

VOL. 50 PAGE 1  
FILED FOR RECORD  
IN MY OFFICE  
AT 3:37 O'CLOCK P. M.

JUN 23 2005

MICKEY DORMAN  
COUNTY CLERK, PANOLA COUNTY, TEXAS  
BY Clara Jones DEPUTY

**MEETING OF COMMISSIONERS' COURT  
OF PANOLA COUNTY**

TO WHOM IT MAY CONCERN:

PURSUANT TO THE TEXAS OPEN MEETINGS ACT, NOTICE IS HEREBY GIVEN THAT A SPECIAL MEETING OF THE COMMISSIONERS' COURT OF PANOLA COUNTY, TEXAS WILL BE HELD ON THE 29<sup>TH</sup> DAY OF JUNE, 2005, IN THE COMMISSIONERS' COURTROOM IN THE PANOLA COUNTY COURTHOUSE IN CARTHAGE, TEXAS AT 9:00 O'CLOCK A.M. AT WHICH MEETING THE FOLLOWING SUBJECTS WILL BE DISCUSSED AND THE FOLLOWING MATTERS ACTED UPON:

**OPEN MEETING:**

1. To discuss, execute and deliver Certification of Disclosure of financial information for Fiscal Year 2004 to independent auditors.
2. To record letter from Robinson & Williams, P.L.L.C. containing professional standards and procedures used in the compilation of Panola County's Annual Financial Audit for Fiscal Year 2004.
3. To receive County Auditor Annual Financial Report and approve Financial Audit of Panola County by independent auditors for Fiscal Year 2004.
4. To discuss and authorize the County Judge to publish notice of the acceptance of the 2004 Annual Financial and Compliance Audit Report for Fiscal Year 2004 as required by federal regulations and applicable law.
5. To discuss and approve engagement letter and Order #2005-05 granting applicable exemption on independent audit for Panola County financial matters for Fiscal Year 2005.

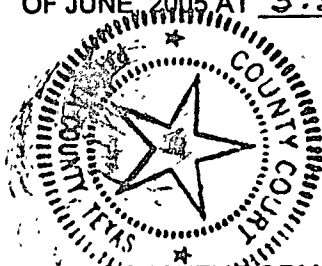
**ADJOURNMENT**

VOL.

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2

WITNESS THE HAND OF THE UNDERSIGNED CLERK ON THIS THE 23<sup>RD</sup> DAY  
OF JUNE, 2005 AT 3:37 O'CLOCK P.M.

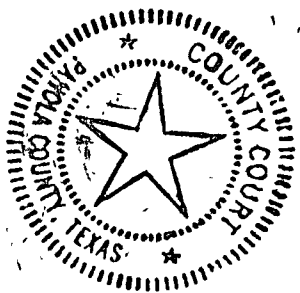


Mickey Dorman

MICKEY DORMAN, COUNTY CLERK  
PANOLA COUNTY, TEXAS

By: Clara Jones, Deputy

MICKEY DORMAN, CLERK OF THE COMMISSIONERS' COURT OF PANOLA  
COUNTY, TEXAS DO HEREBY CERTIFY THAT THE ABOVE NOTICE WAS POSTED  
ON THE OFFICIAL BULLETIN BOARD IN THE PANOLA COUNTY COURTHOUSE IN  
THE CITY OF CARTHAGE, TEXAS AND IN A PUBLIC PLACE VISIBLE AT ALL TIMES  
ON THE 23<sup>RD</sup> DAY OF JUNE, 2005 AT 3:37 O'CLOCK P.M.



Mickey Dorman

MICKEY DORMAN, COUNTY CLERK  
PANOLA COUNTY, TEXAS

By: Clara Jones, Deputy

AT 10:00 O'CLOCK A M

JUL 11 2005

MICKEY DORMAN  
COUNTY CLERK, PANOLA COUNTY, TEXAS  
BY Mickey Dorman DEPUTY

The State of Texas  
County of Panola

On this the 29th day of June A.D. 2005, the Commissioners' Court of Panola County, Texas met in a Special Meeting of the Court at 9:00 o'clock a.m. in the Commissioners' Courtroom of said County with the following members of the Court present:

David L. Anderson  
Ronnie LaGrone  
Douglas M. Cotton  
Hermon E. Reed, Jr.  
Dale LaGrone

County Judge  
Commissioner, Precinct #1  
Commissioner, Precinct #2  
Commissioner, Precinct #3  
Commissioner, Precinct #4

with none absent, constituting a quorum of the Court. Also attending were Mickey Dorman, County Clerk and Lee Ann Jones, Administrative Assistant to the County Judge. Attached to and made a part of these Minutes is a list of other attendees and the office or organization that each represents. The following proceedings were held at this meeting:

OPEN MEETING:

1. After some discussion Commissioner Cotton moved and Commissioner Dale LaGrone seconded the motion to execute and deliver the Certification of Disclosure of financial information for Fiscal Year 2004 to the independent auditors. The motion passed unanimously. SEE COPY OF CERTIFICATION ATTACHED.
2. Commissioner Ronnie LaGrone moved and Commissioner Reed seconded the motion to record a letter from Robinson & Williams, P. L. L. C. containing the professional standards and procedures used in the compilation of Panola County's Annual Financial Audit for Fiscal Year 2004. The motion passed unanimously. SEE COPY OF LETTER ATTACHED.
3. After a presentation by Steve Williams Commissioner Ronnie LaGrone moved and Commissioner Dale LaGrone seconded the motion to receive the County Auditor Financial Report and approve the Financial Audit of Panola County by the independent auditors for Fiscal Year 2004. The motion passed unanimously. SEE COPY OF REPORT ATTACHED.
4. After some discussion Commissioner Cotton moved and Commissioner Reed seconded the motion to authorize the County Judge to publish a notice of the acceptance of the 2004 Annual Financial and Compliance Audit Report for Fiscal Year 2004 as required by federal regulations and applicable law. The motion passed unanimously. SEE COPY OF AUTHORIZATION ATTACHED.
5. After some discussion Commissioner Ronnie LaGrone moved and Commissioner Dale LaGrone seconded the motion to approve an engagement letter and Order #2004-05 granting the applicable exemption on the independent audit for Panola County financial matters for Fiscal Year 2005. The motion passed unanimously. SEE COPY OF LETTER AND ORDER ATTACHED.

The meeting was then adjourned.

Dated this the 29th day of June, 2005.

*David L. Anderson*

David L. Anderson, County Judge, Panola County, Texas

ATTEST:

*Mickey Dorman*

Mickey Dorman, County Clerk, Panola County, Texas





29 June 2005

9:00 am

Bonnie Phillips

Sidney Burr

Jennifer Stacy

Stephanie Pryce

Steve Will

Rachael Stallone

**COUNTY OF PANOLA****CARTHAGE, TEXAS**

June 16, 2005

Robinson & Williams, P.L.L.C.  
416 West Panola  
Carthage, Texas 75633

We are providing this letter in connection with your audit of the financial statements of Panola County as of December 31, 2004 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Panola County and the respective changes in financial position and cash flows, where applicable in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of June 16, 2005, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of Panola County and its component units required by generally accepted accounting principles to be included in the financial statements of the County.
2. We have made available to you all –
  - a. Financial records and related data (and all audit or relevant monitoring reports, if any, received from funding sources).
  - b. Minutes of the meeting of the Commissioners Court or summaries of actions of recent meeting for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Robinson & Williams, P.L.L.C.  
June 16, 2005  
Page 2

4. There are no material transactions that have not been properly recorded in accounting records underlying the financial statements or the schedule of expenditures of federal and state awards.
5. We believe the effects of any uncorrected financial statement misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the County involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the County received in communication from employees, former employees, analysts, regulators, or others.
9. The County has no plans or intentions that may materially affect the carrying value of classification of assets, liabilities, or fund equity.
10. The following, if any have been properly recorded or disclosed in the financial statements:
  - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b. Guarantees, whether written or oral, under which the County is contingently liable.

Robinson & Williams, P.L.L.C.  
June 16, 2005  
Page 3

- c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances, consistently applied, and adequately disclosed.
- 11. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, and we have identified and disclosed to you all laws, regulations, and provisions of contract and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, including legal and contractual provision for reporting specific activities in separate funds.
- 12. There are no –
  - a. Known violations or possible violation of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - b. Known unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
  - d. Reservations or designation of fund equity that were not properly authorized and approved.
- 13. As part of your audit, you prepared the draft financial statements and related notes and schedule of expenditures of federal and state awards. We have designated a competent employee to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal and state awards.

Robinson & Williams, P.L.L.C.  
June 16, 2005  
Page 4

14. The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
15. The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
16. The financial statements properly classify all funds and activities.
17. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
18. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
19. Provisions for uncollectible receivables have been properly identified and recorded.
20. Expenses have been appropriately classified in or allocated to functions and programs in the financial statements, and allocations have been made on a reasonable basis.
21. Revenues are appropriately classified in the financial statements within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
22. Interfund and internal balances have been appropriately classified and reported.
23. Deposits and investment securities are properly classified in category of custodial credit risk.
24. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
25. Required supplementary information (RSI) is measured and presented within prescribed guidelines.

Robinson & Williams, P.L.L.C.  
June 16, 2005  
Page 5

26. With respect to federal and state award programs:
- a. We are responsible for complying and have complied with the requirements of grantor agencies.
  - b. We have identified in the schedule of expenditures of federal and state awards, expenditures made during the audit period for all awards provided by federal and state agencies in the form of grants, cooperative agreements, direct appropriations, and other assistance.
  - c. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on the federal and state programs.
  - d. We are responsible for establishing and maintaining effective internal control over compliance requirements applicable to federal and state programs that provide reasonable assurance that we are managing our awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on these programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in the internal control system to the date of this letter that might significantly affect internal control.
  - e. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal or state agencies.
  - f. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared, and are prepared on a basis consistent with the schedule of expenditures of federal and state awards.
  - g. The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency, as applicable.


Robinson & Williams, P.L.L.C.  
June 16, 2005  
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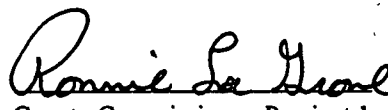
- h. Panola County has no sub-recipients to which any federal or state awards have been passed.

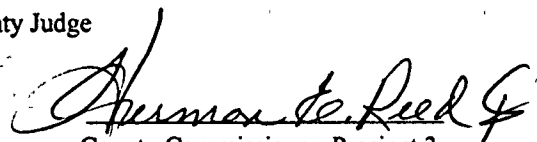
To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Sincerely,

Panola County

  
County Judge

  
County Commissioner, Precinct 1

  
County Commissioner, Precinct 3

  
County Commissioner, Precinct 2

  
County Commissioner, Precinct 4

June 16, 2005

To the Honorable Members  
Of The Commissioners Court  
Of Panola County, Texas  
Carthage, Texas 75633

Members of the Commissioners' Court

We have audited the financial statements of Panola County, Texas for the year ended December 31, 2004, and have issued our report thereon dated June 16, 2004. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated June 22, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting standards. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Panola County. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Panola County's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Other Information in Documents Containing Audited Financial Statements

The Introductory Section and Statistical Data section contained in the financial statements are presented solely for purposes of additional analysis. This data has been summarized from Panola County, Texas records and was not subjected to the audit procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion on such data.



Commissioners Court  
Page 2

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Panola County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2004. We noted no transactions entered into by Panola County during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for uncollectible taxes is based on historical collections. We evaluated the key factors and assumptions used to develop the allowance for uncollectible taxes in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrual for accumulated vacation benefits is based on historical and current estimates of amounts potentially due employees of the County. We evaluated the key factors and assumptions used to develop the accrual for accumulated vacation benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of accumulated depreciation and current year depreciation expense is based on the historical cost and estimated useful life of the assets. We evaluated the key factors and assumptions used to develop the accumulated depreciation and current year depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Commissioners Court  
Page 3

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Panola County's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by Panola County, either individually or in the aggregate, indicate matters that could have a significant effect on Panola County's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Panola County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Commissioners Court  
Page 4

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Commissioners Court of Panola County and management of Panola County and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Robinson & Williams*

Robinson & Williams, P.L.L.C.

June 16, 2005

To the Honorable Members  
Of The Commissioners Court  
Of Panola County, Texas  
Carthage, Texas 75633

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Commissioners Court  
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Issues Discussed Prior to Retention of Independent Auditors

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Commissioners Court  
Page 4

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Commissioners Court of Panola County and management of Panola County and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Robinson & Williams*

Robinson & Williams, P.L.L.C.

COUNTY AUDITOR'S  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR  
PANOLA COUNTY, TEXAS

For The Fiscal year Ended December 31, 2004



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**PANOLA COUNTY, TEXAS**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

**PANOLA COUNTY, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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## INTRODUCTORY SECTION

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STEPHANIE PRICE  
ASSISTANT AUDITOR  
JENNIFER STACY  
ASSISTANT AUDITOR

OFFICE OF  
**PANOLA COUNTY AUDITOR**

COURTHOUSE ANNEX • ROOM 213A  
CARTHAGE, TEXAS 75633  
903-693-0320

June 21, 2005

Honorable District Judge Guy Griffin,  
Honorable County Judge David L. Anderson,  
Honorable County Commissioners,  
and Taxpayers and Citizens of Panola County

Conforming to statutory requirements of the duties of the County Auditor, submitted herewith is the Comprehensive Annual Financial Report for Panola County, Texas, for the fiscal year ended December 31, 2004. The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board, and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed public accountants.

This report consists of management's representations concerning the finances of Panola County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of Panola County has established a comprehensive internal control framework that is designed to both protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of Panola County have been audited by Robinson & Williams, P.L.L.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the year ended December 31, 2004 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 significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion on Panola County's financial statements for the year ended December 31, 2004, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. Panola County's MD&A can be found immediately following the Independent Auditor's Report.

## PROFILE OF THE GOVERNMENT

Located in East Texas, Panola County, Texas, was organized in 1846. Panola County currently occupies a land area of 801 square miles and serves a population of 22,734.

The County operates as specified under a County Judge - Commissioners' Court type of government, consisting of one County Judge and four Commissioners. The County Judge is the presiding officer of the Commissioner's Court, the governing body of the County, and is elected for a four-year term by the voters of the County. Each Commissioner represents one of the four Commissioner precincts into which the County is divided and is elected by the voters of his precinct for a four-year term. The Commissioners' Court has only powers expressly granted to it by the legislature and powers necessarily implied from such grant. Among other duties, it proposes and approves the County budget, determines the County tax rates, approves contracts in the name of the County, determines whether a proposition to issue bonds should be submitted to the voters, appoints certain County officials, and makes other decisions concerning the operation of the County.

Panola County provides a full range of services, including public safety, public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services.

### Budgets and Budgetary Controls

The annual budget serves as the foundation for Panola County's financial planning and control. The County Judge is by statute the County Budget Officer and is responsible for determining the Commissioners' Court guidelines for the proposed County budget. After being furnished the budget guidelines by the County Judge, the County Auditor prepares an estimate of revenues and a compilation of expenditures as set out in the guidelines. The proposed budget is filed in the office of the County Clerk as public record.

A public hearing is held on the budget by the Commissioner's Court. Department heads and any other interested citizens may appear. Before determining the final budget, the Commissioners' Court may increase or decrease the amounts as proposed in the budget. Expenditure amounts finally budgeted may not exceed the estimated revenues and available cash. A tax rate is then set which will generate the estimated ad valorem tax revenues in the budget.

When the final budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments to prevent expenditures from exceeding budgeted appropriations and for keeping the Commissioners' Court advised of the condition of the various funds and accounts.

Each fund is budgeted on an annual basis, by the primary activities of salaries and benefits, supplies, other services and charges, and capital outlay. Budget to actual comparisons are provided in this report for the General Fund and all major special revenue funds.

### Financial Administration

The officials having responsibility for the financial administration of the County are the County Judge and four County Commissioners (the "Commissioners' Court"), the Tax Assessor-Collector, the County Treasurer, and the County Auditor.

The Tax Assessor-Collector is elected for a four-year term and is responsible for collecting ad valorem taxes and collecting certain State and County fees and other taxes for the County. Duties of the County Treasurer, who is also elected for a four-year term, include depositing monies received by the County into the depository selected by the Commissioners' Court, signing and registering all of the County's checks (except certain agency funds), preparation of payroll, maintenance and



compilation of all personnel records, preparation of quarterly and monthly state, county, and federal reports and other financial functions.

The County Auditor is appointed for a two-year term by the State District Judge having jurisdiction within the County. The County Auditor is responsible for the accounting practices and audit control functions of county finances. His responsibilities include those for accounting, auditing, accounting systems design, assisting with financial planning and operations, financial reporting, insurance, budget preparation as instructed by the Commissioners' Court, preparation of claims for approval by Commissioners' Court and various other financial related activities. The County Auditor also serves as fiscal officer for the Community Supervision Corrections Department and the Juvenile Probation Department.

### FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Panola County operates.

#### Local Economy

Panola County continues to rank as one of the leading natural gas producers in East Texas. Continued lignite mining activities along with new natural gas wells contributed greatly to economic activities. Timber, poultry and cattle production also continue to contribute to the local economy. All of these activities have had a positive impact on employment and the county tax base. A great deal of credit should be given to the industrial, civic, and governmental leaders for these positive conditions.

Over the past few years, Panola County has faced the same problems as other smaller rural counties in Texas. Revenue sources have tended to be limited, while demand for services remained constant. Economic growth during the year changed somewhat due to a general increase in natural gas prices.

The position of the County has continued to be sound over the past year. Some of the factors which enabled the County to maintain this constant level were:

1. All departments and agencies operated within budget appropriations.
2. Estimated revenue was achieved or exceeded.
3. Ad valorem taxes continued to be collected at a high percent.

Looking ahead, Panola County can expect to have some years of economic growth at the state and local level. Careful financial operation and planning will enable the County to remain financially sound. A spirit of cooperation will help to ensure that the future needs of the citizens of Panola County can be met.

#### Long-term Financial Planning

The Commissioners' Court continues to be very active in budgeting financial resources to rehabilitate all county maintained infrastructure over a number of years in the most economical way. Various capital outlays for road and bridge equipment have been procured through lease purchase programs with up to five-year lease payment terms. The County continues to maintain adequate financial resources in the Road Bond 1971 capital projects fund to meet the County's share of cost associated with new state highway construction. The County also maintains adequate financial resources in the Airport special revenue fund and in the Permanent Improvement capital projects fund for the County's match of grant programs for airport improvements and maintenance.

Also, Panola County continues the long-term lease of the county-owned hospital to East Texas Medical Center Regional Healthcare System. This financial agreement has provided revenues and a very reasonable, low-cost indigent care program that provides needed health benefits for qualified citizens.

#### Cash Management Policies and Practices

Cash temporarily idle during the year was invested in certificates of deposit ranging from 31 to 120 days to maturity. Demand deposit accounts are in super now interest bearing accounts. The average overall yield on demand deposits and certificates of deposit during the year was 1.65%.

Panola County has a depository contract with First State Bank & Trust of Carthage, Texas. The contract requires the bank to maintain securities pledged to Panola County at a market value equal to or greater than total deposits exceeding the amount covered by insurance of the Federal Deposit Insurance Corporation (FDIC). At no time during the year was the market value of pledged securities less than the amount on deposit not covered by insurance.

#### Risk Management

As outlined in the statistical data section, found on pages 148 - 180, Panola County has developed a complete insurance program to protect against the risk inherent with the operation of county government. This includes various policies protecting public officials, law enforcement officials, auto liability, injuries in building premises and on the job, and various other policies. The County sends officials to seminars regularly regarding safety and the prevention of workers compensation claims. Various literature and training has been made available to county employees. The County presently has a loss control program which was adopted by the Commissioners Court. The policy was designed to prevent injuries to its employees, to protect its property from damage, and to provide for the safety of the public in connection with county operations.

#### Pension and Other Post-employment Benefits

The County provides retirement, disability, and death benefits for all of its full-time employees through a non-traditional defined pension plan in the statewide Texas County and District Retirement System (TCDRS). Detailed information on the retirement plan and other post-employment benefits can be found in Note 4 of the notes to the financial statements.

### **AWARDS AND ACKNOWLEDGEMENTS**

#### Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a "Certificate of Achievement for Excellence in Financial Reporting" to Panola County, Texas, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards of preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of all County Departments. We would like to express our appreciation to all members of the County Departments who assisted and contributed to its preparation.

Respectfully submitted,

*Sidney Burns*

Sidney Burns  
County Auditor

*Stephanie Price*

Stephanie Price  
Assistant County Auditor

*Jennifer Stacy*

Jennifer Stacy  
Assistant County Auditor

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Panola County,  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

A Certificate of Achievement for Excellence in Financial  
Reporting is presented by the Government Finance Officers  
Association of the United States and Canada to  
government units and public employee retirement  
systems whose comprehensive annual financial  
reports (CAFRs) achieve the highest  
standards in government accounting  
and financial reporting.



*Nancy L. Zeller*  
President

*Jeffrey R. Egan*  
Executive Director

PANOLA COUNTY, TEXAS  
DIRECTORY OF OFFICIALS  
DECEMBER 31, 2004

**DISTRICT COURT: 123rd Judicial District**

The Honorable Guy Griffin, District Judge  
The Honorable Danny Buck Davidson, Criminal District Attorney  
Terri Hudson, Court Reporter  
Sandra King, District Clerk  
Troy Massey, CSCD Director  
Tracy Anderson, Chief Juvenile Probation Officer

**COMMISSIONERS COURT:**

The Honorable David L. Anderson, County Judge  
The Honorable Ronnie LaGrone, Commissioner Precinct #1  
The Honorable Douglas Cotton, Commissioner Precinct #2  
The Honorable Hermon Reed, Commissioner Precinct #3  
The Honorable Dale LaGrone, Commissioner Precinct #4  
Leann Jones, Administrative Assistant

**COUNTY COURT AT LAW:**

The Honorable Terry Bailey, Judge  
Karen A. Clark, Court Reporter

**COUNTY AUDITOR:**

Sidney Burns

**ASSISTANT COUNTY AUDITORS:**

Stephanie Price  
Jennifer Stacy

**COUNTY CLERK:**

Mickey Dorman

**COUNTY SHERIFF:**

Jack Ellett

**COUNTY SURVEYOR:**

Don Austin

**COUNTY TAX ASSESSOR-COLLECTOR:**

Jean Whiteside

**COUNTY TREASURER:**

Gloria Portman

PANOLA COUNTY, TEXAS  
DIRECTORY OF OFFICIALS  
DECEMBER 31, 2004

**COUNTY VETERAN SERVICE OFFICER:**

Jim Young

**JUSTICES OF THE PEACE:**

Lora Taylor, Precincts #2 and #3  
Pat Davis, Precincts #1 and #4

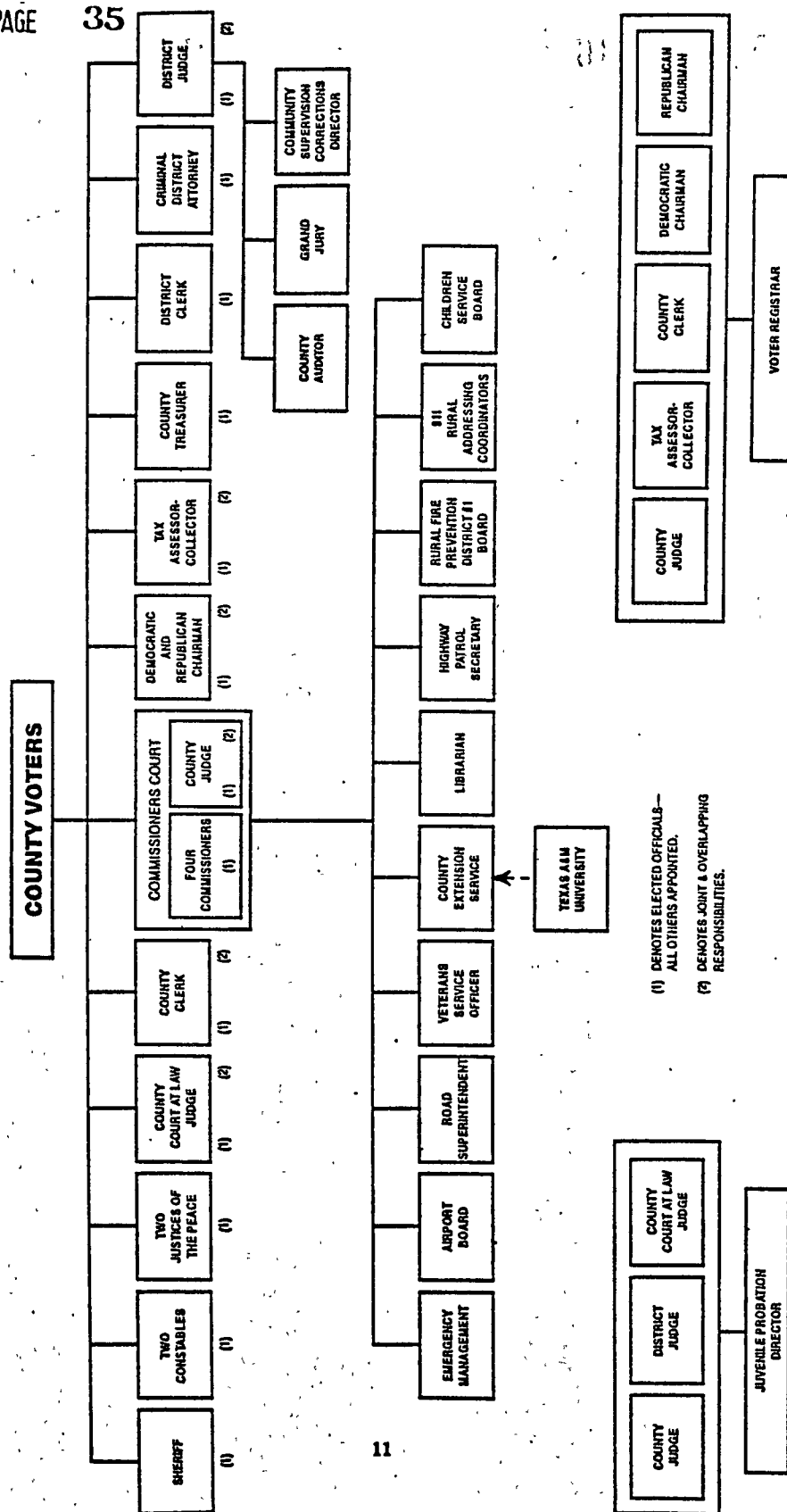
**CONSTABLES:**

Kevin Lake, Precincts #1 and #4  
Mitch Norton, Precincts #2 and #3

**ELECTIONS ADMINISTRATOR:**

Betty Atkerson

**PANOLA COUNTY, TEXAS  
ORGANIZATION CHART**



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**FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT**

To The Honorable Members  
Of The Commissioners' Court  
Of Panola County, Texas  
Carthage, Texas 75633

**Members of the Commissioners' Court:**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Panola County, Texas (the County), as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Panola County, Texas at December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 16, 2005, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read on conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 17-25; the Schedule of Funding Progress for the Retirement Plan for the Employees of Panola County on page 62; and the budgetary comparison schedules for the General Fund, Road and Bridge Special Revenue Fund, and Health Care Special Revenue Fund on pages 63-66, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To The Honorable Members  
Of The Commissioners Court  
Of Panola County, Texas  
Page 2

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Panola, County, Texas. The combining and individual fund financial statements and schedules listed in the accompanying table of contents under supplementary financial information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Financial Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In addition, the accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The Introductory Section and Statistical Data section, as listed in the table of contents herein, is presented solely for purposes of additional analysis. This data has been summarized from Panola County, Texas records and was not subjected to the audit procedures applied in the audit of the basic financial statements. Accordingly, we do not express an opinion on such data.

*Robinson & Williams*

Robinson & Williams, P.L.L.C.  
Certified Public Accountants

June 16, 2005

VOL.

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**PANOLA COUNTY, TEXAS**  
**Management's Discussion and Analysis**  
**December 31, 2004**

As management of Panola County, Texas (the County), we offer readers of the Panola County, Texas financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended December 31, 2004. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers of this discussion and analysis should consider the information presented here in conjunction with additional information that we have furnished in our accompanying letter of transmittal, and in the basic financial statements and notes to the financial statements (which immediately follow this discussion).

#### FINANCIAL HIGHLIGHTS

- The assets of Panola County, Texas exceeded its liabilities at December 31, 2004 by \$38,994,198 (net assets). Of this amount, \$21,556,174 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$1,221,626.
- At December 31, 2004, the County's governmental funds reported combined ending fund balances of \$19,689,629, an increase of \$1,429,889 in comparison with the prior year. Of this amount, \$10,996 is reserved for inventories. In addition, \$3,019,871, or 15.3% is designated for health care, and \$410,687, or 2.1%, is designated for capital projects. The remaining \$16,248,075, or 82.5%, is unreserved and undesignated. Unreserved fund balances are available for spending at the County's discretion.
- At December 31, 2004, unreserved fund balance for the general fund was \$10,704,447, or 150.5% of total general fund expenditures.
- The County's total debt decreased by \$140,396 during the year ended December 31, 2004.

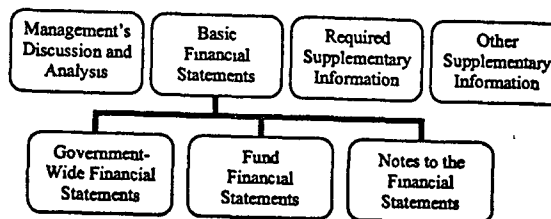
#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Panola County, Texas, basic financial statements. In 2003, the County implemented the financial reporting requirements of GASB Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments, as well as GASB Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, and GASB Statement No. 38, Certain Financial Statement Note Disclosures. These new reporting requirements resulted in a Comprehensive Annual Financial Report significantly different from those of previous years.

The financial section of the annual report presented herein includes four sections, consisting of the following:

- 1) Management's Discussion and Analysis
- 2) Basic Financial Statements
- 3) Required Supplementary Information
- 4) Other Supplementary Information.

#### Components of the Financial Section



The basic financial statements are presented in two different formats. The government-wide statements are required under GASB Statement No. 34 reporting requirements. The government-wide statements report information about the County as a whole using the accrual basis of accounting and the economic resources measurement focus. The fund financial statements provide

more detailed information about the County's most significant funds. Fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus.

#### **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 private-sector business.

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

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. Because the statement of activities separates program revenue (revenue generated by specific programs through charges for services, fees, licenses, grants received, and other contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program relies on general revenues for funding.

All changes in net assets 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).

Panola County has no separately identified discretely-presented component units included in the government-wide financial statements. Both the Airport Authority and the Child Protective Services Board are reflected as blended component unit special revenue funds. The financial data for these two blended component units are included in governmental activities. You will find further information regarding these blended component units in the Summary of Significant Accounting Policies in Note 1 of the notes to the financial statements.

The government-wide financial statements can be found on pages 29-31 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 a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term

financial 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 26 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 Fund, the Road and Bridge special revenue fund, and the Health Care special revenue fund, all of which are considered to be major funds. Data from the other 23 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 County adopts an annual appropriated budget for each of its operating funds. The Required Supplementary Information contains budget comparisons for the General Fund, the Road and Bridge special revenue fund, and the Health Care special revenue fund. A budgetary comparison statement has been provided to demonstrate compliance with the budget, as both originally adopted and as finally amended.

The basic governmental fund financial statements can be found on pages 32-39 of this report.

#### **Proprietary Funds**

The internal service fund is the only proprietary fund type used by Panola County. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County has one internal service fund – the Employee Benefits Administration Fund. This fund is used to account for the County's residual medical self-insurance fund that existed prior to June 1, 1988. This fund is also used to account for various payroll deductions and the related payment of the liabilities generated by such activities. These amounts are flow through monies and have no effect on results of operations. Because this fund predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary type funds are accounted for using the accrual basis of accounting, as in the government-wide statements. In the County's government-wide statements, the internal service fund is included in the totals on the Statement of Net Assets.

The basic proprietary fund financial statements can be found on pages 40-42 of this report.

#### **Fiduciary Funds**

Agency funds are the only fiduciary fund type used by Panola County. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are used as clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the parties, organizations, or other government agencies to which they belong.

The basic fiduciary fund financial statement can be found on page 43 of this report.

**PANOLA COUNTY, TEXAS**  
**Management's Discussion and Analysis**  
**December 31, 2004**

**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 45-60 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Net assets of the County as of December 31, 2004, and December 31, 2003, are summarized and analyzed below:

Panola County Net Assets As of December 31		
	2004	2003
Current and other assets	\$ 31,569,309	\$ 29,492,809
Capital assets (net of accumulated depreciation)	17,725,195	18,205,356
Total assets	<u>49,294,504</u>	<u>47,698,165</u>
Long-term liabilities		
Other liabilities	287,171	427,567
Total liabilities	<u>10,013,135</u>	<u>9,498,026</u>
	<u>10,300,306</u>	<u>9,925,593</u>
Net Assets:		
Invested in capital assets, net of related debt	17,438,024	17,777,789
Unrestricted	21,556,174	19,994,783
Total net assets	<u>\$ 38,994,198</u>	<u>\$ 37,772,572</u>

Assets exceeded liabilities by \$38,994,198 as of December 31, 2004, and by \$37,772,572 as of December 31, 2003, a net increase of \$1,221,626. As of December 31, 2004, the County's total assets were \$49,294,504. Capital assets, which include land, buildings and improvements, machinery, equipment, furniture and infrastructure, less any related debt used to acquire those assets that is still outstanding, represent 36% of total net assets.

An amount of \$21,556,174 of the County's net assets is unrestricted net assets. This amount may be used to meet the County's ongoing obligations.

**Statement of Activities**

Governmental activities increased the County's net assets by \$1,221,626 in 2004. Key elements of this increase are shown in the table on the next page.

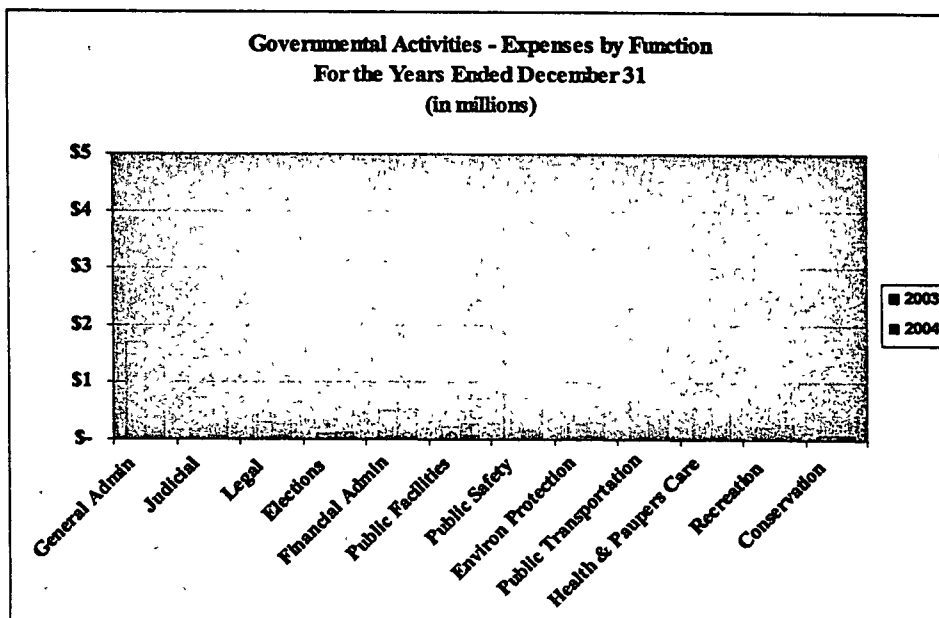
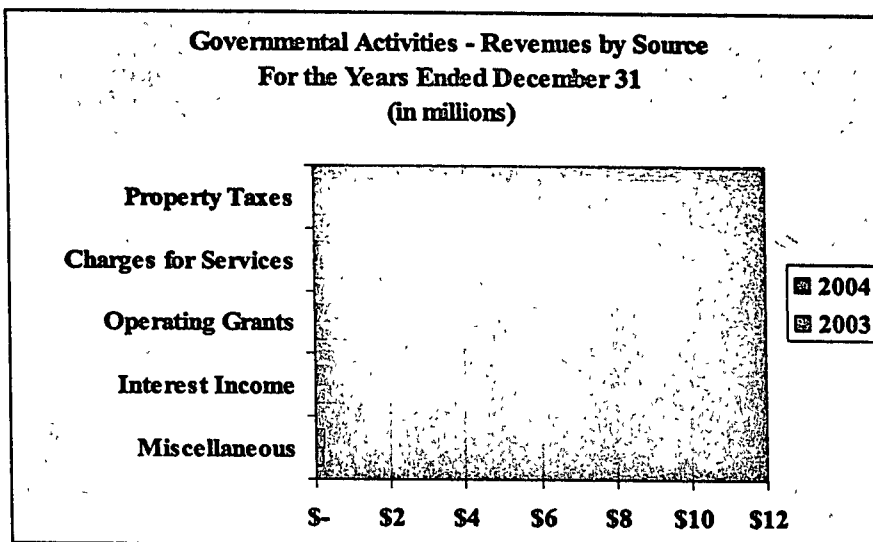
Total revenues for Panola County were \$14,362,167 and \$13,216,141 in 2004 and 2003, respectively. For the year ended December 31, 2004, property tax revenue accounted for 71% of total revenue sources; grants and contributions accounted for 8%. Charges for services provided 16% of total revenue, and the remaining 5% of revenue was provided by interest income and other miscellaneous sources.



Total expenses were \$13,140,541 and \$12,253,752 in 2004 and 2003, respectively. For the year ended December 31, 2004, general administration activities accounted for \$1,950,152, or 15% of total expenses. Public safety, public transportation and general administration are the three largest programs, in terms of expenses. These three activities accounted for more than 75% of total expenses.

Panola County Changes in Net Assets for Governmental Activities For the Years Ended December 31		
	Governmental Activities	
	2004	2003
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charges for Services	\$ 2,306,157	\$ 1,953,673
Operating grants and contributions	1,184,717	992,796
<b>General Revenues:</b>		
Property taxes	10,179,315	9,371,021
Interest Income	485,990	724,151
Miscellaneous	205,988	174,500
<b>Total Revenue</b>	<b>14,362,167</b>	<b>13,216,141</b>
<b>Expenses:</b>		
General administration	1,950,152	1,701,656
Judicial	818,993	743,435
Legal	294,366	313,788
Elections	120,751	93,132
Financial administration	539,091	508,942
Public facilities	266,789	217,472
Public safety	3,523,072	3,374,098
Environmental protection	301,933	289,887
Public transportation	4,391,725	4,183,266
Health and paupers care	576,106	543,899
Recreation	287,491	215,439
Conservation	70,072	68,738
<b>Total Expenses</b>	<b>13,140,541</b>	<b>12,253,752</b>
<b>Change in Net Assets</b>	<b>1,221,626</b>	<b>962,389</b>
<b>Net assets at December 31, 2003</b>	<b>37,772,572</b>	<b>36,810,183</b>
<b>Net assets at December 31, 2004</b>	<b>\$ 38,994,198</b>	<b>\$ 37,772,572</b>

**PANOLA COUNTY, TEXAS**  
**Management's Discussion and Analysis**  
**December 31, 2004**



## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Panola County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Following is an analysis of the County's governmental and proprietary funds.

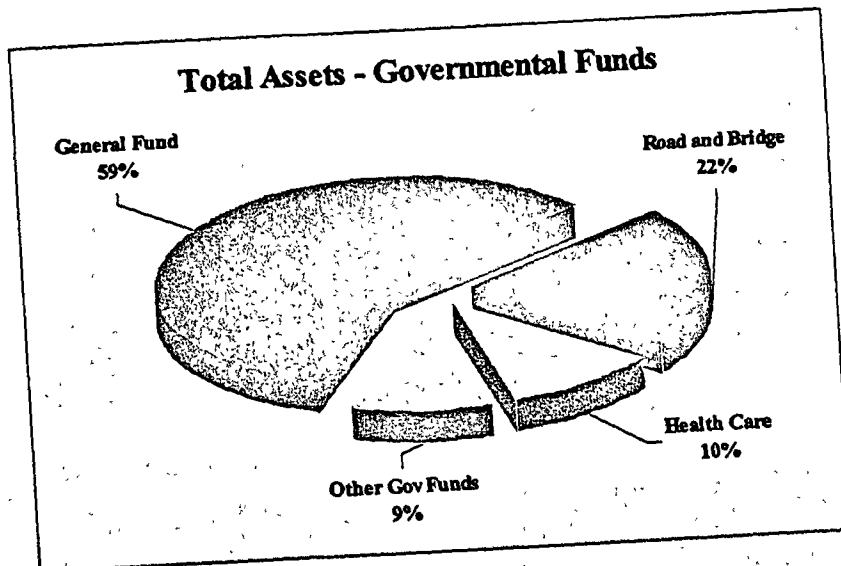
### Governmental Funds

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

As of December 31, 2004, the County's governmental funds reported combined ending fund balances of \$19,689,629, an increase of \$1,429,889 from the prior year. Approximately 99.9% of this amount, \$19,678,633, constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to debt service, capital projects, health care, or other various purposes.

The General Fund is the chief operating fund of the County. At December 31, 2004, 100% of the General Fund's total fund balance, or \$10,704,447, is unreserved. Total fund balance for the General Fund increased by \$1,092,205, or 11.4% from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance, which equals total fund balance, represents 150.5% of total General Fund expenditures.

As of December 31, 2004, total assets in the General Fund amounted to \$17,532,618, accounting for 59% of total governmental fund assets. Other major funds include the Road and Bridge special revenue fund (\$6,491,793 in assets), and the Health Care special revenue fund (\$3,067,314 in assets). Together, all major funds account for \$27,091,725, or 91%, of the total assets of \$29,892,458.



**PANOLA COUNTY, TEXAS**  
**Management's Discussion and Analysis**  
**December 31, 2004**

**Proprietary Funds**

Unrestricted net assets of the Employee Benefits Trust Fund at December 31, 2004 amounted to \$1,643,033. The total growth in net assets for the year was \$25,933.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget amounted to an increase in appropriations of \$400,941. Significant changes can be briefly summarized as follows:

- \$124,360 in miscellaneous increases in general administration activities.
- \$114,010 in increases in public safety activities.
- \$61,431 in increases in recreation activities.
- \$41,283 in increases in health and paupers care activities.

Of this increase, \$123,445 was funded out of miscellaneous increases in various intergovernmental receipts and miscellaneous revenues. The remaining \$277,496 was to be budgeted from available fund balance. During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The County's investment in capital assets for its governmental activities as of December 31, 2004, amounts to \$17,725,195 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, furniture, and infrastructure. The total decrease in the County's investment in capital assets for the current year was \$480,161.

This year's additions included:

Buildings	\$ 230,212
Machinery, equipment and furniture	513,568
<b>Totaling</b>	<b>\$ 743,780</b>

<b>Capital Assets</b>		
<b>As of December 31</b>		
	<b>2004</b>	<b>2003</b>
<b>Land</b>	\$ 1,106,535	\$ 1,106,535
<b>Buildings</b>	9,279,474	9,049,262
<b>Improvements other than buildings</b>	259,303	259,303
<b>Machinery and equipment</b>	6,554,175	6,091,647
<b>Infrastructure</b>	10,371,442	10,371,442
<b>Total Capital Assets</b>	27,570,929	26,878,189
<b>Less: Accumulated Depreciation</b>	(9,845,734)	(8,672,833)
<b>Total Capital Assets</b>	<u>\$ 17,725,195</u>	<u>\$ 18,205,356</u>

Additional information on the County's capital assets can be found in Note 3, E on pages 55-56 of this report.

#### Long-Term Debt

As of December 31, 2004, the County has no bonded indebtedness. The only debt the County has is in the form of capital leases. Various vehicles and equipment have been purchased by the Road and Bridge fund and the Community Supervision and Corrections fund. The principal balance on all capital leases as of December 31, 2004 was \$287,171.

Additional information on the County's long-term debt can be found in Note 3, G and H on page 57 of this report.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following factors were considered in preparing the County's budget for 2005.

- The percentage increase in total property assessed value for FY 2004 was 18.83% (FY 2003 decrease was 9.2%).
- The percentage decrease in medical insurance for employees was 12.73% for FY 2004 (FY 2003 increase was 11.3%).
- Property and liability insurance costs increased 11.2% for FY 2004 compared to an increase of 17.0% for FY 2003.
- Property tax receipts for FY 2004 were \$10.2 million, an increase of 8.6% over receipts of \$9.4 million for FY 2003.

Original budgeted expenditures for FY 2005 are \$13.7 million, an increase of 7.8% over original budgeted expenditures of \$12.7 million for FY 2004. Property taxes account for the bulk of the revenues, as more than 88.3% of the total budgeted revenues for the General Fund are related to property taxes.

The tax rate for the new fiscal year was set at \$0.3811/\$100. Although this tax rate is expected to be maintained for the next several years, continued pressure due to the growth and demand for services may eventually cause the County to adjust that rate.

#### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Panola County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Panola County Auditor's Office, Courthouse Annex Room 213A, Carthage, Texas 75633.

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## BASIC FINANCIAL STATEMENTS

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**PANOLA COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

<b>ASSETS:</b>	<b>Governmental Activities</b>
Cash and Cash Equivalents	\$ 3,104,612
Investments	27,700,000
Receivables (net of allowance for doubtful accounts )	
Delinquent Taxes	150,000
Miscellaneous	173,832
Due From Other Funds	422,269
Inventory	10,996
Capital Assets (net of accumulated depreciation):	
Land	1,106,535
Buildings	7,048,962
Improvements other than buildings	244,491
Machinery and equipment	3,131,086
Infrastructure	6,194,121
Other Assets	7,600
<b>Total Assets</b>	<b><u>49,294,504</u></b>
 <b>LIABILITIES:</b>	
Accounts Payable-Trade	359,482
Deferred Tax Revenues	9,454,883
Due to Other Funds	1,808
Accrued Liabilities	4,506
Accrued Salaries and Vacations	192,456
Noncurrent liabilities:	
Due Within One Year	141,135
Due In More Than One Year	146,036
<b>Total Liabilities</b>	<b><u>10,300,306</u></b>
 <b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	17,438,024
Unrestricted	21,556,174
<b>Total Net Assets</b>	<b><u>\$ 38,994,198</u></b>

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

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**PANOLA COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Government Activities:					
General administration	\$ 1,950,152	\$ 314,748	\$ -	\$ -	\$ (1,635,404)
Judicial	818,993	137,484	36,914	-	(644,595)
Legal	294,366	87,766	-	-	(206,600)
Elections	120,751	-	-	-	(120,751)
Financial administration	539,091	204,701	-	-	(334,390)
Public facilities	266,789	-	-	-	(266,789)
Public safety	3,523,072	442,640	1,072,061	-	(2,008,371)
Environmental protection	301,933	9,695	1,664	-	(290,574)
Public transportation	4,391,725	886,405	30,504	-	(3,474,816)
Health & paupers care	576,106	100,729	43,574	-	(431,803)
Recreation	287,491	121,989	-	-	(165,502)
Conservation	70,072	-	-	-	(70,072)
Total primary government	\$ 13,140,541	\$ 2,306,157	\$ 1,184,717	\$ -	\$ (9,649,667)

<b>General Revenues:</b>	
Property Taxes	\$ 10,179,315
Interest Income	485,990
Miscellaneous	205,988
<b>Total general revenues</b>	<b>10,871,293</b>
<b>Change in net assets</b>	<b>1,221,626</b>
<b>Net assets, beginning of year</b>	<b>37,772,572</b>
<b>Net assets, end of year</b>	<b>\$ 38,994,198</b>

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

**PANOLA COUNTY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2004**

<b>ASSETS</b>	<b>General Fund</b>	<b>Road and Bridge</b>
Cash and Cash Equivalents	\$ 439,582	\$ 360,550
Investments	16,618,303	5,966,408
Receivables (net of allowance for doubtful accounts )		
Delinquent Taxes	101,115	43,768
Miscellaneous	109,912	19,378
Due From Other Funds	264	-
Due From Agency Funds	255,842	101,689
Inventory	-	-
Other Assets	7,600	-
<b>Total Assets</b>	<b>\$ 17,532,618</b>	<b>\$ 6,491,793</b>
 <b>LIABILITIES</b>		
Accounts Payable-Trade	\$ 122,976	\$ 40,293
Deferred Tax Revenues	6,535,190	2,814,997
Due to Other Funds	-	-
Due to Agency Funds	1,808	-
Due to Proprietary Funds	59,285	19,009
Accrued Liabilities	-	4,061
Accrued Salaries and Vacations	108,912	-
<b>Total Liabilities</b>	<b>6,828,171</b>	<b>2,878,360</b>
 <b>FUND BALANCES</b>		
Reserved for:		
Inventory	-	-
Unreserved, Designated for:		
Health Care, Reported in Special Revenue Funds	-	-
Capital Projects, Reported in Capital Project Funds	-	-
Unreserved and Undesignated:		
Reported in the General Fund	10,704,447	-
Reported in Special Revenue Funds	-	3,613,433
<b>Total Fund Balances</b>	<b>10,704,447</b>	<b>3,613,433</b>
 <b>Total Liabilities and Fund Balances</b>	 <b>\$ 17,532,618</b>	 <b>\$ 6,491,793</b>

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

Health Fund	Other Governmental Funds	Total Governmental Funds
\$ 297,005	\$ 815,660	\$ 1,912,797
2,760,000	1,869,989	27,214,700
-	5,117	150,000
10,309	34,233	173,832
-	-	264
-	64,738	422,269
-	10,996	10,996
-	-	7,600
<u>\$ 3,067,314</u>	<u>\$ 2,800,733</u>	<u>\$ 29,892,458</u>
\$ 47,443	\$ 19,521	\$ 230,233
-	328,208	9,678,395
-	17,139	17,139
-	-	1,808
-	-	78,294
-	445	4,506
-	83,544	192,456
<u>47,443</u>	<u>448,857</u>	<u>10,202,831</u>
-	10,996	10,996
3,019,871	-	3,019,871
-	410,687	410,687
-	-	10,704,447
-	1,930,194	5,543,627
<u>3,019,871</u>	<u>2,351,877</u>	<u>19,689,628</u>
<u>\$ 3,067,314</u>	<u>\$ 2,800,734</u>	<u>\$ 29,892,459</u>

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

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PANOLA COUNTY, TEXAS  
 RECONCILIATION OF THE BALANCE SHEET OF THE  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
 DECEMBER 31, 2004

Total Fund Balances - Governmental Funds

\$ 19,689,629

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These capital assets (net of accumulated depreciation) consist of:

Land	\$ 1,106,535
Buildings	7,048,962
Improvements other than buildings	244,491
Machinery and equipment	3,131,086
Infrastructure	<u>6,194,121</u>

Total capital assets

17,725,195

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

223,512

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

1,643,033

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Capital Leases Payable

(287,171)

Total non-current liabilities

(287,171)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 38,994,198

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

**PANOLA COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	General Fund	Road and Bridge	Health Fund
<b>REVENUES</b>			
Property Taxes	\$ 6,715,539	\$ 3,014,401	\$ -
Licenses	-	461,437	-
Intergovernmental Receipts	351,502	30,504	28,058
Fees of Office	534,815	-	-
Fines	-	326,263	-
Miscellaneous	418,557	128,139	151,585
<b>TOTAL REVENUES</b>	<b>8,020,413</b>	<b>3,960,744</b>	<b>179,643</b>
<b>EXPENDITURES</b>			
Current			
General Administration	1,823,732	-	-
Judicial	776,783	-	-
Legal	208,043	-	-
Elections	120,832	-	-
Financial Administration	539,639	-	-
Public Facilities	264,801	-	-
Public Safety	2,388,674	-	-
Environmental Protection	295,659	-	-
Public Transportation	-	3,499,485	-
Health and Paupers Care	334,533	-	167,280
Recreation	287,713	-	-
Capital Outlay	-	-	-
Conservation	70,116	-	-
<b>TOTAL EXPENDITURES</b>	<b>7,110,525</b>	<b>3,499,485</b>	<b>167,280</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>909,888</b>	<b>461,259</b>	<b>12,363</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	182,317	-	-
Transfers Out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>182,317</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,092,205</b>	<b>461,259</b>	<b>12,363</b>
<b>FUND BALANCE-BEGINNING</b>	<b>9,612,242</b>	<b>3,152,174</b>	<b>3,007,508</b>
<b>FUND BALANCE-ENDING</b>	<b>\$ 10,704,447</b>	<b>\$ 3,613,433</b>	<b>\$ 3,019,871</b>

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



Other Governmental Funds	Total Governmental Funds
\$ 343,806	\$ 10,073,746
-	461,437
956,766	1,366,830
547,870	1,082,685
-	326,263
230,231	928,512
<u>2,078,673</u>	<u>14,239,473</u>
115,935	1,939,667
-	776,783
86,608	294,651
-	120,832
-	539,639
-	264,801
1,224,330	3,613,004
-	295,659
368,553	3,868,038
6,657	508,470
-	287,713
230,211	230,211
-	70,116
<u>2,032,294</u>	<u>12,809,584</u>
46,379	1,429,889
-	182,317
(182,317)	(182,317)
(182,317)	-
(135,938)	1,429,889
2,487,816	18,259,740
<u>\$ 2,351,878</u>	<u>\$ 19,689,629</u>

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

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**PANOLA 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 DECEMBER 31, 2004**

Net Change in Fund Balances - Governmental Funds

\$ 1,429,889

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

Capital asset purchases are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated lives as depreciation expense. In the current period, these amounts are:

Capital assets additions  
Less value of assets traded-in  
Depreciation expense for all capital assets

\$ 743,780  
(31,250)  
(1,192,692)

Total change in capital assets activity

(480,162)

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 net assets. Details of these activities consists of:

Debt repayment is an expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets

140,396

Total non-current liabilities

140,396

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues over expenditures of the internal service fund is reported with the governmental activities.

25,933

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

105,570

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**

\$ 1,221,626

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

PANOLA COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2004

	Governmental Activities - Employee Benefits Administration Fund
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 1,191,814
Investments	485,300
Due From Other Funds	95,169
Total Assets	<u>1,772,283</u>
Liabilities:	
Current Liabilities:	
Accounts Payable-Trade	129,250
Total Liabilities	<u>129,250</u>
Net Assets:	
Unrestricted	<u>1,643,033</u>
Total Net Assets	<u>\$ 1,643,033</u>

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

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Activities - Employee Benefits Administration Fund
OPERATING REVENUES	
Refunds From Insurance Carriers	\$ 8,809
Total Operating Revenues	<u>8,809</u>
NET INCOME FROM OPERATIONS	<u>8,809</u>
NON-OPERATING REVENUES	
Other Non-Operating Revenues	17,124
Total Non-Operating Revenues	<u>17,124</u>
CHANGE IN NET ASSETS	25,933
	<u>1,617,100</u>
NET ASSETS - BEGINNING OF YEAR	\$ 1,643,033
NET ASSETS - END OF YEAR	<u><u>1,643,033</u></u>

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

**PANOLA COUNTY, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Governmental Activities - Employee Benefits Administration Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from insurance refunds	\$ 8,809
Receipts for payroll & fringe benefit liabilities	2,866,619
Receipts from payroll & fringe benefit withholdings from employees	879,010
Payments for employer and employee payroll taxes & fringe benefits	(3,750,967)
Net Cash Provided By Operating Activities	<u>3,471</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from certificates of deposits	15,765
Purchase of certificates of deposit	(485,300)
Interest and royalty earnings	17,268
Net Cash Provided By Investing Activities	<u>(452,267)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(448,796)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,640,610</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,191,814</u>
<b>Reconciliation of Net Income From Operations to Net Cash Provided By Operating Activities:</b>	
Net Income from operations	\$ 8,809
Adjustments to reconcile net income from operations to net cash provided by Operating Activities	
Decrease in due from other funds	10,800
Decrease in accounts payable	(16,138)
Total Adjustments	<u>(5,338)</u>
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 3,471</u>

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

PANOLA COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS - AGENCY FUNDS  
DECEMBER 31, 2004

	BALANCE DECEMBER 31, 2004
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,233,065
Investments	766,879
Due From Other Funds	21,044
<b>TOTAL ASSETS</b>	<b>\$ 3,020,988</b>
<b>LIABILITIES</b>	
Due to State of Texas:	
Law Enforcement related	\$ 86,148
Auto Registration	117,365
Sales Tax	171,451
Due to Other Funds	441,505
Due to Fire District	11,489
Due to City of Carthage	62,822
Due to Carthage Independent School District	520,227
Due to Panola Junior College	90,528
Due to Gary Independent School District	25,622
Court Cost Deposits and Cash Bonds	16,011
Restitution Payable	21,994
Trust Funds Payable	1,393,894
Other Miscellaneous Payables	61,932
<b>TOTAL LIABILITIES</b>	<b>\$ 3,020,988</b>

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

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Panola County, Texas (the County) was organized in 1846. The County operates under a County Judge - Commissioners' Court type of government and provides the following services: public safety, public transportation (highways and roads), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administration. The accompanying basic financial statements present the County's primary government and component units over which the County exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the County. The component units discussed below are included in the County's reporting entity because of the significance of their operations or financial relationship with the County.

**Blended Component Units**

For reporting purposes, the Airport Authority and the Child Protective Services Board qualify as blended component units.

The Airport Authority's Board is appointed by the County Commissioners' Court and is advisory only. The County is the governing board of the Airport Authority's activities. Financial activity of the Airport Authority is reported as a non-major special revenue fund within the governmental fund financial statements.

The Children's Services Board provides services to meet the needs of dependent and neglected children, children with special needs, and children in danger of being judged delinquent. Activities of the Children's Services Board are funded in part by the County, and it is dependent upon the County for accomplishment of its purpose. Financial activity of the Children's Services Board is reported as a non-major special revenue fund within the governmental fund financial statements.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of changes in net assets. Government-wide statements report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are primarily supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. The General Fund, Road and Bridge special revenue fund, and Health Care special revenue fund meet the criteria or have been selected by management as major governmental funds. Non-major funds include other special revenue and capital projects funds. The combined amounts for these funds are reflected in a single column in the fund financial statements. Detailed statements for non-major funds are presented within the Combining and Individual Fund Statements and Schedules.

PANOLA COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are 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 revenues 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are 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 services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

**General Fund** – The General Fund is the general operating fund of the County and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

**Road and Bridge Special Revenue Fund** – The Road and Bridge special revenue fund is used to account for monies designated for use in road and bridge work of the County. Primary sources of revenues include ad valorem taxes, automobile registration fees, County and District fees, and State allotments of road funds. Revenues are used for public transportation maintenance and construction purposes.

**Health Care Special Revenue Fund** – The Health Care special revenue fund is used only to finance items related to providing health care to County residents including indigent residents.

Additionally, the government reports the following non-major funds:

**Special revenue funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Funds** – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. At December 31, 2004, the County did not have any debt service funds.

Capital projects funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Internal service funds – Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County's internal service fund is the Employee Benefits Administration Fund. This fund is used to account for the County's residual medical self-insurance fund that existed prior to June 1, 1988. This fund is also used to account for federal income tax withheld, social security, retirement, group insurance premiums, other employee benefits and deductions, and the related payment of the resulting liabilities generated by such activities. These amounts are flow through monies and have no effect on results of operations.

Agency funds – Agency funds are used to account for situations in which the County acts in a custodial capacity for individuals, firms, and State and local governments. As a result, all assets reported in an agency fund are offset by a liability to the party on whose behalf the assets are held.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues, such as refunds from insurance carriers, and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition, such as interest earnings, are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with an original maturity of less than 90 days.

Panola County is legally authorized to invest in certificates of deposit, obligations of the United States or its agencies, direct obligations of the State of Texas or its agencies, and other obligations, the principal and interest of which are guaranteed by the State of Texas or the United States. The County may also invest in the obligations of states and the political subdivisions of any state having received a rating of not less than "A" by a nationally recognized investment rating firm, fully collateralized direct repurchase agreements secured by obligations of the United States or its agencies, and highly rated domestic "commercial paper" with a maturity of 90 days or less (as authorized by Public Funds Investment Act of 1987). The County reporting entity considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments for the County are reported at fair value. All investment income is recognized as revenue in the appropriate fund's statement of activity and/or statement of revenues, expenditures and changes in fund balance.

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## 2. Receivables and Payables

Property taxes are recognized as revenues in the period for which the taxes are levied, regardless of the lien date. Property taxes for the County are levied based on taxable value on the lien date of January 1 prior to December 31 of the same year. They become due January 1 of the following year and delinquent after June 30 of the following year. Accordingly, receivables and revenues for prior-year levies delinquent at year-end are reflected on the government-wide statement based on the full accrual method of accounting and under the modified accrual method in the fund statements.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursement for services performed by the county. Program grants are recorded as receivables and revenues at the time all eligibility requirements have been met and reimbursable costs are incurred.

Reimbursements for services performed are recorded as receivables and revenues when they become eligible for accrual in the government-wide statements. Included are fines and costs assessed by court action and billable services. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements.

Receivables are shown net of an allowance for uncollectibles.

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 inter-fund loans) or "transfers to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Inter-fund activity reflected in "due to/from other funds" is eliminated on the government-wide financial statements.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

## 3. Inventories and Prepaid Items

Inventories of supplies on hand have not been recorded; such supplies are of an expendable nature and are expensed when purchased. As these amounts do not seem to fluctuate a great deal from year to year, the exclusion of inventories does not materially affect either the financial position or results of operations of these funds.

The inventory amount of \$10,996 in the Airport Special Revenue Fund consists of jet fuel held for consumption stated at cost on a first-in, first-out basis. Reported inventories are offset by a reserve of fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

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

## 4. Restricted Net Assets

Restricted net assets reflect net assets that are subject to restrictions beyond the government's control. Qualifying restrictions may include restrictions externally imposed (i.e., by creditors, grantors, contributors, or laws/regulations of other governments), or restrictions imposed by law through constitutional provisions or enabling legislation. As of December 31, 2004, the County has no restricted net assets that meet these criteria.

#### 5. Capital Assets

Capital assets, which include land, buildings and improvements, machinery and equipment, and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 or more and an estimated useful life of greater than 1 year. Infrastructure assets include County-owned roads and bridges. Capital assets are recorded at historical cost or estimated historical cost of purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	50
Computers and peripheral equipment	5
Machinery and equipment	10 to 50
Vehicles	5 to 10
Facilities and improvements	40
Furniture	10
Infrastructure - Roads	20
Infrastructure - Bridges	25 to 35

#### 6. Vacation Pay and Sick Leave

It is the County's policy to permit employees to accumulate earned but unused vacation benefits. Vacation benefits are accrued by County employees in accordance with guidelines suggested in the County's personnel policy. Since various departments are supervised by elected and appointed officials, departmental policies established within the guidelines vary by department.

Employees may accumulate a maximum of fifteen days of vacation leave and are paid for any unused leave upon termination of employment. Unused vacation may not be carried over to the next fiscal year. A liability for unused vacation time is calculated and reflected in the government-wide financial statements. Because all accrued vacation is expected to be liquidated with expendable available financial resources, a liability for unused vacation time is also reported in the fund financial statements.

Sick pay policies are uniform throughout the departments. Unused sick leave is non-vesting and terminates upon cessation of employment. Accordingly, no provision is made for accrued sick leave at year end.

#### 7. Long-Term Obligations

In the government-wide financial statement, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

As of December 31, 2004, the County had no bonded indebtedness. Long-term debt outstanding at year end consists of capital leases.

#### 8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The Airport Special Revenue fund has a reserved fund balance of \$10,996 for inventories.

Designations of fund balance represent tentative management plans that are subject to change. The Health Care special revenue fund has a designated fund balance of \$3,019,871. The balance is designated for county health care expenses as authorized by State statutes. Capital project funds have total designated fund balances of \$410,687. Designation of the capital projects fund balances is as follows:

- a. The 1971 Road Bond capital projects fund balance is designated for the purpose of right of way purchases and related expenditures of future road improvements. The total designation amounts to \$236,464.
- b. The Permanent Improvement capital projects fund balance is designated for use in anticipated expansion and improvements of the County's airport. The total designation amounts to \$174,223.

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets**

The governmental fund balance sheet includes a reconciliation between fund balance for total governmental funds and net assets as reported in the government-wide statement of net assets.

One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.” These assets (net of accumulated depreciation) consist of:

Land	\$ 1,106,535
Buildings	7,048,962
Improvements other than buildings	244,491
Machinery and equipment	3,131,086
Infrastructure	<u>6,194,121</u>

Net adjustment to increase fund balance – Total governmental funds to arrive at net assets – governmental activities	<u>\$17,725,195</u>
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**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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 expense.” The details of this \$480,162 difference are as follows:

Capital outlay	\$ 743,780
Less value of assets traded in	(31,250)
Depreciation expense	<u>(1,192,692)</u>

Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (480,162)</u>
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Another element of that reconciliation states that “the issuance of long-term debt (e.g., capital 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 net assets. The details of this \$140,396 difference are as follows:

Principal repayments:	
Capital lease principal payments	<u>\$ 140,396</u>

Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 140,396</u>
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**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At December 31, 2004, the County's demand deposits, including certificates of deposit, are fully covered by collateral held by the County's agent, First State Bank & Trust Co., in the financial institution's name. The depository bank deposits for safekeeping and trust with the County's agent bank, approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance.

In addition, the following is disclosed regarding coverage of combined balances on December 31, 2004:

**1. Name of the banks:**

First State Bank and Trust, Carthage, Texas  
Farmers State Bank, Carthage and Center, Texas  
Franklin Bank, Carthage and Jacksonville, Texas  
Texas Bank, Tatum, Texas

**2. The amount of bond and/or the market value of securities pledged as of December 31, 2004 was: \$41,879,327.**

**3. The combined book balances of cash, savings, and time deposit accounts and certificates of deposits amounted to \$33,904,556 on December 31, 2004.**

**4. The combined bank balances of cash, savings, and time deposit accounts and certificates of deposit amounted to \$33,921,181 on December 31, 2004.**

**5. Total amount of FDIC coverage at December 31, 2004 was \$837,309.**

A detailed schedule of cash, cash equivalents and investments follows:

	Governmental Funds	Internal Service Funds	Fiduciary Funds	Total
Cash and cash equivalents	\$ 1,912,798	\$ 1,191,814	\$ 2,333,065	\$ 5,437,677
Investments:				
Certificates of deposit	27,214,700	485,300	766,879	28,466,879
Total Investments	27,214,700	485,300	766,879	28,466,879
Total Cash and Investments	\$ 29,127,498	\$ 1,677,114		
Total – Governmental Funds	\$ 29,127,498			
Total – Internal Service Funds	1,677,114	\$ 1,677,114		
Total cash and cash equivalents and Investments – statement of net assets	\$ 30,804,612	\$ -	\$ 3,099,944	\$ 33,904,556



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The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 - Deposits which are insured or collateralized with securities held by the government or by its agent in the government's name.
- Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.
- Category 3 - Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the government's name.

The cash deposits are secured as follows:

	Category	Book Balance	Bank Balance
Insured by FDIC	1	\$ 1,290,500	\$ 837,309
Pledged Securities held in names of the pledging financial institutions	3	32,614,056	33,083,872
		<u>\$ 33,904,556</u>	<u>\$ 33,921,181</u>

**B. Receivables**

Receivables as of year end for the County's major funds and the non-major, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, as required by GASB 34, are as follows:

	General Fund	Road & Bridge Fund	Health Care Fund	All Funds Not Included As Major	Totals
<b>Receivables:</b>					
Taxes	\$ 325,085	\$ 140,714	\$ -	\$ 16,451	\$ 482,250
Due from other funds	264	-	-	-	264
Due from agency funds	255,842	101,689	-	180,951	538,482
Interest	41,527	18,000	10,309	6,205	76,041
Miscellaneous	68,385	1,378	-	28,027	97,790
Gross Receivables	691,103	261,781	10,309	231,634	1,194,827
<b>Less Allowance for Uncollectibles</b>	<u>223,970</u>	<u>96,946</u>	<u>-</u>	<u>11,334</u>	<u>332,250</u>
<b>Net Receivables</b>	<u>\$ 467,133</u>	<u>\$ 164,835</u>	<u>\$ 10,309</u>	<u>\$ 220,300</u>	<u>\$ 862,577</u>

**PANOLA COUNTY, TEXAS**  
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Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

<b>Delinquent property taxes receivable:</b>	
General Fund	\$ 101,115
Road & Bridge Fund	43,768
Non-major special revenue funds	<u>5,117</u>
	150,000
<b>Advanced property taxes:</b>	
General Fund	6,420,579
Road & Bridge Fund	2,765,387
Non-major special revenue funds	<u>322,408</u>
	9,508,374
<b>Miscellaneous receivables</b>	<u>20,021</u>
<b>Total Deferred Revenues</b>	<u><b>\$ 9,678,395</b></u>

#### **C. Property Taxes**

The County's ad valorem taxes are levied on October 1, but do not become due until January 1 of the following year. Taxes become past due February 1 and become delinquent June 30. The County's taxes become a lien on real property on the due date of January 1. This lien is effective until the taxes are paid.

Discounts are offered to taxpayers who pay the taxes in advance of the due date of January 1. The discount is available in decreasing amounts in October, November, and December.

Because the taxes are not due and payable until January 1, there are no current taxes receivable as of December 31.

The County begins to collect taxes for the subsequent fiscal year in October. The advanced tax collections are intended for use in the following fiscal and budget year. Following the susceptible to accrual criteria, the advance collections are not available and therefore are recorded as deferred revenues in the liabilities section of the governmental funds balance sheet.

Since delinquent taxes were due on January 1 of the fiscal and budget year, any unpaid taxes are recorded in the assets section of the of the governmental funds balance sheet as a receivable, net of allowance for uncollectibles, and offset as in the liabilities section of the governmental funds balance sheet as deferred revenues.

By policy, any taxes, regardless of character (delinquent, advance) collected between October 1 and December 31 are not available for use until January 1, the beginning of the next fiscal year. Therefore, all of these receivable and advance collections are recorded as deferred revenues in the governmental funds.

#### **D. Delinquent Taxes Receivable**

Based on the County's history of delinquent collections, delinquent taxes have been reported net of the allowance for uncollectible taxes. Property taxes are recognized as revenues as they become available. Accordingly, an amount equal to taxes not yet available has been reported as deferred revenue.

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The following is a summary, by fund, of the gross delinquent taxes and the allowance for uncollectible taxes:

	Delinquent Taxes	Allowance for Uncollectible Taxes	Net Delinquent Taxes
General Fund	\$ 325,085	\$ 223,970	\$ 101,115
Special Revenue Funds:			
Road & Bridge	140,714	96,946	43,768
Farm to Market & Lateral Road Fund	16,451	11,334	5,117
Totals	<u>\$ 482,250</u>	<u>\$ 332,250</u>	<u>\$ 150,000</u>

**E. Capital Assets**

Capital asset activity for the year ended December 31, 2004 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,106,535	\$ -	\$ -	\$ 1,106,535
Total capital assets, not being depreciated	<u>1,106,535</u>	<u>-</u>	<u>-</u>	<u>1,106,535</u>
Capital assets, being depreciated:				
Buildings	9,049,262	230,212	-	9,279,474
Improvements other than buildings	259,303	-	-	259,303
Machinery and equipment	6,091,647	513,568	(51,040)	6,554,175
Infrastructure	10,371,442	-	-	10,371,442
Total capital assets, being depreciated	<u>25,771,654</u>	<u>743,780</u>	<u>(51,040)</u>	<u>26,464,394</u>
Less accumulated depreciation for:				
Buildings	(2,062,785)	(167,727)	-	(2,230,512)
Improvements other than buildings	(10,580)	(4,232)	-	(14,812)
Machinery and equipment	(2,917,347)	(525,532)	19,790	(3,423,089)
Infrastructure	(3,682,120)	(495,201)	-	(4,177,321)
Total accumulated depreciation	<u>(8,672,832)</u>	<u>(1,192,692)</u>	<u>19,790</u>	<u>(9,845,734)</u>
Total capital assets, being depreciated, net:	<u>17,098,822</u>	<u>(448,912)</u>	<u>(31,250)</u>	<u>16,618,660</u>
Governmental activities capital assets, net:	<u>\$ 18,205,357</u>	<u>\$ (448,912)</u>	<u>\$(31,250)</u>	<u>\$ 17,725,195</u>

**PANOLA COUNTY, TEXAS  
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Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General administration	\$ 25,047
Judicial	42,950
Public facilities	2,070
Public safety	133,780
Environmental protection	6,274
Public transportation	914,935
Health & paupers care	67,636
<b>Total depreciation expense – governmental activities</b>	<b>\$ 1,192,692</b>

**F. Inter-fund Receivables, Payables, and Transfers**

The composition of inter-fund balances as of December 31, 2004 is as follows:

**Due to/from other funds – governmental funds:**

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 264	\$ -
Non-major Funds	-	264
<b>Total</b>	<b>\$ 264</b>	<b>\$ 264</b>

**Due to/from other funds – all fund types:**

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 255,842	\$ 61,093
Road & Bridge Special Revenue Fund	101,689	19,009
Health Special Revenue Fund	64,738	-
Non-major Funds	-	16,875
<b>Internal Service Funds</b>	<b>95,169</b>	<b>-</b>
<b>Fiduciary Funds</b>	<b>21,044</b>	<b>441,505</b>
<b>Total</b>	<b>\$ 538,482</b>	<b>\$538,482</b>

Inter-fund transfers during the year amounted to \$182,317 into the general fund from the Courthouse Expansion Capital Project Fund. In prior years, funds were transferred from the General Fund to the Courthouse Expansion Capital Project. The Courthouse Expansion was completed in 2004. Unused funds were transferred back to the General Fund in the current year.

The transfers are summarized as follows:

	Transfers In	Transfers Out
General Fund	\$ 182,317	\$ -
Non-major Funds	-	182,317
Totals	\$ 182,317	\$ 182,317

#### G. Long-Term Debt

Long-term liability activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital Leases	\$ 427,567	\$ -	\$ (140,396)	\$ 287,171	\$ 141,135
Total Long-term Liabilities - Governmental Activities	\$ 427,567	\$ -	\$ (140,396)	\$ 287,171	\$ 141,135

#### H. Capital Leases

Equipment and vehicles under capital leases have been capitalized in accordance with Financial Accounting Standards Board Pronouncement #13.

The Road and Bridge Fund leases equipment under capital leases expiring in 2005 and in 2007.

During 2003, the County also financed the acquisition of two vehicles through its Community Supervision and Correction Fund by means of leases, which will expire in 2005.

The future minimum lease payments and the net present value of these minimum lease payments, for all capital leases, as of December 31, 2004 are as follows:

Year Ending December 31	Governmental Activities
2005	\$ 153,765
2006	78,754
2007	75,835
Total minimum lease payments	308,354
Lease amount representing imputed interest	21,183
Present value of net minimum lease payments	\$ 287,171

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**NOTE 4 – OTHER INFORMATION**

**A. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the County. At no time during the last three fiscal years have claims exceeded commercial coverage.

**B. Contingent Liabilities**

The County is contingently liable in respect of law suits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized. The County's liability in specific cases is limited because of the Tort Claims Act to \$100,000. The County's legal counsel is of the opinion that, should the plaintiff prevail in any cases, the County's liability would be limited by the Tort Claims Act and would be covered by insurance.

The former Panola General Hospital adopted a program of self-insurance for professional liability pursuant to a resolution adopted by the Panola County Commissioners' Court. The former Hospital had no history of professional liability claims upon which to base an accrual; therefore, a provision for accrued liability claims is not provided for in the financial statements. Any claims successfully asserted against the former Hospital are planned to be paid from the County Health Care Special Revenue Fund.

The County is not a member of a public entity risk pool as defined by GASB Statement No. 10. The County manages and finances risk by purchasing commercial insurance and by retaining the risk of loss. All known claims related to the year ending December 31, 2004 have been accrued and expensed in the current financial statements. Disclosure of loss contingencies will be made when there is a reasonable possibility that a loss has been incurred. There have been no significant reductions in insurance coverage in the current year.

**C. Commitments**

During the course of routine business of the County, contract and agreements are entered into for various products and services. Although appropriations lapse at the end of the budget year, the County intends to honor any existing commitments and provide for future expenditures by inclusion in the next budget period.

Some of the predominant obligations and matters the County faces in the next year are indigent health care, funding for self-insurance, and non-availability of certain types of insurance (or at significantly higher costs).

#### **D. Pension Plan**

##### **Plan Description**

Panola County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 509 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

##### **Funding Policy**

The County has elected the annually determined contribution rate (variable-rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. It was 20.61% for calendar year 2004. The contribution rate payable by the employee members is the rate of 7.00% as adopted by the Commissioners Court of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

##### **Annual Pension Cost**

For the employer's accounting year ending December 31, 2004, the annual pension cost for the TCDRS plan for its employees was \$919,267, and the actual contributions were \$919,267.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2001, the basis for determining the contribution rate for calendar year 2004. The December 31, 2003 actuarial valuation is the most recent valuation.

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Actuarial Valuation Information

	12/31/01	12/31/02	12/31/03
Actuarial valuation date	Entry age	Entry age	Entry age
Actuarial cost method	Level percentage	Level percentage	Level percentage
Amortization method	of payroll, closed	of payroll, open	of payroll, open
	20	20	20
Amortization period	Long term	Long term	Long term
Asset valuation method	appreciation	appreciation	Appreciation
	with adjustment	with adjustment	with adjustment
Actuarial Assumptions:			
Investment return <sup>1</sup>	8.00%	8.00%	8.00%
Projected salary			
increase <sup>1</sup>	5.5%	5.5%	5.5%
Inflation	3.5%	3.5%	3.5%
Cost of living adjustment	0.0%	0.0%	0.0%

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

Trend Information for the Retirement Plan for the Employees of Panola County

Accounting Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
12/31/02	\$ 638,593	100.00%	0
12/31/03	\$ 761,596	100.00%	0
12/31/04	\$ 919,267	100.00%	0



**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The County Judge is by statute the Budget Officer of the County and has the responsibility of preparing the County's budget. Under the County's budgeting procedures, the County Judge sets forth budget guidelines and recommendations to the Commissioners' Court. The County's budget is prepared annually on a modified accrual basis.

A public hearing is held on the budget by the Commissioners' Court. Department heads and any other interested citizens may appear. Before adopting the final budget, the Commissioners' Court may increase or decrease the amounts requested by the Judge. Amounts finally budgeted may not exceed the estimate of revenues and available cash. All appropriations lapse at fiscal year-end.

When the budget has been adopted by the Commissioners' Court, the County Auditor is responsible for monitoring the expenditures of the various departments of the County to prevent expenditures from exceeding budgeted appropriations and for keeping the members of the Commissioners' Court advised of the condition of the various funds and accounts. The level of control (the level on which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is on a line-item basis by department.

Amendments may not be made during the year without approval by the Commissioners' Court. The final amended budget is used in this report. No supplemental budgetary appropriations were necessary during the year. The following funds may have legally adopted budgets:

- A) General Fund
- B) Road and Bridge Fund
- C) Farm to Market and Lateral Road Fund
- D) Community Supervision and Correction Department Fund
- E) Juvenile Probation - 123rd Judicial District Fund
- F) Probation Fund
- G) Hot Check Fee Fund
- H) Airport Fund
- I) Sheriff's State Forfeiture Fund
- J) District Attorney Forfeiture Fund
- K) County Health Care Fund
- L) Records Preservation Fund
- M) Records Management Fund
- N) Courthouse Security Fund
- O) State Apportionment - District Attorney Fund
- P) 1971 Road Bond Fund
- Q) Permanent Improvement Fund
- R) District Attorney Longevity Pay Supplement Fund
- S) Justice Court Technology Fund
- T) V.I.T. Interest Fund
- U) Courthouse Expansion Fund
- V) Law Library Fund
- W) Records Archive Fund
- X) Homeland Security Grant Fund
- Y) Child Protective Services Fund

The County does not utilize a formal encumbrance accounting system.

PANOLA COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2004

Schedule of Funding Progress for the Retirement Plan  
for the Employees of Panola County

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Annual Covered Payroll <sup>1</sup> (c)	UAAL as a Percentage of Covered Payroll ((b-a)/(c))
12/31/01	\$ 7,723,124	\$ 13,071,206	\$ 5,348,082	59.08%	\$ 4,120,513	129.79%
12/31/02	\$ 8,236,726	\$ 14,707,974	\$ 6,471,248	56.00%	\$ 4,226,207	153.12%
12/31/03	\$ 9,149,899	\$ 15,659,408	\$ 6,509,509	58.43%	\$ 4,312,562	150.94%

<sup>1</sup> The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

PANOLA COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Property Taxes	\$ 6,648,392	\$ 6,648,392	\$ 6,715,539	\$ 67,147
Intergovernmental Receipts	175,036	292,633	351,502	58,869
Fees of Office	381,000	381,000	534,815	153,815
Total Miscellaneous	195,420	201,268	418,557	217,289
Total Revenues	7,399,848	7,523,293	8,020,413	497,120
EXPENDITURES				
General Administration	1,932,163	2,056,523	1,823,732	232,791
Judicial	834,449	847,245	776,783	70,462
Legal	250,199	262,449	208,043	54,406
Elections	113,788	127,638	120,832	6,806
Financial Admin.	553,573	568,874	539,639	29,235
Public Facilities	292,882	292,882	264,801	28,081
Public Safety	2,488,469	2,602,479	2,388,674	213,805
Environmental Protection	290,000	295,660	295,659	1
Health and Paupers Care	335,400	376,683	334,533	42,150
Recreation	235,360	296,791	287,713	9,078
Conservation	73,565	73,565	70,116	3,449
Expenditures	7,399,848	7,800,789	7,110,525	690,264
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(277,496)	909,888	1,187,384
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	182,317	182,317
Total Other Financing Sources (Uses)	-	-	182,317	182,317
Net Change in Fund Balance	-	(277,496)	1,092,205	1,369,701
FUND BALANCE, BEGINNING OF YEAR	9,612,242	9,612,242	9,612,242	-
FUND BALANCE, END OF YEAR	\$ 9,612,242	\$ 9,334,746	\$ 10,704,447	\$ 1,369,701

Note: See accompanying independent auditors' report.

**PANOLA COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**ROAD AND BRIDGE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Property Taxes:				
Current	\$ 2,916,248	\$ 2,916,248	\$ 2,924,270	\$ 8,022
Delinquent	67,677	67,677	90,131	22,454
Total Property Taxes	2,983,925	2,983,925	3,014,401	30,476
Licenses:				
Motor Vehicle Registration	430,000	430,000	461,437	31,437
Intergovernmental Receipts:				
State Lateral Road Fund	29,000	29,000	30,504	1,504
Weight and Axle Fees	12,000	12,000	-	(12,000)
Total Intergovernmental Receipts	41,000	41,000	30,504	(10,496)
Fines:				
County and District Court Fines	231,000	231,000	326,263	95,263
Miscellaneous:				
Interest Earned	38,964	38,964	90,155	51,191
Miscellaneous	-	7,214	37,984	30,770
Total Miscellaneous	38,964	46,178	128,139	81,961
Total Revenues	3,724,889	3,732,103	3,960,744	228,641
EXPENDITURES				
PUBLIC TRANSPORTATION				
MAINTENANCE-ROADS AND BRIDGES				
Salaries - Road and Bridge Department	1,024,784	943,784	927,658	16,126
Benefits Termination Pay	7,417	7,417	3,988	3,429
Social Security Taxes	78,396	78,396	71,271	7,125
Group Insurance	292,512	292,512	266,774	25,738
Retirement and Death Benefits	217,152	217,152	197,416	19,736
Workers Compensation	117,262	117,262	65,583	51,679
Unemployment Insurance	5,124	5,124	4,541	583
Retired Employee Medical	198,360	198,360	174,384	23,976
Repairs and Maintenance	226,787	378,687	366,682	12,005
Parts and Supplies	155,000	127,000	126,916	84
Miscellaneous Supplies	2,000	2,000	1,459	541
Conferences and Dues	900	900	900	-
Beaver Control Contract	21,600	21,600	19,800	1,800
Contractor Service	6,000	-	-	-
Utilities	12,000	17,000	15,180	1,820

Note: See accompanying independent auditors' report.

PANOLA COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
ROAD AND BRIDGE SPECIAL REVENUE FUND, continued  
FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Physicals and Drug Screen Testing	\$ 1,000	\$ 1,000	\$ 397	\$ 603
Rentals and Leases	5,000	5,000	4,993	7
Liability and Other Insurance	97,000	104,400	96,875	7,525
Miscellaneous	1,250	1,250	700	550
Total Maintenance-Roads and Bridges	2,469,544	2,518,844	2,345,517	173,327
<b>CAPITAL OUTLAY-ROAD AND BRIDGES</b>				
Furniture & Equipment	\$ 241,172	\$ 290,572	\$ 271,114	\$ 19,458
Road Oil	606,471	638,437	599,857	38,580
Road Damage Material, etc	-	1,048	-	1,048
Lumber, Piling and Culverts	208,000	132,800	124,215	8,585
Bridge Construction	58,000	18,100	18,065	35
Remedial Clean Up	2,000	-	-	-
Principal Payments	125,792	125,792	125,792	-
Interest Expense	13,910	14,926	14,925	1
Total Construction and Capital Outlay	1,255,345	1,221,675	1,153,968	67,707
Total Expenditures	3,724,889	3,740,519	3,499,485	241,034
Net Change in Fund Balance	-	(8,416)	461,259	469,675
FUND BALANCE, BEGINNING OF YEAR	3,152,174	3,152,174	3,152,174	-
FUND BALANCE, END OF YEAR	\$ 3,152,174	\$ 3,143,758	\$ 3,613,433	\$ 469,675

Note: See accompanying independent auditors' report.

**PANOLA COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**HEALTH CARE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
INTERGOVERNMENTAL RECEIPTS				
Tobacco Settlement	\$ -	\$ 28,058	\$ 28,058	\$ -
Total Intergovernmental Receipts	-	28,058	28,058	-
MISCELLANEOUS				
Hospital Lease	100,000	100,000	100,000	-
Interest Earnings	45,000	45,000	51,585	6,585
Total Miscellaneous Revenue	145,000	145,000	151,585	6,585
Total Revenues	145,000	173,058	179,643	6,585
EXPENDITURES				
HEALTH & PAUPERS CARE				
Indigent Health Care	145,000	173,058	167,280	5,778
Total Expenditures	145,000	173,058	167,280	5,778
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	12,363	12,363
FUND BALANCE, BEGINNING OF YEAR	3,007,508	3,007,508	3,007,508	-
FUND BALANCE, END OF YEAR	\$ 3,007,508	\$ 3,007,508	\$ 3,019,871	\$ 12,363

Note: See accompanying independent auditors' report.

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
PROPERTY TAXES				
Current	\$ 6,497,604	\$ 6,497,604	\$ 6,514,950	\$ 17,346
Delinquent	150,788	150,788	200,589	49,801
Total Property Taxes	6,648,392	6,648,392	6,715,539	67,147
INTERGOVERNMENTAL RECEIPTS				
State Judicial	27,000	27,000	36,914	9,914
City - Public Library	91,698	116,698	119,263	2,565
City Incinerator	-	-	9,695	9,695
Law Enforcement Officer	5,088	5,088	5,209	121
Exposition Building	-	-	1,176	1,176
State Airport	-	1,664	1,664	-
Indigent Defense Services Grant	-	14,283	15,516	1,233
Carthage and Gary School Tax				
Collection Contract	45,250	45,250	45,250	-
City of Carthage Tax				
Collection Contract	6,000	6,000	6,000	-
Narcotics Task Force	-	76,650	76,172	(478)
State 911 Rural Addressing	-	-	34,644	34,644
Total Intergovernmental Receipts	175,036	292,633	351,502	58,869
FEES OF OFFICE				
County Judge	1,000	1,000	2,206	1,206
Sheriff	32,000	32,000	44,684	12,684
District Attorney	5,000	5,000	7,681	2,681
County Clerk	131,000	131,000	200,370	69,370
Tax Assessor-Collector	120,000	120,000	133,397	13,397
District Clerk	40,000	40,000	75,739	35,739
County Treasurer	11,000	11,000	20,054	9,054
Justices of the Peace	41,000	41,000	50,684	9,684
Total Fees of Office	381,000	381,000	534,815	153,815

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>MISCELLANEOUS</b>				
Interest Earned	\$ 186,920	\$ 186,920	\$ 278,688	\$ 91,768
Interest fom Jury Fund	-	-	75	75
Hospital Collections and Lease	-	-	20,890	20,890
Time Payment EFTIC	-	-	1,441	1,441
Exposition Building	-	1,176	1,550	374
Miscellaneous	8,500	13,172	115,446	102,274
Miscellaneous Unclaimed Funds	-	-	467	467
Total Miscellaneous	195,420	201,268	418,557	217,289
<b>Total Revenues</b>	<b>7,399,848</b>	<b>7,523,293</b>	<b>8,020,413</b>	<b>497,120</b>
<b>EXPENDITURES</b>				
<b>GENERAL ADMINISTRATION</b>				
<b>COUNTY JUDGE</b>				
Salary - County Judge	43,805	43,805	43,805	-
Salary - Co. Judge Admin. Assist	26,627	26,627	26,627	-
Social Security	5,389	5,389	5,388	1
Group Medical Insurance	13,296	13,296	12,982	314
Retirement and Death Benefits	14,925	14,925	14,925	-
Worker's Compensation	373	373	182	191
Unemployment Insurance	134	134	129	5
Office Supplies, Postage & Repairs	1,600	1,600	1,558	42
Communication Telephone	400	400	333	67
Conferences and Dues	1,250	3,000	2,571	429
Miscellaneous	150	150	-	150
Capital Outlay - Furniture & Equipment	250	250	-	250
Total County Judge	103,199	109,949	108,500	1,449



PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
<b>EXPENDITURES (cont'd.)</b>				
<b>GENERAL ADMINISTRATION (con'td.)</b>				
<b>COMMISSIONERS</b>				
Salaries - Commissioners	\$ 141,600	\$ 141,600	\$ 141,600	\$ -
Salaries - Secretaries	19,787	19,787	19,786	1
Social Security Taxes	12,347	12,347	12,345	2
Group Insurance	33,240	33,240	32,451	789
Retirement and Death Benefits	34,198	34,198	34,198	-
Workers Compensation	5,453	5,453	2,360	3,093
Unemployment Insurance	99	99	97	2
Office Supplies, Postage and Repairs	1,200	1,565	1,272	293
Communication Telephone	800	800	192	608
Miscellaneous	600	235	235	-
Conferences and Dues	6,000	6,000	2,888	3,112
Capital Outlay - Furniture and Equipment	250	250	-	250
<b>Total Commissioners</b>	<b>255,574</b>	<b>255,574</b>	<b>247,424</b>	<b>8,150</b>
<b>COUNTY CLERK</b>				
Salary - County Clerk	35,400	35,400	35,400	-
Salary - Deputies	105,934	105,934	99,164	6,770
Social Security	10,813	10,813	10,294	519
Group Medical Insurance	39,888	39,888	38,403	1,485
Retirement and Death Benefits	29,949	29,949	28,514	1,435
Worker's Compensation	738	738	377	361
Unemployment Insurance	530	530	510	20
Office Supplies, Postage & Repairs	13,000	13,000	7,763	5,237
Communication Telephone	450	450	26	424
Rentals, Microfilming & Indexing	41,621	41,621	40,383	1,238
Conferences & Dues	1,400	1,400	553	847
Miscellaneous	250	250	-	250
Capital Outlay - Furniture & Equipment	1,500	8,128	7,628	500
<b>Total County Clerk</b>	<b>281,473</b>	<b>288,101</b>	<b>269,015</b>	<b>19,086</b>

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (cont'd.)				
GENERAL ADMINISTRATION (con'td.)				
VETERANS SERVICE OFFICER				
Salary - Service Officer	\$ 25,634	\$ 25,634	\$ 25,634	\$ -
Salary - Secretary	20,604	20,604	20,604	-
Social Security	3,538	3,538	3,537	1
Group Medical Insurance	13,296	13,296	12,982	314
Retirement and Death Benefits	9,798	9,798	9,798	-
Worker's Compensation	244	244	119	125
Unemployment Insurance	232	232	227	5
Office Supplies, Postage & Repairs	600	600	206	394
Communication Telephone	500	500	22	478
Conferences and Dues	800	1,000	946	54
Programming & Computer	1,200	1,000	-	1,000
Miscellaneous	250	250	102	148
Capital Outlay - Furniture & Equipment	300	300	-	300
Total Vet. Service Officer	76,996	76,996	74,177	2,819
AIRPORT				
Airport Manager	23,392	23,392	23,391	1
Social Security	1,790	1,790	1,789	1
Group Insurance	6,648	6,648	6,491	157
Retirement	4,957	4,957	4,957	-
Workers Compensation	1,273	1,273	711	562
Unemployment Insurance	117	117	115	2
Office Supplies	500	2,000	1,942	58
Repair and Maintenance	4,000	5,664	5,029	635
Professional Services	2,000	2,000	1,188	812
Communication Telephone	200	1,555	1,181	374
Conferences and Dues	1,000	45	45	-
Utilities	8,000	8,000	7,056	944
Contractor Service	2,500	600	-	600
Repairs and Renovation	1,045	1,045	1,045	-
Rentals and Leases	500	500	238	262
Total Airport	57,922	59,586	55,178	4,408

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (cont'd.)				
GENERAL ADMINISTRATION (con'td.)				
MISCELLANEOUS AND NON-DEPARTMENTAL				
Floating Secretary	\$ 20,604	\$ 20,604	\$ 20,604	\$ -
Benefits Termination Pay	8,160	8,160	4,454	3,706
Social Security	2,201	2,201	1,717	484
Group Insurance	6,648	6,648	6,491	157
Retirement	6,095	6,095	4,957	1,138
Workers Compensation	219	219	218	1
Unemployment Insurance	144	144	88	56
Retired Employee Medical	257,868	257,868	173,904	83,964
Advertising and Publications	12,000	12,000	5,998	6,002
Appraisal District	116,000	122,434	122,434	-
Outside Audit	39,000	39,000	34,000	5,000
Economic Development	13,510	17,682	17,682	-
East Texas Regional Water Planning	2,800	2,800	-	2,800
Computer Services	293,000	322,000	293,531	28,469
Professional Services	15,000	15,000	1,245	13,755
Postage	56,000	59,000	58,899	101
Emergency Management	4,000	4,500	1,945	2,555
Physicals & Drug Screening	2,000	2,000	2,000	-
Architect Fees	5,000	25,000	18,710	6,290
Capital Outlay - Furniture and Equipment	5,000	19,948	18,769	1,179
Dues, Memberships & Fees	6,000	6,000	3,728	2,272
Insurance/liab., fire, etc.	190,686	210,686	199,194	11,492
Historical Markers	1,000	1,000	-	1,000
Historical Society	6,564	6,564	1,565	4,999
Miscellaneous	4,500	4,500	3,149	1,351
Copy Machine Rental & Supplies	24,000	24,000	23,306	694
Soil and Conservation Contract	1,000	1,000	1,000	-
State Fees	-	16,264	12,199	4,065
Communication Telephone	50,000	50,000	37,651	12,349
Loss Control	3,000	3,000	-	3,000
Total Miscellaneous and Non-Depart.	1,151,999	1,266,317	1,069,438	196,879
Total General Administration	1,932,163	2,056,523	1,823,732	232,791

**PANOLA COUNTY, TEXAS**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND, continued**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>BUDGET</b>		<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>	
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>EXPENDITURES (cont'd.)</b>				
<b>JUDICIAL</b>				
<b>DISTRICT COURT</b>				
Salary - Court Reporter	\$ 23,027	\$ 23,027	\$ 23,027	\$ -
Salary - Secretary	24,356	24,356	24,356	-
Social Security	3,625	3,625	3,625	-
Group Medical Insurance	13,296	13,296	12,982	314
Retirement and Death Benefits	10,041	10,041	10,040	1
Worker's Compensation	251	251	124	127
Unemployment Insurance	237	237	232	5
Office Supplies, Postage & Repairs	1,000	1,450	1,315	135
Professional Services	2,500	2,500	1,286	1,214
Telephone	400	400	96	304
Conference and Dues	1,200	1,200	660	540
Capital Outlay - Furniture and Equipment	1,000	550	527	23
Visiting Court Reporters	750	750	460	290
Law Books for Law Library	400	400	-	400
Miscellaneous	600	600	80	520
Total District Court	<u>82,683</u>	<u>82,683</u>	<u>78,810</u>	<u>3,873</u>
<b>COUNTY COURT AT LAW</b>				
Salary - County Court at Law Judge	101,700	101,700	101,700	-
Salary - Court Reporter	40,157	40,157	40,157	-
Visiting Judges	1,000	1,000	84	916
Social Security	10,851	10,851	9,997	854
Group Medical Insurance	13,296	13,296	12,982	314
Retirement and Death Benefits	30,060	30,060	30,059	1
Worker's Compensation	770	770	368	402
Unemployment Insurance	201	201	192	9
Office Supplies, Postage & Repairs	1,400	1,400	865	535
Telephone	350	350	21	329
Conferences and Dues	1,100	1,100	-	1,100
Miscellaneous	300	300	80	220
Capital Outlay - Furniture and Equipment	1,150	1,150	1,117	33
Total County Court at Law	<u>202,335</u>	<u>202,335</u>	<u>197,622</u>	<u>4,713</u>

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (cont'd.)				
JUDICIAL (con'td.)				
DISTRICT CLERK				
Salary - District Clerk	\$ 35,400	\$ 35,400	\$ 35,400	\$ -
Salaries - Deputies	105,934	105,934	105,932	2
Social Security	10,813	10,813	10,812	1
Group Medical Insurance	39,888	39,888	38,945	943
Retirement and Death Benefits	29,949	29,949	29,948	1
Worker's Compensation	738	738	377	361
Unemployment Insurance	530	530	502	28
Office Supplies, Postage & Repairs	13,000	12,100	12,095	5
Telephone	600	600	276	324
Conferences and Dues	1,500	1,500	1,319	181
Rentals, Microfilming, & Indexing	35,800	35,800	4,191	31,609
Capital Outlay - Furniture & Equipment	1,000	8,528	8,525	3
Miscellaneous	300	300	126	174
Total District Clerk	275,452	282,080	248,448	33,632
JUSTICE OF THE PEACE PCT. 1 & 4				
Salaries - Justice of the Peace	35,400	35,400	35,400	-
Salaries - Secretary	30,906	30,906	30,906	-
Social Security	5,073	5,073	5,072	1
Group Medical Insurance	16,620	16,620	16,227	393
Retirement and Death Benefits	14,051	14,051	14,050	1
Worker's Compensation	329	329	171	158
Unemployment Insurance	155	155	146	9
Office Supplies and Repairs	3,125	3,125	3,094	31
Professional Services	3,300	3,300	2,406	894
Telephone	600	600	246	354
Travel	1,000	1,000	902	98
Conferences and Dues	1,000	1,000	585	415
Capital Outlay - Furniture and Equipment	695	695	-	695
Miscellaneous	200	200	-	200
Total Justices of the Peace Pct. 1 and 4	112,454	112,454	109,205	3,249

**PANOLA COUNTY, TEXAS**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND, continued**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>EXPENDITURES (cont'd.)</b>				
<b>JUDICIAL (con'td.)</b>				
<b>JUSTICE OF THE PEACE PCT. 2 &amp; 3</b>				
Salaries - Justice of the Peace	\$ 35,400	\$ 35,400	\$ 35,400	\$ -
Salaries - Secretary	30,906	30,906	30,906	-
Social Security	5,073	5,073	5,072	1
Group Medical Insurance	16,620	16,620	16,227	393
Retirement	14,051	14,051	14,050	1
Worker's Compensation	329	329	171	158
Unemployment Insurance	155	155	146	9
Office Supplies and Repairs	3,000	3,000	3,000	-
Computer Replacement	1,000	1,000	-	1,000
Professional Services	3,300	3,300	2,418	882
Telephone	600	600	445	155
Travel	700	700	420	280
Conferences and Dues	1,500	1,500	759	741
Capital Outlay - Furniture and Equipment	495	495	324	171
Miscellaneous	200	200	-	200
<b>Total Justices of the Peace Pct. 2 and 3</b>	<b>113,329</b>	<b>113,329</b>	<b>109,338</b>	<b>3,991</b>
<b>BAILIFFS, JURORS AND LAW BOOKS</b>				
Bailiffs	16,530	16,530	16,530	-
Group Medical Insurance	-	2,520	2,520	-
Retirement	-	3,502	3,502	-
Social Security Taxes	1,265	1,265	1,265	-
Workers Compensation	218	364	-	364
Unemployment Insurance	83	83	74	9
Jurors, District & County	30,000	30,000	9,463	20,537
Miscellaneous	100	100	6	94
<b>Total - Bailiffs, Jurors and Law Books</b>	<b>48,196</b>	<b>54,364</b>	<b>33,360</b>	<b>21,004</b>
<b>Total Judicial</b>	<b>834,449</b>	<b>847,245</b>	<b>776,783</b>	<b>70,462</b>

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

EXPENDITURES (Cont'd.)	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>LEGAL</b>				
<b>DISTRICT ATTORNEY</b>				
Salary - Asst. District Attorney	\$ 55,907	\$ 55,907	\$ 53,857	\$ 2,050
Salary - Secretaries	61,812	61,812	58,502	3,310
Court Coordinator	632	632	632	-
Social Security	9,054	9,054	8,638	416
Group Medical Insurance	26,592	26,592	25,421	1,171
Retirement and Death Benefits	25,079	25,079	23,927	1,152
Workers Compensation	635	635	244	391
Unemployment Insurance	592	592	571	21
Office Supplies and Repairs	8,000	14,200	13,933	267
Professional Services	1,450	13,700	12,227	1,473
Witness Expense	5,000	2,400	468	1,932
Special Prosecutor Contracts	5,000	5,000	1,817	3,183
Telephone	2,000	2,000	1,026	974
Conference & Dues	5,000	5,000	1,296	3,704
Law Enforcement Officer Standard Training	696	696	-	696
Miscellaneous	1,000	1,000	587	413
Capital Outlay - Furniture & Equipment	4,250	650	639	11
Total District Attorney	212,699	224,949	203,785	21,164
<b>LAWSUITS AGAINST PANOLA COUNTY</b>				
Attorney Fees	12,500	12,500	4,258	8,242
Settlements and Other	25,000	25,000	-	25,000
Total Lawsuits	37,500	37,500	4,258	33,242
<b>Total Legal</b>	250,199	262,449	208,043	54,406
<b>ELECTIONS</b>				
<b>ELECTION JUDGES, CLERKS AND SUPPLIES</b>				
Election Judges and Clerks	16,000	19,800	19,628	172
Social Security	1,224	1,224	-	1,224
Workers Compensation	164	164	89	75
Polling Place Rent	900	1,450	1,400	50
Supplies and Miscellaneous	3,034	12,534	11,531	1,003
Total Election Judges, Clerks, and Supplies	21,322	35,172	32,648	2,524

**PANOLA COUNTY, TEXAS**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND, continued**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>BUDGET</b>			<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>EXPENDITURES (Cont'd.)</b>				
<b>ELECTIONS (Cont'd.)</b>				
<b>VOTER REGISTRATION</b>				
Salary - Voter Registrar	\$ 23,727	\$ 23,727	\$ 23,727	\$ -
Deputies	20,604	20,604	20,604	-
Social Security	3,392	3,392	3,391	1
Group Medical Insurance	13,296	13,296	12,982	314
Retirement and Death Benefits	9,394	9,394	9,394	-
Worker's Compensation	226	226	114	112
Unemployment Insurance	222	222	204	18
Office Supplies and Repairs	2,500	2,500	1,097	1,403
Telephone	100	100	2	98
Professional Services	17,950	17,950	15,645	2,305
Conferences and Dues	700	700	669	31
Miscellaneous	355	355	355	-
Total Voter Registration	92,466	92,466	88,184	4,282
Total Elections	113,788	127,638	120,832	6,806
<b>FINANCIAL ADMINISTRATION</b>				
<b>AUDITOR</b>				
Salary - Auditor	43,805	43,805	43,805	-
Salaries - Assistant Auditors	66,124	66,124	66,123	1
Social Security	8,410	8,410	8,410	-
Group Medical Insurance	19,944	19,944	19,473	471
Retirement and Death Benefits	23,294	23,294	23,294	-
Worker's Compensation	592	592	284	308
Unemployment Insurance	550	550	509	41
Office Supplies and Repairs	1,400	1,400	1,039	361
Professional Computer Services	1,700	1,700	-	1,700
Telephone	600	600	319	281
Conferences and Dues	4,300	3,550	2,195	1,355
Capital Outlay - Furniture & Equipment	-	5,430	660	4,770
Re-creation, printing	1,200	1,200	1,133	67
Miscellaneous	376	376	225	151
Total Auditor	172,295	176,975	167,469	9,506



PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (Cont'd.)				
FINANCIAL ADMINISTRATION (Cont'd.)				
TREASURER				
Salary - Treasurer	\$ 35,400	\$ 35,400	\$ 35,400	\$ -
Salary - Deputies	\$ -	\$ 27,057	\$ 26,308	749
Salary - Secretary	23,518	-	-	-
Social Security	4,508	4,779	4,721	58
Group Medical Insurance	13,296	13,822	13,822	-
Retirement and Death Benefits	12,485	12,485	12,485	-
Worker's Compensation	295	305	152	153
Unemployment Insurance	118	126	121	5
Office Supplies and Repairs	2,400	3,300	3,073	227
Telephone	400	400	160	240
Professional Computer Services	6,000	6,000	5,910	90
Advertising and Legal Notices	-	-	-	-
Conferences and Dues	2,000	1,100	934	166
Capital Outlay - Furniture and Equipment	-	6,267	-	6,267
Miscellaneous	200	200	-	200
Total Treasurer	100,620	111,241	103,086	8,155
TAX ASSESSOR-COLLECTOR				
Salary - Tax Assessor-Collector	35,400	35,400	35,400	-
Salaries - Deputies	129,452	129,452	128,593	859
Salaries - Extra Help	8,276	8,276	7,894	382
Social Security	13,245	13,245	13,157	88
Group Medical Insurance	46,536	46,536	45,122	1,414
Retirement and Death Benefits	36,686	36,686	34,750	1,936
Worker's Compensation	899	899	447	452
Unemployment Insurance	689	689	664	25
Office Supplies and Repairs	3,925	3,925	2,648	1,277
Telephone and Teletype	550	550	40	510
Conference and Dues	4,000	4,000	329	3,671
Re-creation, printing	500	500	-	500
Miscellaneous	500	500	40	460
Total Tax Assessor-Collector	280,658	280,658	269,084	11,574
Total Financial Admin.	553,573	568,874	539,639	29,235

**PANOLA COUNTY, TEXAS**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND, continued**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>BUDGET</b>		<b>VARIANCE WITH</b>	
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>EXPENDITURES (Cont'd.)</b>				
<b>PUBLIC FACILITIES</b>				
<b>BUILDING MAINTENANCE</b>				
Salary - Building Superintendent	\$ 22,473	\$ 22,473	\$ 22,473	\$ -
Seasonal Help	5,502	5,502	-	5,502
Housekeeper	31,734	15,993	15,970	23
Social Security	4,568	3,364	2,941	423
Group Medical Insurance	19,944	13,296	12,982	314
Retirement	12,653	9,317	8,146	1,171
Worker's Compensation	5,827	4,292	2,396	1,896
Unemployment Insurance	299	220	212	8
S.W.E.A.T. Supplies	5,000	5,000	3,579	1,421
Operating Supplies	30,000	30,000	28,111	1,889
Repair and Maintenance Supplies	19,720	19,720	15,108	4,612
Professional Services & Heat Control	35,006	63,549	63,456	93
Utilities	60,000	60,000	49,335	10,665
Repairs and Renovations	40,000	40,000	39,946	54
Miscellaneous	156	156	146	10
<b>Total Building Maintenance</b>	<b>292,882</b>	<b>292,882</b>	<b>264,801</b>	<b>28,081</b>
<b>Total Public Facilities</b>	<b>292,882</b>	<b>292,882</b>	<b>264,801</b>	<b>28,081</b>
<b>PUBLIC SAFETY</b>				
<b>SHERIFF</b>				
Salary - Sheriff	35,400	35,400	35,400	-
Salary - Chief Deputy	33,187	33,187	33,187	-
Salaries - Secretaries	41,208	41,208	41,207	1
Salaries - Administrative Support	20,604	20,604	18,638	1,966
Salaries - Juvenile Investigator	30,189	30,189	30,035	154
Salaries - Patrol and				
Investigative Deputies	302,155	302,155	299,826	2,329
Criminal Investigators	60,908	60,908	60,599	309
Narcotics Investigator	31,769	31,769	31,769	-
S.W.E.A.T. Coordinator	30,454	30,454	29,061	1,393
Narcotics Task Force	-	53,086	52,532	554
Social Security	44,820	48,882	48,536	346
Group Medical Insurance	132,960	140,716	140,617	99
Retirement and Death Benefits	124,147	135,396	134,426	970
Worker's Compensation	42,367	42,758	20,489	22,269
Unemployment Insurance	2,753	2,859	2,859	-
Canine Expense	3,000	4,680	4,465	215

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
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 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (Cont'd.)				
PUBLIC SAFETY (Cont'd.)				
SHERIFF (Cont'd)				
Uniforms	\$ 10,000	\$ 10,000	\$ 8,645	\$ 1,355
Office Supplies	20,500	18,820	13,091	5,729
Telephone and Radio Communications	10,000	10,000	6,759	3,241
Criminal Investigation	5,000	5,000	3,203	1,797
Gasoline, Auto Parts and Repairs	100,000	100,000	96,248	3,752
Conference, Dues, Lodging & Meals	19,000	19,000	16,147	2,853
Law Enforcement Officer Standard Training	3,000	3,000	680	2,320
Capital Outlay - Equipment and Autos	96,000	96,000	95,341	659
Miscellaneous	7,800	7,800	5,293	2,507
Total Sheriff	1,207,221	1,283,871	1,229,053	54,818
CONSTABLE PCT. 1 AND 4				
Salary - Constable Precinct #1	33,770	33,770	33,770	-
Social Security	2,584	2,584	2,583	1
Group Medical Insurance	6,648	6,648	6,491	157
Retirement and Death Benefits	7,156	7,156	7,156	-
Worker's Compensation	3,756	3,756	1,896	1,860
Law Enforcement Officer Standard Training	696	696	-	696
Parts & Repairs	5,000	5,000	3,051	1,949
Uniforms	750	1,750	1,556	194
Conferences & Dues	1,000	-	-	-
Miscellaneous	200	200	200	-
Total Constable Pct. 1 & 4	61,560	61,560	56,703	4,857
CONSTABLE PCT. 2 AND 3				
Salary - Constable Precinct #2	33,770	33,770	33,770	-
Social Security	2,584	2,584	2,583	1
Group Medical Insurance	6,648	6,648	6,491	157
Retirement and Death Benefits	7,156	7,156	7,156	-
Worker's Compensation	3,756	3,756	1,895	1,861
Uniforms	750	2,020	1,759	261
Telephone	600	600	544	56
Law Enforcement Officer Standard Training	696	696	-	696
Parts & Repairs	5,000	6,150	6,150	-
Conferences & Dues	1,000	25	25	-
Capital Outlay - Furniture & Equipment	-	850	91	759
Miscellaneous	565	270	269	1
Total Constable Pct. 2 & 3	62,525	64,525	60,733	3,792

PANOLA COUNTY, TEXAS  
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 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (Cont'd.)				
PUBLIC SAFETY (Cont'd.)				
CORRECTIONS				
Salary - Sergeant/Jailors/and Dispatchers	\$ 384,879	\$ 384,879	\$ 379,075	\$ 5,804
Social Security	29,419	29,419	29,138	281
Group Medical Insurance	106,368	106,368	106,367	1
Retirement	79,656	79,656	77,830	1,826
Worker's Compensation	20,899	20,899	10,022	10,877
Unemployment Insurance	1,923	1,923	1,923	-
Clothing and Bedding	3,000	3,750	3,161	589
Jail Laundry	2,500	2,500	37	2,463
Jail Board - Prisoners	75,000	75,000	74,745	255
Medical - Prisoners	65,000	130,000	127,048	2,952
Utilities	40,000	40,000	34,499	5,501
Jail Repairs and Maintenance	8,000	8,000	7,680	320
Jail Repairs and Renovations	30,000	30,000	14,900	15,100
Capital Outlay - Furniture and Equipment	10,000	10,000	8,613	1,387
Rentals	3,200	3,200	2,750	450
911 Supplies	2,000	2,000	2,000	-
Housing Prisoners	152,000	121,250	31,200	90,050
Miscellaneous Supplies	10,000	10,000	6,639	3,361
Miscellaneous	5,000	5,000	719	4,281
Total Corrections	1,028,844	1,063,844	918,346	145,498
RURAL ADDRESSING				
Salaries - Coordinator	48,977	48,977	48,976	1
Social Security	3,747	3,747	3,747	-
Group Medical Insurance	13,296	13,296	12,982	314
Retirement	10,379	10,379	10,378	1
Worker's Compensation	537	537	347	190
Unemployment Insurance	245	245	209	36
Office Supplies	1,200	1,200	807	393
Computer Parts	1,000	300	-	300
Computer Software	800	200	-	200
Telephone	700	700	565	135
Conference and Dues	400	400	-	400
Rental	3,020	3,020	2,800	220
Capital Outlay - Furniture and Equipment	2,000	3,300	3,230	70
Miscellaneous	500	500	-	500
Total Rural Addressing	86,801	86,801	84,041	2,760

PANOLA COUNTY, TEXAS  
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 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES (Cont'd.)				
PUBLIC SAFETY (Cont'd.)				
HIGHWAY PATROL				
Salary - Secretary	\$ 20,604	\$ 20,604	\$ 20,604	\$ -
Social Security	1,577	1,577	1,576	1
Group Medical Insurance	6,648	6,648	6,494	154
Retirement and Death Benefits	4,366	4,366	4,366	-
Worker's Compensation	110	110	53	57
Unemployment Insurance	103	103	97	6
Telephone	1,000	500	93	407
Game Warden's Cellular Phone	1,080	1,080	134	946
Highway Patrol's Cellular Phone	1,080	1,440	1,407	33
Office Supplies and Repairs	450	1,250	1,136	114
Capital Outlay - Furniture & Equipment	2,800	2,500	2,161	339
Miscellaneous	200	200	177	23
Total Highway Patrol	40,018	40,378	38,298	2,080
FIRE SAFETY				
Fire Services	1,500	1,500	1,500	-
Total Fire Safety	1,500	1,500	1,500	-
Total Public Safety	2,488,469	2,602,479	2,388,674	213,805
ENVIRONMENTAL PROTECTION				
Trash Disposal	290,000	295,660	295,659	1
Total Trash Disposal	290,000	295,660	295,659	1
Total Environmental Protection	290,000	295,660	295,659	1

**PANOLA COUNTY, TEXAS**  
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**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND, continued**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	
	ORIGINAL	FINAL	ACTUAL	
<b>HEALTH AND PAUPERS CARE</b>				
Medical	\$ 15,000	\$ 13,919	\$ 12,248	\$ 1,671
Mental Health - Mental Retardation Center	24,200	24,200	24,200	-
Statements of Facts	14,000	14,000	2,867	11,133
Autopsies, Inquests, & Burials	30,000	46,081	46,080	1
Mental Evaluation of Prisoners	5,000	5,000	-	5,000
Retarded Citizens Association	6,500	6,500	6,000	500
Alcohol Abuse Program	4,000	4,000	-	4,000
Juvenile Expense	8,000	8,000	8,000	-
Attorney Fees - Juveniles	20,000	20,000	9,854	10,146
Care of Juveniles	90,000	90,000	90,000	-
Attorney Fees	107,500	133,783	124,284	9,499
Open Door/Juvenile Care	5,000	5,000	5,000	-
Miscellaneous	200	200	-	200
Health Officer	6,000	6,000	6,000	-
<b>Total Health and Paupers Care</b>	<b>335,400</b>	<b>376,683</b>	<b>334,533</b>	<b>42,150</b>
<b>RECREATION</b>				
<b>LIBRARY</b>				
Salaries - Librarians	117,061	117,061	114,962	2,099
Temporary Librarian	4,907	4,907	4,907	-
Social Security	9,331	9,331	9,170	161
Group Medical Insurance	39,888	39,888	37,319	2,569
Retirement and Death Benefits	24,806	24,806	24,316	490
Worker's Compensation	1,130	1,130	550	580
Unemployment Insurance	610	610	595	15
Supplies & Books	17,127	17,127	17,127	-
Insurance	1,500	1,500	1,337	163
Repairs and Renovations	-	55,130	55,130	-
<b>Total Library</b>	<b>216,360</b>	<b>271,490</b>	<b>265,413</b>	<b>6,077</b>
<b>YOUTH PROGRAMS</b>				
Carthage	10,000	15,000	15,000	-
Beckville	3,000	3,000	-	3,000
Gary	2,000	2,000	2,000	-
Exposition Bldg.-Maintenance	3,000	4,301	4,300	1
Boys and Girls Club	1,000	1,000	1,000	-
<b>Total Youth Programs</b>	<b>19,000</b>	<b>25,301</b>	<b>22,300</b>	<b>3,001</b>
<b>Total Recreation</b>	<b>235,360</b>	<b>296,791</b>	<b>287,713</b>	<b>9,078</b>

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
CONSERVATION				
AGRICULTURAL EXTENSION SERVICE				
Salary - County Extension Agent	\$ 10,771	\$ 10,771	\$ 10,771	\$ -
Salary - Home Extension Agent	10,771	10,771	10,771	-
Expense Allowances - Agents	9,600	9,600	9,600	-
Salary - Secretary	20,604	20,604	20,577	27
Social Security	3,959	3,959	2,978	981
Group Medical Insurance	6,648	6,648	6,491	157
Retirement and Death Benefit	4,366	4,366	4,360	6
Worker's Compensation	110	110	53	57
Unemployment Insurance	258	258	240	18
Office Supplies, Postage & Repairs	1,350	1,350	1,230	120
Telephone	350	350	62	288
Travel	2,500	2,500	2,183	317
Conferences and Dues	700	700	-	700
Miscellaneous Supplies	250	250	-	250
Capital Outlay - Furniture and Equipment	1,000	1,000	800	200
Miscellaneous	328	328	-	328
Total Extension Service	73,565	73,565	70,116	3,449
Total Conservation	73,565	73,565	70,116	3,449
Total Expenditures	7,399,848	7,800,789	7,110,525	690,264
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(277,496)	909,888	1,187,384
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	182,317	182,317
Total Other Financing Sources (Uses)	-	-	182,317	182,317
Net Change in Fund Balance	-	(277,496)	1,092,205	1,369,701
FUND BALANCE, BEGINNING OF YEAR	9,612,242	9,612,242	9,612,242	-
FUND BALANCE, END OF YEAR	\$ 9,612,242	\$ 9,334,746	\$ 10,704,447	\$ 1,369,701

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**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

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PANOLA COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004

ASSETS	Special Revenue	Capital Projects	Total
Cash and Cash Equivalents	\$ 789,042	\$ 26,618	\$ 815,660
Investments	1,486,989	383,000	1,869,989
Receivables (net of allowance for doubtful accounts )			
Delinquent Taxes	5,117	-	5,117
Miscellaneous	33,164	1,069	34,233
Due From Agency Funds	64,738	-	64,738
Inventory	10,996		10,996
Total Assets	<u>\$ 2,390,046</u>	<u>\$ 410,687</u>	<u>\$ 2,800,733</u>
LIABILITIES			
Accounts Payable-Trade	\$ 19,520	\$ -	\$ 19,520
Deferred Tax Revenues	328,208	-	328,208
Due to Other Funds	17,139	-	17,139
Accrued Liabilities	445	-	445
Accrued Salaries and Vacations	83,544	-	83,544
Total Liabilities	<u>448,856</u>	<u>-</u>	<u>448,856</u>
FUND BALANCES			
Reserved for:			
Inventory	10,996	-	10,996
Unreserved, Designated For:			
Capital Projects	-	410,687	410,687
Unreserved and Undesignated	1,930,195	-	1,930,195
Total Fund Balances	<u>1,941,191</u>	<u>410,687</u>	<u>2,351,878</u>
Total Liabilities and Fund Balances	<u>\$ 2,390,047</u>	<u>\$ 410,687</u>	<u>\$ 2,800,734</u>

**PANOLA COUNTY, TEXAS**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Special Revenue	Capital Projects	Total Other Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 343,806	\$ -	\$ 343,806
Intergovernmental Receipts	956,766	-	956,766
Fees of Office	547,870	-	547,870
Miscellaneous	218,625	11,606	230,231
<b>TOTAL REVENUES</b>	<u>2,067,067</u>	<u>11,606</u>	<u>2,078,673</u>
<b>EXPENDITURES</b>			
Current:			
General Administration	115,935	-	115,935
Legal	86,608	-	86,608
Public Safety	1,224,330	-	1,224,330
Public Transportation	368,553	-	368,553
Health & Paupers Care	6,657	-	6,657
Capital Outlay	-	230,211	230,211
<b>TOTAL EXPENDITURES</b>	<u>1,802,083</u>	<u>230,211</u>	<u>2,032,294</u>
Excess (Deficiency) of Revenues Over Expenditures	264,984	(218,605)	46,379
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	-	(182,317)	(182,317)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(182,317)</u>	<u>(182,317)</u>
<b>Net Change in Fund Balances</b>	264,984	(400,922)	(135,938)
<b>FUND BALANCE-BEGINNING OF YEAR</b>	<u>1,676,207</u>	<u>811,609</u>	<u>2,487,816</u>
<b>FUND BALANCE-END OF YEAR</b>	<u>\$ 1,941,191</u>	<u>\$ 410,687</u>	<u>\$ 2,351,878</u>

**PANOLA COUNTY, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS**

**LAW LIBRARY FUND** - This fund is used to account for the maintenance and operations of a library open to all residents of the County. Financing is provided by fees collected in connection with court costs.

**COURTHOUSE SECURITY FUND** - This fund was created to finance the cost of providing security services for buildings housing a district or county court. It is funded by fees collected on felony or misdemeanor convictions.

**RECORDS MANAGEMENT FUND** - This fund is to be used for the management of the County records similar to the Records Preservation Fund.

**RECORDS PRESERVATION FUND** - This fund is to be used for records preservation services performed by the County Clerk after the filing and recording of a document in the records of the office of the clerk.

**RECORD ARCHIVE FEES FUND** - This fund is used to account for the preservation and restoration services of any instrument, document, or paper maintained by the County Clerk. According to statutes governing this fee, "record archive" means public documents filed with the county clerk before January 1, 1990.

**JUSTICE COURT TECHNOLOGY FUND** - This fund was created to finance the purchase of technological enhancements for a justice court. It is funded by fees on misdemeanor convictions.

**VIT INTEREST FUND** - This fund was created to account for interest earned on the County's vehicle inventory tax escrow account, which is used for the administration of the prepayment procedure.

**FARM TO MARKET AND LATERAL ROAD FUND** - This fund is similar to the Road and Bridge Fund. Primary sources of revenues are ad valorem taxes. These taxes are authorized by the State and allow counties to include in their tax rates ad valorem taxes levied by the State in previous years.

**COMMUNITY SUPERVISION AND CORRECTION DEPARTMENT FUND** - 123rd Judicial District - This fund is used to account for the revenues and expenditures generated by the Community Supervision and Correction Department in the supervision and administration of probationers reportable to the 123rd jurisdiction. Financing is provided by probation fees collected by the department and funding by the State of Texas based on probationers' supervision caseloads. Payment of operating expenditures is administered by the County.

**JUVENILE PROBATION FUND** - This fund is used to account for the revenues and expenditures associated with the supervision and administration of juvenile probationers reportable in Panola County. Financing is provided by State aid. Fiscal services are provided by the County.

**OLD PROBATION FUND** - This fund represents remaining carryover funds from the old tri-county probation system before the jurisdiction of probation departments in the State were placed under the authority of the Texas Adult Probation Commission. Current revenues are primarily from interest earnings on invested funds. Certain capital outlay expenditures and certain repairs to capital items are not authorized in the adult probation fund. This fund is used to account for these type expenditures.

**HOT CHECK FEE FUND** - The scope of the District Attorney's responsibilities include the collection of "hot checks" issued to merchants and others in the County. A fee is assessed to the maker of the "hot check". These fees are generally available for use at the discretion of the District Attorney, without Commissioners' Court approval.

**SHERIFF'S STATE FORFEITURE FUND** - This fund is used to account for funds allocated by the State from drug money confiscated within County boundaries.

PANOLA COUNTY, TEXAS  
NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS

**DISTRICT ATTORNEY LONGEVITY PAY SUPPLEMENT FUND** - This fund is used to account for funds received from the Criminal Justice Division. These funds are used to supplement the salary of the Assistant District Attorney.

**HOMELAND SECURITY GRANT FUND** - This fund is used to account for revenues received through the Department of Homeland Security for equipment and supplies to be used by emergency responders.

**DISTRICT ATTORNEY FORFEITURE FUND** - This fund is used to account for the funds received after forfeiture proceedings are final involving drug cases where cash or property has been seized. State statutes governing these funds allow the monies to be used for illegal drug investigation matters. The funds do not require approval by the Commissioners Court. However, the District Attorney is required to submit a budget to the Court before expenditures are made.

**STATE APPORTIONMENT D.A. FUND** - This fund is used to account for revenues and expenditures used for purposes of the Criminal District Attorney's Office. It is used primarily to defray salary expenses of the D.A. Office employees. Funding is provided by the State of Texas.

**CONSTABLE FORFEITURE FUND** - This fund is used to account for the funds received after forfeiture proceedings are final involving cases where cash or property has been seized. State statutes governing these funds allow the monies to be used for investigation matters.

**CHILD PROTECTIVE SERVICES FUND** - This fund is used to account for services provided to meet the needs of dependent and neglected children, children with special needs, and children in danger of being judged delinquent. Child Protective Services are governed by the Children's Services Board, which is funded in part by the County, and is dependent upon the county for accomplishment of its purposes.

**AIRPORT AUTHORITY FUND** - This fund is used to account for hangar rentals and miscellaneous upkeep of Sharpe Field, the airport serving Panola County. The Panola County Airport Authority Board serves as an advisory Board and is appointed by the Commissioners Court.

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PANOLA COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
NON-MAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2004

ASSETS	LAW LIBRARY	COURT- HOUSE SECURITY	RECORDS MANAGEMENT
Cash and Cash Equivalents	\$ 12,846	\$ 29,805	\$ 46,133
Investments	-	151,000	-
Receivables (net of allowance for doubtful accounts):			
Delinquent Taxes	-	-	-
Miscellaneous	100	481	-
Due From Agency Funds	700	932	720
Inventory	-	-	-
<b>Total Assets</b>	<b>\$ 13,646</b>	<b>\$ 182,218</b>	<b>\$ 46,853</b>
<b>LIABILITIES:</b>			
Accounts Payable-Trade	\$ 1,005	\$ -	\$ -
Deferred Tax Revenues	-	-	-
Due to Other Funds	-	60	-
Accrued Liabilities	-	-	-
Accrued Salaries and Vacations	-	-	-
<b>Total Liabilities</b>	<b>1,005</b>	<b>60</b>	<b>-</b>
<b>FUND BALANCES:</b>			
Reserved for:			
Inventory	-	-	-
Unreserved and Undesignated	12,641	182,158	46,853
<b>Total Fund Balances</b>	<b>12,641</b>	<b>182,158</b>	<b>46,853</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 13,646</b>	<b>\$ 182,218</b>	<b>\$ 46,853</b>



RECORDS PRESERVATION	RECORDS ARCHIVE FEES	JUSTICE COURT TECHNOLOGY	VIT INTEREST	FM & LATERAL
\$ 29,514	\$ 44,074	\$ 15,722	\$ 5,172	\$ 58,458
44,000	-	-	-	1,121,889
-	-	-	-	5,117
121	-	-	-	4,073
3,635	3,525	-	577	10,519
-	-	-	-	-
<u>\$ 77,270</u>	<u>\$ 47,599</u>	<u>\$ 15,722</u>	<u>\$ 5,749</u>	<u>\$ 1,200,056</u>
\$ 2,295	\$ -	\$ -	\$ -	\$ -
-	-	-	-	328,208
-	-	-	9	3,129
-	-	-	-	-
-	-	-	-	64,709
<u>2,295</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>396,046</u>
-	-	-	-	-
74,975	47,599	15,722	5,740	804,010
74,975	47,599	15,722	5,740	804,010
<u>\$ 77,270</u>	<u>\$ 47,599</u>	<u>\$ 15,722</u>	<u>\$ 5,749</u>	<u>\$ 1,200,056</u>

**PANOLA COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
NON-MAJOR SPECIAL REVENUE FUNDS, continued  
DECEMBER 31, 2004**

<b>ASSETS</b>	<b>COMMUNITY SUPERVISION AND CORRECTION</b>	<b>JUVENILE PROBATION</b>	<b>OLD PROBATION</b>	<b>HOT CHECK FEE</b>
Cash and Cash Equivalents	\$ 187,673	\$ 136,593	\$ 152	\$ 36,911
Investments	20,000	20,000	12,100	-
Receivables (net of allowance for doubtful accounts):				
Delinquent Taxes	-	-	-	-
Miscellaneous	274	22,464	42	-
Due From Agency Funds	41,818	90	-	2,222
Inventory	-	-	-	-
<b>Total Assets</b>	<b>\$ 249,765</b>	<b>\$ 179,147</b>	<b>\$ 12,294</b>	<b>\$ 39,133</b>
<b>LIABILITIES:</b>				
Accounts Payable-Trade	\$ 9,588	\$ 5,692	\$ -	\$ -
Deferred Tax Revenues	-	-	-	-
Due to Other Funds	9,926	2,172	-	1,629
Accrued Liabilities	445	-	-	-
Accrued Salaries and Vacations	18,835	-	-	-
<b>Total Liabilities</b>	<b>38,794</b>	<b>7,864</b>	<b>-</b>	<b>1,629</b>
<b>FUND BALANCES:</b>				
Reserved for:				
Inventory	-	-	-	-
Unreserved and Undesignated	210,971	171,283	12,294	37,504
<b>Total Fund Balances</b>	<b>210,971</b>	<b>171,283</b>	<b>12,294</b>	<b>37,504</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 249,765</b>	<b>\$ 179,147</b>	<b>\$ 12,294</b>	<b>\$ 39,133</b>

SHERIFF'S STATE FORFEITURE	DIST ATTY LONGEVITY PAY SUPPLEMENT	HOMELAND SECURITY GRANT	D.A. FORFEITURE	STATE APPORTION- MENT - DA
\$ 49,003	\$ -	\$ 21	\$ 36,803	\$ 187
.	.	.	.	.
.	.	.	2,728	.
.	.	.	.	.
.	.	.	.	.
<u>\$ 49,003</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 39,531</u>	<u>\$ 187</u>

\$ 161	\$ -	\$ -	\$ -	\$ -
.	.	.	.	.
.	.	.	214	.
.	.	.	.	.
.	.	.	.	.
<u>161</u>	<u>-</u>	<u>-</u>	<u>214</u>	<u>-</u>

48,842	-	21	39,317	187
48,842	-	21	39,317	187
<u>\$ 49,003</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 39,531</u>	<u>\$ 187</u>

PANOLA COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
NON-MAJOR SPECIAL REVENUE FUNDS, continued  
DECEMBER 31, 2004

	CONSTABLE FORFEITURES	CHILD PROTECTIVE SERVICES	AIRPORT	NON-MAJOR SPECIAL REVENUE FUNDS TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 554	\$ 19,929	\$ 79,492	\$ 789,042
Investments	-	-	118,000	1,486,989
Receivables (net of allowance for doubtful accounts):				
Delinquent Taxes	-	-	-	5,117
Miscellaneous	-	641	2,240	33,164
Due From Agency Funds	-	-	-	64,738
Inventory	-	-	10,996	10,996
<b>Total Assets</b>	<b>\$ 554</b>	<b>\$ 20,570</b>	<b>\$ 210,728</b>	<b>\$ 2,390,046</b>
<b>LIABILITIES:</b>				
Accounts Payable-Trade	\$ -	\$ 779	\$ -	\$ 19,520
Deferred Tax Revenues	-	-	-	328,208
Due to Other Funds	-	-	-	17,139
Accrued Liabilities	-	-	-	445
Accrued Salaries and Vacations	-	-	-	83,544
<b>Total Liabilities</b>	<b>-</b>	<b>779</b>	<b>-</b>	<b>448,856</b>
<b>FUND BALANCES:</b>				
Reserved for:				
Inventory	-	-	10,996	10,996
Unreserved and Undesignated	554	19,791	199,732	1,930,195
<b>Total Fund Balances</b>	<b>554</b>	<b>19,791</b>	<b>210,728</b>	<b>1,941,191</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 554</b>	<b>\$ 20,570</b>	<b>\$ 210,728</b>	<b>\$ 2,390,047</b>

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**PANOLA COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

REVENUES	LAW LIBRARY	COURT- HOUSE SECURITY	RECORDS MANAGEMENT
Property Taxes	\$ -	\$ -	\$ -
Intergovernmental Receipts	-	-	-
Fees of Office	-	20,790	11,544
Miscellaneous	16,308	3,440	589
<b>TOTAL REVENUES</b>	<b>16,308</b>	<b>24,230</b>	<b>12,133</b>
<b>EXPENDITURES</b>			
Current			
General Administration	-	3,696	-
Legal	11,464	-	-
Public Safety	-	-	-
Public Transportation	-	-	-
Health & Paupers Care	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>11,464</b>	<b>3,696</b>	<b>-</b>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	4,844	20,534	12,133
<b>FUND BALANCE-BEGINNING OF YEAR</b>	<b>7,797</b>	<b>161,624</b>	<b>34,720</b>
<b>FUND BALANCE-END OF YEAR</b>	<b>\$ 12,641</b>	<b>\$ 182,158</b>	<b>\$ 46,853</b>

RECORDS PRESERVATION	RECORDS ARCHIVE FEES	JUSTICE COURT TECHNOLOGY	VIT INTEREST	FM & LATERAL
\$ -	\$ -	\$ -	\$ -	\$ 343,806
40,598	39,240	11,061	-	-
2,399	-	-	635	17,610
42,997	39,240	11,061	635	361,416
111,663	-	-	576	-
-	-	-	-	-
-	-	-	-	287,867
-	-	-	-	-
111,663	-	-	576	287,867
(68,666)	39,240	11,061	59	73,549
143,641	8,359	4,661	5,681	730,461
\$ 74,975	\$ 47,599	\$ 15,722	\$ 5,740	\$ 804,010

PANOLA COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 NON-MAJOR SPECIAL REVENUE FUNDS, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

REVENUES	COMMUNITY SUPERVISION AND CORRECTION	JUVENILE PROBATION	OLD PROBATION	HOT CHECK FEE
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Receipts	478,097	293,783	-	-
Fees of Office	394,840	1,780	-	28,017
Miscellaneous	15,887	3,376	207	-
<b>TOTAL REVENUES</b>	<b>888,824</b>	<b>298,939</b>	<b>207</b>	<b>28,017</b>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	-
Legal	-	-	-	62,670
Public Safety	781,974	246,644	-	-
Public Transportation	-	-	-	-
Health & Paupers Care	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>781,974</b>	<b>246,644</b>	<b>-</b>	<b>62,670</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	106,850	52,295	207	(34,653)
<b>FUND BALANCE-BEGINNING OF YEAR</b>	<b>104,122</b>	<b>118,988</b>	<b>12,087</b>	<b>72,157</b>
<b>FUND BALANCE-END OF YEAR</b>	<b>\$ 210,972</b>	<b>\$ 171,283</b>	<b>\$ 12,294</b>	<b>\$37,504</b>



SHERIFF'S STATE FORFEITURE	DIST ATTY LONGEVITY PAY SUPPLEMENT	HOMELAND SECURITY GRANT	D.A. FORFEITURE	STATE APPORTION- MENT - DA
\$ -	\$ -	\$ -	\$ -	\$ -
-	3,120	147,407	-	33,630
10,167	-	21	-	-
10,167	3,120	147,428	36,362	80
			36,362	33,710
-	-	-	-	-
14,675	3,120	147,407	9,354	-
-	-	-	-	33,630
14,675	3,120	147,407	9,354	-
				33,630
(4,508)	-	21	27,008	80
53,350	-	-	12,309	107
\$ 48,842	\$ -	\$ 21	\$ 39,317	\$ 187

PANOLA COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 NON-MAJOR SPECIAL REVENUE FUNDS, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

REVENUES	CONSTABLE FORFEITURES	CHILD PROTECTIVE SERVICES	AIRPORT	NON-MAJOR SPECIAL REVENUE FUNDS TOTAL
Property Taxes	\$ -	\$ -	\$ -	\$ 343,806
Intergovernmental Receipts	-	729	-	956,766
Fees of Office	-	-	-	547,870
Miscellaneous	554	9,188	101,802	218,625
<b>TOTAL REVENUES</b>	<b>554</b>	<b>9,917</b>	<b>101,802</b>	<b>2,067,067</b>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	115,935
Legal	-	-	-	86,608
Public Safety	-	-	-	1,224,330
Public Transportation	-	-	80,686	368,553
Health & Paupers Care	-	6,657	-	6,657
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>6,657</b>	<b>80,686</b>	<b>1,802,083</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	554	3,260	21,116	264,984
<b>FUND BALANCE-BEGINNING OF YEAR</b>	<b>-</b>	<b>16,531</b>	<b>189,612</b>	<b>1,676,207</b>
<b>FUND BALANCE-END OF YEAR</b>	<b>\$ 554</b>	<b>\$ 19,791</b>	<b>\$ 210,728</b>	<b>\$ 1,941,191</b>

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP) BASIS AND ACTUAL  
 LAW LIBRARY SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>MISCELLANEOUS</b>				
Library Fees	\$ 12,996	\$ 12,996	\$ 16,152	\$ 3,156
Interest Earnings	4	4	156	152
<b>Total Revenues</b>	<u>13,000</u>	<u>13,000</u>	<u>16,308</u>	<u>3,308</u>
<b>EXPENDITURES</b>				
Law Library Books	<u>13,000</u>	<u>13,000</u>	<u>11,464</u>	<u>1,536</u>
<b>Total Expenditures</b>	<u>13,000</u>	<u>13,000</u>	<u>11,464</u>	<u>1,536</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	4,844	4,844
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>7,797</u>	<u>7,797</u>	<u>7,797</u>	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 7,797</u>	<u>\$ 7,797</u>	<u>\$ 12,641</u>	<u>\$ 4,844</u>

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 COURTHOUSE SECURITY SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
FEES OF OFFICE				
District Clerk Fees	\$ 400	\$ 400	\$ 2,187	\$ 1,787
County Clerk Fees	3,350	3,350	9,690	6,340
JP Offices	3,250	3,250	8,913	5,663
Total Fees of Office	7,000	7,000	20,790	13,790
MISCELLANEOUS				
Courthouse Security	-	-	-	-
Interest Earnings	2,000	2,000	3,440	1,440
Total Revenues	9,000	9,000	24,230	15,230
EXPENDITURES				
GENERAL ADMINISTRATION				
Baliff and Security	-	1,475	1,469	6
Social Security Taxes	-	113	112	1
Group Insurance	-	1,862	1,802	60
Workers Compensation	-	105	-	105
Retirement	-	313	313	-
Furniture & Equip	9,000	9,000	-	9,000
Total Expenditures	9,000	12,868	3,696	9,172
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	-	(3,868)	20,534	24,402
FUND BALANCE, BEGINNING OF YEAR				
	161,624	161,624	161,624	-
FUND BALANCE, END OF YEAR				
	\$ 161,624	\$ 157,756	\$ 182,158	\$ 24,402

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP) BASIS AND ACTUAL  
 RECORDS MANAGEMENT SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
FEES OF OFFICE				
District Clerk Fees	\$ 1,649	\$ 1,649	\$ 4,872	\$ 3,223
County Clerk Fees	3,160	3,160	6,672	3,512
Total Fees of Office	4,809	4,809	11,544	6,735
MISCELLANEOUS				
Interest Earnings	332	332	589	257
Total Revenues	5,141	5,141	12,133	6,992
EXPENDITURES				
GENERAL ADMINISTRATION				
Seasonal Help	4,729	4,729	-	4,729
Social Security Taxes	362	362	-	362
Workers Compensation	26	26	-	26
Unemployment Insurance	24	24	-	24
Total Expenditures	5,141	5,141	-	5,141
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	-	-	12,133	12,133
FUND BALANCE, BEGINNING OF YEAR				
	34,720	34,720	34,720	-
FUND BALANCE, END OF YEAR				
	\$ 34,720	\$ 34,720	\$ 46,853	\$ 12,133

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP) BASIS AND ACTUAL  
 RECORDS PRESERVATION SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
FEES OF OFFICE				
County Clerks Fees	\$ 31,734	\$ 31,734	\$ 40,598	\$ 8,864
Total Fees of Office	31,734	31,734	40,598	8,864
MISCELLANEOUS				
Interest Earnings	2,007	2,007	2,399	392
Total Revenues	33,741	33,741	42,997	9,256
EXPENDITURES				
GENERAL ADMINISTRATION				
Seasonal Help	4,729	4,729	-	4,729
Social Security Taxes	362	362	-	362
Workers Compensation	26	26	-	26
Unemployment Insurance	24	24	-	24
Digitizing Real Property	-	90,000	88,358	1,643
Computer Services	3,600	3,600	3,600	-
Full Service Imaging	25,000	25,000	19,705	5,295
Total Expenditures	33,741	123,741	111,663	12,079
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	-	(90,000)	(68,666)	21,334
FUND BALANCE, BEGINNING OF YEAR				
	143,641	143,641	143,641	-
FUND BALANCE, END OF YEAR				
	\$ 143,641	\$ 53,641	\$ 74,975	\$ 21,334

PANOLA COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP) BASIS AND ACTUAL  
RECORDS ARCHIVE FEES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
FEES OF OFFICE				
County Clerk Fees	\$ -	\$ -	\$ 39,240	\$ 39,240
Total Revenues	-	-	39,240	39,240
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	39,240	39,240
FUND BALANCE, BEGINNING OF YEAR	8,359	8,359	8,359	-
FUND BALANCE, END OF YEAR	\$ 8,359	\$ 8,359	\$ 47,599	\$ 39,240

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 JUSTICE COURT TECHNOLOGY SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>FEES OF OFFICE</b>				
JP Offices	\$ -	\$ -	\$ 11,061	\$ 11,061
Total Fees of Office	-	-	11,061	11,061
<b>Total Revenues</b>	-	-	11,061	11,061
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	11,061	11,061
<b>FUND BALANCE, BEGINNING OF YEAR</b>	4,661	4,661	4,661	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 4,661	\$ 4,661	\$ 15,722	\$ 11,061



PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP) BASIS AND ACTUAL  
 V.I.T. INTEREST SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
MISCELLANEOUS REVENUES				
Interest Earnings	\$ 580	\$ 580	\$ 635	\$ 55
Total Revenues	580	580	635	55
EXPENDITURES				
Deputy Supplement	441	441	441	-
Social Security Taxes	34	34	34	-
Retirement	94	94	94	-
Workers Compensation	8	8	6	2
Unemployment Insurance	3	3	1	2
Total Expenditures	580	580	576	4
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	-	-	59	59
FUND BALANCE, BEGINNING OF YEAR	5,681	5,681	5,681	-
FUND BALANCE, END OF YEAR	\$ 5,681	\$ 5,681	\$ 5,740	\$ 59

PANOLA COUNTY, TEXAS  
FARM TO MARKET AND LATERAL ROAD SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
PROPERTY TAXES				
Current	\$ 331,954	\$ 331,954	\$ 333,109	\$ 1,155
Delinquent	7,704	7,704	10,697	2,993
Total Property Taxes	339,658	339,658	343,806	4,148
MISCELLANEOUS				
Interest Earned	10,864	10,864	17,569	6,705
Miscellaneous	-	-	41	41
Total Miscellaneous	10,864	10,864	17,610	6,746
Total Revenues	350,522	350,522	361,416	10,894
<b>EXPENDITURES</b>				
PUBLIC TRANSPORTATION				
MAINTENANCE-ROADS AND BRIDGES				
Salaries - Road and Bridge Department	213,763	213,763	192,791	20,972
Social Security Taxes	16,353	16,353	14,748	1,605
Group Insurance	46,536	46,536	38,962	7,574
Retirement and Death Benefits	45,297	45,297	38,368	6,929
Workers Compensation	27,504	27,504	2,130	25,374
Unemployment Insurance	1,069	1,069	867	202
Total Expenditures	350,522	350,522	287,867	62,655
Excess (Deficiency) Revenues Over Expenditures			73,549	73,549
FUND BALANCE, BEGINNING OF YEAR	730,461	730,461	730,461	-
FUND BALANCE, END OF YEAR	\$ 730,461	\$ 730,461	\$ 804,010	\$ 73,549

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 COMMUNITY SUPERVISION AND CORRECTION DEPARTMENT SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
INTERGOVERNMENTAL RECEIPTS				
State Aid	\$ 276,234	\$ 276,234	\$ 276,234	\$ -
State Comptroller				
SAFPE Payments	4,473	4,473	4,473	-
C.S.R. Coordinator	49,297	49,297	49,297	-
Substance Abuse	82,000	82,000	82,000	-
Sex Offender/DV Services	6,649	6,649	6,649	-
Absconder Caseload	59,444	59,444	59,444	-
Total Intergovernmental Receipts	478,097	478,097	478,097	-
FEES OF OFFICE				
Probation Fees	394,840	394,840	394,840	-
MISCELLANEOUS				
Interest Earned	4,479	4,479	4,479	-
Miscellaneous	11,408	11,408	11,408	-
Total Miscellaneous	15,887	15,887	15,887	-
Total Revenues	888,824	888,824	888,824	-
EXPENDITURES				
PUBLIC SAFETY				
REGULAR SUPERVISION				
Salary - Director	50,045	50,045	50,045	-
Salaries - Probation Officers	225,453	225,453	225,453	-
Salaries - Secretaries	72,100	72,100	72,100	-
Social Security	26,751	26,751	26,751	-
Group Medical Insurance	64,530	64,530	64,530	-
Retirement	74,098	74,098	74,098	-
Unemployment Insurance	705	705	705	-
Retiree Medical Insurance	6,460	6,460	6,460	-
Office Supplies and Postage	46,670	46,670	46,670	-
Unexpended Expenditures	32	32	32	-
U/A Supplies	1,739	1,739	1,739	-
Outside Audit	3,500	3,500	3,500	-

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 COMMUNITY SUPERVISION AND CORRECTION DEPARTMENT  
 SPECIAL REVENUE FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (Cont'd.)				
PUBLIC SAFETY (Cont'd.)				
REGULAR SUPERVISION (Cont'd.)				
Travel	\$ 7,917	\$ 7,917	\$ 7,917	\$ -
Vehicle Purchase/Lease	14,604	14,604	14,604	-
Communication Telephone	6,262	6,262	6,262	-
Fiscal Service Fee	2,132	2,132	2,132	-
Computer Software and Equipment	16,469	16,469	16,469	-
Copy Machine	5,375	5,375	5,375	-
Internet Service	1,360	1,360	1,360	-
Liability Insurance	12,483	12,483	12,483	-
Memberships & Licenses	353	353	353	-
ELM Equipment	391	391	391	-
Physical Defense	928	928	928	-
Registration	1,045	1,045	1,045	-
Interest Expense	1,255	1,255	1,255	-
Automobile Fuel, Maintenance, Repairs & Insurance	12,412	12,412	12,412	-
Total Adult Probation Office - Regular Supervision	655,069	655,069	655,069	-
COMMUNITY CORRECTIONS DEPARTMENT				
CSR Supervisor	26,809	26,809	26,809	-
Officers	21,132	21,132	21,132	-
Administrative Support	17,610	17,610	17,610	-
Special Services	12,366	12,366	12,366	-
Transfer Technician	3,211	3,211	3,211	-
Social Security	6,223	6,223	6,223	-
Group Medical Insurance	7,050	7,050	7,050	-
Retirement	17,239	17,239	17,239	-
Unemployment Insurance	152	152	152	-
Fiscal Service Fee	867	867	867	-
Professional Liability Insurance	6	6	6	-
Contract Services - Indiv. & Group	6,720	6,720	6,720	-
Automobile Fuel & Maintenance	123	123	123	-
Travel				-

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 COMMUNITY SUPERVISION AND CORRECTION DEPARTMENT  
 SPECIAL REVENUE FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Sex Offender-Domestic	\$ 4,720	\$ 4,720	\$ 4,720	\$ -
Psychological Evaluation	300	300	300	-
Equipment	1,987	1,987	1,987	-
Office and Computer Supplies	390	390	390	-
Total Adult Probation Office - Community Corrections	126,905	126,905	126,905	-
Total Expenditures	781,974	781,974	781,974	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	106,850	106,850	106,850	-
FUND BALANCE, BEGINNING OF YEAR	104,122	104,122	104,122	-
FUND BALANCE, END OF YEAR	\$ 210,972	\$ 210,972	\$ 210,972	\$ -

PANOLA COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
JUVENILE PROBATION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>INTERGOVERNMENTAL RECEIPTS</b>				
Regular Juvenile Probation Program	\$ 129,423	\$ 129,423	\$ 129,423	\$ -
C.C.A. Program Funding	43,515	43,515	43,515	-
State & Federal Grant Reimbursement	14,400	14,400	14,400	-
State Salary Adjustment Funding	8,739	8,739	8,739	-
Federal Title IV-E Funding	49,944	49,944	49,944	-
Progressive Sanctions Program	47,762	47,762	47,762	-
Total Intergovernmental Receipts	293,783	293,783	293,783	-
<b>FEES OF OFFICE</b>				
Probation Fees	1,780	1,780	1,780	-
<b>MISCELLANEOUS</b>				
Interest Earned	2,594	2,594	2,594	-
Informal Adjustments	782	782	782	-
Total Miscellaneous	3,376	3,376	3,376	-
Total Revenues	298,939	298,939	298,939	-
<b>EXPENDITURES</b>				
<b>PUBLIC SAFETY</b>				
<b>JUVENILE PROBATION OFFICE - REGULAR PROGRAM</b>				
Salary - Chief Juvenile Probation Officer	38,445	38,445	38,445	-
Salary - Officers	13,044	13,044	13,044	-
Consultants Fee	5,992	5,992	5,992	-
Social Security	4,176	4,176	4,176	-
Group Medical Insurance	16,684	16,684	16,684	-
Retirement and Death Benefit	18,498	18,498	18,498	-
Worker's Compensation	511	511	511	-
Retiree Group Medical	5,380	5,380	5,380	-
Unemployment Insurance	204	204	204	-
Capital Outlay	13,565	13,565	13,565	-
Office Supplies	7,419	7,419	7,419	-
Travel	3,378	3,378	3,378	-
Nonresidential Services	960	960	960	-
Residential Services	33,779	33,779	33,779	-
Total Juvenile Probation Office - Regular Program	162,035	162,035	162,035	-

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 JUVENILE PROBATION SPECIAL REVENUE FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES (Cont'd.)				
PUBLIC SAFETY (Cont'd.)				
JUVENILE PROBATION OFFICE				
INTENSIVE SUPERVISION PROGRAM				
Salary - Probation Officer	\$ 10,056	\$ 10,056	\$ 10,056	\$ -
Social Security	1,141	1,141	1,141	-
Group Medical Insurance	1,567	1,567	1,567	-
Retirement	1,536	1,536	1,536	-
Travel	1,362	1,362	1,362	-
Office Supplies	3,704	3,704	3,704	-
Nonresidential Services	1,155	1,155	1,155	-
Residential Services	22,082	22,082	22,082	-
Total Juvenile Probation Office - Intensive Supervision Program	42,603	42,603	42,603	-
JUVENILE PROBATION OFFICE				
PROGRESSIVE SANCTIONS PROGRAM				
Salaries - Officers	40,347	40,347	40,347	-
Social Security	2,478	2,478	2,478	-
Group Medical Insurance	2,844	2,844	2,844	-
Retirement	1,557	1,557	1,557	-
Nonresidential Services	(5,220)	(5,220)	(5,220)	-
Total Juvenile Probation Office - Intensive Supervision Program	42,006	42,006	42,006	-
Total Expenditures	246,644	246,644	246,644	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	52,295	52,295	52,295	-
FUND BALANCE, BEGINNING OF YEAR	118,988	118,988	118,988	-
FUND BALANCE, END OF YEAR	\$ 171,283	\$ 171,283	\$ 171,283	\$ -

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP) BASIS AND ACTUAL  
 PROBATION SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>MISCELLANEOUS</b>				
Interest Earned	\$ 190	\$ 190	\$ 207	\$ 17
<b>Total Revenues</b>	<u>190</u>	<u>190</u>	<u>207</u>	<u>17</u>
<b>EXPENDITURES</b>				
<b>PUBLIC SAFETY</b>				
<b>ADULT PROBATION</b>				
Miscellaneous	<u>190</u>	<u>190</u>	<u>-</u>	<u>190</u>
<b>Total Expenditures</b>	<u>190</u>	<u>190</u>	<u>-</u>	<u>190</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	207	207
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>12,087</u>	<u>12,087</u>	<u>12,087</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 12,087</u>	<u>\$ 12,087</u>	<u>\$ 12,294</u>	<u>\$ 207</u>



PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP) BASIS AND ACTUAL  
 HOT CHECK FEE SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
FEES OF OFFICE				
Hot Check Fees	\$ 20,000	\$ 20,553	\$ 28,017	\$ 7,464
Total Revenues	20,000	20,553	28,017	7,464
EXPENDITURES				
LEGAL				
DISTRICT ATTORNEY				
Appointed Official	2,053	2,053	2,053	-
Assistants	-	2,150	2,149	1
Secretaries	27,522	25,798	12,509	13,289
Court Coordinator	10,547	10,547	10,547	-
Group Medical & Insurance	13,297	13,297	12,982	315
Social Security Taxes	5,881	5,914	4,767	1,147
Retirement	16,290	16,381	13,578	2,803
Workers Compensation	610	612	163	449
Unemployment Insurance	385	386	301	85
Office Supplies & Postage	-	500	-	500
Professional Liability Insurance	6,000	6,000	3,277	2,723
Cellular Phone	1,200	1,200	345	855
Miscellaneous	500	500	-	500
Total Hot Check Fee	84,285	85,338	62,670	22,668
Excess (Deficiency) of Revenues Over (Under) Expenditures	(64,285)	(64,785)	(34,653)	29,632
FUND BALANCE, BEGINNING OF YEAR	72,157	72,157	72,157	-
FUND BALANCE, END OF YEAR	\$ 7,872	\$ 7,372	\$ 37,504	\$ 29,632

**PANOLA COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) BASIS AND ACTUAL**  
**SHERIFF'S STATE FORFEITURE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
MISCELLANEOUS				
Confiscated From Arrests	\$ -	\$ -	\$ 9,432	\$ 9,432
Interest Earnings	-	-	734	734
Total Revenues	-	-	10,167	10,167
EXPENDITURES				
PUBLIC SAFETY				
SHERIFF				
Supplies and Equipment	4,000	4,000	103	3,897
Body Armor	2,000	2,000	-	2,000
K9 Drug Detector	-	5,250	5,250	-
Conferences and Dues	2,000	2,000	17	1,983
Film Processing	2,000	2,000	-	2,000
Grant Match	8,000	8,000	5,000	3,000
Special Response Team Supplies	1,500	1,500	-	1,500
Cellular Phone Expense	6,000	6,000	1,551	4,449
Criminal Investigation	5,000	5,000	2,120	2,880
Prevention	1,000	1,000	635	365
Total Criminal Investigations	31,500	36,750	14,675	22,075
State Forfeitures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,500)	(36,750)	(4,508)	26,992
FUND BALANCE, BEGINNING OF YEAR	53,350	53,350	53,350	-
FUND BALANCE, END OF YEAR	\$ 21,850	\$ 16,600	\$ 48,842	\$ 26,992

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP) BASIS AND ACTUAL  
 STATE LONGEVITY PAY SUPPLEMENT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
INTERGOVERNMENTAL RECEIPTS				
State Longevity Funds	\$ 3,120	\$ 3,120	\$ 3,120	\$ -
Total Revenues	3,120	3,120	3,120	-
EXPENDITURES				
PUBLIC SAFETY				
Appointed Official	3,120	3,120	3,120	-
Total Expenditures	3,120	3,120	3,120	-
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP) BASIS AND ACTUAL  
 HOMELAND SECURITY GRANT SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
INTERGOVERNMENTAL RECEIPTS				
Federal Grant	\$ -	\$ 151,530	\$ 147,407	\$ (4,123)
Miscellaneous	-	-	21	21
Total Revenues	-	151,530	147,428	(4,123)
EXPENDITURES				
PUBLIC SAFETY				
Capital outlay		106,390	102,267	4,123
Supplies and Equipment	-	45,140	45,140	-
Total Expenditures	-	151,530	147,407	4,123
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	-	-	21	21
FUND BALANCE, BEGINNING OF YEAR				
	-	-	-	-
FUND BALANCE, END OF YEAR				
	\$ -	\$ -	\$ 21	\$ 21

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP) BASIS AND ACTUAL  
 DISTRICT ATTORNEY FOFETURE SPECIAL REVENUE  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
MISCELLANEOUS				
Forfeitures	\$ -	\$ -	\$ 35,916	\$ 35,916
Interest Earnings	-	-	445	445
Total Revenues	-	-	36,362	36,362
EXPENDITURES				
LEGAL				
DISTRICT ATTORNEY				
Appointed Official	2,400	2,400	2,400	-
Court Coordinator and Spec.	4,000	4,000	4,000	-
Social Security Taxes	490	490	490	-
Retirement	1,357	1,357	1,357	-
Workers Compensation	100	100	15	85
Unemployment Insurance	60	60	13	47
Advertising and Publications	500	500	-	500
Cellular Phone	1,200	1,200	514	686
Prevention	-	800	-	800
Miscellaneous	409	574	565	9
Total Expenditures	10,516	11,481	9,354	2,127
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(10,516)	(11,481)	27,008	37,524
FUND BALANCE, BEGINNING OF YEAR	12,309	12,309	12,309	-
FUND BALANCE, END OF YEAR	\$ 1,793	\$ 828	\$ 39,317	\$ 37,524

**PANOLA COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) BASIS AND ACTUAL**  
**STATE APPORTIONMENT - DISTRICT ATTORNEY SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
INTERGOVERNMENTAL RECEIPTS				
State Comptroller Payments	\$ 33,630	\$ 33,630	\$ 33,630	\$ -
Total Intergovernmental Receipts	33,630	33,630	33,630	-
MISCELLANEOUS				
Interest Earnings	-	-	80	80
Total Revenues	33,630	33,630	33,710	80
EXPENDITURES				
PUBLIC SAFETY				
State Apportionment	-	1,337	1,337	
Secretaries	12,030	10,693	10,693	-
Court Coordinator/Investigator	21,600	21,600	21,600	-
Total Expenditures	33,630	33,630	33,630	-
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	-	-	80	80
FUND BALANCE, BEGINNING OF YEAR				
	107	107	107	-
FUND BALANCE, END OF YEAR				
	\$ 107	\$ 107	\$ 187	\$ 80

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP) BASIS AND ACTUAL  
 CHILD PROTECTIVE SERVICES SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
INTERGOVERNMENTAL RECEIPTS				
State Aid	\$ -	\$ -	\$ 729	\$ 729
Total Intergovernmental Receipts	-	-	729	729
MISCELLANEOUS				
Interest Earned	-	-	310	310
Donations	-	-	878	878
Panola County Funding	8,000	8,000	8,000	-
Total Miscellaneous Receipts	8,000	8,000	9,188	1,188
Total Revenues	8,000	8,000	9,917	1,917
EXPENDITURES				
HEALTH AND PAUPERS CARE				
Supplies and Child Care	8,000	8,000	6,657	1,343
Total Expenditures	8,000	8,000	6,657	1,343
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	3,260	3,260
FUND BALANCE, BEGINNING OF YEAR	16,531	16,531	16,531	-
FUND BALANCE, END OF YEAR	\$ 16,531	\$ 16,531	\$ 19,791	\$ 3,260

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP) BASIS AND ACTUAL  
 AIRPORT SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
MISCELLANEOUS				
Miscellaneous	\$ 47,500	\$ 52,500	\$ 98,705	\$ 46,205
Interest Earned	2,500	2,500	3,097	597
Total Revenues	50,000	55,000	101,802	46,802
EXPENDITURES				
AIRPORT				
Fuel & Repairs	50,000	112,000	80,686	31,314
Total Expenditures	50,000	112,000	80,686	31,314
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	-	(57,000)	21,116	78,116
FUND BALANCE, BEGINNING OF YEAR				
	189,612	189,612	189,612	-
FUND BALANCE, END OF YEAR				
	\$ 189,612	\$ 132,612	\$ 210,728	\$ 78,116



## CAPITAL PROJECT FUNDS

**COURTHOUSE EXPANISON FUND** - Courthouse expansion was begun in 2003 and completed in 2004. This fund was used to account for the activities for renovation of offices and construction of the new judicial center adjacent to the existing courthouse. Funding for this project was from reserves of the County.

**1971 ROAD BOND FUND** - This fund is used to account for funds remaining from bonds that were issued in 1971 and have been retired. Remaining funds represent the excess of bond proceeds and accumulated earnings on investments over debt retirement and expenditures. The remaining funds are used primarily for right of way purchases and utility adjustments.

**PERMANENT IMPROVEMENT FUND** - Currently, this fund is used to account for grants from the State and Federal Aviation Administration to be used for capital outlay expenditures of the County's airport.

PANOLA COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2004

	COURTHOUSE EXPANSION	ROAD BOND 1971	PERMANENT IMPROVEMENT	NON-MAJOR CAPITAL PROJECTS FUNDS TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 22,853	\$ 3,765	\$ 26,618
Investments		213,000	170,000	383,000
Receivables (net of allowance for doubtful accounts):				
Miscellaneous		611	458	1,069
<b>Total Assets</b>	<u>-</u>	<u>236,464</u>	<u>174,223</u>	<u>410,687</u>
<b>FUND BALANCES:</b>				
Unreserved, Designated For:				
Capital Projects		236,464	174,223	410,687
<b>Total Fund Balances</b>	<u>-</u>	<u>236,464</u>	<u>174,223</u>	<u>410,687</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ -</u>	<u>\$ 236,464</u>	<u>\$ 174,223</u>	<u>\$ 410,687</u>

**PANOLA COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**NON-MAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Courthouse Expansion	1971 Road Bond	Permanent Improvement	Non-major Capital Projects Funds
<b>REVENUES</b>				
Miscellaneous	\$ 4,699	\$ 3,976	\$ 2,931	\$ 11,606
<b>TOTAL REVENUES</b>	<u>4,699</u>	<u>3,976</u>	<u>2,931</u>	<u>11,606</u>
<b>EXPENDITURES</b>				
Current				
Capital Outlay	230,211	-	-	230,211
<b>TOTAL EXPENDITURES</b>	<u>230,211</u>	<u>-</u>	<u>-</u>	<u>230,211</u>
<b>Excess (Deficiency) of Revenues</b>				
Over (Under) Expenditures	(225,512)	3,976	2,931	(218,605)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(182,317)	-	-	(182,317)
<b>Total Other Financing Sources (Uses)</b>	<u>(182,317)</u>	<u>-</u>	<u>-</u>	<u>(182,317)</u>
<b>Net Change in Fund Balance</b>	(407,829)	3,976	2,931	(400,922)
<b>FUND BALANCE-BEGINNING OF YEAR</b>	<u>407,829</u>	<u>232,488</u>	<u>171,292</u>	<u>811,609</u>
<b>FUND BALANCE-END OF YEAR</b>	<u>\$ -</u>	<u>\$ 236,464</u>	<u>\$ 174,223</u>	<u>\$ 410,687</u>

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 COURTHOUSE EXPANSION CAPITAL PROJECTS FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>MISCELLANEOUS</b>				
Interest Earned	\$ -	\$ 4,499	\$ 4,699	\$ 200
Total Miscellaneous Revenues	-	4,499	4,699	200
<b>EXPENDITURES</b>				
Repairs and Renovations	-	-	-	-
Capital Outlay	-	230,212	230,211	1
Total Expenditures	-	230,212	230,211	1
Excess (Deficiency) Revenues Over Expenditures	-	(225,713)	(225,512)	201
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	-	(182,317)	(182,317)	-
Total Other Financing Sources (Uses)	-	(182,317)	(182,317)	-
Net Change in Fund Balance	-	(408,030)	(407,829)	201
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>407,829</b>	<b>407,829</b>	<b>407,829</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 407,829</b>	<b>\$ (201)</b>	<b>\$ 0</b>	<b>\$ 201</b>

PANOLA COUNTY, TEXAS  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 1971 ROAD BOND CAPITAL PROJECTS FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
MISCELLANEOUS				
Interest Earned	\$ 3,750	\$ 3,750	\$ 3,977	\$ 227
Total Revenues	<u>3,750</u>	<u>3,750</u>	<u>3,977</u>	<u>227</u>
EXPENDITURES				
Right of Way Purchase	<u>3,750</u>	<u>3,750</u>	<u>-</u>	<u>3,750</u>
Total Expenditures	<u>3,750</u>	<u>3,750</u>	<u>-</u>	<u>3,750</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	3,977	3,977
FUND BALANCE, BEGINNING OF YEAR	<u>232,487</u>	<u>232,487</u>	<u>232,487</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 232,487</u>	<u>\$ 232,487</u>	<u>\$ 236,464</u>	<u>\$ 3,977</u>

PANOLA COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>MISCELLANEOUS</b>				
Interest Earned	\$ 2,700	\$ 2,700	\$ 2,931	\$ 231
<b>Total Miscellaneous Revenues</b>	<u>2,700</u>	<u>2,700</u>	<u>2,931</u>	<u>231</u>
<b>EXPENDITURES</b>				
Capital Outlay	2,700	2,700	-	2,700
<b>Total Expenditures</b>	<u>2,700</u>	<u>2,700</u>	<u>-</u>	<u>2,700</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	2,931	2,931
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>171,292</u>	<u>171,292</u>	<u>171,292</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 171,292</u>	<u>\$ 171,292</u>	<u>\$ 174,223</u>	<u>\$ 2,931</u>

PANOLA COUNTY, TEXAS  
AGENCY FUNDS

**AUTOMOBILE REGISTRATION** - This fund is used to account for activities related to automobile registration collections. The collections flow through to the general and special revenue funds as the character of the collections dictate. Those collections for which the County acts as an agent are remitted to other local governments and the state.

**TAX ASSESSOR - COLLECTOR** - This fund is used to account for activities related to ad valorem taxes. The portion of these collections designated for Panola County flow through to the general, special revenue or debt service funds as the character of the collections dictate. Those collections for which the County acts as an agent are remitted to other local governments and the State.

**DISTRICT CLERK** - This fund is used to account for transactions for three types of funds maintained by the District Clerk: "trust" funds, court cost deposits, and child support funds. The "trust" funds represent monies placed into the registry of the court pending final disposition of matters in litigation involving parties who have petitioned the court. Court cost deposits are maintained until final disposition of cases at which time the funds are recorded as revenues into the general or special revenue funds. The child support funds represent monies collected from those individuals whom the court has ordered child support payments be made through the court. As monies are collected, they are remitted to the intended recipient.

**COUNTY CLERK** - This fund is used to account for transactions for two types of funds maintained by the County Clerk: operating and court cost deposits. The operating fund is used to account for the transactions that ultimately flow through to the general or special revenue funds as the character of the transaction dictates. The court cost account represents those monies placed into the court registry pending final disposition of matters in the court docket.

**CRIMINAL DISTRICT ATTORNEY** - This fund is used to account for transactions of two funds maintained by the Criminal District Attorney. The restitution fund is used to collect and remit to merchants proceeds of collection of "hot checks". The collection fee fund is used to account for collection and processing fees assessed to makers of "hot checks". These monies are then remitted to the Hot Check Fee Fund on deposit in the County Treasury.

**JUSTICE OF THE PEACE** - This fund is used to account for the collection of monies for fines and other fees along with monies due other local or state governments. Each justice court maintains a separate fund for transactions taking place in the court's area of jurisdiction. Those monies collected for ultimate use by the County flow through to the general or other special revenue funds.

**SHERIFF** - This fund is used to account for the collection of monies by the Sheriff's office, for other county jurisdictions, other local governments, and fees of office. Fees of office flow through to the general or special revenue funds. Those monies collected for other governments are remitted directly to the other government.

**COMMUNITY SUPERVISION AND CORRECTION DEPARTMENT** - This fund is used to account for the collection of probationers fees, fines, restitution and attorney fees. Fees for the ultimate use of the county flow through to the general or special revenue funds. Restitution and attorney fees are remitted to those parties for whom the monies are intended.

**JUVENILE PROBATION** - This fund is used to account for the collection of restitution by the Juvenile Probation Department from juvenile offenders. These collections are then remitted to the damaged parties.

**CRIMINAL JUSTICE FUND** - This is an agency fund to which the State's portion of various fine collections are deposited into for remittance to the State.

**JAIL INMATE** - This fund is used to account for proceeds received from the sale of goods to inmates and other expenditures of the same.

**PANOLA COUNTY, TEXAS  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
<b>AUTOMOBILE REGISTRATION FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 270,526	\$ 3,541,950	\$ 3,519,735	\$ 292,741
<b>Total Assets</b>	<b>\$ 270,526</b>	<b>\$ 3,541,950</b>	<b>\$ 3,519,735</b>	<b>\$ 292,741</b>
<b>LIABILITIES</b>				
Due to State of Texas:				
Auto Registration	\$ 94,825	\$ 914,062	\$ 891,522	\$ 117,365
Sales Tax	171,031	2,082,642	2,082,222	171,451
Due to Other Funds	4,670	545,246	545,991	3,925
<b>Total Liabilities</b>	<b>\$ 270,526</b>	<b>\$ 3,541,950</b>	<b>\$ 3,519,735</b>	<b>\$ 292,741</b>
<b>TAX ASSESSOR-COLLECTOR ADVALOREM TAX FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,040,042	\$ 46,861,551	\$ 46,816,403	\$ 1,085,190
<b>Total Assets</b>	<b>\$ 1,040,042</b>	<b>\$ 46,861,551</b>	<b>\$ 46,816,403</b>	<b>\$ 1,085,190</b>
<b>LIABILITIES</b>				
Due to City of Carthage, Texas	\$ 65,187	\$ 1,486,618	\$ 1,488,983	\$ 62,822
Due to Carthage Independent School District	542,016	29,237,572	29,259,361	520,227
Due to Panola Junior College	74,604	3,265,956	3,250,032	90,528
Due to County Education District	210	-	210	-
Due to Gary Independent School District	38,246	1,494,971	1,507,595	25,622
Due to Other Funds	241,552	10,820,861	10,748,990	313,423
Due to Emergency Services District	9,203	430,025	427,739	11,489
Other Miscellaneous Payables	69,024	125,548	133,493	61,079
<b>Total Liabilities</b>	<b>\$ 1,040,042</b>	<b>\$ 46,861,551</b>	<b>\$ 46,816,403</b>	<b>\$ 1,085,190</b>



PANOLA COUNTY, TEXAS  
 COMBINING STATEMENT OF CHANGES  
 IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
<b>COUNTY CLERK FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 44,214	\$ 441,153	\$ 443,349	\$ 42,018
Investments	16,633	183	2,450	14,366
Due From Other Funds	5,517	5,085	5,517	5,085
<b>Total Assets</b>	<b>\$ 66,364</b>	<b>\$ 446,421</b>	<b>\$ 451,316</b>	<b>\$ 61,469</b>
<b>LIABILITIES</b>				
Court Cost Deposits and Cash Bonds	\$ 12,576	\$ 12,316	\$ 17,513	\$ 7,379
Trust Funds Payable	23,452	239	2,450	21,241
Due To Other Funds	30,336	433,866	431,353	32,849
<b>Total Liabilities</b>	<b>\$ 66,364</b>	<b>\$ 446,421</b>	<b>\$ 451,316</b>	<b>\$ 61,469</b>
<b>CRIMINAL JUSTICE FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 49,996	\$ 284,161	\$ 245,892	\$ 88,265
Due From Other Funds	3,676	6,538	3,676	6,538
<b>Total Assets</b>	<b>\$ 53,672</b>	<b>\$ 290,699</b>	<b>\$ 249,568</b>	<b>\$ 94,803</b>
<b>LIABILITIES</b>				
Due to State of Texas	\$ 49,614	\$ 282,044	\$ 245,510	\$ 86,148
Due to Other Funds	4,058	8,655	4,058	8,655
Other Miscellaneous Payables	-	-	-	-
<b>Total Liabilities</b>	<b>\$ 53,672</b>	<b>\$ 290,699</b>	<b>\$ 249,568</b>	<b>\$ 94,803</b>

**PANOLA COUNTY, TEXAS  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS, continued  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
<b>DISTRICT CLERK FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 486,069	\$ 980,880	\$ 825,185	\$ 641,764
Investments	709,598	101,898	58,983	752,513
Due From Other Funds	7,560	9,421	7,560	9,421
<b>Total Assets</b>	<b>\$ 1,203,227</b>	<b>\$ 1,092,199</b>	<b>\$ 891,728</b>	<b>\$ 1,403,698</b>
<b>LIABILITIES</b>				
Court Cost Deposits & Cash Bonds	\$ 11,369	\$ 328,718	\$ 331,455	\$ 8,632
Due To Other Funds	20,395	22,414	20,396	22,413
District Clerk Trust Funds Payable	1,171,463	741,067	539,877	1,372,653
<b>Total Liabilities</b>	<b>\$ 1,203,227</b>	<b>\$ 1,092,199</b>	<b>\$ 891,728</b>	<b>\$ 1,403,698</b>
<b>PEACE JUSTICE COURT FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 445,359	\$ 445,359	\$ -
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 445,359</b>	<b>\$ 445,359</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Due to State of Texas:				
Due to Other Funds	\$ -	\$ 445,359	\$ 445,359	\$ -
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 445,359</b>	<b>\$ 445,359</b>	<b>\$ -</b>

PANOLA COUNTY, TEXAS  
 COMBINING STATEMENT OF CHANGES  
 IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
<b>COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 52,226	\$ 847,838	\$ 838,116	\$ 61,948
Total Assets	<u>\$ 52,226</u>	<u>\$ 847,838</u>	<u>\$ 838,116</u>	<u>\$ 61,948</u>
<b>LIABILITIES</b>				
Restitution Payable	\$ 10,256	\$ 155,931	\$ 161,780	\$ 4,407
Due To Other Funds	41,970	691,907	676,336	57,541
Total Liabilities	<u>\$ 52,226</u>	<u>\$ 847,838</u>	<u>\$ 838,116</u>	<u>\$ 61,948</u>
<b>JUVENILE PROBATION FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 185	\$ 4,870	\$ 4,917	\$ 138
Total Assets	<u>\$ 185</u>	<u>\$ 4,870</u>	<u>\$ 4,917</u>	<u>\$ 138</u>
<b>LIABILITIES</b>				
Restitution Payable	\$ -	\$ 633	\$ 620	\$ 13
Due to Other Funds	185	4,237	4,297	125
Total Liabilities	<u>\$ 185</u>	<u>\$ 4,870</u>	<u>\$ 4,917</u>	<u>\$ 138</u>

**PANOLA COUNTY, TEXAS  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS, continued  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
<b>CRIMINAL DISTRICT ATTORNEY RESTITUTION FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 20,904	\$ 248,625	\$ 249,733	\$ 19,796
<b>Total Assets</b>	<u>\$ 20,904</u>	<u>\$ 248,625</u>	<u>\$ 249,733</u>	<u>\$ 19,796</u>
<b>LIABILITIES</b>				
Restitution Payable	\$ 18,837	\$ 220,608	\$ 221,871	\$ 17,574
Due To Other Funds	2,067	28,017	27,862	2,222
<b>Total Liabilities</b>	<u>\$ 20,904</u>	<u>\$ 248,625</u>	<u>\$ 249,733</u>	<u>\$ 19,796</u>
<b>SHERIFF COLLECTIONS FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,555	\$ 18,382	\$ 19,585	\$ 352
<b>Total Assets</b>	<u>\$ 1,555</u>	<u>\$ 18,382</u>	<u>\$ 19,585</u>	<u>\$ 352</u>
<b>LIABILITIES</b>				
Due To Other Funds	\$ 1,555	\$ 18,382	\$ 19,585	\$ 352
<b>Total Liabilities</b>	<u>\$ 1,555</u>	<u>\$ 18,382</u>	<u>\$ 19,585</u>	<u>\$ 352</u>
<b>JAIL INMATE FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 879	\$ -	\$ 26	\$ 853
<b>Total Assets</b>	<u>\$ 879</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ 853</u>
<b>LIABILITIES</b>				
Other Payables	\$ 879	\$ -	\$ 26	\$ 853
<b>Total Liabilities</b>	<u>\$ 879</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ 853</u>
<b>TOTAL ASSETS</b>	<u>2,709,580</u>	<u>53,797,894</u>	<u>53,486,486</u>	<u>3,020,988</u>
<b>TOTAL LIABILITIES</b>	<u>2,709,580</u>	<u>53,797,894</u>	<u>53,486,486</u>	<u>3,020,988</u>

PANOLA COUNTY, TEXAS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUNDS - AGENCY FUNDS  
DECEMBER 31, 2004

	BALANCE JANUARY 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2003
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,966,596	\$ 53,674,769	\$ 53,408,300	\$ 2,233,065
Investments	726,231	102,081	61,433	766,879
Due From Other Funds	16,753	21,044	16,753	21,044
<b>TOTAL ASSETS</b>	<u>\$ 2,709,580</u>	<u>\$ 53,797,894</u>	<u>\$ 53,486,486</u>	<u>\$ 3,020,988</u>
<b>LIABILITIES</b>				
Due to State of Texas:				
Law Enforcement related	\$ 49,614	\$ 282,044	\$ 245,510	\$ 86,148
Auto Registration	94,825	914,062	891,522	117,365
Sales Tax	171,031	2,082,642	2,082,222	171,451
Due to Other Funds	346,788	13,018,944	12,924,227	441,505
Due to Fire District	9,203	430,025	427,739	11,489
Due to City of Carthage	65,187	1,486,618	1,488,983	62,822
Due to Carthage Independent School District	542,016	29,237,572	29,259,361	520,227
Due to Panola Junior College	74,604	3,265,956	3,250,032	90,528
Due to County Education District	210	-	210	-
Due to Gary Independent School District	38,246	1,494,971	1,507,595	25,622
Court Cost Deposits and Cash Bonds	23,945	341,034	348,968	16,011
Restitution Payable	29,093	377,172	384,271	21,994
Trust Funds Payable	1,194,915	741,306	542,327	1,393,894
Other Miscellaneous Payables	69,903	125,548	133,519	61,932
<b>TOTAL LIABILITIES</b>	<u>\$ 2,709,580</u>	<u>\$ 53,797,894</u>	<u>\$ 53,486,486</u>	<u>\$ 3,020,988</u>

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

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**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

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PANOLA COUNTY, TEXAS  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY SOURCE  
DECEMBER 31, 2004

**CAPITAL ASSETS:**

Land	\$ 1,106,535
Buildings	9,279,474
Improvements Other Than Buildings	259,303
Machinery and Equipment	6,554,175
Infrastructure	<u>10,371,442</u>
Total Capital Assets	<u>\$ 27,570,929</u>

**INVESTMENTS IN CAPITAL ASSETS:**

Current Revenues - Current Year	\$ 513,570
Current Revenues - Prior Years	21,447,442
Capital Projects-Current Year	230,211
Fixed Assets of Former Panola General Hospital	3,879,706
General Obligation Debt - Prior Years	500,000
Certificates of Obligation - Prior Years	<u>1,000,000</u>
	<u>\$ 27,570,929</u>

**PANOLA COUNTY, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2004**

	Total	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure
<b>GENERAL ADMINISTRATION</b>						
Commissioners Court	\$ 64,564	\$ -	\$ -	\$ -	\$ 64,564	\$ -
County Clerk	29,539	-	-	-	29,539	-
Total General Administration	94,103	-	-	-	94,103	-
<b>JUDICIAL</b>						
District Court	892,484	-	892,484	-	-	-
County Court at Law	892,487	-	892,487	-	-	-
District Clerk	22,118	-	-	-	22,118	-
Peace Justices	7,585	-	-	-	7,585	-
Total Judicial	1,814,674	-	1,784,971	-	29,703	-
<b>LEGAL</b>						
District Attorney	356,995	-	356,995	-	-	-
Total Legal	356,995	-	356,995	-	-	-
<b>ELECTIONS</b>						
Voter Registration	39,639	-	-	-	39,639	-
Total Elections	39,639	-	-	-	39,639	-
<b>PUBLIC TRANSPORTATION</b>						
Road and Bridge	15,629,146	17,056	-	-	5,240,648	10,371,442
Airport	541,503	188,639	318,599	-	34,265	-
Total Public Transportation	16,170,649	205,695	318,599	-	5,274,913	10,371,442
<b>PUBLIC FACILITIES</b>						
Courthouse	1,189,503	815,452	364,496	-	9,555	-
Miscellaneous & Non-Departmental	308,933	-	1,009	169,270	138,654	-
Total Public Facilities	1,498,436	815,452	365,505	169,270	148,209	-

PANOLA COUNTY, TEXAS  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY, continued  
DECEMBER 31, 2004

	Total	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure
<b>PUBLIC SAFETY</b>						
Sheriff	\$ 566,760	\$ -	\$ -	\$ -	\$ 566,760	\$ -
Constables	49,039	-	-	-	49,039	-
Corrections and Jail	2,263,177	-	2,222,320	-	40,857	-
Emergency Management	102,267	-	-	-	102,267	-
Probation Services -						
Adult	168,215	-	-	-	168,215	-
Probation Services -						
Juvenile	33,342	-	-	-	33,342	-
Criminal Investigation	7,128	-	-	-	7,128	-
<b>Total Public Safety</b>	<b>3,189,928</b>	<b>-</b>	<b>2,222,320</b>	<b>-</b>	<b>967,608</b>	<b>-</b>
<b>HEALTH AND WELFARE</b>						
Hospital	3,879,706	32,138	3,757,535	90,033	-	-
Incinerator	401,782	53,250	348,532	-	-	-
<b>Total Health and Welfare</b>	<b>4,281,488</b>	<b>85,388</b>	<b>4,106,067</b>	<b>90,033</b>	<b>-</b>	<b>-</b>
<b>CULTURE AND RECREATION</b>						
Exposition Center	125,017	-	125,017	-	-	-
<b>Total Culture and Recreation</b>	<b>125,017</b>	<b>-</b>	<b>125,017</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL ASSETS</b>	<b>\$ 27,570,929</b>	<b>\$ 1,106,535</b>	<b>\$ 9,279,474</b>	<b>\$ 259,303</b>	<b>\$ 6,554,175</b>	<b>\$ 10,371,442</b>

PANOLA COUNTY, TEXAS  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2004

	General Capital Assets January 1, 2004	Additions	Deductions	General Capital Assets December 31, 2004
<b>GENERAL ADMINISTRATION</b>				
Commissioners Court	\$ 64,564	\$ -	\$ -	\$ 64,564
County Clerk	22,911	6,628	-	29,539
Total General Administration	87,475	6,628	-	94,103
<b>JUDICIAL</b>				
District Court	892,484	6,628	-	899,112
County Court at Law	892,487	-	-	892,487
District Clerk	15,490	-	-	15,490
Peace Justices	7,585	-	-	7,585
Total Judicial	1,808,046	6,628	-	1,814,674
<b>LEGAL</b>				
District Attorney	356,995	-	-	356,995
Total Legal	356,995	-	-	356,995
<b>ELECTIONS</b>				
Voter Registration	39,639	-	-	39,639
Total Elections	39,639	-	-	39,639
<b>PUBLIC TRANSPORTATION</b>				
Road and Bridge-Equipment	4,994,947	262,757	-	5,257,704
Road and Bridge_Infrastructure	10,371,442	-	-	10,371,442
Airport	541,503	-	-	541,503
Total Public Transportation	15,907,892	262,757	-	16,170,649
<b>PUBLIC FACILITIES</b>				
Courthouse	959,291	230,212	-	1,189,503
Miscellaneous and Non- Departmental	308,933	-	-	308,933
Total Public Facilities	1,268,224	230,212	-	1,498,436

(Continued)

PANOLA COUNTY, TEXAS  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	General Capital Assets January 1, 2004	Additions	Deductions	General Capital Assets December 31, 2004
<b>PUBLIC SAFETY</b>				
Sheriff	\$ 496,077	\$ 121,723	\$ 51,040	\$ 566,760
Constables	49,039			49,039
Corrections and Jail	2,263,177			2,263,177
Emergency Management		102,267		102,267
Probation Services - Adult	168,215			168,215
Probation Services - Juvenile	19,777	13,565		33,342
Criminal Investigations	7,128			7,128
Total Public Safety	3,003,413	237,555	51,040	3,189,928
<b>HEALTH AND WELFARE</b>				
Hospital	3,879,706			3,879,706
Incinerator	401,782			401,782
Total Health and Welfare	4,281,488			4,281,488
<b>CULTURE AND RECREATION</b>				
Exposition Center	125,017			125,017
Total Culture and Recreation	125,017			125,017
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$ 26,878,189</b>	<b>\$ 743,780</b>	<b>\$ 51,040</b>	<b>\$ 27,570,929</b>

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**STATISTICAL DATA SECTION  
(UNAUDITED)**

**PANOLA COUNTY, TEXAS  
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
TEN FISCAL YEARS  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Total</u>	<u>Property Taxes</u>	<u>Licenses</u>	<u>Inter- Governmental</u>
1995	9,681,569	6,500,297	422,110	835,738
1996	10,190,560	6,839,016	433,313	1,055,278
1997	11,570,543	7,044,010	430,409	960,521
1998	12,316,051	7,588,753	425,482	912,743
1999	13,253,208	7,456,423	431,610	1,487,920 (3)
2000	12,174,721	7,556,941	443,902	890,116
2001	11,884,543	7,813,304	451,772	930,987
2002	12,699,432	8,636,759	459,997	1,017,538
2003	13,238,526	9,413,140	453,226	992,796
2004	14,239,473	10,073,746	461,437	1,366,830

Note: (1) Includes General, Special Revenue, Debt Service Funds and Capital Projects Funds.

Note: (2) The miscellaneous revenue category reflects \$633,360 in revenues associated with the lease of Panola General Hospital in 1997.

Note: (3) The Intergovernmental revenue category includes \$389,162 in Tobacco lawsuit settlement proceeds and \$252,848 in federal and local match funding for the Gary Water Supply Project.



<u>Fees of Office</u>	<u>Fines</u>	<u>Miscellaneous</u>
810,590	245,010	867,824
817,166	218,062	827,725
1,106,589	248,193	1,780,821
1,003,491	240,680	2,144,902 (2)
1,114,294	286,151	2,476,810 (2)
853,131	315,297	2,115,334 (2)
933,313	328,726	1,426,441
912,568	296,613	1,375,957
951,535	285,416	1,142,414
1,082,685	326,263	928,512

**PANOLA COUNTY, TEXAS**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
**TEN FISCAL YEARS**  
**(UNAUDITED)**

Function	1995	1996	1997	1998
General Administration	\$ 984,214	\$ 1,060,252	\$ 1,249,802	\$ 1,514,954
Judicial	505,713	537,118	575,094	594,220
Legal	212,734	477,787	178,023	181,208
Elections	69,075	78,589	81,792	80,360
Financial Administration	368,791	355,643	355,692	380,137
Public Facilities	518,349	640,557	575,989	466,255
Public Safety	2,115,677	2,322,964	2,357,040	2,563,095
Environmental Protection	233,864	472,615	111,311	306,554
Conservation	41,387	48,114	49,142	50,088
Public Transportation	2,794,768	2,592,896	2,941,613	3,477,685
Health & Paupers Care	167,505	148,043	465,331	215,708
Culture & Recreation	117,979	131,928	164,369	171,756
Debt Service	560,400	532,200	503,700	474,700
Capital Outlay	191,927	69,700	-	-
<b>Total</b>	<b>\$ 8,882,383</b>	<b>\$ 9,468,406</b>	<b>\$ 9,608,898</b>	<b>\$ 10,476,720</b>

**Note: (1) Includes General, Special Revenue, Debt Service Funds and Capital Projects Funds.**

1999	2000	2001	2002	2003	2004
\$ 1,554,779	\$ 1,459,955	\$ 1,592,482	\$ 1,669,636	\$ 1,738,705	\$ 1,939,667
630,441	661,894	727,519	719,553	726,208	776,783
205,418	249,147	197,141	197,945	314,042	294,651
75,350	84,654	93,673	96,224	93,203	120,832
408,244	420,695	452,430	479,226	509,416	539,639
481,142	303,098	185,020	188,653	215,507	264,801
2,623,402	2,977,321	3,062,711	3,326,239	3,426,371	3,613,004
429,004	376,397	412,895	280,200	283,613	295,659
47,876	52,348	61,097	64,130	68,776	70,116
3,519,710	3,512,280	3,879,370	3,988,152	4,108,066	3,868,038
274,129	321,696	418,531	526,845	484,263	508,470
169,450	176,848	209,367	218,215	215,636	287,713
445,845	415,000	-	-	-	-
-	4,900	4,232	664,073	1,484,172	230,211
<u>\$ 10,864,790</u>	<u>\$ 11,016,233</u>	<u>\$ 11,296,468</u>	<u>\$ 12,419,091</u>	<u>\$ 13,667,978</u>	<u>\$ 12,809,584</u>

PANOLA COUNTY, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN TAX ROLL YEARS  
(UNAUDITED)

Tax Roll Year	Tax Levy (1)	Current Tax Collection (2)	Percent Of Levy Collected (2)	Delinquent Collections & Adjustments (2)
1995	7,094,727	6,931,006	97.69%	181,492
1996	7,343,712	7,175,051	97.70%	143,756
1997	7,855,313	7,687,025	97.86%	211,324
1998	7,733,709	7,550,505	97.63%	206,276
1999	7,714,814	7,498,485	97.20%	169,063
2000	7,964,420	7,756,713	97.39%	182,572
2001	8,728,788	8,532,642	97.75%	240,307
2002	9,608,967	9,370,791	97.52%	215,728
2003	10,279,634	10,007,852	97.36%	236,408
2004	10,821,849	9,665,156	89.31%	199,034

Notes: (1) Years 1995 through 2004 represent adjusted levy & year 2004 represents original levy, as adjustments are not complete until end of tax roll year June 30, 2005, which will occur during the next fiscal year.

(2) 2004 percentage and total collections are lower than other years because 2004 tax roll still in process of collection.

(3) Represents balance at end of each tax roll, June 30, except for 2004 which represents balance on December 31, 2004 as tax roll still in process of collection.

(4) Delinquent balance does not include 2004 uncollected current taxes as only current taxes unpaid on July 1 of next fiscal year will be considered new delinquent taxes.

<u>Collections &amp; Adjustments (2)</u>	<u>Percent Of Total Collections and Adjustments To Tax Levy (2)</u>	<u>Outstanding Delinquent Taxes (3)(4)</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
7,112,498	100.25%	636,425	8.97%
7,318,807	99.66%	661,330	9.01%
7,898,349	100.55%	618,294	7.87%
7,756,781	100.30%	595,222	7.70%
7,667,548	99.39%	642,488	8.33%
7,939,285	99.68%	667,623	8.38%
8,772,949	100.51%	623,462	7.14%
9,586,519	99.77%	645,910	6.72%
10,244,260	99.66%	681,284	6.63%
9,864,190	91.15%	482,250	4.46%

PANOLA COUNTY, TEXAS  
ASSESSED AND ESTIMATED ACTUAL VALUE OF  
TAXABLE PROPERTY  
LAST TEN TAX ROLL YEARS  
(UNAUDITED)

Tax Roll Year	Real Property		Intangibles, Rolling Stock and Other Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1995	1,669,788,333	1,669,788,333	91,984,795	91,984,795
1996	1,438,104,602	1,438,104,602	136,686,511	136,686,511
1997	1,876,861,003	1,876,861,003	155,025,085	155,025,085
1998	1,980,392,257	1,980,392,257	208,751,714	208,751,714
1999	1,712,864,572	1,712,864,572	249,328,326	249,328,326
2000	1,835,949,338	1,835,949,338	185,409,812	185,409,812
2001	2,473,669,313	2,473,669,313	210,789,061	210,789,061
2002	2,215,165,313	2,215,165,313	369,464,920	369,464,920
2003	2,022,929,539	2,022,929,539	323,531,404	323,531,404
2004	2,400,613,891	2,400,613,891	387,568,913	387,568,913

Total		Ratio Total Assessed To Total Estimated Actual Value
Assessed Value	Actual Value	
1,761,773,128	1,761,773,128	100%
1,574,791,113	1,574,791,113	100%
2,031,886,088	2,031,886,088	100%
2,189,143,971	2,189,143,971	100%
1,962,192,898	1,962,192,898	100%
2,021,359,150	2,021,359,150	100%
2,684,458,374	2,684,458,374	100%
2,584,630,233	2,584,630,233	100%
2,346,460,943	2,346,460,943	100%
2,788,182,804	2,788,182,804	100%

**PANOLA COUNTY, TEXAS**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$100 OF ASSESSED VALUE)**  
**LAST TEN TAX ROLL YEARS (1)**  
**(UNAUDITED)**

<b>Subdivision</b>	<b>Percent Applicable to Panola County</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>Panola County</b>				
General Levy	100.00%	0.23941	0.28623	0.24498
Special Revenues:				
Regular Road & Bridge	100.00%	0.11548	0.13165	0.10427
Special Road & Bridge	100.00%	0.00000	0.00000	0.00000
Farm-to-Market & Lateral Road	100.00%	0.01380	0.01540	0.01280
Debt Levy	100.00%	0.03091	0.03282	0.02415
<b>Total Panola County</b>	<b>100.00%</b>	<b>0.39960</b>	<b>0.46610</b>	<b>0.38620</b>
<b>Cities</b>				
Carthage	100.00%	0.71220	0.71220	0.56652
Beckville	100.00%	0.32264	0.32264	0.28589
<b>School Districts</b>				
Carthage ISD	100.00%	1.38000	1.50000	1.40000
Gary ISD	100.00%	1.09149	1.20158	1.20000
Beckville ISD	100.00%	1.41000	1.50000	1.44000
Elysian Fields ISD	52.55%	1.22600	1.40000	1.44000
Tatum ISD	2.27%	1.42720	1.45000	1.45000
Tenaha ISD	4.75%	1.46500	1.50000	1.50000
Joaquin ISD	5.05%	1.31990	1.82430	1.70000
<b>College</b>				
Panola County Jr. College	100.00%	0.15002	0.16999	0.13535
<b>Fire District (2)</b>				
Rural Fire Prevention District No.1	100.00%		0.03000	0.02370

Notes: (1) Current tax roll year begins prior to beginning of next fiscal year and is in process of collection.  
(2) The Panola County Rural Fire Prevention District No. 1 was created during 1996.



1998	1999	2000	2002	2003	2004
0.22234	0.27130	0.26960	0.24660	0.29210	0.25690
0.09964	0.10820	0.11220	0.10800	0.13110	0.11120
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.01180	0.01310	0.01310	0.01310	0.01500	0.01300
0.02012	0.00000	0.00000	0.00000	0.00000	0.00000
0.35390	0.39260	0.39490	0.36770	0.43820	0.38110
0.54575	0.54474	0.54474	0.535000	0.560000	0.550000
0.24000	0.27146	0.32061	0.246369	0.266420	0.272600
1.37000	1.44000	1.53000	1.56000	1.56000	1.53000
1.30000	1.37800	1.30000	1.48000	1.51980	1.21480
1.49400	1.60000	1.63000	1.64550	1.65545	1.46450
1.53000	1.53000	1.44750	1.44610	1.57000	1.24500
1.43800	1.47000	1.47000	1.47000	1.47000	1.56800
1.50000	1.19739	1.39520	1.50000	1.50000	1.50000
1.78000	1.62500	1.38640	1.60060	1.61030	1.51480
0.12585	0.14041	0.13923	0.11647	0.13483	0.11717
0.02179	0.02560	0.02520	0.01750	0.02000	0.01700

**PANOLA COUNTY, TEXAS**  
**ADJUSTED TAX LEVY - DISTRICT AND OVERLAPPING GOVERNMENTS**  
**LAST TEN TAX ROLL YEARS (1)**  
**(UNAUDITED)**

<u>Governmental Subdivision</u>	<u>Percent Applicable to Panola County</u>	<u>1994</u>	<u>1996</u>	<u>1997</u>
Panola County	100.00%	\$ 7,094,727	\$ 7,343,712	\$ 7,855,313
Cities	100.00%	1,317,741	1,288,238	1,154,637
Carthage	100.00%	38,474	39,948	44,742
Beckville				
School Districts	100.00%	17,421,780	16,843,366	20,001,916
Carthage ISD	100.00%	644,830	663,212	902,204
Gary ISD	100.00%	3,973,598	3,623,161	4,520,688
Beckville ISD	52.55%	2,473,576	2,571,817	2,050,958
Elysian Fields ISD	2.20%	8,490,287	8,580,009	8,576,452
Tatum ISD	4.75%	345,801	405,709	402,952
Tenaha ISD	5.05%	849,946	1,129,476	1,150,896
Joaquin ISD				
Panola Jr. College	100.00%	2,659,880	2,674,646	2,751,352
Panola County Emergency Services District (2)	100.00%		423,489	435,303

Notes: (1) 2004 Tax Levy represents original tax levy before all adjustments are complete as Current Tax Roll Year begins prior to the next fiscal year and is in process of collection on 12/31/04.  
 (2) The Panola County Emergency Services District was created during 1996.

1998	1999	2000	2001	2002	2003	2004
\$ 7,733,709	\$ 7,714,814	\$ 7,964,420	\$ 8,728,788	\$ 9,608,967	\$ 10,279,634	\$ 10,821,849
1,105,655 51,915	1,188,545 53,028	1,227,152 55,765	1,358,017 57,811	1,439,908 61,694	1,478,314 61,440	1,526,393 65,590
20,582,058	19,544,951	21,426,820	28,257,860	28,041,024	25,117,171	29,739,286
1,216,256	1,192,285	1,148,055	1,230,228	1,516,629	1,398,134	1,403,890
5,062,255	4,880,743	4,871,946	6,297,990	6,145,556	6,070,431	6,403,092
3,279,377	2,899,040	2,712,324	2,148,072	3,081,631	2,105,972	2,754,228
8,329,345	8,505,028	13,154,914	16,708,296	16,446,746	16,739,136	20,687,108
411,299	466,334	565,445	641,970	701,493	748,246	819,424
1,162,355	1,038,202	1,013,800	1,326,398	1,659,222	1,647,971	2,618,769
2,748,027	2,758,586	2,807,641	2,907,245	3,040,818	3,159,612	3,327,013
426,057	466,049	468,099	492,041	413,779	420,625	435,888

**PANOLA COUNTY, TEXAS  
RATIO OF NET GENERAL BONDED DEBT  
AND CERTIFICATE OF OBLIGATION DEBT TO  
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA (1)  
LAST TEN YEARS  
(UNAUDITED)**

<b>Year</b>	<b>Population(1)</b>	<b>Assessed Value (in 1,000)</b>	<b>Gross (2) Bonded Debt</b>	<b>Debt Service Monies Available</b>
1995	22,700	1,761,773	2,000,000	107,838
1996	23,402	1,574,791	1,600,000	114,568
1997	23,100	2,031,886	1,200,000	114,633
1998	23,200	2,189,144	800,000	134,419
1999	22,949	1,962,193	400,000	447,942
2000	22,756	2,021,359	0	35,262
2001	22,689	2,684,458	0	0
2002	22,606	2,584,630	0	0
2003	22,855	2,346,460	0	0
2004	22,734	2,788,182	0	0

**Notes:** (1) 1995, 1997, and 1998 based on Sales and Marketing Management Publication.  
1996 based on Texas State and Local Government Fiscal 1996 Debt Report.  
2000 population based on Federal Bureau of Census.  
Other years estimated.

(2) Years 1995 through 1999 represents Certificate of Obligation Debt.

Debt Payable From Enterprise Revenues	Net Bonded and Certificate Obligation Debt	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
0	1,892,162	0.1074%	83.35
0	1,485,432	0.0943%	63.47
0	1,085,367	0.5340%	46.98
0	665,581	0.3040%	28.69
0	0	0.0000%	0
0	0	0.0000%	0
0	0	0.0000%	0
0	0	0.0000%	0
0	0	0.0000%	0
0	0	0.0000%	0

PANOLA COUNTY, TEXAS  
COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2004  
(UNAUDITED)

Assessed Value of Real Property

\$ 2,788,182,804

Debt Limit 25% of Assessed Value of Real Property  
Article 3, Section 52, Constitution of the State of Texas

\$ 697,045,701

Amount of Debt Applicable to Debt Limit

-0-

Legal Debt Margin \*

\$ 697,045,701

\*This constitutional limit applies only to the  
General Bonded Debt of which the County  
currently has none.

**PANOLA COUNTY, TEXAS**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**DECEMBER 31, 2004**  
**(UNAUDITED)**

Jurisdiction	Net Debt Outstanding Amount (1)	Applicable to Panola County	
		Percent (2)	Amount
Panola County	\$ -	100.00%	\$ -
<b>Cities</b>			
Carthage	6,765,000	100.00%	6,765,000
Beckville	5,100,000	100.00%	5,100,000
<b>School Districts</b>			
Carthage ISD	7,260,000	100.00%	7,260,000
Gary ISD	1,715,000	100.00%	1,715,000
Beckville ISD	6,601,010	100.00%	6,601,010
Elysian Fields ISD	1,350,000	52.55%	709,425
Tatum ISD	8,100,000	2.27%	183,870
Tenaha ISD	-0-	4.75%	-
Joaquin ISD	109,089	5.05%	5,509
Panola Junior College	1,754,000	100.00%	1,754,000
<b>Total Net Debt Outstanding</b>	<b>\$ 38,754,099</b>		
<b>(Total Consolidated Debt</b>			
<b>1.25% of actual value-</b>			
<b>\$1,324.32 per capita)</b>			
			<b>\$ 30,093,814</b>

Sources: (1) Respective entities and auditors of  
respective entities.

(2) Texas Municipal Reports.

**PANOLA COUNTY, TEXAS**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR**  
**GENERAL BONDED DEBT AND CERTIFICATE OF OBLIGATION DEBT**  
**TO TOTAL GENERAL EXPENDITURES**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<u>Fiscal Year</u>	<u>Principal (1)</u>	<u>Interest &amp; Fees(1)</u>	<u>Total Debt Service (1)</u>	<u>Total General Expenditures (2)</u>	<u>Ratio of Debt Service To Total General Expenditures</u>
1995	400,000	160,000	560,000	8,882,383	6.30%
1996	400,000	131,800	531,800	9,468,406	5.62%
1997	400,000	103,200	503,200	9,608,898	5.24%
1998	400,000	74,450	474,450	10,476,720	4.53%
1999	400,000	45,845	445,845	10,864,790	4.10%
2000	400,000	15,000	415,000	11,016,233	3.77%
2001	-	-	-	11,296,468	0.00%
2002	-	-	-	12,419,091	0.00%
2003	-	-	-	13,667,978	0.00%
2004	-	-	-	12,809,584	0.00%

Notes: (1) Years 1995 through 2000 represents Debt Service on Certificates of Obligation.

(2) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.



**PANOLA COUNTY, TEXAS  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(UNAUDITED)**

<u>Year</u>	<u>Population (1)</u>	<u>Per-Capita Income(2)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
1995	22,700	15,896	4,070	12.9%
1996	23,402	16,382	4,086	8.5%
1997	23,100	17,677	4,017	9.8%
1998	23,200	18,889	3,994	10.6%
1999	22,949	20,003	3,939	9.5%
2000	22,756	20,886	3,742	5.7%
2001	22,689	20,894	3,660	6.9%
2002	22,606	20,909	3,692	6.6%
2003	22,855	21,213	3,619	8.1%
2004	22,734	21,585	3,587	6.1%

**Sources:** (1) 1995, 1997 & 1998 based on Sales and Marketing Management Publication.  
1996 based on Texas State and Local Government Fiscal 1996 Debt Report.  
2000 Federal Bureau of Census.  
2002 Texas State Data Center Texas A & M University.  
2003 Texas Almanac  
Other years estimated.

(2) Texas Almanac and estimated.

(3) Local school offices - represents enrollment  
for school facilities located in County -  
Beckville, Carthage, and Gary.

(4) Texas Employment Commission.

PANOLA COUNTY, TEXAS  
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS  
LAST TEN YEARS  
(UNAUDITED)

Fiscal Year	Property Value	Commercial Construction Number of Units	Value	Residential Construction Number of Units	Value
1995	1,761,773,128	25	789,880	99	2,720,800
1996	1,574,791,113	30	2,729,310	126	2,770,550
1997	2,031,886,088	21	1,022,120	131	3,190,700
1998	2,189,143,971	17	925,050	240	6,357,360
1999	1,962,192,898	25	323,200	368	2,045,790
2000	2,021,359,150	32	1,718,650	289	1,605,840
2001	2,684,458,374	27	4,780,960	128	3,071,080
2002	2,584,630,233	16	2,150,110	62	5,187,547
2003	2,346,460,943	9	1,399,140	69	6,246,990
2004	2,788,182,804	13	696,510	64	6,418,320

<u>Bank Deposits</u> <u>(in 1,000's)(1)(2)</u>	<u>Bank Loans</u> <u>(in 1,000's)(1)(2)</u>
272,917	98,921
234,445	93,367
248,657	96,613
263,066	101,962
266,983	113,876
283,226	124,573
311,486	128,159
433,647	222,016
331,137	132,454
347,037	133,386

Sources: (1) Federal Reserve and local banks.  
Includes Repurchase Agreements.

(2) Includes mortgage backed securities.

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**PANOLA COUNTY, TEXAS  
PRINCIPAL TAXPAYERS  
DECEMBER 31, 2004  
(UNAUDITED)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation (in 1,000's)</u>	<u>Percentage Of Total Assessed Valuation</u>
Anadarko E&P Co. LP	Petroleum	\$ 318,067	11.41%
Devon Energy	Petroleum	230,103	8.25%
Chevron USA	Petroleum	212,806	7.63%
BP America Production	Petroleum	101,280	3.63%
Lacy Operations Ltd.	Petroleum	84,440	3.03%
Devon Louisiana Corp.	Petroleum	83,181	2.98%
Exxon Mobil	Petroleum	79,576	2.85%
EOG Resources Inc.	Petroleum	77,603	2.78%
Samson Lone Star Inc.	Petroleum	60,199	2.16%
TXU Mining Co. LP	Petroleum	57,848	2.07%
<b>Total (46.79% of Actual Value \$2,788,182,804)</b>		<b>\$ 1,305,103</b>	<b>46.79%</b>

**PANOLA COUNTY, TEXAS  
SCHEDULE OF INSURANCE IN FORCE  
DECEMBER 31, 2004  
(UNAUDITED)**

Insurer or Name of Company	Number	Policy Period	
		From	To
The St. Paul Ins. Co.	GP09312094	02-13-04	02-13-05
The St. Paul Ins. Co.	GP09312094	02-13-04	02-13-05
The St. Paul Ins. Co.	GP09312094	02-13-04	02-13-05
The St. Paul Ins. Co.	GP09312094	02-13-04	02-13-05
The St. Paul Ins. Co.	GP09312094	02-02-04	02-02-05
The St. Paul Ins. Co.	GP09312094	02-02-04	02-02-05
The St. Paul Ins. Co.	GP09312094	02-02-04	02-02-05
EBCO	UA00134783-03	12-13-04	12-13-05
Texas Association of Counties	#1830	01-01-04	12-31-05
Texas Association of Counties	#1830	01-01-04	12-31-05
Texas Association of Counties - BCBS	62946	12-01-04	11-30-05
The CIMA Companies, Inc.	SPS900304	07-01-04	07-01-05

(1) 2004 Funding

(2) As prescribed by law - Art. #8309H

(3) As prescribed by law - Texas Unemployment Compensation Act

(4) For covered expenses - Lifetime maximum \$2,000,000

Building and/or Department & Description	Amount of Coverage	Premiums & Funding
Physical Damage-Comp. Limit PD; 500 Deduct; Bodily Injury - Limit; Comp. Auto Liab. Ins. 1,000	\$ 2,000,000	\$ 54,135
General Liability; 2, 000,000	2,000,000	39,077
Commercial Property and Equipment	5,492,994	53,043
Commercial Umbrella Liability- 1,000,000 each occurrence Aggregate 1,000,000; Retention 10,000	2,000,000	17,076
Law Enforcement Professional Liability; Each Person 1,000,000 Aggregate 3,000,000; Each occurrence 1,000,000	2,000,000	58,908
2,000,000 Limit Each 2,000,000 Aggregate 25,000 retention; Public Officials and Employees Legal Liability	2,000,000	54,687
Crime - Employee Theft, Forgery	2,000,000	1,463
Property Damage 1,000,000; General Liability- Airport 1,000,000 each occurrence, 2,000,000 aggregate	2,000,000	2,650
Workers Compensation Self-Funded Insurance through Texas Association of Counties	(2)	112,613 (1)
Unemployment Insurance Self-Funded through Texas Association of Counties	(3)	17,475 (1)
Employee Group Ins - TAC Health and Employee Benefit Pool 500 deductible - 2,000 co-ins; Emp Life Ins 10,000 & Acc Death/ Dsmb 10,000	(4)	1,616,472
Volunteers Insurance Service Association (VIS) Work Release Volunteer Accident Insurance	25,000	945

**PANOLA COUNTY, TEXAS  
SCHEDULE OF INSURANCE IN FORCE  
DECEMBER 31, 2004  
(UNAUDITED)**

Insurer or Name of Company	Number	Policy Period	
		From	To
Safeco Ins.	6195460	01-01-03	01-01-07
Safeco Ins.	01EX952904	12-31-00	12-31-04
Safeco Ins.	6001534	01-01-03	09-01-07
Safeco Ins.	EX5978951	01-01-01	01-01-05
Safeco Ins.	6194986	01-01-03	01-01-07
Safeco Ins.	6194991	01-01-03	01-01-07
Safeco Ins.	01EX916865	12-31-02	12-31-06
RISC	MG821673	01-14-04	01-14-05
Safeco Ins.	6001533	01-01-03	01-01-07
Safeco Ins.	01EX88572	01-01-03	01-01-07
RISC	E0823278	01-14-04	01-14-05
Travelers	6608010A867TCT	08-27-04	08-27-05
Safeco Ins.	01EX879391	01-01-03	1-01-07
Safeco Ins.	EX879393	01-01-03	01-01-07
Safeco Ins.	01EX879390	01-01-03	01-01-07
Safeco Ins.	5975094	06-01-02	06-01-06
SAFECO	EX850592	02-28-03	02-28-05
	EX850594	02-28-03	02-28-05
	6224019	06-01-04	06-01-05
Safeco Ins.	01EX879011	12-31-02	12-31-06
Safeco Ins.	EX879022	12-31-04	12-31-05
	6325132	11-01-04	11-01-05
Safeco Ins.	01EX925014	12-31-04	12-31-08



Building and/or Department & Description	Amount of Coverage	Premiums & Funding
County Judge		
Commissioner Precinct 1	1,000	178
Commissioner Precinct 2	3,000	178
Commissioner Precinct 3	3,000	178
Commissioner Precinct 4	3,000	178
County Clerk	3,000	178
Deputy County Clerks	40,000	568
County Clerk Errors & Omissions	160,000	1,988
County Court at Law Judge	500,000	2,965
District Clerk	1,000	178
District Clerk Errors & Omissions	100,000	1,243
Crime - Money & Securities - District Clerk	500,000	5,808
Justice of the Peace Pct 1	20,000	843
Justice of the Peace Pct 2	1,000	178
Criminal District Attorney	1,000	178
Elections Administrator	5,000	178
Auditors & Assistants	1,000	178
	5,000	420
County Treasurer		
Assistant Treasurer	1,000	178
	25,000	125
	25,000	125
Tax Assessor/Collector (Auto Registration Office)	100,000	1,331

PANOLA COUNTY, TEXAS  
SCHEDULE OF INSURANCE IN FORCE  
DECEMBER 31, 2004  
(UNAUDITED)

Insurer or Name of Company	Number	Policy Period	
		From	To
SAFECO	01EX925003	12-31-00	12-31-04
SAFECO	01F10122504	01-01-01	01-01-05
Safeco Ins.	01EX850744	01-01-01	01-01-05
Safeco Ins.		01-01-03	01-01-04
Safeco Ins.	6321576	01-01-01	01-01-05
Safeco Ins.	01EX952902	12-31-00	12-31-04
The Travelers	660287X6078-TCT-	12-30-03	12-30-04
The Travelers	660226X9543-TCT-	12-30-03	12-30-04
Safeco	EX850916	01-01-03	01-01-07
Safeco Ins.	EX981374	09-02-03	09-02-04
Safeco Ins.	EX850915	01-01-03	01-01-04
Safeco Ins.	6194986	09-01-04	09-01-05
	6182632	08-29-04	08-29-05
Safeco Ins.	EX885283	08-29-04	08-29-05
Safeco Ins.	6190678	10-18-04	10-18-05
Safeco Ins.	6196290	11-26-04	11-26-05
Safeco Ins.	5981239	04-13-04	04-13-05

Building and/or Department & Description	Amount of Coverage	Premiums & Funding
Tax Assessor/Collector (Ad Valorem Tax Office)	100,000	1,331
Tax Assessor/Collector (Deputies) Crime Bond	35,000	1,287
Sheriff	30,000	533
Reserve Deputies -Fourteen @ 2,000	28,000	400
Constable Precinct 1	1,000	355
Constable Precinct 2	1,000	178
123rd Judicial District Adult Probation	10,000	308
123rd Judicial District Juvenile Probation	10,000	164
County Surveyor	1,000	178
Road and Bridge Administrator	3,000	100
Warehouse Assistant	3,000	100
Special Prosecutor	2,500	100
Court Coordinator LE & Forfeiture Spec.	2,500	100
Asst. District Attorney	2,000	100
Reserve Constable Deputy Pct. 1	5,000	100
Reserve Constable Deputy Pct. 2	2,000	100
	2,000	100

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**PANOLA COUNTY, TEXAS  
GENERAL INFORMATION  
DECEMBER 31, 2004  
(UNAUDITED)**

**History, Location:** Panola County is located in East Texas with its eastern border on the Texas-Louisiana state line. It was created in 1846 from Harrison and Shelby counties and organized the same year. The County was created by the Legislature through an act authorized by the Honorable Isaac Van Sandt who selected the name "Panola". The name came from the Indian word "ponola" which means cotton.

Noticeable geographic features of the County include the Sabine River, Lake Murvaul, and a portion of Toledo Bend Lake. The cities of Carthage, Beckville, and Gary are located in Panola County. Carthage is the county seat and largest city. The County has approximately 801 square miles with an estimated 91% in forest or agricultural land; about 4.2% can be classified as urban or urban fringe, and the remainder as surface water. The County is traversed by U.S. Highways 59 and 79, State Highways 149 and 315, and 16 Farm-to-Market roads. The State of Texas maintains approximately 315 miles of state roads in the County. County maintains approximately 650 miles of county roads.

**Climate (1):** The average annual rainfall for Panola County is 48.0 inches. The January average minimum temperature is 33 degrees while the July maximum temperature averages 94 degrees. The growing season is 240 days.

**Demographics:** The current population is 22,734 compared to 22,261 in 1991. The following table shows the current statistics on population:

**POPULATION (2)**

% of U.S.	Percent of Population by Age Group					Households (Thousands)
	1-17 Years	18-24 Years	25-34 Years	35-49 Years	50 + Years	
.0087	24.3	10.3	10.1	21.1	34.2	8.8

**Economic Background and Statistics:** Panola County has relied upon oil and gas, agriculture, lignite production, lumbering and manufacturing. These activities have provided employment in the services and construction sectors which combine for over 40% of county employment. The poultry and mining industries are large employers in the County. The latest figures available for employment in 2002 are shown in the following table.

**Sources:**

(1) Texas Almanac - 2004-05 Edition

(2) 2004 Sales and Marketing Management Publication Survey of Buying Power

**PANOLA COUNTY, TEXAS  
GENERAL INFORMATION  
DECEMBER 31, 2004  
(UNAUDITED)**

**EMPLOYMENT IN PANOLA COUNTY (3)**

	<u>Employment Within Panola County</u>	<u>Percentage of Total Employment</u>
Natural Resources & Mining	574	8.57
Construction	758	11.31
Manufacturing	967	14.43
Trade, Transportation and Utilities	1,182	17.64
Information	38	.57
Financial Activities	242	3.61
Professional and Business Services	271	4.05
Educations and Health Services	837	12.49
Leisure and Hospitality	431	6.43
Other Services	155	2.31
Federal Government	80	1.19
State Government	64	.96
Local Government	1,101	16.44
	<u>6,700</u>	<u>100.00</u>

The following summary of tax roll values illustrates the County's heavy dependence on oil, gas, and industrial properties for economic activity.

**2004 TAX ROLL VALUES (4)**

	<u>Total Value</u>	<u>Percentage of Total</u>
Land & Real Estate Value		
After Exemptions	\$ 561,450,041	20.14
Oil and Gas Properties	1,765,264,380	63.31
Utilities Properties	73,899,470	2.65
Intangibles, Rolling Stock and Other Personal Properties	387,568,913	13.90
Total	<u>\$ 2,788,182,804</u>	<u>100.00</u>

**Sales and Buying Power:** According to latest figures available, agriculture contributed about 40 million average yearly income. This includes beef, pork, poultry, and timber production.

**Sources:**

(3) Texas Workforce Commission

(4) Certification of appraisal Roll plus adjustment for Rolling Stock per Panola County Appraisal District as of July 23, 2004

PANOLA COUNTY, TEXAS  
GENERAL INFORMATION  
DECEMBER 31, 2004  
(UNAUDITED)

The following tables show various economic statistics about retail sales, buying power, and earnings statistics for the County.

<u>Store Group</u>	<u>RETAIL SALES (5)</u>	<u>(Thousands)</u>
Food	\$	35,847
Restaurants		11,286
General Merchandise		15,993
Furniture, Furnishings & Appliances		5,047
Automotive		55,111
Total Retail Sales	\$	123,284

<u>Median Household Effective Buying Income</u>	<u>Percent of Households by Effective Buying Income</u>	<u>Total Effective Buying Income</u>
\$30,505	a. -0- - 19,999 32.0	\$325,478,000
	b. 20,000 - 34,999 25.7	
	c. 35,000 - 49,999 17.8	
	d. 50,000 & over 24.5	

EARNINGS STATISTICS (7)

Earnings of persons employed in Panola County increased from \$321,040,000 in 1993 to \$475,317,000 in 2000, an average annual growth of 6.01%.

- Source: (5) 2004 Sales & Marketing Management Publication Survey of Buying Power  
(6) 2004 Sales & Marketing Management Publication Survey of Buying Power  
(7) US Department of Commerce - Business of Economic Analysis

PANOLA COUNTY, TEXAS  
GENERAL INFORMATION  
DECEMBER 31, 2004  
(UNAUDITED)

**Parks and Recreation:** Over 40 acres of park acreage is developed in the County. The County, schools and city combined in a joint effort to construct an exposition center. This center is used for various educational, cultural, and recreational activities in the County.

**Libraries:** One public library is located within the County. The library has over 47,631 volumes with a circulation of approximately 145,227. There are 6,117 library cards in force.

**Educational Opportunities:** The County has three public schools whose facilities are located entirely in Panola County. These include Beckville, Carthage and Gary Independent School Districts with a combined enrollment of around 3,600. Other independent school districts in Panola County include Elysian Fields, Tatum, Joaquin and Tenaha. Panola College is located in the city of Carthage. The college has an enrollment in excess of 2,083 of credit and non-credit students. There are at least eighteen higher education institutions and colleges within 70 miles of Panola County.

**Fire Protection:** Within the boundaries of Panola County there are eight volunteer fire departments. There are approximately 161 active volunteers and four paid full-time employees.

**Law Enforcement and Police Protection:** The County operates a 48-capacity jail facility with 16 jailers. Law enforcement sworn officers include the County sheriff, 16 deputies, two constables, and 14 volunteer deputies. The City of Carthage has 15 sworn officers and 4 volunteer officers.

**Health Care Facilities:** Citizens have access to one hospital facility and three nursing homes located within the city limits of Carthage, Texas.



**OVERALL COMPLIANCE AND  
INTERNAL CONTROLS SECTION**

**ROBINSON & WILLIAMS, P.L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
416 WEST PANOLA  
CARTHAGE, TEXAS 75633

MEMBERS OF  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE  
(903) 693-8522

**Independent Auditors' Report**

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

To The Honorable Members  
of The Commissioners' Court  
of Panola County  
Carthage, Texas

**Members of the Commissioners' Court:**

We have audited the financial statements of Panola County, Texas as of and for the year ended December 31, 2004, and have issued our report thereon dated June 16, 2005.

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.

**Compliance**

As a part of obtaining reasonable assurance about whether Panola County, Texas's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts and grants, 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 test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Panola County, Texas's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses.

Commissioners Court  
Panola County  
Page 2

This report is intended for the information of the Commissioners Court, management of Panola County, and appropriate state and federal agencies and is not intended to be used and should not be used by anyone other than these specified parties.

*Robinson & Williams*

Robinson & Williams, P.L.L.C.  
Certified Public Accountants

June 16, 2005

**ROBINSON & WILLIAMS, P.L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
416 WEST PANOLA  
CARTHAGE, TEXAS 75633

MEMBERS OF  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE  
(903) 693-8522

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
THE STATE OF TEXAS SINGLE AUDIT CIRCULAR**

**Independent Auditor's Report**

To the Honorable Members  
Of the Commissioners' Court  
Of Panola County, Texas  
Carthage, Texas 75633

**Members of the Commissioners' Court:**

**Compliance**

We have audited the compliance of Panola County, Texas, with the types of compliance requirements described in the *State of Texas Single Audit Circular* that are applicable to each of its major state programs for the year ended December 31, 2004. Panola County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of management of Panola County, Texas. Our responsibility is to express an opinion on the compliance of Panola County, Texas, based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State of Texas Single Audit Circular*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on a major state program, occurred. An audit includes examining, on a test basis, evidence about compliance of Panola County, Texas, with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on compliance of Panola County, Texas, with those requirements.

In our opinion, Panola County, Texas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2004.

**Internal Control Over Compliance**

The management of Panola County, Texas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Panola County's internal control over compliance with requirements that could have a direct and material effect on major state programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *State of Texas Single Audit Circular*.

Commissioners Court  
Panola County  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Commissioners Court, management of Panola County, federal and state awarding agencies, and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

*Robinson & Williams*

Robinson & Williams, P.L.L.C.  
Certified Public Accountants

June 16, 2005

PANOLA COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**I. Summary of the Auditor's Results:**

- A. The type of report issued on the financial statements of Panola County, Texas, was an unqualified opinion.
- B. There were no reportable conditions in internal control disclosed by the audit of the financial statements.
- C. There were no instances of noncompliance which is material to the financial statements.
- D. There were no reportable conditions in internal control over major state programs that were disclosed by the audit.
- E. The type of report the auditor issued on compliance for major state programs was an unqualified opinion.
- F. The audit disclosed no findings which were required to be reported under Section \_\_\_510 of the *State of Texas Single Audit Circular*.
- G. Major state programs identified during the audit were:
  - 1. Community Supervision & Correction Department CJAD Contracts.
- H. The dollar threshold used to distinguish between State Type A and State Type B programs was \$300,000.
- I. Based on the criteria given in OMB Circular A-133, Panola County, Texas, did not qualify as a low-risk auditee.

**II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with Generally Accepted Government Auditing Standards.**

- 1. None

**III. Findings and Questioned Costs for State Awards Including Audit Findings as Described in I.f Above**

- 1. None

**FEDERAL AND STATE  
AWARD SECTION**

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**SCHEDULE OF EXPENDITURES OF FEDERAL  
AND STATE AWARDS**

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**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**DECEMBER 31, 2004**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA (1) Number	Pass-Through Grantor's Number	Expenditures Indirect Costs And Refunds	Pass Through Amounts To Subrecipients
<b>FEDERAL GRANTS</b>				
United States Department of Health and Human Services Passed Through Texas Department of Protective and Regulatory Services	93.658		\$ 729	\$ -
Title IV - E Federal Foster Care Reimbursement Program Passed Through Texas Juvenile Probation Commission	93.658		5,992	
United States Department of Homeland Security Passed Through Texas Engineering Extension Service	97.004		147,407	
<b>TOTAL FEDERAL GRANTS</b>			<u>\$ 154,128</u>	<u>\$ -</u>
<b>STATE GRANTS AND ASSISTANCE</b>				
State of Texas Passed Through Texas Department of Transportation			\$ 1,664	\$ -
Texas State Comptroller of Public Accounts - Indigent Defense Grant			15,516	
Community Justice Assistance Division Community Supervision & Correction Department - CJAD Contracts			406,978	
Texas Juvenile Probation Commission - TJPC Contracts			152,536	
Texas State Comptroller of Public Accounts - District Attorney Apportionment Funds			33,630	
Texas State Comptroller of Public Accounts - Assistant Felony Prosecutor Longevity Supplement			3,120	
Texas State Comptroller of Public Accounts - County Lateral Road Funds			30,504	
<b>TOTAL STATE ASSISTANCE</b>			<u>\$ 643,948</u>	<u>\$ -</u>

(1) Catalog of Federal Domestic Assistance number.

See notes to Schedule of Federal and State Financial Assistance.

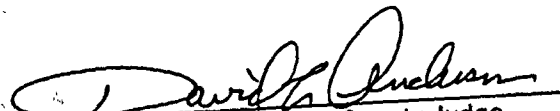
PANOLA COUNTY, TEXAS  
NOTES TO THE SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
DECEMBER 31, 2004

The federal program activity reflected in the schedules present only the activity applicable to each program. No other assets (cash, accounts receivable) or residual fund balances originating from other than federal sources are included in the schedule.

The state grants and assistance reflect residual fund balances, if any, in the funds used to account for the various programs of assistance.

## PUBLIC NOTICE

Notice is hereby given that the 2004 Annual Audit Report for Panola County is available for public inspection in the County Clerk's Office, County Auditor's Office and County Judge's Office in the Panola County Courthouse, Carthage, Texas. This report, accepted by the Commissioners' Court on June 29, 2005 is the Annual Financial and Compliance Audit performed pursuant to Federal Regulations. This audit was conducted in accordance with generally accepted audit standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. This report and any other supporting documentation may be reviewed by an interested citizen on any regular county work day between the hours of 8:00 a.m. and 5:00 p.m.

  
David L. Anderson, County Judge

June 27, 2005

The Honorable Members  
Of The Commissioners' Court  
Of Panola County  
Carthage, Texas

Gentlemen:

We are pleased to confirm our understanding of the services we are to provide Panola County (the County) for the year ended December 31, 2005. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, which collectively comprise the entity's basic financial statements, of Panola County, Texas as of and for the year ended December 31, 2005. Also, the document we submit to you will include the following additional information that will be subjected to auditing procedures applied in our audit of the financial statements:

1. Management's Discussion and Analysis.
2. Schedule of Expenditures of Federal and State Awards.

The document will also include the following additional information that will not be subject to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will disclaim an opinion.

1. Statistical data required by the Government Finance Officers Association for participation in the Certificate of Achievement for Excellence in Financial Reporting program.

#### **Audit Objectives**

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. The objective also includes reporting on -

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Panola County  
Page 2

- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the audit committee, management, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the event federal awards exceed \$500,000, the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with Circular A-133, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. If our opinion on the financial statements or the Single Audit compliance opinion is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

#### Management Responsibilities

Management is responsible for establishing and maintaining internal control and for compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and will assist in the preparation of your financial statements, including the schedule of expenditures of federal and state awards, but the responsibility for the financial statements remains with you. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting and compliance, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) other where the fraud could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the County complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

As part of the audit, we will prepare a draft of your financial statements, schedule of expenditures of federal awards, and related notes. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing those services.



Panola County  
Page 4

#### **Audit Procedures – General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the County or to acts by management or employees acting on behalf of the County. In the event federal awards exceed \$500,000, as required by the Single Audit Act Amendments of 1996 and OMB Circular A-133, our audit will include tests of transactions related to major federal award programs for compliance with applicable laws and regulations and the provisions of contracts and grant agreements. Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements of major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that might arise during any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

#### **Audit Procedures – Internal Controls**

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinions on the County's financial statements and on its compliance with requirements applicable to major programs.

Panola County  
Page 5

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Tests of controls relative to the financial statements are required only if control risk is assessed below the maximum level. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

In the event federal awards exceed \$500,000, as required by OMB Circular A-133, we will perform tests of controls to evaluate the effectiveness of the design and operation of control that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the Commissioners Court of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We will also inform you of any non-reportable conditions or other matters involving internal control, if any, as required by *Government Auditing Standards* and OMB Circular A-133.

#### **Audit Procedures – Compliance**

Our audit will be conducted in accordance with the standards referred to in the section titled Audit Objectives. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the County's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Panola County  
Page 6

In the event federal awards exceed \$500,000, OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the County has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of the applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Panola County's major programs. The purpose of those procedures will be to express an opinion on the County's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

#### **Audit Administration, Fees, and Other**

We understand that your employees will assist in the preparation of audit schedules, confirmations, and be of assistance as needed during the course of the audit, and will locate any invoices selected by us for testing.

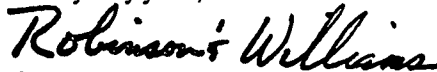
The audit documentation for this engagement is the property of Robinson & Williams, P.L.L.C. and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a federal agency providing direct or indirect funding, or the U.S. General Accounting Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Robinson & Williams, P.L.L.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Our fee for these services will be at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment. We have previously provided you with a copy of our 2002 report. Our most recent external peer review was conducted in June 2005. The report is not yet available. We will furnish you a copy of this report as soon as it becomes available.

We appreciate the opportunity to be of service to Panola County and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it us.

Very truly yours,



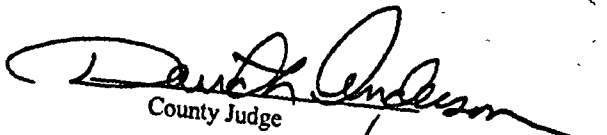
Robinson & Williams, P.L.L.C.

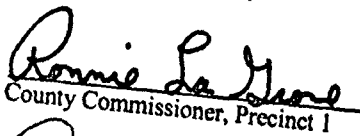
Panola County  
Page 7

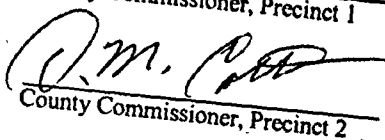
RESPONSE:

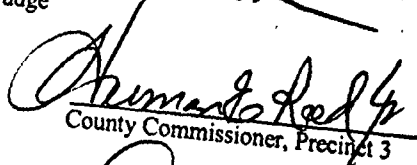
This letter correctly sets forth the understanding of Panola County and is acceptable to us.

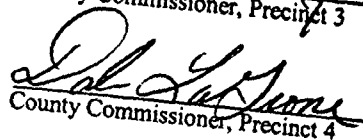
6-29-09  
Date

  
County Judge

  
County Commissioner, Precinct 1

  
County Commissioner, Precinct 2

  
County Commissioner, Precinct 3

  
County Commissioner, Precinct 4

## ORDER #2005-05


WHEREAS, the Commissioners' Court of Panola County desires to employ independent auditors to handle the independent audit for financial matters of Panola County for Fiscal Year 2005; and

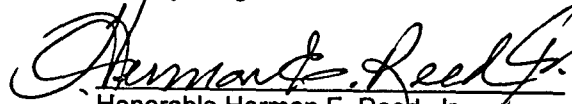
WHEREAS, Article 262.024 V.T.C.A. grants an exemption from competitive bidding and competitive proposal requirements for professional services;

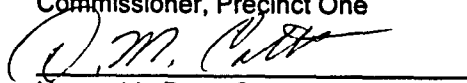
NOW, THEREFORE, the Panola County Commissioners' Court does hereby claim that exemption in the employment of Robinson & Williams for matters pertaining to the independent audit for financial matters of Panola County for Fiscal Year 2005.

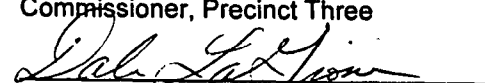
PASSED, APPROVED, and ADOPTED in Open Court this 27th day of June, 2005.

  
County Judge David L. Anderson


  
Honorable Ronnie LaGrone  
Commissioner, Precinct One

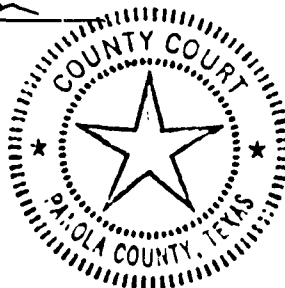
  
Honorable Hermon E. Reed, Jr.  
Commissioner, Precinct Three

  
Honorable Doug Cotton  
Commissioner, Precinct Two

  
Honorable Dale LaGrone  
Commissioner, Precinct Four

## ATTEST:

  
County Clerk Mickey Dorman



RECORDED \_\_\_\_\_ O'CLOCK \_\_\_\_\_ M. ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_ 2005

MICKEY DORMAN, COUNTY CLERK, P.C.T.



