



GREGG COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2018**

GREGG COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2018**

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

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GREGG COUNTY, TEXAS

TABLE OF CONTENTS

SEPTEMBER 30, 2018

**Page
Number**

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditors' Report.....	1 – 3
Management's Discussion and Analysis	4 – 13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	14
Statement of Activities	15 – 16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17 – 18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	20 – 21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position – Proprietary Funds.....	23
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	24

GREGG COUNTY, TEXAS

TABLE OF CONTENTS (Continued) SEPTEMBER 30, 2018

**Page
Number**

FINANCIAL SECTION (Continued)

Fund Financial Statements (Continued):

Statement of Cash Flows – Proprietary Funds..... 25

Statement of Assets and Liabilities – Agency Funds 26

Notes to Financial Statements..... 27 – 44

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in
Fund Balances – Budget and Actual – General Fund..... 45 – 60

Schedule of Revenues, Expenditures and Changes in
Fund Balances – Budget and Actual – Road and Bridge Fund..... 61 – 63

Notes to the Required Supplementary Information – Budgetary Schedules..... 64

Schedule of Changes in Net Pension Liability
and Related Ratios 65

Schedule of Employer Contributions 66

Notes to Schedule of Employer Contributions..... 67

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:

Combining Balance Sheet 68 – 69

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances 70 – 71

Budgetary Comparison Schedules:

Capital Improvements..... 72

Airport Capital Improvements 73

Airport 74

Law Enforcement..... 75

Court Technology and Security 76

Records Management and Preservation 77

Voting and Elections 78

Law Library 79

Health Care..... 80

GREGG COUNTY, TEXAS

TABLE OF CONTENTS (Continued) SEPTEMBER 30, 2018

**Page
Number**

FINANCIAL SECTION (Continued)

Combining and Individual Fund Statements and Schedules (Continued):

Internal Service Funds:

Combining Statement of Net Position	81
Combining Statement of Revenues, Expenses and Changes in Net Position	82
Combining Statement of Cash Flows	83

Agency Funds:

Combining Statement of Assets and Liabilities	84 – 85
Combining Statement of Changes in Assets and Liabilities	86 – 87

Table

STATISTICAL SECTION

Net Position by Component	1.1	88 – 89
Changes in Net Position	1.2	90 – 93
Fund Balances of Governmental Funds	1.3	94 – 95
Change in Fund Balances of Governmental Funds	1.4	96 – 97
Assessed Value and Estimated Taxable Value of Property	2.1	98
Property Tax Rates – Direct and Overlapping Governments	2.2	99
Principal Taxpayers	2.3	100 – 101
Property Tax Levies and Collections	2.4	102
Governmental Revenue by Source	2.5	103

GREGG COUNTY, TEXAS

TABLE OF CONTENTS (Continued) SEPTEMBER 30, 2018

	<u>Table</u>	<u>Page Number</u>
STATISTICAL SECTION (Continued)		
Ratios of Outstanding Debt by Type.....	3.1	104
Ratios of General Bonded Debt Outstanding	3.2	105
Direct and Overlapping Governmental Activities Debt	3.3	106
Legal Debt Margin Information	3.4	107 – 108
Demographic and Economic Statistics	4.1	109
Principal Employers	4.2	110
County Employees by Function.....	5.1	111 – 112
Operating Indicators by Function/Program.....	5.2	113
Capital Asset Statistics by Function/Program	5.3	114
Schedule of Insurance.....	5.4	115
SINGLE AUDIT SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		116 – 117
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With the Uniform Guidance.....		118 – 119
Schedule of Expenditures of Federal Awards		120 – 121
Notes to Schedule of Expenditures of Federal Awards.....		122
Schedule of Findings and Questioned Costs		123
Summary Schedule of Prior Audit Findings.....		124

INTRODUCTORY SECTION

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March 29, 2019

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

In compliance with the statutory duties of the County Auditor as prescribed by Section 114.025 of the Local Government Code of the State of Texas, the Financial Statements of Gregg County, Texas are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to the requirement, we hereby issue the comprehensive annual financial report of Gregg County for the fiscal year ended September 30, 2018. The report is prepared by the Gregg County Auditor's Office.

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

Gregg County's financial statements have been audited by Pattillo, Brown and Hill, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of Gregg County for the year ended September 30, 2018 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 Gregg County's financial statements are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

PROFILE OF GREGG COUNTY

Located in northeast Texas, Gregg County was inhabited by Caddo Tribes until the early 1800s and partly by Cherokee immigrants until 1839. Gregg County was settled by farmers from the southern United States after Texas achieved statehood in 1845 and land area is 273 square miles. The construction of the railroad in the 1870's established the early towns that were to form Gregg County. The 2010 person per square mile was 445.

In 1873, State Representative B. W. Brown introduced a bill to create Gregg County from parts of Upshur and Rusk Counties. The county seat is Longview. The name for Gregg County commemorated a leader named John Gregg who was killed in action as a Confederate General.

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

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

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

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

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

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

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

FINANCIAL INFORMATION

Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

The County is also required to undergo 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, a schedule of findings and questioned costs, and the independent auditor's reports on the internal control structure and compliance with applicable laws and regulations, is included in the single audit section of this report.

As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial 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, 2018 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Factors Affecting Financial Condition

Local Economy The County has diversified its economy from oil and gas and now includes manufacturing, medical and retail facilities. This diversification has lessened the effects of the economic downturn a few years ago. 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 FY18 budget increased from \$8.51 billion to \$8.61 billion.

The 2017 population estimate is 123,367. Median household income, 2013-2017 is \$47,970. Housing units for 2018 were 51,829 compared with 51,963 in 2017. Homeownership rate, 2013-2017 is 58.8%. The median value of owner-occupied housing units for the same time period is \$130,000. The December 2018 Gregg County unemployment rate was 3.9% compared with the 3.7% statewide rate, and a 3.9% national rate for the same period.

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 each major governmental fund.

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

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

OTHER INFORMATION

Independent Audit The audit was designed to meet the requirements of the federal Single Audit Act of 1984 and *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 Gregg County for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2017. This was the sixth 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.

Gregg 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 who have given their support in planning and conducting the financial operation and management of Gregg County in a responsible manner.

Respectfully submitted,



Laurie Woloszyn
Gregg County Auditor



Government Finance Officers Association

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

Presented to

**Gregg County
Texas**

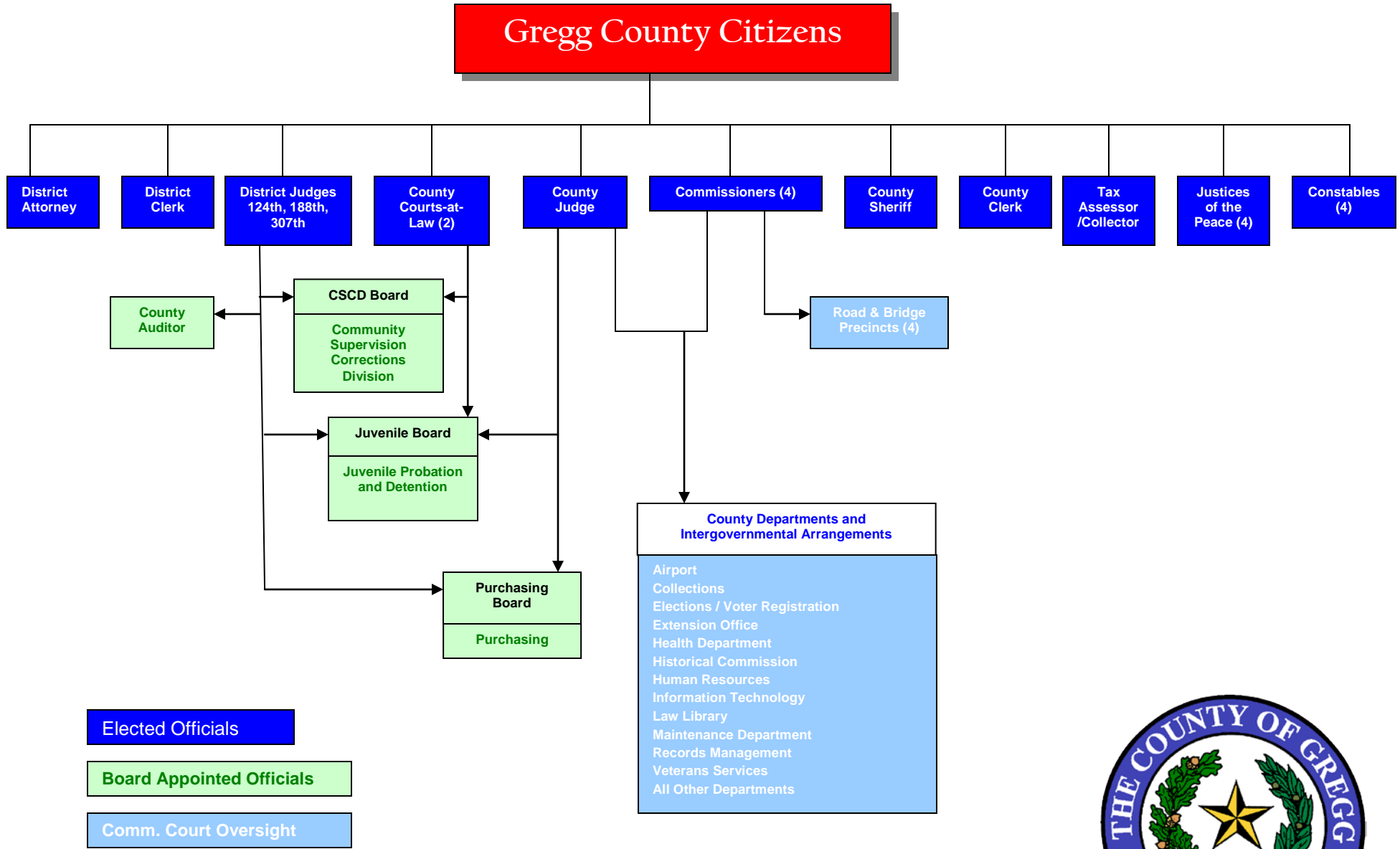
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

Gregg County Organization Chart



Elected Officials

Board Appointed Officials

Comm. Court Oversight

Direction of Authority →





**Gregg County, Texas
Directory of Officials
September 30, 2018**

Elected:

**Bill Stoudt
Ronnie McKinney
Darryl Primo
Gary Boyd
John Mathis
Carl Dorrrough
Barbara Duncan
Connie Wade
Kirk Shields
Maxey Cerliano
James Plumlee
Billy Fort
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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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, 2018, 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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, 2018, 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 March 29, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Waco, Texas
March 29, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Gregg County (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2018. 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 2018 by \$130,879,105 (*net position*). Of this amount, \$53,841,001 (*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 \$596,310.
- As of September 30, 2018, the County's governmental funds reported combined ending fund balances of \$64,318,950, an increase of \$1,318,796 or 2% in comparison with the prior year. \$34,153,891 (53%) is *available for spending* at the County's discretion (*unassigned fund balance*). \$15,146,937 (24%) 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 2018, total unassigned fund balance for the General Fund was \$34,153,891 or 90% of total General Fund expenditures, compared to \$29,882,152 or 74% in 2017 and \$31,124,930 or 80% in 2016.
- Total revenue for governmental activities increased 1.7%.
- Total expenses for the County decreased by \$4,296,444 or 7%. The program to have the largest decrease in expenses was transportation and roads at \$2,397,976 or 26%.

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 are comprised of 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 \$130,879,105 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 49% of net position compared with 50% 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 (\$12,369,754) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$53,841,001 (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	
	2018	2017
Current and other assets	\$ 94,320,400	\$ 101,452,308
Capital assets	65,184,347	66,347,330
Total assets	159,504,747	167,799,638
Deferred outflows of resources	3,369,217	9,778,755
Long-term liabilities	6,373,687	13,197,946
Other liabilities	23,390,877	31,884,584
Total liabilities	29,764,564	45,082,530
Deferred inflows of resources	2,230,295	1,020,448
Net position:		
Net investment in		
capital assets	64,668,350	65,833,674
Restricted	12,369,754	11,830,586
Unrestricted	53,841,001	53,811,155
Total net position	\$ 130,879,105	\$ 131,475,415

Governmental Activities: Governmental activities decreased the County's net position by \$596,310 for a 0.5% decrease of the total net position of the County. As a comparison to the prior year, net position decreased by 4.2% in fiscal year 2017.

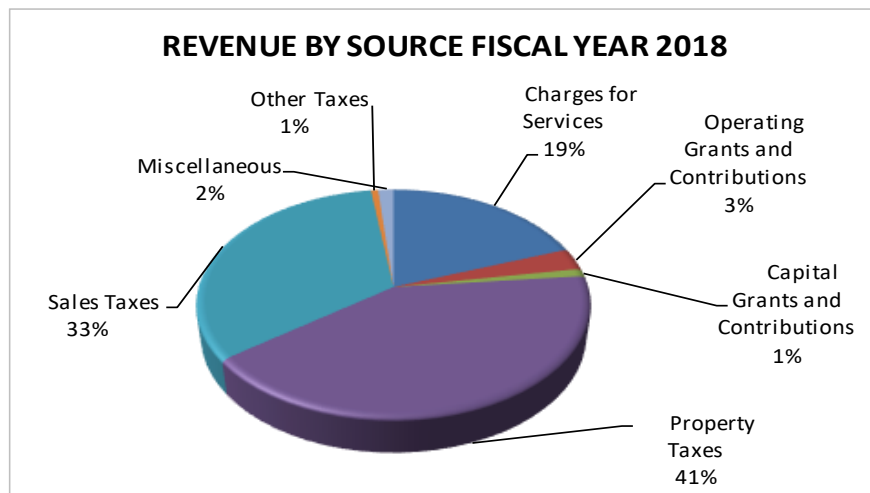
Gregg County's Changes in Net Position

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 10,214,661	\$ 9,023,744
Operating grants and contributions	1,612,051	1,570,400
Capital grants and contributions	573,426	3,355,888
General revenues:		
Property taxes	21,963,195	21,712,637
Sales taxes	17,484,152	15,403,190
Other taxes	365,965	375,282
Investment earnings	629,133	440,265
Miscellaneous	141,117	197,790
Total revenues	<u>52,983,700</u>	<u>52,079,196</u>
Expenses:		
General government	13,927,884	13,851,975
Judicial	8,526,064	8,797,765
Public safety	18,729,013	19,802,883
Health and human services	2,033,655	2,875,016
Public buildings	3,684,481	3,475,073
Transportation and roads	6,665,651	9,063,627
Interest on long-term debt	13,262	10,115
Total expenses	<u>53,580,010</u>	<u>57,876,454</u>
Change in net position	(596,310)	(5,797,258)
Net position, beginning	<u>131,475,415</u>	<u>137,272,673</u>
Net position, ending	<u>\$ 130,879,105</u>	<u>\$ 131,475,415</u>

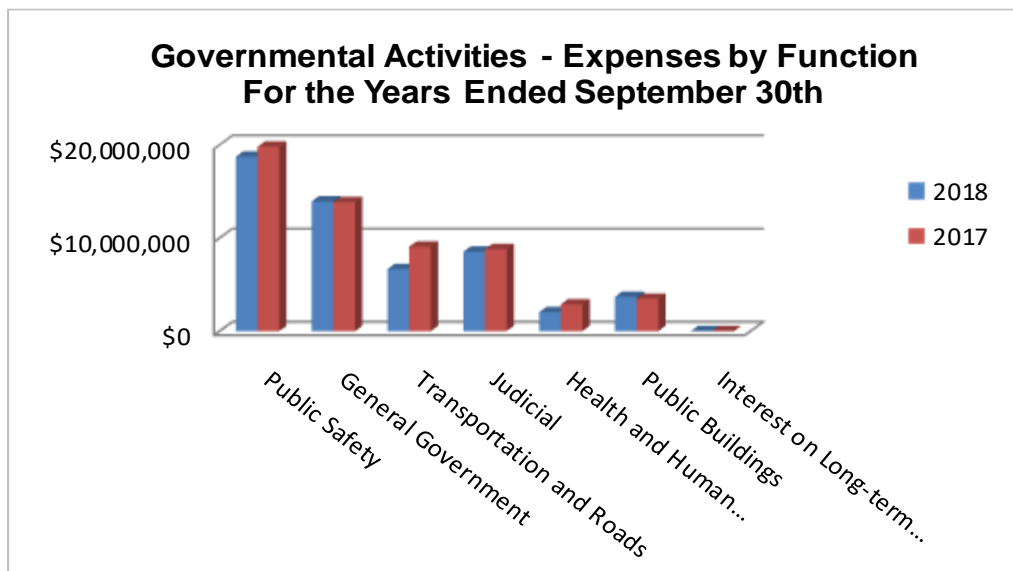
The net cost of County services decreased \$2,746,550 or 6% compared to a 13% increase in fiscal year 2017.

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

Function/Program	Net Cost of Services	
	2018	2017
General Government	\$(10,086,111)	\$(7,497,091)
Judicial	(6,375,005)	(6,904,465)
Public Safety	(16,451,528)	(18,219,511)
Health and Human Services	(1,607,070)	(2,474,776)
Public Buildings	(2,593,055)	(2,260,737)
Transportation and Roads	(4,053,841)	(6,559,727)
Interest on long-term debt	(13,262)	(10,115)
Total	<u>\$(41,179,872)</u>	<u>\$(43,926,422)</u>



Comparison of government-wide expenses by function. Total expenses decreased 7% or \$4,296,444.



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

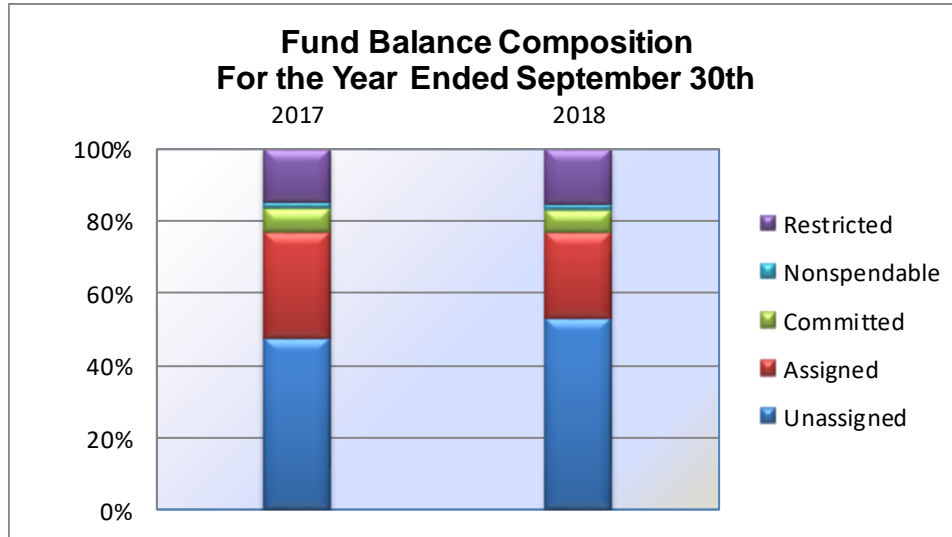
- Program revenues for governmental activities of \$12,400,138 equaled 23% of total governmental activities expenses of \$53,580,010. As expected, general revenues of \$40,583,562 provided the additional support and coverage for expenses. Program revenues consist of charges for services, operating and capital grants. General revenues consist mainly of sales and property tax which are not attributable to a specific program.
- Over 35% of the expenses are for public safety (\$18,729,013) reflecting the continuing demands on law enforcement. This program provided 4% (\$2,277,485) of the total governmental activities revenues and 4% of the total of all revenues for the year.
- The next largest category of expenses for governmental activities is general government which equals \$13,927,884 or 26% of total expenses. General government provided 7% or \$3,841,773 of the government activity revenue and 7% of the total of all revenues for the year.
- Judicial expenses for the County for the year accounted for 16% or \$8,526,064 of the expenses while this category provided for 4% or \$2,151,059 of the governmental activities revenue and 4% of the total of all revenues for the year.
- Transportation and Roads accounted for \$6,665,651 or 12% of the governmental activities expenses while this category provided for 5% or \$2,611,810 of government activities revenue and 5% of the total of all revenues.

- Capital Grant Revenues and Contributions comprised 1% of the general government activity revenue and 5% of the total government 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 above.

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 2018, the County's *governmental funds* reported combined ending fund balances of \$64,318,950, an increase of \$1,318,796 (2%) in comparison with the prior year. Unassigned fund balance accounts for 53% or \$34,153,891 of the total. An additional \$15,146,937 (24%) is assigned fund balance and is constituted mostly of CIP funds. Committed fund balance total is \$4,104,224 or 6% of total fund balance and would require a Commissioners' Court order to use for any other purpose. \$9,981,536 or 16% of the total ending fund balance is reported 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 to purchase inventories (\$932,362).

General Fund

The General Fund is the chief operating fund of the County. At the end of fiscal year 2018, the General Fund had an ending fund balance of \$34,740,070 with 1% restricted for certain purposes.

As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance of \$34,153,891 represents 90% of total General Fund expenditures.

The General Fund balance increased by \$4,052,196 (13%) during the 2018 fiscal year. The increase can be attributed to excess revenues over expenditures. The increase in excess revenues over expenditures is mostly due to sales tax collection increases (49%), and the decrease in total expenditures from FY17.

General Fund Highlights:

- Property tax revenue increased \$299,101, 1.6% from the prior year due to the property valuation increase from \$8.50 billion to \$8.61 billion.
- Sales tax revenues increased 14% or \$1,972,113 compared to FY17 collections. Last year the sales tax revenue increase from the prior year was \$481,266.
- Actual total expenditures of \$37,809,063 were \$2,696,220 or 7% under final budget appropriations and are \$2,513,121 or 6% lower than FY17 actual expenditures.

- Actual total revenues of \$43,457,537 were 9% or \$2,696,220 above the estimated revenues for FY18.
- Total General Fund revenues increased by -\$1,433,022, a 7% increase from FY17. The increase is mostly attributed to the increased collections in sales tax. Additionally, revenue increased for Motor Vehicle Sales Tax \$108,848, Justice of the Peace fine collections \$105,255, intergovernmental revenues of \$117,188 and charges for services of \$128,648.
- Total other financing sources and uses were (\$1,596,278) mostly due to transfers primarily to fund capital projects.
- Differences between the original budget and the final amended budget can be briefly summarized as follows:
 - An increase of \$931,637 in expenditure appropriations mostly due to transfers between funds.
 - There were no revenue amendments in the General fund.
- The County continued to provide assistance or share costs with other entities for joint infrastructure road projects within the County.
- During FY18 the City of Kilgore requested and was granted \$70,000 for assistance with a road project.
- Joint road upgrade projects in progress at year end include Texas Street; a joint project between the County, Clarksville City, Warren City and the City of Gladewater.

Road and Bridge Fund Highlights:

- The Road and Bridge Fund had an ending fund balance of \$4,159,159, a decrease of \$479,046. Of the ending fund balance, \$923,617 or 22% is nonspendable for inventories and \$9,495 or .2% is assigned for other projects. The remaining balance of \$3,226,047 or 78% is restricted for use on road and bridge projects.
- Road and Bridge FY18 revenue increased 5% or \$165,515 from the prior year. The increase can be attributed mostly to the increase in fine revenue of \$85,166, an intergovernmental revenue increase of \$37,278 and the increase in interest earned of \$16,160.
- Total FY18 Road and Bridge operating expenditures increased \$77,589 or 2%.
- Other financing sources totaled \$478,278 and include transfers in from the Capital Improvement Fund for additional road maintenance that did not meet the capitalization threshold or from the General Fund for non-road and bridge projects, and the sale of capital assets for \$28,608. Other financing uses were for \$41,278 transferred to the capital acquisition fund to purchase capital equipment,
- Road projects when 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 for the proper analysis of all road and bridge expenditures.
- Final expenditures of \$4,758,483 were \$282,130 over the final budget appropriations due to the donated material usage adjustment at year end.

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 the 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.

- During FY18 Road and Bridge infrastructure upgrades amount to \$952,973.
- Capitalized road and bridge projects completed this year include the following:
 - Big Woods Road
 - Pleasant Green Road
 - Bar K Ranch West Culvert Bridge
 - 4S Industrial Blvd
 - North White Oak Road
- Capital Road Projects in progress at year-end:
 - West Goforth Road

Airport Capital Improvement Fund Highlights:

- Major infrastructure project completions for the year include the following:
 - Rehabilitation of Taxiway Lighting \$1,648,030
 - Airfield Drainage Project \$2,507,121
- Major construction in progress at the airport include the following:
 - Southwest GA taxi lane Phase 2
 - South Public Apron Improvements
 - Pavement Drainage Improvements

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 fiscal year 2017 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

Capital Assets: As of September 30, 2018, the County's investment in capital assets amounts to \$65,184,347 (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	
	2018	2017
Land	\$ 2,670,667	\$ 1,318,940
Construction in progress	1,252,839	5,062,068
Buildings and improvements	26,786,583	26,109,935
Machinery and equipment	3,291,545	3,787,486
Infrastructure	31,182,713	30,068,901
Total	\$ 65,184,347	\$ 66,347,330

The County purchased land in the amount of \$1,369,000 directly across from the front of the courthouse in FY18 for the immediate addition of parking spaces to alleviate the shortage of public parking. The Court continues to look at additional options for future needs of office space and additional parking.

Capital Improvements and Asset Acquisitions

Major capital assets acquired during fiscal year 2018 include the following:

- Various vehicle replacements for law enforcement and other departments
- A Boom Lift, Excavator bucket and three (3) new dump truck lease purchases for Road and Bridge operations
- IT computer replacements for servers who reached end of life
- Nimble Storage Array (donated)
- Courthouse Roof and Window Sealing project
- Precinct 3 Training Facility

Construction in Progress at year-end includes:

- Juvenile Building renovations
- Precinct 4 upgraded fueling system
- County Court renovations
- Computer upgrades

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 \$6,373,687, which is for an accrual for compensated absences of \$1,161,107 (18%), capital lease payables of \$515,997 (8%) and a net pension liability of \$4,696,583 (74%).

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 fiscal year 2019, the Court considered the following:

- An increase in the tax base valuation was realized from \$8.61 billion in the prior year to \$8.80 billion for fiscal year 2019. As of December 2018, the county unemployment rate was 3.9%, comparable with both the state rate of 3.7% and national rate of 3.9% for the same time.
- Sales tax revenue is expected to increase and then level out.
- There is no plan to issue debt in the fiscal year 2019 budget year or in the near future. The County's debt position continues to remain favorable.
- The tax rate approved to fund the FY19 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 FY19 budget.
- Budgeted revenue County-wide for FY19 is \$49,962,335 and the budgeted expenditures are \$54,487,078. Total ending fund balance for all funds is estimated at \$50,006,375.
- Reserves continue to fund capital projects on the "pay-as-you-go" the Commissioners Court encourages. Additionally, other financing sources are budgeted at \$4,168,352 and other financing uses are budgeted at \$4,965,102. These sources and uses consist mainly for transfers into or out of funds for large capital projects.
- Major new capital infrastructure improvements budgeted for FY19 include north jail roof project, capital road improvements planned including Cherokee Street, Airline Road, Blackberry Road, Goforth Road, Old Hwy 135 Phase 1, Harvey Road, West Wilkins Road, Stanley Road and GreenBriar Road. Additionally, the County Court and Juvenile Detention Building renovations will be completed during the year.
- Capital Equipment planned include heavy equipment for Road and Bridge operations, additional funding for new elections equipment, south jail security control equipment, courthouse security equipment, and various new or replacement vehicles for law enforcement or other departments.
- The Court continues to look at the feasibility and availability of options for addition office space and a public parking building in fiscal year 2019 after the procurement of the land across from the courthouse.

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, 2018

	Primary Governmental Activities	Component Unit Child Welfare
ASSETS		
Cash and cash equivalents	\$ 10,816,569	\$ 215,373
Investments	72,467,955	-
Receivables (net of allowances for uncollectibles):		
Taxes	570,809	-
Accounts	5,953,594	-
Interest	194,406	-
Due from other governments	3,375,556	-
Inventory	941,511	-
Capital assets (net of accumulated depreciation):		
Land	2,670,667	-
Buildings and improvements	56,806,262	-
Equipment	20,593,119	-
Infrastructure	95,196,910	-
Construction in progress	1,252,839	-
Less: accumulated depreciation	(111,335,450)	-
Total capital assets	<u>65,184,347</u>	<u>-</u>
Total assets	<u>159,504,747</u>	<u>215,373</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	<u>3,369,217</u>	<u>-</u>
Total deferred outflows of resources	<u>3,369,217</u>	<u>-</u>
LIABILITIES		
Accounts payable	21,479,375	7,015
Due to other governments	102,706	-
Accrued liabilities	1,808,796	-
Noncurrent liabilities:		
Due within one year	1,478,158	-
Due in more than one year	198,946	-
Net pension liability	<u>4,696,583</u>	<u>-</u>
Total liabilities	<u>29,764,564</u>	<u>7,015</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	<u>2,230,295</u>	<u>-</u>
Total deferred inflows of resources	<u>2,230,295</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	64,668,350	-
Restricted for:		
Archive restoration	252,514	-
Transportation and roads	5,316,591	-
Public safety operations	1,018,044	-
Bail bond board	44,334	-
Judicial operations	144,327	-
Airport operations	208,385	-
Court technology and security	490,523	-
Records management and preservation	921,998	-
Voting and elections	30,742	-
Health and human services operations	29,940	-
Vehicle inventory tax administration	4,814	-
Permanent improvements	3,907,542	-
Unrestricted	<u>53,841,001</u>	<u>208,358</u>
Total net position	<u>\$ 130,879,105</u>	<u>\$ 208,358</u>

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

GREGG COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 13,927,884	\$ 3,185,507	\$ 82,840	\$ 573,426
Judicial	8,526,064	1,628,129	522,930	-
Public safety	18,729,013	2,213,009	64,476	-
Health and human services	2,033,655	35,003	391,582	-
Public buildings	3,684,481	1,082,799	8,627	-
Transportation and roads	6,665,651	2,070,214	541,596	-
Interest on long-term debt	13,262	-	-	-
Total governmental activities	<u>53,580,010</u>	<u>10,214,661</u>	<u>1,612,051</u>	<u>573,426</u>
Total primary government	<u>53,580,010</u>	<u>10,214,661</u>	<u>1,612,051</u>	<u>573,426</u>
Component unit:				
Child Welfare Board	<u>81,847</u>	<u>21,550</u>	<u>-</u>	<u>-</u>
Total component unit	<u>\$ 81,847</u>	<u>\$ 21,550</u>	<u>\$ -</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
\$(10,086,111)	\$ -
(6,375,005)	-
(16,451,528)	-
(1,607,070)	-
(2,593,055)	-
(4,053,841)	-
(13,262)	-
(41,179,872)	-
(41,179,872)	-
-	(60,297)
-	(60,297)
21,963,195	-
17,484,152	-
284,838	-
81,127	-
629,133	-
141,117	-
40,583,562	-
(596,310)	(60,297)
131,475,415	268,655
\$ 130,879,105	\$ 208,358

GREGG COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General	Road and Bridge	Capital Improvement
ASSETS			
Cash and cash equivalents	\$ 5,856,602	\$ 808,845	\$ 1,713,559
Investments	47,087,622	2,561,635	17,353,897
Receivables (net of allowance for uncollectibles):			
Accounts	3,530,451	2,082,914	37,028
Taxes	487,215	31,076	6,520
Interest	122,932	9,741	39,542
Due from other funds	85,017	-	-
Due from other governments	3,146,058	-	-
Inventories	2,701	923,617	-
Total assets	60,318,598	6,417,828	19,150,546
LIABILITIES			
Accounts payable	20,841,565	98,943	358,181
Due to other governments	100,135	1,635	-
Accrued liabilities	830,468	87,053	-
Due to other funds	-	-	-
Total liabilities	21,772,168	187,631	358,181
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	405,861	25,885	5,434
Unavailable revenue - court fines	3,400,499	2,045,153	-
Total deferred inflows of resources	3,806,360	2,071,038	5,434
FUND BALANCES			
Nonspendable:			
Inventories	2,701	923,617	-
Restricted for:			
Archive restoration	252,514	-	-
Transportation and road improvements	19,507	3,226,047	-
Public safety operations	-	-	-
Bail bond board operations	44,334	-	-
Judicial operations	-	-	-
Airport operations	-	-	-
Court technology and security	-	-	-
Records management and preservation	-	-	-
Voting and elections	-	-	-
Health and human services operations	14,504	-	-
Vehicle inventory tax administration	-	-	-
Permanent improvements	-	-	3,902,108
Committed for:			
Airport operations	-	-	-
Donations to healthcare organizations	-	-	-
Assigned for:			
Capital projects	-	-	14,884,823
Transportation and road improvements	5,952	-	-
Public Safety	187,358	-	-
Drug Court Operations	59,309	-	-
Other projects	-	9,495	-
Unassigned	34,153,891	-	-
Total fund balances	34,740,070	4,159,159	18,786,931
Total liabilities, deferred inflows of resources and fund balances	\$ 60,318,598	\$ 6,417,828	\$ 19,150,546

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

Airport Capital Improvement	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ 68,352	\$ 2,339,870	\$ 10,787,228
-	4,259,900	71,263,054
-	301,579	5,951,972
-	45,636	570,447
-	19,989	192,204
-	-	85,017
137,312	92,186	3,375,556
-	6,044	932,362
<u>205,664</u>	<u>7,065,204</u>	<u>93,157,840</u>
35,296	138,528	21,472,513
-	843	102,613
-	66,665	984,186
-	85,017	85,017
<u>35,296</u>	<u>291,053</u>	<u>22,644,329</u>
-	38,017	475,197
-	273,712	5,719,364
<u>-</u>	<u>311,729</u>	<u>6,194,561</u>
-	6,044	932,362
-	-	252,514
-	-	3,245,554
-	1,018,043	1,018,043
-	-	44,334
-	111,611	111,611
170,368	-	170,368
-	426,163	426,163
-	745,345	745,345
-	30,742	30,742
-	15,436	29,940
-	4,814	4,814
-	-	3,902,108
-	1,047,822	1,047,822
-	3,056,402	3,056,402
-	-	14,884,823
-	-	5,952
-	-	187,358
-	-	59,309
-	-	9,495
-	-	34,153,891
<u>170,368</u>	<u>6,462,422</u>	<u>64,318,950</u>
<u>\$ 205,664</u>	<u>\$ 7,065,204</u>	<u>\$ 93,157,840</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, 2018

Total fund balances - governmental funds balance sheet		\$	64,318,950
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.			65,183,104
Certain receivables will not be collected soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.			
Property taxes		475,197	
Court fines and fees		<u>5,719,364</u>	
			6,194,561
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Interest payable	(	6,015)	
Compensated absences	(	1,161,107)	
Capital leases	(	515,997)	
Net pension liability	(	<u>4,696,583</u>)	
			(6,379,702)
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.			423,270
Deferred outflows related to pensions are not recognized as an outflow of resources until a future period on the statement of financial position.			3,369,217
Deferred inflows related to pensions are not recognized as an inflow of resources until a future period on the statement of financial position.			(<u>2,230,295</u>)
Net position of governmental activities		\$	<u>130,879,105</u>

GREGG COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>General</u>	<u>Road and Bridge</u>	<u>Capital Improvement</u>
REVENUES			
Taxes:			
Current property	\$ 18,307,526	\$ 1,168,201	\$ 244,357
Delinquent property	467,292	29,814	6,235
Sales	15,840,959	-	-
Motor vehicle sales	1,643,192	-	-
Alcoholic beverage	284,838	-	-
Bingo	81,127	-	-
Licenses and permits	98,199	1,541,819	-
Intergovernmental	948,250	541,596	-
Charges for services	3,296,014	-	-
Fines and forfeitures	503,154	508,307	-
Investment earnings	290,824	45,617	221,338
Rents and commissions	1,204,472	-	-
Miscellaneous	491,690	7,083	-
Total revenues	<u>43,457,537</u>	<u>3,842,437</u>	<u>471,930</u>
EXPENDITURES			
Current:			
General government	9,097,158	-	-
Judicial	8,200,900	-	-
Public safety	16,391,039	-	-
Health and human services	1,681,387	-	-
Public buildings	2,253,368	-	-
Transportation and roads	70,000	4,742,169	-
Debt service:			
Principal	849	-	509,559
Interest and fiscal charges	288	-	11,997
Capital outlay	114,074	16,314	4,920,881
Total expenditures	<u>37,809,063</u>	<u>4,758,483</u>	<u>5,442,437</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,648,474</u>	<u>(916,046)</u>	<u>(4,970,507)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	449,670	1,531,241
Transfers out	(1,693,313)	(41,278)	(483,130)
Sale of capital assets	89,156	28,608	470,951
Insurance recoveries	7,879	-	11,410
Capital lease	-	-	512,749
Total other financing sources (uses)	<u>(1,596,278)</u>	<u>437,000</u>	<u>2,043,221</u>
NET CHANGE IN FUND BALANCES	4,052,196	(479,046)	(2,927,286)
FUND BALANCES, BEGINNING	<u>30,687,874</u>	<u>4,638,205</u>	<u>21,714,217</u>
FUND BALANCES, ENDING	<u>\$ 34,740,070</u>	<u>\$ 4,159,159</u>	<u>\$ 18,786,931</u>

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

Airport Capital Improvement	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,714,789	\$ 21,434,873
-	43,768	547,109
-	-	15,840,959
-	-	1,643,192
-	-	284,838
-	-	81,127
-	-	1,640,018
521,426	521,532	2,532,804
90,431	427,505	3,813,950
-	844,412	1,855,873
-	47,444	605,223
-	557,761	1,762,233
-	128,220	626,993
<u>611,857</u>	<u>4,285,431</u>	<u>52,669,192</u>
-	1,450,336	10,547,494
-	311,070	8,511,970
-	1,481,862	17,872,901
-	337,577	2,018,964
-	-	2,253,368
-	-	4,812,169
-	-	510,408
-	-	12,285
<u>745,317</u>	<u>136,289</u>	<u>5,932,875</u>
<u>745,317</u>	<u>3,717,134</u>	<u>52,472,434</u>
(<u>133,460</u>)	<u>568,297</u>	<u>196,758</u>
133,460	151,696	2,266,067
-	(48,346)	(2,266,067)
-	1,285	590,000
-	-	19,289
-	-	512,749
<u>133,460</u>	<u>104,635</u>	<u>1,122,038</u>
-	672,932	1,318,796
<u>170,368</u>	<u>5,789,490</u>	<u>63,000,154</u>
\$ <u>170,368</u>	\$ <u>6,462,422</u>	\$ <u>64,318,950</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, 2018

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

Net change in fund balances - total governmental funds	\$ 1,318,796
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 asset additions recorded in the current period.	6,290,133
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.	(6,962,007)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(482,764)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	265,152
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	(512,749)
Principal payment on capital leases	510,408
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	
Compensated absences liability	34,517
Certain pension expenditures are not expensed in the government-wide financial statements.	(827,302)
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.	(976)
Internal Service Funds are used by management to charge the costs of certain capital assets to individual funds. The net revenue of certain activities of Internal Service Funds is reported with governmental activities.	(<u>229,518</u>)
Change in net position of governmental activities	\$(<u>596,310</u>)

GREGG COUNTY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

		Governmental Activities
		Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$	29,342
Investments		1,204,900
Due from other funds		4,723
Interest receivable		2,567
Accounts receivable, net of allowances		1,622
Inventory		9,149
Total current assets		1,252,303
Noncurrent assets:		
Capital assets:		
Equipment		49,288
Less: accumulated depreciation	(	48,045)
Total capital assets		1,243
Total noncurrent assets		1,243
Total assets		1,253,546
LIABILITIES		
Current liabilities:		
Accounts payable		6,957
Accrued liabilities		818,596
Due to other funds		4,723
Total current liabilities		830,276
Total liabilities		830,276
NET POSITION		
Net investment in capital assets		1,243
Unrestricted		422,027
Total net position	\$	423,270

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

GREGG COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 6,441,635
Total operating revenues	<u>6,441,635</u>
OPERATING EXPENSES	
Salaries	26,574
Fringe benefits	15,547
Materials and supplies	17,419
Insurance consultant	45,833
Claims	5,951,679
Administrative	629,663
Depreciation	8,347
Total operating expenses	<u>6,695,062</u>
OPERATING INCOME (LOSS)	(253,427)
NONOPERATING REVENUES (EXPENSES):	
Interest and investment revenue	<u>23,909</u>
Total nonoperating revenues (expenses)	<u>23,909</u>
CHANGE IN NET POSITION	(229,518)
TOTAL NET POSITION, BEGINNING	<u>652,788</u>
TOTAL NET POSITION, ENDING	<u>\$ 423,270</u>

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

GREGG COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from interfund charges for print shop services	\$ 43,769
Cash receipts from interfund charges for self-insurance services	6,477,447
Payments to suppliers for goods and services	(6,427,974)
Payments to employees for salaries and benefits	(42,235)
Net cash used by operating activities	51,007
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments from other funds	4,723
Payments to other funds	(4,723)
Net cash provided by noncapital financing activities	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale and maturities of securities	(174,900)
Earnings on investments	22,332
Net cash used by investing activities	(152,568)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(101,561)
CASH AND CASH EQUIVALENTS, BEGINNING	130,903
CASH AND CASH EQUIVALENTS, ENDING	\$ 29,342
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$(253,427)
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	(851)
Accounts receivable	79,581
Increase (decrease) in liabilities:	
Accounts payable	(25,567)
Accrued liabilities	242,924
Net cash used by operations	\$ 51,007

GREGG COUNTY, TEXAS
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2018

ASSETS

Cash and investments	\$ <u>8,668,351</u>
Total assets	\$ <u>8,668,351</u>

LIABILITIES

Due to others	\$ <u>8,668,351</u>
Total liabilities	\$ <u>8,668,351</u>

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GREGG COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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. Exceptions to this general rule are interfund services provided and used that would distort the direct costs and program revenues reported for the various functions concerned.

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."

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, 2018.

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, 2018, 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 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.
- 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.

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.
- Difference in projected and actual investment earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- 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 represents 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 officer 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, 2018. 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, 2018.

As of September 30, 2018, the County held the following fair value measurements:

	9/30/2018	Fair Value Measurement Using			Percent of Total Portfolio	Weighted Average Maturity (Days)
		(Level 1)	(Level 2)	(Level 3)		
Primary government						
Cash and cash equivalents						
Cash deposits - County	\$ 10,816,569					
Cash deposits - Agency funds	<u>8,668,351</u>					
Total cash and cash equivalents	<u>19,484,920</u>					
Investments measured at net asset value per share:						
Investment pools:						
TexPool	21,944,204				30%	28
Investments by fair value level:						
Money Markets and CDs	986,583	-	986,583	\$ -	1%	581
Corporate securities	245,970	-	245,970	-	0.3%	729
Federal Farm Credit Bank	13,910,735	987,830	12,922,905	-	19%	244
Federal Home Loan Bank	13,033,877	-	13,033,877	-	18%	638
Federal Home Loan Mortgage Corporation	6,639,510	-	6,639,510	-	9%	280
Federal National Mortgage Association	<u>15,707,076</u>	<u>1,904,281</u>	<u>13,802,795</u>	<u>-</u>	22%	421
Total investments	<u>72,467,955</u>	<u>2,892,111</u>	<u>47,631,640</u>	<u>-</u>		295
Total cash and investments of the primary government	<u>\$ 91,952,875</u>	<u>\$ 2,892,111</u>	<u>\$ 47,631,640</u>	<u>\$ -</u>		
Portfolio weighted average maturity (days)						
Component unit						
Cash deposits	<u>\$ 215,373</u>					
Total cash and investments of the reporting entity	<u>\$ 92,168,248</u>					

Interest Rate Risk. As a means of minimizing risk of loss due to interest rate fluctuations, the investment policy limits investment maturities. The maximum pre-approved maturity should not exceed three years. The portfolio should include at least three months anticipated expenses in highly liquid securities.

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, 2018, 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, 2018, 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, 2018, 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	\$ 1,361,727	\$ 86,855	\$ 18,223	\$ -	\$ 127,549	\$ -	\$ 1,594,354
Accounts	8,570,188	3,103,236	37,028	-	577,253	1,622	12,289,327
Interest	122,932	9,741	39,542	-	19,989	2,567	194,771
Due from other governments	<u>3,146,058</u>	<u>-</u>	<u>-</u>	<u>137,312</u>	<u>92,186</u>	<u>-</u>	<u>3,375,556</u>
Gross receivables	13,200,905	3,199,832	94,793	137,312	816,977	4,189	17,454,008
Less: allowance for uncollectibles	<u>(5,914,249)</u>	<u>(1,076,101)</u>	<u>(11,703)</u>	<u>-</u>	<u>(357,587)</u>	<u>-</u>	<u>(7,359,640)</u>
Net total receivables	\$ <u>7,286,656</u>	\$ <u>2,123,731</u>	\$ <u>83,090</u>	\$ <u>137,312</u>	\$ <u>459,390</u>	\$ <u>4,189</u>	\$ <u>10,094,368</u>

Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,318,940	\$ 1,351,727	\$ -	\$ 2,670,667
Construction in progress	5,062,068	3,977,012	(7,786,241)	1,252,839
Total assets not being depreciated	<u>6,381,008</u>	<u>5,328,739</u>	<u>(7,786,241)</u>	<u>3,923,506</u>
Capital assets, being depreciated:				
Buildings and improvements	54,182,297	2,623,965	-	56,806,262
Equipment	20,219,985	1,015,548	(642,414)	20,593,119
Infrastructure	90,088,787	5,108,123	-	95,196,910
Total capital assets being depreciated	<u>164,491,069</u>	<u>8,747,636</u>	<u>(642,414)</u>	<u>172,596,291</u>
Accumulated depreciation:				
Buildings and improvements	(28,072,362)	(1,947,316)	-	(30,019,678)
Equipment	(16,432,499)	(1,028,727)	159,651	(17,301,575)
Infrastructure	(60,019,886)	(3,994,311)	-	(64,014,197)
Total accumulated depreciation	<u>(104,524,747)</u>	<u>(6,970,354)</u>	<u>159,651</u>	<u>(111,335,450)</u>
Total capital assets being depreciated, net	<u>59,966,322</u>	<u>1,777,282</u>	<u>(482,763)</u>	<u>61,260,841</u>
Governmental activities capital assets, net	<u>\$ 66,347,330</u>	<u>\$ 7,106,021</u>	<u>\$ (8,269,004)</u>	<u>\$ 65,184,347</u>

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

Governmental activities:	
General government	\$ 3,157,132
Judicial	8,898
Public safety	358,115
Public buildings	1,405,136
Transportation and roads	<u>2,041,073</u>
Total depreciation expense - governmental activities	<u>\$ 6,970,354</u>

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2018, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Nonmajor governmental:	
General	Grant	\$ 74,837
General	VIT Operating	1,925
General	District Attorney	8,255
Internal Service Funds:	Internal Service Funds:	
Print Shop	Self-insurance	<u>4,723</u>
		<u>\$ 89,740</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:

	<u>Transfer In</u>				<u>Total</u>
	<u>Road and Bridge</u>	<u>Capital Improvement</u>	<u>Airport Capital Improvement</u>	<u>Nonmajor Governmental</u>	
Transfer out:					
General	\$ 100,000	\$ 1,489,963	\$ -	\$ 103,350	\$ 1,693,313
Road and Bridge	-	41,278	-	-	41,278
Capital Improvement	349,670	-	133,460	-	483,130
Nonmajor governmental	-	-	-	48,346	48,346
Total transfers out	<u>\$ 449,670</u>	<u>\$ 1,531,241</u>	<u>\$ 133,460</u>	<u>\$ 151,696</u>	<u>\$ 2,266,067</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.

Long-term Debt

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Capital leases payable	\$ 513,656	\$ 512,749	\$ 510,408	\$ 515,997	\$ 513,665
Compensated absences	1,195,624	1,010,928	1,045,445	1,161,107	964,493
Net pension liability	<u>11,488,666</u>	<u>(3,992,021)</u>	<u>2,800,062</u>	<u>4,696,583</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 13,197,946</u>	<u>\$ (2,468,344)</u>	<u>\$ 4,355,915</u>	<u>\$ 6,373,687</u>	<u>\$ 1,478,158</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.

Capital 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 \$512,749. These agreements qualify as capital leases for accounting purposes and, therefore, are 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, 2018, were as follows:

<u>Year ending September 30,</u>	<u>Governmental Activities</u>
2018	\$ <u>532,628</u>
Total minimum lease payments	532,628
Less: Interest portion	<u>16,631</u>
Present value of minimum lease payments	<u>\$ 515,997</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 2018, 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, 2017, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	373
Inactive employees entitled to but not yet receiving benefits	550
Active employees	<u>631</u>
	<u><u>1,554</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 calendar year 2017 and 10.98% in calendar year 2018. The County's contributions to TCDRS for the year ended September 30, 2018, were \$2,779,766, and were equal to the required contributions.

Net Pension Liability. The County's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% 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	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions that determined the total pension liability as of December 31, 2017, were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except for mortality assumptions. Mortality assumptions were updated for the 2017 valuation to reflect projected improvements.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 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 2017.

The target allocation and best estimates of geometric real rates return for each major asset 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	11.5%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	16.0%	7.55%
Global Equities	MSCI World (net) Index	1.5%	4.85%
International Equities - Developed	MSCI World Ex USA (net)	11.0%	4.55%
International Equities - Emerging	MSCI EM Standard (net) Index	8.0%	5.55%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.0%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.0%	4.12%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	10.0%	8.06%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.0%	8.06%
Distressed Debt	Cambridge Associates Real Estate Index ⁽⁴⁾	2.0%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% Global Real Estate (net) Index	2.0%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.0%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.0%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.0%	4.10%

⁽¹⁾ Target asset allocation adopted at the April 2018 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.95%, per Cliffwater's 2018 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%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 8%, net of all expenses, increased by 0.1% to be gross of administrative expenses.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2016	\$ 130,870,213	\$ 119,381,548	\$ 11,488,665
Changes for the year:			
Service cost	3,503,561	-	3,503,561
Interest on total pension liability ⁽¹⁾	10,628,971	-	10,628,971
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(155,792)	-	(155,792)
Effect of assumptions changes or inputs	1,127,308	-	1,127,308
Refund of contributions	(441,497)	(441,497)	-
Benefit payments	(5,987,484)	(5,987,484)	-
Administrative expenses	-	(89,679)	89,679
Member contributions	-	1,800,635	(1,800,635)
Net investment income	-	17,396,356	(17,396,356)
Employer contributions	-	2,813,979	(2,813,979)
Other ⁽³⁾	-	(25,161)	25,161
Balance at 12/31/2017	<u>\$ 139,545,280</u>	<u>\$ 134,848,697</u>	<u>\$ 4,696,583</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	\$ 157,453,298	\$ 139,545,281	\$ 124,455,767
Fiduciary net position	<u>134,848,697</u>	<u>134,848,697</u>	<u>134,848,697</u>
Net pension liability/(asset)	<u>\$ 22,604,601</u>	<u>\$ 4,696,584</u>	<u>\$ (10,392,930)</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, 2018, the County recognized pension expense of \$3,620,986. At September 30, 2018, 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	\$ 524,567	\$ 45,333
Changes in actuarial assumptions	-	1,182,221
Difference between projected and actual investment earnings	1,705,728	-
Contributions subsequent to the measurement date	-	2,141,663
Total	<u>\$ 2,230,295</u>	<u>\$ 3,369,217</u>

\$2,141,663 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, 2019. 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,	
2019	\$ 972,544
2020	750,182
2021	(1,164,855)
2022	(1,560,612)
Total	<u>\$ (1,002,741)</u>

Accounting Pronouncements

The GASB has issued the following statements which will be effective in future years as described below:

Statement No. 83 ("GASB 83"), *Certain Asset Retirement Obligations* is effective for reporting periods beginning after June 15, 2018. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

Statement No. 84 ("GASB 84"), *Fiduciary Activities* is effective for reporting periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

Statement No. 87 ("GASB 87"), *Leases* is effective for reporting periods beginning after December 15, 2019. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

Statement No. 88 ("GASB 88"), *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* is effective for reporting periods beginning after June 15, 2018. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

Statement No. 89 ("GASB 89"), *Accounting for Interest Cost Incurred before the End of a Construction Period* is effective for reporting periods beginning after December 15, 2019. The objectives of this statement are to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Statement No. 90 ("GASB 90"), *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* is effective for reporting periods beginning after December 15, 2018. The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

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 2018 was \$7,664.

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 2018 was \$1,003.

**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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Current property	\$ 18,223,731	\$ 18,223,731	\$ 18,209,405	\$(14,326)
Current penalty and interest	95,000	95,000	98,121	3,121
Delinquent property	374,947	374,947	364,394	(10,553)
Delinquent penalty and interest	85,000	85,000	102,898	17,898
Alcoholic beverage	240,000	240,000	284,838	44,838
Bingo	95,000	95,000	81,127	(13,873)
Sales	13,100,000	13,100,000	15,840,959	2,740,959
Motor vehicle sales	1,500,000	1,500,000	1,643,192	143,192
Total taxes	<u>33,713,678</u>	<u>33,713,678</u>	<u>36,624,934</u>	<u>2,911,256</u>
Licenses and permits:				
Alcoholic beverage licenses	32,000	32,000	43,699	11,699
Sexually oriented businesses	10,500	10,500	26,400	15,900
Bail bond applications	1,000	1,000	2,500	1,500
Sewage disposal systems	20,000	20,000	25,600	5,600
Total licenses and permits	<u>63,500</u>	<u>63,500</u>	<u>98,199</u>	<u>34,699</u>
Intergovernmental:				
Juvenile salary supplement	5,000	5,000	5,000	-
State supplement - court at law	150,000	150,000	168,000	18,000
State supplement - assistant prosecutors	25,000	25,000	28,224	3,224
State - indigent defense	110,000	110,000	165,584	55,584
State - juror reimbursement	35,000	35,000	32,844	(2,156)
State - commercial waste management fees	200	200	218	18
State - district attorney	4,317	4,317	3,597	(720)
10th Judicial Region Reimbursement	-	-	41,323	41,323
City of Lakeport - sewer fees	1,200	1,200	1,100	(100)
Fiscal service fee	14,849	14,849	16,307	1,458
Social security incentive payment	-	-	31,000	31,000
Drug enforcement task force	10,000	10,000	16,719	6,719
Sabine ISD resource officer	39,452	39,452	46,319	6,867
City of Longview - prisoner care	350,000	350,000	350,000	-
State - Title IV-E Legal Reimbursement	8,000	8,000	8,367	367
Child welfare board reimbursement	7,200	7,200	9,665	2,465
Federal grant	-	-	8,627	8,627
ATF Task Force	5,000	5,000	13,859	8,859
OCDETF Task Force	-	-	1,497	1,497
Total intergovernmental	<u>765,218</u>	<u>765,218</u>	<u>948,250</u>	<u>183,032</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES (Continued)				
Charges for services:				
Sheriff	\$ 365,000	\$ 365,000	\$ 330,898	\$(34,102)
Constable # 1	45,000	45,000	61,055	16,055
Constable # 2	48,000	48,000	59,375	11,375
Constable # 3	31,000	31,000	33,220	2,220
Constable # 4	45,000	45,000	58,146	13,146
County clerk	780,000	780,000	786,701	6,701
County clerk - bond administrative fee	3,200	3,200	8,043	4,843
County clerk - archival fee	90,000	90,000	98,320	8,320
County clerk - electronic trans fee	4,500	4,500	5,364	864
Sheriff - bond administrative fee	4,200	4,200	2,757	(1,443)
District clerk - bond administrative fee	-	-	237	237
District clerk - archival fee	20,000	20,000	21,348	1,348
District clerk - electronic trans fee	40,000	40,000	33,731	(6,269)
Tax assessor - collector	640,000	640,000	729,838	89,838
Tax collection contract fees	275,000	275,000	268,374	(6,626)
District attorney	20,000	20,000	25,920	5,920
District clerk	320,000	320,000	333,382	13,382
Justice of the Peace # 1	27,000	27,000	39,019	12,019
Justice of the Peace # 2	18,000	18,000	23,663	5,663
Justice of the Peace # 3	10,000	10,000	16,590	6,590
Justice of the Peace # 4	13,500	13,500	17,951	4,451
Jury	8,500	8,500	9,449	949
Probate judge education fees	3,000	3,000	2,760	(240)
Other arrest fees	62,000	62,000	73,747	11,747
Judges fee - probate	3,300	3,300	3,090	(210)
State fees	73,500	73,500	84,276	10,776
State fees - TP - judicial efficiency	2,800	2,800	3,104	304
State fee - drug court program	18,000	18,000	20,827	2,827
Court reporter service fees	30,000	30,000	38,971	8,971
DRO fees	100	100	275	175
Guardianship fee	12,000	12,000	11,180	(820)
Parking lot fees	5,100	5,100	5,838	738
Computer services	6,500	6,500	6,500	-
Family protection fees	6,800	6,800	8,085	1,285
Defensive driving fees	26,500	26,500	45,170	18,670
Child safety fees	1,450	1,450	2,946	1,496
Traffic fees	4,850	4,850	6,128	1,278
Video fees	5,000	5,000	6,322	1,322
Inmate reimbursement	10,000	10,000	13,414	3,414
Total charges for services	<u>3,078,800</u>	<u>3,078,800</u>	<u>3,296,014</u>	<u>217,214</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES (Continued)				
Fines and forfeitures:				
Justice court fines - JP 1	\$ 90,000	\$ 90,000	\$ 95,792	\$ 5,792
Justice court fines - JP 2	68,000	68,000	78,853	10,853
Justice court fines - JP 3	128,000	128,000	195,214	67,214
Justice court fines - JP 4	86,000	86,000	133,295	47,295
Total fines and forfeitures	<u>372,000</u>	<u>372,000</u>	<u>503,154</u>	<u>131,154</u>
Investment earnings:				
Interest	470,000	470,000	555,586	85,586
Unrealized gains (losses)	<u>-</u>	<u>-</u>	<u>(264,762)</u>	<u>(264,762)</u>
Total investment earnings	<u>470,000</u>	<u>470,000</u>	<u>290,824</u>	<u>(179,176)</u>
Rent and commissions:				
BorgWarner Automotive	33,806	33,806	33,806	-
A & M Tower, Inc.	12,000	12,000	15,299	3,299
Community buildings	22,000	22,000	23,685	1,685
Other rent	27,700	27,700	13,200	(14,500)
Royalties	12,000	12,000	13,051	1,051
Telephone coin stations	300,000	300,000	267,594	(32,406)
Federal - jail lease	885,000	885,000	746,270	(138,730)
Concession sales	-	-	46,304	46,304
Vending machine sales	-	-	5,852	5,852
Longview Community Center	<u>52,000</u>	<u>52,000</u>	<u>39,411</u>	<u>(12,589)</u>
Total rent and commissions	<u>1,344,506</u>	<u>1,344,506</u>	<u>1,204,472</u>	<u>(140,034)</u>
Miscellaneous:				
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>491,690</u>	<u>441,690</u>
Total miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>491,690</u>	<u>441,690</u>
Total revenues	<u>39,857,702</u>	<u>39,857,702</u>	<u>43,457,537</u>	<u>3,599,835</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES				
General government:				
County clerk - administration:				
Salaries	\$ 703,398	\$ 703,398	\$ 675,768	\$ 27,630
Fringe benefits	352,099	352,099	338,689	13,410
Operating	<u>61,117</u>	<u>61,216</u>	<u>57,782</u>	<u>3,434</u>
Total county clerk - administration	<u>1,116,614</u>	<u>1,116,713</u>	<u>1,072,239</u>	<u>44,474</u>
County clerk - archive restoration:				
Salaries	59,767	59,767	52,268	7,499
Fringe benefits	21,785	21,785	20,187	1,598
Operating	<u>147,286</u>	<u>159,286</u>	<u>140,390</u>	<u>18,896</u>
Total county clerk - archive restoration	<u>228,838</u>	<u>240,838</u>	<u>212,845</u>	<u>27,993</u>
Telecommunications:				
Salaries	49,829	49,829	43,949	5,880
Fringe benefits	9,305	9,305	8,040	1,265
Operating	<u>150</u>	<u>150</u>	<u>104</u>	<u>46</u>
Total telecommunications	<u>59,284</u>	<u>59,284</u>	<u>52,093</u>	<u>7,191</u>
Purchasing:				
Salaries	200,332	200,332	195,107	5,225
Fringe benefits	79,855	80,405	74,752	5,653
Operating	<u>26,780</u>	<u>26,780</u>	<u>19,114</u>	<u>7,666</u>
Total purchasing	<u>306,967</u>	<u>307,517</u>	<u>288,973</u>	<u>18,544</u>
Human resources:				
Salaries	155,857	155,307	152,353	2,954
Fringe benefits	60,930	60,930	58,050	2,880
Operating	<u>14,631</u>	<u>14,631</u>	<u>14,224</u>	<u>407</u>
Total human resources	<u>231,418</u>	<u>230,868</u>	<u>224,627</u>	<u>6,241</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
General government: (Continued)				
Nondepartmental - general government:				
Fringe benefits	\$ 160,000	\$ 25,035	\$ 35	\$ 25,000
Operating	2,513,680	2,606,689	2,437,853	168,836
Total nondepartmental - general government	<u>2,673,680</u>	<u>2,631,724</u>	<u>2,437,888</u>	<u>193,836</u>
County judge:				
Salaries	182,308	182,848	182,289	559
Fringe benefits	66,414	66,449	62,444	4,005
Operating	18,511	17,937	7,049	10,888
Total county judge	<u>267,233</u>	<u>267,234</u>	<u>251,782</u>	<u>15,452</u>
Postal services:				
Operating	30,600	30,600	8,712	21,888
Total postal services	<u>30,600</u>	<u>30,600</u>	<u>8,712</u>	<u>21,888</u>
Concession operations:				
Operating	-	-	30,004	(30,004)
Capital outlay	-	-	2,850	(2,850)
Total concession operations	<u>-</u>	<u>-</u>	<u>32,854</u>	<u>(32,854)</u>
Elections:				
Salaries	206,298	200,907	180,433	20,474
Fringe benefits	74,460	74,460	69,616	4,844
Operating	145,435	136,372	133,784	2,588
Total elections	<u>426,193</u>	<u>411,739</u>	<u>383,833</u>	<u>27,906</u>
County auditor:				
Salaries	578,133	578,133	574,034	4,099
Fringe benefits	225,025	225,025	221,366	3,659
Operating	25,850	124,850	23,369	101,481
Total county auditor	<u>829,008</u>	<u>928,008</u>	<u>818,769</u>	<u>109,239</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
General government: (Continued)				
Tax assessor-collector:				
Salaries	\$ 1,051,233	\$ 1,051,233	\$ 1,025,775	\$ 25,458
Fringe benefits	501,789	501,789	479,943	21,846
Operating	<u>194,940</u>	<u>193,957</u>	<u>157,002</u>	<u>36,955</u>
Total tax assessor-collector	<u>1,747,962</u>	<u>1,746,979</u>	<u>1,662,720</u>	<u>84,259</u>
Information services:				
Salaries	384,289	388,540	388,540	-
Fringe benefits	176,685	177,141	173,576	3,565
Operating	1,000,564	1,077,257	977,750	99,507
Capital outlay	<u>-</u>	<u>77,243</u>	<u>75,839</u>	<u>1,404</u>
Total information services	<u>1,561,538</u>	<u>1,720,181</u>	<u>1,615,705</u>	<u>104,476</u>
Agricultural extension service:				
Salaries	83,965	83,965	73,405	10,560
Fringe benefits	20,650	20,650	19,305	1,345
Operating	<u>20,425</u>	<u>20,425</u>	<u>17,247</u>	<u>3,178</u>
Total agricultural extension service	<u>125,040</u>	<u>125,040</u>	<u>109,957</u>	<u>15,083</u>
Total general government	<u>9,604,375</u>	<u>9,816,725</u>	<u>9,172,997</u>	<u>643,728</u>
Judicial:				
Court of civil appeals:				
Salaries	16,008	16,009	16,009	-
Fringe benefits	<u>1,225</u>	<u>1,225</u>	<u>1,225</u>	<u>-</u>
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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
Judicial: (Continued)				
County court-at-law no. 1:				
Salaries	\$ 277,821	\$ 277,821	\$ 277,719	\$ 102
Fringe benefits	89,844	89,844	86,328	3,516
Operating	<u>11,819</u>	<u>11,819</u>	<u>11,428</u>	<u>391</u>
Total county court-at-law no. 1	<u>379,484</u>	<u>379,484</u>	<u>375,475</u>	<u>4,009</u>
 County court-at-law no. 2:				
Salaries	263,595	263,595	262,522	1,073
Fringe benefits	87,119	87,118	81,521	5,597
Operating	<u>10,595</u>	<u>109,595</u>	<u>9,237</u>	<u>100,358</u>
Total county court-at-law no. 2	<u>361,309</u>	<u>460,308</u>	<u>353,280</u>	<u>107,028</u>
 Attorney general master:				
Operating	<u>1,050</u>	<u>1,050</u>	<u>26</u>	<u>1,024</u>
Total attorney general master	<u>1,050</u>	<u>1,050</u>	<u>26</u>	<u>1,024</u>
 124th district court:				
Salaries	116,430	116,430	108,979	7,451
Fringe benefits	42,090	42,090	38,774	3,316
Operating	<u>14,544</u>	<u>14,544</u>	<u>7,687</u>	<u>6,857</u>
Total 124th district court	<u>173,064</u>	<u>173,064</u>	<u>155,440</u>	<u>17,624</u>
 188th district court:				
Salaries	109,867	109,381	105,666	3,715
Fringe benefits	41,080	41,566	40,819	747
Operating	<u>13,760</u>	<u>13,760</u>	<u>6,077</u>	<u>7,683</u>
Total 188th district court	<u>164,707</u>	<u>164,707</u>	<u>152,562</u>	<u>12,145</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
Judicial: (Continued)				
307th district court:				
Salaries	\$ 101,391	\$ 106,421	\$ 104,661	\$ 1,760
Fringe benefits	39,440	39,607	38,842	765
Operating	<u>12,080</u>	<u>111,080</u>	<u>7,459</u>	<u>103,621</u>
Total 307th district court	<u>152,911</u>	<u>257,108</u>	<u>150,962</u>	<u>106,146</u>
Judicial:				
Operating expenditures	<u>1,858,000</u>	<u>2,274,172</u>	<u>2,168,148</u>	<u>106,024</u>
Total judicial	<u>1,858,000</u>	<u>2,274,172</u>	<u>2,168,148</u>	<u>106,024</u>
District clerk:				
Salaries	659,976	659,976	583,947	76,029
Fringe benefits	333,419	333,419	274,926	58,493
Operating	<u>55,300</u>	<u>55,300</u>	<u>49,778</u>	<u>5,522</u>
Total district clerk	<u>1,048,695</u>	<u>1,048,695</u>	<u>908,651</u>	<u>140,044</u>
District clerk archive restoration:				
Operating	102,500	102,500	101,995	505
Total district clerk archive restoration	<u>102,500</u>	<u>102,500</u>	<u>101,995</u>	<u>505</u>
Justice of the peace no. 1:				
Salaries	276,475	276,475	256,836	19,639
Fringe benefits	125,894	125,894	113,273	12,621
Operating	<u>66,692</u>	<u>78,692</u>	<u>73,859</u>	<u>4,833</u>
Total justice of the peace no. 1	<u>469,061</u>	<u>481,061</u>	<u>443,968</u>	<u>37,093</u>
Justice of the peace no. 2:				
Salaries	134,173	134,173	131,339	2,834
Fringe benefits	57,504	57,504	55,834	1,670
Operating	<u>35,175</u>	<u>35,175</u>	<u>25,840</u>	<u>9,335</u>
Total justice of the peace no. 2	<u>226,852</u>	<u>226,852</u>	<u>213,013</u>	<u>13,839</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
Judicial: (Continued)				
Justice of the peace no. 3:				
Salaries	\$ 158,412	\$ 158,412	\$ 154,806	\$ 3,606
Fringe benefits	72,389	72,389	70,314	2,075
Operating	34,180	34,180	28,887	5,293
Total justice of the peace no. 3	<u>264,981</u>	<u>264,981</u>	<u>254,007</u>	<u>10,974</u>
Justice of the peace no. 4:				
Salaries	140,580	140,580	140,579	1
Fringe benefits	68,554	68,554	67,783	771
Operating	50,980	149,980	36,244	113,736
Total justice of the peace no. 4	<u>260,114</u>	<u>359,114</u>	<u>244,606</u>	<u>114,508</u>
District attorney:				
Salaries	1,855,728	1,883,332	1,686,178	197,154
Fringe benefits	683,459	683,458	609,130	74,328
Operating	103,360	104,324	81,076	23,248
Total district attorney	<u>2,642,547</u>	<u>2,671,114</u>	<u>2,376,384</u>	<u>294,730</u>
10th Admin Judicial Region:				
Salaries	-	-	674	(674)
Fringe benefits	-	-	8,238	(8,238)
Operating	-	-	32,412	(32,412)
Total 10th Admin Judicial Region	<u>-</u>	<u>-</u>	<u>41,324</u>	<u>(41,324)</u>
Bail bond board:				
Salaries	3,000	3,000	87	2,913
Fringe benefits	565	565	17	548
Operating	1,665	1,665	36	1,629
Total bail bond board	<u>5,230</u>	<u>5,230</u>	<u>140</u>	<u>5,090</u>
Collections office:				
Salaries	156,595	156,595	147,553	9,042
Fringe benefits	81,610	81,610	72,771	8,839
Operating	23,570	23,610	23,361	249
Total collections office	<u>261,775</u>	<u>261,815</u>	<u>243,685</u>	<u>18,130</u>
Total judicial	<u>8,389,513</u>	<u>9,148,489</u>	<u>8,200,900</u>	<u>947,589</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
Public safety:				
Constable no. 1:				
Salaries	\$ 44,626	\$ 44,626	\$ 44,625	\$ 1
Fringe benefits	20,509	20,509	19,850	659
Operating	3,275	2,811	2,033	778
Total constable no. 1	<u>68,410</u>	<u>67,946</u>	<u>66,508</u>	<u>1,438</u>
Constable no. 2:				
Salaries	44,626	44,626	44,625	1
Fringe benefits	20,359	20,359	19,375	984
Operating	6,453	5,989	5,627	362
Total constable no. 2	<u>71,438</u>	<u>70,974</u>	<u>69,627</u>	<u>1,347</u>
Constable no. 3:				
Salaries	63,926	63,926	62,067	1,859
Fringe benefits	23,929	23,929	22,619	1,310
Operating	13,206	13,314	12,578	736
Total constable no. 3	<u>101,061</u>	<u>101,169</u>	<u>97,264</u>	<u>3,905</u>
Constable no. 4:				
Salaries	44,626	44,626	44,625	1
Fringe benefits	20,509	20,509	19,244	1,265
Operating	9,840	9,475	8,436	1,039
Total constable no. 4	<u>74,975</u>	<u>74,610</u>	<u>72,305</u>	<u>2,305</u>
Sheriff - corrections:				
Salaries	7,717,831	7,844,102	7,727,086	117,016
Fringe benefits	3,610,169	3,479,898	3,339,119	140,779
Operating	1,750,875	1,736,124	1,768,021	(31,897)
Capital outlay	-	34,200	34,200	-
Total sheriff - corrections	<u>13,078,875</u>	<u>13,094,324</u>	<u>12,868,426</u>	<u>225,898</u>
Contract jail operations:				
Salaries	1,580,301	1,635,223	1,596,570	38,653
Fringe benefits	810,390	749,730	726,626	23,104
Operating	341,150	440,150	245,445	194,705
Total contract jail operations	<u>2,731,841</u>	<u>2,825,103</u>	<u>2,568,641</u>	<u>256,462</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public safety: (Continued)				
Criminal Justice Center operations:				
Salaries	\$ 254,268	\$ 269,055	\$ 269,053	\$ 2
Fringe benefits	135,220	130,173	127,999	2,174
Operating	<u>71,860</u>	<u>69,759</u>	<u>70,271</u>	<u>(512)</u>
Total Criminal Justice Center operations	<u>461,348</u>	<u>468,987</u>	<u>467,323</u>	<u>1,664</u>
Department of Public Safety:				
Operating	<u>11,100</u>	<u>11,100</u>	<u>11,088</u>	<u>12</u>
Total Department of Public Safety	<u>11,100</u>	<u>11,100</u>	<u>11,088</u>	<u>12</u>
DPS hangar:				
Operating	<u>8,685</u>	<u>8,714</u>	<u>5,381</u>	<u>3,333</u>
Total DPS hangar	<u>8,685</u>	<u>8,714</u>	<u>5,381</u>	<u>3,333</u>
Parks and wildlife:				
Operating	<u>2,025</u>	<u>2,025</u>	<u>-</u>	<u>2,025</u>
Total parks and wildlife	<u>2,025</u>	<u>2,025</u>	<u>-</u>	<u>2,025</u>
New:				
Operating	<u>-</u>	<u>-</u>	<u>2,379</u>	<u>(2,379)</u>
Total new	<u>-</u>	<u>-</u>	<u>2,379</u>	<u>(2,379)</u>
Pre-trial services:				
Salaries	27,862	27,862	15,742	12,120
Fringe benefits	15,725	15,725	9,423	6,302
Operating	<u>1,040</u>	<u>1,040</u>	<u>676</u>	<u>364</u>
Total pre-trial services	<u>44,627</u>	<u>44,627</u>	<u>25,841</u>	<u>18,786</u>
Juvenile board:				
Salaries	116,613	116,613	116,613	-
Fringe benefits	<u>53,772</u>	<u>55,306</u>	<u>53,843</u>	<u>1,463</u>
Total juvenile board	<u>170,385</u>	<u>171,919</u>	<u>170,456</u>	<u>1,463</u>
Total public safety	<u>16,824,770</u>	<u>16,941,498</u>	<u>16,425,239</u>	<u>516,259</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, 2018

	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	33,620	33,620	33,333	287
Operating	13,850	13,850	12,488	1,362
Total veterans services	<u>114,735</u>	<u>114,735</u>	<u>113,086</u>	<u>1,649</u>
Civil defense:				
Operating	23,150	23,150	18,635	4,515
Total civil defense	<u>23,150</u>	<u>23,150</u>	<u>18,635</u>	<u>4,515</u>
911 Addressing:				
Salaries	55,400	55,400	55,400	-
Fringe benefits	22,625	22,625	12,098	10,527
Operating	13,365	13,918	8,869	5,049
Total 911 addressing	<u>91,390</u>	<u>91,943</u>	<u>76,367</u>	<u>15,576</u>
Health:				
Salaries	351,141	351,141	327,454	23,687
Fringe benefits	161,885	161,885	147,460	14,425
Operating	1,024,808	600,919	416,128	184,791
Total health	<u>1,537,834</u>	<u>1,113,945</u>	<u>891,042</u>	<u>222,903</u>
Historical commission:				
Operating	13,200	13,200	13,200	-
Total historical commission	<u>13,200</u>	<u>13,200</u>	<u>13,200</u>	<u>-</u>
Contributions:				
Operating	571,058	577,558	569,057	8,501
Total contributions	<u>571,058</u>	<u>577,558</u>	<u>569,057</u>	<u>8,501</u>
Total health and human services	<u>2,351,367</u>	<u>1,934,531</u>	<u>1,681,387</u>	<u>253,144</u>
Courthouse building:				
Salaries	391,747	391,747	365,424	26,323
Fringe benefits	189,275	189,275	171,101	18,174
Operating	605,900	620,416	593,889	26,527
Total courthouse building	<u>1,186,922</u>	<u>1,201,438</u>	<u>1,130,414</u>	<u>71,024</u>
Jail building:				
Operating	366,800	467,124	361,451	105,673
Total jail building	<u>366,800</u>	<u>467,124</u>	<u>361,451</u>	<u>105,673</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Service center building:				
Operating	\$ 43,500	\$ 140,272	\$ 36,632	\$ 103,640
Total service center building	<u>43,500</u>	<u>140,272</u>	<u>36,632</u>	<u>103,640</u>
Longview Whaley Street community building:				
Salaries	80,643	80,643	69,117	11,526
Fringe benefits	27,725	27,725	24,241	3,484
Operating	<u>38,397</u>	<u>68,370</u>	<u>66,190</u>	<u>2,180</u>
Total Longview Whaley Street community building	<u>146,765</u>	<u>176,738</u>	<u>159,548</u>	<u>17,190</u>
Judson community building:				
Operating	<u>5,810</u>	<u>6,200</u>	<u>5,952</u>	<u>248</u>
Total Judson community building	<u>5,810</u>	<u>6,200</u>	<u>5,952</u>	<u>248</u>
West Harrison volunteer fire department building:				
Operating	2,120	2,230	1,644	586
Capital outlay	<u>3,500</u>	<u>4,100</u>	<u>4,035</u>	<u>65</u>
Total West Harrison volunteer fire department building	<u>5,620</u>	<u>6,330</u>	<u>5,679</u>	<u>651</u>
Greggton community building:				
Salaries	2,678	2,678	2,590	88
Fringe benefits	505	505	483	22
Operating	<u>34,479</u>	<u>34,408</u>	<u>22,418</u>	<u>11,990</u>
Total Greggton community building	<u>37,662</u>	<u>37,591</u>	<u>25,491</u>	<u>12,100</u>
Gladewater Commerce Street building:				
Operating	<u>14,450</u>	<u>14,394</u>	<u>14,239</u>	<u>155</u>
Total Gladewater Commerce Street building	<u>14,450</u>	<u>14,394</u>	<u>14,239</u>	<u>155</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Public buildings: (Continued)				
Liberty City office/community building:				
Operating	\$ 10,200	\$ 4,755	\$ 4,610	\$ 145
Total Liberty City office/ community building	<u>10,200</u>	<u>4,755</u>	<u>4,610</u>	<u>145</u>
Hugh Camp Memorial Park:				
Operating	<u>25,330</u>	<u>26,691</u>	<u>26,574</u>	<u>117</u>
Total Hugh Camp Memorial Park	<u>25,330</u>	<u>26,691</u>	<u>26,574</u>	<u>117</u>
Olivia R. Hilburn community building:				
Operating	<u>13,040</u>	<u>24,644</u>	<u>23,650</u>	<u>994</u>
Total Olivia R. Hilburn community building	<u>13,040</u>	<u>24,644</u>	<u>23,650</u>	<u>994</u>
Kilgore office and community building:				
Salaries	33,348	33,348	33,347	1
Fringe benefits	18,100	18,216	17,868	348
Operating	<u>22,900</u>	<u>21,502</u>	<u>21,485</u>	<u>17</u>
Total Kilgore office and community building	<u>74,348</u>	<u>73,066</u>	<u>72,700</u>	<u>366</u>
Kilgore South Street building:				
Operating	<u>250</u>	<u>223</u>	<u>223</u>	<u>-</u>
Total Kilgore South Street building	<u>250</u>	<u>223</u>	<u>223</u>	<u>-</u>
Elderville community building:				
Operating	<u>22,025</u>	<u>22,127</u>	<u>14,748</u>	<u>7,379</u>
Total Elderville community building	<u>22,025</u>	<u>22,127</u>	<u>14,748</u>	<u>7,379</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Longview Eastman Road building:				
Operating	\$ 16,900	\$ 16,868	\$ 16,472	\$ 396
Total Longview Easton Road building	<u>16,900</u>	<u>16,868</u>	<u>16,472</u>	<u>396</u>
M. A. Smith Criminal Justice Center:				
Operating	<u>43,700</u>	<u>51,380</u>	<u>50,358</u>	<u>1,022</u>
Total M. A. Smith Criminal Justice Center	<u>43,700</u>	<u>51,380</u>	<u>50,358</u>	<u>1,022</u>
Courthouse housekeeping:				
Salaries	166,824	166,824	163,867	2,957
Fringe benefits	108,725	108,725	104,721	4,004
Operating	<u>32,750</u>	<u>32,750</u>	<u>29,726</u>	<u>3,024</u>
Total courthouse housekeeping	<u>308,299</u>	<u>308,299</u>	<u>298,314</u>	<u>9,985</u>
Civil Air Patrol Building:				
Operating	<u>10,500</u>	<u>10,500</u>	<u>10,348</u>	<u>152</u>
Total Civil Air Patrol Building	<u>10,500</u>	<u>10,500</u>	<u>10,348</u>	<u>152</u>
Total public buildings	<u>2,332,121</u>	<u>2,588,640</u>	<u>2,257,403</u>	<u>331,237</u>
Transportation and roads:				
Operating	<u>70,000</u>	<u>73,900</u>	<u>70,000</u>	<u>3,900</u>
Total transportation and roads	<u>70,000</u>	<u>73,900</u>	<u>70,000</u>	<u>3,900</u>
Total transportation and roads	<u>70,000</u>	<u>73,900</u>	<u>70,000</u>	<u>3,900</u>
Debt service - principal:				
Capital lease	<u>1,000</u>	<u>1,000</u>	<u>849</u>	<u>151</u>
Total debt service - principal	<u>1,000</u>	<u>1,000</u>	<u>849</u>	<u>151</u>
Debt service - interest:				
Capital lease	<u>500</u>	<u>500</u>	<u>288</u>	<u>212</u>
Total debt service - interest	<u>500</u>	<u>500</u>	<u>288</u>	<u>212</u>
Total expenditures	<u>39,573,646</u>	<u>40,505,283</u>	<u>37,809,063</u>	<u>2,696,220</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 284,056	\$(647,581)	\$ 5,648,474	\$ 6,296,055
OTHER FINANCING SOURCES (USES)				
Transfers out:				
Grant fund	(95,750)	(95,750)	(58,350)	37,400
Road and bridge fund	(100,000)	(100,000)	(100,000)	-
Capital projects fund	(3,694,500)	(3,757,858)	(1,489,963)	2,267,895
Records management and preservation fund	(10,000)	(10,000)	(10,000)	-
Airport special revenue fund	-	(35,000)	(35,000)	-
Total transfers out	<u>(3,900,250)</u>	<u>(3,998,608)</u>	<u>(1,693,313)</u>	<u>2,305,295</u>
 Sale of capital assets	15,000	15,000	89,156	74,156
Insurance recoveries	-	7,420	7,879	459
Total other financing sources (uses)	<u>(3,885,250)</u>	<u>(3,976,188)</u>	<u>(1,596,278)</u>	<u>2,379,910</u>
 NET CHANGE IN FUND BALANCE	(3,601,194)	(4,623,769)	4,052,196	8,675,965
 FUND BALANCE, BEGINNING	<u>30,687,874</u>	<u>30,687,874</u>	<u>30,687,874</u>	<u>-</u>
 FUND BALANCE, ENDING	<u>\$ 27,086,680</u>	<u>\$ 26,064,105</u>	<u>\$ 34,740,070</u>	<u>\$ 8,675,965</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Current property	\$ 1,159,333	\$ 1,159,333	\$ 1,161,940	\$ 2,607
Current penalty and interest	5,000	5,000	6,261	1,261
Delinquent property	23,851	23,851	23,250	(601)
Delinquent penalty and interest	5,000	5,000	6,564	1,564
Total taxes	<u>1,193,184</u>	<u>1,193,184</u>	<u>1,198,015</u>	<u>4,831</u>
Licenses and permits:				
Motor vehicle registration	1,250,000	1,250,000	1,529,117	279,117
Weight permits	18,000	18,000	12,702	(5,298)
Total licenses and permits	<u>1,268,000</u>	<u>1,268,000</u>	<u>1,541,819</u>	<u>273,819</u>
Intergovernmental:				
Lateral road	18,000	18,000	29,353	11,353
Donation of RAP	-	-	376,600	376,600
Federal Emergency Management Agency	-	-	135,643	135,643
Total intergovernmental	<u>18,000</u>	<u>18,000</u>	<u>541,596</u>	<u>523,596</u>
Fines and forfeitures:				
Misdemeanor fines	250,000	250,000	311,962	61,962
Felony fines	120,000	120,000	152,492	32,492
Civil/BF fines	16,800	16,800	43,853	27,053
Total fines and forfeitures	<u>386,800</u>	<u>386,800</u>	<u>508,307</u>	<u>121,507</u>
Investment earnings:				
Interest	15,000	15,000	45,445	30,445
Unrealized gains (losses)	-	-	172	172
Total investment earnings	<u>15,000</u>	<u>15,000</u>	<u>45,617</u>	<u>30,617</u>
Miscellaneous:				
Miscellaneous	1,500	1,500	7,083	5,583
Total miscellaneous	<u>1,500</u>	<u>1,500</u>	<u>7,083</u>	<u>5,583</u>
Total revenues	<u>2,882,484</u>	<u>2,882,484</u>	<u>3,842,437</u>	<u>959,953</u>
EXPENDITURES				
Transportation and roads:				
Administration:				
Salaries	266,311	266,311	250,788	15,523
Fringe benefits	92,836	92,836	80,393	12,443
Operating	58,000	-	-	-
Total administration	<u>417,147</u>	<u>359,147</u>	<u>331,181</u>	<u>27,966</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, 2018

	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	\$ 998	\$ 602
Total road and bridge - general	<u>1,600</u>	<u>1,600</u>	<u>998</u>	<u>602</u>
Road and bridge - precinct no. 1:				
Salaries	671,403	671,403	649,908	21,495
Fringe benefits	288,085	288,085	259,927	28,158
Operating	247,100	313,906	616,559	(302,653)
Capital outlay	-	4,820	4,820	-
Total road and bridge - precinct no. 1	<u>1,206,588</u>	<u>1,278,214</u>	<u>1,531,214</u>	<u>(253,000)</u>
Road and bridge - precinct no. 2:				
Salaries	36,485	36,485	35,750	735
Fringe benefits	17,185	17,185	16,899	286
Operating	28,215	28,215	6,955	21,260
Total road and bridge - precinct no. 2	<u>81,885</u>	<u>81,885</u>	<u>59,604</u>	<u>22,281</u>
Road and bridge - precinct no. 3:				
Salaries	685,854	685,854	649,910	35,944
Fringe benefits	303,750	303,750	278,124	25,626
Operating	372,930	615,025	831,362	(216,337)
Total road and bridge - precinct no. 3	<u>1,362,534</u>	<u>1,604,629</u>	<u>1,759,396</u>	<u>(154,767)</u>
Road and bridge - precinct no. 4:				
Salaries	600,552	600,027	552,527	47,500
Fringe benefits	265,415	265,940	245,429	20,511
Operating	190,655	273,411	266,640	6,771
Capital outlay	11,500	11,500	11,494	6
Total road and bridge - precinct no. 4	<u>1,068,122</u>	<u>1,150,878</u>	<u>1,076,090</u>	<u>74,788</u>
Total transportation and roads	<u>4,137,876</u>	<u>4,476,353</u>	<u>4,758,483</u>	<u>(282,130)</u>
Total expenditures	<u>4,137,876</u>	<u>4,476,353</u>	<u>4,758,483</u>	<u>(282,130)</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,255,392)	(1,593,869)	(916,046)	677,823
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General fund	100,000	449,670	449,670	-
Total transfers in	100,000	449,670	449,670	-
Transfers out:				
Capital Road & Bridge Projects	-	-	(41,278)	(41,278)
Total transfers out	-	-	(41,278)	(41,278)
Sale of capital assets	1,200	1,200	28,608	27,408
Total other financing sources and (uses)	101,200	450,870	437,000	(13,870)
NET CHANGE IN FUND BALANCE	(1,154,192)	(1,142,999)	(479,046)	663,953
FUND BALANCE, BEGINNING	4,638,205	4,638,205	4,638,205	-
FUND BALANCE, ENDING	\$ 3,484,013	\$ 3,495,206	\$ 4,159,159	\$ 663,953

The accompanying notes are an integral part of this schedule.

GREGG COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY SCHEDULES

SEPTEMBER 30, 2018

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, 2018

Plan Year Ended December 31	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service Cost	\$ 3,503,561	\$ 3,531,610	\$ 3,307,965	\$ 3,352,760
Interest total pension liability	10,628,971	9,867,996	9,364,860	8,831,106
Effect of plan changes	-	-	(483,308)	-
Effect of assumption changes or inputs	1,127,308	-	1,346,961	-
Effect of economic/demographic (gains) or losses	(155,792)	90,665	(1,630,892)	(820,005)
Benefit payments/refunds of contributions	<u>(6,428,980)</u>	<u>(5,327,748)</u>	<u>(5,430,771)</u>	<u>(4,930,501)</u>
Net change in total pension liability	8,675,068	8,162,523	6,474,815	6,433,360
Total pension liability - beginning	<u>130,870,213</u>	<u>122,707,690</u>	<u>116,232,875</u>	<u>109,799,515</u>
Total pension liability - ending (a)	<u>\$ 139,545,281</u>	<u>\$ 130,870,213</u>	<u>\$ 122,707,690</u>	<u>\$ 116,232,875</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 2,813,979	\$ 2,833,558	\$ 2,700,427	\$ 2,687,677
Member contributions	1,800,635	1,836,277	1,727,961	1,719,683
Investment income net of investment expenses	17,396,356	8,259,029	(264,690)	7,228,206
Benefit payments refunds of contributions	(6,428,980)	(5,327,747)	(5,430,771)	(4,930,501)
Administrative expenses	(89,679)	(89,748)	(80,839)	(84,645)
Other	<u>(25,161)</u>	<u>202,728</u>	<u>(123,434)</u>	<u>(155,736)</u>
Net change in plan fiduciary net position	15,467,150	7,714,097	(1,471,346)	6,464,684
Plan fiduciary net position - beginning	<u>119,381,548</u>	<u>111,667,450</u>	<u>113,138,796</u>	<u>106,674,112</u>
Plan fiduciary net position - ending (b)	<u>134,848,698</u>	<u>119,381,547</u>	<u>111,667,450</u>	<u>113,138,796</u>
Net pension liability - ending (a) - (b)	<u>\$ 4,696,583</u>	<u>\$ 11,488,666</u>	<u>\$ 11,040,240</u>	<u>\$ 3,094,079</u>
Fiduciary net position as a percentage of total pension liability	96.63%	91.22%	91.00%	97.34%
Pensionable covered payroll	\$ 25,723,351	\$ 25,900,948	\$ 24,685,154	\$ 24,566,896
Net pension liability as a percentage of covered payroll	18.26%	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, 2018

<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	10.84%
2015	2,675,491	2,675,491	-	24,456,039	10.94%
2016	2,756,645	2,756,645	-	25,197,850	10.94%
2017	2,805,690	2,805,690	-	25,773,377	10.89%
2018	2,779,766	2,779,766	-	25,337,881	10.97%

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, 2018

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	13.0 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the these notes.

**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, 2018

	Special Revenue					Grant
	Airport	Law Enforcement	Court Technology and Security	Records Management and Preservation	Voting and Elections	
ASSETS						
Cash and cash equivalents	\$ 4,316	\$ 52,495	\$ 430,228	\$ 550,446	\$ 30,742	\$ 93,407
Investments	1,146,759	-	-	200,000	-	-
Receivables (net of allowance for uncollectibles):						
Accounts	15,137	-	66,304	182,687	-	3,000
Taxes	45,636	-	-	-	-	-
Interest	2,310	-	-	363	-	-
Due from other governments	1,800	-	-	-	-	90,386
Inventory	6,044	-	-	-	-	-
Total assets	<u>1,222,002</u>	<u>52,495</u>	<u>496,532</u>	<u>933,496</u>	<u>30,742</u>	<u>186,793</u>
LIABILITIES						
Accounts payable	78,177	36,906	6,011	7,623	-	7,273
Due to other governments	306	-	-	537	-	-
Accrued liabilities	51,636	-	-	3,338	-	10,999
Due to other funds	-	-	-	-	-	74,837
Total liabilities	<u>130,119</u>	<u>36,906</u>	<u>6,011</u>	<u>11,498</u>	<u>-</u>	<u>93,109</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	38,017	-	-	-	-	-
Unavailable revenue - court fines	-	-	64,358	176,653	-	-
Total deferred inflows of resources	<u>38,017</u>	<u>-</u>	<u>64,358</u>	<u>176,653</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable:						
Inventories	6,044	-	-	-	-	-
Restricted for:						
Public safety operations	-	15,589	-	-	-	68,571
Judicial operations	-	-	-	-	-	9,677
Court technology and security	-	-	426,163	-	-	-
Records management and preservation	-	-	-	745,345	-	-
Voting and elections	-	-	-	-	30,742	-
Health and human services operations	-	-	-	-	-	15,436
VIT operations	-	-	-	-	-	-
Committed for:						
Airport operations	1,047,822	-	-	-	-	-
Donations to healthcare organizations	-	-	-	-	-	-
Total fund balances	<u>1,053,866</u>	<u>15,589</u>	<u>426,163</u>	<u>745,345</u>	<u>30,742</u>	<u>93,684</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,222,002</u>	<u>\$ 52,495</u>	<u>\$ 496,532</u>	<u>\$ 933,496</u>	<u>\$ 30,742</u>	<u>\$ 186,793</u>

Special Revenue

Law Library	Health Care	Code Enforcement	VIT Operating	District Attorney	Sheriff	Total Nonmajor Governmental Funds
\$ 82,488	\$ 125,945	\$ 375,989	\$ 6,739	\$ 29,181	\$ 557,894	\$ 2,339,870
-	2,913,141	-	-	-	-	4,259,900
34,451	-	-	-	-	-	301,579
-	-	-	-	-	-	45,636
-	17,316	-	-	-	-	19,989
-	-	-	-	-	-	92,186
-	-	-	-	-	-	6,044
<u>116,939</u>	<u>3,056,402</u>	<u>375,989</u>	<u>6,739</u>	<u>29,181</u>	<u>557,894</u>	<u>7,065,204</u>
2,538	-	-	-	-	-	138,528
-	-	-	-	-	-	843
692	-	-	-	-	-	66,665
-	-	-	1,925	8,255	-	85,017
<u>3,230</u>	<u>-</u>	<u>-</u>	<u>1,925</u>	<u>8,255</u>	<u>-</u>	<u>291,053</u>
-	-	-	-	-	-	38,017
<u>32,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>273,712</u>
<u>32,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>311,729</u>
-	-	-	-	-	-	6,044
-	-	375,989	-	-	557,894	1,018,043
81,008	-	-	-	20,926	-	111,611
-	-	-	-	-	-	426,163
-	-	-	-	-	-	745,345
-	-	-	-	-	-	30,742
-	-	-	-	-	-	15,436
-	-	-	4,814	-	-	4,814
-	-	-	-	-	-	1,047,822
-	3,056,402	-	-	-	-	3,056,402
<u>81,008</u>	<u>3,056,402</u>	<u>375,989</u>	<u>4,814</u>	<u>20,926</u>	<u>557,894</u>	<u>6,462,422</u>
<u>\$ 116,939</u>	<u>\$ 3,056,402</u>	<u>\$ 375,989</u>	<u>\$ 6,739</u>	<u>\$ 29,181</u>	<u>\$ 557,894</u>	<u>\$ 7,065,204</u>

GREGG COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue					
	Airport	Law Enforcement	Court Technology and Security	Records Management and Preservation	Voting and Elections	Grant
REVENUES						
Current property taxes	\$ 1,714,789	\$ -	\$ -	\$ -	\$ -	\$ -
Delinquent property taxes	43,768	-	-	-	-	-
Intergovernmental	20,040	-	-	-	14,454	403,762
Charges for services	16,740	-	82,896	196,620	12,191	-
Fines and forfeitures	-	-	-	-	-	-
Interest	7,056	-	-	1,495	-	-
Rent and commissions	288,414	-	-	-	-	-
Miscellaneous	2,089	-	-	-	-	125,875
Total revenues	<u>2,092,896</u>	<u>-</u>	<u>82,896</u>	<u>198,115</u>	<u>26,645</u>	<u>529,637</u>
EXPENDITURES						
Current:						
General government	1,166,702	-	-	185,615	9,914	77,701
Judicial	-	-	9,198	6,781	-	174,665
Public safety	941,663	-	4,896	-	-	32,400
Health and human services	-	-	-	-	-	329,577
Capital outlay	27,556	-	-	11,900	5,391	18,992
Total expenditures	<u>2,135,921</u>	<u>-</u>	<u>14,094</u>	<u>204,296</u>	<u>15,305</u>	<u>633,335</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(43,025)	-	68,802	(6,181)	11,340	(103,698)
OTHER FINANCING SOURCES (USES)						
Transfers in	35,000	-	-	10,000	-	106,696
Transfers out	(48,346)	-	-	-	-	-
Sale of capital assets	1,285	-	-	-	-	-
Total other financing sources (uses)	<u>(12,061)</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>106,696</u>
NET CHANGE IN FUND BALANCES	(55,086)	-	68,802	3,819	11,340	2,998
FUND BALANCES, BEGINNING	<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>
FUND BALANCES, ENDING	<u>\$ 1,053,866</u>	<u>\$ 15,589</u>	<u>\$ 426,163</u>	<u>\$ 745,345</u>	<u>\$ 30,742</u>	<u>\$ 93,684</u>

Special Revenues

Law Library	Health Care	Code Enforcement	VIT Operating	District Attorney	Sheriff	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,714,789
-	-	-	-	-	-	43,768
-	59,005	-	-	24,271	-	521,532
88,787	-	-	6,985	16,906	6,380	427,505
-	-	340,768	-	7,317	496,327	844,412
-	35,957	322	9	-	2,605	47,444
-	-	-	-	-	269,347	557,761
191	-	-	-	65	-	128,220
<u>88,978</u>	<u>94,962</u>	<u>341,090</u>	<u>6,994</u>	<u>48,559</u>	<u>774,659</u>	<u>4,285,431</u>
-	-	-	10,404	-	-	1,450,336
68,337	-	-	-	52,089	-	311,070
-	-	162,716	-	-	340,187	1,481,862
-	8,000	-	-	-	-	337,577
-	-	-	-	-	72,450	136,289
<u>68,337</u>	<u>8,000</u>	<u>162,716</u>	<u>10,404</u>	<u>52,089</u>	<u>412,637</u>	<u>3,717,134</u>
<u>20,641</u>	<u>86,962</u>	<u>178,374</u>	<u>(3,410)</u>	<u>(3,530)</u>	<u>362,022</u>	<u>568,297</u>
-	-	-	-	-	-	151,696
-	-	-	-	-	-	(48,346)
-	-	-	-	-	-	1,285
-	-	-	-	-	-	104,635
20,641	86,962	178,374	(3,410)	(3,530)	362,022	672,932
<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>\$ 81,008</u>	<u>\$ 3,056,402</u>	<u>\$ 375,989</u>	<u>\$ 4,814</u>	<u>\$ 20,926</u>	<u>\$ 557,894</u>	<u>\$ 6,462,422</u>

GREGG COUNTY, TEXAS

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

CAPITAL IMPROVEMENT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Current property taxes	\$ 244,850	\$ 244,850	\$ 244,357	\$(493)
Delinquent property taxes	7,217	7,217	6,235	(982)
Investment earnings	100,000	100,000	221,338	121,338
Total revenues	352,067	352,067	471,930	119,863
EXPENDITURES				
Debt service:				
Principal	640,000	640,000	509,559	130,441
Interest and fiscal charges	20,000	20,000	11,997	8,003
Capital outlay	1,615,498	5,296,621	4,920,881	375,740
Total expenditures	2,275,498	5,956,621	5,442,437	514,184
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,923,431)	(5,604,554)	(4,970,507)	634,047
OTHER FINANCING SOURCES (USES)				
Transfers in	3,859,000	3,799,136	1,531,241	(2,267,895)
Transfers out	(594,500)	(1,444,170)	(483,130)	961,040
Sale of capital assets	470,000	470,000	470,951	951
Insurance recoveries	-	11,410	11,410	-
Capital lease	-	530,000	512,749	(17,251)
Total other financing sources (uses)	3,734,500	3,366,376	2,043,221	(1,323,155)
NET CHANGE IN FUND BALANCE	1,811,069	(2,238,178)	(2,927,286)	(689,108)
FUND BALANCE, BEGINNING	21,714,217	21,714,217	21,714,217	-
FUND BALANCE, ENDING	\$ 23,525,286	\$ 19,476,039	\$ 18,786,931	\$(689,108)

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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,870,000	\$ 4,950,928	\$ 521,426	\$(4,429,502)
Charges for services	<u>82,000</u>	<u>82,000</u>	<u>90,431</u>	<u>8,431</u>
Total revenues	<u>3,952,000</u>	<u>5,032,928</u>	<u>611,857</u>	<u>(4,421,071)</u>
EXPENDITURES				
Capital outlay	<u>4,300,000</u>	<u>5,501,030</u>	<u>745,317</u>	<u>4,755,713</u>
Total expenditures	<u>4,300,000</u>	<u>5,501,030</u>	<u>745,317</u>	<u>4,755,713</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(348,000)</u>	<u>(468,102)</u>	<u>(133,460)</u>	<u>334,642</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>430,000</u>	<u>550,103</u>	<u>133,460</u>	<u>(416,643)</u>
Total other financing sources (uses)	<u>430,000</u>	<u>550,103</u>	<u>133,460</u>	<u>(416,643)</u>
NET CHANGE IN FUND BALANCE	82,000	82,001	-	(82,001)
FUND BALANCE, BEGINNING	<u>170,368</u>	<u>170,368</u>	<u>170,368</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 252,368</u>	<u>\$ 252,369</u>	<u>\$ 170,368</u>	<u>\$(82,001)</u>

GREGG COUNTY, TEXAS

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

AIRPORT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Current property taxes	\$ 1,713,951	\$ 1,713,951	\$ 1,714,789	\$ 838
Delinquent property taxes	42,120	42,120	43,768	1,648
Intergovernmental	19,500	19,500	20,040	540
Charges for services	16,200	16,200	16,740	540
Investment earnings	4,000	4,000	7,056	3,056
Rents and commissions	238,300	238,300	288,414	50,114
Miscellaneous	-	-	2,089	2,089
Total revenues	2,034,071	2,034,071	2,092,896	58,825
EXPENDITURES				
Current:				
General government	1,184,420	1,519,765	1,166,701	353,064
Public safety	991,375	976,839	941,664	35,175
Capital outlay	16,547	29,847	27,556	2,291
Total expenditures	2,192,342	2,526,451	2,135,921	390,530
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(158,271)	(492,380)	(43,025)	449,355
OTHER FINANCING SOURCES (USES)				
Transfers in	-	35,000	35,000	-
Transfers out	(50,000)	(50,000)	(48,346)	1,654
Sale of capital assets	-	-	1,285	1,285
Total other financing sources (uses)	(50,000)	(15,000)	(12,061)	2,939
NET CHANGE IN FUND BALANCE	(208,271)	(507,380)	(55,086)	452,294
FUND BALANCE, BEGINNING	1,108,952	1,108,952	1,108,952	-
FUND BALANCE, ENDING	\$ 900,681	\$ 601,572	\$ 1,053,866	\$ 452,294

GREGG COUNTY, TEXAS

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

LAW ENFORCEMENT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 70,000	\$ 70,000	\$ 82,896	\$ 12,896
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>82,896</u>	<u>12,896</u>
EXPENDITURES				
Current:				
Judicial	52,550	52,550	9,198	43,352
Public safety	7,560	6,660	4,896	1,764
Capital outlay	<u>36,000</u>	<u>36,000</u>	<u>-</u>	<u>36,000</u>
Total expenditures	<u>96,110</u>	<u>95,210</u>	<u>14,094</u>	<u>81,116</u>
NET CHANGE IN FUND BALANCE	(26,110)	(25,210)	68,802	94,012
FUND BALANCE, BEGINNING	<u>357,361</u>	<u>357,361</u>	<u>357,361</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 331,251</u>	<u>\$ 332,151</u>	<u>\$ 426,163</u>	<u>\$ 94,012</u>

GREGG COUNTY, TEXAS

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

RECORDS MANAGEMENT AND PRESERVATION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 179,900	\$ 179,900	\$ 196,620	\$ 16,720
Investment earnings	-	-	1,495	1,495
Total revenues	<u>179,900</u>	<u>179,900</u>	<u>198,115</u>	<u>18,215</u>
EXPENDITURES				
Current:				
General government	203,223	306,368	185,615	120,753
Judicial	38,270	38,270	6,781	31,489
Capital outlay	<u>12,500</u>	<u>12,500</u>	<u>11,900</u>	<u>600</u>
Total expenditures	<u>253,993</u>	<u>357,138</u>	<u>204,296</u>	<u>152,842</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(74,093)</u>	<u>(177,238)</u>	<u>(6,181)</u>	<u>171,057</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	-
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	-
NET CHANGE IN FUND BALANCE	<u>(64,093)</u>	<u>(167,238)</u>	3,819	171,057
FUND BALANCE, BEGINNING	<u>741,526</u>	<u>741,526</u>	<u>741,526</u>	-
FUND BALANCE, ENDING	<u>\$ 677,433</u>	<u>\$ 574,288</u>	<u>\$ 745,345</u>	<u>\$ 171,057</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 14,454	\$ 14,454
Charges for services	<u>-</u>	<u>-</u>	<u>12,191</u>	<u>12,191</u>
Total revenues	<u>-</u>	<u>-</u>	<u>26,645</u>	<u>26,645</u>
EXPENDITURES				
Current:				
General government	-	10,262	9,914	348
Capital outlay	<u>-</u>	<u>5,391</u>	<u>5,391</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>15,653</u>	<u>15,305</u>	<u>348</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(15,653)</u>	<u>11,340</u>	<u>26,993</u>
FUND BALANCE, BEGINNING	<u>19,402</u>	<u>19,402</u>	<u>19,402</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 19,402</u>	<u>\$ 3,749</u>	<u>\$ 30,742</u>	<u>\$ 26,993</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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 68,500	\$ 68,500	\$ 88,787	\$ 20,287
Miscellaneous	150	150	191	41
Total revenues	68,650	68,650	88,978	20,328
EXPENDITURES				
Current:				
Judicial	75,757	75,757	68,337	7,420
Total expenditures	75,757	75,757	68,337	7,420
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,107)	(7,107)	20,641	27,748
FUND BALANCE, BEGINNING	60,367	60,367	60,367	-
FUND BALANCE, ENDING	\$ 53,260	\$ 53,260	\$ 81,008	\$ 27,748

GREGG COUNTY, TEXAS

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

HEALTH CARE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 53,000	\$ 53,000	\$ 59,005	\$ 6,005
Investment earnings	<u>25,000</u>	<u>25,000</u>	<u>35,957</u>	<u>10,957</u>
Total revenues	<u>78,000</u>	<u>78,000</u>	<u>94,962</u>	<u>16,962</u>
EXPENDITURES				
Current:				
Health and human services	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	70,000	70,000	86,962	16,962
FUND BALANCE, BEGINNING	<u>2,969,440</u>	<u>2,969,440</u>	<u>2,969,440</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 3,039,440</u>	<u>\$ 3,039,440</u>	<u>\$ 3,056,402</u>	<u>\$ 16,962</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, 2018

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 29,342	\$ -	\$ 29,342
Investments	-	1,204,900	1,204,900
Due from other funds	4,723	-	4,723
Interest receivable	-	2,567	2,567
Accounts receivable, net of allowance	500	1,122	1,622
Inventory	<u>9,149</u>	<u>-</u>	<u>9,149</u>
Total current assets	<u>43,714</u>	<u>1,208,589</u>	<u>1,252,303</u>
Noncurrent assets:			
Capital assets:			
Equipment	49,288	-	49,288
Less accumulated depreciation	<u>(48,045)</u>	<u>-</u>	<u>(48,045)</u>
Total capital assets	<u>1,243</u>	<u>-</u>	<u>1,243</u>
Total noncurrent assets	<u>1,243</u>	<u>-</u>	<u>1,243</u>
Total assets	<u>44,957</u>	<u>1,208,589</u>	<u>1,253,546</u>
LIABILITIES			
Current liabilities:			
Accounts payable	958	5,999	6,957
Accrued liabilities	1,287	817,309	818,596
Due to other funds	<u>-</u>	<u>4,723</u>	<u>4,723</u>
Total liabilities	<u>2,245</u>	<u>828,031</u>	<u>830,276</u>
NET POSITION			
Net investment in capital assets	1,243	-	1,243
Unrestricted	<u>41,469</u>	<u>380,558</u>	<u>422,027</u>
Total net position	<u>\$ 42,712</u>	<u>\$ 380,558</u>	<u>\$ 423,270</u>

GREGG COUNTY, TEXAS

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

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Print Shop</u>	<u>Self- Insurance</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 42,387	\$ 6,399,248	\$ 6,441,635
Total operating revenues	<u>42,387</u>	<u>6,399,248</u>	<u>6,441,635</u>
OPERATING EXPENSES			
Salaries	26,574	-	26,574
Fringe benefits	15,547	-	15,547
Materials and supplies	17,419	-	17,419
Insurance consultant	-	45,833	45,833
Claims	-	5,951,679	5,951,679
Administrative	-	629,663	629,663
Depreciation	<u>8,347</u>	<u>-</u>	<u>8,347</u>
Total operating expenses	<u>67,887</u>	<u>6,627,175</u>	<u>6,695,062</u>
OPERATING LOSS	(25,500)	(227,927)	(253,427)
NONOPERATING REVENUES			
Investment earnings	<u>-</u>	<u>23,909</u>	<u>23,909</u>
CHANGE IN NET POSITION	(25,500)	(204,018)	(229,518)
TOTAL NET POSITION, BEGINNING	<u>68,212</u>	<u>584,576</u>	<u>652,788</u>
TOTAL NET POSITION, ENDING	<u>\$ 42,712</u>	<u>\$ 380,558</u>	<u>\$ 423,270</u>

GREGG COUNTY, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Print Shop	Self- Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from interfund charges for print shop services	\$ 43,769	\$ -	\$ 43,769
Cash receipts from interfund charges for self-insurance services	-	6,477,447	6,477,447
Payments to suppliers for goods and services	(18,035)	(6,409,939)	(6,427,974)
Payments to employees for salaries and benefits	(42,235)	-	(42,235)
Net cash used by operating activities	(16,501)	67,508	51,007
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments to other funds	(4,723)	-	(4,723)
Payments from other funds	-	4,723	4,723
Net cash flows provided by noncapital financing activities	(4,723)	4,723	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(174,900)	(174,900)
Investment earnings	-	22,332	22,332
Net cash flows provided by investing activities	-	(152,568)	(152,568)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(21,224)	(80,337)	(101,561)
CASH AND CASH EQUIVALENTS, BEGINNING	50,566	80,337	130,903
CASH AND CASH EQUIVALENTS, ENDING	\$ 29,342	\$ -	\$ 29,342
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES			
Operating loss	\$(25,500)	\$(227,927)	\$(253,427)
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	(851)	-	(851)
Accounts receivable	1,382	78,199	79,581
Increase (decrease) in liabilities:			
Accounts payable	235	(25,802)	(25,567)
Accrued liabilities	(114)	243,038	242,924
Net cash used by operating activities	\$(16,501)	\$ 67,508	\$ 51,007

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 Assessor-Collector 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, 2018

	<u>Tax Assessor- Collector</u>	<u>County Clerk</u>	<u>District Clerk</u>	<u>Sheriff</u>
ASSETS				
Cash and investments	\$ <u>2,893,291</u>	\$ <u>924,924</u>	\$ <u>3,913,429</u>	\$ <u>293,661</u>
Total assets	\$ <u>2,893,291</u>	\$ <u>924,924</u>	\$ <u>3,913,429</u>	\$ <u>293,661</u>
LIABILITIES				
Due to others	\$ <u>2,893,291</u>	\$ <u>924,924</u>	\$ <u>3,913,429</u>	\$ <u>293,661</u>
Total liabilities	\$ <u>2,893,291</u>	\$ <u>924,924</u>	\$ <u>3,913,429</u>	\$ <u>293,661</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>87,970</u>	\$ <u>46,257</u>	\$ <u>292,147</u>	\$ <u>10,107</u>	\$ <u>206,565</u>	\$ <u>8,668,351</u>
\$ <u>87,970</u>	\$ <u>46,257</u>	\$ <u>292,147</u>	\$ <u>10,107</u>	\$ <u>206,565</u>	\$ <u>8,668,351</u>
\$ <u>87,970</u>	\$ <u>46,257</u>	\$ <u>292,147</u>	\$ <u>10,107</u>	\$ <u>206,565</u>	\$ <u>8,668,351</u>
\$ <u>87,970</u>	\$ <u>46,257</u>	\$ <u>292,147</u>	\$ <u>10,107</u>	\$ <u>206,565</u>	\$ <u>8,668,351</u>

GREGG COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<u>TAX ASSESSOR-COLLECTOR</u>				
Assets:				
Cash and investments	\$ 2,538,791	\$ 243,138,277	\$ 242,783,777	\$ 2,893,291
Liabilities:				
Due to others	\$ 2,538,791	\$ 243,138,277	\$ 242,783,777	\$ 2,893,291
<u>COUNTY CLERK</u>				
Assets:				
Cash and investments	\$ 743,760	\$ 1,827,719	\$ 1,646,555	\$ 924,924
Liabilities:				
Due to others	\$ 743,760	\$ 1,827,719	\$ 1,646,555	\$ 924,924
<u>DISTRICT CLERK</u>				
Assets:				
Cash and investments	\$ 3,113,511	\$ 4,470,466	\$ 3,670,548	\$ 3,913,429
Liabilities:				
Due to others	\$ 3,113,511	\$ 4,470,466	\$ 3,670,548	\$ 3,913,429
<u>SHERIFF</u>				
Assets:				
Cash and investments	\$ 405,758	\$ 1,822,067	\$ 1,934,164	\$ 293,661
Liabilities:				
Due to others	\$ 405,758	\$ 1,822,067	\$ 1,934,164	\$ 293,661
<u>DISTRICT ATTORNEY</u>				
Assets:				
Cash and investments	\$ 71,203	\$ 274,463	\$ 257,696	\$ 87,970
Liabilities:				
Due to others	\$ 71,203	\$ 274,463	\$ 257,696	\$ 87,970

GREGG COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	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>69,877</u>	\$ <u>17,208</u>	\$ <u>40,828</u>	\$ <u>46,257</u>
Liabilities:				
Due to others	\$ <u>69,877</u>	\$ <u>17,208</u>	\$ <u>40,828</u>	\$ <u>46,257</u>
 <u>STATE FEES</u>				
Assets:				
Cash and investments	\$ <u>233,711</u>	\$ <u>1,226,109</u>	\$ <u>1,167,673</u>	\$ <u>292,147</u>
Liabilities:				
Due to others	\$ <u>233,711</u>	\$ <u>1,226,109</u>	\$ <u>1,167,673</u>	\$ <u>292,147</u>
 <u>GREGG / HARRISON FIRST CALL WARNING</u>				
Assets:				
Cash and investments	\$ <u>10,107</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,107</u>
Liabilities:				
Due to others	\$ <u>10,107</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,107</u>
 <u>JUVENILE PROBATION</u>				
Assets:				
Cash and investments	\$ <u>1,293,988</u>	\$ <u>3,595,208</u>	\$ <u>4,682,631</u>	\$ <u>206,565</u>
Liabilities:				
Due to others	\$ <u>1,293,988</u>	\$ <u>3,595,208</u>	\$ <u>4,682,631</u>	\$ <u>206,565</u>
 <u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ <u>8,480,706</u>	\$ <u>256,371,517</u>	\$ <u>256,183,872</u>	\$ <u>8,668,351</u>
Liabilities:				
Due to others	\$ <u>8,480,706</u>	\$ <u>256,371,517</u>	\$ <u>256,183,872</u>	\$ <u>8,668,351</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			
	2009	2010	2011	2012
Governmental activities:				
Net investment in capital assets	\$ 64,771,730	\$ 63,282,308	\$ 63,355,158	\$ 59,664,989
Restricted for:				
Archive restoration	682,131	766,580	743,251	813,419
Transportation and road improvements	-	-	-	4,789,161
Public safety operations	-	-	-	606,516
Judicial operations	-	-	-	131,596
Bail bond board operations	-	-	-	-
Airport operations	-	-	-	170,363
Court technology and security	-	-	-	210,598
Records management and preservation	-	-	-	702,052
Voting and elections	-	-	-	35,366
Health and human services operations	-	-	-	56,341
Vehicle inventory tax administration	-	-	-	-
Permanent improvements	-	-	-	4,272,310
Unrestricted	<u>56,637,636</u>	<u>63,683,421</u>	<u>66,288,684</u>	<u>62,548,344</u>
Total governmental activities net position	<u>\$ 122,091,497</u>	<u>\$ 127,732,309</u>	<u>\$ 130,387,093</u>	<u>\$ 134,001,055</u>
Business-type activities:				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 313,158
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,553</u>
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,711</u>
Primary government:				
Net investment in capital assets	\$ 64,771,730	\$ 63,282,308	\$ 63,355,158	\$ 59,978,147
Restricted for:				
Archive restoration	682,131	766,580	743,251	813,419
Transportation and road improvements	-	-	-	4,789,161
Public safety operations	-	-	-	606,516
Bail bond board operations	-	-	-	-
Judicial operations	-	-	-	131,596
Airport operations	-	-	-	170,363
Court technology and security	-	-	-	210,598
Records management and preservation	-	-	-	702,052
Voting and elections	-	-	-	35,366
Health and human services operations	-	-	-	56,341
Vehicle inventory tax administration	-	-	-	-
Permanent improvements	-	-	-	4,272,310
Unrestricted	<u>56,637,636</u>	<u>63,683,421</u>	<u>66,288,684</u>	<u>62,597,897</u>
Total primary government net position	<u>\$ 122,091,497</u>	<u>\$ 127,732,309</u>	<u>\$ 130,387,093</u>	<u>\$ 134,363,766</u>

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 58,814,064	\$ 58,218,734	\$ 63,174,980	\$ 64,504,455	\$ 65,833,674	\$ 64,668,350	
475,923	506,979	549,472	415,018	447,686	252,514	
5,447,169	7,664,128	6,608,420	5,488,768	5,567,382	5,316,591	
527,863	561,196	584,247	467,702	477,648	1,018,044	
139,605	164,282	126,653	110,549	126,704	144,327	
29,439	34,820	36,169	38,600	41,973	44,334	
197,781	203,040	170,363	170,363	170,368	208,385	
239,711	313,465	344,102	345,819	418,139	490,523	
755,926	919,572	932,554	912,570	911,568	921,998	
24,643	23,195	25,158	35,722	19,402	30,742	
71,209	29,250	33,771	22,797	26,055	29,940	
-	1,589	2,673	11,801	8,224	4,814	
4,659,594	4,573,899	4,959,943	3,865,325	3,615,437	3,907,542	
<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>53,841,001</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>	\$ <u>130,879,105</u>	
\$ 298,645	\$ 490,770	\$ -	\$ -	\$ -	\$ -	
(6,125)	(93,857)	-	-	-	-	
\$ <u>292,520</u>	\$ <u>396,913</u>	\$ -	\$ -	\$ -	\$ -	
\$ 59,112,709	\$ 58,709,504	\$ 63,174,980	\$ 64,504,455	\$ 65,833,674	\$ 64,668,350	
475,923	506,979	549,472	415,018	447,686	252,514	
5,447,169	7,664,128	6,608,420	5,488,768	5,567,382	5,316,591	
527,863	561,196	584,247	467,702	477,648	1,018,044	
29,439	34,820	36,169	38,600	41,973	44,334	
139,605	164,282	126,653	110,549	126,704	144,327	
197,781	203,040	170,363	170,363	170,368	208,385	
239,711	313,465	334,102	345,819	418,139	490,523	
755,926	919,572	932,554	912,570	911,568	921,998	
24,643	23,195	25,158	35,722	19,402	30,742	
71,209	29,250	33,771	22,797	26,055	29,940	
-	1,589	2,673	11,801	8,224	4,814	
4,659,594	4,573,899	4,959,943	3,865,325	3,615,437	3,907,542	
<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>53,841,001</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>	\$ <u>130,879,105</u>	

GREGG COUNTY TEXAS

Table 1.2 CHANGES IN NET POSITION

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

	Fiscal Year			
	2009	2010	2011	2012
EXPENSES				
<i>Governmental activities:</i>				
General government	\$ 10,545,040	\$ 11,102,197	\$ 12,066,388	\$ 11,829,723
Judicial	6,506,628	6,485,552	6,926,043	7,263,692
Public safety	14,596,497	14,826,537	14,857,301	15,617,020
Health and human services	2,780,822	2,952,009	3,566,125	2,938,243
Public buildings	2,440,792	2,864,443	2,921,703	3,021,237
Transportation and roads	8,604,974	7,531,204	10,119,148	6,551,074
Interest on long-term debt	<u>22,629</u>	<u>18,506</u>	<u>12,105</u>	<u>1,250</u>
Total expenses, governmental activities	<u>45,497,382</u>	<u>45,780,448</u>	<u>50,468,813</u>	<u>47,222,239</u>
<i>Business-type activities:</i>				
Longview community center	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,194</u>
Total expenses, business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,194</u>
Total expenses, primary government	<u>\$ 45,497,382</u>	<u>\$ 45,780,448</u>	<u>\$ 50,468,813</u>	<u>\$ 47,333,433</u>
PROGRAM REVENUES				
<i>Governmental activities:</i>				
Charges for services:				
General government	\$ 3,125,963	\$ 2,795,666	\$ 2,867,886	\$ 2,787,306
Judicial	1,872,257	1,837,417	1,788,901	1,706,448
Public safety	1,527,640	1,444,761	1,306,073	1,393,005
Health and human services	60,446	175,972	124,161	196,892
Public buildings	3,577,124	3,349,981	3,341,469	2,773,416
Transportation and roads	2,235,650	2,018,074	1,752,571	2,079,088
Operating grants and contributions	1,410,235	1,514,592	1,981,326	1,245,358
Capital grants and contributions	<u>7,301,696</u>	<u>1,099,734</u>	<u>1,263,850</u>	<u>380,331</u>
Total program revenue, governmental activities	<u>21,111,011</u>	<u>14,236,197</u>	<u>14,426,237</u>	<u>12,561,844</u>
<i>Business-type activities:</i>				
Charges for services:				
Longview community center	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,936</u>
Total program revenue, business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,936</u>
Total program revenue, primary government	<u>\$ 21,111,011</u>	<u>\$ 14,236,197</u>	<u>\$ 14,426,237</u>	<u>\$ 12,616,780</u>
NET (EXPENSE) REVENUE				
Governmental activities	\$(24,386,371)	\$(31,544,251)	\$(36,042,576)	\$(34,660,395)
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,258)</u>
Total primary government net expense	<u>\$(24,386,371)</u>	<u>\$(31,544,251)</u>	<u>\$(36,042,576)</u>	<u>\$(34,716,653)</u>

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 12,874,593	\$ 12,848,089	\$ 12,705,059	\$ 13,609,494	\$ 13,851,975	\$ 13,927,884	
7,604,265	7,554,982	7,775,332	8,195,921	8,797,765	8,526,064	
15,872,926	16,931,848	16,649,033	18,879,371	19,802,883	18,729,013	
2,828,937	2,771,049	3,026,687	2,969,427	2,875,016	2,033,655	
3,244,751	3,273,248	3,399,292	3,266,908	3,475,073	3,684,481	
13,154,752	7,929,120	9,132,170	7,449,750	9,063,627	6,665,651	
590	74	5,242	7,698	10,115	13,262	
<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>	<u>53,580,010</u>	
148,929	159,406	-	-	-	-	
<u>148,929</u>	<u>159,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 53,580,010</u>	
\$ 2,812,045	\$ 2,825,010	\$ 2,767,426	\$ 2,752,922	\$ 2,923,510	\$ 3,185,507	
1,548,149	1,630,996	1,415,001	1,446,437	1,428,754	1,628,129	
1,157,352	1,239,998	1,177,427	1,880,271	1,423,690	2,213,009	
193,902	178,194	38,970	39,331	33,871	35,003	
2,680,598	2,118,869	1,880,943	2,090,108	1,214,336	1,082,799	
1,841,454	2,040,208	1,920,942	2,176,065	1,999,583	2,070,214	
1,052,759	1,014,974	1,785,205	1,743,595	1,570,400	1,612,051	
<u>2,312,910</u>	<u>3,274,049</u>	<u>4,647,778</u>	<u>3,331,207</u>	<u>3,355,888</u>	<u>573,426</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>	<u>12,400,138</u>	
63,738	50,633	-	-	-	-	
<u>63,738</u>	<u>50,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>\$ 12,400,138</u>	
\$(41,981,646)	\$(36,986,112)	\$(37,059,123)	\$(38,918,633)	\$(43,926,422)	\$(41,179,872)	
(85,191)	(108,773)	-	-	-	-	
<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>	<u>\$(41,179,872)</u>	

GREGG COUNTY TEXAS

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

	Fiscal Year			
	2009	2010	2011	2012
General revenue and other changes in net position				
<i>Governmental activities</i>				
Property taxes	\$ 20,864,871	\$ 21,372,685	\$ 21,302,750	\$ 21,177,159
Sales taxes	15,831,322	15,129,279	16,912,110	16,902,274
Alcoholic beverage taxes	211,389	214,451	203,001	189,867
Other taxes	104,844	86,280	77,913	112,333
Unrestricted investment earnings	1,052,855	250,028	260,974	177,938
Gain on sale of assets	-	205,243	-	37,865
Insurance settlement	8,730	7,097	25,612	-
Miscellaneous	-	-	-	95,890
Transfers	<u>(83,500)</u>	<u>(80,000)</u>	<u>(85,000)</u>	<u>(418,969)</u>
Total governmental activities	<u>37,990,511</u>	<u>37,185,063</u>	<u>38,697,360</u>	<u>38,274,357</u>
<i>Business-type activities</i>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>418,969</u>
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>418,969</u>
Total primary government	<u>37,990,511</u>	<u>37,185,063</u>	<u>38,697,360</u>	<u>38,693,326</u>
Changes in net position				
Governmental activities	13,604,140	5,640,812	2,654,784	3,613,962
Business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>362,711</u>
Total primary government	<u>\$ 13,604,140</u>	<u>\$ 5,640,812</u>	<u>\$ 2,654,784</u>	<u>\$ 3,976,673</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 21,660,737	\$ 21,899,820	\$ 22,016,974	\$ 21,975,330	\$ 21,712,637	\$ 21,963,195
18,981,037	17,854,086	16,542,149	15,317,566	15,403,190	17,484,152
190,613	234,572	245,031	256,688	268,852	284,838
116,369	91,337	98,421	103,769	106,430	81,127
137,628	130,130	236,805	578,646	440,265	629,133
98,775	-	87,374	-	-	-
-	-	-	-	-	-
56,954	-	21,892	70,160	197,790	141,117
(15,000)	(213,166)	396,913	-	-	-
<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>40,583,562</u>
<u>15,000</u>	<u>213,166</u>	<u>(396,913)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>15,000</u>	<u>213,166</u>	<u>(396,913)</u>	<u>-</u>	<u>-</u>	<u>-</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>	<u>40,583,562</u>
(754,533)	3,010,667	2,586,436	(616,474)	(5,797,258)	(596,310)
(70,191)	104,393	(396,913)	-	-	-
<u>\$(824,724)</u>	<u>\$ 3,115,060</u>	<u>\$ 2,189,523</u>	<u>\$(616,474)</u>	<u>\$(5,797,258)</u>	<u>\$(596,310)</u>

GREGG COUNTY, TEXAS

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

	Fiscal Year			
	2009	2010	2011	2012
General fund:				
Unreserved	\$ 29,560,305	\$ 20,726,797	\$ -	\$ -
Reserved	760,327	849,537	-	-
Nonspendable	-	-	41,219	27,517
Restricted	-	-	770,646	832,926
Assigned	-	-	29,136	256,442
Unassigned	-	-	27,494,970	32,672,039
Total general fund	<u>30,320,632</u>	<u>21,576,334</u>	<u>28,335,971</u>	<u>33,788,924</u>
All other governmental funds				
Reserved	322,089	210,891	-	-
Unreserved reported in:				
Special revenue funds	6,828,868	10,265,799	-	-
Capital projects fund	14,708,331	27,172,920	-	-
Nonspendable	-	-	103,010	112,030
Restricted	-	-	9,326,086	10,724,171
Committed	-	-	2,687,276	1,399,986
Assigned	-	-	21,271,834	20,033,666
Unassigned	-	-	-	(718)
Total all other governmental funds	<u>21,859,288</u>	<u>37,649,610</u>	<u>33,388,206</u>	<u>32,269,135</u>
Total governmental funds	<u>\$ 52,179,920</u>	<u>\$ 59,225,944</u>	<u>\$ 61,724,177</u>	<u>\$ 66,058,059</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

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
23,827	7,216	3,260	7,963	16,045	2,701
591,407	583,839	629,028	486,486	522,785	330,859
217,040	450,410	598,796	1,470,589	266,892	252,619
<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>34,153,891</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>	<u>34,740,070</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
134,282	133,327	896,741	1,005,349	1,082,534	929,661
11,883,420	12,428,031	11,631,632	9,110,706	8,980,072	9,650,677
4,357,002	4,569,024	4,059,191	4,037,226	4,076,286	4,104,224
13,029,616	18,344,340	17,800,616	19,758,839	18,173,388	14,894,318
-	-	-	-	-	-
<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>29,578,880</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>	<u>\$ 64,318,950</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			
	2009	2010	2011	2012
REVENUES				
Taxes	\$ 36,962,804	\$ 37,149,062	\$ 38,362,150	\$ 38,594,743
Licenses and permits	1,339,496	1,291,763	1,237,844	1,398,039
Intergovernmental	9,323,668	3,135,838	3,731,436	2,061,285
Charges for services	3,935,251	3,810,630	3,774,549	3,713,143
Fines and forfeitures	1,196,596	1,156,767	1,168,021	1,444,602
Investment earnings	1,001,794	237,182	251,352	171,354
Rents and commissions	1,081,838	965,940	1,033,682	3,352,952
Miscellaneous	3,704,754	3,301,639	3,327,129	359,238
Total revenues	<u>58,546,201</u>	<u>51,048,821</u>	<u>52,886,163</u>	<u>51,095,356</u>
EXPENDITURES				
General government	9,024,350	8,667,764	9,404,049	9,325,778
Judicial	6,600,583	6,503,219	6,887,259	7,285,879
Public safety	15,132,278	14,677,211	14,585,933	15,429,054
Health and human services	2,766,474	2,837,450	3,630,641	2,944,827
Public buildings	2,782,000	2,029,427	2,082,011	2,130,553
Transportation and roads	8,087,017	8,469,360	10,272,011	4,924,912
Debt service:				
Principal	391,117	408,879	507,108	6,478
Interest	25,883	19,711	20,810	1,250
Capital outlay	8,635,325	1,426,316	3,037,040	1,823,401
Total expenditures	<u>53,445,027</u>	<u>45,039,337</u>	<u>50,426,862</u>	<u>43,872,132</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,101,174</u>	<u>6,009,484</u>	<u>2,459,301</u>	<u>7,223,224</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,026,651	20,571,490	5,658,471	569,510
Transfers out	(3,026,651)	(20,571,490)	(5,667,406)	(669,510)
Issuance of capital lease	319,632	495,976	-	-
Sale of capital assets	298,955	513,467	22,255	44,658
Sale of right-of-way	-	20,000	-	-
Insurance recoveries	8,730	7,097	25,612	95,890
Total other financing sources and uses	<u>627,317</u>	<u>1,036,540</u>	<u>38,932</u>	<u>40,548</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5,728,491</u>	<u>\$ 7,046,024</u>	<u>\$ 2,498,233</u>	<u>\$ 7,263,772</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0.9%	0.9%	1.1%	0.0%

Fiscal Year						
	2013	2014	2015	2016	2017	2018
\$	40,895,686	\$ 40,075,700	\$ 38,883,763	\$ 37,680,522	\$ 37,397,684	\$ 39,832,098
	1,342,638	1,391,051	1,318,187	1,368,688	1,611,272	1,640,018
	3,755,376	4,716,379	6,706,941	6,002,423	5,290,478	2,532,804
	3,754,191	3,675,306	3,657,872	3,762,203	3,652,141	3,813,950
	1,217,869	1,237,949	1,020,076	1,053,456	908,746	1,855,873
	137,628	128,868	230,099	566,938	430,102	605,223
	3,273,148	2,694,410	2,468,488	2,681,868	1,885,931	1,762,233
	255,947	285,407	288,464	266,969	484,111	626,993
	<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>	<u>52,669,192</u>
	10,270,374	10,139,547	10,242,264	10,732,178	10,156,100	10,547,494
	7,563,512	7,870,174	7,996,962	8,189,239	8,304,087	8,511,970
	16,140,745	16,782,174	16,404,214	17,735,449	17,792,423	17,872,901
	2,816,765	2,779,179	3,035,557	2,942,710	2,769,152	2,018,964
	2,214,203	2,220,231	2,283,921	2,068,225	2,061,398	2,253,368
	11,348,421	6,690,923	7,120,809	5,337,956	7,011,659	4,812,169
	5,619	2,216	-	390,689	393,659	510,408
	590	74	-	8,853	9,163	12,285
	4,752,119	5,312,160	10,956,107	8,005,304	8,271,961	5,932,875
	<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>52,472,434</u>
(	479,865)	2,408,392	(3,465,944)	(2,027,536)	(5,109,137)	196,758
	7,232,851	9,447,050	11,108,908	4,803,175	3,305,204	2,266,067
(	7,247,851)	(9,447,050)	(11,202,765)	(4,803,175)	(3,305,204)	(2,266,067)
	-	-	390,689	393,063	514,252	512,749
	108,642	64,243	93,991	426,806	420,632	590,000
	-	-	-	-	-	-
	56,954	61,408	21,892	70,160	172,319	19,289
	<u>150,596</u>	<u>125,651</u>	<u>412,715</u>	<u>890,029</u>	<u>1,107,203</u>	<u>1,122,038</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>	<u>\$ 1,318,796</u>
	0.0%	0.0%	0.0%	0.8%	0.8%	1.1%

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
2018	\$ 4,816,156,986	\$ 1,715,120,893	\$ 2,257,125,453	\$ 1,241,121,407	\$ 10,029,524,739	0.2625	\$ 8,807,335,194	87.81%
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%

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Direct rates:										
Gregg County general rate	0.2622	0.2622	0.2597	0.2572	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>0.2650</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>	<u>0.2625</u>
Overlapping debt:										
City rates:										
Clarksville City	0.4471	0.4649	0.4886	0.4196	0.4501	0.4501	0.5999	0.7399	0.6442	0.6135
East Mountain	0.8529	0.1000	0.1000	0.1000	0.1000	0.1200	0.1200	0.1400	0.1334	0.2500
Easton	0.1000	0.0820	0.0794	0.0913	0.2500	0.2500	0.2500	0.2500	0.2500	0.1334
Gladewater	0.5831	0.6123	0.6426	0.6426	0.6445	0.6414	0.6563	0.7499	0.7500	0.7500
Kilgore	0.3924	0.3994	0.3900	0.4000	0.4200	0.4500	0.4731	0.5057	0.5390	0.5390
Lakeport	0.4011	0.6299	0.5915	0.6023	0.6275	0.6145	0.5820	0.5820	0.5799	0.5799
Longview	0.4840	0.4840	0.5009	0.5009	0.5009	0.5099	0.5099	0.5099	0.5099	0.5099
Warren City	0.5000	0.5000	0.5000	0.2500	0.2500	0.2500	0.2500	0.2500	0.2403	0.2500
White Oak	0.4800	0.5200	0.5200	0.5200	0.5201	0.5317	0.5469	0.5868	0.5863	0.5863
School districts:										
Gladewater ISD	1.0400	1.1700	1.1700	1.1700	1.1700	1.4900	1.5650	1.5650	1.5650	1.5650
Kilgore ISD	1.1092	1.1092	1.3092	1.3092	1.3092	1.3092	1.3092	1.3092	1.3092	1.3092
Longview ISD	1.4202	1.5130	1.5130	1.5130	1.5130	1.5130	1.5130	1.5130	1.5130	1.5130
Pine Tree ISD	1.3785	1.3785	1.5110	1.5110	1.5500	1.5550	1.5550	1.5550	1.5550	1.5250
Sabine ISD	1.0400	1.0400	1.0400	1.0400	1.2928	1.2730	1.3014	1.3014	1.3014	1.3014
Spring Hill ISD	1.5400	1.5400	1.5400	1.6700	1.6700	1.6700	1.6700	1.6700	1.6700	1.6700
White Oak ISD	1.2457	1.2408	1.2439	1.2333	1.2432	1.2460	1.2360	1.2475	1.5030	1.4493
Special district rates:										
Gregg Co. ESD #1	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983	0.0983	0.9829	0.0983	0.0983
Gregg Co. ESD #2							0.1000	0.1000	0.1000	0.1000
Kilgore Junior College	<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>	<u>0.1750</u>
Total direct and overlapping rates	<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>	<u>15.1807</u>

Source: Gregg County Appraisal District

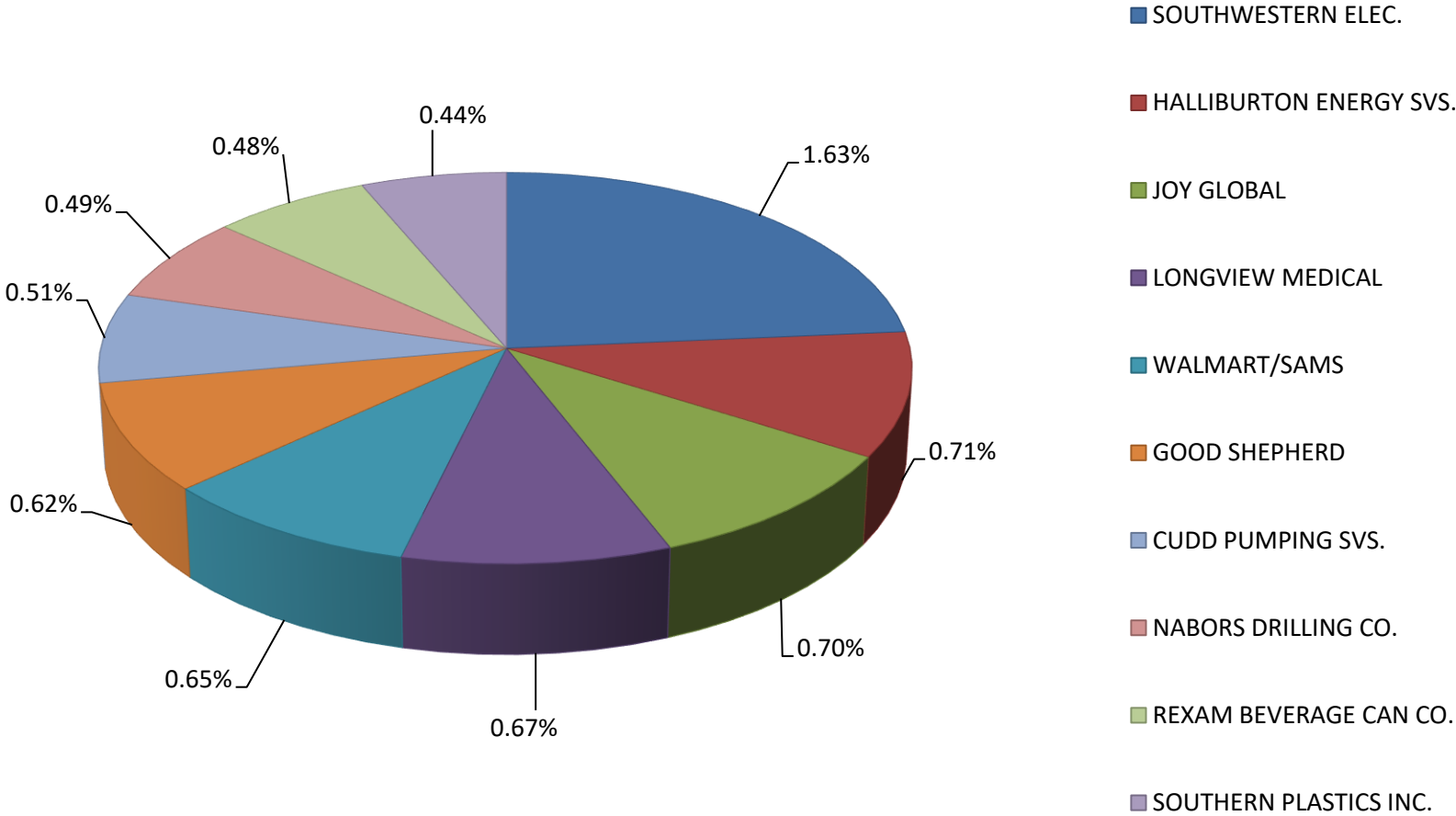
GREGG COUNTY, TEXAS

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

Taxpayer	2018			2009		
	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.	\$ 163,550,670	1	1.63%	\$ 105,064,450	3	1.09%
Wal-Mart / Sam's	70,935,120	2	0.71%	83,384,770	5	0.86%
Komatsu Mining Corp	70,494,580	3	0.70%			
Halliburton Co./Halliburton Energy	66,978,110	4	0.67%	136,193,350	2	1.41%
Longview Medical Center/Longview Regional Hospital/Texas HCP Holding	65,302,600	5	0.65%	69,709,870	7	0.72%
Orgill Inc/OG Dallas Tx Landlord LLC	62,451,840	6	0.62%			
Good Shepherd/GAHC3 Longview TX Outpatient Mob II LLC/GSHS Inc.	51,073,910	7	0.51%			
Southern Plastics	49,624,814	8	0.49%			
Rexam Beverage Can Co	48,586,960	9	0.48%			
Cudd Pumping Service/Cudd Pressure Control (CPS)	43,741,680	10	0.44%			
Letourneau Inc				171,033,210	1	1.77%
Exco Operating				96,640,650	4	1.00%
J-W Power / J-W Opearting				73,577,350	6	0.76%
XTO Energy				65,341,580	8	0.68%
Liberty Pressure Pumping LP				64,087,250	9	0.66%
Well Services Division of STC				59,860,680	10	0.62%
Total	\$ <u>692,740,284</u>		<u>6.91%</u>	\$ <u>924,893,160</u>		<u>9.57%</u>

Source: Gregg County Appraisal District

2018 TOP TEN TAXPAYERS



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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 09/30/18	
2009	\$ 21,017,998	\$ 20,727,939	98.62%	47,806	\$ 21,065,804	\$ 275,709	\$ 21,003,648	99.70%	\$ 62,155	0.30%
2010	21,713,885	21,571,949	99.35%	186,438	21,900,322	276,566	21,848,515	99.76%	51,808	0.24%
2011	21,259,861	21,016,555	98.86%	51,091	21,310,952	240,440	21,256,995	99.75%	53,957	0.25%
2012	21,541,094	21,294,083	98.85%	53,472	21,594,566	246,577	21,540,660	99.75%	53,905	0.25%
2013	22,022,808	21,567,906	97.93%	(12,351)	22,010,457	311,439	21,879,345	99.40%	131,111	0.60%
2014	22,067,295	21,783,376	98.71%	47,931	22,115,226	202,298	21,985,673	99.41%	129,553	0.59%
2015	22,365,509	22,035,855	98.53%	17,486	22,382,995	203,322	22,239,177	99.36%	143,818	0.64%
2016	22,328,401	21,950,095	98.31%	4,169	22,332,570	198,049	22,148,144	99.17%	184,425	0.83%
2017	21,970,434	21,583,173	98.24%	1,796	21,972,230	172,457	21,755,630	99.01%	216,600	0.99%
2018	22,252,567	21,904,972	98.44%	48,381	22,300,948	-	21,904,972	98.22%	395,976	1.78%

- (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
2018	\$ 39,832,100	\$ 1,640,018	\$ 2,532,805	\$ 3,813,949	\$ 1,855,873	\$ 605,222	\$ 1,762,233	\$ 626,993	\$ 52,669,192
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

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
2018	\$ 515,997	\$ -	\$ 515,997	*	*
2017	513,656	-	513,656	0.01%	\$ 4.16
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

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.

GREGG COUNTY, TEXAS

**Table 3.3 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2018**

Government Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Direct Debt:			
Gregg County	\$ 515,997	100.00%	\$ 515,997
Total Direct Debt	<u>515,997</u>		<u>515,997</u>
Overlapping Debt:			
Clarksville City, City of	3,790,799	99.97%	3,789,662
Gladewater, City of	16,324,716	61.36%	10,016,846
Kilgore, City of	9,017,350	83.66%	7,543,915
Kilgore Independent School District	47,824,748	69.30%	33,142,550
Lakeport, City of	1,413,521	100.00%	1,413,521
Longview, City of	80,398,796	94.76%	76,185,899
Gladewater Independent School District	33,246,415	56.09%	18,647,914
Longview Independent School District	216,127,782	100.00%	216,127,782
Pine Tree Independent School District	63,625,365	100.00%	63,625,365
Sabine Independent School District	18,850,953	100.00%	18,850,953
Spring Hill Independent School District	44,400,512	100.00%	44,400,512
White Oak Independent School District	<u>21,901,823</u>	100.00%	<u>21,901,823</u>
Total Overlapping Debt	<u>556,922,780</u>		<u>515,646,742</u>
Total Direct and Overlapping Debt	\$ <u>557,438,777</u>		\$ <u>516,162,739</u>
Total Direct and Overlapping Debt	<u>\$ 1,114,361,557</u>		<u>\$ 1,031,809,481</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			
	2009	2010	2011	2012
Debt Limit	\$ 2,089,930,203	\$ 2,023,484,071	\$ 2,068,576,145	\$ 2,132,856,856
Total net debt applicable to limit	-	-	-	-
Legal Debt Margin	<u>\$ 2,089,930,203</u>	<u>\$ 2,023,484,071</u>	<u>\$ 2,068,576,145</u>	<u>\$ 2,132,856,856</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 2,137,867,790	\$ 2,167,091,354	\$ 2,467,145,007	\$ 2,436,104,030	\$ 2,466,026,474	\$ 2,507,381,185
-	-	-	-	-	-
<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>	<u>\$ 2,507,381,185</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>
2018	*	*	*	4.0%
2017	123,367	\$ 5,437,195	\$ 44,073	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%

Sources: Texas Workforce Commission
Bureau of Economic Analysis

* Data unavailable

GREGG COUNTY, TEXAS

**Table 4.2 PRINCIPAL EMPLOYERS
CURRENT YEAR**

Employer	2018	
	Employees	Percentage of Total County Employees
Christus Good Shepherd Health System	2,532	4.6%
Eastman Chemical	1,447	2.6%
Longview ISD	1,400	2.6%
Longview Regional Medical Center	1,125	2.1%
Wal-Mart	1,057	1.9%
Trinity Rail, LLC	960	1.8%
City of Longview	880	1.6%
Pine Tree ISD	680	1.2%
Komatsu	604	1.1%
Gregg County	575	1.1%
Total	11,260	20.6%

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.

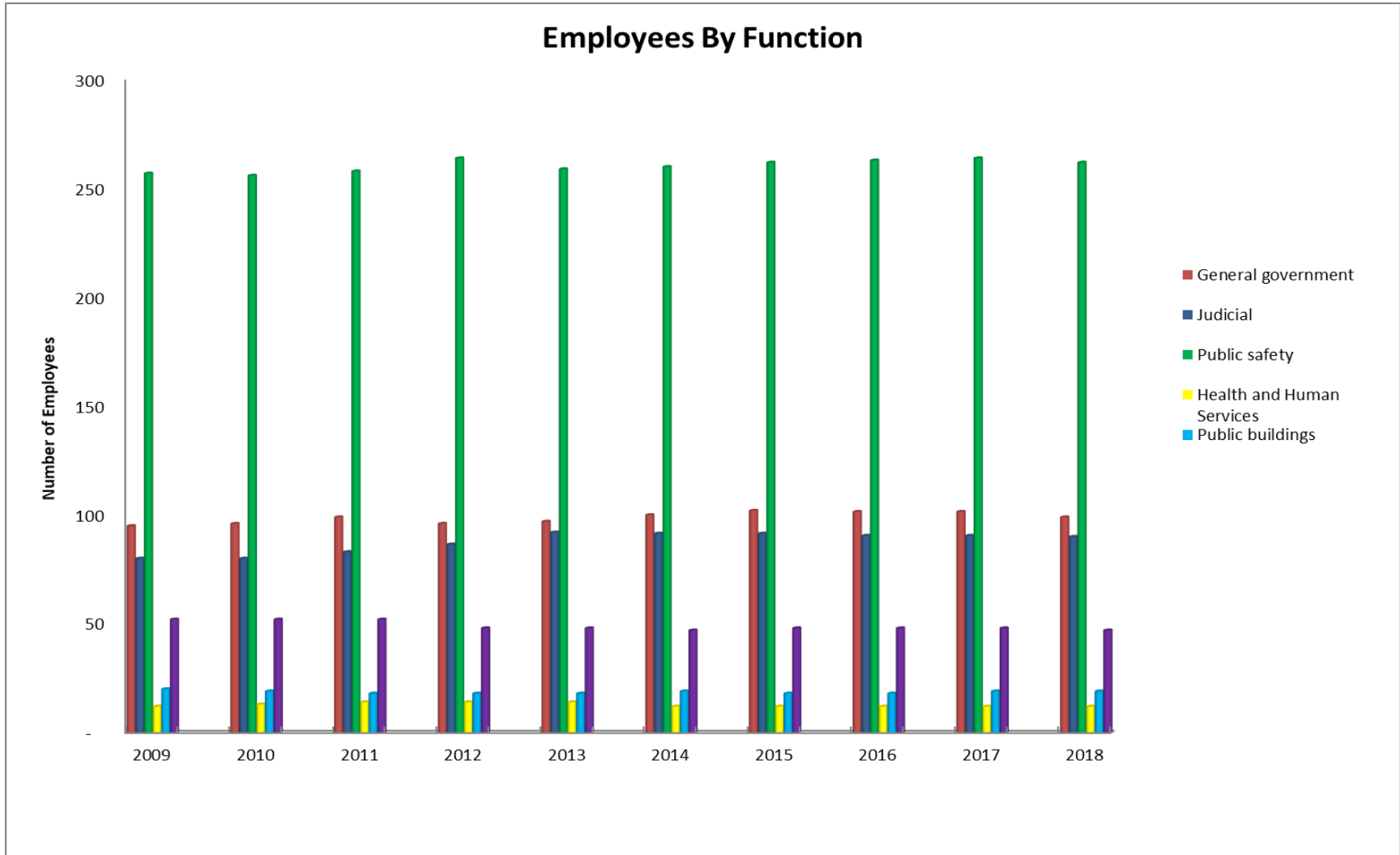
GREGG COUNTY, TEXAS

**Table 5.1 COUNTY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
SEPTEMBER 30, 2018**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	95	96	99	96	97	100	102	102	102	99
Judicial	80	80	83	87	92	92	92	91	91	90
Public safety	257	256	258	264	259	260	262	263	264	262
Health and Human Services	12	13	14	14	14	12	12	12	12	12
Public buildings	20	19	18	18	18	19	18	18	19	19
Transportation and roads	<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>	<u>47</u>
Totals	<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>	<u>529</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, 2018**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
County Finance										
Accounts Payable Checks Processed	10,560	8,321	7,845	8,409	8,789	8,493	8,365	8,592	8,652	8,786
Tax Office (1)										
Motor vehicle registrations	128,189	127,751	129,604	133,481	133,761	134,302	131,334	129,890	128,866	130,036
Motor vehicle titles issued	39,293	39,992	45,622	49,178	49,411	48,757	47,843	45,630	45,020	49,307
Elections Office										
Registered Voters	67,977	68,612	64,458	66,464	65,680	66,146	65,678	68,833	67,696	69,321
Number of Elections Held	7	13	5	11	10	11	6	10	4	9
Judicial										
District Court level										
Civil & Family cases filed	3,583	4,076	3,319	3,064	3,417	3,297	3,091	3,253	3,004	2,788
Criminal cases filed	1,604	1,751	1,304	1,266	1,389	1,519	1,266	1,368	1,233	1,326
County Court level										
Probate/Mental Health cases filed	449	528	591	629	525	516	542	627	621	556
Statutory County Court level (2)										
Civil cases filed	469	413	1,181	1,174	1,180	1,117	1,195	1,108	1,083	1,173
Criminal cases filed	5,168	4,895	4,328	4,005	4,129	3,684	3,541	3,300	3,250	3,671
Law Enforcement/Corrections (3)										
Jail facilities										
Jail Book-ins	11,320	10,519	10,556	10,696	10,282	9,419	9,098	9,171	9,150	9,550
Law Enforcement										
Warrants executed	3,041	4,358	4,462	4,340	5,770	4,496	4,461	4,469	4,225	5,377
Civil process served	5,341	4,853	4,585	4,165	3,523	4,629	4,314	4,780	3,218	2,879
Health & Human Services										
Patients seen by Doctor	847	769	841	757	646	477	603	586	617	479
Patients seen by Nurse	2,584	2,266	2,501	2,848	2,354	2,032	2,433	2,676	2,764	2,436
Immunizations (# of shots)	7,781	7,142	11,158	7,504	5,440	5,254	5,077	4,962	4,374	4,120
Welfare Applicants	1,686	1,359	1,444	1,377	1,004	820	1,274	1,235	1,291	1,124
Transportation & Roads										
Miles of County Roads	281	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, 2018

FUNCTION/PROGRAM	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Vehicles	6	6	6	6	10	9	10	9	9	9
Judicial										
Vehicles	2	3	3	3	4	5	6	5	5	5
Video/sound system	2	2	2	2	2	2	2	2	2	2
Law enforcement/corrections										
Vehicles	73	77	91	93	99	88	97	98	106	109
Transportation and roads										
Road and bridge vehicles	33	34	34	36	29	31	32	33	31	34
Road and bridge equipment	120	113	113	116	111	111	109	112	118	117
Public buildings										
Vehicles	4	4	4	4	4	4	3	4	3	4
Health and human services										
Vehicles	3	2	2	2	2	2	2	2	2	2

Source: Gregg County depreciation schedules

GREGG COUNTY, TEXAS

**Table 5.4 SCHEDULE OF INSURANCE
SEPTEMBER 30, 2018**

Insuring Company	Type of Coverage	Policy From	Policy To	Summary of Coverage	Liability Limits
Texas Public Entity Group Agent: Rooker Downing & Booth	Property	10/01/17	10/01/18	Buildings Personal Property Valuable Papers	\$ 88,579,483 50,000 250,000
Texas Public Entity Group Agent: Rooker Downing & Booth	Commerical Crime	10/01/17	10/01/18	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	10/01/17	10/01/18	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	10/01/17	10/01/18	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	10/01/17	10/01/18	General Aggregate	400,000
Texas Public Entity Group Agent: Rooker Downing & Booth	Employee Benefits Liability	10/01/17	10/01/18	Aggregate Limit	3,000,000
Tac Risk Management Pool	Public Officials Liability	10/01/17	10/01/18	Aggregate	2,000,000
JamisonPro	State Judges Professional Liability	01/01/18	01/01/19	Damages / Claims Exp.	1,000,000
Tac Risk Management Pool	Law Enforcement Liability	10/01/17	10/01/18	Aggregate	2,000,000
Evanston Insurance Company Agent: Rooker Downing & Booth	Gregg Co. Jail/Medical Services	12/15/17	12/15/18	Aggregate	3,000,000
Admiral Insurance Company Agent: Rooker Downing & Booth	Health Department	10/01/17	10/01/18	Aggregate	1,000,000
Old Republic Insurance Company Agent: Rooker Downing & Booth	East Texas Regional Airport	10/01/17	10/01/18	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	08/04/18	08/04/19	Clean up costs, Third	1,000,000

SINGLE AUDIT SECTION

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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

The Honorable County Judge
and Members of the Commissioners Court
Gregg County
Longview, 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 29, 2019.

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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas
March 29, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT 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, 2018. 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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, 2018.

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 as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

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

Waco, Texas
March 29, 2019

GREGG COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

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 2018	Drug Enforcement Administration Overtime Grant	16.001	\$ 17,117	\$ -
T328226	ATF Task Force	16.U01	<u>13,859</u>	<u>-</u>
	Total Direct Programs		<u>30,976</u>	<u>-</u>
Passed through the Texas Office of the Governor - Criminal Justice Division:				
2929702	Crime Victim Assistance	16.575	43,562	-
WF-17-V30-28165-03	Violence Against Women Formula Grant	16.588	63,556	-
WF-18-V30-28165-04	Violence Against Women Formula Grant	16.588	<u>9,196</u>	<u>-</u>
	Total CFDA 16.588		<u>72,752</u>	<u>-</u>
	Total Passed through the Texas Office of the Governor - Criminal Justice Division		<u>116,314</u>	<u>-</u>
	Total U.S. Department of Justice		<u>147,290</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Direct Programs:				
3-48-0137-045-2018	Airport Improvement Program	20.106	<u>521,426</u>	<u>-</u>
	Total Direct Programs		<u>521,426</u>	<u>-</u>
	Total U.S. Department of Transportation		<u>521,426</u>	<u>-</u>

GREGG COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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	\$ 188,058	\$ -
537-18-0058-00001	Immunization Branch - Locals	93.268	<u>15,644</u>	<u>-</u>
	Total Passed through Texas Department of State Health Services		<u>203,702</u>	<u>-</u>
	Passed through Texas Department of Family and Protective Services:			
23938981	Foster Care Title IV-E	93.658	<u>11,042</u>	<u>-</u>
	Total Passed through Texas Department of Family and Protective Services		<u>11,042</u>	<u>-</u>
	Total U.S. Department of Health and Human Services		<u>214,744</u>	<u>-</u>
	<u>U.S. Department of Homeland Security</u>			
	Direct Programs:			
HSTS0216HSLR854	Law Enforcement Officer Reimbursement Agreement Program	97.090	<u>21,900</u>	<u>-</u>
	Total Direct Programs		<u>21,900</u>	<u>-</u>
	Total U.S. Department of Homeland Security		<u>21,900</u>	<u>-</u>
	Total Federal Awards		<u>\$ 905,360</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, 2018

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, 2018

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 <i>Uniform Guidance</i>	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?	Yes
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Findings Related to the Financial Statements Which Are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

None

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