



# **GREGG COUNTY, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2016**



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**FOR THE YEAR ENDED  
SEPTEMBER 30, 2016**

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

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# GREGG COUNTY, TEXAS

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# **INTRODUCTORY SECTION**

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March 31, 2017

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, 2016. 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 the County. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The 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 the County for the year ended September 30, 2016 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 unmodified opinion that the 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 comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. 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. The 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 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 1800's and partly by Cherokee immigrants until 1839. The 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 the 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, The 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 the 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 the 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 of appropriations other than interdepartmental operating category transfers require Commissioners Court approval.

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

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

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

## **FINANCIAL INFORMATION**

Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a

control should not exceed the benefits likely to be derived: and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

The County is also required to undergo a single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 major federal programs, is included in the single audit 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 awards programs, as well as to determine that the County has complied with the requirements of each major federal program. The results of the County's single audit for the fiscal year ended September 30, 2016 provided no instances of material weaknesses in the internal control structure or significant violations of the requirements of each major federal program.

## **FACTORS AFFECTING FINANCIAL CONDITION**

**Local Economy** The County has diversified its economy from oil and gas and now includes manufacturing, medical and retail facilities. This diversification has lessened the effects of the recent economic downturn. Over the past decade, mineral values associated with the oil and gas industry have declined significantly and had an adverse affect on the county's tax base. The rise in property values over this time period, the addition of national retail stores within the county and expansions of existing companies have helped stabilize the overall tax base by substantially offsetting the mineral value decreases. Tax base valuations for the FY16 budget decreased from \$8.66 billion to \$8.51 billion.

The 2016 population estimate is 124,600. Median household income, 2011-2015 is \$47,639. Housing units for 2015 were 51,648 compared with 50,602 in 2013. Homeownership rate, 2009-2013 is 60.4%. The median value of owner-occupied housing units for the same time period is \$124,600. The December, 2016 The County unemployment rate of 5.7% compares within the 4.5% statewide rate, and with a 4.7% national rate. The current slowdown in oilfield occupations attributes to the local current 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** The County has adopted several financial management policies to provide guidelines to insure its long-term financial health. The County's 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, The 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 Uniform Guidance*. 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 The County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2015. This was the fourth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the county must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

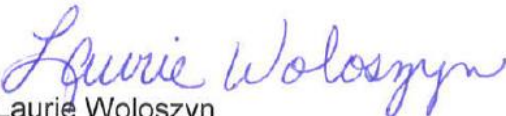
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another year.

The County, in 2014, was awarded the Leadership Circle "Platinum" Award by the Texas Comptroller of Public Accounts, at the time the 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 "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 The 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

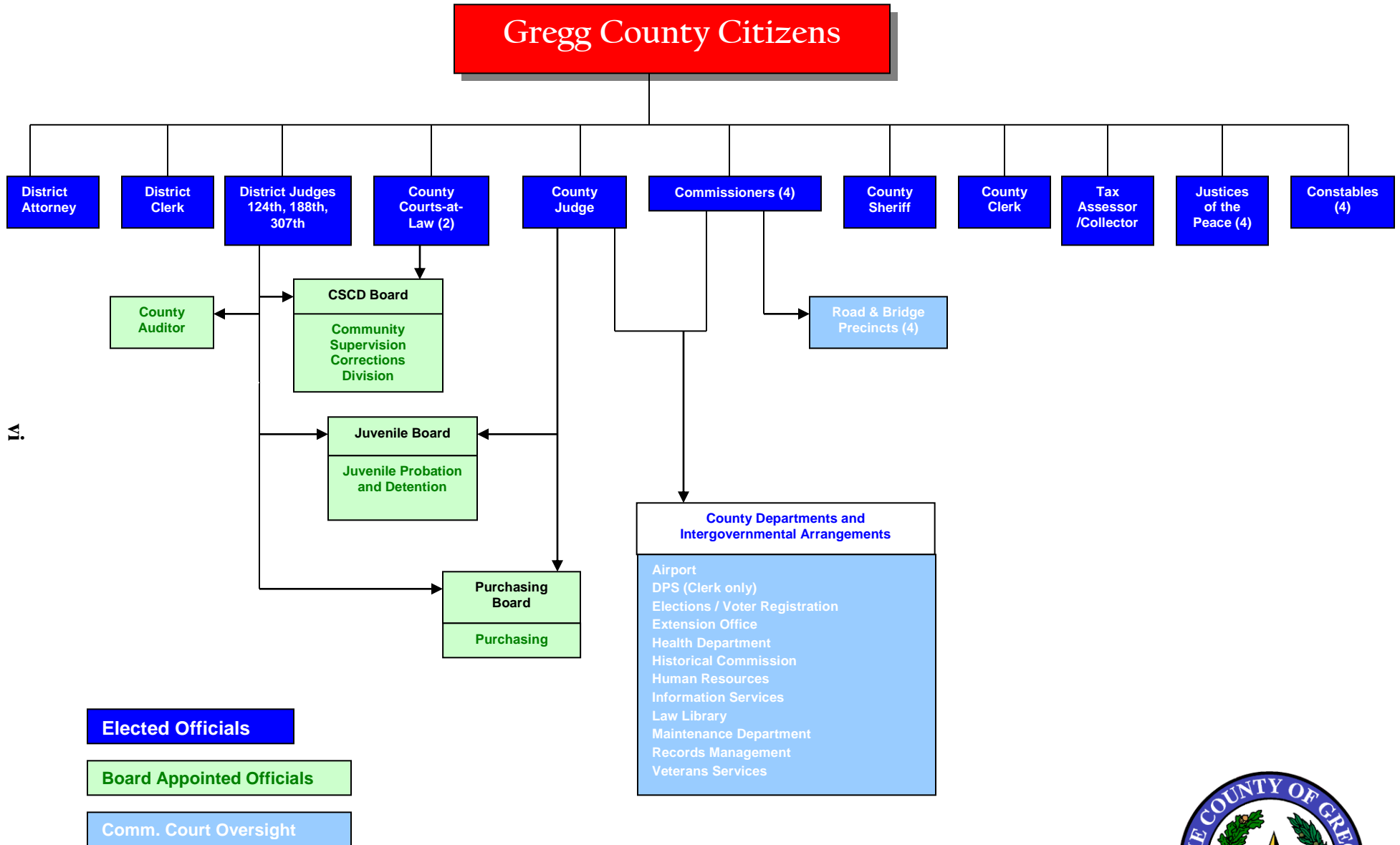
**Gregg County  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO

# Gregg County Organization Chart



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**Gregg County, Texas  
Directory of Officials  
September 30, 2016**

**Elected**

**Bill Stoudt  
Ronnie McKinney  
Darryl Primo  
Gary Boyd  
John Mathis  
Carl Dorrrough  
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  
Tim Bryan  
Talya 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  
Gary Davis  
Bing Canion  
Kelli Davis**

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

**Other County Officials**

**Kevin Marshall  
Randy Reeves  
Linda Bailey  
Kathryn Nealy  
Roy Miller  
Lewis Browne  
Rita Fyffe  
Derold Miller**

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

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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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Gregg County, Texas (the "County"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of September 30, 2016, 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, budgetary comparison information on pages 43–62 and page 66, the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of Employer Contributions 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 County's basic financial statements. The introductory section, combining and individual 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 required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The combining and individual 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 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, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Waco, Texas  
March 31, 2017

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gregg County (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2016. The 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 the County's finances.

### FINANCIAL HIGHLIGHTS

The assets of Gregg County exceeded its liabilities at the close of fiscal year 2016 by \$137,272,673 (*net position*). Of this amount, \$60,883,184 (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's total net position decreased by \$616,474 or less than 0%.
- As of September 30, 2016, the County's governmental funds reported combined ending fund balances of \$67,002,088, a decrease of \$1,137,507 or 2% in comparison with the prior year. \$31,124,930 (46%) is *available for spending* at the County's discretion (*unassigned fund balance*). \$21,229,428 (32%) is fund balance assigned for capital projects, transportation and road improvements, public safety, drug court operations and other projects.
- At the end of fiscal year 2016, total unassigned fund balance for the General Fund was \$31,124,930 or 80% of total General Fund expenditures, compared to \$32,520,331 or 80% in 2015 and \$34,676,637 or 88% in 2014.
- Total revenue for governmental activities decreased 2.0%, mostly due to a decrease in capital grants and contributions revenue and sales taxes.
- Total expenses for the County increased by \$1,685,754 or 3%. The program to have the largest increase in expenses was public safety at \$2,230,338 or 13%.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The 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 the County's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the County's net position changed during the 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 the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, judicial, health and human services, public buildings and transportation and roads. Gregg County does not report any business-type activities.

The government-wide financial statements can be found on pages 14 – 16 of this report.

**Fund Financial Statements:** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into 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 the County'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 County'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*.

The 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. The 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 governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial 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 County. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the 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 – 42 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide pension benefits to its employees. Additionally, the County adopts an annual appropriated budget for its General Fund and for the Road and Bridge Fund. Budgetary comparison schedules 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 43 – 65 of this report.

The combining and individual statements and schedules referred to earlier are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 66 – 85 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 the County, assets exceeded liabilities by \$137,272,673 at the close of the most recent fiscal year.

The 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 47% of net position compared with 46% the last fiscal year. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$60,883,184 (44%) may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position.

**Gregg County's Net Position**

	Governmental Activities	
	2016	2015
Current and other assets	\$ 91,962,477	\$ 87,210,009
Capital assets	<u>64,897,518</u>	<u>63,565,669</u>
Total assets	<u>156,859,995</u>	<u>150,775,678</u>
Deferred outflows of resources	<u>11,927,238</u>	<u>3,335,894</u>
Long-term liabilities	12,797,716	4,266,924
Other liabilities	<u>16,878,671</u>	<u>11,340,497</u>
Total liabilities	<u>29,676,387</u>	<u>15,607,421</u>
Deferred inflows of resources	<u>1,838,173</u>	<u>615,004</u>
Net position:		
Net investment in		
capital assets	64,504,455	63,174,980
Restricted	11,885,034	14,363,525
Unrestricted	<u>60,883,184</u>	<u>60,350,642</u>
Total net position	<u>\$ 137,272,673</u>	<u>\$ 137,889,147</u>

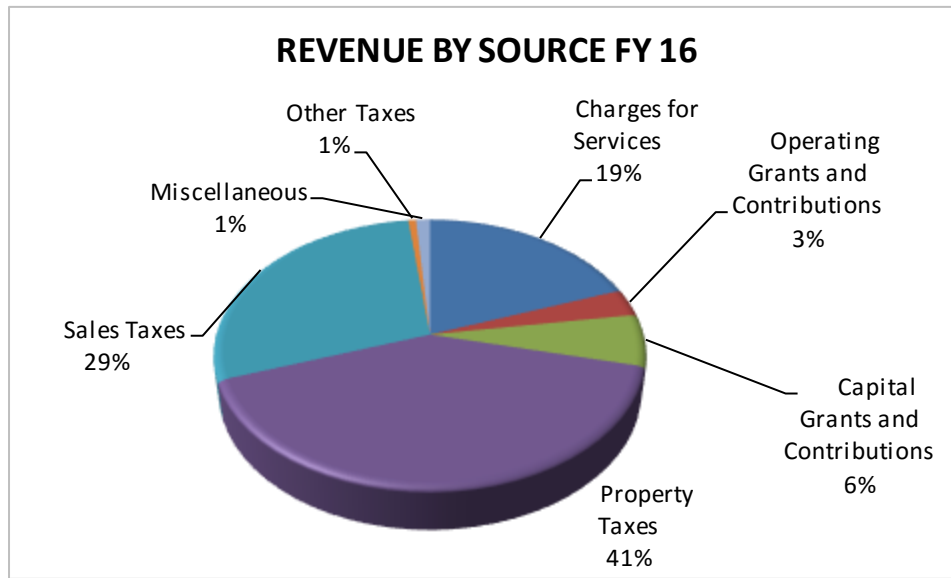
**Governmental Activities:** Governmental activities decreased the County's net position by \$616,474 for a 0.4% decrease of the total net position of the County. As a comparison to the prior year, net position increased by 1.9% in FY15.

**Gregg County's Changes in Net Position**

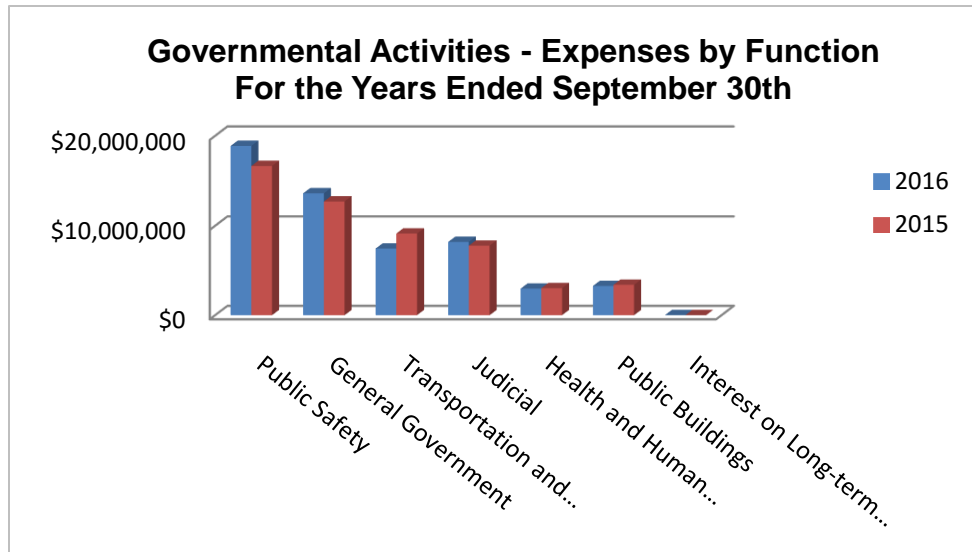
	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 10,385,134	\$ 9,200,709
Operating grants and contributions	1,743,595	1,785,205
Capital grants and contributions	3,331,207	4,647,778
General revenues:		
Property taxes	21,975,330	22,016,974
Sales taxes	15,317,566	16,542,149
Other taxes	360,457	343,452
Investment earnings	578,646	236,805
Miscellaneous	70,160	109,266
Total revenues	<u>53,762,095</u>	<u>54,882,338</u>
Expenses:		
General government	13,609,494	12,705,059
Judicial	8,195,921	7,775,332
Public safety	18,879,371	16,649,033
Health and human services	2,969,427	3,026,687
Public buildings	3,266,908	3,399,292
Transportation and roads	7,449,750	9,132,170
Interest on long-term debt	7,698	5,242
Total expenses	<u>54,378,569</u>	<u>52,692,815</u>
Increases in net position before transfers	( 616,474)	2,189,523
Transfers	-	396,913
Change in net position	( 616,474)	2,586,436
Net position, beginning	<u>137,889,147</u>	<u>136,257,189</u>
Prior period adjustment	-	( 954,478)
Net assets, beginning, as restated	<u>137,889,147</u>	<u>135,302,711</u>
Net position, ending	<u>\$ 137,272,673</u>	<u>\$ 137,889,147</u>

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

Function/Program	Net Cost of Services	
	2016	2015
General Government	\$ ( 7,698,261)	\$ ( 6,144,208)
Judicial	( 6,247,247)	( 5,893,172)
Public Safety	( 16,863,467)	( 15,310,453)
Health and Human Services	( 2,591,739)	( 2,581,561)
Public Buildings	( 1,176,800)	( 1,518,349)
Transportation and Roads	( 4,333,421)	( 5,606,138)
Interest on long-term debt	( 7,698)	( 5,242)
<b>Total</b>	<b><u>\$ ( 38,918,633)</u></b>	<b><u>\$ ( 37,059,123)</u></b>



Comparison of government-wide expenses by function. Total expenses decreased 3%.



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

- Program revenues for governmental activities of \$15,459,936 equaled 28% of total governmental activities expenses of \$54,378,569. As expected, general revenues of \$38,302,159 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 35% of the expenses are for public safety (\$18,879,371) reflecting the continuing demands on law enforcement. This program provided 4% (\$2,015,904) of the total governmental activities revenues for the year.
- The next largest category of expenses for governmental activities is general government which equals \$13,609,494 or 25% of total expenses. General government provided 11% or \$5,911,233 of the governmental revenue.
- Transportation and Roads accounted for \$7,449,750 or 14% of the governmental activities

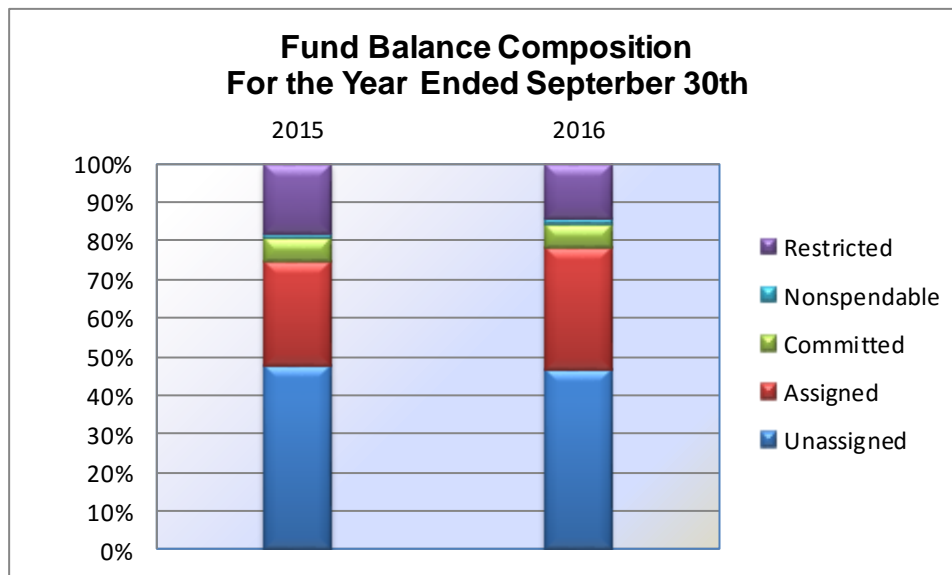
expenses while this category provided 5% or \$2,851,911 of total government revenue.

- Judicial expenses for the County for the year accounted for 15% or \$8,195,921 of the expenses while this category provided for 4% or \$1,948,674 of the governmental activities revenue.
- Capital Grant Revenues and Contributions comprised 6% of total governmental activities revenue, 81% of which was in the general government program. Operating grants and contributions accounts for 3% of total governmental revenue distributed throughout all programs.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

*Governmental Funds:* The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. 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 2016, the County's *governmental funds* reported combined ending fund balances of \$67,002,088, a decrease of \$1,137,507 (2%) in comparison with the prior year. Unassigned fund balance accounts for 46% or \$31,124,930 of the total. An additional \$21,229,428 (32%) is assigned fund balance and is constituted mostly of CIP funds. Committed fund balance total is \$4,037,226 or 6% of total fund balance and would require a Commissioner's Court order to use for any other purpose. \$9,597,192 or 14% 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 used: 1) to purchase inventories (\$1,008,463); and 2) for prepaid expenditures (\$4,849).

### **General Fund**

The General Fund is the chief operating fund of the County. At the end of fiscal year 2016, the General Fund had an ending fund balance of \$33,089,968 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 \$31,124,930 represents 80% of total General Fund expenditures.

The General Fund balance decreased by \$661,447 (2%) during the 2016 fiscal year. The decrease can be attributed to a transfer to fund capital improvement projects.



**General Fund Highlights:**

- Property tax revenue decreased \$41,644 from the prior year. Values declined slightly from \$8.66 billion to \$8.51 billion.
- Sales tax revenues decreased \$1,104,279 (7.6%) compared to FY15 collections.
- Actual total expenditures of \$38,674,038 were \$4,105,767 (10%) under final budget appropriations.
- Total General Fund revenues decreased by \$723,658, or 1.7% compared to a 2.7% decrease last year and this can be attributed to a decrease in the sales tax revenue.
- Interest earnings increased \$86,354 or 50% when compared to last year.
- Total other financing sources or uses were \$3,288,266 due to transfers to other funds primarily to fund capital projects.
- Total General Fund expenditures decreased \$4,407,952 or 11% compared to a 6% increase last year.
- Differences between the original budget and the final amended budget can be briefly summarized as follows:
  - A decrease of \$907,510 in the expected budgeted revenue mostly due to the continuing, although slowed, decline in sales tax revenue.
  - A decrease of \$448,514 in expenditure appropriations.

**Road and Bridge Fund Highlights:**

- The Road and Bridge Fund had an ending fund balance of \$4,560,915,915, a decrease of \$1,341,941 (23%). Of the ending fund balance, \$1,003,285 or 22% is nonspendable for inventories and \$103,675 or 2% is assigned for other projects. The remaining balance of \$3,453,955 or 76% is restricted for use on road and bridge projects.
- Total FY16 Road and Bridge expenditures increased by \$1,290,617 or 33% compared to a decrease last year of \$1,290,617. The increase can partially be attributed to the change in the capitalization threshold for road upgrades from \$25,000 to \$100,000. Projects under \$100,000 are accounted for in the Road and Bridge Fund instead of the Road and Bridge Capital Projects Fund.
- Other financing sources included \$115,320 received from the General Fund mostly to fund non Road and Bridge projects and \$30,148 from the Capital Improvement Fund.
- Other financing uses include a transfer of \$643,054 to fund major capitalized road and bridge upgrades accounted for in a separate fund.
- Final expenditures were \$255,013 over the final budget appropriations due to donated material usage adjustment at year end.
- Differences between the original budget and the final amended budget can be briefly summarized as follows:
  - An increase of \$574,031 in expenditure appropriations.
  - An increase of \$105,000 in budgeted revenue.

Additionally, individual road and bridge infrastructure projects costing \$100,000 and above are separately accounted for in a capital projects fund beginning in FY15 and follow.

**Capital Road and Bridge Fund Highlights:**

- Major road projects completed this year include the following:
  - Marvin A Smith Road
  - Estes Drive
  - River Road
  - Sabine ISD school crossing
- Ongoing projects rolling into FY17 include:
  - Fritz Swanson/Rabbit Creek Bridge
  - Knox Lee Bridge
  - Tyron Road/Hawkins Pky Intersection upgrade

**Airport and Airport Improvement Funds Highlights:**

- Major infrastructure project completions for the year include the following:
  - Airport Perimeter Road Phase 1 Construction
  - Taxiway mike lighting improvements
- Major construction in progress or planned in the near future at the airport include the following:
  - Airfield drainage improvements
  - Continuing the airport perimeter road construction phase 2 & 3
  - Terminal roof replacement
- Other financing sources included \$265,729 received from other funds for required grant match.

**Capital Improvement Fund Highlights:**

The County adopts a five year Capital Improvement Plan (CIP) annually designating funds for major facility and infrastructure improvements. Only individual projects adopted by Commissioners Court as part of each budget are considered “approved” projects. Unexpended fund balance rolls forward to the next budget year on contracted projects only. 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 projects completed during the year are as follows:
  - Trane Energy Project
  - Vehicle maintenance shop located at Marvin A Smith facility
  - Major Juvenile drainage project
- Construction in Progress at County buildings at year-end includes:
  - Continuing Countywide ADA compliance upgrades
  - Courthouse roof & ceiling tile project
  - Courthouse fire alarm safety system
  - Precinct 3 training facility
- Future projects included in the CIP are:
  - County facilities: parking facilities and courthouse window sealing.
  - Airport infrastructure: County's grant match for East Texas runway lighting improvements, design and construction of runway 13/31, airport computerized access controls and design and construction of ARFF station.

## CAPITAL ASSET AND DEBT ADMINISTRATION

The County adopted its' Capital Asset Policy in 2003. Depreciation policies were adopted to include useful life and classification by function. In FY16 the Court approved the increase in the infrastructure threshold from \$25,000 to \$100,000. Standard capitalization thresholds are established for each major class of asset and are as follows:

Building/improvements	\$ 25,000
Improvements other than building	25,000
Infrastructure	100,000
Machinery, equipment and other assets	5,000
Construction in progress	25,000

The 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, 2016, the County's investment in capital assets amounts to \$64,897,516 (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	
	2016	2015
Land	\$ 1,318,939	\$ 1,321,040
Construction in progress	6,659,545	8,558,051
Buildings and improvements	26,134,611	23,892,351
Machinery and equipment	4,125,127	4,358,506
Infrastructure	<u>26,659,294</u>	<u>25,435,721</u>
Total	<u>\$ 64,897,516</u>	<u>\$ 63,565,669</u>

Major capital assets purchased during FY16 include the following:

- Countywide purchase of 15 replacement including patrol vehicles, fleet vehicles, crew trucks, and transport vans.
- General Fund purchases of 25 digital portable sheriff radios, a jail control panel and kitchen equipment.
- Road & Bridge capital equipment purchased during the year include a case wheel loader (\$99,475), 3 capital lease purchase dump trucks with a buy back option, a multipurpose articulator compactor (\$15,148), and a Ranger Polaris ATV (\$11,255).

Additional information on the County's capital assets can be found in Note 4 on page 36 of this report.

**Long-term Debt:** The County has no bonded indebtedness at this time. Long-term liabilities at the end of the fiscal year total \$12,797,716, which is for an accrual for compensated absences of \$1,364,413 (11%), capital lease payables of \$393,063 (3%) and a net pension liability of \$11,040,240 (86%).

Additional information on the County's long-term debt can be found in Note 4 on page 37 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 FY17, the Court considered the following:

- The County economy saw the continued effect of the national slowdown at the close of FY16. This is expected to continue through at least part of FY17.
- A decrease in the tax base valuation was realized from \$8.65 billion in the prior year to \$8.51 billion for FY17. Additionally, Gregg County maintained as of December, 2016, an unemployment rate of 5.7%, higher than the state rate of 4.5% and national rate of 4.7%. This is attributed to the downturn in the oil and gas industry in East Texas.
- The sales tax revenue decrease is expected to level out in FY17.
- There is no plan to issue debt in the FY17 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 FY17 budget was .2625 per \$100 valuation, the same as the prior year. This rate has been adopted since 2012. This rate will adequately fund the FY17 budget.
- Budgeted revenue County-wide for FY17 is \$47,346,767 and the budgeted expenditures are \$54,576,360. Total ending fund balance for all funds is estimated at \$47,666,239. Reserves continue to fund capital projects on the "pay-as-you-go" philosophy the Court encourages. Additionally, other financing sources are budgeted at \$6,359,285 and other financing uses are budgeted at \$7,009,150. Transfers consist mainly of transfers for large capital projects and funding of interagency highway projects.
- Major new capital improvements budgeted for FY17 include continued renovations for a courthouse roof, ceiling tile, and fire alarm systems and a major window sealing project. A new paint shop at Precinct 1. Major road improvements are budgeted for Big Woods Road, Sam Page Road, Old Hwy 135 and Samples Road, Massey Rock and Pleasant Green Road. Additionally the Juvenile Building is scheduled for major renovations during the year.
- The Court continues to look at the feasibility of easing the parking shortage for the public conducting business at the courthouse and any other options available.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's finances 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, 2016**

	Primary Governmental Activities	Component Unit  Child Welfare
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 15,829,158	\$ 280,967
Investments	65,650,714	-
Receivables (net of allowances for uncollectibles):		
Taxes	523,516	-
Accounts	5,396,842	-
Interest	153,332	-
Due from other governments	3,385,511	-
Inventory	1,018,555	-
Prepaid expenses	4,849	-
Capital assets (net of accumulated depreciation):		
Land	1,318,940	-
Construction in progress	6,659,545	-
Buildings and improvements	52,389,613	-
Equipment	19,923,762	-
Infrastructure	82,836,432	-
Less: accumulated depreciation	( 98,230,774)	-
Total capital assets	64,897,518	-
Total assets	156,859,995	280,967
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pensions	11,927,238	-
Total deferred outflows of resources	11,927,238	-
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	15,475,001	6,373
Due to other governments	84,954	-
Accrued liabilities	1,318,716	-
Noncurrent liabilities:		
Due within one year	1,554,264	-
Due within more than one year	11,243,452	-
Total liabilities	29,676,387	6,373
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	1,838,173	-
Total deferred inflows of resources	1,838,173	-
<b>NET POSITION</b>		
Net investment in capital assets	64,504,455	-
Restricted for:		
Archive restoration	415,018	-
Transportation and roads	5,488,768	-
Public safety operations	467,702	-
Bail bond board operations	38,600	-
Judicial operations	110,549	-
Airport improvements	170,363	-
Court technology and security	345,819	-
Records management and preservation	912,570	-
Voting and elections	35,722	-
Health and human services operations	22,797	-
Vehicle inventory tax administration	11,801	-
Permanent improvements	3,865,325	-
Unrestricted	60,883,184	274,594
Total net position	\$ 137,272,673	\$ 274,594

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, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 13,609,494	\$ 2,752,922	\$ 91,522	\$ 3,066,789
Judicial	8,195,921	1,446,437	502,237	-
Public safety	18,879,371	1,880,271	135,633	-
Health and human services	2,969,427	39,331	338,357	-
Public buildings	3,266,908	2,090,108	-	-
Transportation and roads	7,449,750	2,176,065	675,846	264,418
Interest on long-term debt	<u>7,698</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>54,378,569</u>	<u>10,385,134</u>	<u>1,743,595</u>	<u>3,331,207</u>
Total primary government	<u>54,378,569</u>	<u>10,385,134</u>	<u>1,743,595</u>	<u>3,331,207</u>
Component unit:				
Child Welfare Board	<u>96,552</u>	<u>21,507</u>	<u>85,000</u>	<u>-</u>
Total component unit	<u>\$ 96,552</u>	<u>\$ 21,507</u>	<u>\$ 85,000</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Alcoholic beverage taxes				
Other taxes				
Unrestricted investment earnings				
Miscellaneous				
Total general revenues				
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	Component Unit Child Welfare
\$( 7,698,261)	\$ -
( 6,247,247)	-
( 16,863,467)	-
( 2,591,739)	-
( 1,176,800)	-
( 4,333,421)	-
( 7,698)	-
<u>( 38,918,633)</u>	<u>-</u>
<u>( 38,918,633)</u>	<u>-</u>
<u>-</u>	<u>9,955</u>
<u>-</u>	<u>9,955</u>
21,975,330	-
15,317,566	-
256,688	-
103,769	-
578,646	-
70,160	-
<u>38,302,159</u>	<u>-</u>
( 616,474)	9,955
<u>137,889,147</u>	<u>264,639</u>
<u>\$ 137,272,673</u>	<u>\$ 274,594</u>

**GREGG COUNTY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2016**

	General	Road and Bridge	Capital Improvement
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,166,529	\$ 748,272	\$ 7,662,204
Investments	39,987,062	3,016,132	16,298,120
Receivables (net of allowance for uncollectibles):			
Accounts	3,046,801	2,029,133	-
Taxes	441,150	24,530	23,932
Interest	102,322	2,445	36,207
Due from other funds	350,781	-	-
Due from other governments	2,377,454	65,407	-
Inventories	3,114	1,003,285	-
Prepaid items	4,849	-	-
Total assets	51,480,062	6,889,204	24,020,463
<b>LIABILITIES</b>			
Accounts payable	14,120,208	200,162	499,603
Due to other governments	82,128	665	371
Accrued liabilities	941,468	112,168	-
Due to other funds	-	-	-
Total liabilities	15,143,804	312,995	499,974
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	336,350	17,973	21,878
Unavailable revenue - court fines	2,909,940	1,997,321	-
Total deferred inflows of resources	3,246,290	2,015,294	21,878
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	4,849	-	-
Inventories	3,114	1,003,285	-
Restricted for:			
Archive restoration	415,018	-	-
Transportation and road improvements	19,507	3,453,955	-
Public safety operations	-	-	-
Bail bond board operations	38,600	-	-
Judicial operations	-	-	-
Airport improvements	-	-	-
Court technology and security	-	-	-
Records management and preservation	-	-	-
Voting and elections	-	-	-
Health and human services operations	13,361	-	-
Vehicle inventory tax administration	-	-	-
Permanent improvements	-	-	3,843,447
Committed for:			
Airport operations	-	-	-
Donations to healthcare organizations	-	-	-
Assigned for:			
Capital projects	-	-	19,655,164
Transportation and road improvements	1,331,962	-	-
Public Safety	118,394	-	-
Drug Court Operations	20,233	-	-
Other projects	-	103,675	-
Unassigned	31,124,930	-	-
Total fund balances	33,089,968	4,560,915	23,498,611
Total liabilities, deferred inflows of resources and fund balances	\$ 51,480,062	\$ 6,889,204	\$ 24,020,463

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

Airport Improvement	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,176,957	\$ 15,753,962
-	3,773,038	63,074,352
-	265,266	5,341,200
-	33,904	523,516
-	7,030	148,004
-	-	350,781
845,532	97,118	3,385,511
-	2,064	1,008,463
-	-	4,849
<u>845,532</u>	<u>6,355,377</u>	<u>89,590,638</u>
414,181	235,551	15,469,705
-	1,790	84,954
-	70,986	1,124,622
260,988	89,793	350,781
<u>675,169</u>	<u>398,120</u>	<u>17,030,062</u>
-	24,368	400,569
-	250,658	5,157,919
-	<u>275,026</u>	<u>5,558,488</u>
-	-	4,849
-	2,064	1,008,463
-	-	415,018
-	-	3,473,462
-	467,702	467,702
-	-	38,600
-	78,778	78,778
170,363	-	170,363
-	288,291	288,291
-	751,211	751,211
-	35,722	35,722
-	9,436	22,797
-	11,801	11,801
-	-	3,843,447
-	1,122,746	1,122,746
-	2,914,480	2,914,480
-	-	19,655,164
-	-	1,331,962
-	-	118,394
-	-	20,233
-	-	103,675
-	-	31,124,930
<u>170,363</u>	<u>5,682,231</u>	<u>67,002,088</u>
<u>\$ 845,532</u>	<u>\$ 6,355,377</u>	<u>\$ 89,590,638</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, 2016

Total fund balances - governmental funds balance sheet		\$	67,002,088
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.			64,879,582
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		400,569	
Court fines and fees		<u>5,157,919</u>	
			5,558,488
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Interest payable	(	4,086)	
Compensated absences	(	1,364,413)	
Capital leases	(	393,063)	
Net pension liability	(	<u>951,175</u> )	
			( 2,712,737)
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>2,545,252</u>
Net position of governmental activities		\$	<u>137,272,673</u>

## GREGG COUNTY, TEXAS

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

#### GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General	Road and Bridge	Capital Improvement
<b>REVENUES</b>			
Taxes:			
Current property taxes	\$ 18,267,364	\$ 1,326,694	\$ 244,981
Delinquent property taxes	368,992	20,532	20,012
Alcoholic beverage tax	256,688	-	-
Bingo tax	103,769	-	-
Sales tax	13,387,580	-	-
Motor vehicle sales tax	1,655,225	274,761	-
Licenses and permits	97,392	1,271,296	-
Intergovernmental	912,274	675,846	600,000
Charges for services	3,067,990	166,839	-
Fines and forfeitures	447,982	514,675	-
Investment earnings	340,089	17,199	169,475
Rents and commissions	2,239,268	-	-
Miscellaneous	156,244	3,804	-
Total revenues	41,300,857	4,271,646	1,034,468
<b>EXPENDITURES</b>			
Current:			
General government	9,380,670	-	-
Judicial	7,850,647	-	-
Public safety	16,386,747	-	-
Health and human services	2,627,568	-	-
Public buildings	2,068,225	-	-
Transportation and roads	200,000	5,030,584	-
Debt service:			
Principal	-	-	390,689
Interest and fiscal charges	-	-	8,853
Capital outlay	160,181	107,709	3,779,960
Total expenditures	38,674,038	5,138,293	4,179,502
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,626,819	( 866,647)	( 3,145,034)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	140,000	145,468	4,003,895
Transfers out	( 3,525,016)	( 643,054)	( 590,169)
Sale of capital assets	49,345	13,557	361,944
Insurance recoveries	47,405	8,735	-
Capital lease	-	-	393,063
Total other financing sources (uses)	( 3,288,266)	( 475,294)	4,168,733
<b>NET CHANGE IN FUND BALANCES</b>	( 661,447)	( 1,341,941)	1,023,699
<b>FUND BALANCES, BEGINNING</b>	33,751,415	5,902,856	22,474,912
<b>FUND BALANCES, ENDING</b>	\$ 33,089,968	\$ 4,560,915	\$ 23,498,611

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>
\$ -	\$ 1,725,547	\$ 21,564,586
-	28,377	437,913
-	-	256,688
-	-	103,769
-	-	13,387,580
-	-	1,929,986
-	-	1,368,688
3,066,789	747,514	6,002,423
103,555	423,819	3,762,203
-	90,799	1,053,456
-	40,175	566,938
-	442,600	2,681,868
-	106,921	266,969
<u>3,170,344</u>	<u>3,605,752</u>	<u>53,383,067</u>
-	1,351,508	10,732,178
-	338,592	8,189,239
-	1,348,702	17,735,449
-	315,142	2,942,710
-	-	2,068,225
-	107,372	5,337,956
-	-	390,689
-	-	8,853
<u>3,436,073</u>	<u>521,381</u>	<u>8,005,304</u>
<u>3,436,073</u>	<u>3,982,697</u>	<u>55,410,603</u>
( <u>265,729</u> )	( <u>376,945</u> )	( <u>2,027,536</u> )
265,729	248,083	4,803,175
-	(44,936)	(4,803,175)
-	1,960	426,806
-	14,020	70,160
-	-	393,063
<u>265,729</u>	<u>219,127</u>	<u>890,029</u>
-	(157,818)	(1,137,507)
<u>170,363</u>	<u>5,840,049</u>	<u>68,139,595</u>
\$ <u>170,363</u>	\$ <u>5,682,231</u>	\$ <u>67,002,088</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, 2016

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

Net change in fund balances - total governmental funds (pages 17 - 18)	\$( 1,137,507)
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.	8,067,789
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.	( 6,267,792)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	( 459,801)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	476,011
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.	
Capital lease issuance	( 393,063)
Principal payment on capital leases	390,689
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	( 582,256)
Certain pension expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date.	( 577,986)
Accrued interest reported as an expense in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.	1,155
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.	( 133,713)
Change in net position of governmental activities (page 15)	<u>\$( 616,474)</u>

**GREGG COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2016**

	Governmental Activities
	Internal Service Funds
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 75,196
Investments	2,576,362
Interest receivable	5,328
Accounts receivable, net of allowances	55,642
Inventory	<u>10,092</u>
Total current assets	<u>2,722,620</u>
Noncurrent assets:	
Capital assets:	
Equipment	49,288
Less: accumulated depreciation	<u>( 31,352)</u>
Total capital assets	<u>17,936</u>
Total noncurrent assets	<u>17,936</u>
Total assets	<u>2,740,556</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	5,296
Accrued liabilities	<u>190,008</u>
Total current liabilities	<u>195,304</u>
Total liabilities	<u>195,304</u>
<b>NET POSITION</b>	
Net investment in capital assets	17,936
Unrestricted	<u>2,527,316</u>
Total net position	<u>\$ 2,545,252</u>

**GREGG COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Governmental Activities
	Internal Service Funds
<b>OPERATING REVENUES</b>	
Charges for services	\$ 5,894,452
Total operating revenues	5,894,452
<b>OPERATING EXPENSES</b>	
Salaries	26,779
Fringe benefits	13,774
Materials and supplies	24,542
Insurance consultant	24,528
Claims	5,301,961
Administrative	639,942
Depreciation	8,347
Total operating expenses	6,039,873
<b>OPERATING INCOME (LOSS)</b>	( 145,421)
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest and investment revenue	11,708
Total nonoperating revenues (expenses)	11,708
<b>CHANGE IN NET POSITION</b>	( 133,713)
<b>TOTAL NET POSITION, BEGINNING</b>	2,678,965
<b>TOTAL NET POSITION, ENDING</b>	\$ 2,545,252

**GREGG COUNTY, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2016**

	Governmental Activities
	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from interfund charges for print shop services	\$ 52,751
Cash receipts from interfund charges for self-insurance services	5,841,509
Payments to suppliers for goods and services	( 6,496,605)
Payments to employees for salaries and benefits	( 42,563)
Net cash used by operating activities	( 644,908)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	( 426,915)
Earnings on investments	7,440
Net cash used by investing activities	( 419,475)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	( 1,064,383)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	1,139,579
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 75,196
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$( 145,421)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	8,347
Changes in assets and liabilities:	
Decrease (increase) in assets:	
Inventory	2,836
Accounts receivable	( 192)
Increase (decrease) in liabilities:	
Accounts payable	( 46,563)
Accrued liabilities	( 463,915)
Net cash used by operations	\$( 644,908)

**GREGG COUNTY, TEXAS**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**SEPTEMBER 30, 2016**

**ASSETS**

Cash and investments	\$ <u>8,048,965</u>
Total assets	\$ <u>8,048,965</u>

**LIABILITIES**

Due to others	\$ <u>8,048,965</u>
Total liabilities	\$ <u>8,048,965</u>

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# GREGG COUNTY, TEXAS

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

### 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 Gregg County Commissioners Court appoints the Board and has the ability to exercise control over the Board. 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 unit. 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 a 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** uses property taxes, licenses and permits, intergovernmental revenue and fines and forfeitures to fund 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.

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 County 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, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance**

### **Deposits and Investments**

The County'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 County 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 of the uncollected balance for court fines and fees receivable is currently 25% for CSCD, 35% for Court Collections, 40% for County Clerk – Civil, and 90% for Justices of the Peace. 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 60% of the uncollected balance at September 30, 2016.

### **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 (consumption method). 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 acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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

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

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

## Compensated Absences

Vacation and sick leave benefits are accumulated by County employees according to formulas adopted by the Commissioners Court. The County's policy requires vacation time to be used within 14 months of being earned. Upon termination or retirement, employees are paid for any unused vacation time. The County's policy allows for accumulation of sick leave up to 60 days and provides for payment of sick leave accruals only upon retirement. At September 30, 2016, 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.

## Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## 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 and/or balance sheet 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 has the following items that qualify for reporting in this category:

- Pension contributions after the measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five year period.

- Difference in expected and actual actuarial assumptions in the pension plan – This difference is deferred and amortized over the average remaining service life for all active, inactive, and retired members.

In addition to liabilities, the statement of financial position and/or balance sheet 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 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 the following items that qualify for reporting in this category:

- The difference in expected and actual economic experience in the pension plan is deferred and recognized over the average remaining service life for all active, inactive, and retired members.
- The County has one type of item that arises only under the 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. The governmental funds report unavailable revenues from two sources: property taxes and court fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### **Fund Balance Classification**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Commissioners Court is the highest level of decision-making authority for the County. Prior to the end of the fiscal year, the Commissioners Court can commit fund balance. Once adopted, the limitation imposed by the Commissioners Court remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The Commissioners Court may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### **Fund Balance Flow Assumption**

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance are available, the County considers unrestricted funds to have been spent first. When expenditures are 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, is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## **Net Position Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider unrestricted net position to have been depleted before restricted net position is applied.

## **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 internal service funds are charges to other funds for services. Operating expenses for internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

### **Deposits and Investments**

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Investment pools are not categorized as to investment risk since specific securities relating to the County cannot be identified. 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. 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. 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 the 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, 2016. 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, 2016.

As of September 30, 2016, the County held the following fair value measurements:

	9/30/2016	Fair Value Measurement Using			Percent of Total Portfolio	Weighted Average Maturity (Days)
		(Level 1)	(Level 2)	(Level 3)		
<b>Primary government</b>						
<b>Cash and cash equivalents</b>						
Cash deposits - County	\$ 15,829,158					
Cash deposits - Agency funds	<u>8,048,965</u>					
<b>Total cash and cash equivalents</b>	<u>23,878,123</u>					
<b>Investments measured at net asset value per share:</b>						
Investment pools:						
TexPool	20,934,026				32%	42
<b>Investments by fair value level:</b>						
Money Markets and CDs	3,474,245	-	3,474,245	-	5%	547
State and Municipal Bonds	17,185,418	3,106,704	14,078,714	-	26%	738
Federal Home Loan Bank	12,540,637	5,033,897	7,506,740	-	19%	759
Federal Home Loan Mortgage Corporation	8,507,141	3,502,254	5,004,887	-	13%	946
Federal National Mortgage Association	<u>3,009,247</u>	<u>1,005,380</u>	<u>2,003,867</u>	<u>-</u>	5%	816
<b>Total investments</b>	<u>65,650,714</u>	<u>12,648,235</u>	<u>32,068,453</u>	<u>-</u>		
<b>Total cash and investments of the primary government</b>	<u>\$ 89,528,837</u>	<u>\$ 12,648,235</u>	<u>\$ 32,068,453</u>	<u>\$ -</u>		
Portfolio weighted average maturity (days)						540
<b>Component unit</b>						
Cash deposits	<u>\$ 280,967</u>					
<b>Total cash and investments of the reporting entity</b>	<u>\$ 89,809,804</u>					

*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, 2016, 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, 2016, 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, 2016, were rated as follows:

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

All significant legal and contractual provisions for investments were complied with during the year. Investments at year-end are representative of the types of investments maintained by the County during the year.

### **Receivables**

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

	<u>General</u>	<u>Road and Bridge</u>	<u>Capital Improvement</u>	<u>Airport Improvement</u>	<u>Nonmajor Funds</u>	<u>Internal Service</u>	<u>Total</u>
Receivables:							
Taxes	\$ 1,158,650	\$ 64,426	\$ 62,856	\$ -	\$ 89,047	\$ -	\$ 1,374,979
Accounts	7,306,178	2,834,947	-	-	508,656	55,642	10,705,423
Interest	102,322	2,445	36,207	-	7,030	5,328	153,332
Due from other governments	<u>2,377,454</u>	<u>65,407</u>	<u>-</u>	<u>845,532</u>	<u>97,118</u>	<u>-</u>	<u>3,385,511</u>
Gross receivables	10,944,604	2,967,225	99,063	845,532	701,851	60,970	15,619,245
Less: allowance for uncollectibles	<u>( 4,976,877)</u>	<u>( 845,710)</u>	<u>( 38,924)</u>	<u>-</u>	<u>( 298,533)</u>	<u>-</u>	<u>( 6,160,044)</u>
Net total receivables	<u>\$ 5,967,727</u>	<u>\$ 2,121,515</u>	<u>\$ 60,139</u>	<u>\$ 845,532</u>	<u>\$ 403,318</u>	<u>\$ 60,970</u>	<u>\$ 9,459,201</u>

## Capital Assets

Capital asset activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,321,040	\$ 4,000	\$( 6,100)	\$ 1,318,940
Construction in progress	8,558,051	6,198,051	( 8,096,557)	6,659,545
Total assets not being depreciated	<u>9,879,091</u>	<u>6,202,051</u>	<u>( 8,102,657)</u>	<u>7,978,485</u>
Capital assets, being depreciated:				
Buildings and improvements	48,699,656	3,894,496	( 204,539)	52,389,613
Equipment	19,372,689	1,317,919	( 766,846)	19,923,762
Infrastructure	78,086,552	4,749,880	-	82,836,432
Total capital assets being depreciated	<u>146,158,897</u>	<u>9,962,295</u>	<u>( 971,385)</u>	<u>155,149,807</u>
Accumulated depreciation:				
Buildings and improvements	( 24,807,305)	( 1,563,177)	115,482	( 26,255,000)
Equipment	( 15,014,183)	( 1,186,655)	402,202	( 15,798,636)
Infrastructure	( 52,650,831)	( 3,526,307)	-	( 56,177,138)
Total accumulated depreciation	<u>( 92,472,319)</u>	<u>( 6,276,139)</u>	<u>517,684</u>	<u>( 98,230,774)</u>
Total capital assets being depreciated, net	<u>53,686,578</u>	<u>3,686,156</u>	<u>( 453,701)</u>	<u>56,919,033</u>
Governmental activities capital assets, net	<u>\$ 63,565,669</u>	<u>\$ 9,888,207</u>	<u>\$( 8,556,358)</u>	<u>\$ 64,897,518</u>

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

Governmental activities:	
General government	\$ 2,620,451
Judicial	11,297
Public safety	344,601
Public buildings	1,184,453
Transportation and roads	<u>2,115,337</u>
Total depreciation expense - governmental activities	<u>\$ 6,276,139</u>

## Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2016, is as follows:

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

Receivable Fund	Payable Fund	Amount
General	Airport Improvement	\$ 260,988
	Nonmajor governmental:	
	Airport Fund	513
	Grant	79,728
	VIT Operating	1,634
	District Attorney	<u>7,918</u>
		<u>\$ 350,781</u>



The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balance of working capital loans made to nonmajor governmental funds which the general fund expects to collect in the subsequent year.

**Interfund transfers:**

	Transfer In					Total
	General	Road and Bridge	Capital Improvement	Airport Improvement	Nonmajor Governmental	
Transfer out:						
General	\$ -	\$ 115,320	\$ 3,360,841	\$ -	\$ 48,855	\$ 3,525,016
Road & Bridge	-	-	643,054	-	-	643,054
Capital Improvement	140,000	30,148	-	265,729	154,292	590,169
Nonmajor governmental	-	-	-	-	44,936	44,936
Total transfers out	<u>\$ 140,000</u>	<u>\$ 145,468</u>	<u>\$ 4,003,895</u>	<u>\$ 265,729</u>	<u>\$ 248,083</u>	<u>\$ 4,803,175</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) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Debt**

**Changes in Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Capital leases payable	\$ 390,689	\$ 393,063	\$ 390,689	\$ 393,063	\$ 393,063
Compensated absences	782,156	1,226,929	644,672	1,364,413	1,161,201
Net pension liability	<u>3,094,079</u>	<u>10,602,823</u>	<u>2,656,662</u>	<u>11,040,240</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 4,266,924</u>	<u>\$ 12,222,815</u>	<u>\$ 3,692,023</u>	<u>\$ 12,797,716</u>	<u>\$ 1,554,264</u>

For compensated absences and net pension liability, the General Fund normally liquidates approximately 80% 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 a lease agreement for three Mack dump trucks to be used by the Road and Bridge precincts of the County valued at \$393,063. This machinery has 10-year estimated useful lives. This agreement qualifies as a capital lease for accounting purposes and, therefore, is recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2016, were as follows:

Year ending September 30,	Governmental Activities
2017	\$ 401,969
Total minimum lease payments	401,969
Less: Interest portion	<u>8,906</u>
Present value of minimum lease payments	<u>\$ 393,063</u>

## **Other Information**

### **Risk Management**

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

The 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 2016, 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, nor did any settlement exceed coverage in the past three years.

### **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 County expects such amounts, if any, to be immaterial.

### **Defined Benefit Pension Plan**

**Plan Description.** The County participates in 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 nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tcdrs.org](http://www.tcdrs.org).

All full and part time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

**Benefits Provided.** TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 20 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 eight 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. Updated annuity purchase rates will go into effect for post-2017 benefit accruals earned after 2017. Benefits accrued before 2018 will not be impacted by this update. This change was reflected in the 2015 actuarial valuation.

### **Employees covered by benefit terms**

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	334
Inactive employees entitled to but not yet receiving benefits	522
Active employees	<u>634</u>
	<u>1,490</u>

**Contributions.** The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the County were 10.94% in both calendar years 2015 and 2016. The County's contributions to TCDRS for the year ended September 30, 2016, were \$2,756,645, and were equal to the required contributions.

**Net Pension Liability.** The County's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

### **Actuarial Assumptions**

The Total Pension Liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	4.9% per year
Investment rate of return	8.0%, net of pension plan investment expense, including inflation

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA and then projected with 110% of the MP-2014 Ultimate scale after that.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

The actuarial assumptions that determined the total pension liability as of December 31, 2015, were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except for mortality assumptions. Mortality assumptions were updated for the 2015 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 8.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The application of the investment return assumption was changed for purposes of determining plan liabilities in the 2015 actuarial valuation. All plan liabilities are now valued using an 8% discount rate. Previously, some liabilities were valued using a 7% discount rate and others were valued using a 9% discount rate.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2016 information for a 7 to 10 year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation <sup>(1)</sup></b>	<b>Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup></b>
US Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.45%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	14.00%	8.45%
Global Equities	MSCI World (net) Index	1.50%	5.75%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	10.00%	5.45%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	8.00%	6.45%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	1.00%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	5.10%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.09%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	5.00%	6.40%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	8.10%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	3.00%	4.00%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.80%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	5.00%	6.90%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.25%

<sup>(1)</sup> Target asset allocation adopted at the April 2016 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return in addition to assumed inflation of 1.6% per Cliffwater's 2016 capital market assumption.

<sup>(3)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

### Discount Rate

The discount rate used to measure the Total Pension Liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

### Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2014	\$ 116,232,875	\$ 113,138,796	\$ 3,094,079
Changes for the year:			
Service cost	3,307,965	-	3,307,965
Interest on total pension liability <sup>(1)</sup>	9,364,860	-	9,364,860
			-
Effect of plan changes	( 483,308)	-	( 483,308)
Effect of economic/demographic gains or losses	( 1,630,892)	-	( 1,630,892)
Effect of assumptions changes or inputs	1,346,961	-	1,346,961
Refund of contributions	( 541,891)	( 541,891)	-
Benefit payments	( 4,888,880)	( 4,888,880)	-
Administrative expenses	-	( 80,839)	80,839
Member contributions	-	1,727,961	( 1,727,961)
Net investment income	-	( 264,690)	264,690
Employer contributions	-	2,700,427	( 2,700,427)
Other <sup>(2)</sup>	-	( 123,434)	123,434
Balance at 12/31/2015	<u>\$ 122,707,690</u>	<u>\$ 111,667,450</u>	<u>\$ 11,040,240</u>

<sup>(1)</sup> Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

<sup>(2)</sup> Relates to allocation of system-wide items.

### Sensitivity Analysis

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-higher (9.1%) than the current rate:

	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 138,565,216	\$ 122,707,691	\$ 109,500,571
Fiduciary net position	<u>111,667,450</u>	<u>111,667,450</u>	<u>111,667,450</u>
Net pension liability/(asset)	<u>\$ 26,897,766</u>	<u>\$ 11,040,241</u>	<u>\$ ( 2,166,879)</u>

### ***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at [www.tcdrs.org](http://www.tcdrs.org).

### **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2016, the County recognized pension expense of \$3,378,397.

At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,633,171	\$ -
Changes in actuarial assumptions	-	1,010,221
Difference between projected and actual investment earnings	-	8,449,515
Contributions subsequent to the measurement date	<u>-</u>	<u>2,055,989</u>
Total	<u>\$ 1,633,171</u>	<u>\$ 11,515,725</u>

\$2,055,989 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>For The Year Ended September 30,</u>	
2017	\$ 1,909,731
2018	1,909,731
2019	2,114,732
2020	<u>1,892,371</u>
Total	<u>\$ 7,826,565</u>

### **New Accounting Principles**

Significant new accounting standards not yet implemented by the County include the following.

Statement No. 77, "Tax Abatement Disclosures" – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. This statement will become effective for the County in fiscal year 2017.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**GREGG COUNTY, TEXAS**

**GENERAL FUND**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Current property taxes	\$ 18,491,469	\$ 18,491,469	\$ 18,157,776	\$( 333,693)
Current penalty and interest	78,000	78,000	109,588	31,588
Delinquent property taxes	320,948	320,948	290,053	( 30,895)
Delinquent penalty and interest	76,000	76,000	78,939	2,939
Alcoholic beverage tax	225,000	225,000	256,688	31,688
Bingo tax	90,000	90,000	103,769	13,769
Sales tax	14,550,000	14,550,000	13,387,580	( 1,162,420)
Motor vehicle sales tax	1,700,000	1,700,000	1,655,225	( 44,775)
Total taxes	<u>35,531,417</u>	<u>35,531,417</u>	<u>34,039,618</u>	<u>( 1,491,799)</u>
Licenses and permits:				
Alcoholic beverage licenses	25,000	25,000	50,392	25,392
Sexually oriented businesses	12,000	12,000	16,100	4,100
Bail bond applications	1,000	1,000	2,500	1,500
Sewage disposal systems	26,000	26,000	28,400	2,400
Total licenses and permits	<u>64,000</u>	<u>64,000</u>	<u>97,392</u>	<u>33,392</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	28,200	24,000	29,866	5,866
State - indigent defense	115,000	115,000	126,901	11,901
State - juror reimbursement	40,000	40,000	46,002	6,002
State - commercial waste management fees	300	300	250	( 50)
State - district attorney	-	-	4,317	4,317
City of Lakeport - sewer fees	1,000	1,000	1,200	200
Fiscal service fee	14,500	14,500	14,849	349
Social security incentive payment	-	-	39,000	39,000
Drug enforcement task force	13,500	13,500	1,357	( 12,143)
Sabine Valley deputy	103,374	103,374	108,000	4,626
Sabine ISD resource officer	42,600	42,600	42,598	( 2)
City of Longview - prisoner care	297,608	297,608	297,608	-
State - Title IV-E Legal Reimbursement	16,000	16,000	10,171	( 5,829)
Child welfare board reimbursement	18,000	18,000	9,056	( 8,944)
ATF Task Force	-	-	8,099	8,099
Total intergovernmental	<u>845,082</u>	<u>840,882</u>	<u>912,274</u>	<u>71,392</u>

**GREGG COUNTY, TEXAS**

**GENERAL FUND**

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

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES (Continued)</b>				
Charges for services:				
Sheriff	\$ 320,000	\$ 320,000	\$ 296,963	\$( 23,037)
Constable # 1	30,000	30,000	34,750	4,750
Constable # 2	36,000	36,000	44,765	8,765
Constable # 3	22,000	22,000	24,154	2,154
Constable # 4		38,000	53,295	15,295
County clerk	795,000	795,000	786,605	( 8,395)
County clerk - archival fee	95,000	95,000	97,845	2,845
County clerk - electronic trans fee	4,000	4,000	4,088	88
District clerk - archival fee	19,000	19,000	21,656	2,656
District clerk - electronic trans fee	13,500	13,500	27,273	13,773
Tax assessor - collector	630,000	630,000	658,681	28,681
Tax collection contract fees	275,000	275,000	254,294	( 20,706)
District attorney	36,000	40,200	30,152	( 10,048)
District clerk	330,000	330,000	323,638	( 6,362)
Justice of the Peace # 1	17,000	17,000	26,859	9,859
Justice of the Peace # 2	16,800	16,800	19,470	2,670
Justice of the Peace # 3	12,300	12,300	11,728	( 572)
Justice of the Peace # 4	16,800	16,800	16,950	150
Trial fees	20	20	-	( 20)
Jury	5,800	5,800	11,200	5,400
Probate judge education fees	2,500	2,500	3,040	540
Other arrest fees	77,000	77,000	75,667	( 1,333)
Judges fee - probate	3,200	3,200	3,862	662
State fees	95,000	95,000	82,150	( 12,850)
State fees - TP - judicial efficiency	6,200	6,200	2,912	( 3,288)
State fee - drug court program	22,000	22,000	18,223	( 3,777)
Court reporter service fees	40,000	40,000	39,177	( 823)
DRO fees	700	700	335	( 365)
Guardianship fee	10,000	10,000	12,360	2,360
Parking lot fees	5,000	5,000	5,842	842
Computer services	5,950	5,950	6,500	550
Family protection fees	10,000	10,000	9,481	( 519)
Defensive driving fees	22,000	22,000	30,899	8,899
Child safety fees	2,000	2,000	1,258	( 742)
Traffic fees	6,200	6,200	5,399	( 801)
Video fees	5,800	5,800	6,071	271
Inmate reimbursement	12,000	12,000	14,588	2,588
Total charges for services	<u>2,999,770</u>	<u>3,041,970</u>	<u>3,067,990</u>	<u>26,020</u>

**GREGG COUNTY, TEXAS**

**GENERAL FUND**

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

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES (Continued)</b>				
Fines and forfeitures:				
Justice court fines - JP 1	\$ 130,000	\$ 130,000	\$ 116,653	\$( 13,347)
Justice court fines - JP 2	101,000	101,000	76,451	( 24,549)
Justice court fines - JP 3	180,000	180,000	157,028	( 22,972)
Justice court fines - JP 4	<u>73,000</u>	<u>73,000</u>	<u>97,850</u>	<u>24,850</u>
Total fines and forfeitures	<u>484,000</u>	<u>484,000</u>	<u>447,982</u>	<u>( 36,018)</u>
Investment earnings:				
Interest	160,000	160,000	258,408	98,408
Unrealized gains (losses)	<u>-</u>	<u>-</u>	<u>81,681</u>	<u>81,681</u>
Total investment earnings	<u>160,000</u>	<u>160,000</u>	<u>340,089</u>	<u>180,089</u>
Rent and commissions:				
BorgWarner Automotive	34,098	34,098	33,806	( 292)
A & M Tower, Inc.	9,500	9,500	12,837	3,337
Community buildings	30,000	30,000	29,825	( 175)
Other rent	27,500	27,500	29,200	1,700
Royalties	32,000	32,000	11,752	( 20,248)
Telephone coin stations	215,000	215,000	315,339	100,339
Federal - jail lease	1,650,000	1,650,000	1,688,895	38,895
Concession sales	-	-	59,446	59,446
Vending machine sales	-	-	7,961	7,961
Longview Community Center	<u>38,000</u>	<u>38,000</u>	<u>50,207</u>	<u>12,207</u>
Total rent and commissions	<u>2,036,098</u>	<u>2,036,098</u>	<u>2,239,268</u>	<u>203,170</u>
Miscellaneous:				
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>156,244</u>	<u>106,244</u>
Total miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>156,244</u>	<u>106,244</u>
Total revenues	<u>42,170,367</u>	<u>42,208,367</u>	<u>41,300,857</u>	<u>( 907,510)</u>

**GREGG COUNTY, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
General government:				
County clerk - administration:				
Salaries	\$ 711,856	\$ 713,129	\$ 692,147	\$ 20,982
Fringe benefits	344,687	343,414	312,792	30,622
Operating expenditures	68,271	68,271	61,518	6,753
Total county clerk - administration	<u>1,124,814</u>	<u>1,124,814</u>	<u>1,066,457</u>	<u>58,357</u>
County clerk - archive restoration:				
Salaries	54,022	54,238	44,139	10,099
Fringe benefits	20,315	20,098	17,190	2,908
Operating expenditures	218,348	218,250	161,161	57,089
Capital outlay	34,066	34,164	31,464	2,700
Total county clerk - archive restoration	<u>326,751</u>	<u>326,750</u>	<u>253,954</u>	<u>72,796</u>
Telecommunications:				
Salaries	49,829	49,829	46,529	3,300
Fringe benefits	9,345	9,345	8,892	453
Operating expenditures	350	350	320	30
Total telecommunications	<u>59,524</u>	<u>59,524</u>	<u>55,741</u>	<u>3,783</u>
Purchasing:				
Salaries	195,352	195,352	183,817	11,535
Fringe benefits	88,944	88,944	69,863	19,081
Operating expenditures	23,105	23,105	17,455	5,650
Total purchasing	<u>307,401</u>	<u>307,401</u>	<u>271,135</u>	<u>36,266</u>
Human resources:				
Salaries	153,560	154,792	150,238	4,554
Fringe benefits	61,525	60,533	54,930	5,603
Operating expenditures	14,220	14,220	14,114	106
Total human resources	<u>229,305</u>	<u>229,545</u>	<u>219,282</u>	<u>10,263</u>

**GREGG COUNTY, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
General government: (Continued)				
Nondepartmental - general government:				
Fringe benefits	\$ 324,537	\$ 266,920	\$ 9,206	\$ 257,714
Operating expenditures	<u>3,395,120</u>	<u>3,216,530</u>	<u>2,725,387</u>	<u>491,143</u>
Total nondepartmental - general government	<u>3,719,657</u>	<u>3,483,450</u>	<u>2,734,593</u>	<u>748,857</u>
County judge:				
Salaries	182,068	182,949	182,949	-
Fringe benefits	64,872	63,991	58,897	5,094
Operating expenditures	20,290	24,852	11,427	13,425
Capital outlay	-	5,400	5,400	-
Total county judge	<u>267,230</u>	<u>277,192</u>	<u>258,673</u>	<u>18,519</u>
Postal services:				
Operating expenditures	<u>34,000</u>	<u>34,000</u>	<u>9,576</u>	<u>24,424</u>
Total postal services	<u>34,000</u>	<u>34,000</u>	<u>9,576</u>	<u>24,424</u>
Concession operations:				
Salaries	-	-	38,545	( 38,545)
Fringe benefits	-	-	16,308	( 16,308)
Operating expenditures	-	-	35,295	( 35,295)
Total concession operations	<u>-</u>	<u>-</u>	<u>90,148</u>	<u>( 90,148)</u>
Elections:				
Salaries	195,225	200,783	197,705	3,078
Fringe benefits	67,950	68,483	65,194	3,289
Operating expenditures	<u>129,710</u>	<u>141,110</u>	<u>137,109</u>	<u>4,001</u>
Total elections	<u>392,885</u>	<u>410,376</u>	<u>400,008</u>	<u>10,368</u>
County auditor:				
Salaries	574,825	574,825	554,924	19,901
Fringe benefits	220,005	220,005	193,978	26,027
Operating expenditures	<u>29,400</u>	<u>29,400</u>	<u>28,315</u>	<u>1,085</u>
Total county auditor	<u>824,230</u>	<u>824,230</u>	<u>777,217</u>	<u>47,013</u>

**GREGG COUNTY, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
General government: (Continued)				
Tax assessor-collector:				
Salaries	\$ 1,060,857	\$ 1,072,297	\$ 1,065,828	\$ 6,469
Fringe benefits	490,817	479,377	455,370	24,007
Operating expenditures	226,050	239,746	210,690	29,056
Capital outlay	-	26,304	26,278	26
Total tax assessor-collector	<u>1,777,724</u>	<u>1,817,724</u>	<u>1,758,166</u>	<u>59,558</u>
Information services:				
Salaries	377,345	380,230	380,230	-
Fringe benefits	168,950	165,468	162,250	3,218
Operating expenditures	881,116	884,966	864,686	20,280
Capital outlay	22,000	39,997	35,022	4,975
Total information services	<u>1,449,411</u>	<u>1,470,661</u>	<u>1,442,188</u>	<u>28,473</u>
Agricultural extension service:				
Salaries	83,965	84,563	78,563	6,000
Fringe benefits	54,950	54,950	44,534	10,416
Operating expenditures	<u>22,725</u>	<u>22,725</u>	<u>18,599</u>	<u>4,126</u>
Total agricultural extension service	<u>161,640</u>	<u>162,238</u>	<u>141,696</u>	<u>20,542</u>
Total general government	<u>10,674,572</u>	<u>10,527,905</u>	<u>9,478,834</u>	<u>1,049,071</u>
Judicial:				
Court of civil appeals:				
Salaries	16,008	16,008	16,008	-
Fringe benefits	<u>1,225</u>	<u>1,234</u>	<u>1,234</u>	<u>-</u>
Total court of civil appeals	<u>17,233</u>	<u>17,242</u>	<u>17,242</u>	<u>-</u>
E-filing system:				
Operating expenditures	<u>24,000</u>	<u>24,000</u>	<u>-</u>	<u>24,000</u>
Total e-filing system	<u>24,000</u>	<u>24,000</u>	<u>-</u>	<u>24,000</u>

**GREGG COUNTY, TEXAS**

**GENERAL FUND**

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

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Judicial: (Continued)				
County court-at-law no. 1:				
Salaries	\$ 275,121	\$ 276,133	\$ 275,133	\$ 1,000
Fringe benefits	87,632	86,611	79,504	7,107
Operating expenditures	15,610	16,710	13,510	3,200
Total county court-at-law no. 1	<u>378,363</u>	<u>379,454</u>	<u>368,147</u>	<u>11,307</u>
County court-at-law no. 2:				
Salaries	261,533	262,449	260,949	1,500
Fringe benefits	84,917	84,001	77,042	6,959
Operating expenditures	12,095	12,645	11,431	1,214
Total county court-at-law no. 2	<u>358,545</u>	<u>359,095</u>	<u>349,422</u>	<u>9,673</u>
Attorney general master:				
Operating expenditures	4,050	4,050	40	4,010
Total attorney general master	<u>4,050</u>	<u>4,050</u>	<u>40</u>	<u>4,010</u>
124th district court:				
Salaries	108,930	109,744	108,144	1,600
Fringe benefits	40,710	39,896	38,165	1,731
Operating expenditures	18,800	19,965	14,407	5,558
Total 124th district court	<u>168,440</u>	<u>169,605</u>	<u>160,716</u>	<u>8,889</u>
188th district court:				
Salaries	102,877	103,659	103,659	-
Fringe benefits	39,710	38,928	37,473	1,455
Operating expenditures	19,760	20,310	12,559	7,751
Total 188th district court	<u>162,347</u>	<u>162,897</u>	<u>153,691</u>	<u>9,206</u>

**GREGG COUNTY, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Judicial: (Continued)				
307th district court:				
Salaries	\$ 96,741	\$ 97,460	\$ 94,960	\$ 2,500
Fringe benefits	38,220	37,502	35,475	2,027
Operating expenditures	16,800	17,350	8,453	8,897
Total 307th district court	<u>151,761</u>	<u>152,312</u>	<u>138,888</u>	<u>13,424</u>
Judicial:				
Fringe benefits	1,340	-	-	-
Operating expenditures	1,893,500	1,916,932	1,737,405	179,527
Total judicial	<u>1,894,840</u>	<u>1,916,932</u>	<u>1,737,405</u>	<u>179,527</u>
District clerk:				
Salaries	673,826	673,826	606,277	67,549
Fringe benefits	327,462	327,462	274,459	53,003
Operating expenditures	69,025	69,575	53,667	15,908
Total district clerk	<u>1,070,313</u>	<u>1,070,863</u>	<u>934,403</u>	<u>136,460</u>
District clerk archive restoration:				
Operating expenditures	20,000	20,000	-	20,000
Capital outlay	20,000	20,000	-	20,000
Total district clerk archive restoration	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Justice of the peace no. 1:				
Salaries	238,964	240,707	240,054	653
Fringe benefits	115,687	116,021	103,926	12,095
Operating expenditures	68,200	73,200	72,535	665
Total justice of the peace no. 1	<u>422,851</u>	<u>429,928</u>	<u>416,515</u>	<u>13,413</u>
Justice of the peace no. 2:				
Salaries	124,673	135,151	126,098	9,053
Fringe benefits	52,962	55,599	50,550	5,049
Operating expenditures	36,430	39,280	23,974	15,306
Total justice of the peace no. 2	<u>214,065</u>	<u>230,030</u>	<u>200,622</u>	<u>29,408</u>



**GREGG COUNTY, TEXAS**

**GENERAL FUND**

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	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	\$ 163,192	\$ 163,192	\$ 155,484	\$ 7,708
Fringe benefits	71,387	71,387	62,545	8,842
Operating expenditures	<u>37,400</u>	<u>37,400</u>	<u>35,423</u>	<u>1,977</u>
Total justice of the peace no. 3	<u>271,979</u>	<u>271,979</u>	<u>253,452</u>	<u>18,527</u>
Justice of the peace no. 4:				
Salaries	133,532	137,493	133,707	3,786
Fringe benefits	55,342	61,002	54,005	6,997
Operating expenditures	<u>53,550</u>	<u>68,550</u>	<u>60,200</u>	<u>8,350</u>
Total justice of the peace no. 4	<u>242,424</u>	<u>267,045</u>	<u>247,912</u>	<u>19,133</u>
District attorney:				
Salaries	1,864,394	1,876,564	1,836,183	40,381
Fringe benefits	662,517	650,347	610,217	40,130
Operating expenditures	<u>97,250</u>	<u>103,135</u>	<u>93,338</u>	<u>9,797</u>
Total district attorney	<u>2,624,161</u>	<u>2,630,046</u>	<u>2,539,738</u>	<u>90,308</u>
Bail bond board:				
Salaries	3,600	3,600	-	3,600
Fringe benefits	685	685	-	685
Operating expenditures	<u>2,050</u>	<u>2,050</u>	<u>69</u>	<u>1,981</u>
Total bail bond board	<u>6,335</u>	<u>6,335</u>	<u>69</u>	<u>6,266</u>
Collections office:				
Salaries	140,862	141,946	141,946	-
Fringe benefits	66,725	65,642	61,841	3,801
Operating expenditures	<u>14,400</u>	<u>14,400</u>	<u>13,598</u>	<u>802</u>
Total collections office	<u>221,987</u>	<u>221,988</u>	<u>217,385</u>	<u>4,603</u>
Drug Court Contributions:				
Operating expenditures	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>-</u>
Total collections office	<u>115,000</u>	<u>115,000</u>	<u>115,000</u>	<u>-</u>
Total judicial	<u>8,344,694</u>	<u>8,424,801</u>	<u>7,850,647</u>	<u>574,154</u>

**GREGG COUNTY, TEXAS**

**GENERAL FUND**

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

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Public safety:				
Constable no. 1:				
Salaries	\$ 44,626	\$ 44,626	\$ 44,626	\$ -
Fringe benefits	19,782	19,782	18,406	1,376
Operating expenditures	<u>5,150</u>	<u>5,150</u>	<u>2,055</u>	<u>3,095</u>
Total constable no. 1	<u>69,558</u>	<u>69,558</u>	<u>65,087</u>	<u>4,471</u>
Constable no. 2:				
Salaries	44,626	44,626	44,626	-
Fringe benefits	19,642	19,642	17,919	1,723
Operating expenditures	<u>7,170</u>	<u>7,170</u>	<u>4,893</u>	<u>2,277</u>
Total constable no. 2	<u>71,438</u>	<u>71,438</u>	<u>67,438</u>	<u>4,000</u>
Constable no. 3:				
Salaries	63,926	63,926	53,791	10,135
Fringe benefits	23,227	23,227	19,406	3,821
Operating expenditures	<u>14,990</u>	<u>14,990</u>	<u>7,084</u>	<u>7,906</u>
Total constable no. 3	<u>102,143</u>	<u>102,143</u>	<u>80,281</u>	<u>21,862</u>
Constable no. 4:				
Salaries	44,626	50,493	47,367	3,126
Fringe benefits	19,642	20,254	18,240	2,014
Operating expenditures	<u>9,590</u>	<u>9,590</u>	<u>6,758</u>	<u>2,832</u>
Total constable no. 4	<u>73,858</u>	<u>80,337</u>	<u>72,365</u>	<u>7,972</u>
Sheriff - corrections:				
Salaries	7,761,844	7,998,617	7,923,550	75,067
Fringe benefits	3,533,432	3,285,901	3,131,709	154,192
Operating expenditures	1,719,050	1,745,740	1,564,214	181,526
Capital outlay	<u>45,000</u>	<u>51,996</u>	<u>50,967</u>	<u>1,029</u>
Total sheriff - corrections	<u>13,059,326</u>	<u>13,082,254</u>	<u>12,670,440</u>	<u>411,814</u>
Contract jail operations:				
Salaries	1,648,790	1,720,122	1,705,988	14,134
Fringe benefits	809,185	737,853	715,378	22,475
Operating expenditures	<u>372,500</u>	<u>372,500</u>	<u>344,828</u>	<u>27,672</u>
Total contract jail operations	<u>2,830,475</u>	<u>2,830,475</u>	<u>2,766,194</u>	<u>64,281</u>

**GREGG COUNTY, TEXAS**

**GENERAL FUND**

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

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Public safety: (Continued)				
Criminal justice center operations:				
Salaries	\$ 260,216	\$ 269,616	\$ 256,274	\$ 13,342
Fringe benefits	132,835	123,435	111,903	11,532
Operating expenditures	<u>75,500</u>	<u>75,500</u>	<u>57,836</u>	<u>17,664</u>
Total criminal justice center operations	<u>468,551</u>	<u>468,551</u>	<u>426,013</u>	<u>42,538</u>
Department of public safety:				
Salaries	51,334	55,723	48,855	6,868
Fringe benefits	19,795	19,538	17,932	1,606
Operating expenditures	<u>6,000</u>	<u>6,000</u>	<u>5,644</u>	<u>356</u>
Total department of public safety	<u>77,129</u>	<u>81,261</u>	<u>72,431</u>	<u>8,830</u>
DPS Hangar:				
Operating expenditures	<u>9,650</u>	<u>9,650</u>	<u>4,138</u>	<u>5,512</u>
Total DPS hangar	<u>9,650</u>	<u>9,650</u>	<u>4,138</u>	<u>5,512</u>
Parks and wildlife:				
Operating expenditures	<u>1,350</u>	<u>2,200</u>	<u>1,740</u>	<u>460</u>
Total parks and wildlife	<u>1,350</u>	<u>2,200</u>	<u>1,740</u>	<u>460</u>
Pre-Trial services:				
Salaries	27,862	28,076	28,076	-
Fringe benefits	15,260	15,542	14,164	1,378
Operating expenditures	<u>2,000</u>	<u>2,000</u>	<u>505</u>	<u>1,495</u>
Total pre-trial services	<u>45,122</u>	<u>45,618</u>	<u>42,745</u>	<u>2,873</u>
Juvenile board:				
Salaries	116,613	116,613	116,613	-
Fringe benefits	51,966	53,283	52,229	1,054
Total juvenile board	<u>168,579</u>	<u>169,896</u>	<u>168,842</u>	<u>1,054</u>
Total public safety	<u>16,977,179</u>	<u>17,013,381</u>	<u>16,437,714</u>	<u>575,667</u>

**GREGG COUNTY, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Health and human services:				
Veterans services:				
Salaries	\$ 69,524	\$ 69,524	\$ 64,323	\$ 5,201
Fringe benefits	33,225	33,225	25,118	8,107
Operating expenditures	13,785	13,785	12,871	914
Total veterans services	<u>116,534</u>	<u>116,534</u>	<u>102,312</u>	<u>14,222</u>
Civil defense:				
Operating expenditures	23,500	23,500	19,399	4,101
Total civil defense	<u>23,500</u>	<u>23,500</u>	<u>19,399</u>	<u>4,101</u>
911 Addressing:				
Salaries	54,622	72,013	66,683	5,330
Fringe benefits	21,965	20,661	14,389	6,272
Operating expenditures	14,750	14,750	14,717	33
Total 911 addressing	<u>91,337</u>	<u>107,424</u>	<u>95,789</u>	<u>11,635</u>
Health:				
Salaries	324,552	324,820	323,816	1,004
Fringe benefits	152,985	153,036	139,629	13,407
Operating expenditures	1,003,670	1,008,386	990,737	17,649
Total health	<u>1,481,207</u>	<u>1,486,242</u>	<u>1,454,182</u>	<u>32,060</u>
Historical commission:				
Operating expenditures	16,450	16,450	679	15,771
Total historical commission	<u>16,450</u>	<u>16,450</u>	<u>679</u>	<u>15,771</u>
Contributions:				
Operating expenditures	879,858	984,858	955,207	29,651
Total contributions	<u>879,858</u>	<u>984,858</u>	<u>955,207</u>	<u>29,651</u>
Total health and human services	<u>2,608,886</u>	<u>2,735,008</u>	<u>2,627,568</u>	<u>107,440</u>
Courthouse building:				
Salaries	534,852	536,935	507,260	29,675
Fringe benefits	277,795	276,814	245,061	31,753
Operating expenditures	787,000	808,022	540,697	267,325
Capital outlay	-	3,550	3,550	-
Total courthouse building	<u>1,599,647</u>	<u>1,625,321</u>	<u>1,296,568</u>	<u>328,753</u>
Jail building:				
Operating expenditures	389,000	389,000	356,277	32,723
Total jail building	<u>389,000</u>	<u>389,000</u>	<u>356,277</u>	<u>32,723</u>

**GREGG COUNTY, TEXAS**

**GENERAL FUND**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Service center building:				
Operating expenditures	\$ 48,500	\$ 48,500	\$ 28,348	\$ 20,152
Total service center building	<u>48,500</u>	<u>48,500</u>	<u>28,348</u>	<u>20,152</u>
Longview Whaley Street community building:				
Salaries	79,143	79,450	75,350	4,100
Fringe benefits	27,100	27,415	24,246	3,169
Operating expenditures	<u>39,775</u>	<u>39,775</u>	<u>33,797</u>	<u>5,978</u>
Total Longview Whaley Street community building	<u>146,018</u>	<u>146,640</u>	<u>133,393</u>	<u>13,247</u>
Judson community building:				
Operating expenditures	<u>6,100</u>	<u>6,100</u>	<u>5,383</u>	<u>717</u>
Total Judson community building	<u>6,100</u>	<u>6,100</u>	<u>5,383</u>	<u>717</u>
West Harrison volunteer fire department building:				
Operating expenditures	<u>2,300</u>	<u>2,300</u>	<u>1,889</u>	<u>411</u>
Total West Harrison volunteer fire department building	<u>2,300</u>	<u>2,300</u>	<u>1,889</u>	<u>411</u>
Greggton community building:				
Salaries	7,500	7,500	1,257	6,243
Fringe benefits	1,675	1,675	432	1,243
Operating expenditures	29,300	62,800	54,160	8,640
Capital outlay	<u>-</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Total Greggton building	<u>38,475</u>	<u>75,475</u>	<u>59,349</u>	<u>16,126</u>
Garfield Hill community building:				
Operating expenditures	<u>4,875</u>	<u>4,875</u>	<u>1,210</u>	<u>3,665</u>
Total Garfield Hill community building	<u>4,875</u>	<u>4,875</u>	<u>1,210</u>	<u>3,665</u>
Gladewater Commerce Street building:				
Operating expenditures	<u>11,350</u>	<u>11,850</u>	<u>11,332</u>	<u>518</u>
Total Gladewater Commerce Street building	<u>11,350</u>	<u>11,850</u>	<u>11,332</u>	<u>518</u>

**GREGG COUNTY, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (Continued)</b>				
Public buildings: (Continued)				
Liberty City office/community building:				
Operating expenditures	\$ 12,475	\$ 12,475	\$ 11,245	\$ 1,230
Total Liberty City office/ community building	<u>12,475</u>	<u>12,475</u>	<u>11,245</u>	<u>1,230</u>
Hugh Camp Memorial Park:				
Operating expenditures	<u>26,100</u>	<u>25,600</u>	<u>21,202</u>	<u>4,398</u>
Total Hugh Camp Memorial Park	<u>26,100</u>	<u>25,600</u>	<u>21,202</u>	<u>4,398</u>
Olivia R. Hilburn community building:				
Operating expenditures	<u>16,330</u>	<u>16,330</u>	<u>11,196</u>	<u>5,134</u>
Total Olivia R. Hilburn community building	<u>16,330</u>	<u>16,330</u>	<u>11,196</u>	<u>5,134</u>
Kilgore office and community building:				
Salaries	33,108	33,360	33,360	-
Fringe benefits	17,580	17,328	16,349	979
Operating expenditures	<u>22,850</u>	<u>22,850</u>	<u>17,329</u>	<u>5,521</u>
Total Kilgore office and community building	<u>73,538</u>	<u>73,538</u>	<u>67,038</u>	<u>6,500</u>
Kilgore South Street building:				
Operating expenditures	<u>250</u>	<u>250</u>	<u>202</u>	<u>48</u>
Total Kilgore South Street building	<u>250</u>	<u>250</u>	<u>202</u>	<u>48</u>
Elderville community building:				
Salaries	3,900	-	-	-
Fringe benefits	915	915	100	815
Operating expenditures	<u>14,450</u>	<u>18,350</u>	<u>15,783</u>	<u>2,567</u>
Total Elderville community building	<u>19,265</u>	<u>19,265</u>	<u>15,883</u>	<u>3,382</u>

**GREGG COUNTY, TEXAS**

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b> (Continued)				
Public buildings: (Continued)				
Easton community building:				
Operating expenditures	\$ 250	\$ 250	\$ 207	\$ 43
Total Easton community building	<u>250</u>	<u>250</u>	<u>207</u>	<u>43</u>
Longview Eastman Road building:				
Salaries	3,900	4,681	4,681	-
Fringe benefits	915	1,055	979	76
Operating expenditures	<u>10,200</u>	<u>10,200</u>	<u>6,568</u>	<u>3,632</u>
Total Longview Easton Road building	<u>15,015</u>	<u>15,936</u>	<u>12,228</u>	<u>3,708</u>
M. A. Smith Criminal Justice Center:				
Operating expenditures	<u>48,500</u>	<u>48,500</u>	<u>42,325</u>	<u>6,175</u>
Total M. A. Smith Criminal Justice Cente	<u>48,500</u>	<u>48,500</u>	<u>42,325</u>	<u>6,175</u>
Youth detention center:				
Capital outlay	<u>-</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Total youth detention center	<u>-</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Total public buildings	<u>2,457,988</u>	<u>2,526,205</u>	<u>2,079,275</u>	<u>446,930</u>
Transportation and road:				
Operating expenditures	<u>2,165,000</u>	<u>1,552,505</u>	<u>200,000</u>	<u>1,352,505</u>
Total transportation and road	<u>2,165,000</u>	<u>1,552,505</u>	<u>200,000</u>	<u>1,352,505</u>
Total expenditures	<u>43,228,319</u>	<u>42,779,805</u>	<u>38,674,038</u>	<u>4,105,767</u>

**GREGG COUNTY, TEXAS**

**GENERAL FUND**

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

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ ( 1,057,952)</u>	<u>\$ ( 571,438)</u>	<u>\$ 2,626,819</u>	<u>\$ 3,198,257</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Capital projects fund	<u>1,065,000</u>	<u>552,505</u>	<u>140,000</u>	<u>( 412,505)</u>
Total transfers in	<u>1,065,000</u>	<u>552,505</u>	<u>140,000</u>	<u>( 412,505)</u>
Transfers out:				
Grant fund	( 95,750)	( 95,750)	( 48,854)	46,896
Road and bridge fund	( 100,000)	( 115,320)	( 115,320)	-
Capital projects fund	( 3,333,000)	( 3,360,842)	( 3,360,842)	-
Court security and technology fund	-	( 30,000)	-	30,000
Records management and preservation func	( 30,000)	-	-	-
Total transfers out	<u>( 3,558,750)</u>	<u>( 3,601,912)</u>	<u>( 3,525,016)</u>	<u>76,896</u>
Sale of capital assets	20,000	20,000	49,345	29,345
Insurance proceeds - loss of capital assets	-	30,137	47,405	17,268
Total other financing sources (uses)	<u>( 2,473,750)</u>	<u>( 2,999,270)</u>	<u>( 3,288,266)</u>	<u>( 288,996)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 3,531,702)</u>	<u>( 3,570,708)</u>	<u>( 661,447)</u>	<u>2,909,261</u>
<b>FUND BALANCE, BEGINNING</b>	<u>33,751,415</u>	<u>33,751,415</u>	<u>33,751,415</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 30,219,713</u>	<u>\$ 30,180,707</u>	<u>\$ 33,089,968</u>	<u>\$ 2,909,261</u>



# GREGG COUNTY, TEXAS

## ROAD AND BRIDGE

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

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Current property taxes	\$ 1,176,150	\$ 1,176,150	\$ 1,319,655	\$ 143,505
Current penalty and interest	13,500	13,500	7,039	( 6,461)
Delinquent property taxes	26,101	26,101	16,144	( 9,957)
Delinquent penalty and interest	16,000	16,000	4,388	( 11,612)
Motor vehicle sales tax	-	-	274,761	274,761
Total taxes	<u>1,231,751</u>	<u>1,231,751</u>	<u>1,621,987</u>	<u>390,236</u>
Licenses and permits:				
Motor vehicle registration	1,250,000	1,250,000	1,247,204	( 2,796)
Weight permits	<u>20,000</u>	<u>20,000</u>	<u>24,092</u>	<u>4,092</u>
Total licenses and permits	<u>1,270,000</u>	<u>1,270,000</u>	<u>1,271,296</u>	<u>1,296</u>
Intergovernmental:				
Lateral road	18,000	18,000	18,955	955
FEMA reimbursement	-	-	65,406	65,406
Donation of RAP	-	-	591,485	591,485
Total intergovernmental	<u>18,000</u>	<u>18,000</u>	<u>675,846</u>	<u>66,361</u>
Charges for services:				
Reimb - capital project overhead	-	105,000	166,839	61,839
Total charges for services	<u>-</u>	<u>105,000</u>	<u>166,839</u>	<u>61,839</u>
Fines and forfeitures:				
Misdemeanor fines	350,000	350,000	332,055	( 17,945)
Felony fines	120,000	120,000	148,141	28,141
Civil/BF fines	<u>38,000</u>	<u>38,000</u>	<u>34,479</u>	<u>( 3,521)</u>
Total fines and forfeitures	<u>508,000</u>	<u>508,000</u>	<u>514,675</u>	<u>6,675</u>
Investment earnings:				
Interest	4,500	4,500	17,528	13,028
Unrealized gains (losses)	-	-	( 329)	( 329)
Total investment earnings	<u>4,500</u>	<u>4,500</u>	<u>17,199</u>	<u>12,699</u>
Miscellaneous:				
Miscellaneous	5,000	5,000	3,804	( 1,196)
Total miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>3,804</u>	<u>( 1,196)</u>
Total revenues	<u>3,037,251</u>	<u>3,142,251</u>	<u>4,271,646</u>	<u>1,129,395</u>
<b>EXPENDITURES</b>				
Transportation and roads:				
Administration:				
Salaries	266,633	266,633	262,696	3,937
Fringe benefits	90,473	90,473	84,452	6,021
Operating expenditures	<u>58,000</u>	<u>58,000</u>	<u>50,237</u>	<u>7,763</u>
Total administration	<u>415,106</u>	<u>415,106</u>	<u>397,385</u>	<u>17,721</u>

# GREGG COUNTY, TEXAS

## ROAD AND BRIDGE

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	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 expenditures	\$ 3,800	\$ 3,709	\$ -	\$ 3,709
Total road and bridge - general	<u>3,800</u>	<u>3,709</u>	<u>-</u>	<u>3,709</u>
Road and bridge - precinct no. 1:				
Salaries	696,385	715,208	688,397	26,811
Fringe benefits	297,925	297,077	264,019	33,058
Operating expenditures	310,710	438,259	704,588	( 266,329)
Capital outlay	12,290	67,290	66,748	542
Total road and bridge - precinct no. 1	<u>1,317,310</u>	<u>1,517,834</u>	<u>1,723,752</u>	<u>( 205,918)</u>
Road and bridge - precinct no. 2:				
Salaries	36,985	37,251	36,077	1,174
Fringe benefits	16,810	16,544	15,482	1,062
Operating expenditures	30,325	35,325	15,323	20,002
Total road and bridge - precinct no. 2	<u>84,120</u>	<u>89,120</u>	<u>66,882</u>	<u>22,238</u>
Road and bridge - precinct no. 3:				
Salaries	695,521	698,321	670,124	28,197
Fringe benefits	299,935	299,935	264,635	35,300
Operating expenditures	407,680	626,823	764,321	( 137,498)
Capital outlay	-	34,256	29,706	4,550
Total road and bridge - precinct no. 3	<u>1,403,136</u>	<u>1,659,335</u>	<u>1,728,786</u>	<u>( 69,451)</u>
Road and bridge - precinct no. 4:				
Salaries	593,642	614,562	599,129	15,433
Fringe benefits	258,955	257,246	236,625	20,621
Operating expenditures	233,180	314,728	374,479	( 59,751)
Capital outlay	-	11,640	11,255	385
Total road and bridge - precinct no. 4	<u>1,085,777</u>	<u>1,198,176</u>	<u>1,221,488</u>	<u>( 23,312)</u>
Total transportation and roads	<u>4,309,249</u>	<u>4,883,280</u>	<u>5,138,293</u>	<u>( 255,013)</u>

**GREGG COUNTY, TEXAS**

**ROAD AND BRIDGE**

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

**(Continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Total expenditures	\$ 4,309,249	\$ 4,883,280	\$ 5,138,293	\$ ( 255,013)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 1,271,998)	( 1,741,029)	( 866,647)	874,382
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General fund	100,000	115,320	115,320	-
Capital improvement fund	-	-	30,148	30,148
Total transfers in	100,000	115,320	145,468	30,148
Transfers out:				
Capital Road & Bridge Projects	-	-	( 643,054)	( 643,054)
Total transfers out	-	-	( 643,054)	( 643,054)
Sale of capital assets	10,000	10,000	13,557	3,557
Insurance proceeds - loss of capital assets	-	9,835	8,735	( 1,100)
Total other financing sources and (uses)	110,000	135,155	( 475,294)	( 610,449)
<b>NET CHANGE IN FUND BALANCE</b>	( 1,161,998)	( 1,605,874)	( 1,341,941)	263,933
<b>FUND BALANCE, BEGINNING</b>	5,902,856	5,902,856	5,902,856	-
<b>FUND BALANCE, ENDING</b>	\$ 4,740,858	\$ 4,296,982	\$ 4,560,915	\$ 263,933

## GREGG COUNTY, TEXAS

### SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Plan Year Ended December 31	2015	2014
<b>Total Pension Liability</b>		
Service Cost	\$ 3,307,965	\$ 3,352,760
Interest total pension liability	9,364,860	8,831,106
Effect of plan changes	( 483,308)	-
Effect of assumption changes or inputs	1,346,961	-
Effect of economic/demographic (gains) or losses	( 1,630,892)	( 820,005)
Benefit payments/refunds of contributions	( 5,430,771)	( 4,930,501)
Net change in total pension liability	6,474,815	6,433,360
Total pension liability - beginning	<u>116,232,875</u>	<u>109,799,515</u>
Total pension liability - ending (a)	<u>\$ 122,707,690</u>	<u>\$ 116,232,875</u>
<b>Plan Fiduciary Net Position</b>		
Employer contributions	\$ 2,700,427	\$ 2,687,677
Member contributions	1,727,961	1,719,683
Investment income net of investment expenses	( 264,690)	7,228,206
Benefit payments refunds of contributions	( 5,430,771)	( 4,930,501)
Administrative expenses	( 80,839)	( 84,645)
Other	( 123,434)	( 155,736)
Net change in plan fiduciary net position	( 1,471,346)	6,464,684
Plan fiduciary net position - beginning	<u>113,138,796</u>	<u>106,674,112</u>
Plan fiduciary net position - ending (b)	<u>111,667,450</u>	<u>113,138,796</u>
Net pension liability - ending (a) - (b)	<u>\$ 11,040,240</u>	<u>\$ 3,094,079</u>
Fiduciary net position as a percentage of total pension liability	91.00%	97.34%
Pensionable covered payroll	\$ 24,685,154	\$ 24,566,896
Net pension liability as a percentage of covered payroll	44.72%	12.59%

Information for the previous 8 years is not available. GASB 68 was implemented in fiscal year 2015.

# GREGG COUNTY, TEXAS

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

<u>Fiscal Year Ended September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 2,661,394	\$ 2,661,394	\$ -	\$ 24,561,424	10.8%
2015	2,675,491	2,675,491	-	24,456,039	10.9%
2016	2,756,645	2,756,645	-	25,197,850	10.9%

# GREGG COUNTY, TEXAS

## NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<b><u>Methods and assumptions used to determine contributions rates:</u></b>	
<b>Actuarial Cost Method</b>	Entry age
<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Remaining Amortization Period</b>	12.4 years (based on contribution rate calculated in 12/31/2015 valuation)
<b>Asset Valuation Method</b>	5-year smoothed market
<b>Inflation</b>	3.0%
<b>Salary Increases</b>	Varies by age and service. 4.9% average over career including inflation.
<b>Investment Rate of Return</b>	8.0%, net of investment expenses, including inflation.
<b>Retirement Age</b>	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
<b>Mortality</b>	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale (110% of the MP-2014 Ultimate Scale) for 2014 and later. Previously Scale AA had been used. The base table is the RP-2000 table projected with Scale AA to 2014.
<b>Changes in Plan Provisions Reflected in the Schedule</b>	No changes in plan provisions are reflected in the Schedule of Employer Contributions.

# GREGG COUNTY, TEXAS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2016

### 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 Fund (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, 2016**

	Special Revenue					Grant
	Airport	Law Enforcement	Court Technology and Security	Records Management and Preservation	Voting and Elections	
<b>ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 88,078	\$ 291,320	\$ 755,633	\$ 55,502	\$ 127,140
Investments	1,225,131	-	-	-	-	-
Receivables (net of allowance for uncollectibles):						
Accounts	7,113	-	58,958	166,424	-	-
Taxes	33,904	-	-	-	-	-
Interest	1,078	-	-	-	-	-
Due from other governments	1,860	-	-	-	-	95,258
Inventory	2,064	-	-	-	-	-
Total assets	<u>1,271,150</u>	<u>88,078</u>	<u>350,278</u>	<u>922,057</u>	<u>55,502</u>	<u>222,398</u>
<b>LIABILITIES</b>						
Accounts payable	67,844	72,489	2,512	5,875	19,780	63,862
Due to other governments	1,658	-	-	78	-	54
Accrued liabilities	51,957	-	1,947	3,534	-	12,799
Due to other funds	513	-	-	-	-	79,728
Total liabilities	<u>121,972</u>	<u>72,489</u>	<u>4,459</u>	<u>9,487</u>	<u>19,780</u>	<u>156,443</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	24,368	-	-	-	-	-
Unavailable revenue - court fines	-	-	57,528	161,359	-	-
Total deferred inflows of resources	<u>24,368</u>	<u>-</u>	<u>57,528</u>	<u>161,359</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventories	2,064	-	-	-	-	-
Restricted for:						
Public safety operations	-	15,589	-	-	-	46,842
Judicial operations	-	-	-	-	-	9,677
Court technology and security	-	-	288,291	-	-	-
Records management and preservation	-	-	-	751,211	-	-
Voting and elections	-	-	-	-	35,722	-
Health and human services operations	-	-	-	-	-	9,436
VIT operations	-	-	-	-	-	-
Committed for:						
Airport operations	1,122,746	-	-	-	-	-
Donations to healthcare organizations	-	-	-	-	-	-
Total fund balances	<u>1,124,810</u>	<u>15,589</u>	<u>288,291</u>	<u>751,211</u>	<u>35,722</u>	<u>65,955</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,271,150</u>	<u>\$ 88,078</u>	<u>\$ 350,278</u>	<u>\$ 922,057</u>	<u>\$ 55,502</u>	<u>\$ 222,398</u>

Special Revenue

Law Library	Health Care	Code Enforcement	VIT Operating	District Attorney	Sheriff	Total Nonmajor Governmental Funds
\$ 56,310	\$ 360,621	\$ 177,320	\$ 13,435	\$ 23,647	\$ 227,951	\$ 2,176,957
-	2,547,907	-	-	-	-	3,773,038
32,771	-	-	-	-	-	265,266
-	-	-	-	-	-	33,904
-	5,952	-	-	-	-	7,030
-	-	-	-	-	-	97,118
-	-	-	-	-	-	2,064
<u>89,081</u>	<u>2,914,480</u>	<u>177,320</u>	<u>13,435</u>	<u>23,647</u>	<u>227,951</u>	<u>6,355,377</u>
3,189	-	-	-	-	-	235,551
-	-	-	-	-	-	1,790
749	-	-	-	-	-	70,986
-	-	-	1,634	7,918	-	89,793
<u>3,938</u>	<u>-</u>	<u>-</u>	<u>1,634</u>	<u>7,918</u>	<u>-</u>	<u>398,120</u>
-	-	-	-	-	-	24,368
<u>31,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,658</u>
<u>31,771</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,026</u>
-	-	-	-	-	-	2,064
-	-	177,320	-	-	227,951	467,702
53,372	-	-	-	15,729	-	78,778
-	-	-	-	-	-	288,291
-	-	-	-	-	-	751,211
-	-	-	-	-	-	35,722
-	-	-	-	-	-	9,436
-	-	-	11,801	-	-	11,801
-	-	-	-	-	-	1,122,746
-	2,914,480	-	-	-	-	2,914,480
<u>53,372</u>	<u>2,914,480</u>	<u>177,320</u>	<u>11,801</u>	<u>15,729</u>	<u>227,951</u>	<u>5,682,231</u>
<u>\$ 89,081</u>	<u>\$ 2,914,480</u>	<u>\$ 177,320</u>	<u>\$ 13,435</u>	<u>\$ 23,647</u>	<u>\$ 227,951</u>	<u>\$ 6,355,377</u>

**GREGG COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Special Revenue					
	Airport	Law Enforcement	Court Technology and Security	Records Management and Preservation	Voting and Elections	Grant
<b>REVENUES</b>						
Current property taxes	\$ 1,725,547	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent property taxes	28,377	-	-	-	-	-
Intergovernmental	19,920	-	-	-	21,666	632,449
Charges for services	15,140	-	79,718	195,000	22,259	-
Fines and forfeitures	-	-	-	-	-	-
Interest	6,067	-	-	-	-	-
Rent and commissions	236,674	-	-	-	-	-
Miscellaneous	870	-	-	99	-	105,751
Total revenues	<u>2,032,595</u>	<u>-</u>	<u>79,718</u>	<u>195,099</u>	<u>43,925</u>	<u>738,200</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,124,924	-	-	184,436	33,361	-
Judicial	-	-	11,301	31,367	-	165,834
Public safety	923,103	-	58,819	-	-	-
Health and human services	-	-	-	-	-	293,142
Transportation and roads	-	-	-	-	-	107,372
Capital outlay	29,701	-	1,524	9,583	-	473,002
Total expenditures	<u>2,077,728</u>	<u>-</u>	<u>71,644</u>	<u>225,386</u>	<u>33,361</u>	<u>1,039,350</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 45,133)</u>	<u>-</u>	<u>8,074</u>	<u>( 30,287)</u>	<u>10,564</u>	<u>( 301,150)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	6,895	-	-	-	-	241,188
Transfers out	( 44,936)	-	-	-	-	-
Sale of capital assets	1,960	-	-	-	-	-
Insurance proceeds	1,520	-	-	-	-	12,500
Total other financing sources (uses)	<u>( 34,561)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,688</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 79,694)</u>	<u>-</u>	<u>8,074</u>	<u>( 30,287)</u>	<u>10,564</u>	<u>( 47,462)</u>
<b>FUND BALANCES, BEGINNING</b>	<u>1,204,504</u>	<u>15,589</u>	<u>280,217</u>	<u>781,498</u>	<u>25,158</u>	<u>113,417</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 1,124,810</u>	<u>\$ 15,589</u>	<u>\$ 288,291</u>	<u>\$ 751,211</u>	<u>\$ 35,722</u>	<u>\$ 65,955</u>

Special Revenues

Law Library	Health Care	Code Enforcement	VIT Operating	District Attorney	Sheriff	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,725,547
-	-	-	-	-	-	28,377
-	49,668	-	-	23,811	-	747,514
53,080	-	-	21,723	24,743	12,156	423,819
-	-	20,440	-	11,865	58,494	90,799
-	30,119	185	3,763	-	41	40,175
-	-	-	-	-	205,926	442,600
201	-	-	-	-	-	106,921
<u>53,281</u>	<u>79,787</u>	<u>20,625</u>	<u>25,486</u>	<u>60,419</u>	<u>276,617</u>	<u>3,605,752</u>
-	-	-	8,787	-	-	1,351,508
67,870	-	-	-	62,220	-	338,592
-	-	19,175	-	-	347,605	1,348,702
-	22,000	-	-	-	-	315,142
-	-	-	-	-	-	107,372
-	-	-	7,571	-	-	521,381
<u>67,870</u>	<u>22,000</u>	<u>19,175</u>	<u>16,358</u>	<u>62,220</u>	<u>347,605</u>	<u>3,982,697</u>
( 14,589)	57,787	1,450	9,128	( 1,801)	( 70,988)	( 376,945)
-	-	-	-	-	-	248,083
-	-	-	-	-	-	( 44,936)
-	-	-	-	-	-	1,960
-	-	-	-	-	-	14,020
-	-	-	-	-	-	219,127
( 14,589)	57,787	1,450	9,128	( 1,801)	( 70,988)	( 157,818)
<u>67,961</u>	<u>2,856,693</u>	<u>175,870</u>	<u>2,673</u>	<u>17,530</u>	<u>298,939</u>	<u>5,840,049</u>
\$ <u>53,372</u>	\$ <u>2,914,480</u>	\$ <u>177,320</u>	\$ <u>11,801</u>	\$ <u>15,729</u>	\$ <u>227,951</u>	\$ <u>5,682,231</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, 2016

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Current property taxes	\$ 290,433	\$ 290,433	\$ 244,980	\$( 45,453)
Delinquent property taxes	30,549	30,549	20,012	( 10,537)
Intergovernmental	-	600,000	600,000	-
Investment earnings	80,000	80,000	169,475	89,475
Total revenues	400,982	1,000,982	1,034,467	33,485
<b>EXPENDITURES</b>				
Current:				
General government	230,000	-	-	-
Principal	390,689	390,689	390,689	-
Interest and fiscal charges	8,852	8,852	8,853	( 1)
Capital outlay	6,068,173	4,790,205	3,779,960	1,010,245
Total expenditures	6,697,714	5,189,746	4,179,502	1,010,244
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 6,296,732)	( 4,188,764)	( 3,145,035)	1,043,729
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,464,894	4,567,212	4,003,896	( 563,316)
Transfers out	( 1,842,287)	( 2,004,091)	( 590,169)	1,413,922
Capital lease	-	-	393,063	393,063
Total other financing sources (uses)	3,004,296	2,944,810	4,168,734	1,223,924
<b>NET CHANGE IN FUND BALANCE</b>	( 3,292,436)	( 1,243,954)	1,023,699	2,267,653
<b>FUND BALANCE, BEGINNING</b>	22,474,912	22,474,912	22,474,912	-
<b>FUND BALANCE, ENDING</b>	\$ 19,182,476	\$ 21,230,958	\$ 23,498,611	\$ 2,267,653

**GREGG COUNTY, TEXAS**

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

**AIRPORT IMPROVEMENT FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 6,000,000	\$ 7,759,960	\$ 3,066,789	\$( 4,693,171)
Charges for services	<u>92,000</u>	<u>92,000</u>	<u>103,555</u>	<u>11,555</u>
Total revenues	<u>6,092,000</u>	<u>7,851,960</u>	<u>3,170,344</u>	<u>( 4,681,616)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>6,072,872</u>	<u>7,863,064</u>	<u>3,436,073</u>	<u>4,426,991</u>
Total expenditures	<u>6,072,872</u>	<u>7,863,064</u>	<u>3,436,073</u>	<u>4,426,991</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>19,128</u>	<u>( 11,104)</u>	<u>( 265,729)</u>	<u>( 254,625)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>607,287</u>	<u>802,838</u>	<u>265,729</u>	<u>( 537,109)</u>
Total other financing sources (uses)	<u>607,287</u>	<u>802,838</u>	<u>265,729</u>	<u>( 537,109)</u>
<b>NET CHANGE IN FUND BALANCE</b>	626,415	791,734	-	( 791,734)
<b>FUND BALANCE, BEGINNING</b>	<u>170,363</u>	<u>170,363</u>	<u>170,363</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 796,778</u>	<u>\$ 962,097</u>	<u>\$ 170,363</u>	<u>\$( 791,734)</u>

## GREGG COUNTY, TEXAS

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

#### AIRPORT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<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	\$ 1,739,229	\$ 1,739,229	\$ 1,725,547	\$( 13,682)
Delinquent property taxes	44,694	44,694	28,377	( 16,317)
Intergovernmental	21,900	21,900	19,920	( 1,980)
Charges for services	15,600	15,600	15,140	( 460)
Investment earnings	500	500	6,067	5,567
Rents and commissions	236,200	236,200	236,674	474
Miscellaneous	-	-	870	870
Total revenues	<u>2,058,123</u>	<u>2,058,123</u>	<u>2,032,595</u>	<u>( 25,528)</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,249,896	1,248,936	1,124,924	124,012
Public safety	971,424	960,923	923,103	37,820
Capital outlay	23,300	41,655	29,701	11,954
Total expenditures	<u>2,244,620</u>	<u>2,251,514</u>	<u>2,077,728</u>	<u>173,786</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 186,497)</u>	<u>( 193,391)</u>	<u>( 45,133)</u>	<u>148,258</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	6,895	6,895	-
Transfers out	( 251,373)	( 251,373)	( 44,936)	206,437
Insurance proceeds	-	-	1,520	1,520
Total other financing sources (uses)	<u>( 251,373)</u>	<u>( 244,478)</u>	<u>( 34,561)</u>	<u>209,917</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 437,870)</u>	<u>( 437,869)</u>	<u>( 79,694)</u>	<u>358,175</u>
<b>FUND BALANCE, BEGINNING</b>	<u>1,204,504</u>	<u>1,204,504</u>	<u>1,204,504</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 766,634</u>	<u>\$ 766,635</u>	<u>\$ 1,124,810</u>	<u>\$ 358,175</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, 2016**

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
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>	( <u>   3,552</u> )	( <u>   3,552</u> )	<u>      -</u>	<u>      3,552</u>
<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, 2016**

	<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>79,348</u>	\$ <u>79,348</u>	\$ <u>79,718</u>	\$ <u>370</u>
Total revenues	<u>79,348</u>	<u>79,348</u>	<u>79,718</u>	<u>370</u>
<b>EXPENDITURES</b>				
Current:				
Judicial	61,600	63,678	11,301	52,377
Public safety	67,226	67,226	58,819	8,407
Capital outlay	<u>56,000</u>	<u>56,000</u>	<u>1,524</u>	<u>54,476</u>
Total expenditures	<u>184,826</u>	<u>186,904</u>	<u>71,644</u>	<u>115,260</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 105,478)</u>	<u>( 107,556)</u>	<u>8,074</u>	<u>115,630</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 105,478)</u>	<u>( 107,556)</u>	<u>8,074</u>	<u>115,630</u>
<b>FUND BALANCE, BEGINNING</b>	<u>280,217</u>	<u>280,217</u>	<u>280,217</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 174,739</u>	<u>\$ 172,661</u>	<u>\$ 288,291</u>	<u>\$ 115,630</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, 2016**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 194,750	\$ 194,750	\$ 195,000	\$ 250
Total revenues	<u>194,750</u>	<u>194,750</u>	<u>195,099</u>	<u>349</u>
<b>EXPENDITURES</b>				
Current:				
General government	232,315	231,528	184,436	47,092
Judicial	68,090	68,090	31,367	36,723
Capital outlay	<u>7,600</u>	<u>10,168</u>	<u>9,583</u>	<u>585</u>
Total expenditures	<u>308,005</u>	<u>309,786</u>	<u>225,386</u>	<u>84,400</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 113,255)	( 115,036)	( 30,287)	<u>84,749</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 113,255)	( 115,036)	( 30,287)	84,749
<b>FUND BALANCE, BEGINNING</b>	<u>781,498</u>	<u>781,498</u>	<u>781,498</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 668,243</u>	<u>\$ 666,462</u>	<u>\$ 751,211</u>	<u>\$ 84,749</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, 2016**

	<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>				
Intergovernmental	\$ -	\$ -	\$ 21,666	\$ 21,666
Charges for services	<u>-</u>	<u>-</u>	<u>22,259</u>	<u>22,259</u>
Total revenues	<u>-</u>	<u>-</u>	<u>43,925</u>	<u>43,925</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>-</u>	<u>24,640</u>	<u>33,361</u>	<u>( 8,721)</u>
Total expenditures	<u>-</u>	<u>24,640</u>	<u>33,361</u>	<u>( 8,721)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	( 24,640)	10,564	35,204
<b>FUND BALANCE, BEGINNING</b>	<u>25,158</u>	<u>25,158</u>	<u>25,158</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 25,158</u>	<u>\$ 518</u>	<u>\$ 35,722</u>	<u>\$ 35,204</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, 2016**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 50,000	\$ 50,000	\$ 53,080	\$ 3,080
Miscellaneous	<u>220</u>	<u>220</u>	<u>201</u>	<u>( 19)</u>
Total revenues	<u>50,220</u>	<u>50,220</u>	<u>53,281</u>	<u>3,061</u>
<b>EXPENDITURES</b>				
Current:				
Judicial	<u>75,536</u>	<u>75,536</u>	<u>67,870</u>	<u>7,666</u>
Total expenditures	<u>75,536</u>	<u>75,536</u>	<u>67,870</u>	<u>7,666</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 25,316)</u>	<u>( 25,316)</u>	<u>( 14,589)</u>	<u>10,727</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 25,316)</u>	<u>( 25,316)</u>	<u>( 14,589)</u>	<u>10,727</u>
<b>FUND BALANCE, BEGINNING</b>	<u>67,961</u>	<u>67,961</u>	<u>67,961</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 42,645</u>	<u>\$ 42,645</u>	<u>\$ 53,372</u>	<u>\$ 10,727</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, 2016**

	Budgeted Amounts			
	Original	Final	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 55,000	\$ 55,000	\$ 49,668	\$( 5,332)
Investment earnings	<u>12,000</u>	<u>12,000</u>	<u>30,119</u>	<u>18,119</u>
Total revenues	<u>67,000</u>	<u>67,000</u>	<u>79,787</u>	<u>12,787</u>
<b>EXPENDITURES</b>				
Current:				
Health and human services	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>-</u>
Total expenditures	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	45,000	45,000	57,787	12,787
<b>FUND BALANCE, BEGINNING</b>	<u>2,856,693</u>	<u>2,856,693</u>	<u>2,856,693</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,901,693</u>	<u>\$ 2,901,693</u>	<u>\$ 2,914,480</u>	<u>\$ 12,787</u>

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# **INTERNAL SERVICE FUNDS**

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**GREGG COUNTY, TEXAS**

**COMBINING STATEMENT OF NET POSITION**

**INTERNAL SERVICE FUNDS**

**SEPTEMBER 30, 2016**

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 69,206	\$ 5,990	\$ 75,196
Investments	-	2,576,362	2,576,362
Interest receivable	-	5,328	5,328
Accounts receivable, net of allowance	537	55,105	55,642
Inventory	<u>10,092</u>	<u>-</u>	<u>10,092</u>
Total current assets	<u>79,835</u>	<u>2,642,785</u>	<u>2,722,620</u>
Noncurrent assets:			
Capital assets:			
Equipment	49,288	-	49,288
Less accumulated depreciation	<u>( 31,352)</u>	<u>-</u>	<u>( 31,352)</u>
Total capital assets	<u>17,936</u>	<u>-</u>	<u>17,936</u>
Total noncurrent assets	<u>17,936</u>	<u>-</u>	<u>17,936</u>
Total assets	<u>97,771</u>	<u>2,642,785</u>	<u>2,740,556</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	498	4,798	5,296
Accrued liabilities	<u>1,386</u>	<u>188,622</u>	<u>190,008</u>
Total liabilities	<u>1,884</u>	<u>193,420</u>	<u>195,304</u>
<b>NET POSITION</b>			
Net investment in capital assets	17,936	-	17,936
Unrestricted	<u>77,951</u>	<u>2,449,365</u>	<u>2,527,316</u>
Total net position	<u>\$ 95,887</u>	<u>\$ 2,449,365</u>	<u>\$ 2,545,252</u>

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**GREGG COUNTY, TEXAS**

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

**INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 52,606	\$ 5,841,846	\$ 5,894,452
Total operating revenues	<u>52,606</u>	<u>5,841,846</u>	<u>5,894,452</u>
<b>OPERATING EXPENSES</b>			
Salaries	26,779	-	26,779
Fringe benefits	13,774	-	13,774
Materials and supplies	24,542	-	24,542
Insurance consultant	-	24,528	24,528
Claims	-	5,301,961	5,301,961
Administrative	-	639,942	639,942
Depreciation	8,347	-	8,347
Total operating expenses	<u>73,442</u>	<u>5,966,431</u>	<u>6,039,873</u>
<b>OPERATING LOSS</b>	( 20,836)	( 124,585)	( 145,421)
<b>NONOPERATING REVENUES</b>			
Investment earnings	<u>-</u>	<u>11,708</u>	<u>11,708</u>
<b>CHANGE IN NET POSITION</b>	( 20,836)	( 112,877)	( 133,713)
<b>TOTAL NET POSITION, BEGINNING</b>	<u>116,723</u>	<u>2,562,242</u>	<u>2,678,965</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 95,887</u>	<u>\$ 2,449,365</u>	<u>\$ 2,545,252</u>

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**GREGG COUNTY, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Print Shop	Self- Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from interfund charges for print shop services	\$ 52,751	\$ -	\$ 52,751
Cash receipts from interfund charges for self-insurance services	-	5,841,509	5,841,509
Payments to suppliers for goods and services	( 23,093)	( 6,473,512)	( 6,496,605)
Payments to employees for salaries and benefits	( 42,563)	-	( 42,563)
Net cash used by operating activities	( 12,905)	( 632,003)	( 644,908)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investments	-	( 426,915)	( 426,915)
Investment earnings	-	7,440	7,440
Net cash flows used by investing activities	-	( 419,475)	( 419,475)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	( 12,905)	( 1,051,478)	( 1,064,383)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>			
	82,111	1,057,468	1,139,579
<b>CASH AND CASH EQUIVALENTS, ENDING</b>			
	\$ 69,206	\$ 5,990	\$ 75,196
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating loss	\$( 20,836)	\$( 124,585)	\$( 145,421)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation	8,347	-	8,347
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Inventory	2,836	-	2,836
Accounts receivable	145	( 337)	( 192)
Increase (decrease) in liabilities:			
Accounts payable	( 1,387)	( 45,176)	( 46,563)
Accrued liabilities	( 2,010)	( 461,905)	( 463,915)
Net cash provided (loss) by operating activities	\$( 12,905)	\$( 632,003)	\$( 644,908)

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# **AGENCY FUNDS**

**GREGG COUNTY, TEXAS**

**AGENCY FUNDS**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES**

**SEPTEMBER 30, 2016**

	<u>Tax Assessor- Collector</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Sheriff</u>
<b>ASSETS</b>				
Cash and investments	\$ <u>2,508,229</u>	\$ <u>788,254</u>	\$ <u>3,430,446</u>	\$ <u>262,421</u>
Total assets	\$ <u>2,508,229</u>	\$ <u>788,254</u>	\$ <u>3,430,446</u>	\$ <u>262,421</u>
<b>LIABILITIES</b>				
Due to others	\$ <u>2,508,229</u>	\$ <u>788,254</u>	\$ <u>3,430,446</u>	\$ <u>262,421</u>
Total liabilities	\$ <u>2,508,229</u>	\$ <u>788,254</u>	\$ <u>3,430,446</u>	\$ <u>262,421</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>57,722</u>	\$ <u>102,078</u>	\$ <u>254,328</u>	\$ <u>10,107</u>	\$ <u>635,380</u>	\$ <u>8,048,965</u>
\$ <u>57,722</u>	\$ <u>102,078</u>	\$ <u>254,328</u>	\$ <u>10,107</u>	\$ <u>635,380</u>	\$ <u>8,048,965</u>
\$ <u>57,722</u>	\$ <u>102,078</u>	\$ <u>254,328</u>	\$ <u>10,107</u>	\$ <u>635,380</u>	\$ <u>8,048,965</u>
\$ <u>57,722</u>	\$ <u>102,078</u>	\$ <u>254,328</u>	\$ <u>10,107</u>	\$ <u>635,380</u>	\$ <u>8,048,965</u>

**GREGG COUNTY, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<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>2,934,405</u>	\$ <u>233,165,771</u>	\$ <u>233,591,947</u>	\$ <u>2,508,229</u>
Liabilities:				
Due to others	\$ <u>2,934,405</u>	\$ <u>233,165,771</u>	\$ <u>233,591,947</u>	\$ <u>2,508,229</u>
<b><u>COUNTY CLERK</u></b>				
Assets:				
Cash and investments	\$ <u>858,623</u>	\$ <u>1,600,990</u>	\$ <u>1,671,359</u>	\$ <u>788,254</u>
Liabilities:				
Due to others	\$ <u>858,623</u>	\$ <u>1,600,990</u>	\$ <u>1,671,359</u>	\$ <u>788,254</u>
<b><u>DISTRICT CLERK</u></b>				
Assets:				
Cash and investments	\$ <u>3,346,974</u>	\$ <u>1,926,418</u>	\$ <u>1,842,946</u>	\$ <u>3,430,446</u>
Liabilities:				
Due to others	\$ <u>3,346,974</u>	\$ <u>1,926,418</u>	\$ <u>1,842,946</u>	\$ <u>3,430,446</u>
<b><u>SHERIFF</u></b>				
Assets:				
Cash and investments	\$ <u>217,268</u>	\$ <u>1,635,225</u>	\$ <u>1,590,072</u>	\$ <u>262,421</u>
Liabilities:				
Due to others	\$ <u>217,268</u>	\$ <u>1,635,225</u>	\$ <u>1,590,072</u>	\$ <u>262,421</u>
<b><u>DISTRICT ATTORNEY</u></b>				
Assets:				
Cash and investments	\$ <u>42,686</u>	\$ <u>300,194</u>	\$ <u>285,158</u>	\$ <u>57,722</u>
Liabilities:				
Due to others	\$ <u>42,686</u>	\$ <u>300,194</u>	\$ <u>285,158</u>	\$ <u>57,722</u>

**GREGG COUNTY, TEXAS**

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

(Continued)

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b><u>CODE FORFEITURE PENDING</u></b>				
Assets:				
Cash and investments	\$ <u>81,941</u>	\$ <u>39,145</u>	\$ <u>19,008</u>	\$ <u>102,078</u>
Liabilities:				
Due to others	\$ <u>81,941</u>	\$ <u>39,145</u>	\$ <u>19,008</u>	\$ <u>102,078</u>
 <b><u>STATE FEES</u></b>				
Assets:				
Cash and investments	\$ <u>264,670</u>	\$ <u>1,146,469</u>	\$ <u>1,156,811</u>	\$ <u>254,328</u>
Liabilities:				
Due to others	\$ <u>264,670</u>	\$ <u>1,146,469</u>	\$ <u>1,156,811</u>	\$ <u>254,328</u>
 <b><u>GREGG / HARRISON FIRST CALL WARNING</u></b>				
Assets:				
Cash and investments	\$ <u>10,107</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,107</u>
Liabilities:				
Due to others	\$ <u>10,107</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,107</u>
 <b><u>JUVENILE PROBATION</u></b>				
Assets:				
Cash and investments	\$ <u>1,248,133</u>	\$ <u>5,280,453</u>	\$ <u>5,893,206</u>	\$ <u>635,380</u>
Liabilities:				
Due to others	\$ <u>1,248,133</u>	\$ <u>5,280,453</u>	\$ <u>5,893,206</u>	\$ <u>635,380</u>
 <b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
Assets:				
Cash and investments	\$ <u>9,004,807</u>	\$ <u>245,094,665</u>	\$ <u>246,050,507</u>	\$ <u>8,048,965</u>
Liabilities:				
Due to others	\$ <u>9,004,807</u>	\$ <u>245,094,665</u>	\$ <u>246,050,507</u>	\$ <u>8,048,965</u>

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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.

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##### Financial Trends

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

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## GREGG COUNTY TEXAS

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

	Fiscal Year			
	2007	2008	2009	2010
<b>Governmental activities:</b>				
Net investment in capital assets	\$ 52,493,563	\$ 58,405,677	\$ 64,771,730	\$ 63,282,308
Restricted for:				
Debt service	140,745	265,955	-	-
Archive restoration	-	687,010	682,131	766,580
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>39,146,149</u>	<u>49,150,046</u>	<u>56,637,636</u>	<u>63,683,421</u>
Total governmental activities net position	<u>\$ 91,780,457</u>	<u>\$ 108,508,688</u>	<u>\$ 122,091,497</u>	<u>\$ 127,732,309</u>
<b>Business-type activities:</b>				
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>
<b>Primary government:</b>				
Net investment in capital assets	\$ 52,493,563	\$ 58,405,677	\$ 64,771,730	\$ 63,282,308
Restricted for:				
Debt service	140,745	265,955	-	-
Archive restoration	-	687,010	682,131	766,580
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>39,146,149</u>	<u>49,150,046</u>	<u>56,637,636</u>	<u>63,683,421</u>
Total primary government net position	<u>\$ 91,780,457</u>	<u>\$ 108,508,688</u>	<u>\$ 122,091,497</u>	<u>\$ 127,732,309</u>

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 63,355,158	\$ 59,664,989	\$ 58,814,064	\$ 58,218,734	\$ 63,174,980	\$ 64,504,455	
-	-	-	-	-	-	
743,251	813,419	475,923	506,979	549,472	415,018	
-	4,789,161	5,447,169	7,664,128	6,608,420	5,488,768	
-	606,516	527,863	561,196	584,247	467,702	
-	131,596	139,605	164,282	126,653	110,549	
-	-	29,439	34,820	36,169	38,600	
-	170,363	197,781	203,040	170,363	170,363	
-	210,598	239,711	313,465	344,102	345,819	
-	702,052	755,926	919,572	932,554	912,570	
-	35,366	24,643	23,195	25,158	35,722	
-	56,341	71,209	29,250	33,771	22,797	
-	-	-	1,589	2,673	11,801	
-	4,272,310	4,659,594	4,573,899	4,959,943	3,865,325	
<u>66,288,684</u>	<u>62,548,344</u>	<u>61,863,595</u>	<u>63,043,040</u>	<u>60,350,642</u>	<u>60,883,184</u>	
\$ <u>130,387,093</u>	\$ <u>134,001,055</u>	\$ <u>133,246,522</u>	\$ <u>136,257,189</u>	\$ <u>137,899,147</u>	\$ <u>137,272,673</u>	
\$ -	\$ 313,158	\$ 298,645	\$ 490,770	\$ -	\$ -	
-	49,553	( 6,125)	( 93,857)	-	-	
\$ -	\$ <u>362,711</u>	\$ <u>292,520</u>	\$ <u>396,913</u>	\$ -	\$ -	
\$ 63,355,158	\$ 59,978,147	\$ 59,112,709	\$ 58,709,504	\$ 63,174,980	\$ 64,504,455	
-	-	-	-	-	-	
743,251	813,419	475,923	506,979	549,472	415,018	
-	4,789,161	5,447,169	7,664,128	6,608,420	5,488,768	
-	606,516	527,863	561,196	584,247	467,702	
-	-	29,439	34,820	36,169	38,600	
-	131,596	139,605	164,282	126,653	110,549	
-	170,363	197,781	203,040	170,363	170,363	
-	210,598	239,711	313,465	334,102	345,819	
-	702,052	755,926	919,572	932,554	912,570	
-	35,366	24,643	23,195	25,158	35,722	
-	56,341	71,209	29,250	33,771	22,797	
-	-	-	1,589	2,673	11,801	
-	4,272,310	4,659,594	4,573,899	4,959,943	3,865,325	
<u>66,288,684</u>	<u>62,597,897</u>	<u>61,857,470</u>	<u>62,949,183</u>	<u>60,350,642</u>	<u>60,883,184</u>	
\$ <u>130,387,093</u>	\$ <u>134,363,766</u>	\$ <u>133,539,042</u>	\$ <u>136,654,102</u>	\$ <u>137,889,147</u>	\$ <u>137,272,673</u>	

## GREGG COUNTY TEXAS

**Table 1.2 CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

	Fiscal Year			
	2007	2008	2009	2010
<b>EXPENSES</b>				
<i>Governmental activities:</i>				
General government	\$ 8,542,001	\$ 9,543,171	\$ 10,545,040	\$ 11,102,197
Judicial	5,493,674	5,931,707	6,506,628	6,485,552
Public safety	11,597,098	13,189,470	14,596,497	14,826,537
Health and human services	2,707,724	2,363,996	2,780,822	2,952,009
Public buildings	2,806,514	2,941,860	2,440,792	2,864,443
Transportation and roads	5,386,309	6,259,955	8,604,974	7,531,204
Interest on long-term debt	38,178	28,459	22,629	18,506
Total expenses, governmental activities	<u>36,571,498</u>	<u>40,258,618</u>	<u>45,497,382</u>	<u>45,780,448</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>\$ 36,571,498</u>	<u>\$ 40,258,618</u>	<u>\$ 45,497,382</u>	<u>\$ 45,780,448</u>
<b>PROGRAM REVENUES</b>				
<i>Governmental activities:</i>				
Charges for services:				
General government	\$ 3,056,985	\$ 2,870,400	\$ 3,125,963	\$ 2,795,666
Judicial	1,889,671	1,924,753	1,872,257	1,837,417
Public safety	1,169,268	1,485,239	1,527,640	1,444,761
Health and human services	39,854	81,403	60,446	175,972
Public buildings	2,217,764	3,810,197	3,577,124	3,349,981
Transportation and roads	1,848,874	2,089,882	2,235,650	2,018,074
Operating grants and contributions	1,287,135	1,578,343	1,410,235	1,514,592
Capital grants and contributions	5,205,230	5,937,901	7,301,696	1,099,734
Total program revenue, governmental activities	<u>16,714,781</u>	<u>19,778,118</u>	<u>21,111,011</u>	<u>14,236,197</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>\$ 16,714,781</u>	<u>\$ 19,778,118</u>	<u>\$ 21,111,011</u>	<u>\$ 14,236,197</u>
<b>NET (EXPENSE) REVENUE</b>				
Governmental activities	\$( 19,856,717)	\$( 20,480,500)	\$( 24,386,371)	\$( 31,544,251)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government net expense	<u>\$( 19,856,717)</u>	<u>\$( 20,480,500)</u>	<u>\$( 24,386,371)</u>	<u>\$( 31,544,251)</u>

							Fiscal Year					
							2011	2012	2013	2014	2015	2016
\$	12,066,388	\$	11,829,723	\$	12,874,593	\$	12,848,089	\$	12,705,059	\$	13,609,494	
	6,926,043		7,263,692		7,604,265		7,554,982		7,775,332		8,195,921	
	14,857,301		15,617,020		15,872,926		16,931,848		16,649,033		18,879,371	
	3,566,125		2,938,243		2,828,937		2,771,049		3,026,687		2,969,427	
	2,921,703		3,021,237		3,244,751		3,273,248		3,399,292		3,266,908	
	10,119,148		6,551,074		13,154,752		7,929,120		9,132,170		7,449,750	
	12,105		1,250		590		74		5,242		7,698	
	<u>50,468,813</u>		<u>47,222,239</u>		<u>55,580,815</u>		<u>51,308,410</u>		<u>52,692,815</u>		<u>54,378,569</u>	
	-		111,194		148,929		159,406		-		-	
	-		111,194		148,929		159,406		-		-	
\$	<u>50,468,813</u>	\$	<u>47,333,433</u>	\$	<u>55,729,744</u>	\$	<u>51,467,816</u>	\$	<u>52,692,815</u>	\$	<u>54,378,569</u>	
\$	2,867,886	\$	2,787,306	\$	2,812,045	\$	2,825,010	\$	2,767,426	\$	2,752,922	
	1,788,901		1,706,448		1,548,149		1,630,996		1,415,001		1,446,437	
	1,306,073		1,393,005		1,157,352		1,239,998		1,177,427		1,880,271	
	124,161		196,892		193,902		178,194		38,970		39,331	
	3,341,469		2,773,416		2,680,598		2,118,869		1,880,943		2,090,108	
	1,752,571		2,079,088		1,841,454		2,040,208		1,920,942		2,176,065	
	1,981,326		1,245,358		1,052,759		1,014,974		1,785,205		1,743,595	
	1,263,850		380,331		2,312,910		3,274,049		4,647,778		3,331,207	
	<u>14,426,237</u>		<u>12,561,844</u>		<u>13,599,169</u>		<u>14,322,298</u>		<u>15,633,692</u>		<u>15,459,936</u>	
	-		54,936		63,738		50,633		-		-	
	-		54,936		63,738		50,633		-		-	
\$	<u>14,426,237</u>	\$	<u>12,616,780</u>	\$	<u>13,662,907</u>	\$	<u>14,372,931</u>	\$	<u>15,633,692</u>	\$	<u>15,459,936</u>	
\$(	36,042,576)	\$(	34,660,395)	\$(	41,981,646)	\$(	36,986,112)	\$(	37,059,123)	\$(	38,918,633)	
	-		(56,258)		(85,191)		(108,773)		-		-	
\$(	<u>36,042,576</u> )	\$(	<u>34,716,653</u> )	\$(	<u>42,066,837</u> )	\$(	<u>37,094,885</u> )	\$(	<u>37,059,123</u> )	\$(	<u>38,918,633</u> )	

## GREGG COUNTY TEXAS

**Table 1.2 CHANGES IN NET POSITION  
(Continued)  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

	Fiscal Year			
	2007	2008	2009	2010
<b>General revenue and other changes in net position</b>				
<i>Governmental activities</i>				
Property taxes	\$ 17,995,408	\$ 18,953,528	\$ 20,864,871	\$ 21,372,685
Sales taxes	15,288,500	16,392,118	15,831,322	15,129,279
Alcoholic beverage taxes	187,869	205,875	211,389	214,451
Other taxes	99,547	64,489	104,844	86,280
Unrestricted investment earnings	1,898,174	1,339,856	1,052,855	250,028
Gain on sale of assets	227,854	236,282	-	205,243
Gain on insurance settlement	11,807	86,227	8,730	7,097
Miscellaneous	-	-	-	-
Transfers	( 90,000)	( 90,000)	( 83,500)	( 80,000)
Total governmental activities	<u>35,619,159</u>	<u>37,188,375</u>	<u>37,990,511</u>	<u>37,185,063</u>
<i>Business-type activities</i>				
Transfers	-	-	-	-
Total business-type activities	-	-	-	-
Total primary government	<u>35,619,159</u>	<u>37,188,375</u>	<u>37,990,511</u>	<u>37,185,063</u>
<b>Changes in net position</b>				
Governmental activities	15,762,442	16,707,875	13,604,140	5,640,812
Business-type activities	-	-	-	-
Total primary government	<u>\$ 15,762,442</u>	<u>\$ 16,707,875</u>	<u>\$ 13,604,140</u>	<u>\$ 5,640,812</u>

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 21,302,750	\$ 21,177,159	\$ 21,660,737	\$ 21,899,820	\$ 22,016,974	\$ 21,975,330	
16,912,110	16,902,274	18,981,037	17,854,086	16,542,149	15,317,566	
203,001	189,867	190,613	234,572	245,031	256,688	
77,913	112,333	116,369	91,337	98,421	103,769	
260,974	177,938	137,628	130,130	236,805	578,646	
-	37,865	98,775	-	87,374	-	
25,612	-	-	-	-	-	
-	95,890	56,954	-	21,892	70,160	
( 85,000)	( 418,969)	( 15,000)	( 213,166)	396,913	-	
<u>38,697,360</u>	<u>38,274,357</u>	<u>41,227,113</u>	<u>39,996,779</u>	<u>39,645,559</u>	<u>38,302,159</u>	
-	418,969	15,000	213,166	( 396,913)	-	
-	418,969	15,000	213,166	( 396,913)	-	
<u>38,697,360</u>	<u>38,693,326</u>	<u>41,242,113</u>	<u>40,209,945</u>	<u>39,248,646</u>	<u>38,302,159</u>	
2,654,784	3,613,962	( 754,533)	3,010,667	2,586,436	( 616,474)	
-	362,711	( 70,191)	104,393	( 396,913)	-	
<u>\$ 2,654,784</u>	<u>\$ 3,976,673</u>	<u>\$ ( 824,724)</u>	<u>\$ 3,115,060</u>	<u>\$ 2,189,523</u>	<u>\$ ( 616,474)</u>	

## GREGG COUNTY, TEXAS

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

	Fiscal Year			
	2007	2008	2009	2010
General fund				
Unreserved	\$ 27,085,477	\$ 23,155,150	\$ 29,560,305	\$ 20,726,797
Reserved	37,452	752,131	760,327	849,537
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>27,122,929</u>	<u>23,907,281</u>	<u>30,320,632</u>	<u>21,576,334</u>
All other governmental funds				
Reserved	274,276	500,492	322,089	210,891
Unreserved reported in:				
Special revenue funds	6,415,571	7,990,568	6,828,868	10,265,799
Capital projects fund	2,098,595	14,053,088	14,708,331	27,172,920
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>8,788,442</u>	<u>22,544,148</u>	<u>21,859,288</u>	<u>37,649,610</u>
Total governmental funds	<u>\$ 35,911,371</u>	<u>\$ 46,451,429</u>	<u>\$ 52,179,920</u>	<u>\$ 59,225,944</u>

Extracted from Balance Sheet - Governmental Funds

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

*\*The fund balances reported prior to the GASB Statement 54 implementation are reported with reservations and designations as they were reported in those years.*



Fiscal Year

2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
41,219	27,517	23,827	7,216	3,260	7,963
770,646	832,926	591,407	583,839	629,028	486,486
29,136	256,442	217,040	450,410	598,796	1,470,589
<u>27,494,970</u>	<u>32,672,039</u>	<u>38,422,086</u>	<u>34,676,637</u>	<u>32,520,331</u>	<u>31,124,930</u>
<u>28,335,971</u>	<u>33,788,924</u>	<u>39,254,360</u>	<u>35,718,102</u>	<u>33,751,415</u>	<u>33,089,968</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
103,010	112,030	134,282	133,327	896,741	1,005,349
9,326,086	10,724,171	11,883,420	12,428,031	11,631,632	9,110,706
2,687,276	1,399,986	4,357,002	4,569,024	4,059,191	4,037,226
21,271,834	20,033,666	13,029,616	18,344,340	17,800,616	19,758,839
-	( 718)	-	-	-	-
<u>33,388,206</u>	<u>32,269,135</u>	<u>29,404,320</u>	<u>35,474,722</u>	<u>34,388,180</u>	<u>33,912,120</u>
<u>\$ 61,724,177</u>	<u>\$ 66,058,059</u>	<u>\$ 68,658,680</u>	<u>\$ 71,192,824</u>	<u>\$ 68,139,595</u>	<u>\$ 67,002,088</u>

## GREGG COUNTY, TEXAS

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

	Fiscal Year			
	2007	2008	2009	2010
<b>REVENUES</b>				
Taxes	\$ 33,629,304	\$ 35,625,377	\$ 36,962,804	\$ 37,149,062
Licenses and permits	1,296,641	1,302,467	1,339,496	1,291,763
Intergovernmental	6,906,239	8,123,597	9,323,668	3,135,838
Charges for services	4,315,165	4,033,578	3,935,251	3,810,630
Fines and forfeitures	1,147,893	1,121,854	1,196,596	1,156,767
Investment earnings	1,794,201	1,265,171	1,001,794	237,182
Rents and commissions	726,786	788,573	1,081,838	965,940
Miscellaneous	2,217,380	4,148,033	3,704,754	3,301,639
Total revenues	<u>52,033,609</u>	<u>56,408,650</u>	<u>58,546,201</u>	<u>51,048,821</u>
<b>EXPENDITURES</b>				
General government	7,941,151	8,721,700	9,024,350	8,667,764
Judicial	5,507,797	6,090,503	6,600,583	6,503,219
Public safety	11,631,436	13,535,782	15,132,278	14,677,211
Health and human services	2,789,852	2,488,704	2,766,474	2,837,450
Public buildings	2,123,898	2,213,314	2,782,000	2,029,427
Transportation and roads	5,362,341	5,532,873	8,087,017	8,469,360
Debt service				
Principal	860,000	949,404	391,117	408,879
Interest	26,143	19,390	25,883	19,711
Capital outlay	6,535,229	7,010,064	8,635,325	1,426,316
Total expenditures	<u>42,777,847</u>	<u>46,561,734</u>	<u>53,445,027</u>	<u>45,039,337</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>9,255,762</u>	<u>9,846,916</u>	<u>5,101,174</u>	<u>6,009,484</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,960,170	13,232,941	3,026,651	20,571,490
Transfers out	( 2,960,170)	( 13,232,941)	( 3,026,651)	( 20,571,490)
Issuance of notes payable	274,230	-	-	-
Issuance of capital lease	-	288,628	319,632	495,976
Sale of capital assets	441,172	267,941	298,955	513,467
Sale of right-of-way	-	-	-	20,000
Insurance recoveries	11,808	86,227	8,730	7,097
Total other financing sources and uses	<u>727,210</u>	<u>642,796</u>	<u>627,317</u>	<u>1,036,540</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 9,982,972</u>	<u>\$ 10,489,712</u>	<u>\$ 5,728,491</u>	<u>\$ 7,046,024</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	2.4%	2.4%	0.9%	0.9%

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 38,362,150	\$ 38,594,743	\$ 40,895,686	\$ 40,075,700	\$ 38,883,763	\$ 37,680,522	
1,237,844	1,398,039	1,342,638	1,391,051	1,318,187	1,368,688	
3,731,436	2,061,285	3,755,376	4,716,379	6,706,941	6,002,423	
3,774,549	3,713,143	3,754,191	3,675,306	3,657,872	3,762,203	
1,168,021	1,444,602	1,217,869	1,237,949	1,020,076	1,053,456	
251,352	171,354	137,628	128,868	230,099	566,938	
1,033,682	3,352,952	3,273,148	2,694,410	2,468,488	2,681,868	
3,327,129	359,238	255,947	285,407	288,464	266,969	
<u>52,886,163</u>	<u>51,095,356</u>	<u>54,632,483</u>	<u>54,205,070</u>	<u>54,573,890</u>	<u>53,383,067</u>	
9,404,049	9,325,778	10,270,374	10,139,547	10,242,264	10,732,178	
6,887,259	7,285,879	7,563,512	7,870,174	7,996,962	8,189,239	
14,585,933	15,429,054	16,140,745	16,782,174	16,404,214	17,735,449	
3,630,641	2,944,827	2,816,765	2,779,179	3,035,557	2,942,710	
2,082,011	2,130,553	2,214,203	2,220,231	2,283,921	2,068,225	
10,272,011	4,924,912	11,348,421	6,690,923	7,120,809	5,337,956	
507,108	6,478	5,619	2,216	-	390,689	
20,810	1,250	590	74	-	8,853	
<u>3,037,040</u>	<u>1,823,401</u>	<u>4,752,119</u>	<u>5,312,160</u>	<u>10,956,107</u>	<u>8,005,304</u>	
<u>50,426,862</u>	<u>43,872,132</u>	<u>55,112,348</u>	<u>51,796,678</u>	<u>58,039,834</u>	<u>55,410,603</u>	
<u>2,459,301</u>	<u>7,223,224</u>	<u>( 479,865)</u>	<u>2,408,392</u>	<u>( 3,465,944)</u>	<u>( 2,027,536)</u>	
5,658,471	569,510	7,232,851	9,447,050	11,108,908	4,803,175	
( 5,667,406)	( 669,510)	( 7,247,851)	( 9,447,050)	( 11,202,765)	( 4,803,175)	
-	-	-	-	-	-	
-	-	-	-	390,689	393,063	
22,255	44,658	108,642	64,243	93,991	426,806	
-	-	-	-	-	-	
<u>25,612</u>	<u>95,890</u>	<u>56,954</u>	<u>61,408</u>	<u>21,892</u>	<u>70,160</u>	
<u>38,932</u>	<u>40,548</u>	<u>150,596</u>	<u>125,651</u>	<u>412,715</u>	<u>890,029</u>	
<u>\$ 2,498,233</u>	<u>\$ 7,263,772</u>	<u>\$ ( 329,269)</u>	<u>\$ 2,534,043</u>	<u>\$ ( 3,053,229)</u>	<u>\$ ( 1,137,507)</u>	
1.1%	0.0%	0.0%	0.0%	0.0%	0.8%	

## 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
2016	\$ 4,703,337,968	\$ 1,680,887,027	\$ 2,245,585,257	\$ 1,114,605,868	\$ 9,744,416,120	0.2625	\$ 8,508,354,050	87.32%
2015	4,557,346,032	1,646,063,178	2,426,246,461	1,238,924,358	9,868,580,029	0.2625	8,651,079,813	87.66%
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%

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Direct rates:										
Gregg County general rate	0.2647	0.2622	0.2622	0.2622	0.2597	0.2572	0.2572	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>0.2700</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>	<u>0.2625</u>	<u>0.2625</u>
Overlapping debt:										
City rates:										
Clarksville City	0.4333	0.3678	0.4471	0.4649	0.4886	0.4196	0.4501	0.4501	0.5999	0.7399
East Mountain	0.0000	0.0903	0.8529	0.1000	0.1000	0.1000	0.1000	0.1200	0.1200	0.1400
Easton	0.0840	0.1000	0.1000	0.0820	0.0794	0.0913	0.2500	0.2500	0.2500	0.2500
Gladewater	0.5860	0.5831	0.5831	0.6123	0.6426	0.6426	0.6445	0.6414	0.6563	0.7499
Kilgore	0.4600	0.4000	0.3924	0.3994	0.3900	0.4000	0.4200	0.4500	0.4731	0.5057
Lakeport	0.3244	0.2975	0.4011	0.6299	0.5915	0.6023	0.6275	0.6145	0.5820	0.5820
Longview	0.4840	0.4840	0.4840	0.4840	0.5009	0.5009	0.5009	0.5099	0.5099	0.5099
Warren City	0.4599	0.4560	0.5000	0.5000	0.5000	0.2500	0.2500	0.2500	0.2500	0.2500
White Oak	0.4800	0.4800	0.4800	0.5200	0.5200	0.5200	0.5201	0.5317	0.5469	0.5868
School districts:										
Gladewater ISD	1.1203	1.0400	1.0400	1.1700	1.1700	1.1700	1.1700	1.4900	1.5650	1.5650
Kilgore ISD	1.1331	1.1210	1.1092	1.1092	1.3092	1.3092	1.3092	1.3092	1.3092	1.3092
Longview ISD	1.1381	1.2980	1.4202	1.5130	1.5130	1.5130	1.5130	1.5130	1.5130	1.5130
Pine Tree ISD	1.3469	1.3485	1.3785	1.3785	1.5110	1.5110	1.5500	1.5550	1.5550	1.5550
Sabine ISD	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	1.2928	1.2730	1.3014	1.3014
Spring Hill ISD	1.1850	1.5400	1.5400	1.5400	1.5400	1.6700	1.6700	1.6700	1.6700	1.6700
White Oak ISD	1.1900	1.2426	1.2457	1.2408	1.2439	1.2333	1.2432	1.2460	1.2360	1.2475
Special district rates:										
Gregg Co. ESD #1	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983	0.9829
Gregg Co. ESD #2									0.1000	0.1000
Kilgore Junior College	<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>	<u>0.1750</u>	<u>0.1750</u>
<b>Total direct and overlapping rates</b>	<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>	<u>14.7735</u>	<u>15.9958</u>

Source: Gregg County Appraisal District

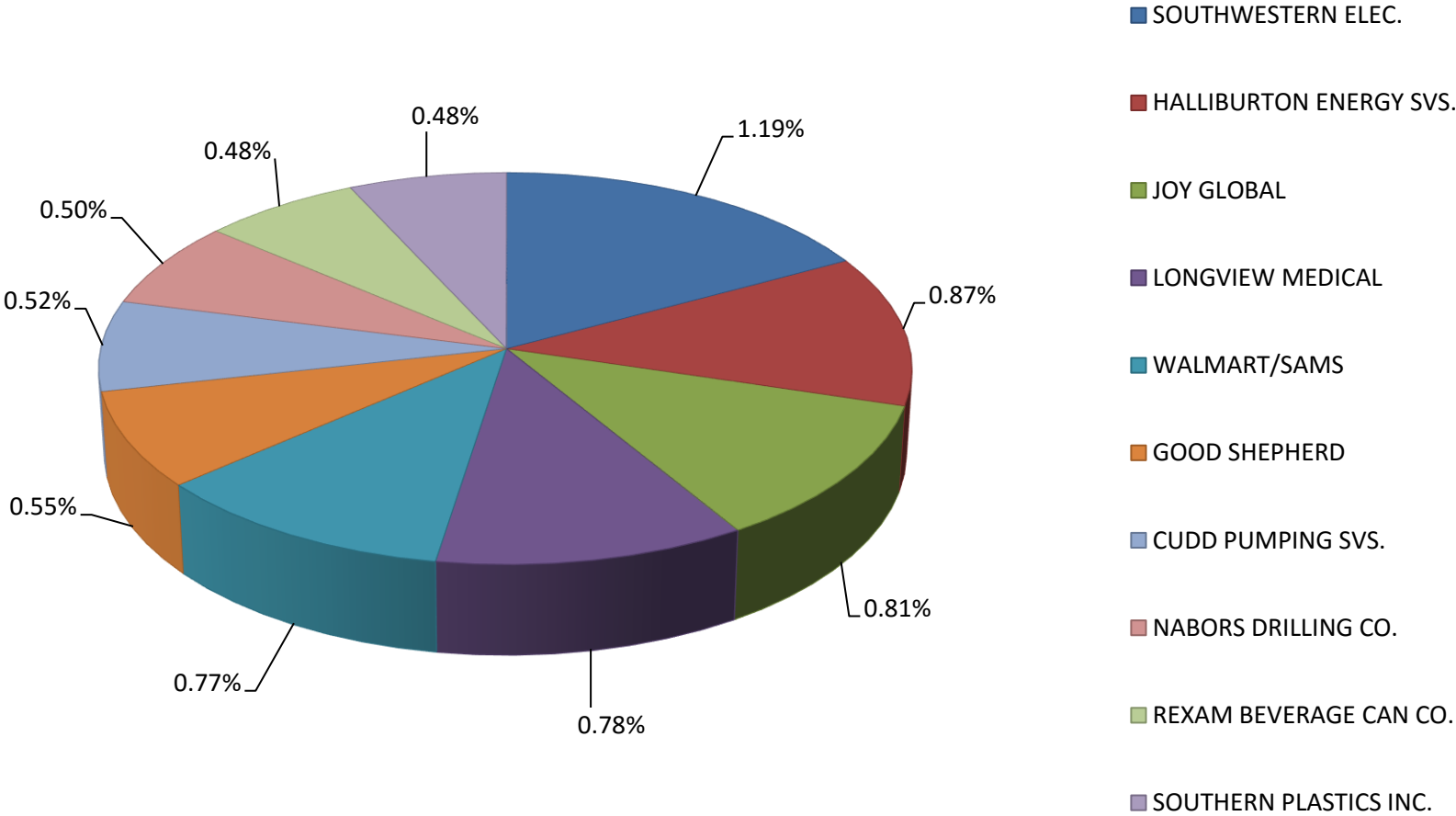
## GREGG COUNTY, TEXAS

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

Taxpayer	2016			2007		
	Total Assessed Value	Rank	Percentage of Total Assessed Value	Total Assessed Value	Rank	Percentage of Total Assessed Value
AEP Southwestern Elec Power Co./ AEP/SWEPCO/Southwestern Electric Power Co.	\$ 115,566,730	1	1.19%	\$ 111,108,530	2	1.35%
Halliburton Co./Halliburton Energy	85,004,790	2	0.87%	78,845,390	3	0.96%
Joy Global Longview Operations LLC / Joy Global Surf Mng (fka P&H)	79,063,780	3	0.81%			
Longview Medical Center/Longview Regional Hospital/Texas HCP Holding	75,902,110	4	0.78%	67,985,090	6	0.83%
Wal-Mart / Sam's	75,500,210	5	0.77%	73,919,800	4	0.90%
Good Shepherd/GAHC3 Longview TX Outpatient Mob II LLC/GSHS Inc.	53,289,680	6	0.55%			
Cudd Pumping Service/Cudd Pressure Control (CPS)	50,469,900	7	0.52%			
Nabors Drilling Co USA LP - Yard/ Nabors Drilling Internernational / Nabors Lux Finance	48,988,850	8	0.50%			
Rexam Beverage Can Co	46,929,230	9	0.48%			
Southern Plastics	46,767,770	10	0.48%			
Letourneau Inc				133,164,230	1	1.62%
TXOK Tex Energy Res				68,570,040	5	0.83%
Chinn Exploration				55,523,110	7	0.68%
J-W Power Company				47,440,940	8	0.58%
Southwestern Bell Telephone				44,034,270	9	0.54%
Geo-Vest of Texas				44,202,380	10	0.54%
<b>Total</b>	<b>\$ 677,483,050</b>		<b>6.95%</b>	<b>\$ 724,793,780</b>		<b>8.82%</b>

Source: Gregg County Appraisal District

# 2016 TOP TEN TAXPAYERS



## 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 to Total Adj. Levy
		Levy Collected	Percent of Original Levy				Total Collections To Date	Percent of Adjusted Levy	Delinquent Taxes 09/30/16	
2007	18,216,072	17,962,462	98.61%	( 15,966)	18,200,106	193,255	18,155,716	99.76%	44,390	0.24%
2008	19,129,114	18,863,462	98.61%	25,791	19,154,905	227,752	19,091,214	99.67%	63,691	0.33%
2009	21,017,998	20,727,939	98.62%	49,192	21,067,190	273,013	21,000,951	99.69%	66,238	0.31%
2010	21,713,885	21,571,949	99.35%	187,419	21,901,304	273,186	21,845,135	99.74%	56,169	0.26%
2011	21,259,861	21,016,555	98.86%	51,910	21,311,771	235,177	21,251,732	99.72%	60,039	0.28%
2012	21,541,094	21,294,083	98.85%	51,029	21,592,123	234,392	21,528,476	99.71%	63,647	0.29%
2013	22,022,808	21,567,906	97.93%	( 20,512)	22,002,296	286,544	21,854,450	99.33%	147,846	0.67%
2014	22,067,295	21,783,376	98.71%	34,316	22,101,611	166,130	21,949,505	99.31%	152,106	0.69%
2015	22,365,509	22,035,855	98.53%	4,610	22,370,119	132,972	22,168,827	99.10%	201,293	0.90%
2016	22,328,401	21,950,095	98.31%	4,166	22,332,566	-	21,950,095	98.29%	382,471	1.71%

- (1) Taxes are levied on assessed property values on January 1 of prior calendar year (i.e., in 2016, taxes are levied on calendar year 2015)
- (2) Adjustments to the original levy include exonerations, tax relief, and supplemental assessments
- (3) This table includes real estate taxes only and does not include penalty and interest



**GREGG COUNTY, TEXAS**

**Table 2.5 GOVERNMENT REVENUE BY SOURCE**

Fiscal Year	Taxes	Licenses and Permits	Inter-Governmental	Charges for Services	Fines and Forfeitures	Investment Earnings	Rents and Commissions	Miscellaneous	Totals
2016	\$ 37,680,521	\$ 1,368,687	\$ 6,002,422	\$ 3,762,205	\$ 1,053,456	\$ 567,035	\$ 2,681,868	\$ 266,871	\$ 53,383,067
2015	38,883,763	1,318,187	6,706,941	3,657,872	1,020,076	230,099	2,468,488	288,464	54,573,890
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

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	Available in Debt Service Fund	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
2016	-	393,063		-	393,063	*	*
2015	-	390,689	-	-	390,689	0.01%	3.15
2014	-	-	-	-	-	0.00%	-
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

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**

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>
2016	\$ -	\$ -	\$ -	N/A	N/A
2015	-	-	-	N/A	N/A
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%	\$ 6.10

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, 2016**

Government Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
<b>Direct Debt:</b>			
Gregg County	\$ <u>393,063</u>	100%	\$ <u>393,063</u>
	<u>393,063</u>		<u>393,063</u>
<b>Overlapping Debt:</b>			
Clarksville City, City of	2,629,000	99.96%	2,627,948
Gladewater, City of	5,310,529	61.71%	3,277,127
Kilgore College	2,004,229	64.88%	1,300,344
Kilgore, City of	4,333,575	87.13%	3,775,844
Kilgore Independent School District	51,380,000	72.10%	37,044,980
Lakeport, City of	1,420,000	100.00%	1,420,000
Longview, City of	74,085,000	94.68%	70,143,678
Gladewater Independent School District	34,828,445	55.49%	19,326,304
Longview Independent School District	348,837,781	100.00%	348,837,781
Pine Tree Independent School District	70,444,415	100.00%	70,444,415
Sabine Independent School District	18,996,010	100.00%	18,996,010
Spring Hill Independent School District	42,826,527	100.00%	42,826,527
White Oak Independent School District	<u>9,213,550</u>	100.00%	<u>9,213,550</u>
Total Overlapping Debt	<u>666,309,061</u>		<u>629,234,509</u>
 Total Direct and Overlapping Debt	 \$ <u>666,702,124</u>		 \$ <u>629,627,572</u>

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

**GREGG COUNTY, TEXAS**

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

	Fiscal Year			
	2007	2008	2009	2010
Debt Limit	\$ 1,790,794,063	\$ 1,994,477,890	\$ 2,089,930,203	\$ 2,023,484,071
Total net debt applicable to limit	<u>719,255</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 1,790,074,808</u>	<u>\$ 1,994,477,890</u>	<u>\$ 2,089,930,203</u>	<u>\$ 2,023,484,071</u>
Total net debt applicable to the limit as a percentage of debt limit	0.04%	0.00%	0.00%	0.00%

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 2,068,576,145	\$ 2,132,856,856	\$ 2,137,867,790	\$ 2,167,091,354	\$ 2,467,145,007	\$ 2,436,104,030
-	-	-	-	-	-
<u>\$ 2,068,576,145</u>	<u>\$ 2,132,856,856</u>	<u>\$ 2,137,867,790</u>	<u>\$ 2,167,091,354</u>	<u>\$ 2,467,145,007</u>	<u>\$ 2,436,104,030</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>
2016	*	*	*	6.1%
2015	124,108	\$ 5,791,380	\$ 46,664	5.0%
2014	123,204	6,149,459	49,913	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%

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	2016		2007	
	Employees	Percentage of Total County Employees	Employees	Percentage of Total County Employees
Good Shepherd Medical Center	2,630	3.9%	-	0.0%
Trinity Rail, LLC	1,553	2.3%	-	0.0%
Eastman Chemical	1,502	2.2%	-	0.0%
Longview ISD	1,348	2.0%	-	0.0%
Wal-Mart	1,086	1.6%	-	0.0%
Longview Regional Medical Center	987	1.5%	-	0.0%
City of Longview	866	1.3%	-	0.0%
Pine Tree ISD	694	1.0%	-	0.0%
Diagnostic Clinic of Longview	644	1.0%	-	0.0%
Gregg County	<u>615</u>	<u>0.9%</u>	-	<u>0.0%</u>
Total	<u>11,925</u>	<u>17.8%</u>	-	<u>0.0%</u>

Source: Longview Economic Development Corporation

Notes: Percentage of total County employment based on County employment of 66,905  
Information for 9 years prior was not available.

## GREGG COUNTY, TEXAS

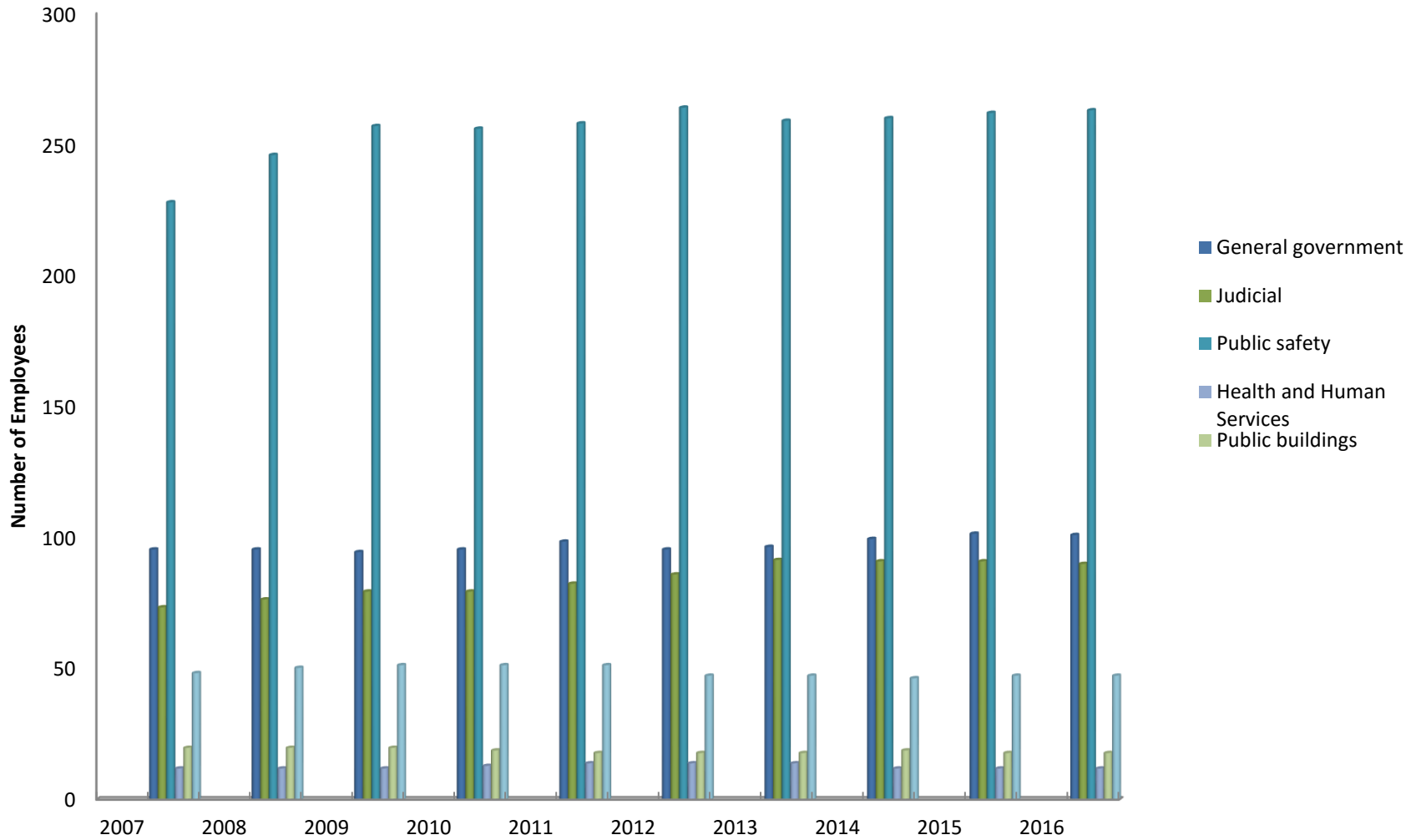
**Table 5.1 COUNTY EMPLOYEES BY FUNCTION**

**LAST TEN FISCAL YEARS**

**SEPTEMBER 30, 2016**

<u>Function/Program</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>	<u>2015</u>	<u>2016</u>
General government	96	96	95	96	99	96	97	100	102	102
Judicial	74	77	80	80	83	87	92	92	92	91
Public safety	228	246	257	256	258	264	259	260	262	263
Health and Human Services	12	12	12	13	14	14	14	12	12	12
Public buildings	20	20	20	19	18	18	18	19	18	18
Transportation and roads	<u>49</u>	<u>51</u>	<u>52</u>	<u>52</u>	<u>52</u>	<u>48</u>	<u>48</u>	<u>47</u>	<u>48</u>	<u>48</u>
Totals	<u>479</u>	<u>502</u>	<u>516</u>	<u>516</u>	<u>524</u>	<u>527</u>	<u>528</u>	<u>530</u>	<u>534</u>	<u>533</u>

## Employees By Function



## GREGG COUNTY, TEXAS

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

**LAST TEN FISCAL YEARS  
SEPTEMBER 30, 2016**

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Government</b>										
County Finance										
Accounts Payable Checks Processed	9,552	9,627	10,560	8,321	7,845	8,409	8,789	8,493	8,365	8,592
Tax Office (1)										
Motor vehicle registrations	131,438	128,732	128,189	127,751	129,604	133,481	133,761	134,302	131,334	129,890
Motor vehicle titles issued	47,734	47,626	39,293	39,992	45,622	49,178	49,411	48,757	47,843	45,630
Elections Office										
Registered Voters	73,680	71,799	67,977	68,612	64,458	66,464	65,680	66,146	65,678	68,833
Number of Elections Held	3	13	7	13	5	11	10	11	6	10
<b>Judicial</b>										
District Court level										
Civil & Family cases filed	3,984	3,838	3,583	4,076	3,319	3,064	3,417	3,297	3,091	3,253
Criminal cases filed	1,364	1,467	1,604	1,751	1,304	1,266	1,389	1,519	1,266	1,368
County Court level										
Probate/Mental Health cases filed	530	488	449	528	591	629	525	516	542	627
Statutory County Court level (2)										
Civil cases filed	611	564	469	413	1,181	1,174	1,180	1,117	1,195	1,108
Criminal cases filed	6,131	5,631	5,168	4,895	4,328	4,005	4,129	3,684	3,541	3,300
<b>Law Enforcement/Corrections (3)</b>										
Jail facilities										
Jail Book-ins	12,492	12,125	11,320	10,519	10,556	10,696	10,282	9,419	9,098	9,171
Law Enforcement										
Warrants executed	5,157	3,417	3,041	4,358	4,462	4,340	5,770	4,496	4,461	4,469
Civil process served	4,142	5,222	5,341	4,853	4,585	4,165	3,523	4,629	4,314	4,780
<b>Health &amp; Human Services</b>										
Patients seen by Doctor	1,193	836	847	769	841	757	646	477	603	586
Patients seen by Nurse	1,688	1,583	2,584	2,266	2,501	2,848	2,354	2,032	2,433	2,676
Immunizations (# of shots)	13,301	6,346	7,781	7,142	11,158	7,504	5,440	5,254	5,077	4,962
Welfare Applicants	1,302	1,277	1,686	1,359	1,444	1,377	1,004	820	1,274	1,235
<b>Transportation &amp; Roads</b>										
Miles of County Roads	279	279	281	281	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, 2016**

<u>FUNCTION/PROGRAM</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>	<u>2015</u>	<u>2016</u>
General government										
Vehicles	5	7	6	6	6	6	10	9	10	9
Judicial										
Vehicles	0	2	2	3	3	3	4	5	6	5
Video/sound system	1	1	2	2	2	2	2	2	2	2
Law enforcement/corrections										
Vehicles	47	57	73	77	91	93	99	88	97	98
Transportation and roads										
Road and bridge vehicles	30	28	33	34	34	36	29	31	32	33
Road and bridge equipment	114	113	120	113	113	116	111	111	109	112
Public buildings										
Vehicles	4	5	4	4	4	4	4	4	3	4
Health and human services										
Vehicles	3	3	3	2	2	2	2	2	2	2

Source: Gregg County depreciation schedules

## GREGG COUNTY, TEXAS

**Table 5.4 SCHEDULE OF INSURANCE  
SEPTEMBER 30, 2016**

Insuring Company	Type of Coverage	Policy From	Policy To	Summary of Coverage	Liability Limits
Texas Public Entity Group Agent: Rooker Downing & Booth	Property	10/01/15	10/01/16	Buildings Personal Property Valuable Papers	\$ 89,554,483 50,000 250,000
Texas Public Entity Group Agent: Rooker Downing & Booth	Commerical Crime	10/01/15	10/01/16	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	10/01/15	10/01/16	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	10/01/15	10/01/16	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	10/01/15	10/01/16	General Aggregate	400,000
Texas Public Entity Group Agent: Rooker Downing & Booth	Employee Benefits Liability	10/01/15	10/01/16	Aggregate Limit	3,000,000
Tac Risk Management Pool	Public Officials Liability	10/01/15	10/01/16	Aggregate	2,000,000
JamisonPro	State Judges Professional Liability	01/01/16	01/01/17	Damages / Claims Exp.	1,000,000
Tac Risk Management Pool	Law Enforcement Liability	10/01/15	10/01/16	Aggregate	2,000,000
Evanston Insurance Company Agent: Rooker Downing & Booth	Gregg Co. Jail/Medical Services	12/15/15	12/15/16	Aggregate	3,000,000
Admiral Insurance Company Agent: Rooker Downing & Booth	Health Department	10/01/15	10/01/16	Aggregate	1,000,000
Old Republic Insurance Company Agent: Rooker Downing & Booth	East Texas Regional Airport	10/01/15	10/01/16	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	10/01/15	10/01/16	Liability / each loss	1,000,000
Nautilus Insurance Company	Storage Tank Systems	08/04/16	08/04/17	Clean up costs, Third Party Liability, Property damage Liability	1,000,000

# **SINGLE AUDIT 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Gregg County, Texas (the "County"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 31, 2017.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the County's 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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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, 2017



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 ON COMPLIANCE FOR EACH  
 MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
 IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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' (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2016. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, 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, 2016.

## Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

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

Waco, Texas  
March 31, 2017

**GREGG COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Federal Grantor or Pass-through Entity Identifying Number	Federal Grantor/ Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Justice</u>				
Direct Programs:				
FY 2016	DEA 2015 State and Local Task Force Agreement	16.001	\$ 1,357	\$ -
2016-AP-BX-0331	State Criminal Alien Assistance Program	16.606	18,177	-
FY 2016	ATF Task Force	16.U01	8,099	-
TX0920000	Equitable Sharing Program	16.922	<u>26,354</u>	<u>-</u>
	Total Direct Programs		<u>53,987</u>	<u>-</u>
Passed through the Texas Office of the Governor - Criminal Justice Division:				
2929701	Crime Victim Assistance	16.575	45,242	-
WF-15-V30-28165-02	Violence Against Women Formula Grant	16.588	65,252	-
WF-16-V30-28165-02	Violence Against Women Formula Grant	16.588	<u>9,269</u>	<u>-</u>
	Total CFDA 16.88		<u>74,521</u>	<u>-</u>
	Total Passed through the Texas Office of the Governor - Criminal Justice Division		<u>119,763</u>	<u>-</u>
	Total U.S. Department of Justice		<u>173,750</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Direct Programs:				
3-48-0137-039-2016	Airport Improvement Program	20.106	400,987	-
3-48-0137-040-2015	Airport Improvement Program	20.106	1,680,988	-
3-48-0137-041-2015	Airport Improvement Program	20.106	729,917	-
3-48-0137-040-2016	Airport Improvement Program	20.106	189,101	-
3-48-0137-040-2016	Airport Improvement Program	20.106	<u>117,954</u>	<u>-</u>
	Total Direct Programs		<u>3,118,947</u>	<u>-</u>
	Total U.S. Department of Transportation		<u>3,118,947</u>	<u>-</u>

**GREGG COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Federal Grantor or Pass-through Entity Identifying Number	Federal Grantor/ Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures	Passed Through to Subrecipients
	<u>U.S. Department of Health and Human Services</u>			
	Passed through Texas Department of State Health Services:			
2017-001080-00	Immunization Branch - Locals	93.268	\$ 14,417	\$ -
2016-001080-00	Immunization Branch - Locals	93.268	<u>168,574</u>	<u>-</u>
	Total Passed through Texas Department of State Health Services		<u>182,991</u>	<u>-</u>
	Passed through Texas Department of Family and Protective Services:			
23938981	Foster Care Title IV-E	93.658	<u>4,489</u>	<u>-</u>
	Total Passed through Texas Department of Family and Protective Services		<u>4,489</u>	<u>-</u>
	Total U.S. Department of Health and Human Services		<u>187,480</u>	<u>-</u>
	<u>U.S. Department of Homeland Security</u>			
	Direct Programs:			
HSTS0213HSLR255	Law Enforcement Officer Reimbursement Agreement Program	97.090	10,980	-
HSTS0216HSLR854	Law Enforcement Officer Reimbursement Agreement Program	97.090	<u>10,800</u>	<u>-</u>
	Total Direct Programs		<u>21,780</u>	<u>-</u>
	Total U.S. Department of Homeland Security		<u>21,780</u>	<u>-</u>
	Total Federal Awards		<u>\$ 3,501,957</u>	<u>\$ -</u>

# **GREGG COUNTY, TEXAS**

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

**SEPTEMBER 30, 2016**

### **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.

### **3. INDIRECT COSTS**

The County has elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.

**GREGG COUNTY, TEXAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

**Summary of Auditors' Results**

Financial Statements:

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

Federal Awards:

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	None
---	------

Identification of major programs:

CFDA Number: 20.106	Name of Federal Program: Airport Improvement Program
------------------------	---

Dollar threshold used to distinguish between type A and type B programs	\$750,000
---	-----------

Auditee qualified as low-risk auditee?	No
--	----

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

None

**Findings and Questioned Costs for Federal Awards**

None



**GREGG COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

None

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