,148,033
Total revenues	<u>37,697,255</u>	<u>46,524,851</u>	<u>52,033,609</u>	<u>56,408,650</u>
<b>EXPENDITURES</b>				
General government	7,556,069	8,079,901	7,941,151	8,721,700
Judicial	4,857,743	5,184,329	5,507,797	6,090,503
Public safety	8,813,959	10,283,176	11,631,436	13,535,782
Health and human services	2,510,482	2,182,786	2,789,852	2,488,704
Public buildings	1,798,791	2,141,922	2,123,898	2,213,314
Transportation and roads	3,590,760	4,422,556	5,362,341	5,532,873
Debt service				
Principal	670,224	869,277	860,000	949,404
Interest	1,786,779	43,978	26,143	19,390
Capital outlay	935,754	4,097,017	6,535,229	7,010,064
Total expenditures	<u>32,520,561</u>	<u>37,304,942</u>	<u>42,777,847</u>	<u>46,561,734</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,176,694</u>	<u>9,219,909</u>	<u>9,255,762</u>	<u>9,846,916</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	567,547	1,801,454	2,960,170	13,232,941
Transfers out	( 569,047)	( 1,801,454)	( 2,960,170)	( 13,232,941)
Issuance of notes payable	-	-	274,230	-
Issuance of capital lease	-	-	-	288,628
Sale of capital assets	40,120	44,573	441,172	267,941
Sale of right-of-way	-	-	-	-
Insurance recoveries	1,782	9,242	11,808	86,227
Total other financing sources and uses	<u>40,402</u>	<u>53,815</u>	<u>727,210</u>	<u>642,796</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 5,217,096</u>	<u>\$ 9,273,724</u>	<u>\$ 9,982,972</u>	<u>\$ 10,489,712</u>
<b>DEBT SERVICES AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	2.122%	2.618%	2.373%	2.400%

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 36,962,804	\$ 37,149,062	\$ 38,362,150	\$ 38,594,743	\$ 40,895,686	\$ 40,075,700	
1,339,496	1,291,763	1,237,844	1,398,039	1,342,638	1,391,051	
9,323,668	3,135,838	3,731,436	2,061,285	3,755,376	4,716,379	
3,935,251	3,810,630	3,774,549	3,713,143	3,754,191	3,675,306	
1,196,596	1,156,767	1,168,021	1,444,602	1,217,869	1,237,949	
1,001,794	237,182	251,352	171,354	137,628	128,868	
1,081,838	965,940	1,033,682	3,352,952	3,273,148	2,694,410	
3,704,754	3,301,639	3,327,129	359,238	255,947	285,407	
<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>	<u>54,205,070</u>	
9,024,350	8,667,764	9,404,049	9,325,778	10,270,374	10,139,547	
6,600,583	6,503,219	6,887,259	7,285,879	7,563,512	7,870,174	
15,132,278	14,677,211	14,585,933	15,429,054	16,140,745	16,782,073	
2,766,474	2,837,450	3,630,641	2,944,827	2,816,765	2,779,179	
2,782,000	2,029,427	2,082,011	2,130,553	2,214,203	2,220,231	
8,087,017	8,469,360	10,272,011	4,924,912	11,348,421	6,690,923	
391,117	408,879	507,108	6,478	5,619	2,216	
25,883	19,711	20,810	1,250	590	74	
8,635,325	1,426,316	3,037,040	1,823,401	4,752,119	5,312,160	
<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>51,796,577</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>	<u>2,408,493</u>	
3,026,651	20,571,490	5,658,471	569,510	7,232,851	9,447,050	
( 3,026,651)	( 20,571,490)	( 5,667,406)	( 669,510)	( 7,247,851)	( 9,447,050)	
-	-	-	-	-	-	
319,632	495,976	-	-	-	-	
298,955	513,467	22,255	44,658	108,642	64,243	
-	20,000	-	-	-	-	
8,730	7,097	25,612	95,890	56,954	61,408	
<u>627,317</u>	<u>1,036,540</u>	<u>38,932</u>	<u>40,548</u>	<u>150,596</u>	<u>125,651</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>	\$ <u>2,534,144</u>	
0.873%	0.938%	1.070%	0.019%	0.012%	0.005%	

## GREGG COUNTY, TEXAS

**Table 2.1 ASSESSED VALUE AND ESTIMATED TAXABLE VALUE OF PROPERTY  
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property Residential	Real Property Commercial and Industrial	Personal Property	All Other	Total Assessed Value	Total Direct Tax Rate	Total Estimated Adjusted Taxable Value	Ratio of Assessed to Taxable Value
2014	\$ 4,465,741,722	\$ 1,558,361,232	\$ 2,510,554,165	\$ 1,345,006,507	\$ 9,879,663,626	0.2625	\$ 8,668,365,415	87.74%
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%

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Direct rates										
Gregg County general rate	0.2747	0.2747	0.2647	0.2622	0.2622	0.2622	0.2597	0.2572	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>
<b>Total direct debt</b>	<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>	<u>0.2625</u>
Overlapping debt:										
City rates										
Clarksville City	0.4327	0.3754	0.4333	0.3678	0.4471	0.4649	0.4886	0.4196	0.4501	0.4501
East Mountain	0.0000	0.0000	0.0000	0.0903	0.8529	0.1000	0.1000	0.1000	0.1000	0.1200
Easton	0.0767	0.0778	0.0840	0.1000	0.1000	0.0820	0.0794	0.0913	0.2500	0.2500
Gladewater	0.5767	0.5654	0.5860	0.5831	0.5831	0.6123	0.6426	0.6426	0.6445	0.6414
Kilgore	0.5249	0.5074	0.4600	0.4000	0.3924	0.3994	0.3900	0.4000	0.4200	0.4500
Lakeport	0.3317	0.2889	0.3244	0.2975	0.4011	0.6299	0.5915	0.6023	0.6275	0.6145
Longview	0.4834	0.4834	0.4840	0.4840	0.4840	0.4840	0.5009	0.5009	0.5009	0.5099
Warren City	0.4629	0.4122	0.4599	0.4560	0.5000	0.5000	0.5000	0.2500	0.2500	0.2500
White Oak	0.5200	0.5100	0.4800	0.4800	0.4800	0.5200	0.5200	0.5200	0.5201	0.5317
School districts										
Gladewater ISD	1.4809	1.3352	1.1203	1.0400	1.0400	1.1700	1.1700	1.1700	1.1700	1.4900
Kilgore ISD	1.6120	1.4667	1.1331	1.1210	1.1092	1.1092	1.3092	1.3092	1.3092	1.3092
Longview ISD	1.6100	1.4680	1.1381	1.2980	1.4202	1.5130	1.5130	1.5130	1.5130	1.5130
Pine Tree ISD	1.6983	1.6139	1.3469	1.3485	1.3785	1.3785	1.5110	1.5110	1.5500	1.5550
Sabine ISD	1.5000	1.3700	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	1.2928	1.2730
Spring Hill ISD	1.6450	1.5150	1.1850	1.5400	1.5400	1.5400	1.5400	1.6700	1.6700	1.6700
White Oak ISD	1.6032	1.4437	1.1900	1.2426	1.2457	1.2408	1.2439	1.2333	1.2432	1.2460
Special district rates										
Gregg Co. ESD #1	0.1000	0.1000	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983
Kilgore Junior College	<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>	<u>0.1540</u>
<b>Total direct and overlapping rates</b>	<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>	<u>14.3886</u>

## GREGG COUNTY, TEXAS

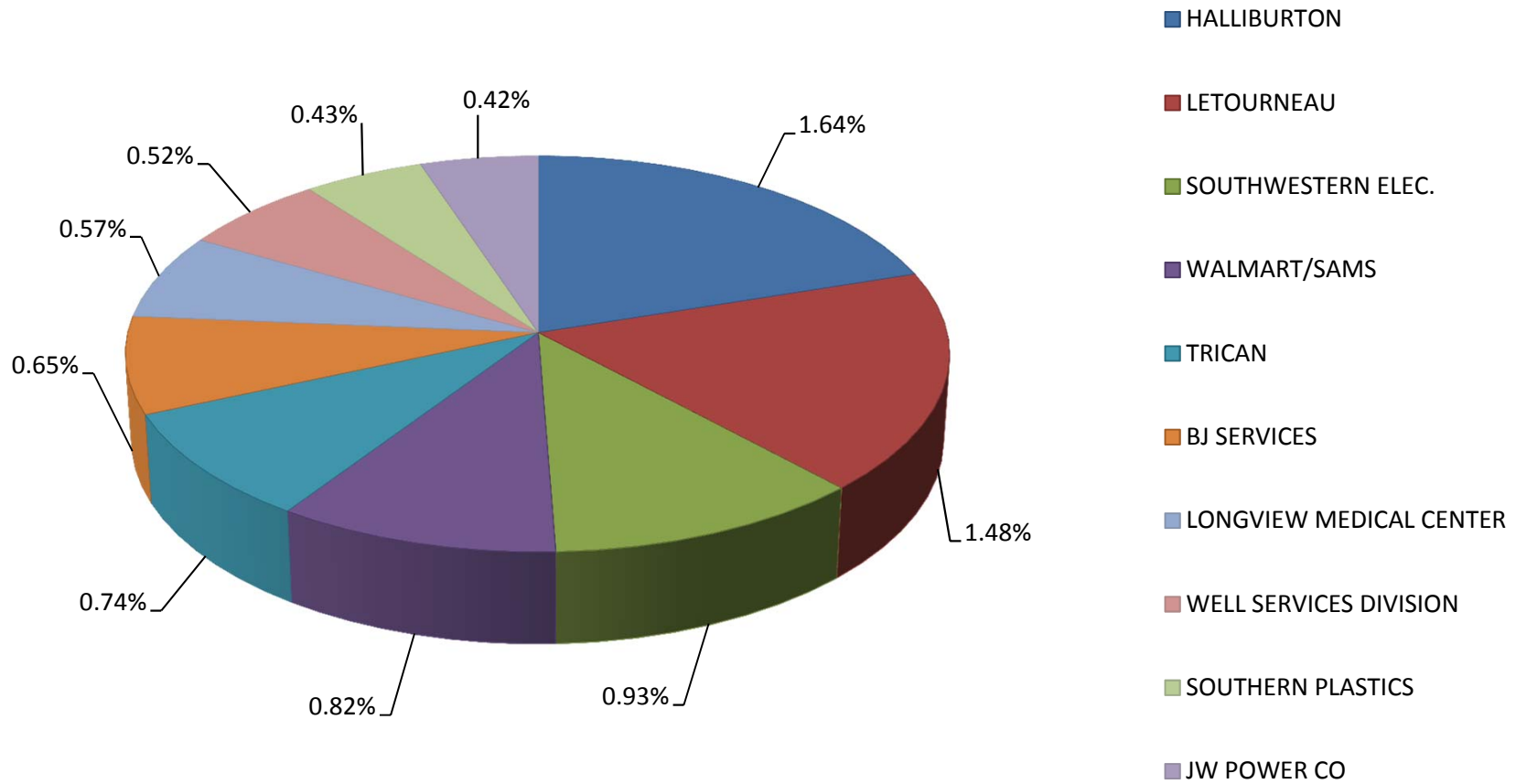
**Table 2.3 - PRINCIPAL TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2014			2005		
	Total Assessed Value	Rank	Percentage of Total Assessed Value	Total Assessed Value	Rank	Percentage of Total Assessed Value
Halliburton Co./Halliburton Energy Services/Halliburton Services - Wellnight	\$ 162,210,510	1	1.64%	\$ 34,099,560	10	0.50%
Letourneau Inc./ Letourneau Technologies Inc.	146,699,215	2	1.48%	106,770,590	1	1.57%
AEP Southwestern Elec Power Co./ AEP/SWEPCO/Southwestern Electric Power Co.	91,424,830	3	0.93%	105,584,010	2	1.55%
Wal-Mart / Sam's	81,242,410	4	0.82%	51,507,380	6	0.76%
Trican (Liberty Pressure Pump)	73,187,820	5	0.74%			
BJ Services/BJ Coiltech/BJ Dynacoil	64,521,490	6	0.65%			
Longview Medical Center/Longview Regional Hospital/Texas HCP Holding/ Longview Regional Business	56,523,270	7	0.57%	60,773,580	5	0.89%
Well Services Division of STC	51,634,720	8	0.52%			
Southern Plastics Inc	42,704,960	9	0.43%			
JW Power co / JW Manufacturing Co	41,261,280	10	0.42%			
XTO Energy				87,846,240	3	1.29%
Oneok Resources Co				75,656,190	4	1.11%
Southwestern Bell Telephone				44,595,860	8	0.65%
ExxonMobil				39,324,160	9	0.58%
Chinn Exploration Co.				42,583,500	7	0.62%
<b>Total</b>	<b>\$ 811,410,505</b>		<b>8.21%</b>	<b>\$ 648,741,070</b>		<b>9.51%</b>

Source: Gregg County Appraisal District



## 2014 TOP TEN TAXPAYERS



Source: Gregg County Appraisal District

## 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 9/30/2014	Delinquent Taxes to Total Adj. Levy
		Levy Collected	Percent of Original Levy				Total Collections To Date	Percent of Adjusted Levy		
2005	\$ 15,293,229	\$ 15,027,526	98.26%	\$ 2,120	\$ 15,295,349	\$ 235,291	\$ 15,262,817	99.79%	\$ 32,532	0.21%
2006	16,560,421	16,365,917	98.83%	46,333	16,606,754	199,644	16,565,561	99.75%	41,193	0.25%
2007	18,216,072	17,962,462	98.61%	( 14,867)	18,201,205	191,196	18,153,658	99.74%	47,547	0.26%
2008	19,129,114	18,863,462	98.61%	27,265	19,156,379	224,102	19,087,564	99.64%	68,815	0.36%
2009	21,017,998	20,727,939	98.62%	50,073	21,068,071	266,181	20,994,120	99.65%	73,952	0.35%
2010	21,713,885	21,571,949	99.35%	188,035	21,901,919	262,452	21,834,401	99.69%	67,519	0.31%
2011	21,259,861	21,016,555	98.86%	51,116	21,310,977	217,107	21,233,662	99.64%	77,315	0.36%
2012	21,541,094	21,294,083	98.85%	49,157	21,590,250	208,647	21,502,730	99.59%	87,520	0.41%
2013	22,022,808	21,567,906	97.93%	( 21,352)	22,001,457	223,579	21,791,485	99.05%	209,972	0.95%
2014	22,067,295	21,783,376	98.71%	42,283	22,109,578	-	21,783,376	98.52%	326,202	1.48%

- (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**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-Governmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Investment Earnings</u>	<u>Rents and Commissions</u>	<u>Miscellaneous</u>	<u>Totals</u>
2014	\$ 40,075,700	\$ 1,391,051	\$ 4,716,379	\$ 3,675,306	\$ 1,237,949	\$ 128,868	\$ 2,694,410	\$ 285,407	\$ 54,205,070
2013	40,895,684	1,342,638	3,744,387	3,784,071	1,217,868	137,629	3,273,148	226,012	54,621,437
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

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 <sup>1</sup>	Per Capita <sup>1</sup>
2014	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
2013	-	2,216	-	-	2,216	0.04%	0.02
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

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

<sup>1</sup> 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 <sup>1</sup>	Per Capita <sup>2</sup>
2014	\$ -	\$ -	\$ -	N/A	N/A
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

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

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

<sup>2</sup> Population data can be found in the Schedule of Demographic and Economic Statistics

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## GREGG COUNTY, TEXAS

**Table 3.3 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**AS OF SEPTEMBER 30, 2014**

Government Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
<b>Direct Debt:</b>			
Gregg County	\$ -	100.00%	\$ -
<b>Overlapping Debt:</b>			
Clarksville City, City of	2,701,000	99.97%	2,700,190
Gladewater, City of	1,878,147	61.72%	1,159,192
Kilgore College	1,598,822	62.87%	1,005,179
Kilgore, City of	4,765,000	86.36%	4,115,054
Kilgore Independent School District	57,251,172	73.54%	42,102,512
Lakeport, City of	136,844	100.00%	136,844
Longview, City of	74,650,849	95.26%	71,112,399
Gladewater Independent School District	242,818	70.25%	170,580
Longview Independent School District	252,563,808	100.00%	252,563,808
Pine Tree Independent School District	71,033,004	100.00%	71,033,004
Sabine Independent School District	19,420,990	100.00%	19,420,990
Spring Hill Independent School District	39,435,000	100.00%	39,435,000
White Oak Independent School District	<u>1,879,000</u>	100.00%	<u>1,879,000</u>
<b>Total Direct and Overlapping Debt</b>	<b>\$ <u>527,556,454</u></b>		<b>\$ <u>506,833,752</u></b>

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

Source: Outstanding Debt as of September 30, 2014

**GREGG COUNTY, TEXAS**

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit	\$ 1,482,984,481	\$ 1,637,700,558	\$ 1,790,794,063	\$ 1,994,477,890
Total net debt applicable to limit	<u>1,852,413</u>	<u>1,620,756</u>	<u>719,255</u>	<u>-</u>
Legal Debt Margin	\$ <u>1,481,132,068</u>	\$ <u>1,636,079,802</u>	\$ <u>1,790,074,808</u>	\$ <u>1,994,477,890</u>
 Total Net Debt applicable to the limit as a percent of debt limit	 0.12%	 0.10%	 0.04%	 0.00%



Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,089,930,203	\$ 2,023,484,071	\$ 2,068,576,145	\$ 2,132,856,856	\$ 2,137,867,790	\$ 2,167,091,354
-	-	-	-	-	-
<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>	<u>\$ 2,167,091,354</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>
2014	*	*	*	4.3
2013	123,024	\$ 5,897,052	\$ 47,934	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

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	2014		2005	
	Employees	Percentage of Total County Employees	Employees	Percentage of Total County Employees
Good Shepherd Medical Center	3,100	4.7%	-	0.0%
Trinity Rail, LLC	1,898	2.9%	-	0.0%
Eastman Chemical	1,552	2.3%	-	0.0%
Longview ISD	1,212	1.8%	-	0.0%
Wal-Mart	1,149	1.7%	-	0.0%
Joy Global	821	1.2%	-	0.0%
Longview Regional Medical Center	951	1.4%	-	0.0%
City of Longview	837	1.3%	-	0.0%
Pine Tree ISD	655	1.0%	-	0.0%
Diagnostic Clinic of Longview	<u>616</u>	<u>0.9%</u>	<u>-</u>	<u>0.0%</u>
Total	<u>12,791</u>	<u>19.3%</u>	<u>-</u>	<u>0.0%</u>

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**

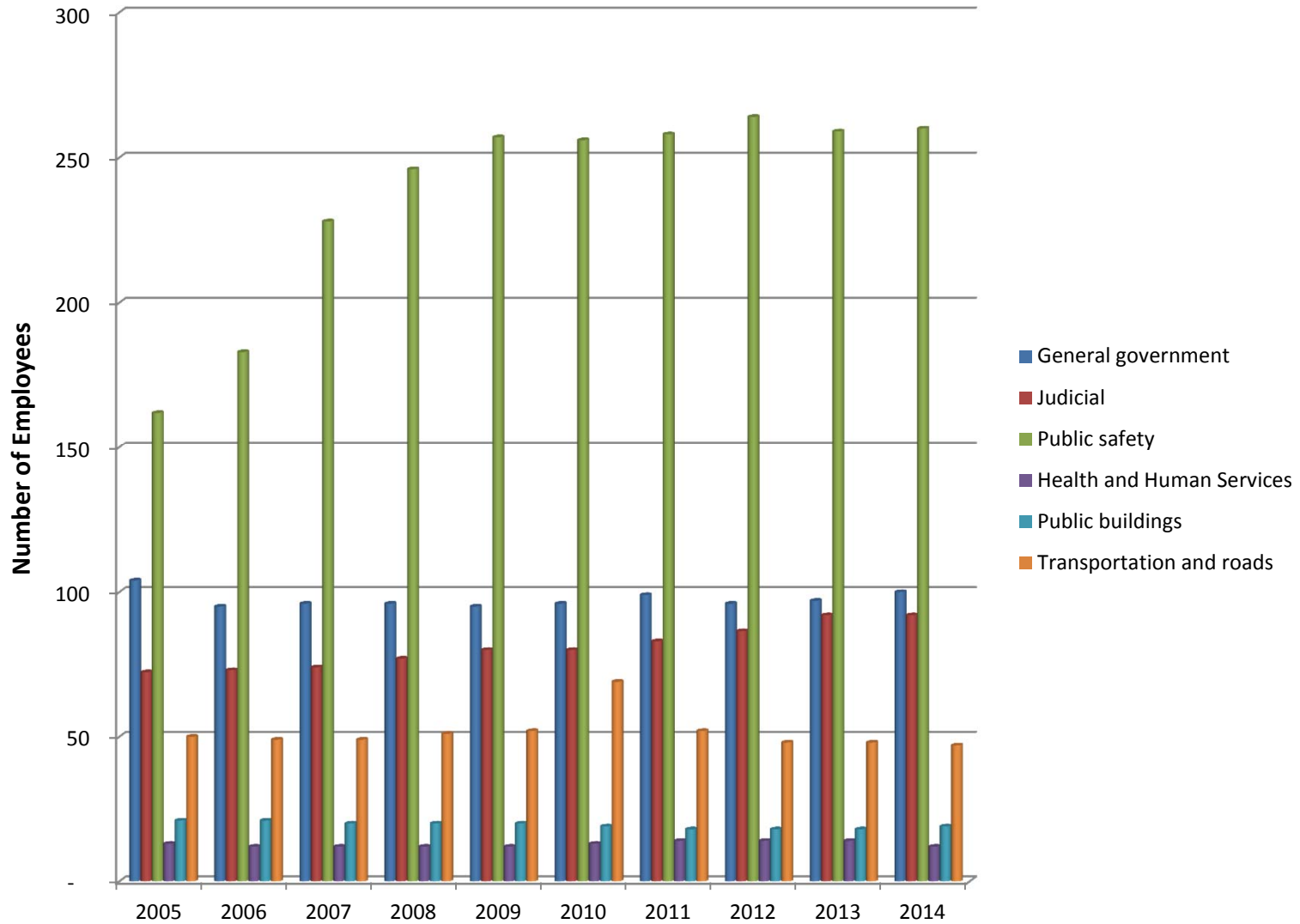
**LAST TEN FISCAL YEARS**

**SEPTEMBER 30, 2014**

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	104	95	96	96	95	96	99	96	97	100
Judicial	72	73	74	77	80	80	83	87	92	92
Public safety	162	183	228	246	257	256	258	264	259	260
Health and Human Services	13	12	12	12	12	13	14	14	14	12
Public buildings	21	21	20	20	20	19	18	18	18	19
Transportation and roads	<u>50</u>	<u>49</u>	<u>49</u>	<u>51</u>	<u>52</u>	<u>69</u>	<u>52</u>	<u>48</u>	<u>48</u>	<u>47</u>
Totals	<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>	<u>530</u>

Source: Gregg County Budget

## County Employees by Function



Source: Gregg County Budget

## GREGG COUNTY, TEXAS

**Table 5.2 OPERATING INDICATORS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS  
SEPTEMBER 30, 2014**

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
County Finance										
Accounts Payable Checks Processed	8,577	8,875	9,552	9,627	10,560	8,321	7,845	8,409	8,789	8,493
Tax Office (1)										
Motor vehicle registrations	119,488	125,254	131,438	128,732	128,189	127,751	129,604	133,481	133,761	134,302
Motor vehicle titles issued	43,395	44,968	47,734	47,626	39,293	39,992	45,622	49,178	49,411	48,757
Elections Office										
Registered Voters	73,544	70,349	73,680	71,799	67,977	68,612	64,458	66,464	65,680	66,146
Number of Elections Held	3	6	3	13	7	13	5	11	10	11
Judicial										
District Court level										
Civil cases filed	5,253	4,646	3,984	3,838	3,583	4,076	3,319	3,064	3,417	3,297
Criminal cases filed	1,587	1,749	1,364	1,467	1,604	1,751	1,304	1,266	1,389	1,519
County Court level										
Probate/Mental Health cases filed	524	466	530	488	449	528	591	629	525	516
Statutory County Court level (2)										
Civil cases filed	690	656	611	564	469	413	1,181	1,174	1,180	1,117
Criminal cases filed	6,216	6,349	6,131	5,631	5,168	4,895	4,328	4,005	4,129	3,684
Law Enforcement/Corrections (3)										
Jail facilities										
Jail Book-ins	11,449	10,896	12,492	12,125	11,320	10,519	10,556	10,696	10,282	9,419
Law Enforcement										
Warrants executed	5,065	5,543	5,157	3,417	3,041	4,358	4,462	4,340	5,770	4,496
Civil process served	8,775	4,795	4,142	5,222	5,341	4,853	4,585	4,165	3,523	4,629
Health & Human Services										
Patients seen by Doctor	1,196	1,115	1,193	836	847	769	841	757	646	477
Patients seen by Nurse	1,236	1,633	1,688	1,583	2,584	2,266	2,501	2,848	2,354	2,032
Immunizations	11,157	12,637	13,301	6,346	7,781	7,142	11,158	7,504	5,440	5,254
Welfare Applicants	1,977	1,348	1,302	1,277	1,686	1,359	1,444	1,377	1,004	820
Transportation & Roads										
Miles of County Roads	n/a	n/a	279	279	281	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, 2014**

<u>FUNCTION/PROGRAM</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government										
Vehicles	6	6	5	7	6	6	6	6	10	9
Judicial										
Vehicles	0	0	0	2	2	3	3	3	4	5
Video/sound system	1	1	1	1	2	2	2	2	2	2
Law enforcement/corrections										
Vehicles	50	60	47	57	73	77	91	93	99	88
Transportation and roads										
Road and bridge vehicles	27	30	30	28	33	34	34	36	29	31
Road and bridge equipment	118	125	114	113	120	113	113	116	111	111
Public buildings										
Vehicles	6	5	4	5	4	4	4	4	4	4
Health and human services										
Vehicles	3	3	3	3	3	2	2	2	2	2

Source: Gregg County depreciation schedules

## GREGG COUNTY, TEXAS

**Table 5.4 SCHEDULE OF INSURANCE**

**SEPTEMBER 30, 2014**

(UNAUDITED)

Insuring Company	Type of Coverage	Policy From	Policy To	Summary of Coverage	Liability Limits
Texas Public Entity Group Agent: Rooker Downing & Booth	Property	10/01/13	10/01/14	Buildings Personal Property Valuable Papers Contractors Equipment	\$ 87,055,483 50,000 250,000 5,317,832
Texas Public Entity Group Agent: Rooker Downing & Booth	Commerical Crime	10/01/13	10/01/14	Employee Theft - per loss Computer Crime Funds Transfer Fraud Forgery	600,000 600,000 600,000 600,000
Texas Public Entity Group Agent: Rooker Downing & Booth	Auto	10/01/13	10/01/14	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	10/01/13	10/01/14	General Aggregate Crisis Management Security Breach Notification	1,000,000 50,000 50,000
Texas Public Entity Group Agent: Rooker Downing & Booth	Commercial General Liability	10/01/13	10/01/14	General Aggregate	400,000
Texas Public Entity Group Agent: Rooker Downing & Booth	Employee Benefits Liability	10/01/13	10/01/14	Aggregate Limit	3,000,000
Tac Risk Management Pool	Public Officials Liability	10/01/13	10/01/14	Aggregate	2,000,000
JamisonPro	State Judges Professional Liability	01/01/14	01/01/15	Damages / Claims Exp.	1,000,000
Tac Risk Management Pool	Law Enforcement Liability	10/01/13	10/01/14	Aggregate	2,000,000
Evanston Insurance Company Agent: Rooker Downing & Booth	Gregg Co. Jail/Medical Services	12/15/13	12/15/14	Liability	1,000,000
Admiral Insurance Company Agent: Rooker Downing & Booth	Health Department	10/01/13	10/01/14	Aggregate	1,000,000
Old Republic Insurance Company Agent: Rooker Downing & Booth	East Texas Regional Airport	10/01/13	10/01/14	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	10/01/13	10/01/14	Liability / each loss	1,000,000
Nautilus Insurance Company	Storage Tank Systems	08/04/14	08/04/15	Clean up costs, Third Party Liability, Property damage Liability	1,000,000



# **COMPLIANCE SECTION**

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

**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 unit, each major fund, and the aggregate remaining fund information of Gregg County, Texas, as of and for the year ended September 30, 2014, 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, 2015.

**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, 2015



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

**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 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 Gregg County, Texas' major federal programs for the year ended September 30, 2014. Gregg County, Texas' major federal programs are identified in the summary of auditor's 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 Gregg County, Texas' 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 Gregg County, Texas' 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 Gregg County, Texas' compliance.

***Opinion on Each Major Federal Program***

In our opinion, Gregg County, Texas, 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, 2014.

## Report on Internal Control Over Compliance

Management of Gregg County, Texas, 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 Gregg County, Texas' 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 Gregg County, Texas' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a significant deficiency.

Gregg County, Texas' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Gregg County, Texas' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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

Waco, Texas  
March 31, 2015

# GREGG COUNTY, TEXAS

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

<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 Programs		
FY 2014	DEA 2014 State and Local Task Force Agreement	16.001	\$ 14,155
	Passed through the Criminal Justice Council:		
WF-14-V30-28165-01	Violence Against Women	16.588	11,330
WF-13-V30-13450-16	Violence Against Women	16.588	<u>62,185</u>
	Total Passed through the Criminal Justice Council		<u>73,515</u>
	Passed through the Office of the Governor:		
2013-AP-BX-0857	State Criminal Alien Assistance Program	16.606	<u>33,872</u>
	Total Passed through the Office of the Governor		<u>33,872</u>
	<u>U. S. Department of Transportation</u>		
	Passed through Federal Aviation Administration:		
3-48-0137-038-2012	Airport Improvement Program	20.106	1,649,967
3-48-0137-039-2013	Airport Improvement Program	21.106	1,114,238
3-48-0137-040-2014	Airport Improvement Program	20.106	<u>509,844</u>
	Total Passed through Federal Aviation Administration		<u>3,274,049</u>
	Total U. S. Department of Transportation		<u>3,274,049</u>
	<u>U. S. Department of Health and Human Services</u>		
	Direct Programs		
MRCSG101005-04-00	Medical Reserve Corps	93.008	<u>8,982</u>
	Passed through Texas Department of State Health Services:		
2015-001080-00	Immunization Branch - Locals	93.268	16,684
2014-0001080-00	Immunization Branch - Locals	93.268	<u>149,330</u>
	Total Passed through Texas Department of State Health Services		<u>166,014</u>
	Passed through Texas Department of Family and Protective Services:		
23938981	Title IV-E Legal Reimbursement	93.658	<u>11,249</u>
23938980	Title IV-E Child Welfare Services	93.658	<u>11,527</u>
	Total Passed through Texas Department of Family and Protective Services		<u>22,776</u>
	Total U. S. Department of Health and Human Services		<u>197,772</u>

**GREGG COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

<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 Homeland Security</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>21,900</u>
	Total Federal Awards		<u>\$ 3,601,108</u>



# **GREGG COUNTY, TEXAS**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**SEPTEMBER 30, 2014**

### **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, 2014

#### 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? Item 2014-001

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

##### Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster:  
#20.106 Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee? Yes

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

None

**GERGG COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SEPTEMBER 30, 2014**

**Findings and Questioned Costs for Federal Awards**

<b><u>Item 2014-001:</u></b>	Davis-Bacon Act
<b>Federal Grantor:</b>	U.S. Department of Transportation
<b>Award Number:</b>	3-48-0137-038-2012
<b>Program:</b>	Airport Improvement Program, CFDA 20.106
<b>Criteria:</b>	Entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls). This reporting is often done using Optional Form WH-347, which includes the required statement of compliance (OMB No. 1215-0149).
<b>Condition:</b>	The County used grant funding to pay for construction expenditures exceeding \$2,000 and controls were not in place to ensure that contractors were in compliance with the Davis-Bacon Act.
<b>Context:</b>	The total expenditures paid to this contractor were \$1,004,014 of the total program expenditures of \$3,274,049.
<b>Effect:</b>	Grant funds could be paid to contractors that are not meeting the Department of Labor's requirements, which would make the expenditures unallowable. Specifically, payrolls were not monitored throughout the fiscal year for one specific contractor. Once it was determined that the County had not received the payroll documentation, as a part of the audit, the County was able to get the appropriate documentation and ensure that the requirements of the Davis-Bacon Act had been followed throughout the year.
<b>Recommendation:</b>	The County should implement policies and procedures that will ensure that the requirements of the Davis-Bacon Act are met.
<b>Views of Responsible Officials and Corrective Action Plan:</b>	The County agrees with the finding. Procedures have been implemented at two stages of the contractor payment process to ensure that the requirements of the Davis Bacon Act are met. At the department level, the request for payment will only be transmitted to the accounts payable department once a copy of the certified payrolls and statement of compliance for each week in which any contract work is performed is received. Additionally, accounts payable procedures now include the requirement that a copy of the payroll and a statement of compliance (certified payrolls) must be attached to the payment request prior to approval for payment. Reporting is acceptable using Optional Form WH-347, which includes the required statement of compliance (OMB No. 1215-0149).

**GREGG COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

None