



GREGG COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2017**

GREGG COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2017**

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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April 2, 2018

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 (the "County"), 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 the County for the fiscal year ended September 30, 2017. 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 County's financial activities have been included.

The County's financial statements have been audited by Patillo, Brown and Hill, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the year ended September 30, 2017, 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 principals require a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The financial statements are presented in three sections: introductory, financial and compliance. The introductory section includes this transmittal letter, the County's organizational chart and a list of officials. This letter of transmittal is designed to complement the 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 the combining and individual fund financial statements and schedules in addition to the report of the independent auditors.

PROFILE OF GREGG COUNTY

Located in northeast Texas, the 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 the 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 the County from parts of Upshur and Rusk Counties. The county seat is Longview. The name for the 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 slacked 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 County are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these

objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

The County is also required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and 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, schedule of findings and questioned costs, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations, is included in the compliance section of this report.

As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the County has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended September 30, 2017, did not identify any material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Factors Affecting Financial Condition

Local Economy The County has diversified its economy from oil and gas and now includes manufacturing, medical and retail facilities. This diversification has lessened the effects of the recent economic downturn. Over the past decade, mineral values associated with the oil and gas industry have declined significantly and had an adverse affect on the county's tax base. The rise in property values over this time period, the addition of national retail stores within the county and expansions of existing companies have helped stabilize the overall tax base by substantially offsetting the mineral value decreases. Tax base valuations for the FY17 budget increased from \$8.51 billion to \$8.61 billion.

The 2016 population estimate is 123,745. The median household income for 2012-2016 was \$47,140. Housing units for 2016 were 51,829 compared with 51,648 in 2015. The homeownership rate, for 2012-2016 is 59.3%. The median value of owner-occupied housing units for the same time period was \$125,700. The December 2017 County unemployment rate of 4.1% was down from 5.7% in 2016 and compares favorably with the 4.1% statewide rate and with a 4.1% national rate.

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

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 fund balance policy sets a minimum level for fund balance 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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The auditors' report on the basic financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit 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, 2016. This was the fifth year that the County 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.

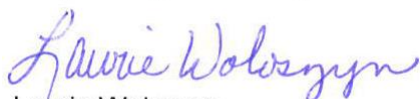
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another year.

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**

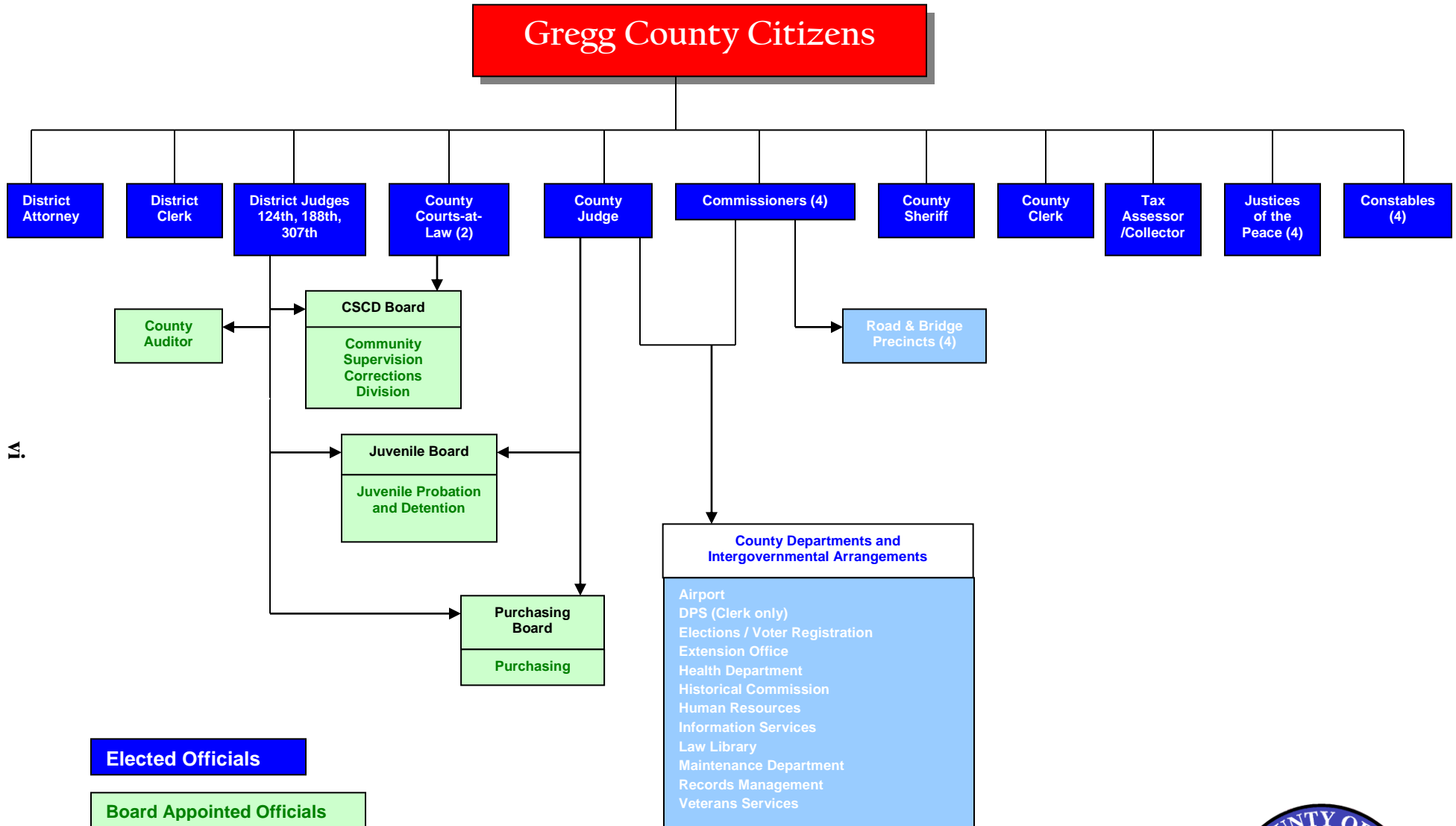
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

Gregg County Organization Chart



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Elected Officials

Board Appointed Officials

Comm. Court Oversight

Direction of Authority →





**Gregg County, Texas
Directory of Officials
September 30, 2017**

Elected:

**Bill Stoudt
Ronnie McKinney
Darryl Primo
Gary Boyd
John Mathis
Carl Dorrough
Barbara Duncan
Connie Wade
Kirk Shields
Maxey Cerliano
James Plumlee
Billy Fort
Daniel Morgan
Danny Craig, Jr**

**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
Kent Phillips
Vincent Dulweber
B. H. Jameson
Tim Bryan
Talya Carlson
James Mathis**

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

Appointed:

**Laurie Woloszyn
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, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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 April 2, 2018, 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
April 2, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gregg County, Texas (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, 2017. 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 the County exceeded its liabilities at the close of fiscal year 2017 by \$131,475,415 (*net position*). Of this amount, \$53,811,155 (*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 \$5,797,258 or 4%.
- As of September 30, 2017, the County's governmental funds reported combined ending fund balances of \$63,000,154, a decrease of \$4,001,934 or 6% in comparison with the prior year. \$29,882,152 (47%) is *available for spending* at the County's discretion (*unassigned fund balance*). \$18,440,280 (29%) 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 2017, total unassigned fund balance for the General Fund was \$29,882,152 or 74% of total General Fund expenditures, compared to \$31,124,930 or 80% in 2016 and \$32,520,331 or 80% in 2015.
- Total revenue for governmental activities decreased \$1,599,563 or 3%, mostly due to a 13% decrease in Public Building revenue where it is found that that Contract Jail Revenue has fallen \$827,676 or 49% when compared to last year.
- Total expenses for the governmental activities increased by \$3,497,885 or 6%. The program to have the largest increase in expenses was transportation and roads at \$1,613,877 or 22% due to multiyear capital road project completions followed by Public Safety for a \$923,462 increase.

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. The 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 Capital Improvement Funds, all of which are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17 – 22 of this report.

Proprietary Funds: Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. 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 – 44 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 45 – 67 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 68 – 87 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 \$131,475,415 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 50% of net position compared with 47% 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*, \$53,811,155 (41%) 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	
	2017	2016
Current and other assets	\$ 101,452,308	\$ 91,962,477
Capital assets	66,347,330	64,897,518
Total assets	167,799,638	156,859,995
Deferred outflows of resources	9,778,755	11,927,238
Long-term liabilities	13,197,946	12,797,716
Other liabilities	31,884,584	16,878,671
Total liabilities	45,082,530	29,676,387
Deferred inflows of resources	1,020,448	1,838,173
Net position:		
Net investment in capital assets	65,833,674	64,504,455
Restricted	11,830,586	11,885,034
Unrestricted	53,811,155	60,883,184
Total net position	\$ 131,475,415	\$ 137,272,673

Governmental Activities: Governmental activities decreased the County’s net position by \$5,797,258 for a 4.2% decrease of the total net position of the County. As a comparison to the prior year, net position decreased by 0.4% in FY16.

Gregg County's Changes in Net Position

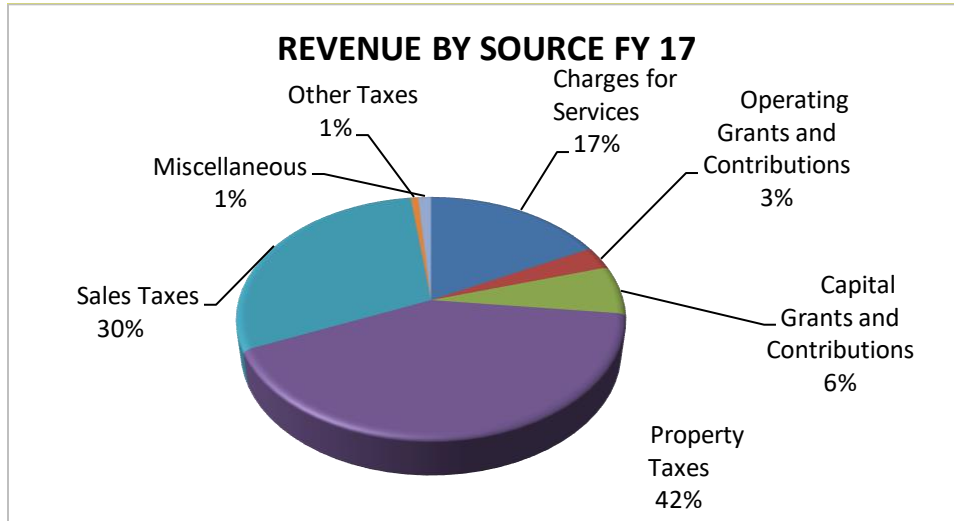
	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 9,023,744	\$ 10,385,134
Operating grants and contributions	1,570,400	1,743,595
Capital grants and contributions	3,355,888	3,331,207
General revenues:		
Property taxes	21,712,637	21,975,330
Sales taxes	15,403,190	15,317,566
Other taxes	375,282	360,457
Investment earnings	440,265	578,646
Miscellaneous	197,790	70,160
Total revenues	52,079,196	53,762,095
Expenses:		
General government	13,851,975	13,609,494
Judicial	8,797,765	8,195,921
Public safety	19,802,883	18,879,371
Health and human services	2,875,016	2,969,427
Public buildings	3,475,073	3,266,908
Transportation and roads	9,063,627	7,449,750
Interest on long-term debt	10,115	7,698
Total expenses	57,876,454	54,378,569
Change in net position	(5,797,258)	(616,474)
Net position, beginning	137,272,673	137,889,147
Net position, ending	\$ 131,475,415	\$ 137,272,673

The net cost of County services increased \$5,007,769 or 12.8% compared to a 5% increase in FY16.

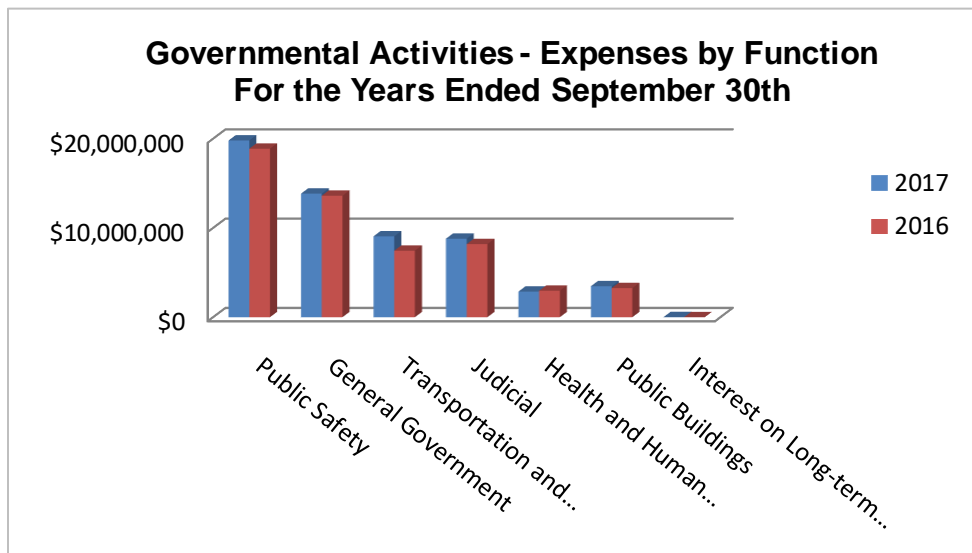
**Net Cost of Governmental Activities for Gregg County
By Function for the Fiscal Years Ended September 30**

Function/Program	Net Cost of Services	
	2017	2016
General Government	\$(7,497,091)	\$(7,698,261)
Judicial	(6,904,465)	(6,247,247)
Public Safety	(18,219,511)	(16,863,467)
Health and Human Services	(2,474,776)	(2,591,739)
Public Buildings	(2,260,737)	(1,176,800)
Transportation and Roads	(6,559,727)	(4,333,421)
Interest on long-term debt	(10,115)	(7,698)
Total	\$(43,926,422)	\$(38,918,633)

Property taxes and sales taxes account for 72% of the County's revenue compared to 70% last year.



The following chart provides a comparison of government-wide expenses by function for the current and previous years. Total expenses increased \$3,261,798 or 6% in fiscal year 2017.



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

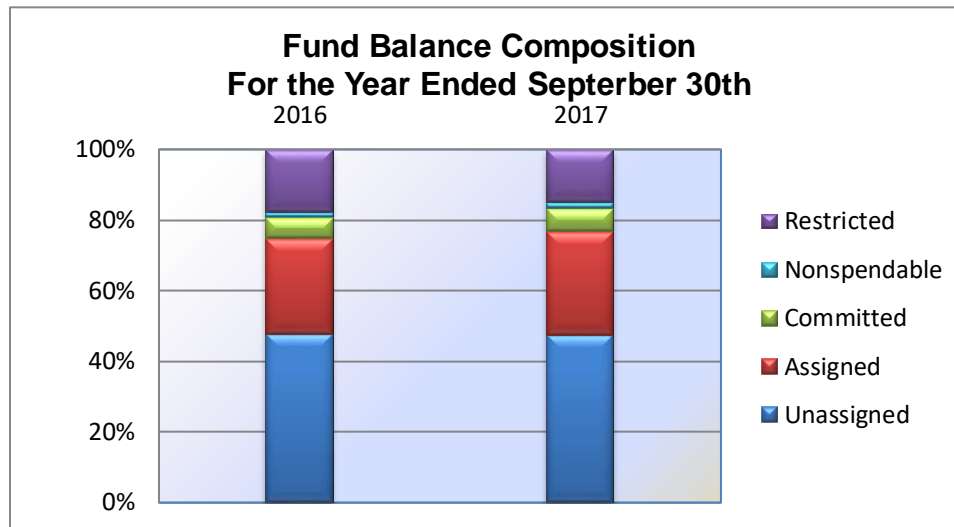
- Program revenues for governmental activities of \$13,950,032 equaled 24% of total governmental activities expenses of \$57,876,454. As expected, general revenues of \$38,129,164 provided the additional support and coverage for expenses. Program revenues consist of charges for services, operating grants and capital grants. General revenues consist mainly of sales and property taxes, which are not attributable to a specific program.
- Over 34% of the expenses are for public safety (\$19,802,883) reflecting the continuing demands on law enforcement. This program provided 3% (\$1,583,372) of the total governmental activities revenues for the year.
- The next largest category of expenses for governmental activities is general government, which equals \$13,851,975 or 24% of total expenses. General government provided 12% or \$6,354,884 of the governmental revenue.

- Judicial expenses for the County for the year accounted for 15% or \$8,797,765 of the expenses while this category provided for 4% or \$1,893,300 of the governmental activities revenue.
- Transportation and Roads accounted for \$9,063,627 or 16% of the governmental activities expenses while this category provided 5% or \$2,503,900 of total government revenue.
- Capital Grant Revenues and Contributions comprised 6% of total governmental activities revenue, 100% 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 2017, the County's *governmental funds* reported combined ending fund balances of \$63,000,154, a decrease of \$4,001,934 (6%) in comparison with the prior year. Unassigned fund balance accounts for 47% or \$29,882,152 of the total. An additional \$18,440,280 (29%) is assigned fund balance and is constituted mostly of CIP funds. Committed fund balance total is \$4,076,286 or 6% of total fund balance and would require a Commissioners' Court order to use for any other purpose. \$9,502,857 or 15% of the total ending fund balance is reporting as restricted fund balance. 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 (\$1,085,707); and 2) for prepaid expenditures (\$12,872).

General Fund

The General Fund is the chief operating fund of the County. At the end of fiscal year 2017, the General Fund had an ending fund balance of \$30,687,874 with 3% 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 \$29,882,152 represents 74% of total General Fund expenditures.

The General Fund balance decreased by \$2,402,094 (7%) during the 2017 fiscal year. The decrease can be attributed to cash transferred to fund capital improvement projects and a 4% increase in total expenditures while a slight decrease (1.5%) in revenues.

General Fund Highlights:

- Property tax revenue decreased \$173,131 or less than 1% from the prior year due to the slight value decline from \$8.61 billion to \$8.50 billion.
- Sales tax revenues increased 3.6% or \$481,266 compared to FY16 collections.
- Actual total expenditures of \$40,322,184 were \$1,750,724 or 4% under final budget appropriations and are \$1,648,146, or 4% higher than FY16 actual expenditures.
- Actual total revenues of \$40,694,142 were 1.2% or \$466,281 above estimated revenues for FY17.
- Total General Fund revenues decreased by \$1,330,373, or 1.5% compared to a 1.7% decrease last year and is mostly attributed to the decrease in the rents and commissions from contracted jail space (49%). Justice of the Peace fine collections also decreased 11%.
- Total other financing sources or uses were \$2,774,052 due to transfers to other funds primarily to fund capital building and road and bridge projects.
- Differences between the original budget and the final amended budget can be briefly summarized as follows:
 - An increase of \$52,000 in the expected budgeted revenue due to budget amendments.
 - A decrease of \$128,993 in expenditure appropriations mostly due to budget transfers.
- The County continued to share costs with other entities for joint infrastructure projects within the County:
 - During FY17 the projects consisted of the intersection of SH259/Hawkins Parkway for \$400,000, which will be reimbursed by NETRMA in the future and a joint project with TXDOT and the city of Longview for \$1,999,910 for the upgrade of FM2206 Harrison Road.

Road and Bridge Fund Highlights:

- The Road and Bridge Fund had an ending fund balance of \$4,638,205, an increase of \$77,290. Of the ending fund balance, \$1,080,428 or 23% is nonspendable for inventories and \$68,959 or 1.5% is assigned for other projects. The remaining balance of \$3,488,818 or 75% is restricted for use on road and bridge projects.
- Road and Bridge FY17 revenue decreased 14% or \$594,724 from the prior year. A \$443,604 decrease in tax revenue mostly due to the final phase of shifting motor vehicle sales tax of \$274,761 or 62% of the decrease to the general fund and a \$91,534 decrease in misdemeanor and felony fine revenue. The Road and Bridge revenue did see an increase in the category for motor vehicle registrations which increased \$267,914 or 21% from FY16.
- Donation of RAP from TXDOT valued at \$485,363 is accounted for as 13% of revenue.
- Total FY17 Road and Bridge operating expenditures decreased \$457,399 or 9% compared to an increase of \$1,290,617 in FY16.
- Other financing sources include \$960,000 received from the General Fund, insurance recoveries of \$98,976 and the sale of capital assets for \$22,286.
- Road projects where costs are over \$100,000 are capitalized and accounted for in the Road and Bridge Capital Projects Fund instead of the Road and Bridge Fund. Both funds should be reviewed in conjunction for the proper analysis of all road and bridge expenditures.
- Final expenditures were \$174,606 over the final budgeted appropriations due to the 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 \$307,093 in expenditure appropriations.
 - The year ended with no budget changes for revenues.
- The FY17 Road and Bridge capital expenditures were \$1,879,254. Total Road and Bridge infrastructure added is \$2,350,784 for the completion of FY17 and any multi-year projects.
- Major road or bridge projects completed this year include the following:
 - Fritz Swanson/Rabbit Creek Bridge
 - Knox Lee Bridge
 - Tyron Road/Hawkins Pky Intersection upgrade
 - Pleasant Green Phase I
 - Massey Rock Road
 - Old Hwy 135
 - Sam Page Road
 - River Road Phase II

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:
 - Countywide ADA compliance upgrades for the 124th, 188th, and 307th Courts, the Auditor’s office, the Hot Check department, the Sheriff 5th floor, the North Jail, and Purchasing.
 - Fire Alarm System
 - Terminal Roof Replacement
 - Courthouse Ceiling and Fire Alarm safety system
 - Precinct 1 Shop/Training/Paint Shop
- Construction in Progress at County buildings at year-end includes:
 - Remainder of the Courthouse Roof and Window Sealing project
 - Precinct 3 Training Facility
 - Juvenile Building Renovations
- Future projects included in the CIP are:
 - County Court Renovations and Courthouse parking facilities
 - Voting Machines

Airport Capital Improvement Fund Highlights:

- Major infrastructure project completions for the year include the following:
 - Perimeter road construction phase 2 & 3 at a cost of \$4,901,570 and funded 90% by the FAA.
- Major construction in progress or planned in the near future at the airport include the following:
 - Master Plan update
 - Airfield Drainage improvements
 - Rehab Lights & Taxiways B,C,D,E,G,K
 - Airport infrastructure: design and construction of runway 13/31, airport computerized access controls and design and construction of ARFF station.
- Other financing sources included \$298,357 received from other funds for required grant match.

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 in accordance 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, 2017, the County's investment in capital assets amounts to \$66,347,330 (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	
	2017	2016
Land	\$ 1,318,940	\$ 1,318,939
Construction in progress	5,062,068	6,659,545
Buildings and improvements	26,109,935	26,134,611
Machinery and equipment	3,787,486	4,125,127
Infrastructure	<u>30,068,901</u>	<u>26,659,294</u>
Total	<u>\$ 66,347,330</u>	<u>\$ 64,897,516</u>

Major capital assets purchased during FY17 include the following:

- General Fund purchases of various law enforcement vehicles (\$266,022) and seven jail washers and dryers (\$84,000).
- Road and Bridge purchased a 2018 dump truck (\$107,454), obtained new leases for three dump trucks, an asphalt distributor trailer (\$22,250), and a diesel generator (\$22,825).

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 \$13,197,946, which is for an accrual for compensated absences of \$1,195,624 (9%), capital lease payables of \$513,656 (4%) and a net pension liability of \$11,488,666 (87%).

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 FY18, the Court considered the following:

- An increase in the tax base valuation was realized from \$8.51 billion in the prior year to \$8.61 billion for FY18. Additionally, Gregg County maintained as of December, 2017, an unemployment rate of 4.1%, comparable with both the state rate and national rate.
- Sales tax revenue is expected to increase with a hopeful economy and some expected growth with the tax reform law and government investment in infrastructure in FY18.

- There is no plan to issue debt in the FY18 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 cash pay-as-you-go basis.
- The tax rate approved to fund the FY18 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 FY18 budget.
- Budgeted revenue County-wide for FY18 is \$49,996,074 and the budgeted expenditures are \$54,965,802. Total ending fund balance for all funds is estimated at \$48,051,453. Reserves continue to fund capital projects on the "pay-as-you-go" the Commissioners Court encourages. Additionally, other financing sources are budgeted at \$7,411,800 and other financing uses are budgeted at \$8,087,550. Transfers consist mainly for large capital projects.
- Major new capital improvements budgeted for FY18 include completion of the renovations of the courthouse roof and a major window sealing project. Major capital road improvements are budgeted for N White Oak Road, S. Industrial Blvd, W. Goforth, Old Hwy 135, Pleasant Green Road and Blackberry 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 for the public.

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.

**BASIC
FINANCIAL STATEMENTS**

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GREGG COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Governmental Activities	Component Unit Child Welfare
ASSETS		
Cash and cash equivalents	\$ 9,530,792	\$ 275,028
Investments	80,317,958	-
Receivables (net of allowances for uncollectibles):		
Taxes	578,235	-
Accounts	5,683,225	-
Interest	195,594	-
Due from other governments	4,039,627	-
Inventory	1,094,005	-
Prepaid expenses	12,872	-
Capital assets (net of accumulated depreciation):		
Land	1,318,940	-
Construction in progress	5,062,068	-
Buildings and improvements	54,182,297	-
Equipment	20,219,985	-
Infrastructure	90,088,787	-
Less: accumulated depreciation	(104,524,747)	-
Total capital assets	66,347,330	-
Total assets	167,799,638	275,028
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	9,778,755	-
Total deferred outflows of resources	9,778,755	-
LIABILITIES		
Accounts payable	30,125,005	6,373
Due to other governments	43,704	-
Accrued liabilities	1,715,875	-
Noncurrent liabilities:		
Due within one year	1,505,915	-
Due within more than one year	11,692,031	-
Total liabilities	45,082,530	6,373
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	1,020,448	-
Total deferred inflows of resources	1,020,448	-
NET POSITION		
Net investment in capital assets	65,833,674	-
Restricted for:		
Archive restoration	447,686	-
Transportation and roads	5,567,382	-
Public safety operations	477,648	-
Bail bond board operations	41,973	-
Judicial operations	126,704	-
Airport improvements	170,368	-
Court technology and security	418,139	-
Records management and preservation	911,568	-
Voting and elections	19,402	-
Health and human services operations	26,055	-
Vehicle inventory tax administration	8,224	-
Permanent improvements	3,615,437	-
Unrestricted	53,811,155	268,655
Total net position	\$ 131,475,415	\$ 268,655

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, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 13,851,975	\$ 2,923,510	\$ 75,486	\$ 3,355,888
Judicial	8,797,765	1,428,754	464,546	-
Public safety	19,802,883	1,423,690	159,682	-
Health and human services	2,875,016	33,871	366,369	-
Public buildings	3,475,073	1,214,336	-	-
Transportation and roads	9,063,627	1,999,583	504,317	-
Interest on long-term debt	10,115	-	-	-
Total governmental activities	<u>57,876,454</u>	<u>9,023,744</u>	<u>1,570,400</u>	<u>3,355,888</u>
Total primary government	<u>57,876,454</u>	<u>9,023,744</u>	<u>1,570,400</u>	<u>3,355,888</u>
Component unit:				
Child Welfare Board	<u>103,184</u>	<u>20,745</u>	<u>76,500</u>	<u>-</u>
Total component unit	<u>\$ 103,184</u>	<u>\$ 20,745</u>	<u>\$ 76,500</u>	<u>\$ -</u>

General revenues:

- Taxes:
 - Property
 - Sales
 - Alcoholic beverage
 - Other
- Unrestricted investment earnings
- Miscellaneous

Total general revenues

Change in net position

Net position, beginning

Net position, ending

Net (Expense) Revenue
and Changes
in Net Position

Primary Government Governmental Activities	Component Unit Child Welfare
\$(7,497,091)	\$ -
(6,904,465)	-
(18,219,511)	-
(2,474,776)	-
(2,260,737)	-
(6,559,727)	-
(10,115)	-
<u>(43,926,422)</u>	<u>-</u>
<u>(43,926,422)</u>	<u>-</u>
<u>-</u>	<u>(5,939)</u>
<u>-</u>	<u>(5,939)</u>
21,712,637	-
15,403,190	-
268,852	-
106,430	-
440,265	-
197,790	-
<u>38,129,164</u>	<u>-</u>
(5,797,258)	(5,939)
<u>137,272,673</u>	<u>274,594</u>
<u>\$ 131,475,415</u>	<u>\$ 268,655</u>

GREGG COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General	Road and Bridge	Capital Improvement
ASSETS			
Cash and cash equivalents	\$ 1,391,625	\$ 408,865	\$ 5,633,113
Investments	55,738,595	3,362,113	16,193,601
Receivables (net of allowance for uncollectibles):			
Accounts	3,262,523	2,058,197	-
Taxes	493,867	31,500	6,609
Interest	134,377	9,756	40,125
Due from other funds	917,889	-	-
Due from other governments	2,680,571	-	-
Inventories	3,173	1,080,428	-
Prepaid items	12,872	-	-
Total assets	64,635,492	6,950,859	21,873,448
LIABILITIES			
Accounts payable	29,404,702	147,696	153,582
Due to other governments	38,427	335	-
Accrued liabilities	942,324	105,566	-
Due to other funds	-	-	-
Total liabilities	30,385,453	253,597	153,582
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	421,907	26,910	5,649
Unavailable revenue - court fines	3,140,258	2,032,147	-
Total deferred inflows of resources	3,562,165	2,059,057	5,649
FUND BALANCES			
Nonspendable:			
Prepaid items	12,872	-	-
Inventories	3,173	1,080,428	-
Restricted for:			
Archive restoration	447,686	-	-
Transportation and road improvements	19,507	3,488,818	-
Public safety operations	-	-	-
Bail bond board operations	41,973	-	-
Judicial operations	-	-	-
Airport improvements	-	-	-
Court technology and security	-	-	-
Records management and preservation	-	-	-
Voting and elections	-	-	-
Health and human services operations	13,619	-	-
Vehicle inventory tax administration	-	-	-
Permanent improvements	-	-	3,609,788
Committed for:			
Airport operations	-	-	-
Donations to healthcare organizations	-	-	-
Assigned for:			
Capital projects	-	-	18,104,429
Transportation and road improvements	72,052	-	-
Public Safety	156,358	-	-
Drug Court Operations	38,482	-	-
Other projects	-	68,959	-
Unassigned	29,882,152	-	-
Total fund balances	30,687,874	4,638,205	21,714,217
Total liabilities, deferred inflows of resources and fund balances	\$ 64,635,492	\$ 6,950,859	\$ 21,873,448

Airport Capital Improvement	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,966,286	\$ 9,399,889
-	3,993,649	79,287,958
-	281,302	5,602,022
-	46,259	578,235
-	10,346	194,604
-	-	917,889
1,258,453	100,603	4,039,627
-	2,106	1,085,707
-	-	12,872
<u>1,258,453</u>	<u>6,400,551</u>	<u>101,118,803</u>
279,380	107,121	30,092,481
-	4,942	43,704
-	87,275	1,135,165
808,705	109,184	917,889
<u>1,088,085</u>	<u>308,522</u>	<u>32,189,239</u>
-	39,528	493,994
-	263,011	5,435,416
-	<u>302,539</u>	<u>5,929,410</u>
-	-	12,872
-	2,106	1,085,707
-	-	447,686
-	-	3,508,325
-	477,648	477,648
-	-	41,973
-	94,501	94,501
170,368	-	170,368
-	357,361	357,361
-	741,526	741,526
-	19,402	19,402
-	12,436	26,055
-	8,224	8,224
-	-	3,609,788
-	1,106,846	1,106,846
-	2,969,440	2,969,440
-	-	18,104,429
-	-	72,052
-	-	156,358
-	-	38,482
-	-	68,959
-	-	29,882,152
<u>170,368</u>	<u>5,789,490</u>	<u>63,000,154</u>
\$ <u>1,258,453</u>	\$ <u>6,400,551</u>	\$ <u>101,118,803</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, 2017

Total fund balances - governmental funds balance sheet		\$	63,000,154
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.			66,337,740
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		493,994	
Court fines and fees		<u>5,435,416</u>	
			5,929,410
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Interest payable	(	5,038)	
Compensated absences	(	1,195,624)	
Capital leases	(	513,656)	
Net pension liability	(	<u>2,730,359</u>)	
			(4,444,677)
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>652,788</u>
Net position of governmental activities		\$	<u>131,475,415</u>

GREGG COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>General</u>	<u>Road and Bridge</u>	<u>Capital Improvement</u>
REVENUES			
Taxes:			
Current property	\$ 18,023,309	\$ 1,150,319	\$ 239,253
Delinquent property	441,890	28,064	6,552
Alcoholic beverage	268,852	-	-
Bingo	106,430	-	-
Sales	13,868,846	-	-
Motor vehicle sales	1,534,344	-	-
Licenses and permits	75,260	1,536,012	-
Intergovernmental	831,061	504,318	-
Charges for services	3,167,366	4,734	-
Fines and forfeitures	397,899	423,141	-
Investment earnings	257,691	29,467	114,395
Rents and commissions	1,353,324	-	-
Miscellaneous	367,870	867	-
Total revenues	<u>40,694,142</u>	<u>3,676,922</u>	<u>360,200</u>
EXPENDITURES			
Current:			
General government	8,836,864	-	-
Judicial	7,970,105	-	-
Public safety	16,469,654	-	-
Health and human services	2,443,522	-	-
Public buildings	2,061,398	-	-
Transportation and roads	2,399,910	4,511,898	-
Debt service:			
Principal	596	-	393,063
Interest and fiscal charges	257	-	8,906
Capital outlay	139,878	168,996	4,115,514
Total expenditures	<u>40,322,184</u>	<u>4,680,894</u>	<u>4,517,483</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>371,958</u>	<u>(1,003,972)</u>	<u>(4,157,283)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	59,000	960,000	1,843,500
Transfers out	(2,897,921)	-	(357,357)
Sale of capital assets	29,926	22,286	364,298
Insurance recoveries	30,250	98,976	12,889
Capital lease	4,693	-	509,559
Total other financing sources (uses)	<u>(2,774,052)</u>	<u>1,081,262</u>	<u>2,372,889</u>
NET CHANGE IN FUND BALANCES	<u>(2,402,094)</u>	<u>77,290</u>	<u>(1,784,394)</u>
FUND BALANCES, BEGINNING	<u>33,089,968</u>	<u>4,560,915</u>	<u>23,498,611</u>
FUND BALANCES, ENDING	<u>\$ 30,687,874</u>	<u>\$ 4,638,205</u>	<u>\$ 21,714,217</u>

<u>Airport Capital Improvement</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,688,706	\$ 21,101,587
-	41,119	517,625
-	-	268,852
-	-	106,430
-	-	13,868,846
-	-	1,534,344
-	-	1,611,272
3,355,888	599,211	5,290,478
82,878	397,163	3,652,141
-	87,706	908,746
-	28,549	430,102
-	532,607	1,885,931
-	115,374	484,111
<u>3,438,766</u>	<u>3,490,435</u>	<u>51,660,465</u>
-	1,319,236	10,156,100
-	333,982	8,304,087
-	1,322,769	17,792,423
-	325,630	2,769,152
-	-	2,061,398
-	99,851	7,011,659
-	-	393,659
-	-	9,163
<u>3,737,118</u>	<u>110,455</u>	<u>8,271,961</u>
<u>3,737,118</u>	<u>3,511,923</u>	<u>56,769,602</u>
(<u>298,352</u>)	(<u>21,488</u>)	(<u>5,109,137</u>)
298,357	144,347	3,305,204
-	(49,926)	(3,305,204)
-	4,122	420,632
-	30,204	172,319
-	-	514,252
<u>298,357</u>	<u>128,747</u>	<u>1,107,203</u>
5	107,259	(4,001,934)
<u>170,363</u>	<u>5,682,231</u>	<u>67,002,088</u>
\$ <u>170,368</u>	\$ <u>5,789,490</u>	\$ <u>63,000,154</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, 2017

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

Net change in fund balances - total governmental funds	\$(4,001,934)
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.	9,011,026
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.	(6,787,214)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(765,654)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	370,922
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	(514,252)
Principal payment on capital leases	393,659
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	168,789
Certain pension expenditures are not expensed in the government-wide financial statements and are recorded as deferred resource outflows.	(1,779,184)
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.	(952)
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.	(1,892,464)
Change in net position of governmental activities	<u>\$(5,797,258)</u>

GREGG COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	Governmental Activities
	Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 130,903
Investments	1,030,000
Interest receivable	990
Accounts receivable, net of allowances	81,203
Inventory	8,298
Total current assets	1,251,394
Noncurrent assets:	
Capital assets:	
Equipment	49,288
Less: accumulated depreciation	(39,698)
Total capital assets	9,590
Total noncurrent assets	9,590
Total assets	1,260,984
LIABILITIES	
Current liabilities:	
Accounts payable	32,524
Accrued liabilities	575,672
Total current liabilities	608,196
Total liabilities	608,196
NET POSITION	
Net investment in capital assets	9,590
Unrestricted	643,198
Total net position	\$ 652,788

GREGG COUNTY, TEXAS

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

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services	\$ 6,258,268
Total operating revenues	<u>6,258,268</u>
OPERATING EXPENSES	
Salaries	26,572
Fringe benefits	14,745
Materials and supplies	16,192
Insurance consultant	25,000
Claims	7,284,775
Administrative	785,264
Depreciation	<u>8,347</u>
Total operating expenses	<u>8,160,895</u>
OPERATING INCOME (LOSS)	(1,902,627)
NONOPERATING REVENUES (EXPENSES):	
Interest and investment revenue	<u>10,163</u>
Total nonoperating revenues (expenses)	<u>10,163</u>
CHANGE IN NET POSITION	(1,892,464)
TOTAL NET POSITION, BEGINNING	<u>2,545,252</u>
TOTAL NET POSITION, ENDING	<u>\$ 652,788</u>

GREGG COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from interfund charges for print shop services	\$ 36,836
Cash receipts from interfund charges for self-insurance services	6,195,871
Payments to suppliers for goods and services	(7,696,561)
Payments to employees for salaries and benefits	(41,302)
Net cash used by operating activities	<u>(1,505,156)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale and maturities of securities	1,546,362
Earnings on investments	<u>14,501</u>
Net cash used by investing activities	<u>1,560,863</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	55,707
CASH AND CASH EQUIVALENTS, BEGINNING	<u>75,196</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 130,903</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$(1,902,627)
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	1,794
Accounts receivable	(25,561)
Increase (decrease) in liabilities:	
Accounts payable	27,227
Accrued liabilities	<u>385,664</u>
Net cash used by operations	<u>\$(1,505,156)</u>

GREGG COUNTY, TEXAS
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2017

ASSETS

Cash and investments	\$ <u>8,480,706</u>
Total assets	\$ <u>8,480,706</u>

LIABILITIES

Due to others	\$ <u>8,480,706</u>
Total liabilities	\$ <u>8,480,706</u>

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GREGG COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

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 Capital 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, 2017.

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, 2017, 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 – in the County's case, by resolution of the Commissioners' Court. 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 is TexPool, 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 Texas State Comptroller oversees the operations of the investment pool, with a third party managing the daily operations of the pool under contract. 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, 2017. 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, 2017.

As of September 30, 2017, the County held the following fair value measurements:

	9/30/2017	<u>Fair Value Measurement Using</u>			Percent of Total Portfolio	Weighted Average Maturity (Days)
		(Level 1)	(Level 2)	(Level 3)		
Primary government						
Cash and cash equivalents						
Cash deposits - County	\$ 9,530,792					
Cash deposits - Agency funds	<u>7,982,029</u>					
Total cash and cash equivalents	<u>17,512,821</u>					
Investments measured at net asset value per share:						
Investment pools:						
TexPool	33,770,000				42%	40
Investments by fair value level:						
				\$ -		
Money Markets and CDs	2,476,276	-	2,476,276	-	3%	221
State and Municipal Bonds	2,031,780	2,031,780	-	-	3%	221
Federal Farm Credit Bank	7,970,385		7,970,385	-	10%	480
Federal Home Loan Bank	3,185,622	-	3,185,622	-	4%	532
Federal Home Loan Mortgage Corporation	15,939,826	997,240	14,942,586	-	20%	426
Federal National Mortgage Association	<u>15,442,746</u>	<u>2,544,291</u>	<u>12,898,455</u>	<u>-</u>	19%	686
Total investments	<u>80,816,635</u>	<u>5,573,311</u>	<u>41,473,324</u>	<u>-</u>		
Total cash and investments of the primary government						
	<u>\$ 98,329,456</u>	<u>\$ 5,573,311</u>	<u>\$ 41,473,324</u>	<u>\$ -</u>		
Portfolio weighted average maturity (days)						313
Component unit						
Cash deposits	<u>\$ 275,028</u>					
Total cash and investments of the reporting entity	<u>\$ 98,604,484</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, 2017, 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, 2017, 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, 2017, were rated as follows:

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

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 Capital Improvement</u>	<u>Nonmajor Funds</u>	<u>Internal Service</u>	<u>Total</u>
Receivables:							
Taxes	\$ 1,280,110	\$ 81,648	\$ 17,130	\$ -	\$ 119,903	\$ -	\$ 1,498,791
Accounts	7,898,315	2,993,158	-	-	540,451	81,203	11,513,127
Interest	134,376	9,756	40,125	-	10,346	990	195,593
Due from other governments	<u>2,680,571</u>	<u>-</u>	<u>-</u>	<u>1,258,453</u>	<u>100,603</u>	<u>-</u>	<u>4,039,627</u>
Gross receivables	11,993,372	3,084,562	57,255	1,258,453	771,303	82,193	17,247,138
Less: allowance for uncollectibles	<u>(5,422,034)</u>	<u>(985,109)</u>	<u>(10,521)</u>	<u>-</u>	<u>(332,793)</u>	<u>-</u>	<u>(6,750,457)</u>
Net total receivables	<u>\$ 6,571,338</u>	<u>\$ 2,099,453</u>	<u>\$ 46,734</u>	<u>\$ 1,258,453</u>	<u>\$ 438,510</u>	<u>\$ 82,193</u>	<u>\$ 10,496,681</u>

Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,318,940	\$ -	\$ -	\$ 1,318,940
Construction in progress	6,659,545	7,447,562	(9,045,039)	5,062,068
Total assets not being depreciated	<u>7,978,485</u>	<u>7,447,562</u>	<u>(9,045,039)</u>	<u>6,381,008</u>
Capital assets, being depreciated:				
Buildings and improvements	52,389,613	1,792,684	-	54,182,297
Equipment	19,923,762	1,192,971	(896,748)	20,219,985
Infrastructure	82,836,432	7,252,355	-	90,088,787
Total capital assets being depreciated	<u>155,149,807</u>	<u>10,238,010</u>	<u>(896,748)</u>	<u>164,491,069</u>
Accumulated depreciation:				
Buildings and improvements	(26,255,000)	(1,817,362)	-	(28,072,362)
Equipment	(15,798,636)	(1,135,450)	501,587	(16,432,499)
Infrastructure	(56,177,138)	(3,842,748)	-	(60,019,886)
Total accumulated depreciation	<u>(98,230,774)</u>	<u>(6,795,560)</u>	<u>501,587</u>	<u>(104,524,747)</u>
Total capital assets being depreciated, net	<u>56,919,033</u>	<u>3,442,450</u>	<u>(395,161)</u>	<u>59,966,322</u>
Governmental activities capital assets, net	<u>\$ 64,897,518</u>	<u>\$ 10,890,012</u>	<u>\$(9,440,200)</u>	<u>\$ 66,347,330</u>

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

Governmental activities:	
General government	\$ 3,037,854
Judicial	9,095
Public safety	391,412
Public buildings	1,280,638
Transportation and roads	<u>2,076,561</u>
Total depreciation expense - governmental activities	<u>\$ 6,795,560</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2017, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Airport Capital Improvement	\$ 808,705
	Nonmajor governmental:	
	Grant	103,787
	VIT Operating	861
	District Attorney	4,536
		<u>\$ 917,889</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 Capital Improvement	Nonmajor Governmental	
Transfer out:						
General	\$ -	\$ 960,000	\$ 1,843,500	\$ -	\$ 94,421	\$ 2,897,921
Capital Improvement	59,000	-	-	298,357	-	357,357
Nonmajor governmental	-	-	-	-	49,926	49,926
Total transfers out	<u>\$ 59,000</u>	<u>\$ 960,000</u>	<u>\$ 1,843,500</u>	<u>\$ 298,357</u>	<u>\$ 144,347</u>	<u>\$ 3,305,204</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, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Capital leases payable	\$ 393,063	\$ 514,252	\$ 393,659	\$ 513,656	\$ 510,408
Compensated absences	1,364,413	1,119,531	1,288,320	1,195,624	995,507
Net pension liability	11,040,240	3,148,146	2,699,720	11,488,666	-
Governmental activity long-term liabilities	<u>\$ 12,797,716</u>	<u>\$ 4,781,929</u>	<u>\$ 4,381,699</u>	<u>\$ 13,197,946</u>	<u>\$ 1,505,915</u>

For compensated absences and the 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 lease agreements for four Mack dump trucks to be used by the Road and Bridge precincts of the County valued at \$509,559. This machinery has 10-year estimated useful lives. The equipment has a 5-year estimated useful life. 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, 2017, were as follows:

<u>Year ending September 30,</u>	<u>Governmental Activities</u>
2018	\$ <u>525,653</u>
Total minimum lease payments	525,653
Less: Interest portion	<u>11,997</u>
Present value of minimum lease payments	<u>\$ 513,656</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 2017, 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.

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. By law, employee accounts earn 7% interest. 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.

Employees covered by benefit terms

At the December 31, 2016, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	348
Inactive employees entitled to but not yet receiving benefits	537
Active employees	<u>622</u>
	<u><u>1,507</u></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 2016 and 2017. The County's contributions to TCDRS for the year ended September 30, 2017, were \$2,805,690, and were equal to the required contributions.

Net Pension Liability. The County's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016, 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 projected to 2014 with 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 projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table projected to 2014 with scale AA and then projected with 110% of the MP-2014 Ultimate scale after that, with no age adjustment for males and a two-year set-forward for females.

The actuarial assumptions that determined the total pension liability as of December 31, 2016, 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 2016 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 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 2017 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:

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	13.50%	4.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	16.00%	7.70%
Global Equities	MSCI World (net) Index	1.50%	5.00%
International Equities - Developed	MSCI World Ex USA (net)	10.00%	4.70%
International Equities - Emerging	MSCI EM Standard (net) Index	7.00%	5.70%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.60%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.70%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	2.00%	3.83%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.15%
Distressed Debt	Cambridge Associates Real Estate Index ⁽⁴⁾	3.00%	6.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate Index	2.00%	3.85%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.60%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	20.00%	3.85%

⁽¹⁾ Target asset allocation adopted at the April 2017 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return in addition to assumed inflation of 2.0% per Cliffwater's 2017 capital market assumptions.

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. 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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2015	\$ 122,707,690	\$ 111,667,450	\$ 11,040,240
Changes for the year:			
Service cost	3,531,610	-	3,531,610
Interest on total pension liability ⁽¹⁾	9,867,996	-	9,867,996
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	90,665	-	90,665
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(352,568)	(352,568)	-
Benefit payments	(4,975,180)	(4,975,180)	-
Administrative expenses	-	(89,747)	89,747
Member contributions	-	1,836,277	(1,836,277)
Net investment income	-	8,259,029	(8,259,029)
Employer contributions	-	2,833,558	(2,833,558)
Other ⁽³⁾	-	202,728	(202,728)
Balance at 12/31/2016	<u>\$ 130,870,213</u>	<u>\$ 119,381,547</u>	<u>\$ 11,488,666</u>

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

⁽²⁾ No plan changes valued.

⁽³⁾ 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	Current	1% Increase
	7.1%	Discount Rate 8.1%	9.1%
Total pension liability	\$ 147,609,109	\$ 130,870,213	\$ 116,914,306
Fiduciary net position	<u>119,381,547</u>	<u>119,381,547</u>	<u>119,381,547</u>
Net pension liability/(asset)	<u>\$ 28,227,562</u>	<u>\$ 11,488,666</u>	<u>\$ (2,467,241)</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 at www.tcdrs.org.

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

For the year ended September 30, 2017, the County recognized pension expense of \$4,512,200. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 1,020,448	\$ 67,999
Changes in actuarial assumptions	-	673,481
Difference between projected and actual investment earnings	-	6,875,316
Contributions subsequent to the measurement date	-	2,161,959
Total	<u>\$ 1,020,448</u>	<u>\$ 9,778,755</u>

\$2,161,959 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

For The Year Ended September 30,	
2018	\$ 2,085,276
2019	2,290,277
2020	2,067,916
2021	<u>152,879</u>
Total	<u>\$ 6,596,348</u>

New Accounting Principles

The following GASB pronouncements have been issued, but are not yet effective at September 30, 2017.

- GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions
- GASB Statement No. 81, Irrevocable Split-Interest Agreements
- GASB Statement No. 82, Pension Issues (an Amendment of GASB Statements No. 67, No. 68, and No. 73)
- GASB Statement No. 83, Certain Asset Retirement Obligations
- GASB Statement No. 84, Fiduciary Activities
- GASB Statements No. 85, Omnibus 2017
- GASB Statement No. 86, Certain Debt Extinguishment Issues
- GASB Statement No. 87, Leases

The County will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The County believes that the above listed new GASB pronouncements will not have a significant financial impact to the County or in issuing its financial statements.

Tax Abatements

The County enters into property tax abatement agreements with local businesses under the provisions of the Property Redevelopment and Tax Abatement Act found in Chapter 312 of the Texas Tax Code. The Property Redevelopment and Tax Abatement Act provides governing bodies the power to establish Enterprise Zones and Reinvestment Zones for the abatement of ad valorem taxes assessed against real property or tangible personal property located on the real property provided that certain conditions as detailed in the Law are met. The goal of tax abatement is to provide long term significant positive impact on the community and to utilize area contractors and work force to the maximum extent feasible by developing, redeveloping and improving real property.

The County entered into a Tax Abatement Agreement with a Company whereby the Company would be eligible for abatement of real property Ad Valorem taxes pertaining to the real property being purchased by the Company. The Company and an affiliate would be eligible for abatement of personal property ad valorem taxes for tangible personal property to be located on the real property. The Tax Abatement Agreement also provided the Company with the right to assign its interest to another entity if the entity has executed a Sale/Leaseback Agreement for the Real Property only. The companies were granted a 100% Ad Valorem Property Tax Exemption on added value, to construct a new facility on real property located within the city limits or extraterritorial jurisdiction of the City of Kilgore and to locate personal property on the real property. The term of the exemption will be for the period of time of ten years, beginning January 1, 2008. After the term expires the full value of the improvements shall be included on the tax roll and assessed appropriately and the agreement shall terminate. The abatement of taxes under this agreement for fiscal year 2017 was \$62,300.

The County entered into a Tax Abatement Agreement with a Company whereby the Company would be eligible for abatement of real and personal property Ad Valorem taxes. The company was granted a 25% Ad Valorem Property Tax Exemption, to construct or lease within the Zone improvements to the Real Property and/or purchase certain tangible Personal Property for use in the Zone or on location outside of the Zone so long as the taxable sites of such Personal Property is in the Zone. The abatement of taxes under this agreement for fiscal year 2017 was \$5,158.

**REQUIRED
SUPPLEMENTARY INFORMATION**

GREGG COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Current property	\$ 17,997,478	\$ 17,997,478	\$ 17,928,903	\$(68,575)
Current penalty and interest	85,000	85,000	94,406	9,406
Delinquent property	381,267	381,267	345,795	(35,472)
Delinquent penalty and interest	70,000	70,000	96,095	26,095
Alcoholic beverage	260,000	260,000	268,852	8,852
Bingo	90,000	90,000	106,430	16,430
Sales	12,700,000	12,700,000	13,868,846	1,168,846
Motor vehicle sales	1,635,000	1,635,000	1,534,344	(100,656)
Total taxes	<u>33,218,745</u>	<u>33,218,745</u>	<u>34,243,671</u>	<u>1,024,926</u>
Licenses and permits:				
Alcoholic beverage licenses	40,000	40,000	33,060	(6,940)
Sexually oriented businesses	12,000	12,000	13,200	1,200
Bail bond applications	1,500	1,500	4,000	2,500
Sewage disposal systems	27,000	27,000	25,000	(2,000)
Total licenses and permits	<u>80,500</u>	<u>80,500</u>	<u>75,260</u>	<u>(5,240)</u>
Intergovernmental:				
Juvenile salary supplement	5,000	5,000	30,000	25,000
State supplement - court at law	150,000	150,000	168,000	18,000
State supplement - assistant prosecutors	27,500	27,500	40,960	13,460
State - indigent defense	115,000	115,000	87,631	(27,369)
State - juror reimbursement	42,000	42,000	35,734	(6,266)
State - commercial waste management fees	200	200	213	13
State - district attorney	4,317.00	4,317.00	4,317	-
City of Lakeport - sewer fees	1,000	1,000	1,200	200
Fiscal service fee	15,337	15,337	15,156	(181)
Social security incentive payment	-	-	48,400	48,400
Drug enforcement task force	3,500	3,500	19,760	16,260
Sabine Valley deputy	103,000	103,000	-	(103,000)
Sabine ISD resource officer	42,500	42,500	39,452	(3,048)
City of Longview - prisoner care	297,608	297,608	297,608	-
State - Title IV-E Legal Reimbursement	12,500	12,500	21,365	8,865
Child welfare board reimbursement	6,500	6,500	8,276	1,776
ATF Task Force	-	-	12,989	12,989
Total intergovernmental	<u>825,962</u>	<u>825,962</u>	<u>831,061</u>	<u>5,099</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES (Continued)				
Charges for services:				
Sheriff	\$ 372,500	\$ 372,500	\$ 359,137	\$(13,363)
Constable # 1	36,500	36,500	50,120	13,620
Constable # 2	44,000	44,000	51,905	7,905
Constable # 3	22,000	22,000	32,897	10,897
Constable # 4		52,000	52,952	952
County clerk	790,000	790,000	783,401	(6,599)
County clerk - bond administrative fee	5,000	5,000	4,588	(412)
County clerk - archival fee	95,459	95,459	99,970	4,511
County clerk - electronic trans fee	3,900	3,900	4,748	848
Sheriff - bond administrative fee	2,100	2,100	1,585	(515)
District clerk - bond administrative fee	50	50	-	(50)
District clerk - archival fee	19,500	19,500	20,292	792
District clerk - electronic trans fee	23,500	23,500	36,101	12,601
Tax assessor - collector	740,000	740,000	668,935	(71,065)
Tax collection contract fees	258,000	258,000	267,182	9,182
District attorney	30,000	30,000	20,816	(9,184)
District clerk	309,000	309,000	327,006	18,006
Justice of the Peace # 1	21,000	21,000	30,282	9,282
Justice of the Peace # 2	17,500	17,500	19,885	2,385
Justice of the Peace # 3	11,000	11,000	11,305	305
Justice of the Peace # 4	16,500	16,500	15,515	(985)
Trial fees	20	20	-	(20)
Jury	8,300	8,300	10,437	2,137
Probate judge education fees	2,500	2,500	3,249	749
Other arrest fees	78,000	78,000	72,214	(5,786)
Judges fee - probate	3,300	3,300	3,519	219
State fees	85,000	85,000	74,936	(10,064)
State fees - TP - judicial efficiency	3,200	3,200	3,525	325
State fee - drug court program	19,000	19,000	18,249	(751)
Court reporter service fees	38,500	38,500	38,479	(21)
DRO fees	225	225	230	5
Guardianship fee	11,000	11,000	12,240	1,240
Parking lot fees	5,600	5,600	5,093	(507)
Computer services	6,500	6,500	6,500	-
Family protection fees	9,000	9,000	7,458	(1,542)
Defensive driving fees	28,000	28,000	28,574	574
Child safety fees	1,400	1,400	1,571	171
Traffic fees	5,500	5,500	4,768	(732)
Video fees	5,500	5,500	4,829	(671)
Inmate reimbursement	11,500	11,500	12,873	1,373
Total charges for services	<u>3,139,554</u>	<u>3,191,554</u>	<u>3,167,366</u>	<u>(24,188)</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES (Continued)				
Fines and forfeitures:				
Justice court fines - JP 1	\$ 120,000	\$ 120,000	\$ 93,093	\$(26,907)
Justice court fines - JP 2	70,000	70,000	68,425	(1,575)
Justice court fines - JP 3	163,000	163,000	143,626	(19,374)
Justice court fines - JP 4	92,000	92,000	92,755	755
Total fines and forfeitures	<u>445,000</u>	<u>445,000</u>	<u>397,899</u>	<u>(47,101)</u>
Investment earnings:				
Interest	225,000	225,000	407,766	182,766
Unrealized gains (losses)	-	-	(150,075)	(150,075)
Total investment earnings	<u>225,000</u>	<u>225,000</u>	<u>257,691</u>	<u>32,691</u>
Rent and commissions:				
BorgWarner Automotive	35,000	35,000	30,989	(4,011)
A & M Tower, Inc.	12,000	12,000	12,333	333
Community buildings	30,000	30,000	24,885	(5,115)
Other rent	26,100	26,100	26,384	284
Royalties	12,000	12,000	14,213	2,213
Telephone coin stations	320,000	320,000	275,219	(44,781)
Federal - jail lease	1,650,000	1,650,000	861,217	(788,783)
Contract jail revenue	50,000	50,000	-	(50,000)
Concession sales	-	-	53,299	53,299
Vending machine sales	-	-	6,863	6,863
Longview Community Center	36,000	36,000	47,922	11,922
Total rent and commissions	<u>2,171,100</u>	<u>2,171,100</u>	<u>1,353,324</u>	<u>(817,776)</u>
Miscellaneous:				
Miscellaneous	70,000	70,000	367,870	297,870
Total miscellaneous	<u>70,000</u>	<u>70,000</u>	<u>367,870</u>	<u>297,870</u>
Total revenues	<u>40,175,861</u>	<u>40,227,861</u>	<u>40,694,142</u>	<u>466,281</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General government:				
County clerk - administration:				
Salaries	\$ 725,398	\$ 725,398	\$ 689,012	\$ 36,386
Fringe benefits	340,437	340,437	326,066	14,371
Operating	<u>61,664</u>	<u>61,664</u>	<u>51,471</u>	<u>10,193</u>
Total county clerk - administration	<u>1,127,499</u>	<u>1,127,499</u>	<u>1,066,549</u>	<u>60,950</u>
County clerk - archive restoration:				
Salaries	46,922	46,922	44,216	2,706
Fringe benefits	18,635	18,635	17,847	788
Operating	<u>67,564</u>	<u>67,564</u>	<u>1,204</u>	<u>66,360</u>
Total county clerk - archive restoration	<u>133,121</u>	<u>133,121</u>	<u>63,267</u>	<u>69,854</u>
Telecommunications:				
Salaries	49,829	49,829	44,986	4,843
Fringe benefits	9,315	9,315	8,566	749
Operating	<u>150</u>	<u>150</u>	<u>106</u>	<u>44</u>
Total telecommunications	<u>59,294</u>	<u>59,294</u>	<u>53,658</u>	<u>5,636</u>
Purchasing:				
Salaries	198,092	198,962	193,822	5,140
Fringe benefits	76,490	76,920	74,330	2,590
Operating	<u>20,710</u>	<u>25,710</u>	<u>19,133</u>	<u>6,577</u>
Total purchasing	<u>295,292</u>	<u>301,592</u>	<u>287,285</u>	<u>14,307</u>
Human resources:				
Salaries	154,040	154,040	149,224	4,816
Fringe benefits	58,420	58,420	56,651	1,769
Operating	<u>15,537</u>	<u>15,537</u>	<u>15,537</u>	<u>-</u>
Total human resources	<u>227,997</u>	<u>227,997</u>	<u>221,412</u>	<u>6,585</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
General government: (Continued)				
Nondepartmental - general government:				
Fringe benefits	\$ 208,600	\$ 93,887	\$ 35	\$ 93,852
Operating	<u>3,015,180</u>	<u>2,534,508</u>	<u>2,416,650</u>	<u>117,858</u>
Total nondepartmental - general government	<u>3,223,780</u>	<u>2,628,395</u>	<u>2,416,685</u>	<u>211,710</u>
County judge:				
Salaries	182,068	182,068	182,067	1
Fringe benefits	63,887	63,887	60,450	3,437
Operating	<u>18,512</u>	<u>18,512</u>	<u>6,530</u>	<u>11,982</u>
Total county judge	<u>264,467</u>	<u>264,467</u>	<u>249,047</u>	<u>15,420</u>
Postal services:				
Operating	<u>30,600</u>	<u>13,600</u>	<u>11,579</u>	<u>2,021</u>
Total postal services	<u>30,600</u>	<u>13,600</u>	<u>11,579</u>	<u>2,021</u>
Concession operations:				
Operating	<u>-</u>	<u>-</u>	<u>31,467</u>	<u>(31,467)</u>
Total concession operations	<u>-</u>	<u>-</u>	<u>31,467</u>	<u>(31,467)</u>
Elections:				
Salaries	194,060	197,060	185,167	11,893
Fringe benefits	70,510	70,510	65,058	5,452
Operating	<u>120,120</u>	<u>120,120</u>	<u>107,493</u>	<u>12,627</u>
Total elections	<u>384,690</u>	<u>387,690</u>	<u>357,718</u>	<u>29,972</u>
County auditor:				
Salaries	576,024	576,024	548,929	27,095
Fringe benefits	216,535	216,535	199,085	17,450
Operating	<u>25,290</u>	<u>25,290</u>	<u>23,804</u>	<u>1,486</u>
Total county auditor	<u>817,849</u>	<u>817,849</u>	<u>771,818</u>	<u>46,031</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
General government: (Continued)				
Tax assessor-collector:				
Salaries	\$ 1,067,788	\$ 1,077,058	\$ 1,059,111	\$ 17,947
Fringe benefits	482,992	483,370	464,417	18,953
Operating	199,670	189,468	178,081	11,387
Capital outlay	-	4,693	4,693	-
Total tax assessor-collector	<u>1,750,450</u>	<u>1,754,589</u>	<u>1,706,302</u>	<u>48,287</u>
Information services:				
Salaries	377,825	377,825	377,822	3
Fringe benefits	168,870	169,290	167,177	2,113
Operating	932,442	927,022	915,497	11,525
Capital outlay	-	5,000	5,000	-
Total information services	<u>1,479,137</u>	<u>1,479,137</u>	<u>1,465,496</u>	<u>13,641</u>
Agricultural extension service:				
Salaries	83,965	83,965	77,964	6,001
Fringe benefits	53,680	53,680	46,553	7,127
Operating	20,425	20,425	19,757	668
Total agricultural extension service	<u>158,070</u>	<u>158,070</u>	<u>144,274</u>	<u>13,796</u>
Total general government	<u>9,952,246</u>	<u>9,353,300</u>	<u>8,846,557</u>	<u>506,743</u>
Judicial:				
Court of civil appeals:				
Salaries	16,008	16,009	16,009	-
Fringe benefits	1,225	1,225	1,225	-
Total court of civil appeals	<u>17,233</u>	<u>17,234</u>	<u>17,234</u>	<u>-</u>

GREGG COUNTY, TEXAS

GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Judicial: (Continued)				
County court-at-law no. 1:				
Salaries	\$ 275,121	\$ 275,121	\$ 274,119	\$ 1,002
Fringe benefits	86,487	86,487	80,595	5,892
Operating	<u>15,020</u>	<u>16,245</u>	<u>13,609</u>	<u>2,636</u>
Total county court-at-law no. 1	<u>376,628</u>	<u>377,853</u>	<u>368,323</u>	<u>9,530</u>
County court-at-law no. 2:				
Salaries	261,773	261,773	260,272	1,501
Fringe benefits	83,827	83,827	78,756	5,071
Operating	<u>11,290</u>	<u>11,290</u>	<u>10,529</u>	<u>761</u>
Total county court-at-law no. 2	<u>356,890</u>	<u>356,890</u>	<u>349,557</u>	<u>7,333</u>
Attorney general master:				
Operating	<u>1,050</u>	<u>1,050</u>	<u>40</u>	<u>1,010</u>
Total attorney general master	<u>1,050</u>	<u>1,050</u>	<u>40</u>	<u>1,010</u>
124th district court:				
Salaries	108,930	108,930	107,329	1,601
Fringe benefits	40,035	40,035	39,299	736
Operating	<u>18,594</u>	<u>18,969</u>	<u>15,509</u>	<u>3,460</u>
Total 124th district court	<u>167,559</u>	<u>167,934</u>	<u>162,137</u>	<u>5,797</u>
188th district court:				
Salaries	102,877	102,877	102,876	1
Fringe benefits	39,040	39,040	38,663	377
Operating	<u>19,354</u>	<u>19,354</u>	<u>10,811</u>	<u>8,543</u>
Total 188th district court	<u>161,271</u>	<u>161,271</u>	<u>152,350</u>	<u>8,921</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Judicial: (Continued)				
307th district court:				
Salaries	\$ 95,241	\$ 95,241	\$ 94,240	\$ 1,001
Fringe benefits	37,435	37,435	36,663	772
Operating	<u>17,750</u>	<u>18,125</u>	<u>11,013</u>	<u>7,112</u>
Total 307th district court	<u>150,426</u>	<u>150,801</u>	<u>141,916</u>	<u>8,885</u>
Judicial:				
Operating expenditures	<u>1,915,000</u>	<u>2,100,000</u>	<u>1,903,525</u>	<u>196,475</u>
Total judicial	<u>1,915,000</u>	<u>2,100,000</u>	<u>1,903,525</u>	<u>196,475</u>
District clerk:				
Salaries	668,439	668,439	631,413	37,026
Fringe benefits	319,967	319,967	296,406	23,561
Operating	<u>53,450</u>	<u>53,450</u>	<u>52,339</u>	<u>1,111</u>
Total district clerk	<u>1,041,856</u>	<u>1,041,856</u>	<u>980,158</u>	<u>61,698</u>
District clerk archive restoration:				
Operating	25,000	25,000	24,327	673
Total district clerk archive restoration	<u>25,000</u>	<u>25,000</u>	<u>24,327</u>	<u>673</u>
Justice of the peace no. 1:				
Salaries	250,591	250,591	237,054	13,537
Fringe benefits	115,627	115,627	107,886	7,741
Operating	<u>60,500</u>	<u>60,500</u>	<u>47,450</u>	<u>13,050</u>
Total justice of the peace no. 1	<u>426,718</u>	<u>426,718</u>	<u>392,390</u>	<u>34,328</u>
Justice of the peace no. 2:				
Salaries	134,173	134,173	127,523	6,650
Fringe benefits	55,012	55,012	52,759	2,253
Operating	<u>34,887</u>	<u>34,887</u>	<u>30,135</u>	<u>4,752</u>
Total justice of the peace no. 2	<u>224,072</u>	<u>224,072</u>	<u>210,417</u>	<u>13,655</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Judicial: (Continued)				
Justice of the peace no. 3:				
Salaries	\$ 159,985	\$ 159,985	\$ 149,862	\$ 10,123
Fringe benefits	69,487	69,487	64,509	4,978
Operating	<u>34,621</u>	<u>34,621</u>	<u>31,986</u>	<u>2,635</u>
Total justice of the peace no. 3	<u>264,093</u>	<u>264,093</u>	<u>246,357</u>	<u>17,736</u>
Justice of the peace no. 4:				
Salaries	142,832	142,832	140,579	2,253
Fringe benefits	65,707	65,707	64,046	1,661
Operating	<u>47,050</u>	<u>47,050</u>	<u>37,952</u>	<u>9,098</u>
Total justice of the peace no. 4	<u>255,589</u>	<u>255,589</u>	<u>242,577</u>	<u>13,012</u>
District attorney:				
Salaries	1,856,182	1,856,182	1,826,286	29,896
Fringe benefits	650,332	650,332	628,593	21,739
Operating	<u>102,135</u>	<u>108,294</u>	<u>103,318</u>	<u>4,976</u>
Total district attorney	<u>2,608,649</u>	<u>2,614,808</u>	<u>2,558,197</u>	<u>56,611</u>
Bail bond board:				
Salaries	3,600	3,600	-	3,600
Fringe benefits	685	685	-	685
Operating	<u>1,665</u>	<u>1,665</u>	<u>627</u>	<u>1,038</u>
Total bail bond board	<u>5,950</u>	<u>5,950</u>	<u>627</u>	<u>5,323</u>
Collections office:				
Salaries	141,933	141,933	140,757	1,176
Fringe benefits	65,615	65,615	60,822	4,793
Operating	<u>13,945</u>	<u>49,465</u>	<u>18,394</u>	<u>31,071</u>
Total collections office	<u>221,493</u>	<u>257,013</u>	<u>219,973</u>	<u>37,040</u>
Drug Court Contributions:				
Operating	<u>114,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Drug Court Contributions	<u>114,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total judicial	<u>8,333,477</u>	<u>8,448,132</u>	<u>7,970,105</u>	<u>478,027</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public safety:				
Constable no. 1:				
Salaries	\$ 44,626	\$ 44,626	\$ 44,625	\$ 1
Fringe benefits	19,477	19,477	19,081	396
Operating	4,500	4,500	2,856	1,644
Total constable no. 1	<u>68,603</u>	<u>68,603</u>	<u>66,562</u>	<u>2,041</u>
Constable no. 2:				
Salaries	44,626	44,626	44,625	1
Fringe benefits	19,337	19,337	18,602	735
Operating	6,453	6,453	4,778	1,675
Total constable no. 2	<u>70,416</u>	<u>70,416</u>	<u>68,005</u>	<u>2,411</u>
Constable no. 3:				
Salaries	63,926	63,926	59,466	4,460
Fringe benefits	22,912	22,912	19,960	2,952
Operating	13,491	15,991	15,670	321
Total constable no. 3	<u>100,329</u>	<u>102,829</u>	<u>95,096</u>	<u>7,733</u>
Constable no. 4:				
Salaries	44,626	44,626	44,625	1
Fringe benefits	19,482	19,482	18,117	1,365
Operating	8,730	8,730	7,442	1,288
Total constable no. 4	<u>72,838</u>	<u>72,838</u>	<u>70,184</u>	<u>2,654</u>
Sheriff - corrections:				
Salaries	7,771,552	7,946,942	7,908,723	38,219
Fringe benefits	3,481,872	3,363,943	3,314,235	49,708
Operating	1,733,100	1,726,236	1,704,600	21,636
Capital outlay	-	120,752	120,548	204
Total sheriff - corrections	<u>12,986,524</u>	<u>13,157,873</u>	<u>13,048,106</u>	<u>109,767</u>
Contract jail operations:				
Salaries	1,636,913	1,696,120	1,647,559	48,561
Fringe benefits	792,620	777,952	731,441	46,511
Operating	338,150	338,150	213,901	124,249
Total contract jail operations	<u>2,767,683</u>	<u>2,812,222</u>	<u>2,592,901</u>	<u>219,321</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public safety: (Continued)				
Criminal Justice Center operations:				
Salaries	\$ 257,834	\$ 263,834	\$ 246,953	\$ 16,881
Fringe benefits	129,775	129,775	118,044	11,731
Operating	71,650	71,650	69,283	2,367
Total Criminal Justice Center operations	<u>459,259</u>	<u>465,259</u>	<u>434,280</u>	<u>30,979</u>
Department of Public Safety:				
Operating	75,000	3,500	3,341	159
Total Department of Public Safety	<u>75,000</u>	<u>3,500</u>	<u>3,341</u>	<u>159</u>
DPS hangar:				
Operating	8,685	8,685	3,527	5,158
Total DPS hangar	<u>8,685</u>	<u>8,685</u>	<u>3,527</u>	<u>5,158</u>
Parks and wildlife:				
Operating	1,215	2,415	1,900	515
Total parks and wildlife	<u>1,215</u>	<u>2,415</u>	<u>1,900</u>	<u>515</u>
Pre-trial services:				
Salaries	27,862	27,862	21,937	5,925
Fringe benefits	14,940	14,940	11,927	3,013
Operating	1,260	1,260	1,259	1
Total pre-trial services	<u>44,062</u>	<u>44,062</u>	<u>35,123</u>	<u>8,939</u>
Juvenile board:				
Salaries	116,613	116,613	116,613	-
Fringe benefits	51,051	55,743	54,564	1,179
Total juvenile board	<u>167,664</u>	<u>172,356</u>	<u>171,177</u>	<u>1,179</u>
Total public safety	<u>16,822,278</u>	<u>16,981,058</u>	<u>16,590,202</u>	<u>390,856</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
Health and human services:				
Veterans services:				
Salaries	\$ 67,265	\$ 67,265	\$ 67,265	\$ -
Fringe benefits	32,140	32,140	31,807	333
Operating	13,466	13,466	12,972	494
Total veterans services	<u>112,871</u>	<u>112,871</u>	<u>112,044</u>	<u>827</u>
Civil defense:				
Operating	<u>23,150</u>	<u>23,150</u>	<u>22,766</u>	<u>384</u>
Total civil defense	<u>23,150</u>	<u>23,150</u>	<u>22,766</u>	<u>384</u>
911 Addressing:				
Salaries	55,400	55,400	55,400	-
Fringe benefits	21,780	21,779	12,138	9,641
Operating	<u>13,365</u>	<u>13,365</u>	<u>10,116</u>	<u>3,249</u>
Total 911 addressing	<u>90,545</u>	<u>90,544</u>	<u>77,654</u>	<u>12,890</u>
Health:				
Salaries	349,999	350,239	320,469	29,770
Fringe benefits	154,820	154,820	143,435	11,385
Operating	<u>981,403</u>	<u>1,062,308</u>	<u>1,014,366</u>	<u>47,942</u>
Total health	<u>1,486,222</u>	<u>1,567,367</u>	<u>1,478,270</u>	<u>89,097</u>
Historical commission:				
Operating	<u>14,580</u>	<u>14,580</u>	<u>2,131</u>	<u>12,449</u>
Total historical commission	<u>14,580</u>	<u>14,580</u>	<u>2,131</u>	<u>12,449</u>
Contributions:				
Operating	<u>637,658</u>	<u>751,658</u>	<u>750,657</u>	<u>1,001</u>
Total contributions	<u>637,658</u>	<u>751,658</u>	<u>750,657</u>	<u>1,001</u>
Total health and human services	<u>2,365,026</u>	<u>2,560,170</u>	<u>2,443,522</u>	<u>116,648</u>
Courthouse building:				
Salaries	549,684	550,164	530,234	19,930
Fringe benefits	284,620	284,620	269,424	15,196
Operating	655,850	646,213	527,106	119,107
Capital outlay	<u>-</u>	<u>9,637</u>	<u>9,637</u>	<u>-</u>
Total courthouse building	<u>1,490,154</u>	<u>1,490,634</u>	<u>1,336,401</u>	<u>154,233</u>
Jail building:				
Operating	<u>366,800</u>	<u>360,800</u>	<u>341,449</u>	<u>19,351</u>
Total jail building	<u>366,800</u>	<u>360,800</u>	<u>341,449</u>	<u>19,351</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Service center building:				
Operating	\$ 43,500	\$ 43,500	\$ 29,613	\$ 13,887
Total service center building	<u>43,500</u>	<u>43,500</u>	<u>29,613</u>	<u>13,887</u>
Longview Whaley Street community building:				
Salaries	80,643	80,636	71,658	8,978
Fringe benefits	26,865	26,872	23,957	2,915
Operating	<u>38,397</u>	<u>38,397</u>	<u>31,795</u>	<u>6,602</u>
Total Longview Whaley Street community building	<u>145,905</u>	<u>145,905</u>	<u>127,410</u>	<u>18,495</u>
Judson community building:				
Operating	<u>5,810</u>	<u>5,810</u>	<u>4,691</u>	<u>1,119</u>
Total Judson community building	<u>5,810</u>	<u>5,810</u>	<u>4,691</u>	<u>1,119</u>
West Harrison volunteer fire department building:				
Operating	<u>2,120</u>	<u>2,120</u>	<u>1,556</u>	<u>564</u>
Total West Harrison volunteer fire department building	<u>2,120</u>	<u>2,120</u>	<u>1,556</u>	<u>564</u>
Greggton community building:				
Salaries	-	2,678	2,433	245
Fringe benefits	-	513	439	74
Operating	<u>37,670</u>	<u>34,479</u>	<u>22,652</u>	<u>11,827</u>
Total Greggton community building	<u>37,670</u>	<u>37,670</u>	<u>25,524</u>	<u>12,146</u>
Gladewater Commerce Street building:				
Operating	<u>11,840</u>	<u>11,840</u>	<u>11,514</u>	<u>326</u>
Total Gladewater Commerce Street building	<u>11,840</u>	<u>11,840</u>	<u>11,514</u>	<u>326</u>

GREGG COUNTY, TEXAS

GENERAL FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public buildings: (Continued)				
Liberty City office/community building:				
Operating	\$ 33,457	\$ 19,171	\$ 6,468	\$ 12,703
Total Liberty City office/ community building	<u>33,457</u>	<u>19,171</u>	<u>6,468</u>	<u>12,703</u>
Hugh Camp Memorial Park:				
Operating	<u>25,330</u>	<u>33,330</u>	<u>26,480</u>	<u>6,850</u>
Total Hugh Camp Memorial Park	<u>25,330</u>	<u>33,330</u>	<u>26,480</u>	<u>6,850</u>
Olivia R. Hilburn community building:				
Operating	<u>13,410</u>	<u>13,410</u>	<u>10,428</u>	<u>2,982</u>
Total Olivia R. Hilburn community building	<u>13,410</u>	<u>13,410</u>	<u>10,428</u>	<u>2,982</u>
Kilgore office and community building:				
Salaries	33,108	33,108	33,107	1
Fringe benefits	17,255	17,255	17,050	205
Operating	<u>23,110</u>	<u>29,437</u>	<u>26,097</u>	<u>3,340</u>
Total Kilgore office and community building	<u>73,473</u>	<u>79,800</u>	<u>76,254</u>	<u>3,546</u>
Kilgore South Street building:				
Operating	<u>250</u>	<u>250</u>	<u>203</u>	<u>47</u>
Total Kilgore South Street building	<u>250</u>	<u>250</u>	<u>203</u>	<u>47</u>
Elderville community building:				
Operating	<u>21,675</u>	<u>21,675</u>	<u>14,224</u>	<u>7,451</u>
Total Elderville community building	<u>21,675</u>	<u>21,675</u>	<u>14,224</u>	<u>7,451</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Longview Eastman Road building:				
Operating	13,830	13,830	10,016	3,814
Total Longview Easton Road building	<u>13,830</u>	<u>13,830</u>	<u>10,016</u>	<u>3,814</u>
M. A. Smith Criminal Justice Center:				
Operating	43,650	49,650	48,804	846
Total M. A. Smith Criminal Justice Center	<u>43,650</u>	<u>49,650</u>	<u>48,804</u>	<u>846</u>
Total public buildings	<u>2,328,874</u>	<u>2,329,395</u>	<u>2,071,035</u>	<u>258,360</u>
Transportation and road:				
Operating	2,400,000	2,400,000	2,399,910	90
Total transportation and road	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,399,910</u>	<u>90</u>
Total transportation and roads	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,399,910</u>	<u>90</u>
Debt service - principal:				
Capital lease	-	596	596	-
Total debt service - principal	<u>-</u>	<u>596</u>	<u>596</u>	<u>-</u>
Debt service - interest:				
Capital lease	-	257	257	-
Total debt service - interest	<u>-</u>	<u>257</u>	<u>257</u>	<u>-</u>
Total expenditures	<u>42,201,901</u>	<u>42,072,908</u>	<u>40,322,184</u>	<u>1,750,724</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$(2,026,040)</u>	<u>\$(1,845,047)</u>	<u>\$ 371,958</u>	<u>\$ 2,217,005</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Capital projects fund	<u>-</u>	<u>59,000</u>	<u>59,000</u>	<u>-</u>
Total transfers in	<u>-</u>	<u>59,000</u>	<u>59,000</u>	<u>-</u>
Transfers out:				
Grant fund	<u>(95,750)</u>	<u>(95,750)</u>	<u>(66,986)</u>	<u>28,764</u>
Road and bridge fund	<u>(100,000)</u>	<u>(960,000)</u>	<u>(960,000)</u>	<u>-</u>
Capital projects fund	<u>(1,540,000)</u>	<u>(1,843,500)</u>	<u>(1,843,500)</u>	<u>-</u>
Airport special revenue fund	<u>-</u>	<u>(27,435)</u>	<u>(27,435)</u>	<u>-</u>
Total transfers out	<u>(1,735,750)</u>	<u>(2,926,685)</u>	<u>(2,897,921)</u>	<u>28,764</u>
Sale of capital assets	<u>25,000</u>	<u>25,000</u>	<u>29,926</u>	<u>4,926</u>
Insurance recoveries	<u>-</u>	<u>30,250</u>	<u>30,250</u>	<u>-</u>
Capital lease	<u>-</u>	<u>4,693</u>	<u>4,693</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,710,750)</u>	<u>(2,807,742)</u>	<u>(2,774,052)</u>	<u>33,690</u>
NET CHANGE IN FUND BALANCE	<u>(3,736,790)</u>	<u>(4,652,789)</u>	<u>(2,402,094)</u>	<u>2,250,695</u>
FUND BALANCE, BEGINNING	<u>33,089,968</u>	<u>33,089,968</u>	<u>33,089,968</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 29,353,178</u>	<u>\$ 28,437,179</u>	<u>\$ 30,687,874</u>	<u>\$ 2,250,695</u>

The accompanying notes are an integral part of this schedule.

GREGG COUNTY, TEXAS

ROAD AND BRIDGE FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Current property	\$ 1,144,800	\$ 1,144,800	\$ 1,144,266	\$(534)
Current penalty and interest	5,000	5,000	6,053	1,053
Delinquent property	24,251	24,251	21,951	(2,300)
Delinquent penalty and interest	10,500	10,500	6,113	(4,387)
Total taxes	<u>1,184,551</u>	<u>1,184,551</u>	<u>1,178,383</u>	<u>(6,168)</u>
Licenses and permits:				
Motor vehicle registration	1,220,000	1,220,000	1,515,118	295,118
Weight permits	21,500	21,500	20,894	(606)
Total licenses and permits	<u>1,241,500</u>	<u>1,241,500</u>	<u>1,536,012</u>	<u>294,512</u>
Intergovernmental:				
Lateral road	18,000	18,000	18,955	955
Donation of RAP	-	-	485,363	485,363
Total intergovernmental	<u>18,000</u>	<u>18,000</u>	<u>504,318</u>	<u>486,318</u>
Charges for services:				
Reimb - capital project overhead	-	-	4,734	4,734
Total charges for services	<u>-</u>	<u>-</u>	<u>4,734</u>	<u>4,734</u>
Fines and forfeitures:				
Misdemeanor fines	320,000	320,000	270,103	(49,897)
Felony fines	130,000	130,000	134,074	4,074
Civil/BF fines	30,000	30,000	18,964	(11,036)
Total fines and forfeitures	<u>480,000</u>	<u>480,000</u>	<u>423,141</u>	<u>(56,859)</u>
Investment earnings:				
Interest	10,000	10,000	34,703	24,703
Unrealized gains (losses)	-	-	(5,236)	(5,236)
Total investment earnings	<u>10,000</u>	<u>10,000</u>	<u>29,467</u>	<u>19,467</u>
Miscellaneous:				
Miscellaneous	1,000	1,000	867	(133)
Total miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>867</u>	<u>(133)</u>
Total revenues	<u>2,935,051</u>	<u>2,935,051</u>	<u>3,676,922</u>	<u>741,871</u>
EXPENDITURES				
Transportation and roads:				
Administration:				
Salaries	266,811	266,811	260,691	6,120
Fringe benefits	88,723	88,723	86,390	2,333
Operating	58,000	58,000	55,563	2,437
Total administration	<u>413,534</u>	<u>413,534</u>	<u>402,644</u>	<u>10,890</u>

GREGG COUNTY, TEXAS

ROAD AND BRIDGE FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Transportation and roads: (Continued)				
Road and bridge - general:				
Operating	\$ 1,600	\$ 1,600	\$ -	\$ 1,600
Total road and bridge - general	<u>1,600</u>	<u>1,600</u>	<u>-</u>	<u>1,600</u>
Road and bridge - precinct no. 1:				
Salaries	703,029	703,029	657,498	45,531
Fringe benefits	293,910	293,910	254,153	39,757
Operating	290,782	301,212	576,304	(275,092)
Capital outlay	-	153,207	153,171	36
Total road and bridge - precinct no. 1	<u>1,287,721</u>	<u>1,451,358</u>	<u>1,641,126</u>	<u>(189,768)</u>
Road and bridge - precinct no. 2:				
Salaries	36,485	36,485	35,871	614
Fringe benefits	16,445	16,444	16,129	315
Operating	28,215	28,215	5,702	22,513
Total road and bridge - precinct no. 2	<u>81,145</u>	<u>81,144</u>	<u>57,702</u>	<u>23,442</u>
Road and bridge - precinct no. 3:				
Salaries	687,844	687,844	659,017	28,827
Fringe benefits	293,245	293,245	277,647	15,598
Operating	369,355	486,877	528,198	(41,321)
Capital outlay	-	12,860	12,860	-
Total road and bridge - precinct no. 3	<u>1,350,444</u>	<u>1,480,826</u>	<u>1,477,722</u>	<u>3,104</u>
Road and bridge - precinct no. 4:				
Salaries	606,919	606,919	595,021	11,898
Fringe benefits	259,685	259,685	246,225	13,460
Operating	198,147	208,257	257,489	(49,232)
Capital outlay	-	2,965	2,965	-
Total road and bridge - precinct no. 4	<u>1,064,751</u>	<u>1,077,826</u>	<u>1,101,700</u>	<u>(23,874)</u>
Total transportation and roads	<u>4,199,195</u>	<u>4,506,288</u>	<u>4,680,894</u>	<u>(174,606)</u>
Total expenditures	<u>4,199,195</u>	<u>4,506,288</u>	<u>4,680,894</u>	<u>(174,606)</u>

GREGG COUNTY, TEXAS

ROAD AND BRIDGE FUND

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,264,144)</u>	<u>(1,571,237)</u>	<u>(1,003,972)</u>	<u>567,265</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General fund	<u>100,000</u>	<u>960,000</u>	<u>960,000</u>	<u>-</u>
Total transfers in	<u>100,000</u>	<u>960,000</u>	<u>960,000</u>	<u>-</u>
Sale of capital assets	<u>3,500</u>	<u>3,500</u>	<u>22,286</u>	<u>18,786</u>
Insurance recoveries	<u>-</u>	<u>98,976</u>	<u>98,976</u>	<u>-</u>
Total other financing sources and (uses)	<u>103,500</u>	<u>1,062,476</u>	<u>1,081,262</u>	<u>18,786</u>
NET CHANGE IN FUND BALANCE	<u>(1,160,644)</u>	<u>(508,761)</u>	<u>77,290</u>	<u>586,051</u>
FUND BALANCE, BEGINNING	<u>4,560,915</u>	<u>4,560,915</u>	<u>4,560,915</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 3,400,271</u>	<u>\$ 4,052,154</u>	<u>\$ 4,638,205</u>	<u>\$ 586,051</u>

The accompanying notes are an integral part of this schedule.

GREGG COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY SCHEDULES

SEPTEMBER 30, 2017

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 Capital 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.

GREGG COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Plan Year Ended December 31	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 3,531,610	\$ 3,307,965	\$ 3,352,760
Interest total pension liability	9,867,996	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	90,665	(1,630,892)	(820,005)
Benefit payments/refunds of contributions	<u>(5,327,748)</u>	<u>(5,430,771)</u>	<u>(4,930,501)</u>
Net change in total pension liability	8,162,523	6,474,815	6,433,360
Total pension liability - beginning	<u>122,707,690</u>	<u>116,232,875</u>	<u>109,799,515</u>
Total pension liability - ending (a)	<u><u>\$ 130,870,213</u></u>	<u><u>\$ 122,707,690</u></u>	<u><u>\$ 116,232,875</u></u>
Plan Fiduciary Net Position			
Employer contributions	\$ 2,833,558	\$ 2,700,427	\$ 2,687,677
Member contributions	1,836,277	1,727,961	1,719,683
Investment income net of investment expenses	8,259,029	(264,690)	7,228,206
Benefit payments refunds of contributions	<u>(5,327,747)</u>	<u>(5,430,771)</u>	<u>(4,930,501)</u>
Administrative expenses	<u>(89,748)</u>	<u>(80,839)</u>	<u>(84,645)</u>
Other	<u>202,728</u>	<u>(123,434)</u>	<u>(155,736)</u>
Net change in plan fiduciary net position	7,714,097	(1,471,346)	6,464,684
Plan fiduciary net position - beginning	<u>111,667,450</u>	<u>113,138,796</u>	<u>106,674,112</u>
Plan fiduciary net position - ending (b)	<u>119,381,547</u>	<u>111,667,450</u>	<u>113,138,796</u>
Net pension liability - ending (a) - (b)	<u><u>\$ 11,488,666</u></u>	<u><u>\$ 11,040,240</u></u>	<u><u>\$ 3,094,079</u></u>
Fiduciary net position as a percentage of total pension liability	91.22%	91.00%	97.34%
Pensionable covered payroll	\$ 25,900,948	\$ 24,685,154	\$ 24,566,896
Net pension liability as a percentage of covered payroll	44.36%	44.72%	12.59%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

GREGG COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

<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%
2017	2,805,690	2,805,690	-	25,773,377	10.9%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

GREGG COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

Valuation Timing	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.
<u>Methods and assumptions used to determine contributions rates:</u>	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	13.6 years (based on contribution rate calculated in 12/31/2016 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, net of investment expenses, including inflation.
Retirement Age	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.
Mortality	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.
Changes in Plan Provisions Reflected in the Schedule	No changes in plan provisions are reflected in the Schedule of Employer Contributions.

**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, 2017

	Special Revenue					Grant
	Airport	Law Enforcement	Court Technology and Security	Records Management and Preservation	Voting and Elections	
ASSETS						
Cash and cash equivalents	\$ 89,872	\$ 71,701	\$ 356,777	\$ 744,651	\$ 21,905	\$ 111,598
Investments	1,106,043	-	-	-	-	-
Receivables (net of allowance for uncollectibles):						
Accounts	8,150	-	62,114	173,727	-	3,000
Taxes	46,259	-	-	-	-	-
Interest	2,686	-	-	-	-	-
Due from other governments	3,660	-	-	-	-	96,943
Inventory	2,106	-	-	-	-	-
Total assets	<u>1,258,776</u>	<u>71,701</u>	<u>418,891</u>	<u>918,378</u>	<u>21,905</u>	<u>211,541</u>
LIABILITIES						
Accounts payable	35,591	56,112	752	2,661	2,503	4,461
Due to other governments	4,864	-	-	78	-	-
Accrued liabilities	69,841	-	-	4,071	-	12,607
Due to other funds	-	-	-	-	-	103,787
Total liabilities	<u>110,296</u>	<u>56,112</u>	<u>752</u>	<u>6,810</u>	<u>2,503</u>	<u>120,855</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - court fines	-	-	60,778	170,042	-	-
Unavailable revenue - property taxes	39,528	-	-	-	-	-
Total deferred inflows of resources	<u>39,528</u>	<u>-</u>	<u>60,778</u>	<u>170,042</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable:						
Inventories	2,106	-	-	-	-	-
Restricted for:						
Public safety operations	-	15,589	-	-	-	68,572
Judicial operations	-	-	-	-	-	9,678
Court technology and security	-	-	357,361	-	-	-
Records management and preservation	-	-	-	741,526	-	-
Voting and elections	-	-	-	-	19,402	-
Health and human services operations	-	-	-	-	-	12,436
VIT operations	-	-	-	-	-	-
Committed for:						
Airport operations	1,106,846	-	-	-	-	-
Donations to healthcare organizations	-	-	-	-	-	-
Total fund balances	<u>1,108,952</u>	<u>15,589</u>	<u>357,361</u>	<u>741,526</u>	<u>19,402</u>	<u>90,686</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,258,776</u>	<u>\$ 71,701</u>	<u>\$ 418,891</u>	<u>\$ 918,378</u>	<u>\$ 21,905</u>	<u>\$ 211,541</u>

Special Revenue

Law Library	Health Care	Code Enforcement	VIT Operating	District Attorney	Sheriff	Total Nonmajor Governmental Funds
\$ 64,044	\$ 74,174	\$ 197,615	\$ 9,085	\$ 28,992	\$ 195,872	\$ 1,966,286
-	2,887,606	-	-	-	-	3,993,649
34,311	-	-	-	-	-	281,302
-	-	-	-	-	-	46,259
-	7,660	-	-	-	-	10,346
-	-	-	-	-	-	100,603
-	-	-	-	-	-	2,106
<u>98,355</u>	<u>2,969,440</u>	<u>197,615</u>	<u>9,085</u>	<u>28,992</u>	<u>195,872</u>	<u>6,400,551</u>
5,041	-	-	-	-	-	107,121
-	-	-	-	-	-	4,942
756	-	-	-	-	-	87,275
-	-	-	861	4,536	-	109,184
<u>5,797</u>	<u>-</u>	<u>-</u>	<u>861</u>	<u>4,536</u>	<u>-</u>	<u>308,522</u>
32,191	-	-	-	-	-	263,011
-	-	-	-	-	-	39,528
<u>32,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,539</u>
-	-	-	-	-	-	2,106
-	-	197,615	-	-	195,872	477,648
60,367	-	-	-	24,456	-	94,501
-	-	-	-	-	-	357,361
-	-	-	-	-	-	741,526
-	-	-	-	-	-	19,402
-	-	-	-	-	-	12,436
-	-	-	8,224	-	-	8,224
-	-	-	-	-	-	1,106,846
-	2,969,440	-	-	-	-	2,969,440
<u>60,367</u>	<u>2,969,440</u>	<u>197,615</u>	<u>8,224</u>	<u>24,456</u>	<u>195,872</u>	<u>5,789,490</u>
<u>\$ 98,355</u>	<u>\$ 2,969,440</u>	<u>\$ 197,615</u>	<u>\$ 9,085</u>	<u>\$ 28,992</u>	<u>\$ 195,872</u>	<u>\$ 6,400,551</u>

GREGG COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue					
	Airport	Law Enforcement	Court Technology and Security	Records Management and Preservation	Voting and Elections	Grant
REVENUES						
Current property taxes	\$ 1,688,706	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent property taxes	41,119	-	-	-	-	-
Intergovernmental	25,560	-	-	-	-	493,137
Charges for services	16,140	-	75,458	189,071	6,835	-
Fines and forfeitures	-	-	-	-	-	-
Interest	10,461	-	-	-	-	-
Rent and commissions	253,599	-	-	-	-	-
Miscellaneous	105	-	-	111	-	114,514
Total revenues	<u>2,035,690</u>	<u>-</u>	<u>75,458</u>	<u>189,182</u>	<u>6,835</u>	<u>607,651</u>
EXPENDITURES						
Current:						
General government	1,118,626	-	-	167,074	23,155	-
Judicial	-	-	6,388	31,793	-	173,526
Public safety	944,757	-	-	-	-	94,370
Health and human services	-	-	-	-	-	305,630
Transportation and roads	-	-	-	-	-	99,851
Capital outlay	-	-	-	-	-	26,455
Total expenditures	<u>2,063,383</u>	<u>-</u>	<u>6,388</u>	<u>198,867</u>	<u>23,155</u>	<u>699,832</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(27,693)</u>	<u>-</u>	<u>69,070</u>	<u>(9,685)</u>	<u>(16,320)</u>	<u>(92,181)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	27,435	-	-	-	-	116,912
Transfers out	(49,926)	-	-	-	-	-
Sale of capital assets	4,122	-	-	-	-	-
Insurance recoveries	30,204	-	-	-	-	-
Total other financing sources (uses)	<u>11,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,912</u>
NET CHANGE IN FUND BALANCES	<u>(15,858)</u>	<u>-</u>	<u>69,070</u>	<u>(9,685)</u>	<u>(16,320)</u>	<u>24,731</u>
FUND BALANCES, BEGINNING	<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>
FUND BALANCES, ENDING	<u>\$ 1,108,952</u>	<u>\$ 15,589</u>	<u>\$ 357,361</u>	<u>\$ 741,526</u>	<u>\$ 19,402</u>	<u>\$ 90,686</u>

Special Revenues

Law Library	Health Care	Code Enforcement	VIT Operating	District Attorney	Sheriff	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,688,706
-	-	-	-	-	-	41,119
-	57,739	-	-	22,775	-	599,211
77,738	-	-	6,792	18,011	7,118	397,163
-	-	45,379	-	18,876	23,451	87,706
-	17,221	193	12	-	662	28,549
-	-	-	-	-	279,008	532,607
194	-	-	-	403	47	115,374
<u>77,932</u>	<u>74,960</u>	<u>45,572</u>	<u>6,804</u>	<u>60,065</u>	<u>310,286</u>	<u>3,490,435</u>
-	-	-	10,381	-	-	1,319,236
70,937	-	-	-	51,338	-	333,982
-	-	25,277	-	-	258,365	1,322,769
-	20,000	-	-	-	-	325,630
-	-	-	-	-	-	99,851
-	-	-	-	-	84,000	110,455
<u>70,937</u>	<u>20,000</u>	<u>25,277</u>	<u>10,381</u>	<u>51,338</u>	<u>342,365</u>	<u>3,511,923</u>
<u>6,995</u>	<u>54,960</u>	<u>20,295</u>	<u>(3,577)</u>	<u>8,727</u>	<u>(32,079)</u>	<u>(21,488)</u>
-	-	-	-	-	-	144,347
-	-	-	-	-	-	(49,926)
-	-	-	-	-	-	4,122
-	-	-	-	-	-	30,204
-	-	-	-	-	-	128,747
6,995	54,960	20,295	(3,577)	8,727	(32,079)	107,259
<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>60,367</u>	\$ <u>2,969,440</u>	\$ <u>197,615</u>	\$ <u>8,224</u>	\$ <u>24,456</u>	\$ <u>195,872</u>	\$ <u>5,789,490</u>

GREGG COUNTY, TEXAS

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

CAPITAL IMPROVEMENTS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Current property taxes	\$ 241,623	\$ 241,623	\$ 239,254	\$(2,369)
Delinquent property taxes	8,702	8,702	6,552	(2,150)
Investment earnings	64,500	64,500	114,395	49,895
Miscellaneous	-	-	1	1
Total revenues	314,825	314,825	360,202	45,377
EXPENDITURES				
Debt service:				
Principal	393,075	393,075	393,063	12
Interest and fiscal charges	8,920	8,920	8,906	14
Capital outlay	3,760,662	4,250,992	4,115,516	135,476
Total expenditures	4,162,657	4,652,987	4,517,485	135,502
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,847,832)	(4,338,162)	(4,157,283)	180,879
OTHER FINANCING SOURCES (USES)				
Transfers in	1,540,000	1,843,500	1,843,500	-
Transfers out	(60,000)	(762,290)	(357,357)	404,933
Sale of capital assets	364,310	364,310	364,298	(12)
Insurance recoveries	-	12,889	12,889	-
Capital lease	-	511,215	509,559	(1,656)
Total other financing sources (uses)	1,844,310	1,969,624	2,372,889	403,265
NET CHANGE IN FUND BALANCE	(2,003,522)	(2,368,538)	(1,784,394)	584,144
FUND BALANCE, BEGINNING	23,498,611	23,498,611	23,498,611	-
FUND BALANCE, ENDING	\$ 21,495,089	\$ 21,130,073	\$ 21,714,217	\$ 584,144

GREGG COUNTY, TEXAS

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

AIRPORT CAPITAL IMPROVEMENT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 540,000	\$ 3,574,127	\$ 3,355,888	\$ (218,239)
Charges for services	<u>92,000</u>	<u>92,000</u>	<u>82,878</u>	<u>(9,122)</u>
Total revenues	<u>632,000</u>	<u>3,666,127</u>	<u>3,438,766</u>	<u>(227,361)</u>
EXPENDITURES				
Capital outlay	<u>600,000</u>	<u>3,971,251</u>	<u>3,737,118</u>	<u>234,133</u>
Total expenditures	<u>600,000</u>	<u>3,971,251</u>	<u>3,737,118</u>	<u>234,133</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>32,000</u>	<u>(305,124)</u>	<u>(298,352)</u>	<u>6,772</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>60,000</u>	<u>397,125</u>	<u>298,357</u>	<u>(98,768)</u>
Total other financing sources (uses)	<u>60,000</u>	<u>397,125</u>	<u>298,357</u>	<u>(98,768)</u>
NET CHANGE IN FUND BALANCE	92,000	92,001	5	(91,996)
FUND BALANCE, BEGINNING	<u>170,363</u>	<u>170,363</u>	<u>170,363</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 262,363</u>	<u>\$ 262,364</u>	<u>\$ 170,368</u>	<u>\$ (91,996)</u>

GREGG COUNTY, TEXAS

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

AIRPORT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Current property taxes	\$ 1,693,958	\$ 1,693,958	\$ 1,688,706	\$(5,252)
Delinquent property taxes	44,712	44,712	41,119	(3,593)
Intergovernmental	20,000	20,000	25,560	5,560
Charges for services	14,400	14,400	16,140	1,740
Investment earnings	3,300	3,300	10,461	7,161
Rents and commissions	230,500	230,500	253,599	23,099
Miscellaneous	-	-	105	105
Total revenues	<u>2,006,870</u>	<u>2,006,870</u>	<u>2,035,690</u>	<u>28,820</u>
EXPENDITURES				
Current:				
General government	1,179,339	1,242,007	1,118,626	123,381
Public safety	964,019	965,989	944,757	21,232
Capital outlay	14,500	7,500	-	7,500
Total expenditures	<u>2,157,858</u>	<u>2,215,496</u>	<u>2,063,383</u>	<u>152,113</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(150,988)</u>	<u>(208,626)</u>	<u>(27,693)</u>	<u>180,933</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	27,435	27,435	-
Transfers out	(50,000)	(50,000)	(49,926)	74
Sale of capital assets	-	-	4,122	4,122
Insurance recoveries	-	30,204	30,204	-
Total other financing sources (uses)	<u>(50,000)</u>	<u>7,639</u>	<u>11,835</u>	<u>4,196</u>
NET CHANGE IN FUND BALANCE	<u>(200,988)</u>	<u>(200,987)</u>	<u>(15,858)</u>	<u>185,129</u>
FUND BALANCE, BEGINNING	<u>1,124,810</u>	<u>1,124,810</u>	<u>1,124,810</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 923,822</u>	<u>\$ 923,823</u>	<u>\$ 1,108,952</u>	<u>\$ 185,129</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, 2017

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
EXPENDITURES				
Current:				
Judicial	<u>3,552</u>	<u>3,552</u>	<u>-</u>	<u>3,552</u>
Total expenditures	<u>3,552</u>	<u>3,552</u>	<u>-</u>	<u>3,552</u>
NET CHANGE IN FUND BALANCE	(<u>3,552</u>)	(<u>3,552</u>)	<u>-</u>	<u>3,552</u>
FUND BALANCE, BEGINNING	<u>15,589</u>	<u>15,589</u>	<u>15,589</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <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, 2017

	Budgeted Amounts			
	Original	Final	Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for services	\$ 77,600	\$ 77,600	\$ 75,458	\$(2,142)
Total revenues	77,600	77,600	75,458	(2,142)
EXPENDITURES				
Current:				
Judicial	67,820	69,758	6,388	63,370
Public safety	7,470	7,470	-	7,470
Capital outlay	33,500	31,562	-	31,562
Total expenditures	108,790	108,790	6,388	102,402
NET CHANGE IN FUND BALANCE	(31,190)	(31,190)	69,070	100,260
FUND BALANCE, BEGINNING	288,291	288,291	288,291	-
FUND BALANCE, ENDING	\$ 257,101	\$ 257,101	\$ 357,361	\$ 100,260

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ <u>190,600</u>	\$ <u>190,600</u>	\$ <u>189,071</u>	\$ <u>(1,529)</u>
Total revenues	<u>190,600</u>	<u>190,600</u>	<u>189,182</u>	<u>(1,418)</u>
EXPENDITURES				
Current:				
General government	201,857	201,857	167,074	34,783
Judicial	<u>74,265</u>	<u>74,265</u>	<u>31,793</u>	<u>42,472</u>
Total expenditures	<u>276,122</u>	<u>276,122</u>	<u>198,867</u>	<u>77,255</u>
NET CHANGE IN FUND BALANCE	(85,522)	(85,522)	(9,685)	75,837
FUND BALANCE, BEGINNING	<u>751,211</u>	<u>751,211</u>	<u>751,211</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u><u>665,689</u></u>	\$ <u><u>665,689</u></u>	\$ <u><u>741,526</u></u>	\$ <u><u>75,837</u></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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,835</u>	\$ <u>6,835</u>
Total revenues	<u>-</u>	<u>-</u>	<u>6,835</u>	<u>6,835</u>
EXPENDITURES				
Current:				
General government	<u>-</u>	<u>9,580</u>	<u>23,155</u>	<u>(13,575)</u>
Total expenditures	<u>-</u>	<u>9,580</u>	<u>23,155</u>	<u>(13,575)</u>
NET CHANGE IN FUND BALANCE	-	(9,580)	(16,320)	(6,740)
FUND BALANCE, BEGINNING	<u>35,722</u>	<u>35,722</u>	<u>35,722</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u>35,722</u>	\$ <u>26,142</u>	\$ <u>19,402</u>	\$ <u>(6,740)</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 75,000	\$ 75,000	\$ 77,738	\$ 2,738
Miscellaneous	<u>150</u>	<u>150</u>	<u>194</u>	<u>44</u>
Total revenues	<u>75,150</u>	<u>75,150</u>	<u>77,932</u>	<u>2,782</u>
EXPENDITURES				
Current:				
Judicial	<u>73,287</u>	<u>73,287</u>	<u>70,937</u>	<u>2,350</u>
Total expenditures	<u>73,287</u>	<u>73,287</u>	<u>70,937</u>	<u>2,350</u>
NET CHANGE IN FUND BALANCE	1,863	1,863	6,995	5,132
FUND BALANCE, BEGINNING	<u>53,372</u>	<u>53,372</u>	<u>53,372</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 55,235</u>	<u>\$ 55,235</u>	<u>\$ 60,367</u>	<u>\$ 5,132</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, 2017

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 57,739	\$ 12,739
Investment earnings	<u>14,000</u>	<u>14,000</u>	<u>17,221</u>	<u>3,221</u>
Total revenues	<u>59,000</u>	<u>59,000</u>	<u>74,960</u>	<u>15,960</u>
EXPENDITURES				
Current:				
Health and human services	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	39,000	39,000	54,960	15,960
FUND BALANCE, BEGINNING	<u>2,914,480</u>	<u>2,914,480</u>	<u>2,914,480</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,953,480</u>	<u>\$ 2,953,480</u>	<u>\$ 2,969,440</u>	<u>\$ 15,960</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for services provided to other departments or agencies of the County on a cost-reimbursement basis.

Print Shop Fund – This fund was established in 2001 and accounts for printing functions provided to County departments. Operational costs associated with the print shop are supported by charges to user departments.

Self-insurance Fund – This fund accounts for revenues and expenses related to employee insurance benefits. The County provides health and dental benefits for full-time employees. The County transitioned to a self-funded medical plan out of the traditional fully-insured model in fiscal year 2001 to help lower costs and maintain stability in premiums.

GREGG COUNTY, TEXAS

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

SEPTEMBER 30, 2017

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 50,566	\$ 80,337	\$ 130,903
Investments	-	1,030,000	1,030,000
Interest receivable	-	990	990
Accounts receivable, net of allowance	1,882	79,321	81,203
Inventory	<u>8,298</u>	<u>-</u>	<u>8,298</u>
Total current assets	<u>60,746</u>	<u>1,190,648</u>	<u>1,251,394</u>
Noncurrent assets:			
Capital assets:			
Equipment	49,288	-	49,288
Less accumulated depreciation	<u>(39,698)</u>	<u>-</u>	<u>(39,698)</u>
Total capital assets	<u>9,590</u>	<u>-</u>	<u>9,590</u>
Total noncurrent assets	<u>9,590</u>	<u>-</u>	<u>9,590</u>
Total assets	<u>70,336</u>	<u>1,190,648</u>	<u>1,260,984</u>
LIABILITIES			
Current liabilities:			
Accounts payable	723	31,801	32,524
Accrued liabilities	<u>1,401</u>	<u>574,271</u>	<u>575,672</u>
Total liabilities	<u>2,124</u>	<u>606,072</u>	<u>608,196</u>
NET POSITION			
Net investment in capital assets	9,590	-	9,590
Unrestricted	<u>58,622</u>	<u>584,576</u>	<u>643,198</u>
Total net position	<u>\$ 68,212</u>	<u>\$ 584,576</u>	<u>\$ 652,788</u>

GREGG COUNTY, TEXAS

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

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 38,181	\$ 6,220,087	\$ 6,258,268
Total operating revenues	<u>38,181</u>	<u>6,220,087</u>	<u>6,258,268</u>
OPERATING EXPENSES			
Salaries	26,572	-	26,572
Fringe benefits	14,745	-	14,745
Materials and supplies	16,192	-	16,192
Insurance consultant	-	25,000	25,000
Claims	-	7,284,775	7,284,775
Administrative	-	785,264	785,264
Depreciation	<u>8,347</u>	<u>-</u>	<u>8,347</u>
Total operating expenses	<u>65,856</u>	<u>8,095,039</u>	<u>8,160,895</u>
OPERATING LOSS	(27,675)	(1,874,952)	(1,902,627)
NONOPERATING REVENUES			
Investment earnings	<u>-</u>	<u>10,163</u>	<u>10,163</u>
CHANGE IN NET POSITION	(27,675)	(1,864,789)	(1,892,464)
TOTAL NET POSITION, BEGINNING	<u>95,887</u>	<u>2,449,365</u>	<u>2,545,252</u>
TOTAL NET POSITION, ENDING	<u>\$ 68,212</u>	<u>\$ 584,576</u>	<u>\$ 652,788</u>

GREGG COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Print Shop	Self- Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from interfund charges for print shop services	\$ 36,836	\$ -	\$ 36,836
Cash receipts from interfund charges for self-insurance services	-	6,195,871	6,195,871
Payments to suppliers for goods and services	(14,174)	(7,682,387)	(7,696,561)
Payments to employees for salaries and benefits	(41,302)	-	(41,302)
Net cash used by operating activities	(18,640)	(1,486,516)	(1,505,156)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale and maturities of securities	-	1,546,362	1,546,362
Investment earnings	-	14,501	14,501
Net cash flows provided by investing activities	-	1,560,863	1,560,863
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,640)	74,347	55,707
CASH AND CASH EQUIVALENTS, BEGINNING	69,206	5,990	75,196
CASH AND CASH EQUIVALENTS, ENDING	\$ 50,566	\$ 80,337	\$ 130,903
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES			
Operating loss	\$(27,675)	\$(1,874,952)	\$(1,902,627)
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	1,794	-	1,794
Accounts receivable	(1,345)	(24,216)	(25,561)
Increase (decrease) in liabilities:			
Accounts payable	224	27,003	27,227
Accrued liabilities	15	385,649	385,664
Net cash used by operating activities	\$(18,640)	\$(1,486,516)	\$(1,505,156)

FIDUCIARY FUNDS

AGENCY FUNDS

Agency funds are used to account for short-term custodial collections of resources on behalf of another individual, entity, or government.

Tax Office Fund – This fund is used to account for funds held by the Tax Office as an agent for other taxing entities. Collections are initially accounted for here and subsequently submitted to the appropriate State, County or other taxing entity. It is also used to account for interest earned on the Vehicle Inventory Tax for the Tax Assessor-Collector to defray the cost of administration of the prepayment procedure.

County Clerk Fund – This fund is used to account for the collection of fees and other costs by the County Clerk and the distribution of those monies or interest earnings and principal cash established by the Court for various reasons within the Court's jurisdiction. Upon completion and court order, the latter funds are remitted to the appropriate individuals.

District Clerk Fund – This fund is used to account for the collection of fees and other costs by the District Clerk and the distribution of those monies or interest earnings and principal cash established by the Court for various reasons within the Court's jurisdiction. Upon completion and court order, the latter funds are remitted to the appropriate individuals.

Sheriff Fund – This fund is used to account for monies of County inmates held in escrow on their behalf. The monies are disbursed to the jail commissary and other parties upon direction from the inmates. This fund is also used to account for various monies collected or deposited with the County associated with activities such as bail bonds of individuals, restitution and attorneys' fees awarded by the Courts and seizures pending. The monies are disbursed to the parties for whom the assets are held by order of the Courts.

District Attorney Fund – This fund is used to account for restitution payable to victims and temporarily holds fees collected on hot checks.

Code Forfeiture Pending Fund – This fund is used to account for monies seized in criminal cases. The funds are held until their disposition, primarily as forfeitures to law enforcement agencies and the District Attorney's office, as established by court order.

State Fees Fund – This fund is used to account for the collection and payment of State fees that are included in court costs of civil and criminal cases.

Gregg/Harrison First Call Warning Fund – This fund is used to account for donations and payments of funding for software to run a First Call Warning system. The fund has been inactive in recent years.

Juvenile Probation Fund – This fund is used to account for funds held by the County for the Gregg County Juvenile Probation Department or the Gregg County Juvenile Detention Center.

GREGG COUNTY, TEXAS

AGENCY FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES

SEPTEMBER 30, 2017

	<u>Tax Assessor- Collector</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Sheriff</u>
ASSETS				
Cash and investments	\$ <u>2,538,791</u>	\$ <u>743,760</u>	\$ <u>3,113,511</u>	\$ <u>405,758</u>
Total assets	\$ <u>2,538,791</u>	\$ <u>743,760</u>	\$ <u>3,113,511</u>	\$ <u>405,758</u>
LIABILITIES				
Due to others	\$ <u>2,538,791</u>	\$ <u>743,760</u>	\$ <u>3,113,511</u>	\$ <u>405,758</u>
Total liabilities	\$ <u>2,538,791</u>	\$ <u>743,760</u>	\$ <u>3,113,511</u>	\$ <u>405,758</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>71,203</u>	\$ <u>69,877</u>	\$ <u>233,711</u>	\$ <u>10,107</u>	\$ <u>1,293,988</u>	\$ <u>8,480,706</u>
\$ <u>71,203</u>	\$ <u>69,877</u>	\$ <u>233,711</u>	\$ <u>10,107</u>	\$ <u>1,293,988</u>	\$ <u>8,480,706</u>
\$ <u>71,203</u>	\$ <u>69,877</u>	\$ <u>233,711</u>	\$ <u>10,107</u>	\$ <u>1,293,988</u>	\$ <u>8,480,706</u>
\$ <u>71,203</u>	\$ <u>69,877</u>	\$ <u>233,711</u>	\$ <u>10,107</u>	\$ <u>1,293,988</u>	\$ <u>8,480,706</u>

GREGG COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>TAX ASSESSOR-COLLECTOR</u>				
Assets:				
Cash and investments	\$ <u>2,508,229</u>	\$ <u>244,357,464</u>	\$ <u>244,326,902</u>	\$ <u>2,538,791</u>
Liabilities:				
Due to others	\$ <u>2,508,229</u>	\$ <u>244,357,464</u>	\$ <u>244,326,902</u>	\$ <u>2,538,791</u>
<u>COUNTY CLERK</u>				
Assets:				
Cash and investments	\$ <u>788,254</u>	\$ <u>1,468,033</u>	\$ <u>1,512,527</u>	\$ <u>743,760</u>
Liabilities:				
Due to others	\$ <u>788,254</u>	\$ <u>1,468,033</u>	\$ <u>1,512,527</u>	\$ <u>743,760</u>
<u>DISTRICT CLERK</u>				
Assets:				
Cash and investments	\$ <u>3,430,446</u>	\$ <u>2,186,157</u>	\$ <u>2,503,092</u>	\$ <u>3,113,511</u>
Liabilities:				
Due to others	\$ <u>3,430,446</u>	\$ <u>2,186,157</u>	\$ <u>2,503,092</u>	\$ <u>3,113,511</u>
<u>SHERIFF</u>				
Assets:				
Cash and investments	\$ <u>262,421</u>	\$ <u>1,865,579</u>	\$ <u>1,722,242</u>	\$ <u>405,758</u>
Liabilities:				
Due to others	\$ <u>262,421</u>	\$ <u>1,865,579</u>	\$ <u>1,722,242</u>	\$ <u>405,758</u>
<u>DISTRICT ATTORNEY</u>				
Assets:				
Cash and investments	\$ <u>57,722</u>	\$ <u>429,447</u>	\$ <u>415,966</u>	\$ <u>71,203</u>
Liabilities:				
Due to others	\$ <u>57,722</u>	\$ <u>429,447</u>	\$ <u>415,966</u>	\$ <u>71,203</u>

GREGG COUNTY, TEXAS

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

(Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>CODE FORFEITURE PENDING</u>				
Assets:				
Cash and investments	\$ <u>102,078</u>	\$ <u>33,744</u>	\$ <u>65,945</u>	\$ <u>69,877</u>
Liabilities:				
Due to others	\$ <u>102,078</u>	\$ <u>33,744</u>	\$ <u>65,945</u>	\$ <u>69,877</u>
 <u>STATE FEES</u>				
Assets:				
Cash and investments	\$ <u>254,328</u>	\$ <u>1,072,517</u>	\$ <u>1,093,134</u>	\$ <u>233,711</u>
Liabilities:				
Due to others	\$ <u>254,328</u>	\$ <u>1,072,517</u>	\$ <u>1,093,134</u>	\$ <u>233,711</u>
 <u>GREGG / HARRISON FIRST CALL WARNING</u>				
Assets:				
Cash and investments	\$ <u>10,107</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,107</u>
Liabilities:				
Due to others	\$ <u>10,107</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,107</u>
 <u>JUVENILE PROBATION</u>				
Assets:				
Cash and investments	\$ <u>635,380</u>	\$ <u>5,697,959</u>	\$ <u>5,039,351</u>	\$ <u>1,293,988</u>
Liabilities:				
Due to others	\$ <u>635,380</u>	\$ <u>5,697,959</u>	\$ <u>5,039,351</u>	\$ <u>1,293,988</u>
 <u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ <u>8,048,965</u>	\$ <u>257,110,900</u>	\$ <u>256,679,159</u>	\$ <u>8,480,706</u>
Liabilities:				
Due to others	\$ <u>8,048,965</u>	\$ <u>257,110,900</u>	\$ <u>256,679,159</u>	\$ <u>8,480,706</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.

Contents

Financial Trends

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

Table 1.1 – Net Position by Component

Table 1.2 – Changes in Net Position

Table 1.3 – Fund Balances of Governmental Funds

Table 1.4 – Changes in Fund Balances of Governmental Funds

Revenue Capacity

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

Table 2.1 – Assessed Value and Estimated Taxable Value of Property

Table 2.2 – Property Tax Rates – Direct and Overlapping Governments

Table 2.3 – Principal Taxpayers and Chart

Table 2.4 – Property Tax Levies and Collections

Table 2.5 – Revenue by Source

Debt Capacity

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

Table 3.1 – Ratios of Outstanding Debt by Type

Table 3.2 – Ratios of General Bonded Debt Outstanding

Table 3.3 – Direct and Overlapping Governmental Activities Debt

Table 3.4 – Legal Debt Margin Information

Demographic and Economic Information

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

Table 4.1 – Demographic and Economic Statistics

Table 4.2 – Principal Employers and Chart

Operating Information

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

Table 5.1 – County Employees by Function and Chart

Table 5.2 – Operating Indicators by Function/Program

Table 5.3 – Capital Asset Statistics by Function/Program

Table 5.4 – Insurance Information

GREGG COUNTY TEXAS

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

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$ 58,405,677	\$ 64,771,730	\$ 63,282,308	\$ 63,355,158
Restricted for:				
Debt service	265,955	-	-	-
Archive restoration	687,010	682,131	766,580	743,251
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>49,150,046</u>	<u>56,637,636</u>	<u>63,683,421</u>	<u>66,288,684</u>
Total governmental activities net position	<u>\$ 108,508,688</u>	<u>\$ 122,091,497</u>	<u>\$ 127,732,309</u>	<u>\$ 130,387,093</u>
Business-type activities:				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary government:				
Net investment in capital assets	\$ 58,405,677	\$ 64,771,730	\$ 63,282,308	\$ 63,355,158
Restricted for:				
Debt service	265,955	-	-	-
Archive restoration	687,010	682,131	766,580	743,251
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>49,150,046</u>	<u>56,637,636</u>	<u>63,683,421</u>	<u>66,288,684</u>
Total primary government net position	<u>\$ 108,508,688</u>	<u>\$ 122,091,497</u>	<u>\$ 127,732,309</u>	<u>\$ 130,387,093</u>

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 59,664,989	\$ 58,814,064	\$ 58,218,734	\$ 63,174,980	\$ 64,504,455	\$ 65,833,674	
-	-	-	-	-	-	
813,419	475,923	506,979	549,472	415,018	447,686	
4,789,161	5,447,169	7,664,128	6,608,420	5,488,768	5,567,382	
606,516	527,863	561,196	584,247	467,702	477,648	
131,596	139,605	164,282	126,653	110,549	126,704	
-	29,439	34,820	36,169	38,600	41,973	
170,363	197,781	203,040	170,363	170,363	170,368	
210,598	239,711	313,465	344,102	345,819	418,139	
702,052	755,926	919,572	932,554	912,570	911,568	
35,366	24,643	23,195	25,158	35,722	19,402	
56,341	71,209	29,250	33,771	22,797	26,055	
-	-	1,589	2,673	11,801	8,224	
4,272,310	4,659,594	4,573,899	4,959,943	3,865,325	3,615,437	
<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>53,811,155</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>	\$ <u>131,475,415</u>	
\$ 313,158	\$ 298,645	\$ 490,770	\$ -	\$ -	\$ -	
<u>49,553</u>	<u>(6,125)</u>	<u>(93,857)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
\$ <u>362,711</u>	\$ <u>292,520</u>	\$ <u>396,913</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	
\$ 59,978,147	\$ 59,112,709	\$ 58,709,504	\$ 63,174,980	\$ 64,504,455	\$ 65,833,674	
-	-	-	-	-	-	
813,419	475,923	506,979	549,472	415,018	447,686	
4,789,161	5,447,169	7,664,128	6,608,420	5,488,768	5,567,382	
606,516	527,863	561,196	584,247	467,702	477,648	
-	29,439	34,820	36,169	38,600	41,973	
131,596	139,605	164,282	126,653	110,549	126,704	
170,363	197,781	203,040	170,363	170,363	170,368	
210,598	239,711	313,465	334,102	345,819	418,139	
702,052	755,926	919,572	932,554	912,570	911,568	
35,366	24,643	23,195	25,158	35,722	19,402	
56,341	71,209	29,250	33,771	22,797	26,055	
-	-	1,589	2,673	11,801	8,224	
4,272,310	4,659,594	4,573,899	4,959,943	3,865,325	3,615,437	
<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>53,811,155</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>	\$ <u>131,475,415</u>	

GREGG COUNTY TEXAS

Table 1.2 CHANGES IN NET POSITION

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

	Fiscal Year			
	2008	2009	2010	2011
EXPENSES				
<i>Governmental activities:</i>				
General government	\$ 9,543,171	\$ 10,545,040	\$ 11,102,197	\$ 12,066,388
Judicial	5,931,707	6,506,628	6,485,552	6,926,043
Public safety	13,189,470	14,596,497	14,826,537	14,857,301
Health and human services	2,363,996	2,780,822	2,952,009	3,566,125
Public buildings	2,941,860	2,440,792	2,864,443	2,921,703
Transportation and roads	6,259,955	8,604,974	7,531,204	10,119,148
Interest on long-term debt	28,459	22,629	18,506	12,105
Total expenses, governmental activities	<u>40,258,618</u>	<u>45,497,382</u>	<u>45,780,448</u>	<u>50,468,813</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>\$ 40,258,618</u>	<u>\$ 45,497,382</u>	<u>\$ 45,780,448</u>	<u>\$ 50,468,813</u>
PROGRAM REVENUES				
<i>Governmental activities:</i>				
Charges for services:				
General government	\$ 2,870,400	\$ 3,125,963	\$ 2,795,666	\$ 2,867,886
Judicial	1,924,753	1,872,257	1,837,417	1,788,901
Public safety	1,485,239	1,527,640	1,444,761	1,306,073
Health and human services	81,403	60,446	175,972	124,161
Public buildings	3,810,197	3,577,124	3,349,981	3,341,469
Transportation and roads	2,089,882	2,235,650	2,018,074	1,752,571
Operating grants and contributions	1,578,343	1,410,235	1,514,592	1,981,326
Capital grants and contributions	5,937,901	7,301,696	1,099,734	1,263,850
Total program revenue, governmental activities	<u>19,778,118</u>	<u>21,111,011</u>	<u>14,236,197</u>	<u>14,426,237</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>\$ 19,778,118</u>	<u>\$ 21,111,011</u>	<u>\$ 14,236,197</u>	<u>\$ 14,426,237</u>
NET (EXPENSE) REVENUE				
Governmental activities	\$(20,480,500)	\$(24,386,371)	\$(31,544,251)	\$(36,042,576)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government net expense	<u>\$(20,480,500)</u>	<u>\$(24,386,371)</u>	<u>\$(31,544,251)</u>	<u>\$(36,042,576)</u>

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	11,829,723	\$	12,874,593	\$	12,848,089	\$	12,705,059	\$	13,609,494	\$	13,851,975
	7,263,692		7,604,265		7,554,982		7,775,332		8,195,921		8,797,765
	15,617,020		15,872,926		16,931,848		16,649,033		18,879,371		19,802,883
	2,938,243		2,828,937		2,771,049		3,026,687		2,969,427		2,875,016
	3,021,237		3,244,751		3,273,248		3,399,292		3,266,908		3,475,073
	6,551,074		13,154,752		7,929,120		9,132,170		7,449,750		9,063,627
	1,250		590		74		5,242		7,698		10,115
	<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>		<u>57,876,454</u>
	111,194		148,929		159,406		-		-		-
	<u>111,194</u>		<u>148,929</u>		<u>159,406</u>		<u>-</u>		<u>-</u>		<u>-</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>	\$	<u>57,876,454</u>
\$	2,787,306	\$	2,812,045	\$	2,825,010	\$	2,767,426	\$	2,752,922	\$	2,923,510
	1,706,448		1,548,149		1,630,996		1,415,001		1,446,437		1,428,754
	1,393,005		1,157,352		1,239,998		1,177,427		1,880,271		1,423,690
	196,892		193,902		178,194		38,970		39,331		33,871
	2,773,416		2,680,598		2,118,869		1,880,943		2,090,108		1,214,336
	2,079,088		1,841,454		2,040,208		1,920,942		2,176,065		1,999,583
	1,245,358		1,052,759		1,014,974		1,785,205		1,743,595		1,570,400
	380,331		2,312,910		3,274,049		4,647,778		3,331,207		3,355,888
	<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>		<u>13,950,032</u>
	54,936		63,738		50,633		-		-		-
	<u>54,936</u>		<u>63,738</u>		<u>50,633</u>		<u>-</u>		<u>-</u>		<u>-</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>	\$	<u>13,950,032</u>
\$(	34,660,395)	\$(	41,981,646)	\$(	36,986,112)	\$(	37,059,123)	\$(	38,918,633)	\$(	43,926,422)
	(56,258)		(85,191)		(108,773)		-		-		-
\$(	<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>	\$(	<u>43,926,422</u>

GREGG COUNTY TEXAS

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

	Fiscal Year			
	2008	2009	2010	2011
General revenue and other changes in net position				
<i>Governmental activities</i>				
Property taxes	\$ 18,953,528	\$ 20,864,871	\$ 21,372,685	\$ 21,302,750
Sales taxes	16,392,118	15,831,322	15,129,279	16,912,110
Alcoholic beverage taxes	205,875	211,389	214,451	203,001
Other taxes	64,489	104,844	86,280	77,913
Unrestricted investment earnings	1,339,856	1,052,855	250,028	260,974
Gain on sale of assets	236,282	-	205,243	-
Gain on insurance settlement	86,227	8,730	7,097	25,612
Miscellaneous	-	-	-	-
Transfers	(90,000)	(83,500)	(80,000)	(85,000)
Total governmental activities	<u>37,188,375</u>	<u>37,990,511</u>	<u>37,185,063</u>	<u>38,697,360</u>
<i>Business-type activities</i>				
Transfers	-	-	-	-
Total business-type activities	-	-	-	-
Total primary government	<u>37,188,375</u>	<u>37,990,511</u>	<u>37,185,063</u>	<u>38,697,360</u>
Changes in net position				
Governmental activities	16,707,875	13,604,140	5,640,812	2,654,784
Business-type activities	-	-	-	-
Total primary government	<u>\$ 16,707,875</u>	<u>\$ 13,604,140</u>	<u>\$ 5,640,812</u>	<u>\$ 2,654,784</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 21,177,159	\$ 21,660,737	\$ 21,899,820	\$ 22,016,974	\$ 21,975,330	\$ 21,712,637
16,902,274	18,981,037	17,854,086	16,542,149	15,317,566	15,403,190
189,867	190,613	234,572	245,031	256,688	268,852
112,333	116,369	91,337	98,421	103,769	106,430
177,938	137,628	130,130	236,805	578,646	440,265
37,865	98,775	-	87,374	-	-
-	-	-	-	-	-
95,890	56,954	-	21,892	70,160	197,790
(418,969)	(15,000)	(213,166)	396,913	-	-
<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>	<u>38,129,164</u>
<u>418,969</u>	<u>15,000</u>	<u>213,166</u>	(<u>396,913</u>)	<u>-</u>	<u>-</u>
<u>418,969</u>	<u>15,000</u>	<u>213,166</u>	(<u>396,913</u>)	<u>-</u>	<u>-</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>	<u>38,129,164</u>
3,613,962	(754,533)	3,010,667	2,586,436	(616,474)	(5,797,258)
<u>362,711</u>	(<u>70,191</u>)	<u>104,393</u>	(<u>396,913</u>)	<u>-</u>	<u>-</u>
<u>\$ 3,976,673</u>	<u>\$ (824,724)</u>	<u>\$ 3,115,060</u>	<u>\$ 2,189,523</u>	<u>\$ (616,474)</u>	<u>\$ (5,797,258)</u>

GREGG COUNTY, TEXAS

**Table 1.3 FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	Fiscal Year			
	2008	2009	2010	2011
General fund				
Unreserved	\$ 23,155,150	\$ 29,560,305	\$ 20,726,797	\$ -
Reserved	752,131	760,327	849,537	-
Nonspendable	-	-	-	41,219
Restricted	-	-	-	770,646
Assigned	-	-	-	29,136
Unassigned	-	-	-	27,494,970
Total general fund	<u>23,907,281</u>	<u>30,320,632</u>	<u>21,576,334</u>	<u>28,335,971</u>
All other governmental funds				
Reserved	500,492	322,089	210,891	-
Unreserved reported in:				
Special revenue funds	7,990,568	6,828,868	10,265,799	-
Capital projects fund	14,053,088	14,708,331	27,172,920	-
Nonspendable	-	-	-	103,010
Restricted	-	-	-	9,326,086
Committed	-	-	-	2,687,276
Assigned	-	-	-	21,271,834
Unassigned	-	-	-	-
Total all other governmental funds	<u>22,544,148</u>	<u>21,859,288</u>	<u>37,649,610</u>	<u>33,388,206</u>
Total governmental funds	<u>\$ 46,451,429</u>	<u>\$ 52,179,920</u>	<u>\$ 59,225,944</u>	<u>\$ 61,724,177</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

2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
27,517	23,827	7,216	3,260	7,963	16,045
832,926	591,407	583,839	629,028	486,486	522,785
256,442	217,040	450,410	598,796	1,470,589	266,892
<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>29,882,152</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>	<u>30,687,874</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
112,030	134,282	133,327	896,741	1,005,349	1,082,534
10,724,171	11,883,420	12,428,031	11,631,632	9,110,706	8,980,072
1,399,986	4,357,002	4,569,024	4,059,191	4,037,226	4,076,286
20,033,666	13,029,616	18,344,340	17,800,616	19,758,839	18,173,388
(718)	-	-	-	-	-
<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>32,312,280</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>	<u>\$ 63,000,154</u>

GREGG COUNTY, TEXAS

Table 1.4 CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS

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

	Fiscal Year			
	2008	2009	2010	2011
REVENUES				
Taxes	\$ 35,625,377	\$ 36,962,804	\$ 37,149,062	\$ 38,362,150
Licenses and permits	1,302,467	1,339,496	1,291,763	1,237,844
Intergovernmental	8,123,597	9,323,668	3,135,838	3,731,436
Charges for services	4,033,578	3,935,251	3,810,630	3,774,549
Fines and forfeitures	1,121,854	1,196,596	1,156,767	1,168,021
Investment earnings	1,265,171	1,001,794	237,182	251,352
Rents and commissions	788,573	1,081,838	965,940	1,033,682
Miscellaneous	4,148,033	3,704,754	3,301,639	3,327,129
Total revenues	<u>56,408,650</u>	<u>58,546,201</u>	<u>51,048,821</u>	<u>52,886,163</u>
EXPENDITURES				
General government	8,721,700	9,024,350	8,667,764	9,404,049
Judicial	6,090,503	6,600,583	6,503,219	6,887,259
Public safety	13,535,782	15,132,278	14,677,211	14,585,933
Health and human services	2,488,704	2,766,474	2,837,450	3,630,641
Public buildings	2,213,314	2,782,000	2,029,427	2,082,011
Transportation and roads	5,532,873	8,087,017	8,469,360	10,272,011
Debt service				
Principal	949,404	391,117	408,879	507,108
Interest	19,390	25,883	19,711	20,810
Capital outlay	7,010,064	8,635,325	1,426,316	3,037,040
Total expenditures	<u>46,561,734</u>	<u>53,445,027</u>	<u>45,039,337</u>	<u>50,426,862</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,846,916</u>	<u>5,101,174</u>	<u>6,009,484</u>	<u>2,459,301</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	13,232,941	3,026,651	20,571,490	5,658,471
Transfers out	(13,232,941)	(3,026,651)	(20,571,490)	(5,667,406)
Issuance of capital lease	288,628	319,632	495,976	-
Sale of capital assets	267,941	298,955	513,467	22,255
Sale of right-of-way	-	-	20,000	-
Insurance recoveries	86,227	8,730	7,097	25,612
Total other financing sources and uses	<u>642,796</u>	<u>627,317</u>	<u>1,036,540</u>	<u>38,932</u>
NET CHANGE IN FUND BALANCE	<u>\$ 10,489,712</u>	<u>\$ 5,728,491</u>	<u>\$ 7,046,024</u>	<u>\$ 2,498,233</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	2.4%	0.9%	0.9%	1.1%

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 38,594,743	\$ 40,895,686	\$ 40,075,700	\$ 38,883,763	\$ 37,680,522	\$ 37,397,684	
1,398,039	1,342,638	1,391,051	1,318,187	1,368,688	1,611,272	
2,061,285	3,755,376	4,716,379	6,706,941	6,002,423	5,290,478	
3,713,143	3,754,191	3,675,306	3,657,872	3,762,203	3,652,141	
1,444,602	1,217,869	1,237,949	1,020,076	1,053,456	908,746	
171,354	137,628	128,868	230,099	566,938	430,102	
3,352,952	3,273,148	2,694,410	2,468,488	2,681,868	1,885,931	
<u>359,238</u>	<u>255,947</u>	<u>285,407</u>	<u>288,464</u>	<u>266,969</u>	<u>484,111</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>	<u>51,660,465</u>	
9,325,778	10,270,374	10,139,547	10,242,264	10,732,178	10,156,100	
7,285,879	7,563,512	7,870,174	7,996,962	8,189,239	8,304,087	
15,429,054	16,140,745	16,782,174	16,404,214	17,735,449	17,792,423	
2,944,827	2,816,765	2,779,179	3,035,557	2,942,710	2,769,152	
2,130,553	2,214,203	2,220,231	2,283,921	2,068,225	2,061,398	
4,924,912	11,348,421	6,690,923	7,120,809	5,337,956	7,011,659	
6,478	5,619	2,216	-	390,689	393,659	
1,250	590	74	-	8,853	9,163	
<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>8,271,961</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>56,769,602</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>	<u>(5,109,137)</u>	
569,510	7,232,851	9,447,050	11,108,908	4,803,175	3,305,204	
(669,510)	(7,247,851)	(9,447,050)	(11,202,765)	(4,803,175)	(3,305,204)	
-	-	-	390,689	393,063	514,252	
44,658	108,642	64,243	93,991	426,806	420,632	
-	-	-	-	-	-	
<u>95,890</u>	<u>56,954</u>	<u>61,408</u>	<u>21,892</u>	<u>70,160</u>	<u>172,319</u>	
<u>40,548</u>	<u>150,596</u>	<u>125,651</u>	<u>412,715</u>	<u>890,029</u>	<u>1,107,203</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>	<u>\$(4,001,934)</u>	
0.0%	0.0%	0.0%	0.0%	0.8%	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
2017	\$ 4,783,998,161	\$ 1,683,497,067	\$ 2,201,544,674	\$ 1,195,065,994	\$ 9,864,105,896	0.2625	\$ 8,613,348,448	87.32%
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%

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Direct rates:										
Gregg County general rate	0.2622	0.2622	0.2622	0.2597	0.2572	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>
Total direct debt	<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>	<u>0.2625</u>
Overlapping debt:										
City rates:										
Clarksville City	0.3678	0.4471	0.4649	0.4886	0.4196	0.4501	0.4501	0.5999	0.7399	0.6442
East Mountain	0.0903	0.8529	0.1000	0.1000	0.1000	0.1000	0.1200	0.1200	0.1400	0.1334
Easton	0.1000	0.1000	0.0820	0.0794	0.0913	0.2500	0.2500	0.2500	0.2500	0.2500
Gladewater	0.5831	0.5831	0.6123	0.6426	0.6426	0.6445	0.6414	0.6563	0.7499	0.7500
Kilgore	0.4000	0.3924	0.3994	0.3900	0.4000	0.4200	0.4500	0.4731	0.5057	0.5390
Lakeport	0.2975	0.4011	0.6299	0.5915	0.6023	0.6275	0.6145	0.5820	0.5820	0.5799
Longview	0.4840	0.4840	0.4840	0.5009	0.5009	0.5009	0.5099	0.5099	0.5099	0.5099
Warren City	0.4560	0.5000	0.5000	0.5000	0.2500	0.2500	0.2500	0.2500	0.2500	0.2403
White Oak	0.4800	0.4800	0.5200	0.5200	0.5200	0.5201	0.5317	0.5469	0.5868	0.5863
School districts:										
Gladewater ISD	1.0400	1.0400	1.1700	1.1700	1.1700	1.1700	1.4900	1.5650	1.5650	1.5650
Kilgore ISD	1.1210	1.1092	1.1092	1.3092	1.3092	1.3092	1.3092	1.3092	1.3092	1.3092
Longview ISD	1.2980	1.4202	1.5130	1.5130	1.5130	1.5130	1.5130	1.5130	1.5130	1.5130
Pine Tree ISD	1.3485	1.3785	1.3785	1.5110	1.5110	1.5500	1.5550	1.5550	1.5550	1.5550
Sabine ISD	1.0400	1.0400	1.0400	1.0400	1.0400	1.2928	1.2730	1.3014	1.3014	1.3014
Spring Hill ISD	1.5400	1.5400	1.5400	1.5400	1.6700	1.6700	1.6700	1.6700	1.6700	1.6700
White Oak ISD	1.2426	1.2457	1.2408	1.2439	1.2333	1.2432	1.2460	1.2360	1.2475	1.5030
Special district rates:										
Gregg Co. ESD #1	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983	0.9829	0.0983
Gregg Co. ESD #2								0.1000	0.1000	0.1000
Kilgore Junior College	<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>	<u>0.1750</u>
Total direct and overlapping rates	<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>	<u>15.2854</u>

Source: Gregg County Appraisal District

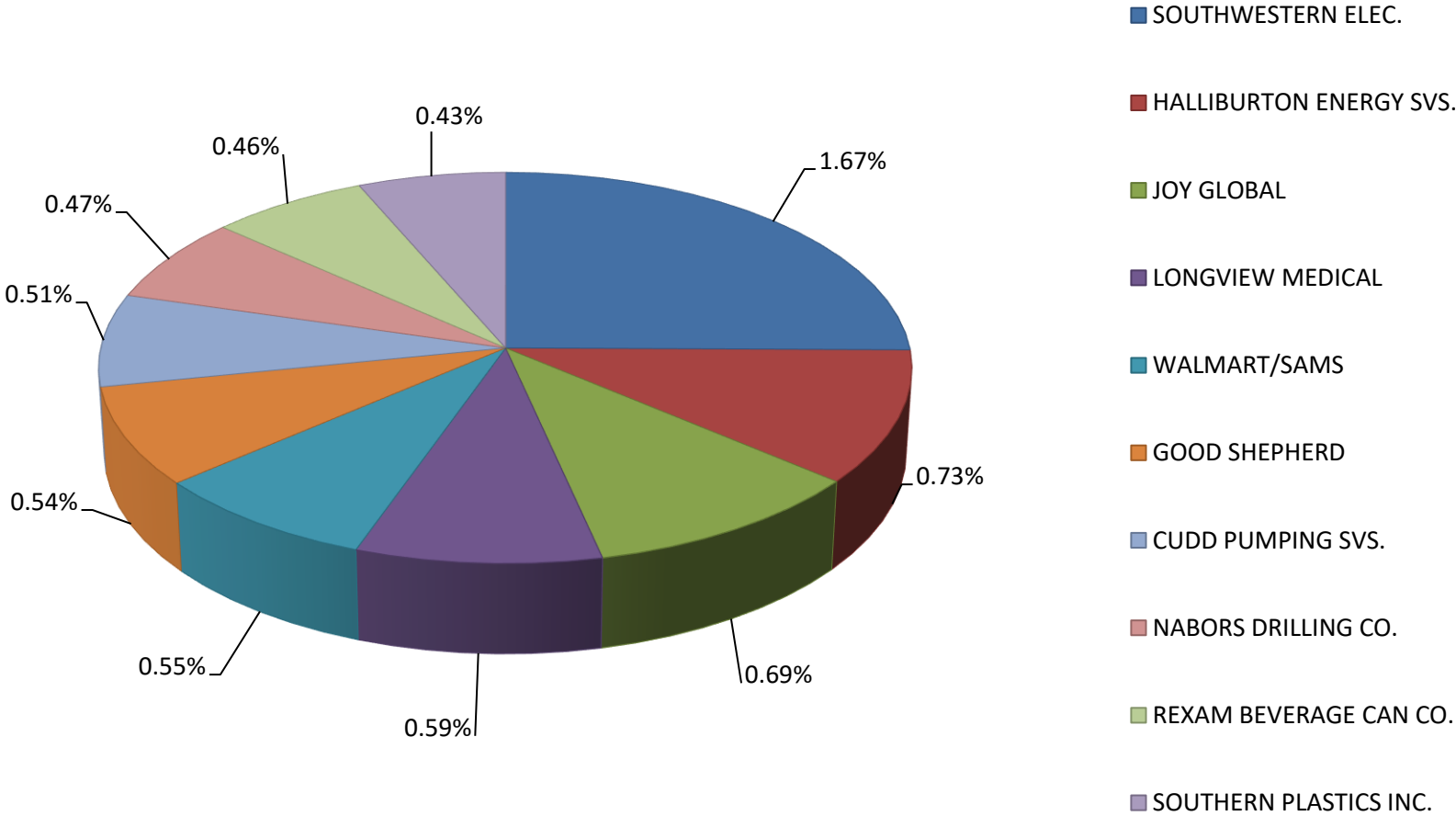
GREGG COUNTY, TEXAS

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

Taxpayer	2017			2008		
	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.	\$ 164,276,730	1	1.67%	\$ 99,637,630	3	1.09%
Wal-Mart / Sam's	72,468,360	2	0.73%	83,602,720	4	0.91%
Longview Medical Center/Longview Regional Hospital/Texas HCP Holding	68,114,430	3	0.69%	68,951,430	6	0.75%
Halliburton Co./Halliburton Energy	58,144,430	4	0.59%	101,270,090	2	1.10%
Joy Global Longview Operations LLC / Joy Global Surf Mng (fka P&H)	54,239,746	5	0.55%			
Good Shepherd/GAHC3 Longview TX Outpatient Mob II LLC/GSHS Inc.	53,217,610	6	0.54%			
Rexam Beverage Can Co	49,938,897	7	0.51%			
Nucor Steel Longview	46,339,034	8	0.47%			
Southern Plastics	45,754,540	9	0.46%			
Cudd Pumping Service/Cudd Pressure Control (CPS)	42,708,840	10	0.43%	50,786,630	9	0.55%
Letourneau Inc				141,259,150	1	1.54%
XTO Energy				82,730,680	5	0.90%
BJ Services/BJ Dynacoil/BJ Coiltech				68,811,480	7	0.75%
Exco Partners Operating				54,824,940	8	0.60%
J-W Power Co.				47,729,500	10	0.52%
Total	<u>\$ 655,202,617</u>		<u>6.64%</u>	<u>\$ 799,604,250</u>		<u>8.72%</u>

Source: Gregg County Appraisal District

2017 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 09/30/17	
2008	\$ 19,129,114	\$ 18,863,462	98.61%	25,132	\$ 19,154,246	\$ 229,243	\$ 19,092,705	99.68%	\$ 61,541	0.32%
2009	21,017,998	20,727,939	98.62%	48,617	21,066,615	274,707	21,002,646	99.70%	63,969	0.30%
2010	21,713,885	21,571,949	99.35%	186,921	21,900,805	275,173	21,847,122	99.75%	53,683	0.25%
2011	21,259,861	21,016,555	98.86%	51,587	21,311,448	238,792	21,255,347	99.74%	56,101	0.26%
2012	21,541,094	21,294,083	98.85%	53,904	21,594,998	242,762	21,536,846	99.73%	58,152	0.27%
2013	22,022,808	21,567,906	97.93%	(15,051)	22,007,757	302,693	21,870,599	99.38%	137,158	0.62%
2014	22,067,295	21,783,376	98.71%	40,406	22,107,701	188,955	21,972,330	99.39%	135,370	0.61%
2015	22,365,509	22,035,855	98.53%	9,311	22,374,820	182,499	22,218,354	99.30%	156,466	0.70%
2016	22,328,401	21,950,095	98.31%	(1,297)	22,327,104	151,957	22,102,053	98.99%	225,051	1.01%
2017	21,970,434	21,583,173	98.24%	17,431	21,987,866	-	21,583,173	98.16%	404,693	1.84%

- (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
2017	\$ 37,397,684	\$ 1,611,272	\$ 5,290,478	\$ 3,652,141	\$ 908,746	\$ 430,102	\$ 1,885,931	\$ 484,111	\$ 51,660,465
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

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	Capital Leases	Notes Payable	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
2017	\$ 513,656	\$ -	\$ 513,656	*	*
2016	393,063	-	393,063	0.01%	\$ 3.18
2015	390,689	-	390,689	0.01%	3.15
2014	-	-	-	0.00%	-
2013	2,216	-	2,216	0.00%	0.02
2012	7,833	-	7,833	0.00%	0.06
2011	13,658	-	13,658	0.00%	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

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

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

* Personal income and per capita income data unavailable

GREGG COUNTY, TEXAS

Table 3.2 RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS

The County has had no general bonded debt outstanding in the past ten fiscal years.

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GREGG COUNTY, TEXAS

**Table 3.3 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2017**

Government Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Direct Debt:			
Gregg County	\$ <u>513,656</u>	100%	\$ <u>513,656</u>
	<u>513,656</u>		<u>513,656</u>
Overlapping Debt:			
Clarksville City, City of	2,537,266	99.96%	2,536,251
Gladewater, City of	3,752,208	60.98%	2,288,096
Kilgore College	907,610	64.77%	587,859
Kilgore, City of	3,800,000	86.54%	3,288,520
Kilgore Independent School District	50,643,014	71.69%	36,305,977
Lakeport, City of	136,442	100.00%	136,442
Longview, City of	71,723,007	94.89%	68,057,961
Gladewater Independent School District	34,084,930	56.50%	19,257,985
Longview Independent School District	223,800,604	100.00%	223,800,604
Pine Tree Independent School District	67,325,855	100.00%	67,325,855
Sabine Independent School District	19,185,317	100.00%	19,185,317
Spring Hill Independent School District	44,472,270	100.00%	44,472,270
White Oak Independent School District	<u>22,563,504</u>	100.00%	<u>22,563,504</u>
Total Overlapping Debt	<u>544,932,027</u>		<u>509,806,642</u>
 Total Direct and Overlapping Debt	 \$ <u>545,445,683</u>		 \$ <u>510,320,298</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			
	2008	2009	2010	2011
Debt Limit	\$ 1,994,477,890	\$ 2,089,930,203	\$ 2,023,484,071	\$ 2,068,576,145
Total net debt applicable to limit	-	-	-	-
Legal Debt Margin	<u>\$ 1,994,477,890</u>	<u>\$ 2,089,930,203</u>	<u>\$ 2,023,484,071</u>	<u>\$ 2,068,576,145</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 2,132,856,856	\$ 2,137,867,790	\$ 2,167,091,354	\$ 2,467,145,007	\$ 2,436,104,030	\$ 2,466,026,474
-	-	-	-	-	-
<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>	<u>\$ 2,466,026,474</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>
2017	*	*	*	4.5%
2016	123,745	\$ 5,516,563	\$ 44,580	6.6%
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%

Sources: Texas Workforce Commission
Bureau of Economic Analysis

* Data unavailable

GREGG COUNTY, TEXAS

**Table 4.2 PRINCIPAL EMPLOYERS
CURRENT YEAR**

Employer	2017	
	Employees	Percentage of Total County Employees
Christus Good Shepherd Health System	2,529	3.8%
Eastman Chemical	1,463	2.2%
Longview ISD	1,288	1.9%
Wal-Mart	1,060	1.6%
Longview Regional Medical Center	1,032	1.5%
Trinity Rail, LLC	972	1.5%
City of Longview	934	1.4%
Pine Tree ISD	680	1.0%
Diagnostic Clinic of Longview	608	0.9%
Gregg County	550	0.8%
Total	11,116	16.6%

Source: Longview Economic Development Corporation

Notes: Percentage of total County employment is 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

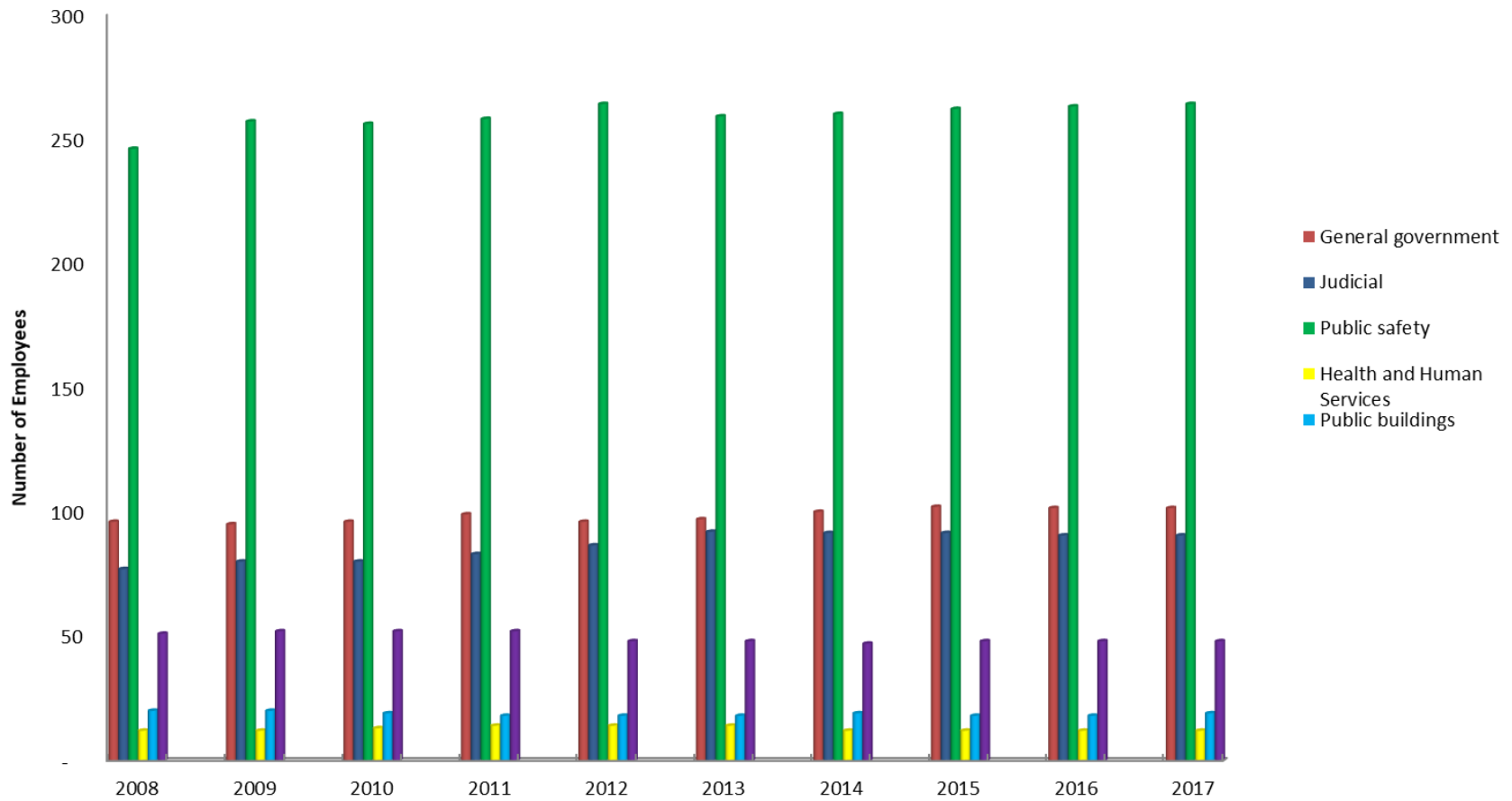
LAST TEN FISCAL YEARS

SEPTEMBER 30, 2017

<u>Function/Program</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>	<u>2017</u>
General government	96	95	96	99	96	97	100	102	102	102
Judicial	77	80	80	83	87	92	92	92	91	91
Public safety	246	257	256	258	264	259	260	262	263	264
Health and Human Services	12	12	13	14	14	14	12	12	12	12
Public buildings	20	20	19	18	18	18	19	18	18	19
Transportation and roads	<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>	<u>48</u>
Totals	<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>	<u>535</u>

Source: Gregg County Budget

Employees By Function



GREGG COUNTY, TEXAS

Table 5.2 OPERATING INDICATORS BY FUNCTION/PROGRAM

**LAST TEN FISCAL YEARS
SEPTEMBER 30, 2017**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
County Finance										
Accounts Payable Checks Processed	9,627	10,560	8,321	7,845	8,409	8,789	8,493	8,365	8,592	8,652
Tax Office (1)										
Motor vehicle registrations	128,732	128,189	127,751	129,604	133,481	133,761	134,302	131,334	129,890	128,866
Motor vehicle titles issued	47,626	39,293	39,992	45,622	49,178	49,411	48,757	47,843	45,630	45,020
Elections Office										
Registered Voters	71,799	67,977	68,612	64,458	66,464	65,680	66,146	65,678	68,833	67,696
Number of Elections Held	13	7	13	5	11	10	11	6	10	4
Judicial										
District Court level										
Civil & Family cases filed	3,838	3,583	4,076	3,319	3,064	3,417	3,297	3,091	3,253	3,004
Criminal cases filed	1,467	1,604	1,751	1,304	1,266	1,389	1,519	1,266	1,368	1,233
County Court level										
Probate/Mental Health cases filed	488	449	528	591	629	525	516	542	627	621
Statutory County Court level (2)										
Civil cases filed	564	469	413	1,181	1,174	1,180	1,117	1,195	1,108	1,083
Criminal cases filed	5,631	5,168	4,895	4,328	4,005	4,129	3,684	3,541	3,300	3,250
Law Enforcement/Corrections (3)										
Jail facilities										
Jail Book-ins	12,125	11,320	10,519	10,556	10,696	10,282	9,419	9,098	9,171	9,150
Law Enforcement										
Warrants executed	3,417	3,041	4,358	4,462	4,340	5,770	4,496	4,461	4,469	4,225
Civil process served	5,222	5,341	4,853	4,585	4,165	3,523	4,629	4,314	4,780	3,218
Health & Human Services										
Patients seen by Doctor	836	847	769	841	757	646	477	603	586	617
Patients seen by Nurse	1,583	2,584	2,266	2,501	2,848	2,354	2,032	2,433	2,676	2,764
Immunizations (# of shots)	6,346	7,781	7,142	11,158	7,504	5,440	5,254	5,077	4,962	4,374
Welfare Applicants	1,277	1,686	1,359	1,444	1,377	1,004	820	1,274	1,235	1,291
Transportation & Roads										
Miles of County Roads	279	281	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, 2017

FUNCTION/PROGRAM	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government										
Vehicles	7	6	6	6	6	10	9	10	9	9
Judicial										
Vehicles	2	2	3	3	3	4	5	6	5	5
Video/sound system	1	2	2	2	2	2	2	2	2	2
Law enforcement/corrections										
Vehicles	57	73	77	91	93	99	88	97	98	106
Transportation and roads										
Road and bridge vehicles	28	33	34	34	36	29	31	32	33	31
Road and bridge equipment	113	120	113	113	116	111	111	109	112	118
Public buildings										
Vehicles	5	4	4	4	4	4	4	3	4	3
Health and human services										
Vehicles	3	3	2	2	2	2	2	2	2	2

Source: Gregg County depreciation schedules

GREGG COUNTY, TEXAS

**Table 5.4 SCHEDULE OF INSURANCE
SEPTEMBER 30, 2017**

Insuring Company	Type of Coverage	Policy From	Policy To	Summary of Coverage	Liability Limits
Texas Public Entity Group Agent: Rooker Downing & Booth	Property	10/01/16	10/01/17	Buildings Personal Property Valuable Papers	\$ 88,579,483 50,000 250,000
Texas Public Entity Group Agent: Rooker Downing & Booth	Commerical Crime	10/01/16	10/01/17	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	10/01/16	10/01/17	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	10/01/16	10/01/17	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	10/01/16	10/01/17	General Aggregate	400,000
Texas Public Entity Group Agent: Rooker Downing & Booth	Employee Benefits Liability	10/01/16	10/01/17	Aggregate Limit	3,000,000
Tac Risk Management Pool	Public Officials Liability	10/01/16	10/01/17	Aggregate	2,000,000
JamisonPro	State Judges Professional Liability	01/01/17	01/01/18	Damages / Claims Exp.	1,000,000
Tac Risk Management Pool	Law Enforcement Liability	10/01/16	10/01/17	Aggregate	2,000,000
Evanston Insurance Company Agent: Rooker Downing & Booth	Gregg Co. Jail/Medical Services	12/15/16	12/15/17	Aggregate	3,000,000
Admiral Insurance Company Agent: Rooker Downing & Booth	Health Department	10/01/16	10/01/17	Aggregate	1,000,000
Old Republic Insurance Company Agent: Rooker Downing & Booth	East Texas Regional Airport	10/01/16	10/01/17	Products Personal Injury Malpractice Hangar keepers Fire Damage	5,000,000 5,000,000 5,000,000 5,000,000 50,000
Nautilus Insurance Company	Storage Tank Systems	08/04/17	08/04/18	Clean up costs, Third	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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 2, 2018.

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
April 2, 2018



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, 2017. 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, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

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
April 2, 2018

GREGG COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

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 2016 State and Local Task Force Agreement	16.001	\$ 19,760	\$ -
2016-AP-BX-0331	State Criminal Alien Assistance Program	16.606	27,859	-
FY 2017	ATF Task Force	16.U01	<u>12,989</u>	<u>-</u>
	Total Direct Programs		<u>60,608</u>	<u>-</u>
Passed through the Texas Office of the Governor - Criminal Justice Division:				
2929701	Crime Victim Assistance	16.575	35,616	-
2816503	Violence Against Women Formula Grant	16.588	62,176	-
2816504	Violence Against Women Formula Grant	16.588	<u>8,747</u>	<u>-</u>
	Total CFDA 16.588		<u>70,923</u>	<u>-</u>
3117001	Body Camera Program	16.835	<u>40,680</u>	<u>-</u>
	Total Passed through the Texas Office of the Governor - Criminal Justice Division		<u>147,219</u>	<u>-</u>
	Total U.S. Department of Justice		<u>207,827</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Direct Programs:				
3-48-0137-43	Airport Improvement Program	20.106	<u>3,355,888</u>	<u>-</u>
	Total Direct Programs		<u>3,355,888</u>	<u>-</u>
	Total U.S. Department of Transportation		<u>3,355,888</u>	<u>-</u>

GREGG COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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:			
537-18-0058-00001	Immunization Branch - Locals	93.268	\$ 14,493	\$ -
2016-001080-00	Immunization Branch - Locals	93.268	<u>192,246</u>	<u>-</u>
	Total Passed through Texas Department of State Health Services		<u>206,739</u>	<u>-</u>
	Passed through Texas Department of Family and Protective Services:			
23938981	Foster Care Title IV-E	93.658	21,365	-
23938980	Child Welfare Services Title IV-E	93.658	<u>8,276</u>	<u>-</u>
	Total Passed through Texas Department of Family and Protective Services		<u>29,641</u>	<u>-</u>
	Total U.S. Department of Health and Human Services		<u>236,380</u>	<u>-</u>
	<u>U.S. Department of Homeland Security</u>			
	Direct Programs:			
HSTS0216HSLR854	Law Enforcement Officer Reimbursement Agreement Program	97.090	<u>25,560</u>	<u>-</u>
	Total Direct Programs		<u>25,560</u>	<u>-</u>
	Passed through Texas Department of Public Safety:			
3061801	State Homeland Security Program 2014	97.067	<u>42,726</u>	<u>-</u>
	Total Passed through Texas Department of Public Safety		<u>42,726</u>	<u>-</u>
	Total U.S. Department of Homeland Security		<u>68,286</u>	<u>-</u>
	Total Federal Awards		<u>\$ 3,868,381</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

GREGG COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SEPTEMBER 30, 2017

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, 2017

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
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Identification of major programs:

CFDA Number: 20.106	Name of Federal Program: Airport Improvement Program
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Dollar threshold used to distinguish between type A and type B programs	\$750,000
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Auditee qualified as low-risk auditee?	No
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**Findings Related to the Financial Statements Which Are
Required to be Reported in Accordance With Generally
Accepted Government Auditing Standards**

None

Findings and Questioned Costs for Federal Awards

None



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

None

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