

FILED FOR RECORD  
IN MY OFFICE

AT 3:20 O'CLOCK P. M.

JUN 23 2011

CLARA JONES  
COUNTY CLERK, PANOLA COUNTY, TEXAS  
BY *[Signature]* DEPUTY

VOL.

-75 PAGE 561

## 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 27<sup>TH</sup> DAY OF JUNE, 2011, 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. **CITIZEN COMMENTS:** This is for citizens to comment on any subject not on the current agenda concerning county business. Members of the Court may answer direct questions, but any action from this item must be scheduled on a future agenda.
2. **COMMISSIONERS' REPORT:** These are for informational purposes only. Any action that needs to be taken on the basis of these reports will be placed on a future agenda for action.
3. **COUNTY JUDGE'S REPORT:** This is for informational purposes only. Any action that needs to be taken on the basis of this report will be placed on a future agenda for action.
4. **CONSENT ITEMS:**

### PERSONNEL

- a. To record the resignation of Sidney Shelton as a Truck Driver with the Panola County Road and Bridge Department, Precinct #1, effective May 23, 2011.

### ROAD & BRIDGE

- a. To approve and record a request by Chevron to cross under Panola County Road #467 with a 6" fiberspar pipe line.
- b. To authorize the County Auditor to advertise for sealed bids for rehabilitation

with soil cement for a portion of Panola County Road #455. Bid Specifications available at the Panola County Warehouse, 1120 E. Sabine, Carthage, Texas 75633 and the County Judge's Office, 110 S. Sycamore, Room 216-A, Carthage, Texas 75633. Bids to be opened at the Panola County Commissioners' Court scheduled for Monday, July 25, 2011 at 9:00 o'clock a.m.

### **MISCELLANEOUS**

- a. To record AIA Documents G701-2001 Change Order #1 with regards to the Panola County Sheriff's Department/Old Jail Renovations.
- b. To approve and record 2011 Budget Amendment No. 9.
- c. To accept and record Analysis of the GASB Liability Related to Post-Retiree Health Benefits for Panola County as of December 31, 2010.
- d. To record IRS change on 2011 Mileage Reimbursement Rate, effective July 1, 2011.

### **REQUESTS FOR CONFERENCE ATTENDANCE**

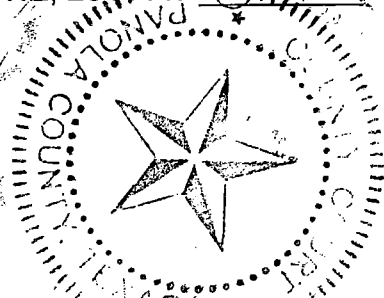
- a. To approve and record a Request for Attendance at a Conference form(s) for the following Panola County elected official(s)/employee(s): Panola County Auditor Sidney Burns.
5. To approve Road & Bridge requisitions and to approve payment of current Panola County bills as presented on vouchers prepared and submitted by the County Auditor.
6. To discuss and act upon approving Final Plat for the Majestic Oaks Subdivision.
7. To receive County Auditor's Comprehensive Annual Financial Report, and hear report of Financial Audit of Panola County by independent auditors for Fiscal Year 2010.
8. To discuss and authorize the County Judge to publish notice of the acceptance of the 2010 Annual Financial and Compliance Audit Report for Fiscal Year 2010 by applicable laws.
9. To discuss and approve engagement letter and Order #2011-03 granting applicable exemption on independent audit for Panola County financial matters for Fiscal Year 2011.
10. To discuss and act upon approving a proposal from Anderson Concrete for new handicapped ramp outside the front of the Panola County Sheriff's Department.
11. To discuss and act upon approving a Funeral Home Purchase Agreement and

payment of \$500.00 to Hilliard Funeral Home for cremation of indigent Panola County resident.

12. To discuss and act upon approving the purchase of one (1) 1 Ton Cab & Chassis through HGAC from the Farm and Lateral Road Fund for use by the Panola County Road and Bridge Department.
13. To discuss and act upon authorizing the County Auditor to advertise for the purchase of (1) 3/4 Ton Pickup for use by the Panola County Road and Bridge Department, Precinct 1. Bid Specifications available at the Panola County Warehouse, 1120 E. Sabine, Carthage, Texas 75633 and the County Judge's Office, 110 S. Sycamore, Room 216-A, Carthage, Texas 75633. Bids to be opened at the Panola County Commissioners' Court scheduled for Monday, July 25, 2011 at 9:00 o'clock a.m.
14. To ratify Deferred Compensation 457 Government Plan Document.
15. To approve agreements thru Nationwide Financial Company for Roth Contribution Amendment To The Deferred Compensation Plan For Public Employees 457 Governmental Plan and Trust, Additional Products and Services Plan Sponsor Authorization Agreement and Pro Account - Plan Sponsor Agreement.
16. To approve and record the inmate telephone service agreement with Lattice Incorporated as agreed upon in the June 13<sup>th</sup> Commissioner's Meeting.

### ADJOURNMENT

WITNESS THE HAND OF THE UNDERSIGNED CLERK ON THIS THE 23<sup>RD</sup> DAY OF JUNE, 2011 AT 3:20 O'CLOCK P.M.

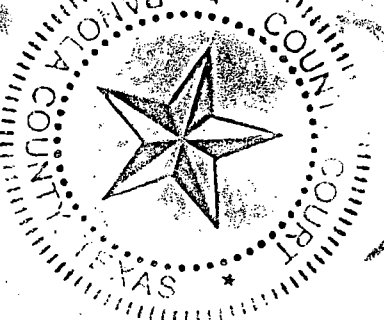


Clara Jones

CLARA JONES, COUNTY CLERK  
PANOLA COUNTY, TEXAS

By: Shirley D. Woodfin, Deputy

I, CLARA JONES, 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, 2011 AT 3:20 O'CLOCK P.M.



Clara Jones

CLARA JONES, COUNTY CLERK  
PANOLA COUNTY, TEXAS

By: Shirley D. Woodfin, Deputy

AT 10:50 O'CLOCK A M

JUL 11 2011

STATE OF TEXAS  
COUNTY OF PANOLACLARA JONES  
COUNTY CLERK, PANOLA COUNTY, TEXAS  
BY Clara Jones DEPUTY

On this the 27th day of June, A. D. 2011 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	County Judge
Ronnie LaGrone	Commissioner, Precinct #1
John Gradberg	Commissioner, Precinct #2
Hermon E. Reed, Jr.	Commissioner, Precinct #3
Dale LaGrone	Commissioner, Precinct #4

And none absent, constituting a quorum of the Court. Also attending were Quimbly Woodfin, Deputy 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. CITIZEN COMMENTS:**

Paige Cavalcante, a representative from Devon/Dawson Geo-Physical gave an update on the 3D Seismic Project going on in the County.

Neal J. Franklin introduced himself to the Court on behalf of East Texas Medical Center (ETMC) – EMS.

**2. COMMISSIONERS' REPORTS:**

Commissioner Ronnie LaGrone informed the Court that they are looking into having some doors to one of the hangars repaired at the Panola County Airport – Sharpe Field.

**3. COUNTY JUDGE'S REPORT:**

There was no County Judge's Report.

**4. CONSENT ITEMS:****PERSONNEL**

- a. To record the resignation of Sidney Shelton as a Truck Driver with the Panola County Road and Bridge Department, Precinct #1, effective May 23, 2011.

**ROAD & BRIDGE**

- a. To approve and record a request by Chevron to cross under Panola County Road #467 with a 6" fiberspar pipe line.
- b. To authorize the County Auditor to advertise for sealed bids for rehabilitation with soil cement for a portion of Panola County Road #455. Bid Specifications available at the Panola County Warehouse, 1120 E. Sabine, Carthage, Texas 75633 and the County Judge's Office, 110 S. Sycamore, Room 216-A, Carthage, Texas 75633. Bids to be opened at the

Panola County Commissioners' Court scheduled for Monday, July 25, 2011 at 9:00 o'clock a.m.

### MISCELLANEOUS

- a. To record AIA Documents G701-2001 Change Order #1 with regards to the Panola County Sheriff's Department/Old Jail Renovations.
- b. To approve and record 2011 Budget Amendment No. 9.
- c. To accept and record Analysis of the GASB Liability Related to Post-Retiree Health Benefits for Panola County as of December 31, 2010.
- d. To record IRS change on 2011 Mileage Reimbursement Rate, effective July 1, 2011.

### REQUESTS FOR CONFERENCE ATTENDANCE

- a. To approve and record a Request for Attendance at a Conference form(s) for the following Panola County elected official(s)/employee(s): Panola County Auditor Sidney Burns.

Commissioner Dale LaGrone moved and Commissioner Hermon Reed seconded the motion to approve all the Consent Items. The motion passed unanimously.


### A COPY OF EACH LETTER, AMENDMENT, REQUEST, AND/OR BOND IS ATTACHED TO AND MADE A PART OF MINUTES.

5. Commissioner Ronnie LaGrone moved and Commissioner John Gradberg seconded the motion to approve Road & Bridge requisitions and to approve payment of current Panola County bills as presented on vouchers prepared and submitted by the County Auditor. The motion passed unanimously. SEE LIST OF BILLS ATTACHED.
6. Commissioner Dale LaGrone moved and Commissioner Hermon E. Reed, Jr. seconded the motion to approve and record the Final Plat for the Majestic Oaks Subdivision. The motion passed unanimously. SEE COPY OF PLAT ATTACHED.
7. After a brief report by Independent Auditor Richard Loughlin, CPA of the Financial Audit of Panola County by independent auditors for Fiscal Year 2010, Commissioner Ronnie LaGrone moved and Commissioner Hermon E. Reed, Jr. seconded the motion to receive the County Auditor's Comprehensive Annual Financial Report of Panola County for Fiscal Year 2010. The motion passed unanimously. SEE COPY OF REPORT ATTACHED.
8. Commissioner John Gradberg moved and Commissioner Dale LaGrone seconded the motion to authorize the County Judge to publish notice of the acceptance of the 2010 Annual Financial and Compliance Audit Report for Fiscal Year 2010 by applicable laws. The motion passed unanimously.
9. Commissioner Ronnie LaGrone moved and Commissioner Dale LaGrone seconded the motion to approve and record an engagement letter and Order #2011-03 granting applicable exemption on independent audit for Panola County financial matters for Fiscal Year 2011. The motion passed unanimously. SEE COPY OF ORDER ATTACHED.
10. Commissioner Dale LaGrone moved and Commissioner Ronnie LaGrone seconded the motion to approve and record a proposal from Anderson Concrete for a new handicapped ramp outside the front of the Panola County Sheriff's Department. The motion passed unanimously. SEE COPY OF PROPOSAL ATTACHED.


11. Commissioner Hermon E. Reed, Jr. moved and Commissioner Ronnie LaGrone seconded the motion to approve and record a Funeral Home Purchase Agreement and payment of \$500.00 to Hilliard Funeral Home for the cremation of an indigent Panola County resident. The motion passed unanimously. SEE COPY OF AGREEMENT ATTACHED.
12. Commissioner Dale LaGrone moved and Commissioner John Gradberg seconded the motion to approve and record the purchase of one (1) 1 Ton Cab & Chassis through HGAC from the Farm and Lateral Road Fund for use by the Panola County Road and Bridge Department. The motion passed unanimously.
13. Commissioner Ronnie LaGrone moved and Commissioner Dale LaGrone seconded the motion to authorize the County Auditor to advertise for the purchase of (1) 3/4 Ton Pickup for use by the Panola County Road and Bridge Department, Precinct 1. Bid Specifications available at the Panola County Warehouse, 1120 E. Sabine, Carthage, Texas 75633 and the County Judge's Office, 110 S. Sycamore, Room 216-A, Carthage, Texas 75633. Bids to be opened at the Panola County Commissioners' Court scheduled for Monday, July 25, 2011 at 9:00 o'clock a.m. The motion passed unanimously.
14. Commissioner Ronnie LaGrone moved and Commissioner John Gradberg seconded the motion to ratify Deferred Compensation 457 Government Plan Document. The motion passed unanimously.
15. Commissioner Dale LaGrone moved and Commissioner Hermon E. Reed, Jr. seconded the motion to approve and record agreements thru Nationwide Financial Company for Roth Contribution Amendment To The Deferred Compensation Plan For Public Employees 457 Governmental Plan and Trust, Additional Products and Services Plan Sponsor Authorization Agreement and Pro Account - Plan Sponsor Agreement. The motion passed unanimously. SEE COPY OF AGREEMENTS ATTACHED.
16. Commissioner Ronnie LaGrone moved and Commissioner Dale LaGrone seconded the motion to approve and record the inmate telephone service agreement with Lattice Incorporated as agreed upon in the June 13th Commissioner's Meeting. The motion passed unanimously. SEE COPY OF AGREEMENT ATTACHED.

The meeting was then adjourned.

Dated this the 27th day of June, 2011.

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

ATTEST:

  
Clara Jones, County Clerk, Panola County, Texas



Commissioner's Court

VOL. - 75 PAGE 567

June 27, 2011, 9:00 a.m.

- 1) Paige Cavalcante
- 2) NEAL J. FRANKLIN ETMC-EMS
- 3) John Alton
- 4) Karl Muller
- 5) Sidney Burr
- 6) Richard Loughton
- 7) Don Ruchett
- 8) Jennifer Stacy
- 9) Amy Nyst
- 10) Bucky Barlick

# CONSENT ITEMS



**PANOLA COUNTY ROAD AND BRIDGE DEPARTMENT**

1120 EAST SABINE STREET     CARTHAGE, TX 75633

---

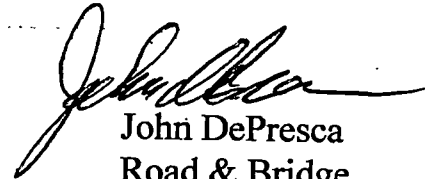
May 23, 2011

FROM:     John DePresca, Road and Bridge Coordinator

TO:        Gloria Portman, County Treasurer

SUBJECT: EFFECTIVE DATE OF RESIGNATION

1.     Please be advised of the resignation of Sidney Shelton, Truck Driver, Precinct# 1, effective this date.

  
John DePresca  
Road & Bridge

**NOTICE OF PROPOSED INSTALLATION  
PIPELINE AND /OR UTILITY LINES**TO: THE PANOLA COUNTY COMMISSIONERS COURT

c/o

PANOLA COUNTY ROAD & BRIDGE DEPARTMENT CARTHAGE, TEXAS

Formal notice is hereby give that:

Chevron Proposes to place a  
(COMPANY NAME)6" Fiberspar pipeline Line within the Right-of-Way  
(PIPE SIZE)of County Road: CR 467 as follows:  
(NUMBER OF ROAD)The proposed pipeline will cross under the indicated roads on the attached sheet.  
Installation shall be made by boring total length of line in Panola County is: 250'The location and description of the proposed line and appurtenances is more fully shown by the copies of the drawings attached to this notice. The line will be constructed and maintained on the County Right-of-Way as directed by the County Commissioners in accordance with current Panola County Specifications.Construction of this line will begin on or after the 22nd day of  
June 2011.FIRM: Chevron  
BY: Zack Dial  
TITLE: Facilities Construction Representative  
ADDRESS: 155 Private Road 560  
Beckville, TX 75631  
PHONE: ( 318 ) 773-8925

# APPROVAL

June 27, 2011

TO: Zack Dial  
Chevron  
155 PR 560  
Beckville, Texas 75633

RE: **CR #467**

The Panola County Commissioners' Court offers no objection to the location on the right-of-way of your proposed **6" fiberspar pipe** line as shown by accompanying drawings and notice except as noted below.

It is expressly understood that the County Commissioners' Court does not purpose hereby, to grant any right, claim, title or easement in or upon this county road. It is further understood that in the future should for any reason the county need to work, improve, relocate, widen, increase, add to, or in any manner change the structure of this right-of-way, any required relocation of said lines shall be at the sole expense of owner.

All work on the county right-of-way shall be performed in accordance with the county instructions. The installations shall not damage any part of the road and adequate provisions must be made to cause minimum inconvenience to traffic and adjacent owners. Special specifications for placing this line are as follows:

1. All lines are to be installed a minimum of 36 inches below the flow line of the adjacent drainage or barrow ditch.
2. All excavation within the right-of-way and not under surfacing shall be backfilled by tamping in 6 inch horizontal layers. All surplus material shall be removed from the right-of-way and the excavation finished flush with surrounding natural ground.
3. Lines crossing under surfaced roads and under surfacing cross roads within the right-of-way shall be placed by boring. Boring shall extend from crown line to crown line. Gravity from sewer lines under roadways shall be cast iron pipe.
4. All lines, where practicable, shall be located to cross roadbed at approximately right angles thereto. No lines are to be installed under or within 50 feet of either end of any bridge. No lines shall be placed in any culvert or within 10 feet of the closest point of same.

5. Parallel line will be installed as near the right-of-way lines as is possible and no parallel line will be installed in the roadbed or between the drainage ditch and the roadbed without special permission of the Panola County Commissioners' Court.
6. Operations along roadbeds shall be performed in such manner that all excavated material be kept off the pavement at all times, as well as all operating equipment and materials. No equipment or installation procedures will be used which will damage any road surface or structures. The cost of any repairs to road surface, roadbed, structures or other right-of-way features as a direct result of this installation will be borne by the owner of this line.
7. Barricades, warning signs, lights, and flag man(men) when necessary shall be provided by the contractor or owner. One-half (1/2) of the traveled portion of the road must be open at all times.

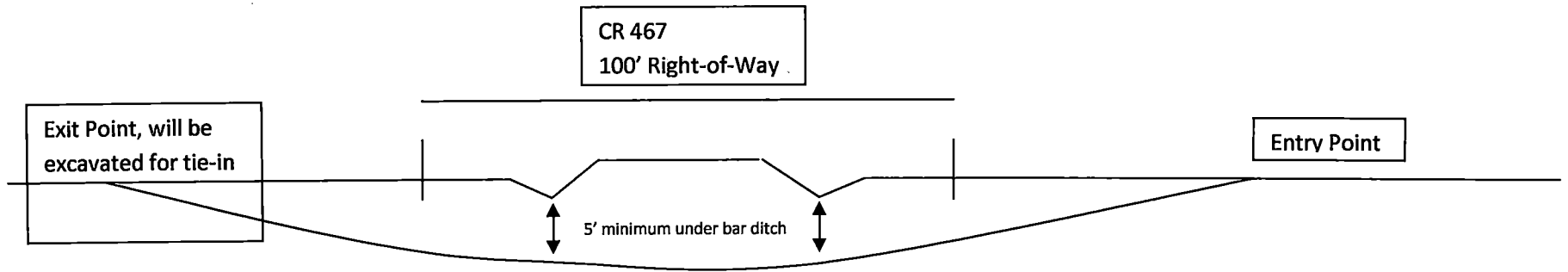
Approved

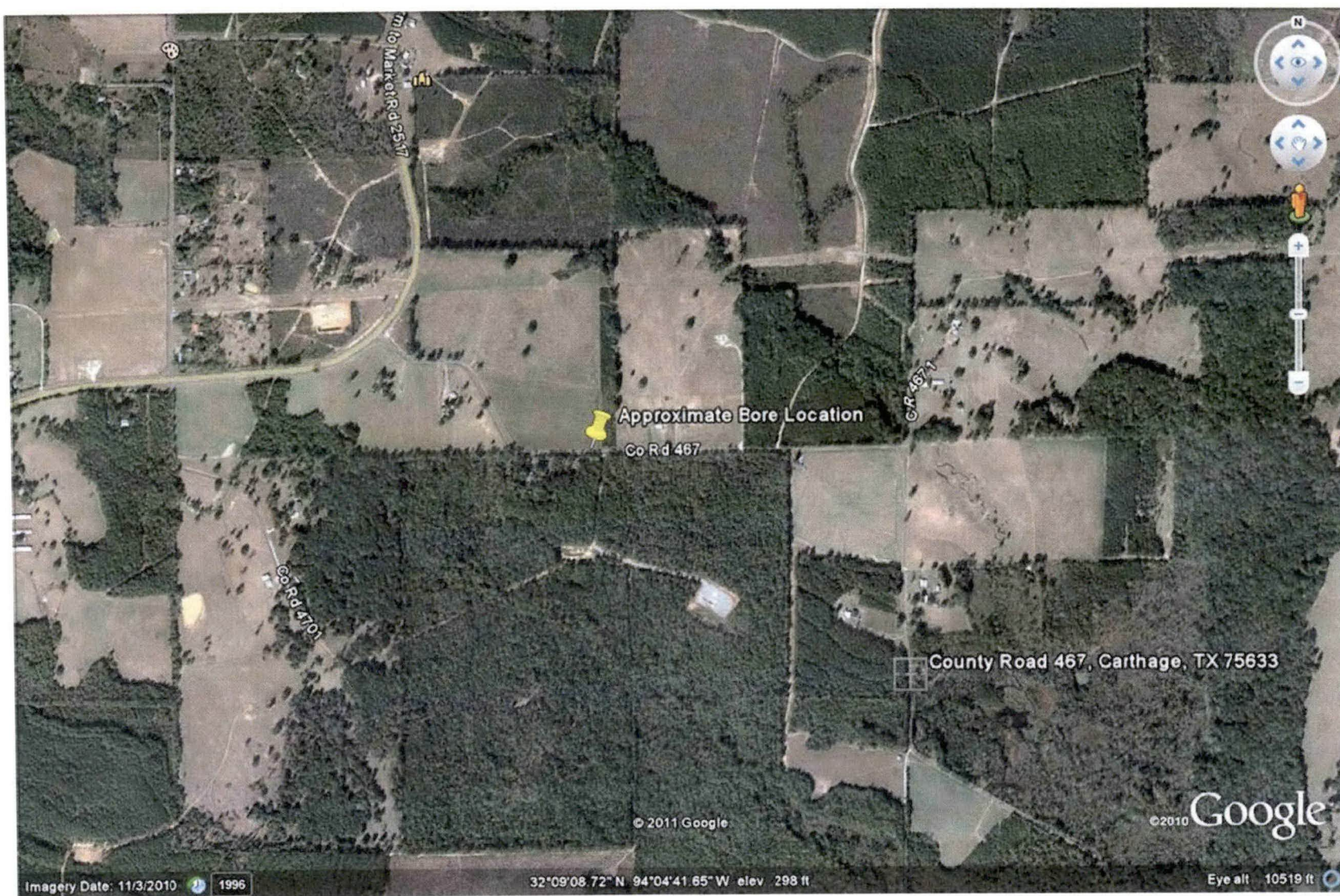
  
COUNTY JUDGE

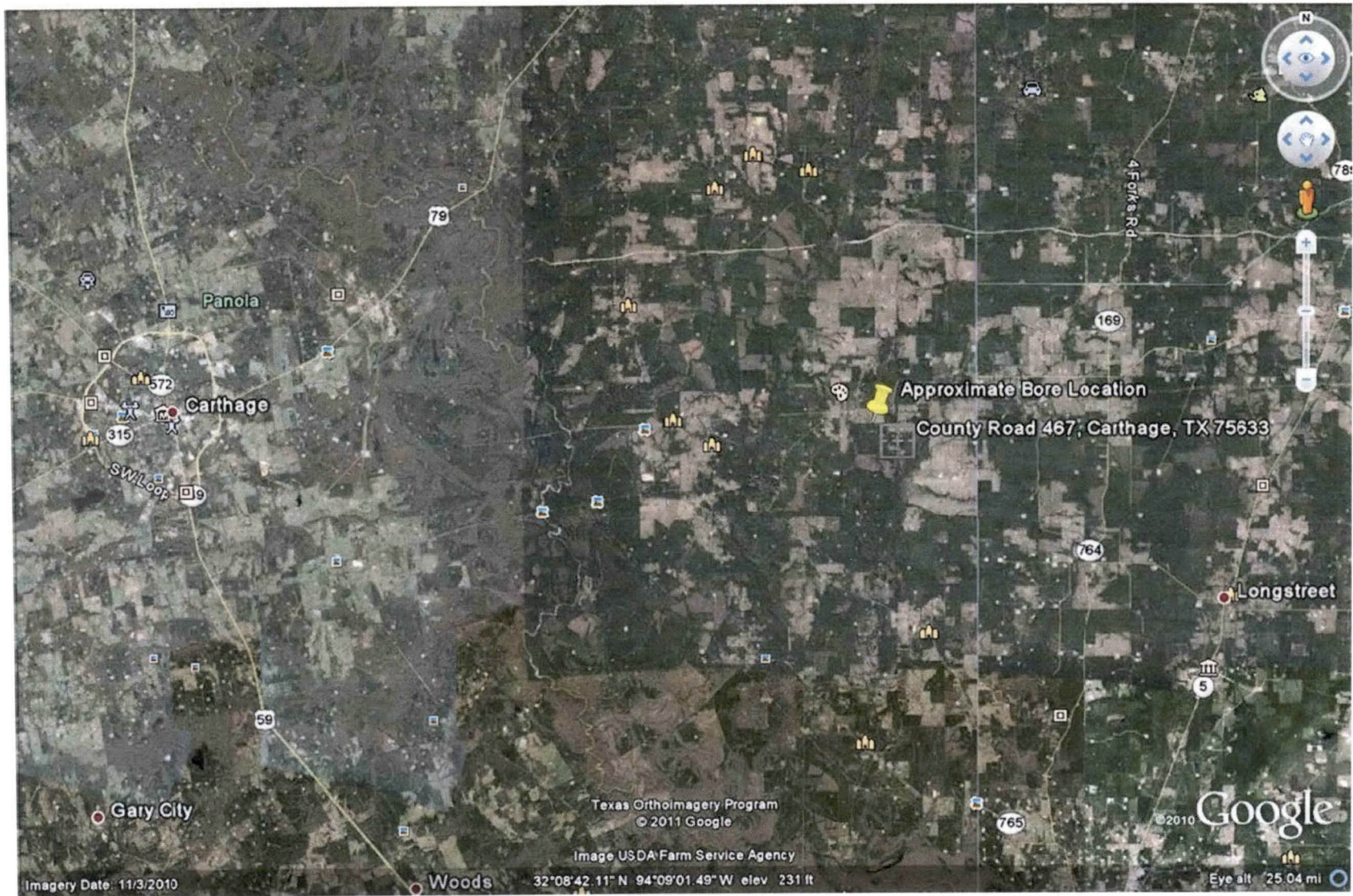
COMMISSIONERS:

Precinct #1	Ronnie LaGrone
Precinct #2	John Gradberg
Precinct #3	Hermon E. Reed, Jr.
Precinct #4	Dale LaGrone

The bore will cross CR 467 approximately 0.5 miles southeast of the intersection of FM 2517 and CR 467 just outside of Carthage, TX. The entry and exit points are approximately level, and a minimum depth of cover of five (5) feet under the bar ditches on either side of the road will be observed. I've included an area map and a profile for the proposed bore below:









**KCB** architecture, inc.

(Formerly Burns Architecture, Inc.)

June 16, 2011

The Honorable David Anderson  
Panola County Judge  
110 S. Sycamore, Room 216-A  
Carthage, TX 75633

RE: **PANOLA COUNTY SHERIFF'S OFFICE RENOVATION - CARTHAGE, TEXAS**

Judge Anderson:

Enclosed please find three (3) original signed AIA Documents G701-2001 Change Order. Please execute them. Keep one for the County's record, return one to J. E. Kingham Construction Co. and on to me.

Best regards,

**KCB Architecture, Inc.**

Kenneth C. Burns, AIA, President  
KCB/gg

# **Document G701™ – 2001**

## Change Order

<b>PROJECT:</b> (Name and address) Panola County Sheriff's Office Renovations	<b>CHANGE ORDER NUMBER:</b> 1	<b>OWNER</b> <input type="checkbox"/>
	<b>DATE:</b> 4-04-11	<b>ARCHITECT</b> <input type="checkbox"/>
	<b>ARCHITECT'S PROJECT NUMBER:</b>	<b>CONTRACTOR</b> <input type="checkbox"/>
<b>TO CONTRACTOR:</b> (Name and address) J.E. Kingham Construction P. O. Box 630632 Nacogdoches, TX 75963	<b>CONTRACT DATE:</b> August 31, 2010	<b>FIELD</b> <input type="checkbox"/>
	<b>CONTRACT FOR:</b> Construction Management	<b>OTHER</b> <input type="checkbox"/>

The Contract is changed as follows:

(Include, where applicable, any undisputed amount attributable to previously executed Construction Change Directives)

Unused Contingency Balance	DEDUCT	\$ 25,245.56
Project Underrun	DEDUCT	\$ 12,759.70
	<b>TOTAL DEDUCT</b>	<b>\$ 38,005.26</b>

The original ~~(Contract Sum)~~ (Guaranteed Maximum Price) was \$ 506,482.00

The net change by previously authorized Change Orders \$ -0-

The ~~(Contract Sum)~~ (Guaranteed Maximum Price) prior to this Change Order was \$ 506,482.00

The ~~(Contract Sum)~~ (Guaranteed Maximum Price) will be ~~(increased)~~ (unchanged) by this Change Order in the amount of \$ (38,005.26)

The new ~~(Contract Sum)~~ (Guaranteed Maximum Price) including this Change Order will be \$ 468,476.74

The Contract Time will be ~~(increased)~~ (unchanged) by zero ( 0 ) days

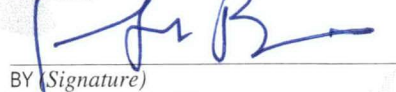
The date of Substantial Completion as of the date of this Change Order therefore is same

(Note: This Change Order does not include changes in the Contract Sum, Contract Time or Guaranteed Maximum Price which have been authorized by Construction Change Directive until the cost and time have been agreed upon by both the Owner and Contractor, in which case a Change Order is executed to supersede the Construction Change Directive.)

**NOT VALID UNTIL SIGNED BY THE ARCHITECT, CONTRACTOR AND OWNER.**

Burns Architecture  
ARCHITECT (Firm name)

Ft. Worth, Texas  
ADDRESS

BY (Signature)  


Kenneth C. Burns, pres.  
(Typed name)

6/16/2011  
DATE

J E Kingham Construction  
CONTRACTOR (Firm name)

Nacogdoches, Texas  
ADDRESS

BY (Signature)  


Jack L. Smith  
(Typed name)

4-05-11 6-6-11  
DATE

Panola County  
OWNER (Firm name)

Carthage, Texas  
ADDRESS

BY (Signature)  


David H. Anderson  
(Typed name)

6-17-11  
DATE

**CAUTION:** You should sign an original AIA Contract Document, on which this text appears in RED. An original assures that changes will not be obscured.



## PANOLA COUNTY 2011 BUDGET AMENDMENT #9

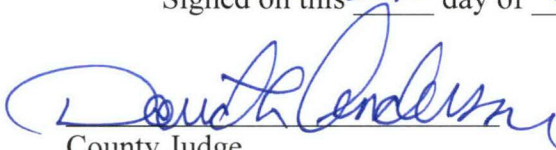
June 27, 2011


	ACCOUNT	ACCOUNT DESCRIPTION	AMOUNT	
<b>GENERAL FUND</b>				
REVENUES				
	<a href="#">100-340-44000</a>	COUNTY CLERK	611	
				611
EXPENDITURES				
COUNTY CLERK	<a href="#">100-403-54150</a>	PROFESSIONAL SERVICES	611	
				611
DISTRICT COURT	<a href="#">100-435-54270</a>	CONFERENCES & DUES	250	
	<a href="#">100-435-54990</a>	MISCELLANEOUS	(250)	
				0
HEALTH & PAUPERS	<a href="#">100-646-54051</a>	MEDICAL INDIGENT	(500)	
	<a href="#">100-646-54990</a>	MISCELLANEOUS	500	
				0
GRAND TOTAL GENERAL FUND				611
<b>ROAD &amp; BRIDGE</b>				
EXPENDITURES				
PCT.2	<a href="#">200-622-54080</a>	CONTINGENCY	(25,000)	
	<a href="#">200-622-55280</a>	ROAD OIL PRE-MIX & GRAVEL	25,000	
				0
GRAND TOTAL ROAD & BRIDGE				0
<b>FM &amp; LATERAL</b>				
EXPENDITURES				
	<a href="#">300-629-55320</a>	CONSTRUCTION	(37,000)	
	<a href="#">300-629-55270</a>	FURNITURE & EQUIPMENT	37,000	
				0
GRAND TOTAL FM & LATERAL				0

**PANOLA COUNTY  
2011  
BUDGET AMENDMENT #9**

We hereby amend the Panola County Budget for the Fiscal Year 2011 as set forth above according to the procedures outlined under Vernons Texas Codes Annotated Local Government Code, Chapter 111, Subchapter A Sections 111.010 (d), 111.0106, 111.0107, 111.0108. A copy of this Order is to be filed with the County Clerk and Attached to the Budget originally adopted for 2011.

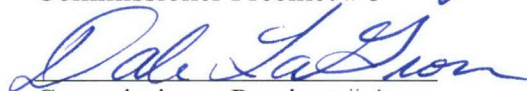
Signed on this 27<sup>th</sup> day of June, 2011.

  
County Judge


  
Commissioner Precinct # 1

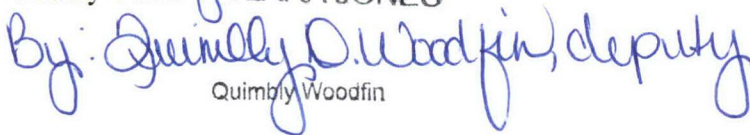
  
Commissioner Precinct # 2

  
Commissioner Precinct # 3

  
Commissioner Precinct # 4

Passed and approved by the Commissioners Court of Panola County on the 27<sup>th</sup> day of June, 2011 as the same appears on file in the office of the County Clerk of Panola County.

  
County Clerk CLARA JONES

By:   
Quimby Woodfin



**Analysis of the GASB Liability  
Related to  
Post-Retiree Health Benefits  
For Panola County  
As of December 31, 2010**

**I. Scope**

Panola County (Panola) contracted with G.P. Monnin Consulting, Inc. (GPMC, we, us) to perform an analysis of the liabilities generated by Other Post-Employment Benefits (OPEB) as required by Statement No. 45 of the Governmental Accounting Standards Board (GASB).

**II. Reliances**

In performing the analysis, GPMC relied upon census, premium data, and benefit structures, among other items presented by representatives of Panola County.

GPMC relied upon the data presented and did not perform an independent audit.

**III. Plan Provisions**

Employees who retire at the age of 60 or above with 8 years of TCDRS service are eligible to remain in the plan, and employees who retire with 30 or more years of service are eligible to remain in the plan regardless of their age at retirement. Employees whose attained age and years of TCDRS service combine to equal or exceed 75 are also eligible.

Life insurance coverage is not available to retirees. Dental insurance is on a voluntary basis and is not subsidized by Panola County. Medical benefits are provided through the Texas Association of Counties Insurance Pool (TAC). The retiree rate as of the date of this valuation was 762.92, and the rate for the spouse of a retiree was 419.84.

In 2007, Panola County established an irrevocable trust for the purpose of funding the County's retiree medical insurance obligations. The entire cost of the retiree's medical insurance coverage is currently paid from the funds in this trust, but no direct subsidy of the spouse's coverage is provided.

**IV. GASB**

The Government Accounting Standards Board published Statement No. 45 regarding the accounting and financial reporting by employers for post employment benefits other than pensions. This document gives guidance regarding the methods and timing for reporting.

The effect of Statement No. 45 is to cause the cost of retiree benefits to be paid for during the working lifetime of the employees. This requires pre-funding or accruing of a liability. At the outset, there will be an initial unfunded liability. There will also be an annual required contribution to the plan which in general is the normal cost for the year and a component for the amortization of the unfunded liability. The unfunded liability is generally funded over a period not to exceed 30 years.

An actuarial valuation is required at least biennially for plans with total membership of 200 or more and at least triennially for plans with total membership of fewer than 200. Certain "shortcut" rules are available for plans with membership less than 100.

The benefits pre-funded are post employment healthcare benefits including medical, dental, vision, hearing, and other health related benefits. Other forms of post employment benefits – for example life insurance, disability, long-term care, and other benefits – when provided separately from a defined benefit pension plan – are also funded.

A key provision in the GASB regulation relates to implicit subsidies. An example of an implicit subsidy would be a situation where the plan provides that an employee reimburse the plan at 100% of the blended cost, not the actual cost. For example, if the plan purchases insurance from an insurance company to provide the medical benefits at an average cost of 200 per employee where this 200 is paid for by all active and retired employees, a subsidy may occur. The actual underlying cost might be 150 for a 25-year-old employee and 400 for a 50-year-old employee. When a person retires, and the company provides retiree health benefits, and charges at the **blended** rate, it is easy to see that the retiree is not paying his full share of the cost. In the example above, the actual cost for a 50 year old is 400 but he is reimbursing only 200. Thus, there is a subsidy and the value of this subsidy needs to be pre-funded during the working lifetime of the employee.

GASB requires that the liabilities be separately calculated for active employees and for currently retired employees.

## **V. Assumptions**

The assumptions outlined in this analysis are attached as Appendix A.

It is intended that these assumptions be the assumptions of Panola County. It is GPMC's role to discuss the assumptions with Panola County, but it is the ultimate responsibility of Panola County to make the appropriate assumptions for valuing the liability.

Medical inflation is taken at 10% for pre-Medicare grading down to 5% in the ultimate.

Panola County did not provide a lapse study. For the 12/31/06 analysis, Panola County provided the year-end census data and terminations for a 3-year period. GPMC analyzed the census data and developed its own set of lapse assumptions. For the current analysis, Panola County provided a list of employees that terminated in 2010. GPMC applied the assumed lapse rates to the census information as of 12/31/09 and compared the expected terminations to the actual terminations. The resulting expected terminations matched reasonably well with the actual terminations, and GPMC chose to leave the lapse assumptions unchanged. GPMC believes that these lapse assumptions are reasonable but Panola County should review these assumptions to determine if they agree. Rates of retirement were similarly derived from the data provided by Panola County.

Rates of disability were derived from a Society of Actuaries study. These were not tested against Panola County experience.

Mortality was taken as the 83 GAM Table sex distinct.

According to GASB, "the investment return assumption (discount rate) should be the estimated long term investment yield on the investments that are expected to be used to finance the payment of benefits, with consideration given to the nature and mix of current and expected investments." Panola County funded a Trust during 2007. The Trust is currently invested in short term CDs earning less than 2%. Since Panola is invested in short term instruments, as of the writing of this report, and intends to remain in short term instruments, the appropriate interest rate should be an estimate of the rates that can be earned on short term investments in the future. GPMC reviewed increases in the CPI Index as well as interest rates related to six month CDs and one-year treasuries. An assumption that the CPI Index grows at long term rate of 2½ to 3% per year is appropriate. Reviewing historical data, the spread above the increase in CPI Index for one-year treasuries is approximately 200 basis points. This would lead to an interest assumption of 4½% over the long term. However, in low interest rate environments the spread between the Treasury and inflation tends to be smaller, and in all interest rate environments it tends to fluctuate fairly dramatically. One could argue then that the interest assumption could be as low as 4% with the current investment policy.

Following discussions with Panola, the decision to use a 4.5% interest assumption was made.

The Texas Association of Counties Insurance Pool (TAC) is a large self-funded pool, but the rates that a specific group within the pool pays are based upon a blend of the experience of the pool and the experience of that group. This blend is based on the credibility of the specific group's experience. TAC then provides a rate to that group similar to an insurance company providing a rate to a fully insured group. For this reason, GPMC chose to treat Panola County as if it was a fully insured group. GPMC makes the assumption that TAC is appropriately pricing the benefits on a blended basis. GPMC then "unblends" these rates to determine the true cost by age. This was straightforward since GPMC had Panola County's census and GPMC has a set of age/sex factors to unblend the rates and generate

the same overall average cost. The end result is a table of rates by age that reflect the underlying increase in cost by age. To accomplish this, GPMC coded a proxy plan similar to Panola's plan into its Houghton Medical Expense Manual. GPMC noted that the employee rates were higher than the Houghton rates and the spouse rates were lower. GPMC derived a factor to apply to the Houghton data to reproduce in total the employee and spouse rates.

Appendix B shows the unblended rates by age.

GPMC assumed that the percentage of the actual retiree premium paid by the retiree would remain constant. Panola County has a policy in place that requires the retiree to pay the difference between the premium applicable to a retiree not covered by Medicare and the premium applicable to a retiree who has Medicare coverage. Under the current insurance plan, there is no difference between these two rates. GPMC used the assumption that the current rate structure would not change to include a separate rate for retirees with Medicare coverage.

#### **VI. Census**

The census utilized in the analysis is attached as Appendix C.

#### **VII. Actuarial Method**

GASB allows for a choice of actuarial methods. The method utilized is the unit credit method. The allocation of the total liability into accrued and future was based upon a straight years of service ratio. The retirement age used assumes a weighted average expected retirement age based on termination rate assumptions.

The accrued liability was assumed to be amortized on a closed basis over a 26-year period.

**VIII. Results**

The following results were calculated using the 4.5% interest assumption.

12/31/2010	Liability (Actuarial Present Value)			Annual Cost		
Category	Past Service	Future	Total	Amortization of Unfunded Past Service	Normal Cost	Total
Active Employees	8,259,856	7,654,032	15,913,888		741,184	890,019
Retirees	7,328,789	-	7,328,789			
Total	15,588,645	7,654,032	23,242,677	148,835	741,184	890,019
Assets in Trust	13,232,856					
Unfunded Past Service	2,355,789					

The left side of the chart provides the Actuarial Present Value of benefits. This is the **total liability**, but it does not yet need to be booked. The right side of the chart provides the **annual cost** to fund for the benefits.

Reviewing the Actuarial Present Value, the chart is broken into past service, future service, and total. The past service is also referred to as accrued service. The split between the accrued liability and future liability is based upon the ratio of years of service performed and total expected years of service on an employee by employee basis. You will note that on retired employees, the entire cost is allocated to past service since they are retired.

The right side of the chart, showing the annual cost or the Annual Required Cost, is also broken into past service, future and total. GASB allows the unfunded liability to be amortized over a period not greater than 30 years, decreasing yearly. The amortization period used in the results above was 26 years.

The normal cost is the estimated cost next year to provide for the benefits earned by active employees next year.

The sum of the past service annual cost and the normal cost is the total cost required for the year. The total as of 12/31/10 is 890,019. This equates to a percentage of 14.54% of Panola's 2011 budgeted payroll of 6,121,287.

The normal cost element only is 12.11% of the budgeted payroll for 2011. Using this percentage would require funding the amortized amount of 148,835 separately.

**IX. Development of the Net OPEB Obligation/(Asset)**

The following chart shows the development of the net OPEB asset. This section includes information to be used in Panola County's financial statement as of 12/31/10.

<b>Development of Net OPEB Obligation/(Asset)</b>	
(1) Normal Cost	681,079
(2) Accrued Actuarial Liability as of 12/31/09	14,501,181
(3) Beginning Assets	12,552,245
(4) Unfunded Accrued Liability (UAL) as of 12/31/09	1,948,936
(5) Net OPEB Obligation as of 12/31/09	(10,184,347)
(6) Amortization Period	27
(7) Amortization of UAL	120,702
(8) Annual Required Contribution (ARC) (1 + 7)	801,781
(9) Interest on Prior Year OPEB Obligation	(458,296)
(10) Amortization of Prior Year OPEB Obligation	(630,742)
(11) Annual OPEB Cost ( 8 + 9 - 10)	974,227
(12) Employer Pay-As-You-Go Cost	-
(13) Employer Contributions to Trust (Prefunding)	908,548
(14) Total Employer Contributions (12 + 13)	908,548
(15) Change in Net OPEB Obligation/(Asset) During Year (11 - 14)	65,679
(16) Net OPEB Obligation/(Asset) as of 12/31/10	(10,118,668)

GPMC is available to discuss the results.

06011101JY032

**Appendix A**

## Panola County - Retiree Medical Assumptions

Latest benefit age	119
Medicare age	65

Medical Inflation		Pre-Medicare	Post-Medicare
Year	1	10.0%	8.0%
	2	9.5%	7.7%
	3	9.0%	7.4%
	4	8.5%	7.1%
	5	8.0%	6.8%
	6	7.5%	6.5%
	7	7.0%	6.2%
	8	6.5%	5.9%
	9	6.0%	5.6%
	10	5.5%	5.3%
	11	5.0%	5.0%
	12	5.0%	5.0%
	13	5.0%	5.0%
	14	5.0%	5.0%
	15+	5.0%	5.0%

Beginning pre medicare cost	762.92	Employee
Beginning post medicare cost	762.92	Employee
Beginning pre medicare cost	419.84	Spouse
Beginning post medicare cost	419.84	Spouse

Annual Termination Rates (Lapse with no benefits)					
Attained age less than 50			Attained Age	50	2.5%
Duration	1	20.0%	greater than or	51	2.5%
	2	10.0%	equal to 50	52	2.5%
	3	9.0%		53	2.5%
	4	8.0%		54	2.5%
	5	5.0%		55	2.5%
	6	4.0%		56	2.5%
	7	3.0%		57	2.5%
	8	3.0%		58	2.5%
	9	3.0%		59	2.5%
	10	2.0%		60	2.5%
	11	2.0%		61	2.5%
	12	2.0%		62	2.5%
	13	2.0%		63	2.5%
	14	2.0%		64	2.5%
	15+	2.0%			

<b>Rates of Retirement</b>	0	0.0%
	36	0.0%
	37	0.0%
	38	0.0%
	39	0.0%
	40	0.0%
	41	0.0%
	42	0.0%
	43	0.0%
	44	0.0%
	45	4.5%
	46	4.5%
	47	4.5%
	48	4.5%
	49	4.5%
	50	4.5%
	51	4.5%
	52	4.5%
	53	4.5%
	54	4.5%
	55	4.5%
	56	4.5%
	57	4.5%
	58	4.5%
	59	4.5%
	60	10.0%
	61	15.0%
	62	20.0%
	63	20.0%
	64	20.0%
	65	100.0%
	66	100.0%
	67	100.0%
	68	100.0%
	69	100.0%
	70	100.0%

<b>Rates of Disability</b>	15	0.020%	43	0.080%
	16	0.020%	44	0.080%
	17	0.020%	45	0.140%
	18	0.020%	46	0.140%
	19	0.020%	47	0.140%
	20	0.020%	48	0.140%
	21	0.020%	49	0.140%
	22	0.020%	50	0.140%
	23	0.020%	51	0.140%
	24	0.020%	52	0.140%
	25	0.050%	53	0.140%
	26	0.050%	54	0.140%
	27	0.050%	55	0.380%
	28	0.050%	56	0.380%
	29	0.050%	57	0.380%
	30	0.050%	58	0.380%
	31	0.050%	59	0.380%
	32	0.050%	60	0.380%
	33	0.050%	61	0.380%
	34	0.050%	62	0.380%
	35	0.080%	63	0.380%
	36	0.080%	64	0.380%
	37	0.080%	65	0.130%
	38	0.080%	66	0.130%
	39	0.080%	67	0.130%
	40	0.080%	68	0.130%
	41	0.080%	69	0.130%
	42	0.080%	70	0.130%

<b>Mortality</b>
83GAM Sex Distinct

<b>Interest Discount</b>	4.50%
--------------------------	-------

## **Appendix B**

## Panola County - Medical Costs by Age

Age	Male EE	Female EE	Male Spouse	Female Spouse
15	268.21	480.74	368.83	551.28
16	268.21	480.74	368.83	551.28
17	268.21	480.74	368.83	551.28
18	268.21	480.74	368.83	551.28
19	268.21	480.74	368.83	551.28
20	268.21	480.74	368.83	551.28
21	268.21	480.74	368.83	551.28
22	268.21	480.74	368.83	551.28
23	268.21	480.74	368.83	551.28
24	268.21	480.74	368.83	551.28
25	268.21	480.74	368.83	551.28
26	268.21	480.74	368.83	551.28
27	268.21	480.74	368.83	551.28
28	280.08	488.73	387.08	555.84
29	291.95	496.72	405.32	560.41
30	303.82	504.71	423.57	564.97
31	315.68	512.70	441.81	569.53
32	327.55	520.69	460.06	574.09
33	346.44	528.68	469.18	578.65
34	365.33	536.68	478.30	583.21
35	384.22	544.67	487.43	587.77
36	403.11	552.66	496.55	592.33
37	422.00	560.65	505.67	596.90
38	436.89	568.64	514.79	601.46
39	451.79	576.63	523.92	606.02
40	466.68	584.63	533.04	610.58
41	481.58	592.62	542.16	615.14
42	496.47	600.61	551.28	619.70
43	518.27	629.43	557.99	626.41
44	540.06	658.25	564.70	633.11
45	561.86	687.07	571.40	639.82
46	583.66	715.89	578.11	646.53
47	605.45	744.70	584.81	653.23
48	638.15	760.45	618.62	664.23
49	670.84	776.19	652.42	675.22
50	703.54	791.93	686.22	686.22
51	736.23	807.68	720.02	697.21
52	768.93	823.42	753.82	708.21
53	801.62	841.22	782.79	728.06
54	834.32	859.02	811.76	747.90
55	867.01	876.82	840.73	767.75
56	899.71	894.62	869.70	787.60
57	932.40	912.42	898.67	807.44
58	979.99	936.04	932.47	832.12
59	1,027.58	959.65	966.27	856.80
60	1,075.17	983.27	1,000.07	881.48

## Panola County - Medical Costs by Age

Age	Male EE	Female EE	Male Spouse	Female Spouse
61	1,122.76	1,006.88	1,033.88	906.16
62	1,170.35	1,030.50	1,067.68	930.84
63	1,236.71	1,076.88	1,116.49	975.10
64	1,303.07	1,123.26	1,165.31	1,019.35
65	391.95	391.95	391.95	391.95
66	403.28	403.28	403.28	403.28
67	417.34	417.34	417.34	417.34
68	429.41	429.41	429.41	429.41
69	441.94	441.94	441.94	441.94
70	454.26	454.26	454.26	454.26
71	466.30	466.30	466.30	466.30
72	478.07	478.07	478.07	478.07
73	487.23	487.23	487.23	487.23
74	495.77	495.77	495.77	495.77
75	503.58	503.58	503.58	503.58
76	511.28	511.28	511.28	511.28
77	518.70	518.70	518.70	518.70
78	525.79	525.79	525.79	525.79
79	532.72	532.72	532.72	532.72
80	539.65	539.65	539.65	539.65
81	546.48	546.48	546.48	546.48
82	553.20	553.20	553.20	553.20
83	559.63	559.63	559.63	559.63
84	566.06	566.06	566.06	566.06
85	572.32	572.32	572.32	572.32
86	578.59	578.59	578.59	578.59
87	585.04	585.04	585.04	585.04
88	591.34	591.34	591.34	591.34
89	597.79	597.79	597.79	597.79
90	604.46	604.46	604.46	604.46
91	611.16	611.16	611.16	611.16
92	618.00	618.00	618.00	618.00
93	624.92	624.92	624.92	624.92
94	632.12	632.12	632.12	632.12
95	639.39	639.39	639.39	639.39
96	646.83	646.83	646.83	646.83
97	654.30	654.30	654.30	654.30
98	662.01	662.01	662.01	662.01
99	669.91	669.91	669.91	669.91

## Appendix C

## Active Employees - Medical Coverage

EE #	Hire date	Employee DOB	Employee Gender	Spouse DOB	Spouse Gender	Spouse Coverage?	Prior Service Years	Prior Service Months
1	07/01/88	08/23/64	F			N	0	0
2	11/13/08	09/30/66	F			N	0	0
3	11/10/08	08/15/83	M			N	0	0
4	02/02/92	09/22/59	M			N	0	0
5	02/01/80	11/04/41	M			N	0	0
6	02/01/03	10/12/56	M			N	0	0
7	04/26/95	01/09/61	M			N	0	0
8	11/06/97	08/03/61	M			N	0	0
9	12/28/89	03/08/67	M			N	0	0
10	10/09/00	07/19/68	F			N	0	0
11	04/22/99	09/14/60	F			N	0	0
12	10/20/04	03/08/62	M			N	12	11
13	12/01/88	01/15/56	M			N	0	0
14	11/03/08	09/04/71	F			N	3	2
15	03/04/06	04/15/47	M			N	0	0
16	02/03/95	02/28/57	M			N	0	0
17	12/26/07	12/29/76	F			N	0	0
18	07/23/87	08/08/57	F			N	0	0
19	04/11/02	05/11/56	M			N	0	0
20	05/25/07	01/13/84	M			N	0	0
21	06/03/09	09/24/78	F			N	0	0
22	01/14/06	09/25/70	F			N	5	4
23	04/14/05	07/14/84	M			N	0	0
24	05/01/09	05/29/88	F			N	0	0
25	05/13/96	10/09/64	M			N	0	0
26	08/01/85	12/17/61	M			N	0	0
27	10/03/81	03/05/57	M			N	0	0
28	12/02/92	07/25/64	F			N	0	0
29	10/11/10	08/20/64	F			N	0	0
30	08/29/06	08/21/84	M			N	0	0
31	12/01/73	04/16/51	F			N	0	0
32	03/14/01	07/01/71	F			N	0	0
33	05/17/00	02/07/66	F			N	0	0
34	08/15/84	06/21/63	M			N	0	0
35	11/08/01	02/01/67	M			N	0	0
36	09/04/97	04/25/65	M			N	0	0
37	05/06/99	05/06/73	F			N	0	0
38	11/06/01	04/10/74	M			N	0	0
39	07/12/92	02/21/72	M			N	0	0
40	05/03/06	05/18/80	F			N	0	0
41	05/10/00	11/18/69	M			N	0	0
42	03/18/03	04/14/80	F			N	0	0
43	06/06/96	04/03/72	F			N	0	0
44	11/08/07	06/29/84	F			N	0	0
45	07/02/03	03/27/71	F			N	0	0
46	07/02/08	01/04/84	M			N	0	0

## Active Employees - Medical Coverage

EE #	Hire date	Employee DOB	Employee Gender	Spouse DOB	Spouse Gender	Spouse Coverage?	Prior Service Years	Prior Service Months
47	02/01/99	07/27/48	M	04/29/64	F	Y	0	0
48	10/26/08	05/17/62	F	08/17/62	M	Y	4	3
49	06/21/10	11/29/77	M	12/24/70	F	Y	0	0
50	03/10/09	04/04/72	M	04/08/66	F	Y	0	0
51	05/19/00	11/30/80	F	09/29/80	M	Y	0	0
52	02/01/03	08/27/53	M	01/22/58	F	Y	13	12
53	09/07/95	04/25/62	F	07/27/60	M	Y	0	0
54	05/31/09	05/29/88	F			N	0	0
55	02/01/03	08/14/50	M			N	0	0
56	07/02/03	07/28/57	M			N	0	0
57	09/26/93	01/18/71	F			N	0	0
58	05/03/00	04/06/58	M			N	0	0
59	12/01/09	02/23/53	M			N	0	0
60	01/21/08	10/31/69	F			N	0	0
61	01/01/99	10/22/56	M			N	0	0
62	08/20/88	10/19/44	F			N	0	0
63	04/02/92	07/08/55	M			N	0	0
64	09/30/99	06/23/58	F			N	0	0
65	11/29/09	02/15/88	M			N	0	0
66	10/05/95	04/29/72	F			N	0	0
67	10/14/04	06/01/45	M			N	0	0
68	08/29/02	10/04/49	M			N	0	0
69	05/20/87	03/31/58	F			N	0	0
70	03/05/07	07/23/84	F			N	0	0
71	08/20/99	02/06/54	F			N	0	0
72	05/31/09	02/17/87	M			N	0	0
73	12/15/04	06/05/60	F			N	0	0
74	01/30/09	07/05/90	M			N	0	0
75	07/01/06	11/18/72	M			N	0	0
76	10/14/87	11/10/52	F			N	0	0
77	04/16/87	02/21/56	F			N	0	0
78	02/01/96	06/01/61	F			N	0	0
79	04/02/92	03/01/66	M			N	0	0
80	09/11/97	12/05/54	M			N	0	0
81	05/11/10	09/06/86	F			N	0	0
82	09/19/10	09/11/85	F			N	0	0
83	04/19/10	11/05/82	M			N	0	0
84	12/27/09	11/18/73	F			N	0	0
85	02/01/05	06/06/61	M			N	0	0
86	01/18/08	09/09/89	M			N	0	0
87	07/18/03	11/23/57	F			N	0	0
88	06/17/04	08/29/56	F			N	0	0
89	06/01/89	12/18/62	M			N	0	0
90	08/15/06	01/20/83	M			N	0	0
91	09/27/10	07/24/65	M			N	0	0
92	03/25/09	06/22/89	M			N	0	0

## Active Employees - Medical Coverage

EE #	Hire date	Employee DOB	Employee Gender	Spouse DOB	Spouse Gender	Spouse Coverage?	Prior Service Years	Prior Service Months
93	02/02/09	09/23/86	F			N	0	0
94	10/23/06	01/23/63	F			N	0	0
95	11/13/08	08/21/56	M			N	9	0
96	06/01/07	09/17/79	M			N	0	0
97	10/13/09	02/27/76	M			N	0	0
98	04/20/00	01/22/51	F			N	0	0
99	10/11/00	05/28/39	M			N	0	0
100	12/22/93	03/17/50	M			N	0	0
101	06/29/10	05/30/60	M			N	0	0
102	04/05/07	11/24/47	F			N	0	0
103	05/16/05	04/09/69	F			N	0	0
104	04/02/02	07/03/79	M			N	0	0
105	08/18/96	09/21/48	F			N	0	0
106	12/01/95	02/18/59	F			N	0	0
107	10/23/08	08/14/87	F			N	0	0
108	10/30/95	12/22/49	M			N	0	0
109	05/15/00	09/09/53	F			N	0	0
110	08/12/96	04/28/45	F			N	0	0
111	02/01/03	08/12/58	M			N	0	0
112	10/18/00	04/08/78	M			N	0	0
113	02/01/07	06/06/76	F			N	0	0
114	05/29/08	08/30/67	M			N	0	0
115	02/19/99	09/19/47	F			N	0	0
116	05/30/07	02/27/67	F			N	0	0
117	01/16/98	11/28/54	F			N	0	0
118	09/01/10	10/10/86	F			N	0	0
119	02/04/96	09/18/51	M			N	0	0
120	07/01/91	11/11/53	M			N	0	0
121	07/30/10	10/14/88	M			N	0	0
122	03/01/10	05/30/83	M			N	0	0
123	05/28/97	10/20/51	M			N	0	0
124	11/03/05	03/08/56	M			N	0	0
125	05/02/09	09/23/74	F			N	0	0
126	03/01/10	11/05/50	M			N	0	0
127	02/01/01	08/13/34	M			N	0	0
128	02/25/09	09/06/89	M			N	0	0
129	06/01/92	09/01/71	M			N	0	0
130	10/25/02	11/14/77	M			N	0	0
131	04/07/00	05/16/73	M			N	0	0
132	12/13/06	12/09/48	F			N	0	0
133	09/25/02	10/14/59	F			N	0	0
134	12/15/09	04/26/89	F			N	0	0
135	06/26/10	04/23/91	M			N	0	0
136	06/25/09	01/13/91	M			N	0	0
137	05/02/07	01/29/75	M			N	0	0
138	04/17/03	01/09/45	F			N	0	0

## Active Employees - Medical Coverage

EE #	Hire date	Employee DOB	Employee Gender	Spouse DOB	Spouse Gender	Spouse Coverage?	Prior Service Years	Prior Service Months
139	05/31/09	03/14/67	F			N	0	0
140	02/29/08	07/29/57	M			N	0	0
141	06/09/95	01/04/55	F			N	0	0
142	01/05/06	09/22/60	F			N	0	0
143	01/06/10	03/20/78	F			N	0	0
144	04/07/05	01/13/52	M			N	0	0
145	09/01/03	06/10/48	M			N	0	0
146	10/24/90	10/15/57	M	12/09/56	F	Y	0	0
147	04/26/07	03/16/44	M	09/22/47	F	Y	0	0
148	03/05/07	05/06/50	M	09/10/57	F	Y	0	0
149	05/30/01	06/19/53	M	08/10/62	F	Y	0	0
150	06/15/75	08/18/53	M	08/30/59	F	Y	0	0
151	03/10/09	06/20/53	M	01/12/53	F	Y	0	0
152	02/01/99	04/05/42	M	08/30/48	F	Y	0	0
153	11/14/96	10/06/55	M	02/20/61	F	Y	0	0
154	04/23/04	03/17/49	M	12/16/49	F	Y	0	0
155	11/18/93	02/15/51	M	08/03/59	F	Y	0	0
156	07/04/90	03/17/61	F	06/13/58	M	Y	0	0
157	04/07/05	04/29/44	M	10/30/46	F	Y	0	0
158	11/13/98	07/15/55	M	12/13/54	F	Y	0	0
159	09/15/88	02/14/55	F	09/15/52	M	Y	0	0
160	10/30/09	11/21/87	M	06/07/88	F	Y	0	0
161	06/21/03	12/28/56	M	12/25/59	F	Y	0	0
162	02/01/89	07/15/52	M	11/13/49	F	Y	0	0
163	07/15/04	05/05/45	M	10/29/39	F	Y	0	0
164	10/25/89	02/16/43	F	10/23/42	M	Y	0	0
165	08/01/93	01/16/55	F	08/03/50	M	Y	0	0

## Retirees - Medical Coverage

Retiree#	Retiree DOB	Retiree Gender	Spouse DOB	Spouse Gender	Spouse Coverage?
1	01/03/30	M			N
2	08/03/43	F			N
3	06/21/38	M			N
4	07/14/44	M			N
5	01/06/39	M			N
6	08/14/50	M			N
7	04/07/48	F			N
8	07/07/48	M			N
9	02/03/41	M			N
10	09/26/32	F			N
11	05/06/46	M			N
12	04/13/46	F			N
13	07/27/41	F			N
14	03/17/38	M			N
15	02/12/39	M			N
16	07/15/47	F			N
17	01/03/37	M			N
18	01/18/49	M			N
19	10/10/38	F			N
20	04/01/38	M			N
21	11/27/53	F			N
22	08/22/47	F			N
23	08/11/43	F			N
24	06/07/37	M			N
25	03/20/30	F			N
26	10/02/34	F			N
27	04/10/33	F			N
28	06/15/27	M			N
29	12/04/52	F			N
30	08/19/53	M			N
31	03/20/39	F			N
32	07/31/35	M			N
33	04/06/38	F			N
34	02/23/27	F			N
35	06/16/34	M			N
36	05/31/48	F			N
37	10/14/37	F			N
38	01/20/49	M			N
39	09/08/41	M			N
40	05/29/29	M			N
41	08/04/41	M			N
42	09/14/34	M			N
43	06/05/28	F			N
44	07/05/29	M			N
45	05/08/52	F			N
46	10/13/44	M			N

## Retirees - Medical Coverage

Retiree#	Retiree DOB	Retiree Gender	Spouse DOB	Spouse Gender	Spouse Coverage?
47	02/28/44	M			N
48	02/02/31	M			N
49	11/14/52	M			N
50	05/22/35	M			N
51	01/21/45	F			N
52	02/22/43	M			N
53	06/29/46	M			N
54	08/02/30	F			N
55	04/08/36	M	07/10/40	F	Y
56	11/29/45	M	11/22/43	F	Y
57	08/02/53	F	10/12/52	M	Y
58	09/04/39	M	12/21/39	F	Y
59	08/13/28	M	10/04/35	F	Y
60	05/16/44	M	12/05/45	F	Y

[Radio PSAs](#)[Fact Sheets](#)[Armed Forces](#)[Disaster Relief](#)[Scams / Consumer Alerts](#)[Tax Shelters](#)[More Topics..](#)

---

## IRS Resources

[Compliance & Enforcement](#)[Contact My Local Office](#)[e-file](#)[Forms & Pubs](#)[Frequently Asked Questions](#)[News](#)[Taxpayer Advocacy](#)[Where to File](#)

---

Commissioner Doug Shulman. "We are taking this step so the reimbursement rate will be fair to taxpayers."

While gasoline is a significant factor in the mileage figure, other items enter into the calculation of mileage rates, such as depreciation and insurance and other fixed and variable costs.

The optional business standard mileage rate is used to compute the deductible costs of operating an automobile for business use in lieu of tracking actual costs. This rate is also used as a benchmark by the federal government and many businesses to reimburse their employees for mileage.

The new six-month rate for computing deductible medical or moving expenses will also increase by 4.5 cents to 23.5 cents a mile, up from 19 cents for the first six months of 2011. The rate for providing services for charitable organizations is set by statute, not the IRS, and remains at 14 cents a mile.

The new rates are contained in [Announcement 2011-40](#) on the optional standard mileage rates.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

### Mileage Rate Changes

Purpose	Rates 1/1 through 6/30/11	Rates 7/1 through 12/31/11
Business	51	55.5
Medical/Moving	19	23.5
Charitable	14	14

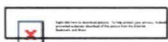
[Back to Top](#)

---

Thank you for subscribing to the IRS Newswire, an IRS e-mail service.

If you know someone who might want to subscribe to this mailing list, please forward this message to them so they can [subscribe](#).

This message was distributed automatically from the mailing list IRS Newswire.  
**Please Do Not Reply To This Message.**



APPROVED

06-27-2011

PANOLA COUNTY OFFICIAL/EMPLOYEE  
REQUEST FOR ATTENDANCE  
AT A CONFERENCEDavid L. Anderson,  
County Judge

NAME:

Sidney Burns

POSITION:

County Auditor

DEPARTMENT:

County Auditor

DATE:

6-23-11

CONFERENCE:

Government Finance Officers Association  
What is Budgeting for Outcomes?

LOCATION:

Internet Based Course

DATES:

7-13-11 to 7-13-11

NUMBER OF DAYS OUT OF OFFICE FOR THIS CONFERENCE: 0

Does the conference meet your educational requirements for the year? NO

If not, how much of your requirements will be met by this conference? 2 CPE Credits

How much of your requirements have been met already, not counting this conference? 25.9

How many days have you been away from your job this year for conferences, not counting this conference? 4

Do you have sufficient funds in your budget for this conference? Yes

Write a short statement explaining the public purpose that will be met by your attendance at this conference: (continue on the back if necessary.)

The Budgeting for outcomes focus helps governments seek outcomes to cut costs and improve results.

# **ACTION ITEMS**


**COMMISSIONERS' COURT  
PC POOL**
**Accounts Payable Report  
JUNE 27, 2011**

Vendor Name	Payable Number	Post Date	Item Description	Account Number	Amount
<b>Vendor: A T &amp; T (BASE RATES)</b>					
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-457-54200		27.45
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-435-54200		27.45
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-665-54200		27.45
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-450-54200		27.45
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-510-54200		27.45
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-426-54200		27.45
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-497-54200		27.45
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-495-54200		27.45
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-403-54200		27.45
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-570-54200		27.45
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-407-54200		105.35
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-575-54200		86.35
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-409-54200		1,834.93
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-560-54200		164.70
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-455-54200		54.90
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-491-54200		54.90
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 100-499-54200		82.44
A T & T (BASE RATES)	06.05.11	06/17/2011	ACCT#903 693-0300 323 0 06/ 300-629-54430		68.68
<b>Vendor A T &amp; T (BASE RATES) Total:</b>					<b>2,726.75</b>
<b>Vendor: A T &amp; T</b>					
A T & T	06.05.11	06/17/2011	P O #53701, ACCT.#903 693-3 300-629-54430		110.39
<b>Vendor A T &amp; T Total:</b>					<b>110.39</b>
<b>Vendor: ACE HARDWARE</b>					
ACE HARDWARE	10155684	06/22/2011	MISC. ITEMS	100-570-54570	118.89
ACE HARDWARE	10155752	06/22/2011	CONN BUTT 4AWG PKG/3	100-560-54540	5.49
<b>Vendor ACE HARDWARE Total:</b>					<b>124.38</b>
<b>Vendor: ACTION AUTO REPAIR</b>					
ACTION AUTO REPAIR	200237	06/22/2011	SUBURBAN A/C REPAIRS	100-560-54540	268.60
ACTION AUTO REPAIR	200239	06/22/2011	A/C REPAIRS ON 2007 DODGE	100-560-54540	130.18
<b>Vendor ACTION AUTO REPAIR Total:</b>					<b>398.78</b>
<b>Vendor: AFFILIATED COMPUTER SERVICES</b>					
AFFILIATED COMPUTER SE 646994		06/17/2011	INV#646994, CUST.#289579, C 100-403-54360		398.00
AFFILIATED COMPUTER SE 646994		06/17/2011	INV#646994, CUST.#289579, C 100-403-54360		394.00
AFFILIATED COMPUTER SE 646994		06/17/2011	INV#646994, CUST.#289579, C 100-403-54360		432.96
AFFILIATED COMPUTER SE 646994		06/17/2011	INV#646994, CUST.#289579, C 100-403-54360		2,150.00
AFFILIATED COMPUTER SE 646994		06/17/2011	INV#646994, CUST.#289579, C 100-403-54360		86.17
AFFILIATED COMPUTER SE 646994		06/17/2011	INV#646994, CUST.#289579, C 100-403-54360		1,589.76
AFFILIATED COMPUTER SE 646994		06/17/2011	INV#646994, CUST.#289579, C 170-670-54360		1,400.00
AFFILIATED COMPUTER SE 646994		06/17/2011	INV#646994, CUST.#289579, C 100-403-54360		445.00
AFFILIATED COMPUTER SE 646994		06/17/2011	INV#646994, CUST.#289579, C 100-403-54360		1,000.00
AFFILIATED COMPUTER SE 657906		06/17/2011	CUST#289579, ORDER #75483 100-403-54360		3,172.96
AFFILIATED COMPUTER SE 657906		06/17/2011	CUST#289579, ORDER #75483 100-403-54360		87.48
AFFILIATED COMPUTER SE 657906		06/17/2011	CUST#289579, ORDER #75483 100-403-54360		174.24
AFFILIATED COMPUTER SE 657906		06/17/2011	CUST#289579, ORDER #75483 170-670-54360		1,400.00
AFFILIATED COMPUTER SE 657906		06/17/2011	CUST#289579, ORDER #75483 100-403-54360		2,150.00
AFFILIATED COMPUTER SE 657906		06/17/2011	CUST#289579, ORDER #75483 100-403-54360		1,000.00
AFFILIATED COMPUTER SE 657906		06/17/2011	CUST#289579, ORDER #75483 100-403-54360		445.00
AFFILIATED COMPUTER SE 667799		06/20/2011	CASHIERING/INDEXING/PRINT 170-670-54360		1,400.00
AFFILIATED COMPUTER SE 667799		06/20/2011	CASHIERING/INDEXING/PRINT 100-403-54360		86.39
AFFILIATED COMPUTER SE 667799		06/20/2011	CASHIERING/INDEXING/PRINT 100-403-54360		1,000.00
AFFILIATED COMPUTER SE 667799		06/20/2011	CASHIERING/INDEXING/PRINT 100-403-54360		4,456.74
AFFILIATED COMPUTER SE 667799		06/20/2011	CASHIERING/INDEXING/PRINT 100-403-54360		2,150.00
AFFILIATED COMPUTER SE 667799 INT REB		06/27/2011	INTERNET REBATE	100-340-44000	-1,425.50
AFFILIATED COMPUTER SE 668407		06/20/2011	CASHIERING PRINTER RIBBON 100-403-53100		78.12



**COMMISSIONERS' COURT  
PC POOL**

**Accounts Payable Report  
JUNE 27, 2011**

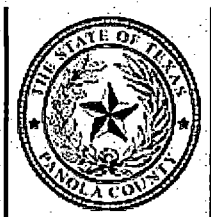
Vendor Name	Payable Number	Post Date	Item Description	Account Number	Amount
AFFILIATED COMPUTER SE	CM0000240	06/27/2011	CORRECTION TO INV#667799	100-403-54360	-997.00
AFFILIATED COMPUTER SE	INT REB 646994	06/27/2011	INTERNET REBATE #646994, C	100-340-44000	-1,519.00
AFFILIATED COMPUTER SE	INT REB 657906	06/27/2011	INTERET REBATE INV#657906, 100-340-44000		-1,523.50
<b>Vendor AFFILIATED COMPUTER SERVICES Total:</b>					<b>20,031.82</b>
AFFILIATED COMPUTER SE	ORR,#CUST#28957	06/24/2011	INV#S;661818,651760,661819	100-403-54150	605.34
<b>Vendor AFFILIATED COMPUTER SERVICES Total:</b>					<b>605.34</b>
<b>Vendor: AMERICAN POWERWASH &amp; TILE</b>					
AMERICAN POWERWASH	1006663	06/15/2011	Vent-a-hood steam cleaned	100-570-54570	475.00
<b>Vendor AMERICAN POWERWASH &amp; TILE Total:</b>					<b>475.00</b>
<b>Vendor: AMERICAN TIRE DIST. (R&amp;B)</b>					
AMERICAN TIRE DIST. (R&E)	S015132454	06/23/2011	P O #53380, TIRES	200-623-53560	1,242.59
AMERICAN TIRE DIST. (R&E)	S015616671	06/23/2011	P O #53602, TIRES	200-621-53560	1,117.22
<b>Vendor AMERICAN TIRE DIST. (R&amp;B) Total:</b>					<b>2,359.81</b>
<b>Vendor: ANDERSON TRACTOR SALES</b>					
ANDERSON TRACTOR SALE	90748	06/15/2011	P O #53520	200-624-53570	200.00
ANDERSON TRACTOR SALE	90795	06/15/2011	PO #53393, BLADES	200-623-53560	307.20
ANDERSON TRACTOR SALE	90812	06/17/2011	P O #53448, FILTERS	200-621-53560	273.04
<b>Vendor ANDERSON TRACTOR SALES Total:</b>					<b>780.24</b>
<b>Vendor: AUTO EXPRESS LUBE</b>					
AUTO EXPRESS LUBE	33079	06/22/2011	VEHICLE MAINTENANCE, WIPE	100-560-54540	64.40
AUTO EXPRESS LUBE	33149	06/22/2011	VEHICLE MAINTENANCE	100-560-54540	36.24
AUTO EXPRESS LUBE	33191	06/22/2011	VEHICLE MAINTENANCE	100-560-54540	46.50
AUTO EXPRESS LUBE	33297	06/17/2011	VEHICLE MAINTENANCE	100-560-54540	39.31
AUTO EXPRESS LUBE	33310	06/17/2011	VECHILE MAINTENANCE	100-560-54540	46.50
AUTO EXPRESS LUBE	33462	06/22/2011	VEHICLE MAINTENANCE	100-560-54540	51.85
<b>Vendor AUTO EXPRESS LUBE Total:</b>					<b>284.80</b>
<b>Vendor: AVFUEL CORP</b>					
AVFUEL CORP	003950535	06/23/2011	JULY 2011 POS EQUIPMENT RI	100-407-54610	20.00
<b>Vendor AVFUEL CORP Total:</b>					<b>20.00</b>
<b>Vendor: BAXTER SALES - R&amp;B</b>					
BAXTER SALES - R&B	130361-1	06/23/2011	P O #53524, DRUM LINER	200-624-53560	50.46
BAXTER SALES - R&B	130411-1	06/23/2011	P O #53497, DRUM LINER	300-629-53560	50.46
<b>Vendor BAXTER SALES - R&amp;B Total:</b>					<b>100.92</b>
<b>Vendor: BECKVILLE HARDWARE</b>					
BECKVILLE HARDWARE	49443	06/17/2011	P O #53561, MARKING PAINT	200-622-53560	10.35
<b>Vendor BECKVILLE HARDWARE Total:</b>					<b>10.35</b>
<b>Vendor: BRYAN &amp; BRYAN</b>					
BRYAN & BRYAN	0026501	06/17/2011	P O #53522, ROAD OIL	200-624-55280	30,135.05
BRYAN & BRYAN	0026501	06/17/2011	P O #53522, ROAD OIL	200-623-55280	15,052.40
BRYAN & BRYAN	0026513	06/17/2011	P O #53556	200-622-55280	14,997.95
BRYAN & BRYAN	0026518	06/17/2011	P O #53521, ROAD OIL	200-624-55280	30,237.90
BRYAN & BRYAN	0026518	06/17/2011	P O #53521, ROAD OIL	200-622-55280	15,112.90
BRYAN & BRYAN	0026518	06/17/2011	P O #53521, ROAD OIL	200-623-55280	15,034.25
BRYAN & BRYAN	0026522	06/17/2011	P O #53443, ROAD OIL	200-623-55280	15,028.20
BRYAN & BRYAN	0026522	06/17/2011	P O #53443, ROAD OIL	200-624-55280	30,189.50
BRYAN & BRYAN	0026522	06/17/2011	P O #53443, ROAD OIL	200-621-55280	15,076.60
BRYAN & BRYAN	0026532	06/17/2011	P O #53444, ROAD OIL	200-623-55280	15,064.50
BRYAN & BRYAN	0026532	06/17/2011	P O #53444, ROAD OIL	200-624-55280	30,122.95
BRYAN & BRYAN	0026532	06/17/2011	P O #53444, ROAD OIL	200-621-55280	15,088.70
BRYAN & BRYAN	0026552	06/17/2011	P O #53527, ROAD OIL	200-621-55280	14,774.10
BRYAN & BRYAN	0026552	06/17/2011	P O #53527, ROAD OIL	200-623-55280	15,094.75
BRYAN & BRYAN	0026552	06/17/2011	P O #53527, ROAD OIL	200-624-55280	30,135.05
BRYAN & BRYAN	0026560	06/17/2011	P O #53528, ROAD OIL	200-623-55280	15,076.60


**COMMISSIONERS' COURT  
PC POOL**
**Accounts Payable Report  
JUNE 27, 2011**

Vendor Name	Payable Number	Post Date	Item Description	Account Number	Amount
BRYAN & BRYAN	0026560	06/17/2011	P O #53528, ROAD OIL	200-624-55280	30,189.50
BRYAN & BRYAN	0026575-IN	06/23/2011	P O #53568, ROAD OIL	200-622-55280	29,965.65
BRYAN & BRYAN	0026575-IN	06/23/2011	P O #53568, ROAD OIL	200-621-55280	15,040.30
BRYAN & BRYAN	0026575-IN	06/23/2011	P O #53568, ROAD OIL	200-623-55280	15,064.50
BRYAN & BRYAN	0026575-IN	06/23/2011	P O #53568, ROAD OIL	200-624-55280	29,766.00
BRYAN & BRYAN	0026588-IN	06/23/2011	P O #53610, ROAD OIL	200-621-55280	15,076.60
BRYAN & BRYAN	0026596-IN	06/23/2011	P O #53611, ROAD OIL	200-623-55280	15,118.95
BRYAN & BRYAN	0026596-IN	06/23/2011	P O #53611, ROAD OIL	200-621-55280	15,100.80
BRYAN & BRYAN	0026596-IN	06/23/2011	P O #53611, ROAD OIL	200-624-55280	15,028.20
BRYAN & BRYAN	0026596-IN	06/23/2011	P O #53611, ROAD OIL	200-622-55280	15,106.85
BRYAN & BRYAN	0026608-IN	06/23/2011	P O #53569, ROAD OIL	200-622-55280	30,147.15
BRYAN & BRYAN	0026608-IN	06/23/2011	P O #53569, ROAD OIL	200-621-55280	15,016.10
BRYAN & BRYAN	0026608-IN	06/23/2011	P O #53569, ROAD OIL	200-623-55280	15,100.80
BRYAN & BRYAN	0026628-IN	06/23/2011	P O #53654, ROAD OIL	200-623-55280	15,058.45
BRYAN & BRYAN	0026628-IN	06/23/2011	P O #53654, ROAD OIL	200-621-55280	14,997.95
<b>Vendor BRYAN &amp; BRYAN Total:</b>					<b>601,999.20</b>
<b>Vendor: C &amp; W FIRE &amp; SAFETY INC</b>					
C & W FIRE & SAFETY INC	0078863	06/17/2011	P O #43484, BUG BARRIER	200-624-53560	183.38
C & W FIRE & SAFETY INC	0078919	06/17/2011	P O #53555, BUG BARRIER CAI	200-622-53560	176.70
<b>Vendor C &amp; W FIRE &amp; SAFETY INC Total:</b>					<b>360.08</b>
<b>Vendor: C. P. WALTHER</b>					
C. P. WALTHER	349443	06/23/2011	SEMI-ANNUAL NDB MAINTEN	100-407-54570	400.00
<b>Vendor C. P. WALTHER Total:</b>					<b>400.00</b>
<b>Vendor: CAIN HARDWARE AND LUMBER COMPANY</b>					
CAIN HARDWARE AND LUM	00502038	06/17/2011	P O #53557, WATER COOLER	200-622-53560	33.29
CAIN HARDWARE AND LUM	00502093	06/17/2011	P O #53445, EXTENSION CORD	200-621-53560	22.49
CAIN HARDWARE AND LUM	00502160	06/17/2011	P O #53525, WATER COOLER	200-624-53560	33.29
CAIN HARDWARE AND LUM	00502205	06/17/2011	P O #53396, MAIL BOX, LETTE	200-623-53560	46.01
CAIN HARDWARE AND LUM	00502239	06/17/2011	P O #53397, LETTERS & DRYW.	200-623-53560	10.95
CAIN HARDWARE AND LUM	00502413	06/17/2011	P O #53529, DUST MASKS	200-624-53560	20.69
CAIN HARDWARE AND LUM	00502851	06/23/2011	P O #53564, WATER COOLER	200-622-53560	28.79
<b>Vendor CAIN HARDWARE AND LUMBER COMPANY Total:</b>					<b>195.51</b>
<b>Vendor: CAR-TEX TRAILER COMPANY, INC.</b>					
CAR-TEX TRAILER COMPAN	124978	06/17/2011	P O #53449, SOFT ANGLE	200-621-53560	298.00
<b>Vendor CAR-TEX TRAILER COMPANY, INC. Total:</b>					<b>298.00</b>
<b>Vendor: CARTHAGE VETERINARY HOSPITAL</b>					
CARTHAGE VETERINARY H	04.29.11	06/24/2011	RABIES QUARANTINE	100-560-54870	450.00
<b>Vendor CARTHAGE VETERINARY HOSPITAL Total:</b>					<b>450.00</b>
<b>Vendor: CASSITY JONES HARDWARE</b>					
CASSITY JONES HARDWARE	03246175	06/22/2011	ROLLER COVERS	100-570-54570	6.03
CASSITY JONES HARDWARE	03246252	06/22/2011	EPOXY KIT,BOND LOK QUICKRI	100-570-54570	190.69
CASSITY JONES HARDWARE	03247050	06/22/2011	HOE,RAKE,NUTS,BOLTS,SCREV	100-570-54570	52.85
CASSITY JONES HARDWARE	03247594	06/22/2011	MISC. ITEMS	100-570-54570	13.94
<b>Vendor CASSITY JONES HARDWARE Total:</b>					<b>263.51</b>
<b>Vendor: CELLULARONE OF EAST TEXAS- SO</b>					
CELLULARONE OF EAST TE	06.08.11	06/22/2011	ACCT#0080539911, CELL PHO	100-560-54200	1,199.31
<b>Vendor CELLULARONE OF EAST TEXAS- SO Total:</b>					<b>1,199.31</b>
<b>Vendor: CERTIFIED SERVICE CENTER</b>					
CERTIFIED SERVICE CENTE	V32496-001	06/17/2011	3 POLE CONTACTOR REPAIRS/	100-570-54570	115.00
<b>Vendor CERTIFIED SERVICE CENTER Total:</b>					<b>115.00</b>
<b>Vendor: CHEM-SERV INC.</b>					
CHEM-SERV INC.	082434	06/17/2011	MISC. ITEMS	100-510-53350	363.35
CHEM-SERV INC.	082459	06/22/2011	QUADRA LAUNDRY PRODUCT	100-570-53020	233.90


**COMMISSIONERS' COURT  
PC POOL**
**Accounts Payable Report  
JUNE 27, 2011**

Vendor Name	Payable Number	Post Date	Item Description	Account Number	Amount
<b>Vendor: CHRIS ERVIN</b>					
CHRIS ERVIN	2008-C-0027CCL	06/17/2011	2008-C-0027CCL, MATTHEW R	100-646-54890	450.00
CHRIS ERVIN	2009-C-0421DC	06/17/2011	2009-C-0421DC, TX V LINDA FI	100-646-54890	450.00
CHRIS ERVIN	2009-C-0429CCL	06/17/2011	2009-C-0429CCL, TX V CURTIS	100-646-54890	450.00
CHRIS ERVIN	2010-C-0247CCL	06/17/2011	2010-C-0247CCL, TX V JOE CO'	100-646-54890	450.00
CHRIS ERVIN	26242-CCL	06/17/2011	26242-CCL, TX V SHANEQUA V	100-646-54890	450.00
CHRIS ERVIN	26821-C-CCL	06/17/2011	26821-C-CCL	100-646-54890	450.00
CHRIS ERVIN	26825-C-CCL	06/17/2011	26825-C-CCL, TX V DUSTIN BL	100-646-54890	450.00
CHRIS ERVIN	J-836-CCL	06/17/2011	J-836-CCL, TX V ROBERT MORI	100-646-54820	450.00
<b>Vendor CHEM-SERV INC. Total:</b>					<b>597.25</b>
<b>Vendor: CRAIG ELECTRIC</b>					
CRAIG ELECTRIC	7241	06/23/2011	ROTATING BEACON REPAIRS	100-407-54570	125.00
CRAIG ELECTRIC	7248	06/17/2011	REPAIRS TO LIGHT IN DIST. CL	100-510-54570	162.50
CRAIG ELECTRIC	7253	06/22/2011	REPAIRS TO ELEC. WIRE ON AC	100-570-54570	125.00
<b>Vendor CRAIG ELECTRIC Total:</b>					<b>412.50</b>
<b>Vendor: CSET WORLDWIDE</b>					
CSET WORLDWIDE	1803	06/24/2011	P O #53710, DRUG TEST DYLA	300-629-54490	30.00
CSET WORLDWIDE	1804	06/24/2011	P O #53709, MONTHLY ADMIN	300-629-54490	127.50
<b>Vendor CSET WORLDWIDE Total:</b>					<b>157.50</b>
<b>Vendor: DAVID GRAY</b>					
DAVID GRAY	JUNE 2011	06/22/2011	MILEAGE REIMB. JAN 1, 2011-	100-455-54260	377.91
<b>Vendor DAVID GRAY Total:</b>					<b>377.91</b>
<b>Vendor: DAVID M. ROGERS</b>					
DAVID M. ROGERS	6092011001	06/22/2011	RAN DRAIN FOR ADDITIONAL I	100-570-54570	350.00
DAVID M. ROGERS	6102011001	06/22/2011	SERVICE CALL	100-570-54570	795.00
<b>Vendor DAVID M. ROGERS Total:</b>					<b>1,145.00</b>
<b>Vendor: DEBBIE'S BEST WATER STORE</b>					
DEBBIE'S BEST WATER STO	29451	06/23/2011	COOLER RENTAL/JUNE 2011	100-407-54610	29.25
<b>Vendor DEBBIE'S BEST WATER STORE Total:</b>					<b>29.25</b>
<b>Vendor: DEBRA JOHNSON</b>					
DEBRA JOHNSON	06.20.11	06/20/2011	TRAVEL REIMB. FOR CONF. IN	100-450-54270	572.65
<b>Vendor DEBRA JOHNSON Total:</b>					<b>572.65</b>
<b>Vendor: DEPARTMENT OF INFORMATION RESOURCES</b>					
DEPARTMENT OF INFORM,	11050779T	06/20/2011	05/01/11-05/31/11, TEX-AN 2	100-409-54200	2,504.58
<b>Vendor DEPARTMENT OF INFORMATION RESOURCES Total:</b>					<b>2,504.58</b>
<b>Vendor: DISH NETWORK</b>					
DISH NETWORK	06.04.11	06/23/2011	ACCT#8255 70 708 0532067, E	100-407-54430	75.99
<b>Vendor DISH NETWORK Total:</b>					<b>75.99</b>
<b>Vendor: DOGGETT MACHINERY SERVICES</b>					
DOGGETT MACHINERY SER	K30086	06/23/2011	P O #53399, FILTERS	200-623-53560	1,272.12
DOGGETT MACHINERY SER	K30164	06/23/2011	P O #53606, FILTERS	200-621-53560	992.25
<b>Vendor DOGGETT MACHINERY SERVICES Total:</b>					<b>2,264.37</b>
<b>Vendor: DR. KEITH KEELING</b>					
DR. KEITH KEELING	JUNE 2011	06/17/2011	JUNE 2011 LOCAL HEALTH AU	100-646-58220	500.00
<b>Vendor DR. KEITH KEELING Total:</b>					<b>500.00</b>
<b>Vendor: EAST TEXAS SECURE SOLUTIONS</b>					
EAST TEXAS SECURE SOLU	T372	06/17/2011	3RD QTR. 2011 MAINT.	100-409-54101	6,000.00
<b>Vendor EAST TEXAS SECURE SOLUTIONS Total:</b>					<b>6,000.00</b>
<b>Vendor: EAST TEXAS VETERINARY MEDICAL CENTER</b>					
EAST TEXAS VETERINARY	N 38590	06/22/2011	DOG FOOD	100-560-54090	98.12
EAST TEXAS VETERINARY	N 39095	06/22/2011	DOG FOOD	100-560-54090	49.06


**COMMISSIONERS' COURT  
PC POOL**
**Accounts Payable Report  
JUNE 27, 2011**

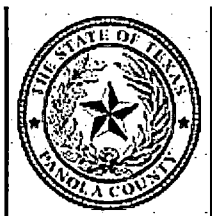
Vendor Name	Payable Number	Post Date	Item Description	Account Number	Amount
<b>Vendor EAST TEXAS VETERINARY MEDICAL CENTER Total:</b>					<b>147.18</b>
<b>Vendor: ERIN L. JOHNSON</b>					
ERIN L. JOHNSON	JUNE 21, 2011	06/23/2011	TRAVEL ADV.-CONF. IN LAS VE	100-435-54270	600.00
<b>Vendor ERIN L. JOHNSON Total:</b>					<b>600.00</b>
<b>Vendor: ETCN</b>					
ETCN	162458-0511	06/17/2011	MAY 2011 ADVERTISEMENTS	100-409-54300	621.90
ETCN	MAY 2011	06/21/2011	ESTRAYS AD-#162583_0511	100-409-54300	117.60
<b>Vendor ETCN Total:</b>					<b>739.50</b>
<b>Vendor: ETMC CARTHAGE</b>					
ETMC CARTHAGE	000600541048	06/23/2011	CLAYTON EUBANK, DOB 5/20/	300-629-54490	50.00
ETMC CARTHAGE	16558728	06/24/2011	LINDA R FLEMING, 6/1/11	100-570-54050	196.62
ETMC CARTHAGE	16571119	06/24/2011	JIM J PHILLIPS, 6/10/11	100-570-54050	196.62
ETMC CARTHAGE	16571127	06/24/2011	CLIFFORD W STRAPS, 6/10/11	100-570-54050	196.62
ETMC CARTHAGE	16571143	06/24/2011	DAVID B MCCUMBER, 6/10/11	100-570-54050	196.62
ETMC CARTHAGE	16572869	06/24/2011	LINDA R FLEMING, 6/13/11	100-570-54050	1,707.50
ETMC CARTHAGE	16573966	06/24/2011	TEDAREL D BUTLER, 6/13/11	100-570-54050	1,698.62
ETMC CARTHAGE	16577587	06/24/2011	BELINDA M GLOCK, 6/16/11	100-570-54050	2,011.62
ETMC CARTHAGE	16580235	06/24/2011	TERENCE STEWART, 6/17/11	100-570-54050	321.25
<b>Vendor ETMC CARTHAGE Total:</b>					<b>6,575.47</b>
<b>Vendor: ETMC EMS</b>					
ETMC EMS	106	06/17/2011	JUNE 2011 MO. TOWER SITE F	100-560-54430	75.00
<b>Vendor ETMC EMS Total:</b>					<b>75.00</b>
<b>Vendor: G.P. MONNIN COUNSULTING INC</b>					
G.P. MONNIN COUNSULTING	031101	06/24/2011	GASB REVIEW 03/31/11-04/4/	100-409-54150	172.50
<b>Vendor G.P. MONNIN COUNSULTING INC Total:</b>					<b>172.50</b>
<b>Vendor: GOVERNMENT FINANCE OFFICERS ASSOCIATION</b>					
GOVERNMENT FINANCE OFF	2669832	06/17/2011	CUST. I.D.#300018114, P O #00	100-495-54270	85.00
<b>Vendor GOVERNMENT FINANCE OFFICERS ASSOCIATION Total:</b>					<b>85.00</b>
<b>Vendor: GOVERNMENT FINANCE OFFICERS ASSOCIATION</b>					
GOVERNMENT FINANCE OFF	JUNE 2011	06/22/2011	2010 CAFR CERT. OF ACHIEV. F	100-409-54990	435.00
<b>Vendor GOVERNMENT FINANCE OFFICERS ASSOCIATION Total:</b>					<b>435.00</b>
<b>Vendor: HILLIARD FUNERAL HOME</b>					
HILLIARD FUNERAL HOME	JUNE 2011	06/24/2011	CREMATION OF BRYAN KENT	100-646-54990	500.00
<b>Vendor HILLIARD FUNERAL HOME Total:</b>					<b>500.00</b>
<b>Vendor: HOLT CAT</b>					
HOLT CAT	CM PCMG002015:	06/27/2011	P O #53562, CORE RETURN	200-623-53570	-1,174.26
HOLT CAT	PIEG0046848	06/23/2011	P O #53439, SWITCH	200-621-53570	50.43
HOLT CAT	PIMG0102280	06/17/2011	P O #53099, PLUG KIT, LAMP	200-622-53570	160.08
HOLT CAT	PIMG0102281	06/17/2011	P O #53098, 10 BIT ASSYS	200-622-53560	577.30
HOLT CAT	PIMG0102532	06/17/2011	P O #53100, FILTERS	200-622-53560	100.25
HOLT CAT	PIMG0102533	06/17/2011	P O #53552, COMPRESSOR, GA	200-622-53570	1,801.95
HOLT CAT	PIMG0102634	06/17/2011	P O #53553, NUTS, BOLTS, WA	200-622-53570	1,082.98
HOLT CAT	PIMG0102635	06/17/2011	P O #53518, V-BELT	200-624-53570	70.65
HOLT CAT	PIMG0102851	06/23/2011	P O #53437, VALVE, UPS RED	200-621-53570	1,439.89
HOLT CAT	PIMG0102977	06/23/2011	P O #53565, UPS	200-622-53570	78.00
HOLT CAT	PIMG0102978	06/23/2011	P O #53566, UPS	200-622-53570	78.00
HOLT CAT	TN09434	06/24/2011	P O #53570, REPAIRS TO EQUI	200-622-53570	4,028.88
<b>Vendor HOLT CAT Total:</b>					<b>8,294.15</b>
<b>Vendor: INTERSTATE BRANDS CORP.</b>					
INTERSTATE BRANDS CORP	474405154416	06/20/2011	BAKED BREADS	100-570-54082	86.56
INTERSTATE BRANDS CORP	474405158477	06/20/2011	BAKED BREADS	100-570-54082	87.46
INTERSTATE BRANDS CORP	474405161510	06/22/2011	BAKED BREADS	100-570-54082	74.62
INTERSTATE BRANDS CORP	474405165572	06/22/2011	BAKED BREADS	100-570-54082	98.51

## Accounts Payable Report

JUNE 27, 2011

COMMISSIONERS' COURT  
PC POOL

Vendor Name	Payable Number	Post Date	Item Description	Account Number	Amount
<b>Vendor INTERSTATE BRANDS CORP. Total:</b>					<b>347.15</b>
<b>Vendor: J &amp; L GEO SYSTEMS</b>					
J & L GEO SYSTEMS	06.09.11	06/22/2011	TINT 2 DOORS W/STRIP	100-560-54540	84.50
<b>Vendor J &amp; L GEO SYSTEMS Total:</b>					<b>84.50</b>
<b>Vendor: J. E. KINGHAM CONSTRUCTION</b>					
J. E. KINGHAM CONSTRUCTION#6		06/20/2011	SHERIFF'S OFFICE RENOVATIO	900-590-55320	23,052.28
<b>Vendor J. E. KINGHAM CONSTRUCTION Total:</b>					<b>23,052.28</b>
<b>Vendor: JAMES G. YOUNG</b>					
JAMES G. YOUNG	06.14.11	06/17/2011	TRAVEL REIMB.-EMERG: MGM	100-409-54250	117.32
<b>Vendor JAMES G. YOUNG Total:</b>					<b>117.32</b>
<b>Vendor: JASON PHILLIPS MDPA</b>					
JASON PHILLIPS MDPA	1438	06/22/2011	BARNEY EUBY	100-570-54050	105.00
JASON PHILLIPS MDPA	1439	06/22/2011	GENE FLETCHER	100-570-54050	105.00
JASON PHILLIPS MDPA	1440	06/22/2011	8 TB TINES	100-570-54050	40.00
<b>Vendor JASON PHILLIPS MDPA Total:</b>					<b>250.00</b>
<b>Vendor: JOHN F. NIELSEN, M.D.</b>					
JOHN F. NIELSEN, M.D.	06.08.11	06/20/2011	SHAWN MCCOY, 5/23/11	100-409-54490	85.00
<b>Vendor JOHN F. NIELSEN, M.D. Total:</b>					<b>85.00</b>
<b>Vendor: JUST IN TIME SANITATION SERVICES</b>					
JUST IN TIME SANITATION	36668	06/23/2011	PORTABLE TOILET RENTAL	100-407-54610	140.00
<b>Vendor JUST IN TIME SANITATION SERVICES Total:</b>					<b>140.00</b>
<b>Vendor: KATIE NIELSEN</b>					
KATIE NIELSEN	J-840CCL	06/20/2011	J-840 CCL, TX V ETHEN POIND	100-646-54820	450.00
<b>Vendor KATIE NIELSEN Total:</b>					<b>450.00</b>
<b>Vendor: KIMBERLEY M. MILLER</b>					
KIMBERLEY M. MILLER	2010-C-0223DC	06/21/2011	2010-C-0223DC, TX V KADEEN	100-646-54890	450.00
<b>Vendor KIMBERLEY M. MILLER Total:</b>					<b>450.00</b>
<b>Vendor: KIRBY MIDCO, INC.</b>					
KIRBY MIDCO, INC.	L1106204	06/23/2011	P O #53438, 5/8 G80 ALLOY C	200-621-53560	72.10
<b>Vendor KIRBY MIDCO, INC. Total:</b>					<b>72.10</b>
<b>Vendor: LAURA M. CARPENTER</b>					
LAURA M. CARPENTER	2010-C-0252DC 6/	06/21/2011	2010-C-0252DC 6/11, TX V LA	100-646-54890	450.00
LAURA M. CARPENTER	26389CCL	06/20/2011	26389CCL, TX VS JONATHON C	100-646-54890	450.00
<b>Vendor LAURA M. CARPENTER Total:</b>					<b>900.00</b>
<b>Vendor: LESA &amp; VINSON HENSON</b>					
LESA & VINSON HENSON	JUNE11	06/22/2011	JUNE 2011 MTHLY ALLOW ATF	881-646-54740	20.00
<b>Vendor LESA &amp; VINSON HENSON Total:</b>					<b>20.00</b>
<b>Vendor: LEXISNEXIS RISK DATA MANAGEMENT, INC.</b>					
LEXISNEXIS RISK DATA MAI	1549905-2011053	06/20/2011	MAY 2011 USER	100-499-54150	155.00
<b>Vendor LEXISNEXIS RISK DATA MANAGEMENT, INC. Total:</b>					<b>155.00</b>
<b>Vendor: MHC KENWORTH</b>					
MHC KENWORTH	R63370188426	06/24/2011	P O 53609, FRT CHG ON PART	200-621-53570	51.00
<b>Vendor MHC KENWORTH Total:</b>					<b>51.00</b>
<b>Vendor: MICHEAL E. JIMMERSON</b>					
MICHEAL E. JIMMERSON	JUNE 6, 2011	06/20/2011	MILEAGE REIMBURSEMENT-TD	100-435-54150	81.60
<b>Vendor MICHEAL E. JIMMERSON Total:</b>					<b>81.60</b>
<b>Vendor: OFFICE DEPOT CREDIT PLAN</b>					
OFFICE DEPOT CREDIT PLA	563226528001	06/23/2011	4 HI-BACK BLACK CHAIRS	100-570-55270	719.96
OFFICE DEPOT CREDIT PLA	567558827001	06/23/2011	ACER V183HL AJB - LCD D	100-560-53100	96.95
<b>Vendor OFFICE DEPOT CREDIT PLAN Total:</b>					<b>816.91</b>
<b>Vendor: OLMSTED-KIRK PAPER COMPANY</b>					


**COMMISSIONERS' COURT  
PC POOL**
**Accounts Payable Report  
JUNE 27, 2011**

Vendor Name	Payable Number	Post Date	Item Description	Account Number	Amount
OLMSTED-KIRK PAPER COMPANY	2674636	06/23/2011	KRAFT BAGS	100-570-53930	34.30
OLMSTED-KIRK PAPER COMPANY	2678875	06/22/2011	MISC. ITEMS	100-570-53930	1,012.60
<b>Vendor OLMSTED-KIRK PAPER COMPANY Total:</b>					<b>1,046.90</b>
<b>Vendor: PANOLA COUNTY PLUMBING</b>					
PANOLA COUNTY PLUMBING	4432	06/20/2011	MAIN SEWER REPAIRS	100-510-54570	200.00
PANOLA COUNTY PLUMBING	4448	06/20/2011	TOILET SEAT REPLACEMENT	100-510-54570	114.69
PANOLA COUNTY PLUMBING	4546	06/20/2011	RESTROOM REPAIRS	100-510-54570	120.48
PANOLA COUNTY PLUMBING	4550	06/20/2011	CABLE RAN THROUGH CLEAN	100-510-54570	250.00
PANOLA COUNTY PLUMBING	4806	06/20/2011	EYE WASH REPAIRS	100-570-54570	101.16
PANOLA COUNTY PLUMBING	4862	06/20/2011	TOILET REPAIRS	100-570-54570	85.00
PANOLA COUNTY PLUMBING	4872	06/20/2011	TOILET VALVE REPAIRS	100-570-54570	178.64
PANOLA COUNTY PLUMBING	4892	06/20/2011	SHOWER AND LAVATORY REPAIR	100-570-54570	218.90
<b>Vendor PANOLA COUNTY PLUMBING Total:</b>					<b>1,268.87</b>
<b>Vendor: PANOLA COUNTY RETIREE HEALTH</b>					
PANOLA COUNTY RETIREE	2011	06/24/2011	LUMP SUM CONTRIBUTION 2C	300-629-52140	14,604.00
PANOLA COUNTY RETIREE	2011	06/24/2011	LUMP SUM CONTRIBUTION 2C	200-621-52140	63,849.00
PANOLA COUNTY RETIREE	2011	06/24/2011	LUMP SUM CONTRIBUTION 2C	200-624-52140	63,849.00
PANOLA COUNTY RETIREE	2011	06/24/2011	LUMP SUM CONTRIBUTION 2C	200-623-52140	63,849.00
PANOLA COUNTY RETIREE	2011	06/24/2011	LUMP SUM CONTRIBUTION 2C	100-409-52140	630,000.00
PANOLA COUNTY RETIREE	2011	06/24/2011	LUMP SUM CONTRIBUTION 2C	200-622-52140	63,849.00
<b>Vendor PANOLA COUNTY RETIREE HEALTH Total:</b>					<b>900,000.00</b>
<b>Vendor: PANOLA-HARRISON ELECTRIC COOP, INC.</b>					
PANOLA-HARRISON ELECTRIC	06.14.11	06/20/2011	PO #53500, ACCT#999998179, 300-629-54430		12.70
<b>Vendor PANOLA-HARRISON ELECTRIC COOP, INC. Total:</b>					<b>12.70</b>
<b>Vendor: PATRICIA &amp; JENO BRAGER</b>					
PATRICIA & JENO BRAGER	JUNE2011	06/24/2011	ALIGAH C. JUNE MTHLY ALLOV	881-646-54740	30.00
PATRICIA & JENO BRAGER	JUNE2011BG	06/24/2011	ALIGAH C. B-DAY GIFT	881-646-54740	25.00
<b>Vendor PATRICIA &amp; JENO BRAGER Total:</b>					<b>55.00</b>
<b>Vendor: PATTERSON CHRYSLER DODGE JEEP</b>					
PATTERSON CHRYSLER DODGE	DOI60701	06/23/2011	P O #53604, PUMP WASH	200-621-53570	74.03
<b>Vendor PATTERSON CHRYSLER DODGE JEEP Total:</b>					<b>74.03</b>
<b>Vendor: PEGUES-HURST MOTOR CO.</b>					
PEGUES-HURST MOTOR	CC510100	06/23/2011	P O #53400, FILTERS AND ELE	200-623-53570	287.30
<b>Vendor PEGUES-HURST MOTOR CO. Total:</b>					<b>287.30</b>
<b>Vendor: PITNEY BOWES GLOBAL FINANCIAL SERVICES LLC</b>					
PITNEY BOWES GLOBAL FIN	FI#6959274	06/20/2011	LEASING CHARGES 3-30-11 TO	100-409-54420	2,307.00
<b>Vendor PITNEY BOWES GLOBAL FINANCIAL SERVICES LLC Total:</b>					<b>2,307.00</b>
<b>Vendor: PITNEY BOWES, INC</b>					
PITNEY BOWES, INC	696464	06/20/2011	GUMMED ROLL TAPE/RED INK	100-409-54420	219.99
<b>Vendor PITNEY BOWES, INC Total:</b>					<b>219.99</b>
<b>Vendor: PRITCHARD &amp; ABBOTT, INC.</b>					
PRITCHARD & ABBOTT, INC	2-0202	06/22/2011	2011 JULY INSTALLMENT	100-409-54101	40,904.25
<b>Vendor PRITCHARD &amp; ABBOTT, INC. Total:</b>					<b>40,904.25</b>
<b>Vendor: QUILL CORPORATION</b>					
QUILL CORPORATION	4688533	06/20/2011	TONER	100-457-53100	524.97
QUILL CORPORATION	4902949	06/22/2011	MISC. SUPPLIES	100-457-53100	185.20
<b>Vendor QUILL CORPORATION Total:</b>					<b>710.17</b>
<b>Vendor: R. COLLIN UNDERWOOD</b>					
R. COLLIN UNDERWOOD	2010-231-PCRCCL	06/23/2011	2010-231-PCRCCL, TX V INT OF	100-646-54890	1,562.25
R. COLLIN UNDERWOOD	J-837	06/23/2011	J-837, TX V HARVEY WOLF	100-646-54820	450.00
<b>Vendor R. COLLIN UNDERWOOD Total:</b>					<b>2,012.25</b>

Vendor: R.O.C.I.C.


**COMMISSIONERS' COURT  
PC POOL**
**Accounts Payable Report  
JUNE 27, 2011**

Vendor Name	Payable Number	Post Date	Item Description	Account Number	Amount
R.O.C.I.C.	264-23885	06/20/2011	SHERIFF'S OFFICE-2011-2012	100-560-54270	300.00
<b>Vendor R.O.C.I.C. Total:</b>					<b>300.00</b>
<b>Vendor: REEVES MOTOR SALES INC.</b>					
REEVES MOTOR SALES INC 10649		06/20/2011	MOWERS	100-510-53050	1,673.00
<b>Vendor REEVES MOTOR SALES INC. Total:</b>					<b>1,673.00</b>
<b>Vendor: RICHARD P. LOUGHLIN</b>					
RICHARD P. LOUGHLIN 06.20.11		06/22/2011	COMPLETION OF FIN. AUDIT Y.	100-409-54150	34,997.48
<b>Vendor RICHARD P. LOUGHLIN Total:</b>					<b>34,997.48</b>
<b>Vendor: ROMCO EQUIPMENT COMPANY</b>					
ROMCO EQUIPMENT COM 10523844		06/20/2011	P O #53554, FILTERS	200-622-53560	234.05
<b>Vendor ROMCO EQUIPMENT COMPANY Total:</b>					<b>234.05</b>
<b>Vendor: SAMMY BROWN LIBRARY</b>					
SAMMY BROWN LIBRARY JUNE 2011		06/21/2011	2ND QTR 2011 REIMBURSEME	100-650-53140	5,000.00
<b>Vendor SAMMY BROWN LIBRARY Total:</b>					<b>5,000.00</b>
<b>Vendor: SCOTT RECTENWALD</b>					
SCOTT RECTENWALD 2003-C-215-218D		06/20/2011	2003-C-215-218DC	100-646-54890	2,872.50
<b>Vendor SCOTT RECTENWALD Total:</b>					<b>2,872.50</b>
<b>Vendor: SOUTH GATEWAY TIRE COMPANY, INC.</b>					
SOUTH GATEWAY TIRE COI1500680274		06/20/2011	REGULAR MOUNT, DISP. FEE	100-560-54540	35.00
SOUTH GATEWAY TIRE COI1500681882		06/20/2011	REGULAR MOUNT/DISP. FEE	100-560-54540	17.50
SOUTH GATEWAY TIRE COI1500683116		06/20/2011	REGULAR FLAT	100-560-54540	18.00
<b>Vendor SOUTH GATEWAY TIRE COMPANY, INC. Total:</b>					<b>70.50</b>
<b>Vendor: SOUTHWESTERN ELECTRIC POWER</b>					
SOUTHWESTERN ELECTRIC 06.10.11		06/22/2011	ACCT#961-279-171-0-0, 05/10	100-570-54430	1,502.81
<b>Vendor SOUTHWESTERN ELECTRIC POWER Total:</b>					<b>1,502.81</b>
<b>Vendor: SOUTHWESTERN ELECTRIC POWER</b>					
SOUTHWESTERN ELECTRIC 06.10.11		06/24/2011	ACCT.#968-113-315-1-9, 05/10	100-570-54430	3,994.88
<b>Vendor SOUTHWESTERN ELECTRIC POWER Total:</b>					<b>3,994.88</b>
<b>Vendor: SUSSE PETROLEUM COMPANY LLC</b>					
SUSSE PETROLEUM COMI318250AAA		06/20/2011	P O #53483, DIESEL PURCHASE	200-622-53560	2,917.40
SUSSE PETROLEUM COMI318250AAA		06/20/2011	P O #53483, DIESEL PURCHASE	200-621-53560	-7.89
SUSSE PETROLEUM COMI318250AAA		06/20/2011	P O #53483, DIESEL PURCHASE	200-623-53560	10,533.98
SUSSE PETROLEUM COMI318250AAA		06/20/2011	P O #53483, DIESEL PURCHASE	200-624-53560	9,856.04
SUSSE PETROLEUM COMI319980		06/22/2011	FUEL PURCHASE 6-14-11	100-581-54540	701.64
SUSSE PETROLEUM COMI319980		06/22/2011	FUEL PURCHASE 6-14-11	300-629-53560	175.41
SUSSE PETROLEUM COMI319980		06/22/2011	FUEL PURCHASE 6-14-11	820-480-54540	198.14
SUSSE PETROLEUM COMI319980		06/22/2011	FUEL PURCHASE 6-14-11	100-585-54540	321.58
SUSSE PETROLEUM COMI319980		06/22/2011	FUEL PURCHASE 6-14-11	200-623-53560	454.77
SUSSE PETROLEUM COMI319980		06/22/2011	FUEL PURCHASE 6-14-11	300-629-53560	68.22
SUSSE PETROLEUM COMI319980		06/22/2011	FUEL PURCHASE 6-14-11	100-560-54540	7,454.89
SUSSE PETROLEUM COMI319980		06/22/2011	FUEL PURCHASE 6-14-11	200-622-53560	13,588.77
SUSSE PETROLEUM COMI319980		06/22/2011	FUEL PURCHASE 6-14-11	200-624-53560	250.12
SUSSE PETROLEUM COMI319980		06/22/2011	FUEL PURCHASE 6-14-11	200-622-53560	1,471.49
<b>Vendor SUSSE PETROLEUM COMPANY LLC Total:</b>					<b>47,984.56</b>
<b>Vendor: TED'S SAW SHOP</b>					
TED'S SAW SHOP 026136		06/21/2011	P O #53389, CHAINS	200-623-53560	161.60
<b>Vendor TED'S SAW SHOP Total:</b>					<b>161.60</b>
<b>Vendor: TERRI HUDSON, CSR</b>					
TERRI HUDSON, CSR 2011-17		06/21/2011	REPORTER'S RECORD COPY-20	100-646-54760	392.30
<b>Vendor TERRI HUDSON, CSR Total:</b>					<b>392.30</b>
<b>Vendor: TEXAS JUSTICE COURT JUDGES ASSOCIATION</b>					
TEXAS JUSTICE COURT JUD JUNE 2011		06/21/2011	REG. FEE FOR 2011 ED. & TECH	100-457-54270	130.00


**COMMISSIONERS' COURT  
PC POOL**
**Accounts Payable Report  
JUNE 27, 2011**

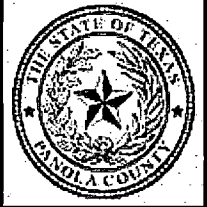
Vendor Name	Payable Number	Post Date	Item Description	Account Number	Amount
<b>Vendor TEXAS JUSTICE COURT JUDGES ASSOCIATION Total:</b>					<b>130.00</b>
<b>Vendor: TRI-STATE FASTENERS &amp; SUPPLY</b>					
TRI-STATE FASTENERS & S	171893	06/23/2011	P O #53705, NUTS,BOLTS,TIES, 300-629-53560		97.86
<b>Vendor TRI-STATE FASTENERS &amp; SUPPLY Total:</b>					<b>97.86</b>
<b>Vendor: TYLER TECHNOLOGIES, INC.</b>					
TYLER TECHNOLOGIES, INC	186498	06/21/2011	THIRD QTR. 2011 HOSTING FEI 100-409-54101		42,525.00
<b>Vendor TYLER TECHNOLOGIES, INC. Total:</b>					<b>42,525.00</b>
<b>Vendor: TYLER TECHNOLOGIES, INC.</b>					
TYLER TECHNOLOGIES, INC	186502	06/21/2011	MAY 2011 GO-LIVE CONF./TRF 100-409-54101		7,002.35
<b>Vendor TYLER TECHNOLOGIES, INC. Total:</b>					<b>7,002.35</b>
<b>Vendor: TYSON FOODS, INC.</b>					
TYSON FOODS, INC.	10666	06/21/2011	CHICKEN FOR JAIL 100-570-54082		30.00
<b>Vendor TYSON FOODS, INC. Total:</b>					<b>30.00</b>
<b>Vendor: UNDERWOOD LAW OFFICE</b>					
UNDERWOOD LAW OFFICE	03.31.11	06/21/2011	CUNNINGHAM V. PANOLA COI 100-478-54890		3,500.00
<b>Vendor UNDERWOOD LAW OFFICE Total:</b>					<b>3,500.00</b>
<b>Vendor: UNIFIRST HOLDINGS, INC.</b>					
UNIFIRST HOLDINGS, INC.	826 0599299	06/21/2011	P O #53703, RUGS 300-629-53560		14.00
UNIFIRST HOLDINGS, INC.	826 0600330	06/23/2011	P O #53704, RUGS 300-629-53560		14.00
<b>Vendor UNIFIRST HOLDINGS, INC. Total:</b>					<b>28.00</b>
<b>Vendor: US SCRIPT, INC.</b>					
US SCRIPT, INC.	17079	06/24/2011	PRISONER PRESCRIPTIONS 883-648-54600		119.01
US SCRIPT, INC.	17079	06/24/2011	PRISONER PRESCRIPTIONS 100-570-54050		802.20
<b>Vendor US SCRIPT, INC. Total:</b>					<b>921.21</b>
<b>Vendor: USPS DISBURSING OFFICER</b>					
USPS DISBURSING OFFICER	702247557	06/21/2011	JULY 2011 RENT 100-575-54440		315.00
<b>Vendor USPS DISBURSING OFFICER Total:</b>					<b>315.00</b>
<b>Vendor: VERIZON WIRELESS (CONS 1&amp;4)</b>					
VERIZON WIRELESS (CONS	6590687932	06/23/2011	ACCT#613439924-00001M 05, 100-585-54200		44.79
<b>Vendor VERIZON WIRELESS (CONS 1&amp;4) Total:</b>					<b>44.79</b>
<b>Vendor: VERIZON WIRELESS (R&amp;B)</b>					
VERIZON WIRELESS (R&B)	6590387233	06/23/2011	CUST#313439941-00001, MAY 300-629-54430		404.27
<b>Vendor VERIZON WIRELESS (R&amp;B) Total:</b>					<b>404.27</b>
<b>Vendor: VIP TECHNOLOGIES, INC.</b>					
VIP TECHNOLOGIES, INC.	00019806	06/22/2011	SERVICE CALL FOR PHONE 100-560-54200		225.00
<b>Vendor VIP TECHNOLOGIES, INC. Total:</b>					<b>225.00</b>
<b>Vendor: WALMART COMM PCCPS</b>					
WALMART COMM PCCPS	004691	06/21/2011	SHOPPING CARDS 881-646-54740		550.00
<b>Vendor WALMART COMM PCCPS Total:</b>					<b>550.00</b>
<b>Vendor: WALMART COMMUNITY/GEMB</b>					
WALMART COMMUNITY/C	001080	06/22/2011	MISC. ITEMS 100-570-53930		131.50
WALMART COMMUNITY/C	002732	06/21/2011	MISC. SUPPLIES 100-560-53100		30.99
WALMART COMMUNITY/C	002889	06/22/2011	PEN, ELECTRIC SHARPENER 100-570-53930		20.97
WALMART COMMUNITY/C	003602	06/22/2011	EXT. CORD, SURGE VAL PK 3PC 100-570-54570		20.94
WALMART COMMUNITY/C	003818	06/21/2011	MISC. ITEMS 100-560-53100		30.41
WALMART COMMUNITY/C	005183	06/22/2011	MISC. SUPPLIES 100-560-53100		28.74
WALMART COMMUNITY/C	006290	06/21/2011	MISC. SUPPLIES 100-570-53930		285.62
WALMART COMMUNITY/C	006587	06/22/2011	MISC. ITEMS 100-560-54320		52.82
WALMART COMMUNITY/C	007051	06/21/2011	MISC. SUPPLIES 100-570-53930		146.50
WALMART COMMUNITY/C	008126	06/21/2011	MISC. ITEMS 100-570-53930		232.13
WALMART COMMUNITY/C	008746	06/21/2011	X LARGE GAP SEAL, DVD-RS 100-560-54320		41.88
WALMART COMMUNITY/C	009429	06/21/2011	MOUNT TAPE, GLUE TUBES,GE 100-560-53100		43.44



**COMMISSIONERS' COURT  
PC POOL**

**Accounts Payable Report  
JUNE 27, 2011**

Vendor Name	Payable Number	Post Date	Item Description	Account Number	Amount
WALMART COMMUNITY/	009712	06/21/2011	MISC. ITEMS	100-560-54320	21.77
Vendor WALMART COMMUNITY/GEMB Total:					1,087.71
<b>Vendor: WARREN TRUCK &amp; TRAILER</b>					
WARREN TRUCK & TRAILER	WTTLLC003803	06/23/2011	P O #53432, MESH TARPS/SHII	200-621-53560	209.00
Vendor WARREN TRUCK & TRAILER Total:					209.00
<b>Vendor: WEST PAYMENT CENTER</b>					
WEST PAYMENT CENTER	823001899	06/24/2011	SUB. PROD. CHARGES 05/05/1	100-477-53120	1,330.50
Vendor WEST PAYMENT CENTER Total:					1,330.50
<b>Vendor: WILLIAM GEORGE CO., INC.</b>					
WILLIAM GEORGE CO., INC	375587	06/21/2011	JAIL FOOD	100-570-54082	1,219.01
WILLIAM GEORGE CO., INC	377072	06/22/2011	JAIL FOOD	100-570-54082	1,778.00
Vendor WILLIAM GEORGE CO., INC. Total:					2,997.01
<b>Vendor: XEROX CORPORATION</b>					
XEROX CORPORATION	055427671	06/22/2011	DET. CTR. MAY 2011 USAGE	100-570-54630	139.67
XEROX CORPORATION	055451702	06/22/2011	SHERIFF'S OFC. MAY 2011	100-409-54620	150.08
XEROX CORPORATION	055471631	06/21/2011	COMM CRT MAY 2011	100-409-54620	154.65
Vendor XEROX CORPORATION Total:					444.40


**COMMISSIONERS' COURT  
PROBATION POOL**
**Accounts Payable Report**
**JUNE 27, 2011**

Vendor Name	Payable Number	Post Date	Item Description	Account Number	Amount
<b>Vendor: AUTO EXPRESS LUBE</b>					
AUTO EXPRESS LUBE	33424	06/21/2011	OIL CHANGE/INSPECTION	585-810-59650	55.65
<b>Vendor AUTO EXPRESS LUBE Total:</b>					<b>55.65</b>
<b>Vendor: JAMES M. CALLOWAY</b>					
JAMES M. CALLOWAY	06.12.11	06/20/2011	LIFE SKILLS 6/7/11	560-810-59970	70.00
JAMES M. CALLOWAY	06.19.11	06/21/2011	LIFE SKILLS 06/14/11	560-810-59970	70.00
<b>Vendor JAMES M. CALLOWAY Total:</b>					<b>140.00</b>
<b>Vendor: RICHARD BURNETT LCSW</b>					
RICHARD BURNETT LCSW	0411	06/22/2011	SHELBY COUNTY APRIL 2011 C	480-760-59411	1,325.00
RICHARD BURNETT LCSW	APRIL 2011	06/22/2011	PANOLA CO. APRIL 2011 COUN	480-760-59410	1,325.00
<b>Vendor RICHARD BURNETT LCSW Total:</b>					<b>2,650.00</b>
<b>Vendor: SHELBY COUNTY</b>					
SHELBY COUNTY	05.25.11	06/22/2011	MAY 2011 SALARY SUPP. FOR	480-760-59412	454.18
<b>Vendor SHELBY COUNTY Total:</b>					<b>454.18</b>
<b>Vendor: SUSSE PETROLEUM COMPANY LLC</b>					
SUSSE PETROLEUM COMPAN	319980-JUV PROB	06/22/2011	FUEL PURCHASE 6-14-11	540-810-59650	71.47
<b>Vendor SUSSE PETROLEUM COMPANY LLC Total:</b>					<b>71.47</b>
<b>Vendor: TEXAS JUVENILE PROBATION COMMISSION</b>					
TEXAS JUVENILE PROBATION C	ANDERSON,TRACY	06/20/2011	2011 DATA CONF.-EVENT #TJP	560-810-59650	25.00
<b>Vendor TEXAS JUVENILE PROBATION COMMISSION Total:</b>					<b>25.00</b>
<b>Vendor: VERIZON WIRELESS (JUV)</b>					
VERIZON WIRELESS (JUV)	6590750049	06/21/2011	ACCT#713087050-00001, 05/1	560-810-59650	129.21
<b>Vendor VERIZON WIRELESS (JUV) Total:</b>					<b>129.21</b>
<b>Vendor: XEROX CORPORATION</b>					
XEROX CORPORATION	055427667-6/3/11	06/21/2011	JUV #712961671, SHORT FRC	560-810-59650	13.79
<b>Vendor XEROX CORPORATION Total:</b>					<b>13.79</b>
<b>Vendor: ZACHARY DABNEY</b>					
ZACHARY DABNEY	06.16.11	06/21/2011	ROUTINE TRAVEL EXP. REIMB	540-810-59910	336.09
<b>Vendor ZACHARY DABNEY Total:</b>					<b>336.09</b>
<b>Grand Total:</b>					<b>3,875.39</b>



Telephone: 903.657.0240  
Fax: 903.655.1324

116 S Marshall  
P O Box 1716  
Henderson TX 75654

June 22, 2011

Honorable County Judge and  
Honorable Members of the Commissioners' Court  
Panola County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Panola County, Texas ("County") as of and for the year ended December 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our letter dated December 2, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 averages of property taxes removed from the tax rolls because of adjustments in the values of real property and the charge off of personal property taxes. 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.

Honorable County Judge and  
Honorable Members of the Commissioners' Court  
Panola County, Texas  
June 22, 2011

Management's estimate of the estimated useful life of capital assets has been consistently applied since the implementation of GASB Statement No. 34. We evaluated the key factors and assumptions used to develop the estimated useful life of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the liability for the County's other postemployment benefit (OPEB) obligation is based upon the most recently completed actuarial valuation, dated December 31, 2010.

The disclosures in the financial statements are neutral, consistent, and clear. None of the financial statement disclosures are particularly sensitive because of their significance to financial statement users.

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no uncorrected misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, 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.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter date June 22, 2011.

#### *Management 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

Honorable County Judge and  
Honorable Members of the Commissioners' Court  
Panola County, Texas  
June 22, 2011

VOL. - 75 PAGE 615


consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

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

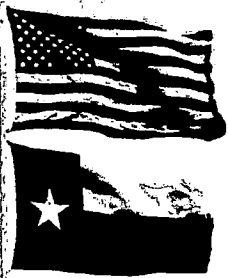
This information is intended solely for the use of the Commissioners' Court and management of Panola County, Texas and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

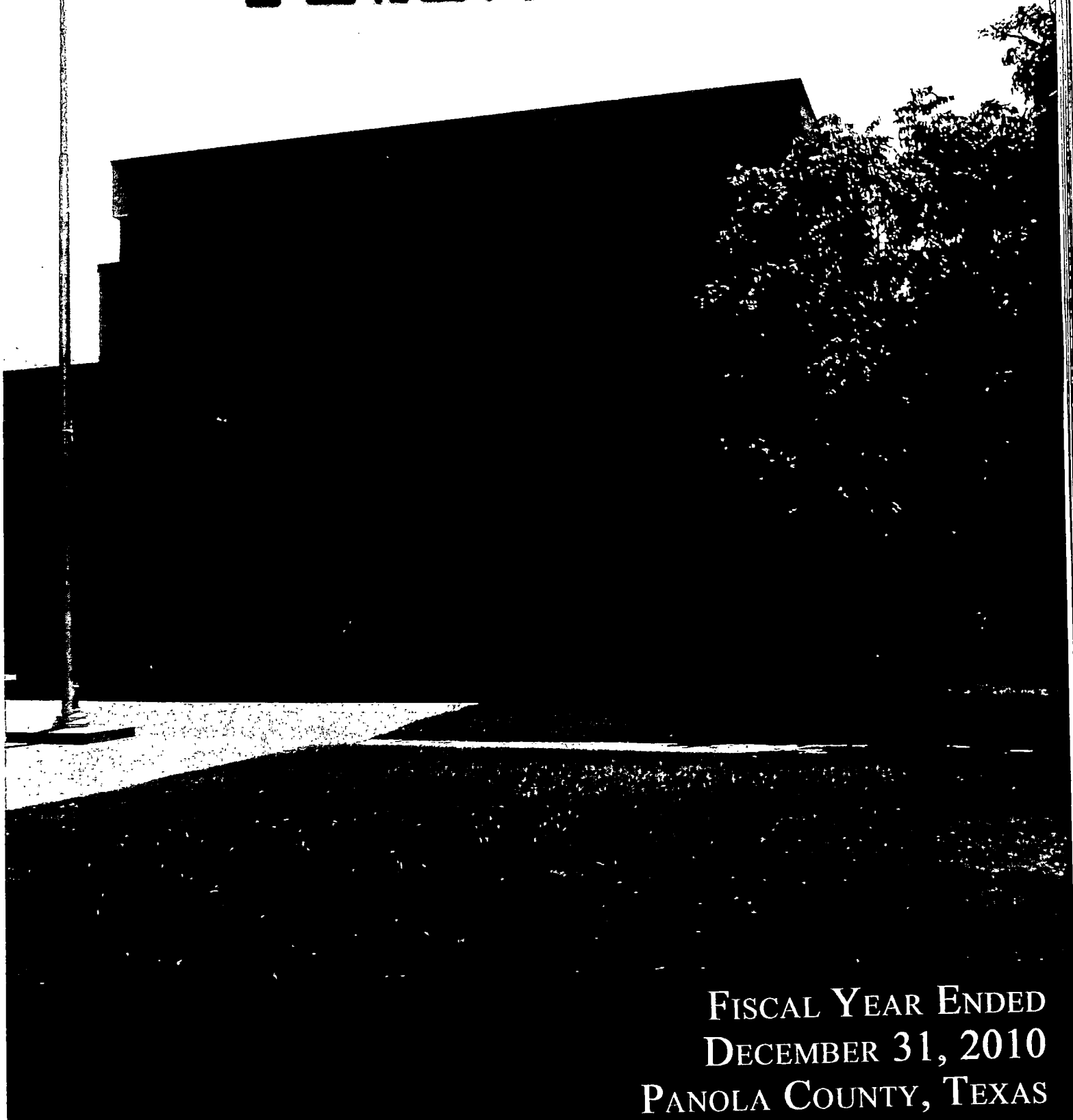


Richard P. Loughlin  
Certified Public Accountant

VOL. - 75 PAGE 616



# COUNTY AUDITOR'S COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED  
DECEMBER 31, 2010  
PANOLA COUNTY, TEXAS

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**PANOLA COUNTY, TEXAS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

**Prepared by:**

**Office of the County Auditor  
Panola County, Texas**

PANOLA COUNTY, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS

	PAGE
<b><u>INTRODUCTORY SECTION</u></b>	
County Auditor's Letter of Transmittal	3
Certificate of Achievement for Excellence in Financial Reporting	8
Directory of Officials	9
Organizational Chart	11
<b><u>FINANCIAL SECTION</u></b>	
Independent Auditor's Report	15
Management's Discussion and Analysis	17
<b><u>Basic Financial Statements:</u></b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets	29
Statement of Activities	30
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds	31
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Assets	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
Statement of Net Assets – Fiduciary Funds	35
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	36
Notes to the Financial Statements	37
<b><u>Required Supplementary Information:</u></b>	
Budgetary Information	55
Schedule of Funding Progress for the Retirement Plan for the Employees of Panola County	56
Schedule of Funding Progress – Other Post Employment Benefits (OPEB) Plan	57
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund	59
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – Road and Bridge Special Revenue Fund	60
<b><u>Supplementary Financial Information:</u></b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund	67

VOL. 75 PAGE 619

**PANOLA COUNTY, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**Table of Contents (continued)**

	<b>PAGE</b>
<b><u>Combining and Individual Fund Statements and Schedules:</u></b>	
Combining Balance Sheet – Non-Major Governmental Funds	87
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	88
Combining Balance Sheet – Non-Major Governmental Funds – Non-Major Special Revenue funds	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds – Non-Major Special Revenue Funds	100
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Special Revenue Funds	109
Combining Balance Sheet – Non-Major Governmental Funds – Non-Major Capital Projects Funds	135
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds – Non-Major Capital Projects Funds	136
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Sheriff's Renovation Construction Capital Projects Fund	137
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – 1971 Road Bond Capital Projects Funds	138
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Permanent Improvement Capital Projects Funds	139
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Debt Service Fund	140
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	143
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source	151
Schedule by Function and Activity	153
Schedule of Changes by Function and Activity	155
 <b><u>STATISTICAL DATA (UNAUDITED)</u></b>	
TABLE 1 - Net Assets By Component	161
TABLE 2 - Changes in Net Assets	163
TABLE 3 - Fund Balances – Governmental Funds	167
TABLE 4 - Changes in Fund Balances – Governmental Funds	168
TABLE 5 - Assessed Value and Estimated Actual Value of Taxable Property	169
TABLE 6 - Direct and Overlapping Property Tax Rates	170
TABLE 7 - Principal Property Taxpayers	173
TABLE 8 - Property Tax Levies and Collections	174
TABLE 9 - Ratio of Outstanding Debt by Type	176
TABLE 10 - Direct and Overlapping Governmental Debt	177
TABLE 11 - Legal Debt Margin Information	178
TABLE 12 - Demographic and Economic Statistics	179
TABLE 13 - Principal Employers	181
TABLE 14 - Full-Time Equivalent County Government Employees	182
TABLE 15 - Capital Assets by Function/Program	184
TABLE 16 - Operating Indicators by Function/Program	185
TABLE 17 - Schedule of Insurance in Force	186

Table of Contents (continued)

	PAGE
<b><u>OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION</u></b>	
<b><u>Independent Auditor's Report:</u></b>	
Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	195
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with <i>The State of Texas Single Audit Circular</i>	197
Schedule of Findings and Questioned Costs	199
<b><u>SUPPLEMENTARY GRANT REVENUE AND EXPENSE SCHEDULES</u></b>	
Schedule of Expenditures of Federal and State Awards	205
Notes to the Schedules of Expenditures of Federal and State Awards	207

## **INTRODUCTORY SECTION**

VOL. -75 PAGE 622

**THIS PAGE LEFT BLANK INTENTIONALLY**



OFFICE OF  
**PANOLA COUNTY AUDITOR**  
COURTHOUSE ANNEX - ROOM 213A  
CARTHAGE, TEXAS 75633  
903-693-0320

19 VOL. 75 PAGE 623

JENNIFER STACY  
1ST ASSISTANT AUDITOR  
DONNA BURCHETT  
2ND ASSISTANT AUDITOR

June 24, 2011

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, 2010. 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 Richard P. Loughlin, CPA, a licensed certified public accountant. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the year ended December 31, 2010 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, 2010, 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 23,093.

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 Commissioners' 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 Commissioners' 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 decrease 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 made and are planned to ensure that the department stays updated to meet future repair needs. In addition, the Commissioners' Court continued to fund the Other Post-Employment Benefits (OPEB) Trust Fund in compliance with Government Accounting Standards Board Statement 45 (GASB 45). Compliance with this accounting standard and funding in 2011 will minimize the cost to future taxpayers.

In mid-2010 Panola County began the process of changing computer software products for a majority of the County departments. This involved a major commitment of time and resources for training and implementation. Favorable progress was made and should be complete in early 2011.

During 2010, Panola County entered into construction contracts for the renovation of the old jail for expansion of the Sheriff's office. This project was ongoing at the end of 2010 and should be completed in 2011.

Various costs associated with increased health care premiums for active and retired employees had a significant effect on the financial statements in 2010. The County continues to participate in the insurance program provided through the Texas Association of Counties. This insurance pool allows the County to limit increases in premiums at an amount less than the national average.

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 very reasonable, low-cost indigent care program that provides needed health benefits for qualified citizens. The County maintains the Health Fund at an adequate balance to provide health care to indigent County residents.

#### **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, 2009.

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 that our current comprehensive annual financial 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 that assisted and contributed to its preparation.

Respectfully submitted,

*Sidney Burns*

Sidney Burns  
County Auditor

*Jennifer Stacy*

Jennifer Stacy  
1<sup>st</sup> Assistant Auditor

*Donna Burchett*

Donna Burchett  
2<sup>nd</sup> Assistant 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, 2009

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.



A stylized, handwritten signature in black ink.

President

A stylized, handwritten signature in black ink.

Executive Director

**PANOLA COUNTY, TEXAS  
DIRECTORY OF OFFICIALS  
DECEMBER 31, 2010**

**DISTRICT COURT: 123rd Judicial District**

**The Honorable Guy Griffin, District Judge  
The Honorable Danny Buck Davidson, Criminal District Attorney  
Terri Hudson, Court Reporter  
Debra Johnson, District Clerk  
Bradley Wilburn, 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 John Gradberg, 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:**

**Jennifer Stacy  
Donna Burchett**

**COUNTY CLERK:**

**Clara Jones**

**COUNTY SHERIFF:**

**Jack Ellett**

**COUNTY SURVEYOR:**

**Don Austin**

**COUNTY TAX ASSESSOR-COLLECTOR:**

**Margaret Dyer**

**COUNTY TREASURER:**

**Gloria Portman**

**PANOLA COUNTY, TEXAS  
DIRECTORY OF OFFICIALS  
DECEMBER 31, 2010**

**COUNTY VETERAN SERVICE OFFICER:**

**Jim Young**

**JUSTICES OF THE PEACE:**

**Lora Taylor, Precincts #2 and #3  
David Gray, Precincts #1 and #4**

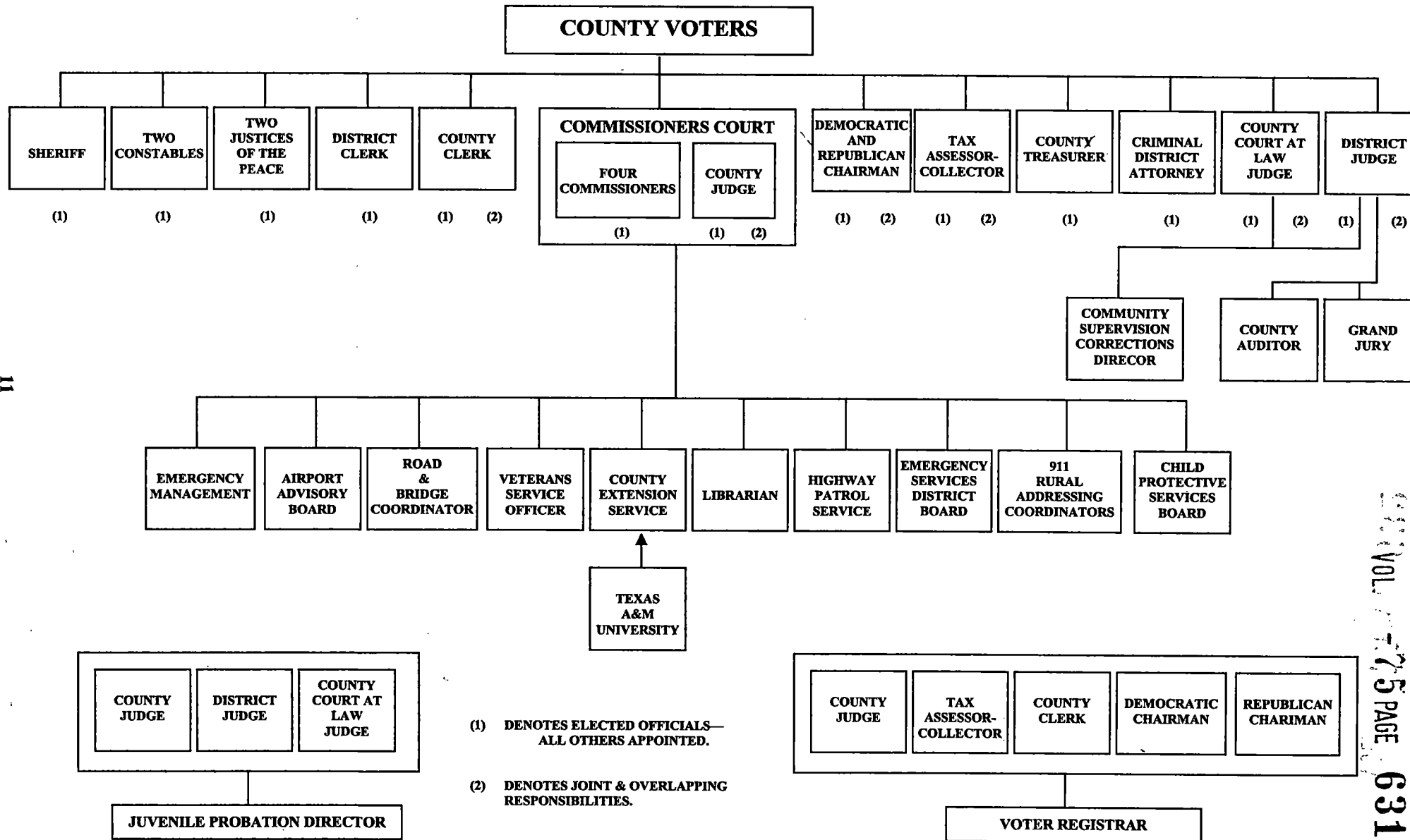
**CONSTABLES:**

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

**ELECTIONS ADMINISTRATOR:**

**Cheyenne Lampley**

# PANOLA COUNTY, TEXAS ORGANIZATION CHART



**THIS PAGE LEFT BLANK INTENTIONALLY**

**FINANCIAL SECTION**

8VOLD 25 PAGE 634

**THIS PAGE LEFT BLANK INTENTIONALLY**



Telephone: 903.657.0240  
Fax: 903.655.1324

116 S Marshall  
P O Box 1716  
Henderson TX 75654

## INDEPENDENT AUDITOR'S REPORT

June 22, 2011

**Panola County Commissioners' Court**  
**Panola County, Texas**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Panola County, Texas, as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Panola County, Texas', management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

In our opinion the financial statements referred to above 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, Texas, as of December 31, 2010, and the respective changes in financial position, 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 our report dated June 22, 2011, on our consideration of Panola County, Texas, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 17 through 26; the Schedule of Funding Progress for the Retirement Plan for Employees of Panola County on page 56; the Schedule of Funding Progress - Other Post-Employment (OPEB) Plan on page 57; and budgetary comparison information on pages 59-63 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Panola County, Texas', basic financial statements. The introductory section, combining and individual non-major fund

MEMBER

financial statements, statistical section 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 accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the State of Texas Single Audit Circular, and is also not a required part of the basic financial statements of the County. The combining and individual non-major fund financial statements, supplementary financial information and the Schedule of Expenditures of Federal and State Awards have 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. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Richard P. Loughlin

Certified Public Accountant

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, 2010. 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, 2010 by \$56,246,385 (net assets). Of this amount, \$33,209,420, (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 \$4,037,155.
- At December 31, 2010, the County's governmental funds reported combined ending fund balances of \$23,028,922, an increase of \$2,951,488 over the prior year. Of this amount, \$201,590 is reserved for debt service and \$24,346 is reserved for inventories. In addition, \$3,591,363, or 15.6% is designated for health care, and \$647,974, or 2.8%, is designated for capital projects. The remaining \$18,563,649, or 80.6%, is unreserved and undesignated. Unreserved fund balances are available for spending at the County's discretion.
- At December 31, 2010, unreserved fund balance for the general fund was \$11,572,586, or 104.1% of total general fund expenditures.
- The County's total debt decreased by \$1,285,000 during the year ended December 31, 2010.

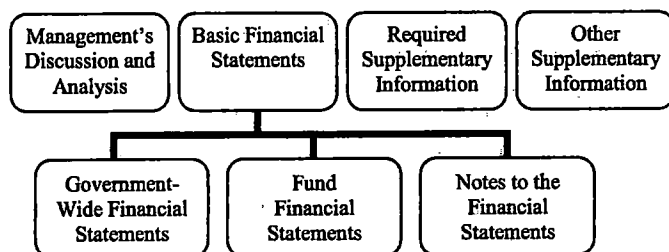
#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Panola County, Texas, basic financial statements. The County's Comprehensive Annual Financial Report has been prepared in compliance with 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.

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.

**PANOLA COUNTY, TEXAS**  
**Management's Discussion and Analysis**  
**December 31, 2010**

### **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, respectively.

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 compensated absences).

Panola County has no separately identified discretely-presented component units included in the government-wide financial statements.

The government-wide financial statements can be found on pages 29 - 30 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 two categories: governmental 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 36 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 and the Road and Bridge special revenue fund, which are considered to be major funds. Data from the other 34 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 29 of its operating funds. The Required Supplementary Information contains budget comparisons for the General Fund and the Road and Bridge 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 31 - 34 of this report.

#### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County's fiduciary funds consist of agency funds and the Retiree Health Benefits Trust Fund (RHBT). 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 RHBT Fund was created in November 2007 for the purpose of funding for the County's obligation under GASB 45 regarding other post-employment benefits (OPEB) for eligible retired employees. Contributions by the County during 2010 totaled \$908,548. The RHBT will be used to provide for the future payment of health care insurance premiums for eligible retired employees.

The basic fiduciary fund financial statement can be found on pages 35 - 36 of this report.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 - 52 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, 2010 and December 31, 2009 are summarized and analyzed on the following page.

Assets exceeded liabilities by \$56,246,385 as of December 31, 2010, and by \$52,209,230 (as restated) as of December 31, 2009, a net increase of \$4,037,155. As of December 31, 2010, the County's total assets were \$76,803,169. Capital assets, which include land, buildings and improvements, machinery, equipment, furniture, infrastructure, and construction in progress less any related debt used to acquire those assets that is still outstanding, represent 40.6% of total net assets.

An amount of \$33,209,420 of the County's net assets is unrestricted net assets. This amount may be used to meet the County's ongoing obligations.

**Panola County, Texas**  
**Net Assets Used in Governmental Activities**  
**(Table 1)**

	<u>2010</u>	<u>(As restated)</u> <u>2009</u>
<b>Current and Other Assets</b>	\$ 52,650,307	\$ 46,587,507
<b>Capital Assets</b>	<u>24,152,862</u>	<u>24,510,568</u>
<b>Total Assets</b>	<u>\$ 76,803,169</u>	<u>\$ 71,098,075</u>
<b>Long-Term Liabilities Outstanding</b>	\$ 1,475,852	\$ 2,750,663
<b>Other Liabilities</b>	<u>19,080,932</u>	<u>16,138,182</u>
<b>Total Liabilities</b>	<u>\$ 20,556,784</u>	<u>\$ 18,888,845</u>
<b>Net Assets:</b>		
<b>Invested in Capital Assets, Net of Related Debt</b>	\$ 22,812,862	\$ 21,868,287
<b>Restricted</b>	224,103	669,514
<b>Unrestricted</b>	<u>33,209,420</u>	<u>29,671,429</u>
<b>Total Net Assets</b>	<u>\$ 56,246,385</u>	<u>\$ 52,209,230</u>

Governmental activities increased the County's net assets by \$4,037,155 in 2010. Total revenues for Panola County were \$25,295,508 and \$21,864,531 in 2010 and 2009, respectively. Total expenses were \$21,258,353 and \$18,103,455 in 2010 and 2009, respectively. Key elements of these changes are summarized below:

- Program revenues include charges for services, fines and forfeitures, as well as both operating and capital grants and contributions. Program revenues from governmental activities increased by \$2,049,204, or 58.49%. Charges for services increased by \$100,710, or only 4.3%. Operating grants and contributions increased by 1,716,376. The principal reason for the increase was the receipt of a payment from the County owned hospital. Capital grants and contributions increased to \$232,118. The increase is attributable to a Homeland Security Grant and a Texas Department of Rural Affairs grant for a County water supply corporation.
- General revenues consist of taxes and interest not allocable to specific programs, as well as miscellaneous transactions that are not attributable to a specific program. The largest of these revenues, taxes, increased by \$1,798,323, or 10.7%. Other revenues decreased by \$416,550 principally due to decreasing interest rates on investments.
- Public safety, public transportation, and general administration are the three largest programs, in terms of expenses. These three activities accounted for more than 71.0% of total expenses.
- General administration activities for 2010 increased by \$453,446 from the prior year. Significant among the cause for the increase was insurance costs, computer costs, and appraisal fees.
- Public transportation activities for 2010 increased by \$690,333 from the prior year largely due to increased personnel costs, repairs, fuel, and road maintenance expenditures.
- Health and paupers care activities for 2010 increased by \$1,667,591 as a result of the County's participation in the Texas Health and Human Services Commission's Rural Public Hospital Supplement Payments Program.

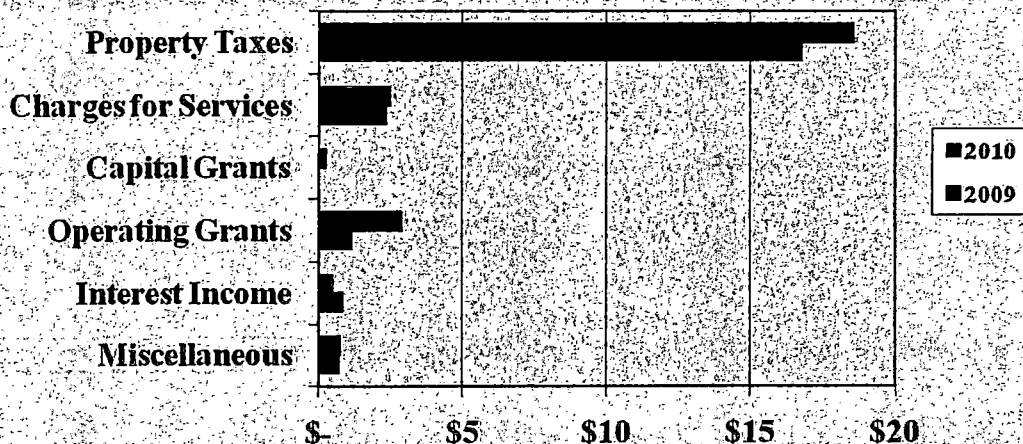
**PANOLA COUNTY, TEXAS**  
**Management's Discussion and Analysis**  
**December 31, 2010**

2010 VOL. 6-75 PAGE 641

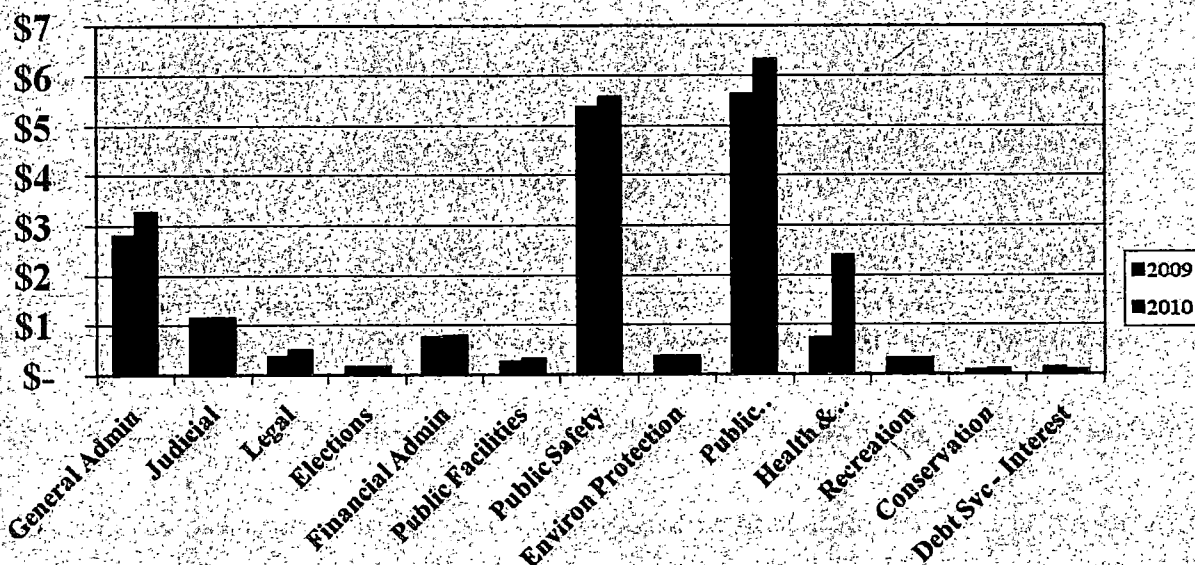
**Panola County, Texas**  
**Changes in Net Assets Used in Governmental Activities**  
**(Table 2)**

	<u>2010</u>	<u>2009</u>
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charges for Services	\$ 2,449,977	\$ 2,349,267
Operating Grants and Contributions	2,870,324	1,153,948
Capital Grants and Contributions	232,118	-
<b>General Revenues:</b>		
Property Taxes	18,542,362	16,744,039
Other	1,200,727	1,617,277
<b>Total Revenues</b>	<u>\$ 25,295,508</u>	<u>\$ 21,864,531</u>
<b>Expenses:</b>		
General administration	\$ 3,267,777	\$ 2,814,331
Judicial	1,120,449	1,134,624
Legal	490,452	350,538
Elections	163,105	167,952
Financial administration	766,574	755,563
Public facilities	297,677	258,652
Public safety	5,572,574	5,364,448
Environmental protection	361,383	363,925
Public transportation	6,333,001	5,642,668
Health & paupers care	2,402,045	734,454
Recreation	320,529	305,744
Conservation	92,987	90,679
Debt Service - Interest	69,800	119,877
	<u>\$ 21,258,353</u>	<u>\$ 18,103,455</u>
<b>Increase in Net Assets</b>	<u>\$ 4,037,155</u>	<u>\$ 3,761,076</u>
<b>Net Assets - Beginning (as restated)</b>	<u>52,209,230</u>	<u>48,448,154</u>
<b>Net Assets - Ending (as restated)</b>	<u><u>\$ 56,246,385</u></u>	<u><u>\$ 52,209,230</u></u>

**Governmental Activities - Revenues by Source**  
**For the Years Ended December 31**  
**(in millions)**



**Governmental Activities - Expenses by Function**  
**For the Years Ended December 31**  
**(in millions)**



## 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 funds.

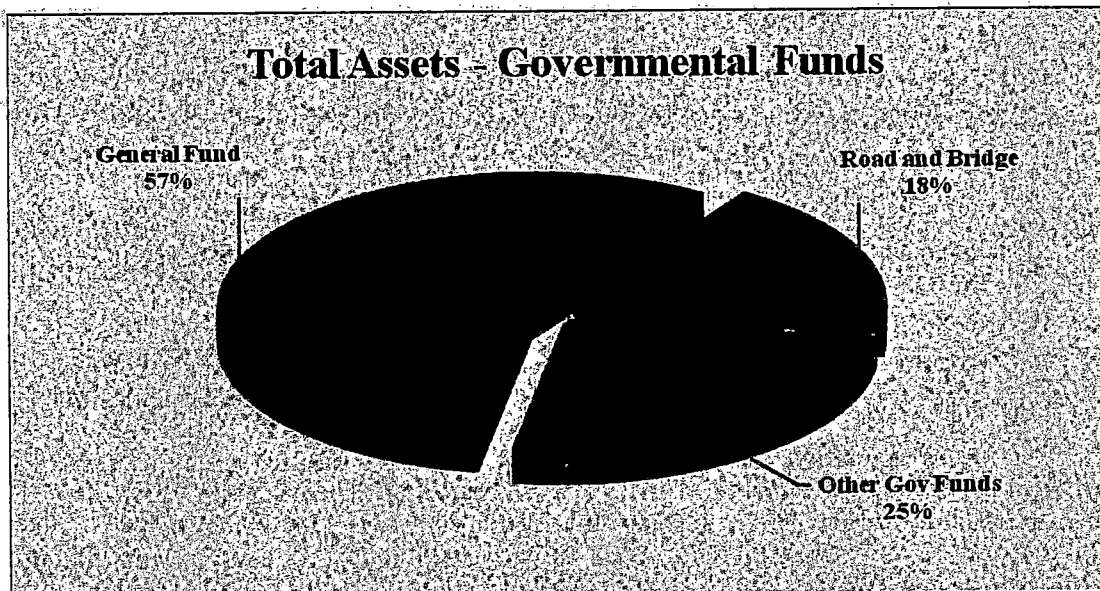
### Governmental Funds

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, 2010, the County's governmental funds reported combined ending fund balances of \$23,028,922, an increase of \$2,951,488 over the prior year. Approximately 80.6% of this amount, \$18,563,649 constitutes unreserved fund balance, which is available for spending at the County's discretion.

The General Fund is the chief operating fund of the County. At December 31, 2010, 100% of the General Fund's total fund balance, or \$11,572,586, is unreserved. Total fund balance for the General Fund increased by \$2,145,295, or 22.8% over 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 104.1% of total General Fund expenditures. Key factors in the change in fund balance in the General Fund are as follows: tax revenues increased by \$1,444,653 due to an increase in the tax rate and an increased rate of collection; miscellaneous revenues decreased by \$251,285 principally due to a decrease in the rate of interest earned on investments; intergovernmental receipts increased by \$130,956 due to an increase in homeland security funds for public safety. Expenditures increased by only approximately 5%. The change in fund balance in the Road and Bridge Fund approximated the amount from the prior year.

As shown below, as of December 31, 2010, total assets in the General Fund amounted to \$24,011,934, accounting for 57% of total governmental fund assets. The Road and Bridge special revenue fund, the County's other major fund's total asset amount is \$7,716,349. Together, these major funds account for 75%, of total governmental fund assets.



**PANOLA COUNTY, TEXAS**  
**Management's Discussion and Analysis**  
**December 31, 2010**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget amounted to an increase in appropriations of \$120,887. None of the budget amendments were significant and were funded from available fund balance.

General Fund revenues exceeded the final budget by \$1,196,583. The majority of this increase was attributable to interest and miscellaneous revenues exceeding anticipated amounts by \$458,329. In addition, property taxes exceeded the final budget by \$515,085, due to a change in the tax rate. Fees of office exceeded the final budget by \$139,136, principally due to additional fees collected by the Tax Assessor-Collector, and intergovernmental receipts exceeded the final budget by \$84,033, due to increased state funding.

General Fund expenditures were \$1,389,561 less than final budgeted expenditures. Major contributors to lower than budgeted expenditures are as follows:

- Expenditures for public safety activities were \$384,198 less than final budgeted expenditures due to less than anticipated fuel costs and costs of prisoner feeding and medical care.
- Expenditures for general administration activities were \$608,499 less than final budgeted expenditures due to the County's computer upgrade being not completed until 2011.
- Expenditures for health and paupers care activities were \$94,455 less than final budgeted expenditures, due to less than expected attorney's fees.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The County's investment in capital assets for its governmental activities as of December 31, 2010, amounts to \$24,152,862 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, furniture, infrastructure, and construction in progress. The net decrease in the County's investment in capital assets, after depreciation expense of \$1,670,677, for the current year was \$357,706.

This year's additions included machinery and equipment totaling \$1,060,446 and construction in progress of \$333,402.

Capital assets as of December 31, 2010 and 2009 are summarized on the following page.

Additional information on the County's capital assets can be found in Note 3, E on pages 44-45 of this report.

**PANOLA COUNTY, TEXAS**  
**Management's Discussion and Analysis**  
**December 31, 2010**

VOL. 75 PAGE 645

**Capital Assets**  
**As of December 31**

	<u>2010</u>	<u>2009</u>
Land	\$ 1,289,889	\$ 1,289,889
Buildings	18,537,168	18,537,168
Improvements other than buildings	259,303	259,303
Machinery and equipment	9,034,877	8,618,260
Infrastructure	10,371,442	10,371,442
Construction in Progress	333,402	-
Total Capital Assets	<u>39,826,081</u>	<u>39,076,062</u>
Less: Accumulated Depreciation	<u>(15,673,219)</u>	<u>(14,565,494)</u>
Total Capital Assets	<u>\$ 24,152,862</u>	<u>\$ 24,510,568</u>

**Long-Term Debt**

As of December 31, 2010, the County has \$1,340,000 of bonded debt. These bonds were issued in 2007 for the construction of a new jail facility. The only other debt outstanding is in the form of accrued compensated absences.

Additional information on the County's long-term debt can be found in Note 3, H on pages 46-47 of this report.

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

The following factors were considered in preparing the County's budget for 2011.

- The percentage decrease in total property assessed value for FY 2010 was 4.3% (FY 2009 decrease was 6.2%).
- Property tax receipts for FY 2010 were \$18.2 million, an increase of 9.0% over receipts of \$16.7 million for FY 2009.
- The County has consistently maintained an ad valorem tax collection rate over 97.5% for the last few years.
- The percentage increase in medical insurance premiums for employees was 10.1% for FY 2010 (FY 2009 increase was 9.8%).
- Fluctuating energy costs have affected the price of fuel and road surfacing materials.
- Property and liability insurance costs increased 12.3% for FY 2010 compared to a decrease of 1.09% for FY 2009.

**PANOLA COUNTY, TEXAS**  
**Management's Discussion and Analysis**  
**December 31, 2010**

Original budgeted expenditures for FY 2011 are \$23.5 million, an increase of 15.2% over original budgeted expenditures of \$20.4 million for FY 2010. Property taxes account for the bulk of the revenues, as approximately 92.0% 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 \$0.3887/\$100. This includes the debt service rate for bonds approved in 2006 for the construction of a new jail facility. The overall rate is lower than the county tax rate used ten years ago. The low rate was attributable to increased natural gas value and production.

Several other factors are expected to have an impact on the budgetary process in the next few years:

- Decreased taxable value due to the lower price of natural gas will have an impact on the budget for the next year.
- Continued pressure from rising health insurance costs, demand for services, increased fuel costs and road maintenance costs will cause the County to adjust the tax rate in years to come. The natural gas production should minimize these increases.
- In spite of the demand for County services, the County enjoys a healthy tax base relying primarily on the natural gas field for a substantial amount of tax revenues. The County conservatively manages its resources and is in a sound financial position to meet the needs of citizens for years to come.

#### **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.

## **BASIC FINANCIAL STATEMENTS**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**PANOLA COUNTY, TEXAS  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2010**

<b>ASSETS:</b>	<b>Governmental Activities</b>
Cash and Cash Equivalents	\$ 3,704,619
Investments	35,000,000
Receivables (net of allowance for uncollectible taxes):	
Property Taxes	2,921,376
Due from Other Governments	481,891
Miscellaneous	391,807
Inventory	24,346
Capital Assets (net of accumulated depreciation):	
Land	1,289,889
Buildings	14,974,338
Improvements other than buildings	219,101
Machinery and equipment	4,110,004
Infrastructure	3,226,128
Construction in Progress	333,402
Negative net OPEB obligation asset	10,118,668
Other Assets	7,600
<b>Total Assets</b>	<b>76,803,169</b>
 <b>LIABILITIES:</b>	
Accounts Payable-Trade	499,450
Unearned Revenues	18,572,709
Accrued Liabilities	8,773
Noncurrent liabilities:	
Due Within One Year	1,350,189
Due In More Than One Year	125,663
<b>Total Liabilities</b>	<b>20,556,784</b>
 <b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	22,812,862
Restricted for Debt Service	224,103
Unrestricted	33,209,420
<b>Total Net Assets</b>	<b>\$ 56,246,385</b>

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

**PANOLA COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Assets
Primary Government:					
Government Activities:					
General administration	\$ 3,267,777	\$ 348,974	\$ -	\$ -	\$ (2,918,803)
Judicial	1,120,449	453,019	85,889	-	(581,541)
Legal	490,452	45,235	63,391	-	(381,826)
Elections	163,105	5,061	47,669	-	(110,375)
Financial administration	766,574	758,081	-	-	(8,493)
Public facilities	297,677	-	-	31,650	(266,027)
Public safety	5,572,574	520,674	662,193	200,468	(4,189,239)
Environmental protection	361,383	-	-	-	(361,383)
Public transportation	6,333,001	176,809	30,222	-	(6,125,970)
Health & paupers care	2,402,045	1,400	1,980,960	-	(419,685)
Recreation	320,529	136,592	-	-	(183,937)
Conservation	92,987	4,132	-	-	(88,855)
Debt Service - Interest	69,800	-	-	-	(69,800)
Total primary government	<u>\$ 21,258,353</u>	<u>\$ 2,449,977</u>	<u>\$ 2,870,324</u>	<u>\$ 232,118</u>	<u>\$ (15,705,934)</u>
General Revenues:					
Property Taxes					\$ 18,542,362
Interest Income					470,991
Miscellaneous					<u>729,736</u>
Total general revenues and transfers					<u>19,743,089</u>
Change in net assets					4,037,155
Net assets, Beginning of Year (As Restated)					52,209,230
Net Assets, End of Year					<u>\$ 56,246,385</u>

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

PANOLA COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010

	General Fund	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,344,319	\$ 596,918	\$ 1,763,382	\$ 3,704,619
Investments	20,272,543	6,232,352	8,495,105	35,000,000
Receivables (net of allowance for uncollectibles)				
Current Taxes	1,597,507	640,890	252,421	2,490,818
Delinquent Taxes	275,339	110,461	44,758	430,558
Due from Other Governments	310,164	123,077	48,650	481,891
Miscellaneous	204,462	12,651	174,694	391,807
Inventory	-	-	24,346	24,346
Other Assets	7,600	-	-	7,600
<b>Total Assets</b>	<b>\$ 24,011,934</b>	<b>\$ 7,716,349</b>	<b>\$ 10,803,356</b>	<b>\$ 42,531,639</b>
<b>LIABILITIES</b>				
Accounts Payable-Trade	\$ 231,795	\$ 21,059	\$ 246,596	\$ 499,450
Deferred Tax Revenues	12,207,553	4,872,780	1,922,934	19,003,267
<b>Total Liabilities</b>	<b>12,439,348</b>	<b>4,893,839</b>	<b>2,169,530</b>	<b>19,502,717</b>
<b>FUND BALANCES</b>				
Reserved for:				
Inventory	-	-	24,346	24,346
Debt Service	-	-	201,590	201,590
Unreserved, Designated for:				
Health Care, Reported in Special Revenue Funds	-	-	3,591,363	3,591,363
Capital Projects, Reported in Capital Project Fund	-	-	647,974	647,974
Unreserved and Undesignated:				
Reported in the General Fund	11,572,586	-	-	11,572,586
Reported in Special Revenue Funds	-	2,822,510	4,168,553	6,991,063
<b>Total Fund Balances</b>	<b>11,572,586</b>	<b>2,822,510</b>	<b>8,633,826</b>	<b>23,028,922</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,011,934</b>	<b>\$ 7,716,349</b>	<b>\$ 10,803,356</b>	<b>\$ 42,531,639</b>

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

**PANOLA COUNTY, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF THE**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2010**

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 23,028,922</b>
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>	
<b>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</b>	<b>24,152,862</b>
<b>Negative net OPEB obligation assets created by contributions made by the County to its OPEB plan to retire part of its unfunded obligations are not recognized in the funds.</b>	<b>10,118,668</b>
<b>Net Delinquent Property Taxes Receivable is a "long-term asset" and not available to pay for current period expenditures and therefore is deferred in the funds.</b>	<b>430,558</b>
<b>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (See Note 2.A.)</b>	<b>(1,484,625)</b>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 56,246,385</b>

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, 2010**

	General Fund	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 11,923,666	\$ 4,475,675	\$ 1,917,288	\$ 18,316,629
Licenses	-	413,439	-	413,439
Intergovernmental Receipts	577,416	58,977	731,536	1,367,929
Fees of Office	668,668	-	664,930	1,333,598
Fines	-	295,442	-	295,442
Miscellaneous	655,550	380,844	2,387,220	3,423,614
<b>TOTAL REVENUES</b>	<b>13,825,300</b>	<b>5,624,377</b>	<b>5,700,974</b>	<b>25,150,651</b>
<b>EXPENDITURES</b>				
Current				
General Administration	3,017,294	-	213,951	3,231,245
Judicial	1,072,245	-	-	1,072,245
Legal	349,341	-	139,003	488,344
Elections	139,068	-	-	139,068
Financial Administration	762,011	-	-	762,011
Public Facilities	267,150	-	28,150	295,300
Public Safety	3,907,934	-	1,230,281	5,138,215
Environmental Protection	355,109	-	-	355,109
Public Transportation	-	3,140,875	643,634	3,784,509
Health and Paupers Care	282,445	-	2,051,964	2,334,409
Recreation	318,498	-	-	318,498
Conservation	92,668	-	-	92,668
Capital Outlay	548,760	2,041,972	233,502	2,824,234
Debt Service:				
Principal	-	-	1,285,000	1,285,000
Interest	-	-	78,308	78,308
<b>TOTAL EXPENDITURES</b>	<b>11,112,523</b>	<b>5,182,847</b>	<b>5,903,793</b>	<b>22,199,163</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,712,777	441,530	(202,819)	2,951,488
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	567,482	567,482
Transfers Out	(567,482)	-	-	(567,482)
<b>Total Other Financing Sources (Uses)</b>	<b>(567,482)</b>	<b>-</b>	<b>567,482</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>2,145,295</b>	<b>441,530</b>	<b>364,663</b>	<b>2,951,488</b>
<b>FUND BALANCE-BEGINNING</b>	<b>9,427,291</b>	<b>2,380,980</b>	<b>8,269,163</b>	<b>20,077,434</b>
<b>FUND BALANCE-ENDING</b>	<b>\$ 11,572,586</b>	<b>\$ 2,822,510</b>	<b>\$ 8,633,826</b>	<b>\$ 23,028,922</b>

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

**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, 2010**

<b>Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 2,951,488</b>
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. (See Note 2.B)	(357,706)
The repayment of long-term debt (e.g. certificates of obligation and capital leases) consumes current financial resources of governmental funds, but the transaction has no effect on net assets.	1,285,000
Delinquent property tax collections provide current financial resources to the funds but has no effect on net assets.	(442,780)
Delinquent property taxes receivable, which do not provide current financial resources, are not reported as revenue in the funds.	668,513
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (See Note 2.B.)	<u>(67,360)</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 4,037,155</u></b>

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

**PANOLA COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2010**

	Panola County Retiree Health Benefits Trust Fund	Agency Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 184,442	\$ 5,221,539
Investments	13,000,000	304,013
Interest receivable	48,415	-
Total Assets	<u>13,232,857</u>	<u>5,525,552</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable-Trade	419	-
Due to Other Governments	-	3,245,396
Court Ordered Deposits	-	32,999
Court Ordered Trust Funds	-	2,236,348
Restitution Payable	-	10,114
Other Payables	-	695
Total Liabilities	<u>419</u>	<u>\$ 5,525,552</u>
<b>NET ASSETS</b>		
Held in trust for OPEB benefits	13,232,438	
Total Net Assets	<u>\$ 13,232,438</u>	

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

**PANOLA COUNTY, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Panola County Retiree Health Benefits Trust Fund</b>
<b>ADDITIONS</b>	
<b>Contributions:</b>	
Reimbursement from Medicare	\$ 25,450
Employer Contributions	908,548
Total Employer Contributions	<u>933,998</u>
 Total Contributions	 <u>933,998</u>
 <b>Investment Income:</b>	
Interest earnings	<u>190,940</u>
Total Investment Income	<u>190,940</u>
 TOTAL ADDITIONS	 <u>1,124,938</u>
 <b>DEDUCTIONS</b>	
Benefit Payments	<u>444,745</u>
 TOTAL DEDUCTIONS	 <u>444,745</u>
 CHANGE IN NET ASSETS	 680,193
 NET ASSETS - BEGINNING OF YEAR	 <u>12,552,245</u>
 NET ASSETS - END OF YEAR	 <u><u>\$ 13,232,438</u></u>

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

**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. There are no component units included within the reporting entity.

**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 consolidated information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements; however, interfund services provided and used are not eliminated in the process of the government-wide consolidation. Governmental activities are primarily supported by taxes, intergovernmental, and fees of office revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The General Fund and Road and Bridge special revenue fund meet the criteria and are reported as major governmental funds. Non-major funds include other special revenue, capital projects, and the debt service 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.

**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 financial statements. The fiduciary funds are custodial in nature and thus have no measurement focus. 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.

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

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. 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.

Additionally, the government reports the following fund types:

**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 Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**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).

**Retiree Health Benefit Trust Fund** – The Panola County, Texas Retiree Health Benefit Trust fund is used to account for the single employer defined benefit healthcare plan administered by the County which provides medical insurance benefits to eligible retirees and their beneficiaries.

**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. Funds on hand in the County's agency funds may be funds held for legal reason, tax collections for other governmental entities, or fees collected on behalf of the State or other governmental entities. 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.

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

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.

**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. Property Taxes Receivable are shown net of an allowance for uncollectible taxes. The allowance is equal to seven (7) percent of current property taxes receivable plus twenty (20) percent of delinquent taxes receivable at December 31, 2010.

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.

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.

PANOLA COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**D. Assets, Liabilities, and Net Assets or Equity (cont.)**

**3. Inventories**

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 \$24,346 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.

**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, 2010, the County has restricted net assets of \$224,103 for debt service.

**5. Capital Assets**

Capital assets, which include land, buildings and improvements, machinery and equipment, infrastructure, and construction in progress 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 if 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. Compensated Absences**

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.

PANOLA COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

200 0567  
VOL. - 75 PAGE 661

Employees may accumulate a maximum of fifteen days of vacation leave and are not paid for any unused leave upon termination of employment. Consequently, no provision is made for accrued vacation in the 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.

Compensatory time is accrued by employees in lieu of paid overtime. Any compensatory time is accumulated and carried forward from year to year. Employees are paid for any accrued compensatory time upon termination. Consequently, a liability has been recorded in the government wide financial statements.

#### **7. Long-Term Obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities 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.

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, 2010, long-term debt outstanding consists of bonded indebtedness and compensatory time payable.

#### **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 \$24,346 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 \$3,591,363. The balance is designated for county health care expenses as authorized by State statutes. Capital project funds have total designated fund balances of \$647,974. Designation of the capital projects fund balances are for projects authorized by the Commissioners' Court.

### **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 "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this

PANOLA COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

\$1,484,625 difference are as follows:

Bonds Payable	\$ 1,340,000
Accrued Interest Payable	8,773
Compensated Absences	<u>135,852</u>
Net Adjustment to Reduce Total Fund Balances-Total Governmental Funds to Arrive at Net Assets - Governmental Activities	<u>\$ 1,484,625</u>

**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 \$357,706 difference are as follows:

Capital Outlay	\$ 1,393,847
Depreciation Expense	(1,670,677)
Capital Asset Retirements	<u>(80,876)</u>
Net Adjustment to Decrease Net Changes in Fund Balance- Total Governmental Funds to Arrive at Changes in Net Assets- Governmental Activities	<u>\$ (357,706)</u>

Another element of that reconciliation states that “Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$67,360 difference are as follows:

Increase in Compensated Absences	\$ (10,189)
Decrease in Net OPEB Asset	(65,679)
Change in Accrued Interest Payable	<u>8,508</u>
Net Adjustment to Decrease Net Changes in Fund Balance- Total Governmental Funds to Arrive at Changes in Net Assets- Governmental Activities	<u>\$ (67,360)</u>

**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

**A. Authorized Investments**

Panola County is authorized to invest in obligations and instruments as defined in the Public Funds Act (Sec. 2256.001 Texas Government Code). Such Investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute. The investments of the County are in compliance with these investment policies.

## B. Deposits and Investments

During the 2010 fiscal year, all deposits and investments were comprised of bank demand deposits and bank time deposits. The County's demand deposits and time deposits are fully covered by federal depository insurance and collateral held by the County's agent, First State Bank & Trust Co., in the name of the County.

### Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. Specific policies applicable to deposits and investments of the County and the risks of such are described below.

**Interest rate risk.** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The County does not have a specific policy regarding interest rate risk, as it does not contemplate the investment of funds in such instruments. During the year, the County was not exposed to interest rate risk.

**Credit risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At December 31, 2010, and throughout the year, the County's only investments were certificates of deposit and was not exposed to credit risk.

**Concentration of credit risk.** This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As discussed above, the County's only investments were certificates of deposit and consequently was not exposed to concentration of credit risk.

**Custodial credit risk.** Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the County's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the County's name, and are held by either the counterparty or the counterparty's trust department or agent but not in the County's name.

The County was not exposed to custodial credit risk.

**Foreign currency risk.** This is the risk that exchange rates will adversely affect the fair value of an investment. The County does not engage in foreign currency transactions. The County was not exposed to foreign currency risk.

## C. Receivables

Receivables at December 31, 2010 for the County's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectibles, are as follows:

PANOLA COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Current Property Taxes	\$ 1,717,750	\$ 689,129	\$ 271,420	\$ 2,678,299
Delinquent Property Taxes	344,174	138,076	55,947	538,197
Due from Other Governments	310,164	123,077	48,650	481,891
Miscellaneous	204,462	12,651	174,694	391,807
<b>Total Gross Receivables</b>	<b>\$ 2,576,550</b>	<b>\$ 962,933</b>	<b>\$ 550,711</b>	<b>\$ 4,090,194</b>
Less: Allowance for Uncollectible Tax	(189,077)	(75,854)	(30,189)	(295,120)
<b>Net Total Receivables</b>	<b>\$ 2,387,473</b>	<b>\$ 887,079</b>	<b>\$ 520,522</b>	<b>\$ 3,795,074</b>

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:

	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Net Property Taxes Receivable	\$ 1,872,846	\$ 751,351	\$ 297,179	\$ 2,921,376
Advanced Tax Collections	10,334,707	4,121,429	1,625,755	16,081,891
<b>Total Deferred Revenue</b>	<b>\$ 12,207,553</b>	<b>\$ 4,872,780</b>	<b>\$ 1,922,934</b>	<b>\$ 19,003,267</b>

#### D. 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.

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.

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.

#### E. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

PANOLA COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

VOL.

- 75 PAGE

665

	Balance January 1, 2010	Increases	Decreases	Balance December 31, 2010
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 1,289,889	\$ -	\$ -	\$ 1,289,889
Construction in Progress	-	333,402	-	333,402
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 1,289,889</b>	<b>\$ 333,402</b>	<b>\$ -</b>	<b>\$ 1,623,291</b>
<b>Capital Assets Being Depreciated:</b>				
Buildings	\$ 18,537,168	\$ -	\$ -	\$ 18,537,168
Improvements other than Buildings	259,303	-	-	259,303
Machinery & Equipment	8,618,260	1,060,445	643,827	9,034,878
Infrastructure	10,371,442	-	-	10,371,442
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 37,786,173</b>	<b>\$ 1,060,445</b>	<b>\$ 643,827</b>	<b>\$ 38,202,791</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings	\$ 3,203,329	\$ 359,501	\$ -	\$ 3,562,830
Improvements other than Buildings	35,970	4,232	-	40,202
Machinery & Equipment	4,672,869	814,956	562,951	4,924,874
Infrastructure	6,653,326	491,988	-	7,145,314
<b>Total Accumulated Depreciation</b>	<b>\$ 14,565,494</b>	<b>\$ 1,670,677</b>	<b>\$ 562,951</b>	<b>\$ 15,673,220</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 23,220,679</b>	<b>\$ (610,232)</b>	<b>\$ 80,876</b>	<b>\$ 22,529,571</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 24,510,568</b>	<b>\$ (276,830)</b>	<b>\$ 80,876</b>	<b>\$ 24,152,862</b>

Depreciation expense was charged to functions/programs of the County as follows:

General Administration	\$ 22,955
Judicial	42,839
Elections	23,290
Public Facilities	2,070
Public Safety	409,289
Environmental Protection	6,274
Public Transportation	1,096,324
Health & Paupers Care	67,636
<b>Total Depreciation Expense</b>	<b>\$ 1,670,677</b>

PANOLA COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**F. Interfund Transfers**

Interfund transfers for the year ended December 31, 2010 were as follows:

	<u>Transfers In</u>			
	<u>Nonmajor Governmental Funds</u>			
	Juvenile Services <u>Fund</u>	Child Protective Services <u>Fund</u>	Sheriff's Renovation Construction <u>Fund</u>	<u>Totals</u>
<u>Transfers Out</u>				
General Fund	\$ 133,000	\$ 28,000	\$ 406,482	\$ 567,482
Total	<u>\$ 133,000</u>	<u>\$ 28,000</u>	<u>\$ 406,482</u>	<u>\$ 567,482</u>

The purpose of these transfers was to supplement revenue.

**G. Operating Leases**

The County is obligated under certain leases for equipment accounted for as operating leases. General revenues of the General Fund will be used to pay these leases. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one (1) year as of December 31, 2010.

<u>Year Ending</u> <u>December 31</u>	<u>Governmental</u> <u>Activities</u>
2011	\$ 32,838
2012	32,984
2013	24,834
2014	11,631
2015	8,923
Thereafter	2,030
Total minimum lease payments	<u>\$ 113,240</u>

Total cost for these leases for the year ended December 31, 2010 was \$38,094.

**H. Long-Term Debt**

In 2007, Panola County issued \$5,055,000 of general obligation bonds for the construction of a new jail. The interest rate on the bonds is 3.95%. The bonds are direct obligations and pledge the full faith and credit of the County.

Annual debt service requirements to maturity for the bonds are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2011	\$ 1,340,000	\$ 26,465	\$ 1,366,465
Total	<u>\$ 1,340,000</u>	<u>\$ 26,465</u>	<u>\$ 1,366,465</u>

PANOLA COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

VOL. 105 PAGE 667

**Changes in Long-Term Debt**

Long-term debt activity for the year ended December 31, 2010 was as follows:

	(as Restated) Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010	Due Within One Year
Bonds Payable	\$ 2,625,000	\$ -	\$ 1,285,000	\$ 1,340,000	\$ 1,340,000
Compensated Absences	125,663	10,189	-	135,852	10,189
Total Governmental Activity					
Long-Term Liabilities	<u>\$ 2,750,663</u>	<u>\$ 10,189</u>	<u>\$ 1,285,000</u>	<u>\$ 1,475,852</u>	<u>\$ 1,350,189</u>

Compensated absences are liquidated by fund that records the employee's salary.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the County is in compliance with all significant limitations and restrictions at December 31, 2010.

**I. Net Asset Restatement**

Beginning government wide net assets were restated due to corrections to prior year compensated absences liability balances. See below:

	Government-Wide Statements Net Assets Governmental Activities
Balance - December 31, 2009 (as previously reported)	<u>\$ 52,062,932</u>
Accrued Vacation leave removed	\$ 271,961
Accrued Compensatory time added	<u>(125,663)</u>
Total Restatement	<u>\$ 146,298</u>
Balance - December 31, 2009 (as restated)	<u>\$ 52,209,230</u>

**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.

PANOLA COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**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, 2010 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.

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

**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.

The County has ongoing active projects as of December 31, 2010. At year-end, the County's commitments with architects, contractors, and other vendors totaled \$460,289.

**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 602 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 CAFR is also available at [www.tcdrs.org](http://www.tcdrs.org).

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 23.38% for calendar year 2010. 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, 2010, the annual pension cost for the TCDRS plan for its employees was \$1,473,763, and the actual contributions were \$1,473,763.

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, 2008, the basis for determining the contribution rate for calendar year 2010. The December 31, 2009 actuarial valuation is the most recent valuation.

PANOLA COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

**D. Pension Plan (Cont.)**

	<u>Actuarial Valuation Information</u>		
	12/31/07	12/31/08	12/31/09
Actuarial Valuation Date	Entry Age	Entry Age	Entry Age
Actuarial Cost Method	Level Percentage of	Level Percentage of	Level Percentage of
Amortization Method	Payroll, Closed	Payroll, Closed	Payroll, Closed
Amortization Period in Years	7.3	8.1	5.4
Asset Valuation Method	SAF: 10-yr	SAF: 10-yr	SAF: 10-yr
	Smoothed Value	Smoothed Value	Smoothed Value
	ESF: Fund value	ESF: Fund value	ESF: Fund value
<b>Assumptions:</b>			
Investment Return (**)	8%	8%	8%
Projected Salary Increases (**)	5.3%	5.3%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-Living Adjustments	0%	0%	0%

(\*\*) Includes inflation at the stated rate

<u>Trend Information for the Retirement Plan for the Employees of Panola County</u>			
Accounting	Annual	Percentage	Net
Year	Pension	of APC	Pension
<u>Ending</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
12/31/08	\$ 1,237,504	100%	\$ -
12/31/09	\$ 1,354,849	100%	\$ -
12/31/10	\$ 1,473,763	100%	\$ -

**E. Other Post Employment Benefits Plan**

Plan Description

By order 2007-23, dated November 26, 2007, enacted by the Commissioners' Court of Panola County, the County has established the Panola County, Texas Retiree Health Benefit Trust (RHBT) providing for the payment of the health care insurance premiums for eligible retired employees. The plan is a continuation of a policy in effect for approximately twenty five years whereby the County provided certain group medical insurance continuation benefits to retirees of the County on a "pay-as-you-go" basis.

The County established the RHBT in order to restructure the manner in which it funds post-employment benefits so as to more accurately reflect the accounting of such benefits in accordance with Governmental Accounting Standards Board Statement No. 45 (GASB45).

The RHBT is a single employer defined benefit healthcare plan administered by the County which provides medical insurance benefits to eligible retirees and their beneficiaries.

The County does not issue a separate financial report that includes financial statements and required supplementary information for the RHBT. However the financial statements and the required supplementary information are included in the County's comprehensive annual financial report at pages 35 - 36 (financial statements) and page 57 (required supplementary information).

At December 31, 2010 the RHBT had 60 retirees receiving benefits and has a total of 165 active participants who are not yet eligible to receive benefits. Order 2007-23 of Panola County assigned the authority to establish and amend benefit provisions to the Commissioners' Court.

PANOLA COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

VOL. - 75 PAGE 671

The RHBT was initially funded in December 2007 by transferring from the governmental funds and proprietary funds of the County a total of \$9,992,132 into the RHBT. The \$9,992,132 was an initial funding toward an estimated \$12,429,768 in past-service actuarially determined liabilities for active and retired employees. Based on a new actuarial valuation as of December 31, 2010, the estimated past-service actuarially determined liabilities for active and retired employees amounted to \$15,588,645.

**Annual OPEB Cost and Net OPEB Obligations**

For 2010, the County's annual OPEB cost for the RHBT was \$801,781. Contributions of \$908,548 were made by the County. The activity for the year is shown in tabular form below.

Annual Required Contribution	\$ 801,781
Interest on Net OPEB Obligation	(458,296)
Amortization of Prior Year OPEB Obligation	630,742
Annual OPEB Cost (Expense)	\$ 974,227
Contributions Made	(908,548)
Change in OPEB Obligation	\$ 65,679
Net OPEB Obligation (Asset) - Beginning of Year	(10,184,347)
Net OPEB Obligation (Asset) - End of Year	<u>\$ (10,118,668)</u>

**Trend Information**

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB (Obligation) Asset</u>
2008	\$ 849,220	\$ 1,579,451	185.99%	\$ 9,898,883
2009	\$ 759,472	\$ 1,044,936	137.59%	\$ 10,184,347
2010	\$ 974,227	\$ 908,548	93.26%	\$ 10,118,668

**Funding Policy**

The County funds the entire cost of retiree health insurance premiums. Retiree dependents or surviving spouses are able to remain in the plan, but at no cost to the County. Dependent and surviving spouses are eligible for coverage, but the retiree is responsible for the entire cost. There is no direct RHBT subsidy. Dependent premiums are collected from the participants and remitted to the insurance provider on a monthly basis.

**Actuarial Methods and Assumptions**

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of plan costs. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspectives of the calculations. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

The actuarial valuation for December 31, 2010, the unprojected unit credit cost method was used. The actuarial assumptions used included a 4.5% investment rate of return, compounded annually,

**PANOLA COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

net of investment expenses. The annual healthcare cost trend of 10%, grading down to an ultimate 5% rate. Both the rate of return and the healthcare cost rate include and assumed inflation rate of 2.5%. The actuarial valuation of RHBT assets was set at fair market value of the cash and certificates of deposit comprising the investment account at the measurement date.

The RHBT's initial unfunded actuarial accrued liability (UAAL) is being amortized at a level (decreasing yearly) over a 30-year closed period. At December 31, 2010, the remaining amortization period is 26 years.

Funded Status						UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
Actuarial Valuation Date	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liabilities (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Annual Covered Payroll <u>(c)</u>	
12/31/10	\$ 13,232,438	\$ 15,588,645	\$ 2,356,207	84.89%	\$ 5,743,487	41.02%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limits.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**THIS PAGE LEFT BLANK INTENTIONALLY**

7000 30000  
VOL. -75 PAGE 675

**PANOLA COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2010**

**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**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.

Budgeting is done in accordance with GAAP. The County does not utilize a formal encumbrance accounting system.

Amendments may not be made during the year without approval by the Commissioners' Court. The final amended budget is used in this report. Supplemental budgetary appropriations were approved during the year. During the year ended December 31, 2010, the following funds had legally adopted budgets:

<b>General Fund</b>	<b>Sheriff's State Forfeiture Fund</b>
<b>Road and Bridge Fund</b>	<b>District Attorney Longevity Pay Supplement Fund</b>
<b>Law Library Fund</b>	<b>District Attorney Forfeiture Fund</b>
<b>Courthouse Security Fund</b>	<b>State Apportionment - District Attorney Fund</b>
<b>Records Management Fund</b>	<b>CDA Federal Forfeiture Fund</b>
<b>Records Preservation Fund</b>	<b>Constable Pct. #1 &amp; 4 Federal Forfeiture Fund</b>
<b>Records Archive Fees Fund</b>	<b>Deadwood WSC Fund</b>
<b>Justice Court Technology Fund</b>	<b>Child Protective Services Fund</b>
<b>VIT Interest Fund</b>	<b>Health Fund</b>
<b>Farm to Market and Lateral Road Fund</b>	<b>Airport Fund</b>
<b>Community Supervision and Corrections Fund</b>	<b>Sheriff's Renovation Construction Fund</b>
<b>Drug Court Grant Fund</b>	<b>Road Bond 1971 Fund</b>
<b>Juvenile Probation Fund</b>	<b>Permanent Improvement Fund</b>
<b>Old Probation Fund</b>	<b>Debt Service Fund</b>
<b>Hot Check Fee Fund</b>	

PANOLA COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2010

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/07	14,974,043	20,100,774	5,126,731	74.49%	5,071,333	101.09%
12/31/08	16,289,095	21,977,969	5,688,874	74.12%	5,279,316	107.76%
12/31/09	19,387,325	24,085,046	4,697,721	80.50%	5,785,813	81.19%

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

<sup>2</sup> Funding information may differ from prior year compliance data due to plan changes effective 01/01/07.

**PANOLA COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2010**

VOL. - 75 PAGE 677

**Schedule of Funding Progress  
Other Post Employment Benefits (OPEB) Plan**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liabilities (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
12/31/08	\$ 11,489,936	\$ 12,233,119	\$ 743,183	93.92%	\$ 4,964,735	14.97%
12/31/09	\$ 12,552,245	\$ 14,501,181	\$ 1,948,936	86.56%	\$ 5,401,864	36.08%
12/31/10	\$ 13,232,438	\$ 15,588,645	\$ 2,356,207	84.89%	\$ 5,743,487	41.02%

**Notes to the Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>12/31/08</b>	<b>12/31/09</b>	<b>12/31/10</b>
<b>Actuarial Cost Method</b>	<b>Unit Cost</b>	<b>Unit Cost</b>	<b>Unit Cost</b>
<b>Amortization Method</b>	<b>Decreasing Yearly</b>	<b>Decreasing Yearly</b>	<b>Decreasing Yearly</b>
<b>Asset Valuation Method</b>	<b>Market Value</b>	<b>Market Value</b>	<b>Market Value</b>
<b>Assumptions:</b>			
<b>Investment Return (**)</b>	<b>4.5% per annum</b>	<b>4.5% per annum</b>	<b>4.5% per annum</b>
<b>Health Care Cost Trend</b>	<b>10% Pre-Medicare grading to 5% ultimate</b>	<b>10% Pre-Medicare grading to 5% ultimate</b>	<b>10% Pre-Medicare grading to 5% ultimate</b>

(\*\*) Includes inflation at 2.5%

THIS PAGE LEFT BLANK INTENTIONALLY

**PANOLA COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUES</b>				
Property Taxes	\$ 11,408,581	\$ 11,408,581	\$ 11,923,666	\$ 515,085
Intergovernmental Receipts	275,230	493,383	577,416	84,033
Fees of Office	526,000	529,532	668,668	139,136
Total Miscellaneous	174,160	197,221	655,550	458,329
<b>Total Revenues</b>	<b>12,383,971</b>	<b>12,628,717</b>	<b>13,825,300</b>	<b>1,196,583</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Administration	3,818,611	3,625,793	3,017,294	608,499
Judicial	1,118,633	1,134,569	1,072,245	62,324
Legal	397,216	400,216	349,341	50,875
Elections	136,973	151,473	139,068	12,405
Financial Administration	793,213	782,713	762,011	20,702
Public Facilities	284,643	284,643	267,150	17,493
Public Safety	4,314,391	4,292,132	3,907,934	384,198
Environmental Protection	346,000	356,000	355,109	891
Health and Paupers Care	376,900	376,900	282,445	94,455
Recreation	328,144	329,644	318,498	11,146
Conservation	95,548	96,108	92,668	3,440
Capital Outlay	612,699	671,893	548,760	123,133
<b>Total Expenditures</b>	<b>12,622,971</b>	<b>12,502,084</b>	<b>11,112,523</b>	<b>1,389,561</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(239,000)</b>	<b>126,633</b>	<b>2,712,777</b>	<b>2,586,144</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(161,000)	(567,482)	(567,482)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(161,000)</b>	<b>(567,482)</b>	<b>(567,482)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(400,000)</b>	<b>(440,849)</b>	<b>2,145,295</b>	<b>2,586,144</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>9,427,291</b>	<b>9,427,291</b>	<b>9,427,291</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 9,027,291</b>	<b>\$ 8,986,442</b>	<b>\$ 11,572,586</b>	<b>\$ 2,586,144</b>

Note: See accompanying independent auditor's report.

**PANOLA COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE 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, 2010**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Property Taxes:				
Current	\$ 4,224,363	\$ 4,257,363	\$ 4,367,301	\$ 109,938
Delinquent	75,356	97,656	108,374	10,718
Total Property Taxes	4,299,719	4,355,019	4,475,675	120,656
Licenses:				
Motor Vehicle Registration	445,000	413,438	413,439	1
Intergovernmental Receipts:				
State Lateral Road Fund	29,000	29,000	30,222	1,222
Weight and Axle Fees	30,000	28,755	28,755	-
Total Intergovernmental Receipts	59,000	57,755	58,977	1,222
Fines:				
County and District Court Fines	315,000	278,507	295,442	16,935
Miscellaneous:				
Interest Earned	53,699	67,699	70,333	2,634
Miscellaneous	-	304,959	310,511	5,552
Total Miscellaneous	53,699	372,658	380,844	8,186
Total Revenues	5,172,418	5,477,377	5,624,377	147,000
EXPENDITURES				
PUBLIC TRANSPORTATION				
MAINTENANCE-ROADS AND BRIDGES				
PRECINCT 1				
Salaries - Road and Bridge Department	361,637	361,637	342,627	19,010
Benefits Termination Pay	3,303	3,303	-	3,303
Social Security Taxes	27,918	27,918	26,210	1,708
Group Insurance	93,060	93,060	91,235	1,825
Retirement and Death Benefits	87,586	87,586	79,035	8,551
Workers Compensation	34,955	34,955	14,073	20,882
Unemployment Insurance	1,509	1,509	479	1,030
Other Post Employment	38,538	38,538	34,776	3,762
Retiree Medical Insurance Trust	18,783	18,783	18,783	-
Optional Retirement	31,305	31,305	31,305	-
Repairs and Maintenance	125,000	107,846	105,832	2,014
Parts and Supplies	31,250	31,250	29,871	1,379
Miscellaneous Supplies	25,500	14	14	-
TOTAL PRECINCT 1	880,344	837,704	774,240	63,464

Note: See accompanying independent auditor's report.

PANOLA COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE 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, 2010

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
PRECINCT 2				
Salaries - Road and Bridge Department	\$ 300,000	\$ 300,000	\$ 294,918	\$ 5,082
Benefits Termination Pay	3,303	3,303	1,523	1,780
Social Security Taxes	23,203	23,203	22,677	526
Group Insurance	76,140	76,140	75,786	354
Retirement and Death Benefits	72,793	72,793	67,975	4,818
Workers Compensation	34,955	34,955	15,412	19,543
Unemployment Insurance	1,509	1,509	415	1,094
Other Post Employment	32,029	32,029	29,910	2,119
Retiree Medical Insurance Trust	18,783	18,783	18,783	-
Optional Retirement	31,305	31,305	31,305	-
Repairs and Maintenance	125,000	118,560	118,030	530
Parts and Supplies	31,250	15,159	14,791	368
Contractor Service	-	8,010	8,010	-
Miscellaneous Supplies	25,500	500	447	53
TOTAL PRECINCT 2	775,770	736,249	699,982	36,267
PRECINCT 3				
Salaries - Road and Bridge Department	364,741	364,741	353,324	11,417
Benefits Termination Pay	3,302	3,302	-	3,302
Social Security Taxes	28,156	28,156	27,029	1,127
Group Insurance	93,060	93,060	92,627	433
Retirement and Death Benefits	88,331	88,331	81,662	6,669
Workers Compensation	34,955	34,955	17,621	17,334
Unemployment Insurance	1,509	1,509	494	1,015
Other Post Employment	38,866	38,866	35,932	2,934
Retiree Medical Insurance Trust	18,783	18,783	18,783	-
Optional Retirement	31,305	31,305	31,305	-
Repairs and Maintenance	125,000	110,000	109,940	60
Parts and Supplies	31,250	31,250	30,037	1,213
Miscellaneous Supplies	25,500	14	14	-
TOTAL PRECINCT 3	884,758	844,272	798,768	45,504

Note: See accompanying independent auditor's report.

**PANOLA COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE 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, 2010**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
PRECINCT 4				
Salaries - Road and Bridge Department	\$ 395,560	\$ 395,560	\$ 374,948	\$ 20,612
Benefits Termination Pay	3,303	3,303	728	2,575
Social Security Taxes	30,514	30,514	28,739	1,775
Group Insurance	101,520	101,520	100,352	1,168
Retirement and Death Benefits	95,728	95,728	87,026	8,702
Workers Compensation	34,955	34,955	23,893	11,062
Unemployment Insurance	1,509	1,509	525	984
Other Post Employment	42,120	42,120	38,293	3,827
Retiree Medical Insurance Trust	18,783	18,783	18,783	-
Optional Retirement	31,305	31,305	31,305	-
Repairs and Maintenance	125,000	139,237	139,142	95
Parts and Supplies	31,250	22,461	22,432	29
Miscellaneous Supplies	25,500	14	14	-
Contractor Service	-	1,705	1,705	-
TOTAL PRECINCT 4	937,047	918,714	867,885	50,829
Total Maintenance-Roads and Bridges	3,477,919	3,336,939	3,140,875	196,064
CAPITAL OUTLAY-ROAD AND BRIDGES				
PRECINCT 1				
Furniture & Equipment	\$ 139,515	\$ 123,689	\$ 123,689	\$ -
Road Oil	238,977	313,098	313,098	-
Lumber, Piling and Culverts	13,500	16,149	15,990	159
TOTAL PRECINCT 1	391,992	452,936	452,777	159
PRECINCT 2				
Furniture & Equipment	160,853	163,516	163,516	-
Road Oil	150,467	220,653	220,442	211
Lumber, Piling and Culverts	8,500	7,232	7,232	-
TOTAL PRECINCT 2	319,820	391,401	391,190	211
PRECINCT 3				
Furniture & Equipment	139,515	161,159	161,159	-
Road Oil	212,424	285,109	284,972	137
Lumber, Piling and Culverts	12,000	23,223	23,222	1
TOTAL PRECINCT 3	363,939	469,491	469,353	138

Note: See accompanying independent auditor's report.

**PANOLA COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE 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, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>PRECINCT 4</b>				
Furniture & Equipment	\$ 319,515	\$ 401,392	\$ 401,391	\$ 1
Road Oil	283,233	409,218	311,280	97,938
Lumber, Piling and Culverts	16,000	16,000	15,981	19
<b>TOTAL PRECINCT 4</b>	<b>618,748</b>	<b>826,610</b>	<b>728,652</b>	<b>97,958</b>
<b>Total Construction and Capital Outlay</b>	<b>1,694,499</b>	<b>2,140,438</b>	<b>2,041,972</b>	<b>98,466</b>
<b>Total Expenditures</b>	<b>5,172,418</b>	<b>5,477,377</b>	<b>5,182,847</b>	<b>294,530</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>441,530</b>	<b>441,530</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>2,380,980</b>	<b>2,380,980</b>	<b>2,380,980</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2,380,980</b>	<b>\$ 2,380,980</b>	<b>\$ 2,822,510</b>	<b>\$ 441,530</b>

Note: See accompanying independent auditor's report.

THIS PAGE LEFT BLANK INTENTIONALLY

## **SUPPLEMENTAL FINANCIAL INFORMATION**

**THIS PAGE LEFT BLANK INTENTIONALLY**

**PANOLA COUNTY, TEXAS**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
PROPERTY TAXES				
Current	\$ 11,208,637	\$ 11,208,637	\$ 11,636,113	\$ 427,476
Delinquent	199,944	199,944	287,553	87,609
Total Property Taxes	11,408,581	11,408,581	11,923,666	515,085
INTERGOVERNMENTAL RECEIPTS				
State Judicial	33,000	33,000	85,889	52,889
City - Public Library	136,592	136,592	136,592	-
Law Enforcement Officer	5,088	5,088	5,206	118
State Voter Registration	-	47,669	47,669	-
Exposition Building	-	-	1,162	1,162
Emergency Management	-	150,484	150,484	-
Federal Grant-Homeland Security	-	5,000	5,000	-
Indigent Defense Services Grant	3,000	3,000	24,381	21,381
Carthage and Gary School Tax				
Collection Contract	63,250	63,250	63,250	-
City of Carthage Tax				
Collection Contract	8,300	8,300	12,800	4,500
State 911 Rural Addressing	26,000	41,000	44,983	3,983
Total Intergovernmental Receipts	275,230	493,383	577,416	84,033
FEES OF OFFICE				
County Judge	1,000	1,000	2,712	1,712
Sheriff	34,000	34,000	34,704	704
District Attorney	5,000	5,000	6,483	1,483
County Clerk	200,000	203,532	231,616	28,084
Tax Assessor-Collector	160,000	160,000	250,019	90,019
District Clerk	60,000	60,000	74,010	14,010
County Treasurer	16,000	16,000	18,573	2,573
Justices of the Peace	50,000	50,000	50,551	551
Total Fees of Office	526,000	529,532	668,668	139,136

**PANOLA COUNTY, TEXAS**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND, continued**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>MISCELLANEOUS</b>				
Interest Earned	\$ 134,160	\$ 148,160	\$ 272,518	\$ 124,358
Interest from Jury Fund	-	-	24	24
Hospital Collections	-	-	1,400	1,400
Time Payment EFTIC	-	-	1,263	1,263
Exposition Building	-	-	2,970	2,970
Vital Archive - County Clerk	-	-	713	713
Judiciary Support Fee	-	-	1,478	1,478
Miscellaneous	40,000	49,061	370,703	321,642
County Clerk Civil	-	-	2,160	2,160
Family Protection Fee	-	-	1,815	1,815
Miscellaneous Unclaimed Funds	-	-	506	506
<b>Total Miscellaneous</b>	<b>174,160</b>	<b>197,221</b>	<b>655,550</b>	<b>458,329</b>
<b>Total Revenues</b>	<b>12,383,971</b>	<b>12,628,717</b>	<b>13,825,300</b>	<b>1,196,583</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
<b>GENERAL ADMINISTRATION</b>				
<b>COUNTY JUDGE</b>				
Salary - County Judge	54,887	54,887	54,887	-
Salary - Co. Judge Admin. Assist	33,364	33,364	33,364	-
Social Security	6,752	6,752	6,752	-
Group Medical Insurance	16,920	16,920	16,841	79
Retirement and Death Benefits	21,181	21,181	21,180	1
Worker's Compensation	447	447	163	284
Unemployment Insurance	156	156	47	109
Other Post Employment Benefits	9,320	9,320	9,319	1
Office Supplies, Postage & Repairs	1,600	1,000	769	231
Law Books	-	3,145	2,914	231
Communication Telephone	400	400	55	345
Conferences and Dues	2,000	1,773	670	1,103
Miscellaneous	150	150	-	150
<b>Total County Judge</b>	<b>147,177</b>	<b>149,495</b>	<b>146,961</b>	<b>2,534</b>

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (cont'd.)				
GENERAL ADMINISTRATION (con'td.)				
COMMISSIONERS				
Salaries - Commissioners	\$ 177,428	\$ 177,428	\$ 177,428	\$ -
Salaries - Secretaries	25,787	25,787	25,787	-
Social Security Taxes	15,546	15,546	15,546	-
Group Insurance	42,300	42,300	41,546	754
Retirement and Death Benefits	48,772	48,772	48,772	-
Worker's Compensation	6,503	6,503	1,905	4,598
Unemployment Insurance	121	121	36	85
Other Post Employment Benefits	21,460	21,460	21,459	1
Office Supplies, Postage and Repairs	1,200	1,200	700	500
Communication Telephone	800	800	45	755
Miscellaneous	600	600	-	600
Conferences and Dues	6,000	6,000	5,826	174
Total Commissioners	346,517	346,517	339,050	7,467
COUNTY CLERK				
Salary - County Clerk	44,357	44,357	44,357	-
Salary - Deputies	132,589	132,589	128,288	4,301
Social Security	13,537	13,537	13,208	329
Group Medical Insurance	50,760	50,760	50,524	236
Retirement and Death Benefits	42,468	42,468	41,435	1,033
Worker's Compensation	881	881	340	541
Unemployment Insurance	621	621	179	442
Other Post-Employment Benefits	18,686	18,686	18,231	455
Office Supplies, Postage & Repairs	14,500	14,500	9,712	4,788
Communication Telephone	850	850	465	385
Professional Services	-	3,532	3,532	-
Rentals, Microfilming & Indexing	85,621	85,621	66,452	19,169
Copy Machine Rental	8,000	8,000	4,220	3,780
Conferences & Dues	1,400	1,400	839	561
Miscellaneous	250	250	65	185
Total County Clerk	414,520	418,052	381,847	36,205

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	
	ORIGINAL	FINAL	ACTUAL	
<b>EXPENDITURES (cont'd.)</b>				
<b>GENERAL ADMINISTRATION (con'td.)</b>				
<b>VETERANS SERVICE OFFICER</b>				
Salary - Service Officer	\$ 32,121	\$ 32,121	\$ 32,121	\$ -
Salary - Secretary	25,787	25,787	25,787	-
Social Security	4,430	4,430	4,430	-
Group Medical Insurance	16,920	16,920	16,173	747
Retirement and Death Benefits	13,898	13,898	13,898	-
Worker's Compensation	293	293	107	186
Unemployment Insurance	271	271	81	190
Other Post Employment Benefits	6,116	6,116	6,116	-
Office Supplies, Postage & Repairs	600	600	206	394
Communication Telephone	500	500	70	430
Conferences and Dues	800	1,050	1,034	16
Programming & Computer	1,300	1,300	700	600
Miscellaneous	250	-	-	-
Total Vet. Service Officer	103,286	103,286	100,723	2,563
<b>AIRPORT</b>				
Airport Manager	32,866	32,866	32,865	1
Social Security	2,515	2,515	2,514	1
Group Insurance	8,460	8,460	8,421	39
Retirement	7,888	7,888	7,888	-
Worker's Compensation	1,517	1,517	1,350	167
Unemployment Insurance	154	154	46	108
Other Post Employment Benefits	3,471	3,471	3,471	-
Office Supplies	1,500	1,500	1,475	25
Repair and Maintenance	3,200	2,823	2,806	17
Professional Services	2,500	3,000	2,881	119
Communication Telephone	1,700	1,700	1,357	343
Conferences and Dues	1,000	-	-	-
Utilities	11,500	11,500	10,072	1,428
Contractor Service	2,500	1,237	876	361
Repairs and Renovation	1,045	1,045	1,045	-
Rentals and Leases	2,200	3,340	3,340	-
Total Airport	84,016	83,016	80,407	2,609

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (cont'd.)				
GENERAL ADMINISTRATION (con'td.)				
MISCELLANEOUS AND NON-DEPARTMENTAL				
Floating Secretary	\$ 25,787	\$ 25,787	\$ 23,539	\$ 2,248
Emergency Management	6,000	6,000	6,000	-
Benefits Termination Pay	10,227	11,977	11,474	503
Social Security	3,215	3,215	3,125	90
Group Insurance	8,460	8,460	8,163	297
Retirement	10,084	10,084	9,809	275
Worker's Compensation	5,152	5,152	1,155	3,997
Unemployment Insurance	169	169	59	110
Other Post Employment	4,437	4,437	4,315	122
Retiree Medical Insurance Trust	210,000	210,000	210,000	-
Optional Retirement	350,000	350,000	350,000	-
Advertising and Publications	12,000	12,000	7,192	4,808
Appraisal District	175,000	185,967	185,967	-
Outside Audit	39,000	39,000	35,200	3,800
Economic Development	14,000	20,304	20,303	1
Computer Services	1,190,000	1,147,526	638,437	509,089
Professional Services	20,000	20,000	18,492	1,508
Postage	60,000	60,000	53,872	6,128
Emergency Management	5,000	10,000	6,449	3,551
Physicals & Drug Screening	2,000	3,285	1,190	2,095
Dues, Memberships & Fees	7,500	7,500	7,449	51
Insurance	260,000	280,000	278,971	1,029
Historical Markers	1,000	1,000	1,000	-
Historical Commission	6,564	7,064	2,586	4,478
Miscellaneous	204,500	3,500	1,457	2,043
Copy Machine Rental & Supplies	24,000	24,000	18,637	5,363
Soil and Conservation Contract	1,000	1,000	1,000	-
Communication Telephone	50,000	50,000	47,815	2,185
Animal Control	15,000	15,000	14,650	350
Loss Control	3,000	3,000	-	3,000
Total Miscellaneous and Non-Depart.	2,723,095	2,525,427	1,968,306	557,121
Total General Administration	3,818,611	3,625,793	3,017,294	608,499

**PANOLA COUNTY, TEXAS**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND, continued**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>EXPENDITURES (cont'd.)</b>				
<b>JUDICIAL</b>				
<b>DISTRICT COURT</b>				
Salary - Court Reporter	\$ 28,855	\$ 28,855	\$ 28,855	\$ -
Salary - Secretary	32,774	32,774	32,774	-
Social Security	4,715	4,715	4,715	-
Group Medical Insurance	16,920	16,920	16,841	79
Retirement and Death Benefits	14,791	14,791	14,791	-
Worker's Compensation	301	301	116	185
Unemployment Insurance	288	288	86	202
Other Post Employment	6,509	6,509	6,509	-
Office Supplies, Postage & Repairs	1,000	1,140	1,140	-
Professional Services	2,500	2,500	2,500	-
Telephone	800	800	506	294
Conference and Dues	1,500	1,500	1,137	363
Visiting Court Reporters	750	2,250	1,432	818
Law Books for Law Library	2,900	2,900	2,900	-
Miscellaneous	600	460	459	1
<b>Total District Court</b>	<b>115,203</b>	<b>116,703</b>	<b>114,761</b>	<b>1,942</b>
<b>COUNTY COURT AT LAW</b>				
Salary - County Court at Law Judge	125,000	125,000	125,000	-
Salary - Court Reporter	50,316	50,316	50,316	-
Visiting Judges	1,000	11,000	7,854	3,146
Visiting Court Reporters	-	2,750	1,250	1,500
Social Security	13,412	13,412	12,283	1,129
Group Medical Insurance	16,920	16,920	16,842	78
Retirement and Death Benefits	42,076	42,076	42,076	-
Worker's Compensation	1,022	1,022	327	695
Unemployment Insurance	235	235	70	165
Other Post Employment	18,514	18,514	18,512	2
Office Supplies, Postage & Repairs	1,400	1,400	1,391	9
Law Books	-	-	-	-
Telephone	750	750	409	341
Conferences and Dues	1,100	1,100	270	830
Miscellaneous	300	300	49	251
<b>Total County Court at Law</b>	<b>272,045</b>	<b>284,795</b>	<b>276,649</b>	<b>8,146</b>

PANOLA COUNTY, TEXAS  
SUPPLEMENTARY FINANCIAL INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND, continued  
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (cont'd.)				
JUDICIAL (con'td.)				
DISTRICT CLERK				
Salary - District Clerk	\$ 44,357	\$ 44,357	\$ 44,357	\$ -
Salaries - Deputies	132,589	132,589	132,589	-
Social Security	13,537	13,537	13,537	-
Group Medical Insurance	50,760	50,760	49,828	932
Retirement and Death Benefits	42,468	42,468	42,354	114
Worker's Compensation	881	881	341	540
Unemployment Insurance	621	621	190	431
Other Post Employment	18,686	18,686	18,635	51
Office Supplies, Postage & Repairs	13,000	13,000	11,520	1,480
Telephone	400	500	500	-
Conferences and Dues	2,000	2,500	2,216	284
Rentals, Microfilming, & Indexing	35,800	33,220	13,483	19,737
Miscellaneous	300	200	63	137
Total District Clerk	355,399	353,319	329,613	23,706
JUSTICE OF THE PEACE PCT. 1 & 4				
Salaries - Justice of the Peace	44,357	44,357	44,357	-
Salaries - Secretary	38,681	38,681	38,680	1
Social Security	6,353	6,353	6,353	-
Group Medical Insurance	21,150	21,150	21,052	98
Retirement and Death Benefits	19,930	19,930	19,929	1
Worker's Compensation	394	394	308	86
Unemployment Insurance	182	182	54	128
Other Post Employment	8,769	8,769	8,769	-
Office Supplies and Repairs	3,500	4,000	4,000	-
Professional Services	3,500	3,500	3,475	25
Telephone	1,000	1,000	724	276
Travel	1,250	1,000	602	398
Conferences and Dues	1,800	1,550	915	635
Miscellaneous	200	124	90	34
Total Justices of the Peace Pct. 1 and 4	151,066	150,990	149,308	1,682

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (cont'd.)				
JUDICIAL (con'td.)				
JUSTICE OF THE PEACE PCT. 2 & 3				
Salaries - Justice of the Peace	\$ 44,357	\$ 44,357	\$ 44,357	\$ -
Salaries - Secretary	38,681	40,881	40,743	138
Social Security	6,353	6,523	6,523	-
Group Medical Insurance	21,150	21,850	21,748	102
Retirement	19,930	20,458	20,458	-
Worker's Compensation	394	400	-	400
Unemployment Insurance	182	187	56	131
Other Post Employment	8,769	9,002	9,002	-
Office Supplies and Repairs	4,000	4,287	4,287	-
Computer Replacement	1,000	1,000	-	1,000
Professional Services	3,970	3,970	3,051	919
Telephone	1,200	1,000	402	598
Travel	2,000	2,000	1,283	717
Conferences and Dues	2,000	2,000	1,022	978
Miscellaneous	200	113	113	-
Total Justices of the Peace Pct. 2 and 3	154,186	158,028	153,045	4,983
BAILIFFS AND JURORS				
Bailiffs	20,818	20,818	20,817	1
Group Medical Insurance	8,460	8,460	8,421	39
Retirement	4,997	4,997	4,996	1
Social Security Taxes	1,593	1,593	1,593	-
Worker's Compensation	669	669	576	93
Unemployment Insurance	98	98	29	69
Other Post Employment	2,199	2,199	2,198	1
Telephone	800	800	530	270
Conferences and Dues	1,000	1,000	-	1,000
Jurors, District & County	30,000	30,000	9,709	20,291
Miscellaneous	100	100	-	100
Total - Bailiffs, Jurors and Law Books	70,734	70,734	48,869	21,865
Total Judicial	1,118,633	1,134,569	1,072,245	62,324

**PANOLA COUNTY, TEXAS**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND, continued**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (Cont'd.)				
LEGAL				
DISTRICT ATTORNEY				
Salary - Asst. District Attorney	\$ 70,051	\$ 70,051	\$ 70,051	\$ -
Salary - Secretaries	77,361	77,361	71,844	5,517
Court Coordinator	29,611	29,611	29,611	-
Social Security	13,543	13,543	13,173	370
Group Medical Insurance	33,840	33,840	33,840	-
Retirement and Death Benefits	42,486	42,486	41,325	1,161
Worker's Compensation	1,156	1,156	1,013	143
Unemployment Insurance	828	828	205	623
Other Post Employment	18,694	18,694	18,183	511
Office Supplies and Repairs	12,000	12,000	5,500	6,500
Professional Services	36,450	37,150	37,150	-
Witness Expense	5,000	2,300	-	2,300
Special Prosecutor Contracts	-	-	-	-
Telephone	2,000	2,000	1,375	625
Conference & Dues	5,000	4,000	2,639	1,361
Law Enforcement Officer Standard Traini	696	696	-	696
Law Books	10,000	16,000	14,309	1,691
Miscellaneous	1,000	1,000	352	648
Total District Attorney	359,716	362,716	340,570	22,146
LAWSUITS AGAINST PANOLA COUNTY				
Attorney Fees	25,000	25,000	-	25,000
Settlements and Other	12,500	12,500	8,771	3,729
Total Lawsuits	37,500	37,500	8,771	28,729
Total Legal	397,216	400,216	349,341	50,875
ELECTIONS				
ELECTION JUDGES, CLERKS AND SUPPLIES				
Election Judges and Clerks	16,000	16,000	9,961	6,039
Social Security	1,224	1,224	-	1,224
Worker's Compensation	182	182	30	152
Professional Services	6,000	21,000	20,002	998
Polling Place Rent	900	900	365	535
Supplies and Miscellaneous	3,034	3,034	1,248	1,786
Total Election Judges, Clerks, and Supplies	27,340	42,340	31,606	10,734

PANOLA COUNTY, TEXAS  
SUPPLEMENTARY FINANCIAL INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND, continued  
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>EXPENDITURES (Cont'd.)</b>				
<b>ELECTIONS (Cont'd.)</b>				
<b>VOTER REGISTRATION</b>				
Salary - Voter Registrar	\$ 30,903	\$ 30,903	\$ 30,902	\$ 1
Deputies	25,787	25,787	25,787	-
Social Security	4,337	4,337	4,337	-
Group Medical Insurance	16,920	16,920	16,841	79
Retirement and Death Benefits	13,606	13,606	13,605	1
Worker's Compensation	272	272	105	167
Unemployment Insurance	266	266	79	187
Other Post Employment	5,987	5,987	5,986	1
Office Supplies and Repairs	2,500	1,900	1,793	107
Telephone	500	700	689	11
Internet Service	7,200	7,200	7,068	132
Conferences and Dues	1,000	1,000	270	730
Miscellaneous	355	255	-	255
Total Voter Registration	109,633	109,133	107,462	1,671
<b>Total Elections</b>	<b>136,973</b>	<b>151,473</b>	<b>139,068</b>	<b>12,405</b>
<b>FINANCIAL ADMINISTRATION</b>				
<b>AUDITOR</b>				
Salary - Auditor	54,887	54,887	54,887	-
Salaries - Assistant Auditors	82,853	82,853	82,853	-
Social Security	10,538	10,538	10,538	-
Group Medical Insurance	25,380	25,380	25,262	118
Retirement and Death Benefits	33,058	33,058	33,057	1
Worker's Compensation	708	708	255	453
Unemployment Insurance	643	643	193	450
Other Post Employment	14,546	14,546	14,545	1
Office Supplies and Repairs	2,000	2,500	2,333	167
Professional Computer Services	1,700	-	-	-
Telephone	600	700	645	55
Conferences and Dues	5,000	3,400	3,020	380
Re-creation, printing	1,600	1,600	1,404	196
Miscellaneous	376	376	28	348
Total Auditor	233,889	231,189	229,020	2,169

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (Cont'd.)				
FINANCIAL ADMINISTRATION (Cont'd.)				
TREASURER				
Salary - Treasurer	\$ 44,357	\$ 44,357	\$ 44,357	\$ -
Salary - Deputies	55,228	55,228	51,528	3,700
Social Security	7,619	7,619	7,335	284
Group Medical Insurance	25,380	25,380	24,566	814
Retirement and Death Benefits	23,901	23,901	23,013	888
Worker's Compensation	502	502	185	317
Unemployment Insurance	259	259	72	187
Other Post Employment	10,517	10,517	10,125	392
Office Supplies and Repairs	2,400	3,400	2,982	418
Telephone	500	500	386	114
Professional Computer Services	6,000	-	-	-
Conferences and Dues	4,000	2,200	1,084	1,116
Miscellaneous	200	200	-	200
Total Treasurer	180,863	174,063	165,633	8,430
TAX ASSESSOR-COLLECTOR				
Salary - Tax Assessor-Collector	44,357	44,357	44,357	-
Salaries - Deputies	162,030	162,030	162,030	-
Salaries - Extra Help	10,285	10,285	8,667	1,618
Social Security	16,576	16,576	16,452	124
Group Medical Insurance	59,220	59,220	58,586	634
Retirement and Death Benefits	52,002	52,002	49,143	2,859
Worker's Compensation	1,074	1,074	402	672
Unemployment Insurance	807	807	239	568
Other Post Employment	21,795	21,795	21,623	172
Office Supplies and Repairs	3,925	2,925	2,922	3
Telephone	1,390	1,390	1,091	299
Conference and Dues	4,000	4,000	1,576	2,424
Re-creation, printing	500	500	-	500
Miscellaneous	500	500	270	230
Total Tax Assessor-Collector	378,461	377,461	367,358	10,103
Total Financial Admin.	793,213	782,713	762,011	20,702

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (Cont'd.)				
PUBLIC FACILITIES				
BUILDING MAINTENANCE				
Salary - Building Superintendent	\$ 32,640	\$ 32,640	\$ 32,640	\$ -
Seasonal Help	-	-	-	-
Travel Allowance	1,200	1,200	1,200	-
Social Security	2,589	2,589	2,589	-
Group Medical Insurance	8,460	8,460	8,408	52
Retirement	8,122	8,122	8,122	-
Worker's Compensation	2,205	2,205	1,142	1,063
Unemployment Insurance	171	171	47	124
Other Post Employment	3,574	3,574	3,574	-
S.W.E.A.T. Supplies	5,000	5,000	4,898	102
Operating Supplies	30,000	30,000	21,610	8,390
Repair and Maintenance Supplies	19,720	7,720	6,308	1,412
Professional Services	70,006	90,856	90,830	26
Telephone	800	800	390	410
Utilities	60,000	60,000	59,691	309
Repairs and Renovations	40,000	31,150	25,669	5,481
Miscellaneous	156	156	32	124
Total Building Maintenance	284,643	284,643	267,150	17,493
Total Public Facilities	284,643	284,643	267,150	17,493
PUBLIC SAFETY				
SHERIFF				
Salary - Sheriff	44,357	44,357	44,357	-
Salary - Chief Deputy	42,800	42,800	42,800	-
Salaries - Secretaries	77,361	77,361	77,360	1
Salaries - Juvenile Investigator	38,508	38,508	38,229	279
Salaries - Communication Officers	263,680	263,680	259,424	4,256
Salaries - Patrol and Investigative Deputies	419,169	419,169	415,751	3,418
Criminal Investigators	115,480	115,480	115,235	245
Captain	40,358	40,358	40,358	-
S.W.E.A.T. Coordinator	38,134	38,134	37,718	416
Social Security	82,609	82,609	81,908	701
Group Medical Insurance	262,260	262,260	259,311	2,949
Retirement and Death Benefits	259,164	259,164	256,962	2,202
Worker's Compensation	49,495	49,495	31,900	17,595
Unemployment Insurance	4,285	4,285	1,437	2,848
Other Post Employment	114,032	114,032	113,063	969
Office Supplies	24,500	23,500	20,600	2,900
Canine Expense	3,000	3,000	2,510	490

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (Cont'd.)				
PUBLIC SAFETY (Cont'd.)				
SHERIFF (Cont'd)				
Uniforms	\$ 14,700	\$ 14,700	\$ 9,922	\$ 4,778
Repair and Maintenance	3,000	4,000	2,691	1,309
Telephone and Radio Communications	11,000	11,000	10,835	165
Criminal Investigation	5,000	8,700	7,225	1,475
911 Supplies	2,000	2,200	2,157	43
Utilities	30,000	30,000	20,041	9,959
Gasoline, Auto Parts and Repairs	225,000	187,000	136,158	50,842
Conference, Dues, Lodging & Meals	22,000	21,296	16,404	4,892
Law Enforcement Officer Standard Traini	3,000	3,000	2,633	367
Miscellaneous	7,800	8,604	8,603	1
Total Sheriff	2,202,692	2,168,692	2,055,592	113,100
CONSTABLE PCT. 1 AND 4				
Salary - Constable Precinct #1	42,315	42,315	42,315	-
Social Security	3,238	3,238	3,237	1
Group Medical Insurance	8,460	8,460	8,421	39
Retirement and Death Benefits	10,156	10,156	10,156	-
Worker's Compensation	3,288	3,288	1,164	2,124
Other Post Employment	4,469	4,469	4,468	1
Law Enforcement Officer Standard Traini	696	696	225	471
Parts & Repairs	10,000	9,985	8,633	1,352
Telephone	800	800	556	244
Ammunition	1,000	444	443	1
Uniforms	1,000	1,000	933	67
Conferences & Dues	1,000	140	140	-
Capital Outlay - Furniture & Equipment				-
Miscellaneous	500	344	342	2
Total Constable Pct. 1 & 4	86,922	85,335	81,033	4,302
CONSTABLE PCT. 2 AND 3				
Salary - Constable Precinct #2	42,315	42,315	42,315	-
Social Security	3,238	3,238	3,237	1
Group Medical Insurance	8,460	8,460	8,421	39
Retirement and Death Benefits	10,156	10,156	10,156	-
Worker's Compensation	3,288	3,288	3,288	-
Other Post Employment	4,469	4,469	4,468	1
Ammunition	1,000	1,000	-	1,000
Uniforms	750	987	986	1
Telephone	800	800	645	155
Law Enforcement Officer Standard Traini	696	696	-	696
Parts & Repairs	10,000	10,000	9,189	811
Conferences & Dues	1,000	15	15	-
Miscellaneous	565	565	211	354
Total Constable Pct. 2 & 3	86,737	85,989	82,931	3,058

**PANOLA COUNTY, TEXAS**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND, continued**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>EXPENDITURES (Cont'd.)</b>				
<b>PUBLIC SAFETY (Cont'd.)</b>				
<b>CORRECTIONS</b>				
Salary - Sergeant and Jailors	\$ 660,258	\$ 660,258	\$ 632,286	\$ 27,972
Social Security	50,510	50,510	48,321	2,189
Group Medical Insurance	194,580	194,580	185,325	9,255
Retirement	158,462	158,462	151,586	6,876
Worker's Compensation	25,936	25,936	16,491	9,445
Unemployment Insurance	3,218	3,218	884	2,334
Other Post Employment	69,724	69,724	66,699	3,025
Clothing and Bedding	10,000	10,000	4,578	5,422
Jail Laundry	6,000	6,000	5,935	65
Office Supplies	3,000	3,000	376	2,624
Jail Board - Prisoners	200,000	200,000	112,250	87,750
Telephone	5,000	5,000	2,615	2,385
Medical - Prisoners	200,000	200,000	154,854	45,146
Utilities	100,000	95,000	63,332	31,668
Jail Repairs and Maintenance	21,000	21,000	7,569	13,431
Jail Repairs and Renovations	20,000	20,000	19,444	556
Rentals	3,600	3,600	805	2,795
Housing Prisoners	-	-	-	-
Miscellaneous Supplies	25,000	30,000	28,607	1,393
Miscellaneous	5,000	5,000	3,381	1,619
<b>Total Corrections</b>	<b>1,761,288</b>	<b>1,761,288</b>	<b>1,505,338</b>	<b>255,950</b>
<b>RURAL ADDRESSING</b>				
Salaries - Coordinator	61,187	68,993	68,102	891
Social Security	4,681	5,279	5,210	69
Group Medical Insurance	16,920	19,774	18,999	775
Retirement	14,685	16,559	16,344	215
Worker's Compensation	642	724	57	667
Unemployment Insurance	288	325	95	230
Other Post Employment	6,462	7,287	7,192	95
Office Supplies	1,200	1,200	706	494
Computer Parts	1,000	1,000	-	1,000
Signs & Posts	10,000	10,000	9,945	55
Computer Software	800	800	-	800
Telephone	1,600	1,600	1,069	531
Conference and Dues	400	400	109	291
Rental	3,600	3,780	3,780	-
Miscellaneous	500	320	143	177
<b>Total Rural Addressing</b>	<b>123,965</b>	<b>138,041</b>	<b>131,751</b>	<b>6,290</b>

**PANOLA COUNTY, TEXAS**  
**SUPPLEMENTARY FINANCIAL INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**GENERAL FUND, continued**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>EXPENDITURES (Cont'd.)</b>				
<b>PUBLIC SAFETY (Cont'd.)</b>				
<b>HIGHWAY PATROL</b>				
Salary - Secretary	\$ 25,787	\$ 25,787	\$ 25,787	\$ -
Social Security	1,973	1,973	1,973	-
Group Medical Insurance	8,460	8,460	8,421	39
Retirement and Death Benefits	6,189	6,189	6,189	-
Worker's Compensation	133	133	48	85
Unemployment Insurance	121	121	36	85
Other Post Employment	2,724	2,724	2,723	1
Telephone	1,000	1,000	868	132
Game Warden's Supplies	500	500	110	390
Highway Patrol's Cellular Phone	2,200	2,200	1,434	766
Office Supplies and Repairs	1,700	1,700	1,700	-
Miscellaneous	500	500	500	-
<b>Total Highway Patrol</b>	<b>51,287</b>	<b>51,287</b>	<b>49,789</b>	<b>1,498</b>
<b>FIRE SAFETY</b>				
Fire Services	1,500	1,500	1,500	-
<b>Total Fire Safety</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>-</b>
<b>Total Public Safety</b>	<b>4,314,391</b>	<b>4,292,132</b>	<b>3,907,934</b>	<b>384,198</b>
<b>ENVIRONMENTAL PROTECTION</b>				
Trash Disposal	346,000	356,000	355,109	891
<b>Total Trash Disposal</b>	<b>346,000</b>	<b>356,000</b>	<b>355,109</b>	<b>891</b>
<b>Total Environmental Protection</b>	<b>346,000</b>	<b>356,000</b>	<b>355,109</b>	<b>891</b>
<b>HEALTH AND PAUPERS CARE</b>				
Medical	\$ 15,000	\$ 9,658	\$ 3,848	\$ 5,810
Aging Match	3,200	3,200	-	3,200
Disaster Relief	-	-	-	-
Mental Health - Mental Retardation Cente	28,000	28,000	28,000	-
Statements of Facts	14,000	14,000	4,251	9,749
Autopsies, Inquests, & Burials	70,000	75,342	75,342	-
Mental Evaluation of Prisoners	5,000	5,000	-	5,000
Retarded Citizens Association	6,500	6,500	6,500	-
Alcohol Abuse Program	4,000	4,000	4,000	-
Child Protective Services	-	-	-	-
Attorney Fees -Juveniles	20,000	20,000	6,813	13,187
Juvenile Probation	-	-	-	-
Attorney Fees	200,000	200,000	142,691	57,309
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>376,900</b>	<b>376,900</b>	<b>282,445</b>	<b>94,455</b>

PANOLA COUNTY, TEXAS  
 SUPPLEMENTARY FINANCIAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
RECREATION				
LIBRARY				
Salaries - Librarians	153,591	153,591	153,589	2
Temporary Librarian	7,470	7,470	7,351	119
Social Security	12,322	12,322	12,312	10
Group Medical Insurance	50,760	50,760	50,524	236
Retirement and Death Benefits	38,655	38,655	36,861	1,794
Worker's Compensation	1,350	1,350	685	665
Unemployment Insurance	749	749	225	524
Other Post Employment	16,220	16,220	16,219	1
Supplies & Books	20,027	20,027	20,027	-
Repairs & Maintenance	-	1,500	1,500	-
Software & Supplies	3,000	3,000	2,629	371
Insurance	2,000	2,000	1,905	95
Total Library	306,144	307,644	303,827	3,817
YOUTH PROGRAMS				
Carthage	10,000	10,000	10,000	-
Beckville	3,000	3,000	-	3,000
Gary	2,000	2,000	2,000	-
Exposition Bldg.-Maintenance	5,000	5,000	2,671	2,329
Boys and Girls Club	2,000	2,000	-	2,000
Total Youth Programs	22,000	22,000	14,671	7,329
Total Recreation	328,144	329,644	318,498	11,146
CONSERVATION				
AGRICULTURAL EXTENSION SERVIC				
Salary - County Extension Agent	\$ 13,498	\$ 13,498	\$ 13,498	\$ -
Salary - Home Extension Agent	13,498	13,498	13,498	-
Expense Allowances - Agents	11,100	11,100	11,100	-
Salary - Secretary	25,787	25,787	24,008	1,779
Social Security	4,888	4,888	4,751	137
Group Medical Insurance	8,460	8,460	8,421	39
Retirement and Death Benefit	6,189	6,189	5,762	427
Worker's Compensation	1,676	1,601	1,301	300
Unemployment Insurance	301	301	87	214
Other Post Employment	2,723	2,723	2,535	188
Office Supplies, Postage & Repairs	1,350	1,700	1,699	1
Telephone	500	500	467	33
Travel	3,500	5,292	4,984	308
Conferences and Dues	1,500	571	557	14
Miscellaneous Supplies	250	-	-	-
Miscellaneous	328	-	-	-
Total Extension Service	95,548	96,108	92,668	3,440
Total Conservation	95,548	96,108	92,668	3,440

PANOLA COUNTY, TEXAS  
SUPPLEMENTARY FINANCIAL INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND, continued  
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>CAPITAL OUTLAY</b>				
<b>GENERAL ADMINISTRATION</b>				
County Judge	250	2,587	2,571	16
Commissioners	250	250	-	250
County Clerk	8,128	8,128	6,325	1,803
Veterans Service Officer	300	300	-	300
Airport	-	1,000	980	20
Miscellaneous and Non-Departmental	430,000	127,924	103,939	23,985
<b>JUDICIAL</b>				
District Court	3,500	3,500	-	3,500
County Court at Law	3,650	3,650	348	3,302
District Clerk	7,628	9,708	9,249	459
Justice of the Peace Pct. 1 & 4	695	771	771	-
Justice of the Peace Pct. 2 & 3	495	495	169	326
<b>LEGAL</b>				
District Attorney	4,250	1,250	428	822
<b>ELECTIONS</b>				
Election Judges, Clerks and Supplies	-	47,915	47,080	835
Voter Registration	-	500	489	11
<b>FINANCIAL ADMINISTRATION</b>				
Auditor	3,300	6,000	6,000	-
Treasurer	-	6,800	5,063	1,737
Tax Assessor-Collector	-	1,000	932	68
<b>PUBLIC FACILITIES</b>				
Building Maintenance	-	40,000	39,290	710
<b>PUBLIC SAFETY</b>				
Sheriff	100,000	301,087	289,694	11,393
Constable Pct. 1 and 4	5,000	7,587	6,461	1,126
Constable Pct. 2 and 3	1,253	3,001	2,245	756
Corrections	10,000	65,000	15,674	49,326
Rural Addressing	30,000	30,000	7,908	22,092
Highway Patrol	3,000	3,000	2,704	296
<b>CONSERVATION</b>				
Agriculture Extension Service	1,000	440	440	-
<b>Total Capital Outlay</b>	<b>612,699</b>	<b>671,893</b>	<b>548,760</b>	<b>123,133</b>
<b>Total Expenditures</b>	<b>12,622,971</b>	<b>12,502,084</b>	<b>11,112,523</b>	<b>1,389,561</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(239,000)</b>	<b>126,633</b>	<b>2,712,777</b>	<b>2,586,144</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(161,000)	(567,482)	(567,482)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(161,000)</b>	<b>(567,482)</b>	<b>(567,482)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(400,000)</b>	<b>(440,849)</b>	<b>2,145,295</b>	<b>2,586,144</b>
<b>FUND BALANCE, BEGINNING</b>	<b>9,427,291</b>	<b>9,427,291</b>	<b>9,427,291</b>	<b>-</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 9,027,291</b>	<b>\$ 8,986,442</b>	<b>\$ 11,572,586</b>	<b>\$ 2,586,144</b>

**THIS PAGE LEFT BLANK INTENTIONALLY**

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

608 - 706 -  
VOL. -75 PAGE 706

THIS PAGE LEFT BLANK INTENTIONALLY

**PANOLA COUNTY, TEXAS  
COMBINED BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	Special Revenue	Debt Service	Capital Projects	Total Other Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,470,987	\$ 9,931	\$ 282,464	\$ 1,763,382
Investments	6,715,661	1,322,444	457,000	8,495,105
Receivables (net of allowance for uncollectible taxes)				
Current Taxes	70,903	181,518	-	252,421
Delinquent Taxes	13,472	31,286	-	44,758
Due From Other Governments	13,791	34,859		48,650
Miscellaneous	172,901	1,658	135	174,694
Inventory	24,346	-	-	24,346
<b>Total Assets</b>	<b>\$ 8,482,061</b>	<b>\$1,581,696</b>	<b>\$ 739,599</b>	<b>\$ 10,803,356</b>
<b>LIABILITIES:</b>				
Accounts Payable-Trade	\$ 154,971	\$ -	\$ 91,625	\$ 246,596
Deferred Tax Revenues	542,828	1,380,106	-	1,922,934
<b>Total Liabilities</b>	<b>697,799</b>	<b>1,380,106</b>	<b>91,625</b>	<b>2,169,530</b>
<b>FUND BALANCES:</b>				
Reserved for Inventory	24,346	-	-	24,346
Reserved for Debt Service	-	201,590	-	201,590
Designated for Health Care	3,591,363	-	-	3,591,363
Designated for Capital Projects	-	-	647,974	647,974
Unreserved and Undesignated	4,168,553	-	-	4,168,553
<b>Total Fund Balances</b>	<b>7,784,262</b>	<b>201,590</b>	<b>647,974</b>	<b>8,633,826</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,482,061</b>	<b>\$1,581,696</b>	<b>\$ 739,599</b>	<b>\$ 10,803,356</b>

**PANOLA COUNTY, TEXAS**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Special Revenue	Debt Service	Capital Projects	Total Other Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 524,174	\$1,393,114	\$ -	\$ 1,917,288
Intergovernmental Receipts	731,536	-	-	731,536
Fees of Office	664,930	-	-	664,930
Miscellaneous	2,369,359	9,860	8,001	2,387,220
<b>TOTAL REVENUES</b>	<b>4,289,999</b>	<b>1,402,974</b>	<b>8,001</b>	<b>5,700,974</b>
<b>EXPENDITURES</b>				
Current:				
General Administration	213,951	-	-	213,951
Legal	139,003	-	-	139,003
Public Facilities	28,150	-	-	28,150
Public Safety	1,230,281	-	-	1,230,281
Public Transportation	619,031	-	24,603	643,634
Health & Paupers Care	2,051,964	-	-	2,051,964
Capital Outlay:				
Public Safety	-	-	233,502	233,502
Debt Service:				
Principal	-	1,285,000	-	1,285,000
Interest	-	78,308	-	78,308
<b>TOTAL EXPENDITURES</b>	<b>4,282,380</b>	<b>1,363,308</b>	<b>258,105</b>	<b>5,903,793</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>7,619</b>	<b>39,666</b>	<b>(250,104)</b>	<b>(202,819)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	161,000	-	406,482	567,482
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>161,000</b>	<b>-</b>	<b>406,482</b>	<b>567,482</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>168,619</b>	<b>39,666</b>	<b>156,378</b>	<b>364,663</b>
<b>FUND BALANCE-BEGINNING OF YEAR</b>	<b>7,615,643</b>	<b>161,924</b>	<b>491,596</b>	<b>8,269,163</b>
<b>FUND BALANCE-END OF YEAR</b>	<b>\$ 7,784,262</b>	<b>\$ 201,590</b>	<b>\$ 647,974</b>	<b>\$ 8,633,826</b>

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

VOL. 75 PAGE 709

**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.

**JUVENILE DELINQUENCY PREVENTION FUND** – This fund is used to account for fees collected for the prevention of juvenile delinquency and graffiti eradication.

**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 and is similar to the Records Preservation Fund.

**COUNTY & DISTRICT COURT TECHNOLOGY** – This fund is used to account for fees paid by defendants in county and district courts to be used to fund costs of education and training regarding technological enhancements and for purchase and maintenance of technological enhancements, including computer systems, networks, hardware, software, imaging systems, electronic kiosks, and docket management systems.

**COURT RECORD PRESERVATION FUND** – This fund is used to account for fees paid in each civil case filed in a county or district court to be used only to digitize court records to preserve them from natural disasters.

**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.

**ELECTION SERVICES CONTRACT FUND** – This fund is used to account for the revenues and expenditures associated with various contracts with other local governments in which County provides election services.

**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 CORRECTIONS FUND** – 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.

**DRUG COURT GRANT FUND** – This fund is used to account for the revenues and expenditures associated with the Drug Court Program initiated by Panola and Shelby Counties. Financing is provided by federal grant monies and funding from both Panola and Shelby Counties. This program is operated by the 123<sup>rd</sup> Judicial District – Community Supervision and Correction Department.

**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.

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

**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 types of 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.

**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.

**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 District Attorney Office employees. Funding is provided by the State of Texas.

**CONSTABLE PCT. 1 & 4 STATE FORFEITURE FUND** – This fund is used to account for state 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.

**CONSTABLE PCT. 2 & 3 STATE FORFEITURE FUND** – This fund is used to account for state 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.

**CDA FEDERAL FORFEITURE FUND** – This fund is used to account for funds received from the federal government. These funds represent cash seized and forfeited relative to certain drug cases. Federal statutes governing these funds allow the monies to be used for investigation matters.

**CONSTABLE PCT. 1 & 4 FEDERAL FORFEITURE FUND** – This fund is used to account for federal funds received after forfeiture proceedings are final involving cases where cash or property has been seized. Federal statutes governing these funds allow the monies to be used for investigation matters.

**CONSTABLE PCT. 2 & 3 FEDERAL FORFEITURE FUND** – This fund is used to account for federal funds received after forfeiture proceedings are final involving cases where cash or property has been seized. Federal statutes governing these funds allow the monies to be used for investigation matters.

**DEADWOOD WATER SUPPLY CORPORATION FUND** – This fund is used to account for funds received from the State to be used for a water improvement system. The grant monies were awarded from the Texas Community Development Block Grant Program (TxCDBG).

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

VOL. 1-75 PAGE 711

**CHILD PROTECTIVE SERVICES FUND** – This fund is used to account for services which are 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.

**HEALTH FUND** – This fund is used only to finance items related to providing health care to County residents, including indigent residents.

**AIRPORT 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.

**PANOLA COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
NON-MAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2010**

	<b>LAW LIBRARY</b>	<b>JUVENILE DELINQUENCY PREVENTION</b>	<b>COURT- HOUSE SECURITY</b>	<b>RECORDS MANAGEMENT</b>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 5,717	\$ 98	\$ 58,819	\$ 5,971
Investments	20,000	-	189,000	115,000
Receivables (net of allowance for uncollectible taxes)				
Current Taxes	-	-	-	-
Delinquent Taxes	-	-	-	-
Miscellaneous	614	-	261	501
Due From Other Funds	-	-	-	-
Inventory	-	-	-	-
<b>Total Assets</b>	<b>\$ 26,331</b>	<b>\$ 98</b>	<b>\$ 248,080</b>	<b>\$ 121,472</b>
<b>LIABILITIES:</b>				
Accounts Payable-Trade	\$ 1,469	\$ -	\$ 1	\$ 6
Deferred Tax Revenues	-	-	-	-
<b>Total Liabilities</b>	<b>1,469</b>	<b>-</b>	<b>1</b>	<b>6</b>
<b>FUND BALANCES:</b>				
Reserved for Inventory	-	-	-	-
Designated for Health Care	-	-	-	-
Unreserved and Undesignated	24,862	98	248,079	121,466
<b>Total Fund Balances</b>	<b>24,862</b>	<b>98</b>	<b>248,079</b>	<b>121,466</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 26,331</b>	<b>\$ 98</b>	<b>\$ 248,080</b>	<b>\$ 121,472</b>

COUNTY & DISTRICT COURT TECH	COURT RECORD PRESERVATION	RECORDS PRESERVATION	RECORDS ARCHIVE FEES	JUSTICE COURT TECHNOLOGY	VIT INTEREST
\$ 294	\$ 3,368	\$ 127,424	\$ 68,326	\$ 12,510	\$ 6,508
-	-	149,000	141,000	50,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	172	228	295	49	313
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 294</u>	<u>\$ 3,540</u>	<u>\$ 276,652</u>	<u>\$ 209,621</u>	<u>\$ 62,559</u>	<u>\$ 6,821</u>
\$ -	\$ -	\$ 2,151	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	2,151	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
294	3,540	274,501	209,621	62,559	6,821
294	3,540	274,501	209,621	62,559	6,821
<u>\$ 294</u>	<u>\$ 3,540</u>	<u>\$ 276,652</u>	<u>\$ 209,621</u>	<u>\$ 62,559</u>	<u>\$ 6,821</u>

PANOLA COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2010

	<u>ELECTION SERVICES CONTRACT</u>	<u>FM &amp; LATERAL</u>	<u>COMMUNITY SUPERVISION AND CORRECTIONS</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 13,552	\$ 163,215	\$ 346,267
Investments	-	1,529,661	150,000
Receivables (net of allowance for uncollectible taxes)			
Current Taxes	-	70,903	-
Delinquent Taxes	-	13,472	-
Miscellaneous	2,550	1,900	34,245
Due From Other Funds	-	13,791	-
Inventory	-	-	-
<b>Total Assets</b>	<u>\$ 16,102</u>	<u>\$ 1,792,942</u>	<u>\$ 530,512</u>
<b>LIABILITIES:</b>			
Accounts Payable-Trade	\$ 985	\$ 3,862	\$ 7,756
Deferred Tax Revenues	-	542,828	-
<b>Total Liabilities</b>	<u>985</u>	<u>546,690</u>	<u>7,756</u>
<b>FUND BALANCES:</b>			
Reserved for Inventory	-	-	-
Designated For Health Care	-	-	-
Unreserved and Undesignated	15,117	1,246,252	522,756
<b>Total Fund Balances</b>	<u>15,117</u>	<u>1,246,252</u>	<u>522,756</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 16,102</u>	<u>\$ 1,792,942</u>	<u>\$ 530,512</u>

DRUG COURT GRANT	JUVENILE PROBATION	OLD PROBATION	HOT CHECK FEE	SHERIFF'S STATE FORFEITURE	DIST ATTY LONGEVITY PAY SUPPLEMENT	D.A. FORFEITURE
\$ 50,500	\$ 172,425	\$ 1,242	\$ 22,496	\$ 107,804	\$ 3	\$ 70,884
-	250,000	10,000	55,000	180,000	-	126,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,762	1,487	17	1,862	143	100	88
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 68,262</u>	<u>\$ 423,912</u>	<u>\$ 11,259</u>	<u>\$ 79,358</u>	<u>\$ 287,947</u>	<u>\$ 103</u>	<u>\$ 196,972</u>
\$ 12,593	\$ 21,953	\$ -	\$ 20	\$ -	\$ -	\$ 210
-	-	-	-	-	-	-
<u>12,593</u>	<u>21,953</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>210</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
55,669	401,959	11,259	79,338	287,947	103	196,762
55,669	401,959	11,259	79,338	287,947	103	196,762
<u>\$ 68,262</u>	<u>\$ 423,912</u>	<u>\$ 11,259</u>	<u>\$ 79,358</u>	<u>\$ 287,947</u>	<u>\$ 103</u>	<u>\$ 196,972</u>

**PANOLA COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
NON-MAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2010**

	STATE APPORTION- MENT - DA	CONSTABLE PCT. 1&4 STATE FORFEITURES	CONSTABLE PCT. 2 & 3 STATE FORFEITURES	CDA FEDERAL FORFEITURE
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 532	\$ 297	\$ 1,989	\$ 54,718
Investments	-	-	-	-
Receivables (net of allowance for uncollectible taxes)				
Current Taxes	-	-	-	-
Delinquent Taxes	-	-	-	-
Miscellaneous	-	-	-	-
Due From Other Funds	-	-	-	-
Inventory	-	-	-	-
<b>Total Assets</b>	<b>\$ 532</b>	<b>\$ 297</b>	<b>\$ 1,989</b>	<b>\$ 54,718</b>
<b>LIABILITIES:</b>				
Accounts Payable-Trade	\$ -	\$ -	\$ -	\$ -
Deferred Tax Revenues	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>				
Reserved for Inventory	-	-	-	-
Designated for Health Care	-	-	-	-
Unreserved and Undesignated	532	297	1,989	54,718
<b>Total Fund Balances</b>	<b>532</b>	<b>297</b>	<b>1,989</b>	<b>54,718</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 532</b>	<b>\$ 297</b>	<b>\$ 1,989</b>	<b>\$ 54,718</b>

CONSTABLE PCT. 1&4 FEDERAL FORFEITURES	CONSTABLE PCT. 2 & 3 FEDERAL FORFEITURES	DEADWOOD WATER SUPPLY CORPORATION	CHILD PROTECTIVE SERVICES	HEALTH FUND	AIRPORT
\$ 2,795	\$ 2,626	\$ 3,500	\$ 12,935	\$ 67,569	\$ 86,603
-	-	-	41,000	3,525,000	185,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	5,500	6,380	97,259	1,175
-	-	-	-	-	-
-	-	-	-	-	24,346
<u>\$ 2,795</u>	<u>\$ 2,626</u>	<u>\$ 9,000</u>	<u>\$ 60,315</u>	<u>\$ 3,689,828</u>	<u>\$ 297,124</u>
\$ -	\$ -	\$ 5,500		\$ 98,465	\$ -
-	-	-		-	-
-	-	5,500	-	98,465	-
-	-	-	-	-	24,346
-	-	-	-	3,591,363	-
2,795	2,626	3,500	60,315	-	272,778
<u>2,795</u>	<u>2,626</u>	<u>3,500</u>	<u>60,315</u>	<u>3,591,363</u>	<u>297,124</u>
<u>\$ 2,795</u>	<u>\$ 2,626</u>	<u>\$ 9,000</u>	<u>\$ 60,315</u>	<u>\$ 3,689,828</u>	<u>\$ 297,124</u>

THIS PAGE LEFT BLANK INTENTIONALLY

**PANOLA COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
NON-MAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2010**

	<b>NON-MAJOR SPECIAL REVENUE FUNDS TOTAL</b>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 1,470,987
Investments	6,715,661
Receivables (net of allowance for uncollectible taxes)	
Current Taxes	70,903
Delinquent Taxes	13,472
Miscellaneous	172,901
Due From Other Funds	13,791
Inventory	24,346
<b>Total Assets</b>	<b>\$ 8,482,061</b>
<b>LIABILITIES:</b>	
Accounts Payable-Trade	\$ 154,971
Deferred Tax Revenues	542,828
<b>Total Liabilities</b>	<b>697,799</b>
<b>FUND BALANCES:</b>	
Reserved for Inventory	24,346
Designated for Health Care	3,591,363
Unreserved and Undesignated	4,168,553
<b>Total Fund Balances</b>	<b>7,784,262</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,482,061</b>

**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, 2010**

	<u>LAW LIBRARY</u>	<u>JUVENILE DELINQUENCY PREVENTION</u>	<u>COURT- HOUSE SECURITY</u>	<u>RECORDS MANAGEMENT</u>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Receipts	-	-	-	-
Fees of Office	17,845	97	21,679	14,203
Miscellaneous	565	1	3,462	1,638
<b>TOTAL REVENUES</b>	<u>18,410</u>	<u>98</u>	<u>25,141</u>	<u>15,841</u>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	21,594	6,542
Legal	18,200	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	-	-
Public Transportation	-	-	-	-
Health & Paupers Care	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>18,200</u>	<u>-</u>	<u>21,594</u>	<u>6,542</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>210</u>	<u>98</u>	<u>3,547</u>	<u>9,299</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>210</u>	<u>98</u>	<u>3,547</u>	<u>9,299</u>
<b>FUND BALANCE-BEGINNING OF YEAR</b>	<u>24,652</u>	<u>-</u>	<u>244,532</u>	<u>112,167</u>
<b>FUND BALANCE-END OF YEAR</b>	<u>\$ 24,862</u>	<u>\$ 98</u>	<u>\$ 248,079</u>	<u>\$ 121,466</u>

COUNTY & DISTRICT COURT TECH	COURT RECORD PRESERVATION	RECORDS PRESERVATION	RECORDS ARCHIVE FEES	JUSTICE COURT TECHNOLOGY	VIT INTEREST
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
293	3,520	48,700	42,840	8,876	-
1	20	3,397	3,885	805	389
294	3,540	52,097	46,725	9,681	389
-	-	28,546	149,490	7,064	715
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	28,546	149,490	7,064	715
294	3,540	23,551	(102,765)	2,617	(326)
-	-	-	-	-	-
-	-	-	-	-	-
294	3,540	23,551	(102,765)	2,617	(326)
-	-	250,950	312,386	59,942	7,147
\$ 294	\$ 3,540	\$ 274,501	\$ 209,621	\$ 62,559	\$ 6,821

**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, 2010**

	<b>ELECTION SERVICES CONTRACT</b>	<b>FM &amp; LATERAL</b>	<b>COMMUNITY SUPERVISION AND CORRECTIONS</b>	<b>DRUG COURT GRANT</b>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ 524,174	\$ -	\$ -
Intergovernmental Receipts	-	-	400,680	91,821
Fees of Office	-	-	474,994	10,976
Miscellaneous	5,190	69,226	6,687	435
<b>TOTAL REVENUES</b>	<b>5,190</b>	<b>593,400</b>	<b>882,361</b>	<b>103,232</b>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	-
Legal	-	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	755,839	91,821
Public Transportation	-	476,949	-	-
Health & Paupers Care	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>476,949</b>	<b>755,839</b>	<b>91,821</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	5,190	116,451	126,522	11,411
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,190</b>	<b>116,451</b>	<b>126,522</b>	<b>11,411</b>
<b>FUND BALANCE-BEGINNING OF YEAR</b>	<b>9,927</b>	<b>1,129,801</b>	<b>396,234</b>	<b>44,258</b>
<b>FUND BALANCE-END OF YEAR</b>	<b>\$ 15,117</b>	<b>\$ 1,246,252</b>	<b>\$ 522,756</b>	<b>\$ 55,669</b>

<u>JUVENILE PROBATION</u>	<u>OLD PROBATION</u>	<u>HOT CHECK FEE</u>	<u>SHERIFF'S STATE FORFEITURE</u>	<u>DIST ATTY LONGEVITY PAY SUPPLEMENT</u>	<u>D.A. FORFEITURE</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
164,485	-	-	-	4,560	-
-	-	20,907	-	-	-
5,842	155	-	44,034	62	38,661
<u>170,327</u>	<u>155</u>	<u>20,907</u>	<u>44,034</u>	<u>4,622</u>	<u>38,661</u>
-	-	-	-	-	-
-	-	15,022	-	4,560	66,771
-	-	-	-	-	-
311,923	-	-	70,538	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>311,923</u>	<u>-</u>	<u>15,022</u>	<u>70,538</u>	<u>4,560</u>	<u>66,771</u>
(141,596)	155	5,885	(26,504)	62	(28,110)
<u>133,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>133,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(8,596)	155	5,885	(26,504)	62	(28,110)
<u>410,555</u>	<u>11,104</u>	<u>73,453</u>	<u>314,451</u>	<u>41</u>	<u>224,872</u>
<u>\$ 401,959</u>	<u>\$ 11,259</u>	<u>\$ 79,338</u>	<u>\$ 287,947</u>	<u>\$ 103</u>	<u>\$ 196,762</u>

**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, 2010**

	STATE APPORTION- MENT - DA	CONSTABLE PCT. 1&4 STATE FORFEITURES	CONSTABLE PCT. 2 & 3 STATE FORFEITURES	CDA FEDERAL FORFEITURE
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Receipts	34,450	-	-	-
Fees of Office	-	-	-	-
Miscellaneous	14	3	23	599
<b>TOTAL REVENUES</b>	<b>34,464</b>	<b>3</b>	<b>23</b>	<b>599</b>
<b>EXPENDITURES</b>				
Current				
General Administration	-	-	-	-
Legal	34,450	-	-	-
Public Facilities	-	-	-	-
Public Safety	-	-	-	-
Public Transportation	-	-	-	-
Health & Paupers Care	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>34,450</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues</b>				
Over (Under) Expenditures	14	3	23	599
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>14</b>	<b>3</b>	<b>23</b>	<b>599</b>
<b>FUND BALANCE-BEGINNING OF YEAR</b>	<b>518</b>	<b>294</b>	<b>1,966</b>	<b>54,119</b>
<b>FUND BALANCE-END OF YEAR</b>	<b>\$ 532</b>	<b>\$ 297</b>	<b>\$ 1,989</b>	<b>\$ 54,718</b>

CONSTABLE PCT. 1&4 FEDERAL FORFEITURES	CONSTABLE PCT. 2 & 3 FEDERAL FORFEITURES	DEADWOOD WATER SUPPLY CORPORATION	CHILD PROTECTIVE SERVICES	HEALTH FUND	AIRPORT
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	28,150	7,390	-	-
-	-	-	-	-	-
31	29	3,500	2,288	2,026,718	151,699
31	29	31,650	9,678	2,026,718	151,699
-	-	-	-	-	-
-	-	-	-	-	-
-	-	28,150	-	-	-
160	-	-	-	-	-
-	-	-	-	-	142,082
-	-	-	24,041	2,027,923	-
160	-	28,150	24,041	2,027,923	142,082
(129)	29	3,500	(14,363)	(1,205)	9,617
-	-	-	28,000	-	-
-	-	-	28,000	-	-
(129)	29	3,500	13,637	(1,205)	9,617
2,924	2,597	-	46,678	3,592,568	287,507
\$ 2,795	\$ 2,626	\$ 3,500	\$ 60,315	\$ 3,591,363	\$ 297,124

THIS PAGE LEFT BLANK INTENTIONALLY

**PANOLA COUNTY, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURE  
CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
NON-MAJOR SPECIAL REVENUE FUNDS, continued  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>NON-MAJOR SPECIAL REVENUE FUNDS TOTAL</b>
<b>REVENUES</b>	
Property Taxes	\$ 524,174
Intergovernmental Receipts	731,536
Fees of Office	664,930
Miscellaneous	2,369,359
<b>TOTAL REVENUES</b>	<b>4,289,999</b>
<b>EXPENDITURES</b>	
Current	
General Administration	213,951
Legal	139,003
Public Facilities	28,150
Public Safety	1,230,281
Public Transportation	619,031
Health & Paupers Care	2,051,964
<b>TOTAL EXPENDITURES</b>	<b>4,282,380</b>
Excess (Deficiency) of Revenues	
Over (Under) Expenditures	7,619
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers In	161,000
<b>TOTAL OTHER FINANCING SOURCE</b>	<b>161,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>168,619</b>
<b>FUND BALANCE-BEGINNING OF YEAR</b>	<b>7,615,643</b>
<b>FUND BALANCE-END OF YEAR</b>	<b>\$ 7,784,262</b>

**THIS PAGE LEFT BLANK INTENTIONALLY**

PANOLA COUNTY, TEXAS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP) BASIS AND ACTUAL  
 LAW LIBRARY SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
<b>REVENUES</b>				
<b>FEES OF OFFICE</b>				
Law Library Fees	\$ 16,000	\$ 16,000	\$ 17,845	\$ 1,845
<b>MISCELLANEOUS</b>				
Interest Earnings	200	200	565	365
<b>Total Revenues</b>	<u>16,200</u>	<u>16,200</u>	<u>18,410</u>	<u>2,210</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Legal	18,200	18,200	18,200	-
<b>Total Expenditures</b>	<u>18,200</u>	<u>18,200</u>	<u>18,200</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(2,000)	(2,000)	210	2,210
<b>FUND BALANCE, BEGINNING OF YEAR</b>		24,652	24,652	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ (2,000)</u>	<u>\$ 22,652</u>	<u>\$ 24,862</u>	<u>\$ 2,210</u>

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**COURTHOUSE SECURITY SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>	
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUES</b>				
<b>FEES OF OFFICE</b>				
District Clerk Fees	\$ 2,180	\$ 2,180	\$ 2,278	\$ 98
County Clerk Fees	8,406	8,898	10,484	1,586
JP Offices	9,408	8,916	8,916	-
<b>Total Fees of Office</b>	<u>19,994</u>	<u>19,994</u>	<u>21,678</u>	<u>1,684</u>
<b>MISCELLANEOUS</b>				
Interest Earnings	2,971	2,971	3,463	492
<b>Total Revenues</b>	<u>22,965</u>	<u>22,965</u>	<u>25,141</u>	<u>2,176</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>General Administration:</b>				
Baliff and Security	14,909	14,909	14,908	1
Social Security Taxes	1,141	1,141	1,141	-
Workers Compensation	391	391	372	19
Unemployment Insurance	70	70	21	49
Other Post Employment	1,575	1,575	1,574	1
Retirement	3,579	3,579	3,578	1
<b>Capital Outlay:</b>				
General Administration	1,300	1,300	-	1,300
<b>Total Expenditures</b>	<u>22,965</u>	<u>22,965</u>	<u>21,594</u>	<u>1,371</u>
<b>Net Change in Fund Balances</b>	-	-	3,547	3,547
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>244,532</u>	<u>244,532</u>	<u>244,532</u>	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 244,532</u>	<u>\$ 244,532</u>	<u>\$ 248,079</u>	<u>\$ 3,547</u>

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) BASIS AND ACTUAL**  
**RECORDS MANAGEMENT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>FEES OF OFFICE</b>				
District Clerk Fees	\$ 3,083	\$ 3,083	\$ 6,685	\$ 3,602
County Clerk Fees	4,836	4,836	7,518	2,682
<b>Total Fees of Office</b>	<u>7,919</u>	<u>7,919</u>	<u>14,203</u>	<u>6,284</u>
<b>MISCELLANEOUS</b>				
Interest Earnings	986	986	1,638	652
<b>Total Revenues</b>	<u>8,905</u>	<u>8,905</u>	<u>15,841</u>	<u>6,936</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>General Administration:</b>				
Seasonal Help	6,716	6,716	6,073	643
Retirement	1,612	1,612	465	1,147
Social Security Taxes	514	514	-	514
Workers Compensation	33	33	-	33
Unemployment Insurance	30	30	4	26
<b>Total Expenditures</b>	<u>8,905</u>	<u>8,905</u>	<u>6,542</u>	<u>2,363</u>
<b>Net Change in Fund Balances</b>	-	-	9,299	9,299
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>112,167</u>	<u>112,167</u>	<u>112,167</u>	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 112,167</u>	<u>\$ 112,167</u>	<u>\$ 121,466</u>	<u>\$ 9,299</u>

PANOLA COUNTY, TEXAS  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET (GAAP) BASIS AND ACTUAL  
 RECORDS PRESERVATION SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>FEES OF OFFICE</b>				
County Clerks Fees	\$ 34,910	\$ 34,910	\$ 48,700	\$ 13,790
Total Fees of Office	<u>34,910</u>	<u>34,910</u>	<u>48,700</u>	<u>13,790</u>
<b>MISCELLANEOUS</b>				
Interest Earnings	<u>2,600</u>	<u>2,600</u>	<u>3,397</u>	<u>797</u>
Total Revenues	<u>37,510</u>	<u>37,510</u>	<u>52,097</u>	<u>14,587</u>
<b>EXPENDITURES</b>				
Current:				
General Administration:				
Seasonal Help	6,716	6,716	4,542	2,174
Social Security Taxes	514	514	347	167
Retirement	1,612	1,612	-	1,612
Workers Compensation	38	38	-	38
Unemployment Insurance	30	30	7	23
Rentals, Microfilm	25,000	25,000	23,650	1,350
Internet Download	<u>3,600</u>	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Total Expenditures	<u>37,510</u>	<u>37,510</u>	<u>28,546</u>	<u>8,964</u>
Net Change in Fund Balances	-	-	23,551	23,551
FUND BALANCE, BEGINNING OF YEAR	<u>250,950</u>	<u>250,950</u>	<u>250,950</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 250,950</u>	<u>\$ 250,950</u>	<u>\$ 274,501</u>	<u>\$ 23,551</u>

PANOLA COUNTY, TEXAS  
 SCHEDULE 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, 2010

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>FEES OF OFFICE</b>				
County Clerk Fees	\$ 4,000	\$ 4,000	\$ 42,840	\$ 38,840
Total Fees of Office	4,000	4,000	42,840	38,840
<b>MISCELLANEOUS</b>				
Interest Earnings	1,000	1,000	3,885	2,885
Total Revenues	5,000	5,000	46,725	41,725
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Administration:				
Professional Services	5,000	5,000	-	5,000
Digitizing	180,000	180,000	149,490	30,510
Total Expenditures	185,000	185,000	149,490	35,510
Net Change in Fund Balances	(180,000)	(180,000)	(102,765)	77,235
FUND BALANCE, BEGINNING OF YEAR	312,386	312,386	312,386	-
FUND BALANCE, END OF YEAR	\$ 132,386	\$ 132,386	\$ 209,621	\$ 77,235

**PANOLA COUNTY, TEXAS**  
**SCHEDULE 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, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
<b>FEES OF OFFICE</b>				
JP Offices	\$ 9,500	\$ 8,876	\$ 8,876	\$ -
<b>Total Fees of Office</b>	<u>9,500</u>	<u>8,876</u>	<u>8,876</u>	<u>-</u>
<b>MISCELLANEOUS</b>				
Interest Earnings	500	804	805	1
<b>Total Revenues</b>	<u>10,000</u>	<u>9,680</u>	<u>9,681</u>	<u>1</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Administration:				
Professional Services	5,000	4,680	4,086	594
Supplies	5,000	5,000	2,978	2,022
<b>Total Expenditures</b>	<u>10,000</u>	<u>9,680</u>	<u>7,064</u>	<u>2,616</u>
<b>Net Change in Fund Balances</b>	-	-	2,617	2,617
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>59,942</u>	<u>59,942</u>	<u>59,942</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 59,942</u>	<u>\$ 59,942</u>	<u>\$ 62,559</u>	<u>\$ 2,617</u>

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) BASIS AND ACTUAL**  
**VIT INTEREST SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Miscellaneous Revenue:				
Interest Earnings	\$ 244	\$ 244	\$ 389	\$ 145
Total Revenues	244	244	389	145
<b>EXPENDITURES</b>				
Current:				
Deputy Supplement	502	502	501	1
Social Security Taxes	39	39	39	-
Retirement	121	121	120	1
Workers Compensation	12	12	1	11
Unemployment Insurance	3	3	1	2
Other Post Employment	54	54	53	1
Total Expenditures	731	731	715	16
Net Change in Fund Balances	(487)	(487)	(326)	161
FUND BALANCE, BEGINNING OF YEAR	7,147	7,147	7,147	-
FUND BALANCE, END OF YEAR	\$ 6,660	\$ 6,660	\$ 6,821	\$ 161

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**FARM TO MARKET AND LATERAL ROAD SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
<b>PROPERTY TAXES</b>				
Current	\$ 492,039	\$ 492,039	\$ 511,054	\$ 19,015
Delinquent	8,777	8,777	13,120	4,343
<b>Total Property Taxes</b>	<u>500,816</u>	<u>500,816</u>	<u>524,174</u>	<u>23,358</u>
<b>MISCELLANEOUS</b>				
Interest Earned	17,628	17,628	20,580	2,952
Miscellaneous	-	6,000	48,646	42,646
<b>Total Miscellaneous</b>	<u>17,628</u>	<u>23,628</u>	<u>69,226</u>	<u>45,598</u>
<b>Total Revenues</b>	<u>518,444</u>	<u>524,444</u>	<u>593,400</u>	<u>68,956</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Public Transportation				
Salaries - Road and Bridge Department	122,430	122,430	96,268	26,162
Benefits Termination	1,286	4,286	2,787	1,499
Social Security Taxes	9,465	9,465	7,578	1,887
Group Insurance	25,380	25,380	22,408	2,972
Retirement and Death Benefits	29,692	29,692	23,773	5,919
Other Post Employment	13,065	13,065	7,374	5,691
Retiree Medical Insurance Trust	14,868	14,868	14,868	-
Workers Compensation	32,496	32,496	2,354	30,142
Optional Retirement	29,961	29,961	29,961	-
Unemployment Insurance	1,251	1,251	139	1,112
Repair and Maintenance	13,000	34,700	32,316	2,384
Parts and Repairs	20,000	10,300	10,116	184
Conferences and Dues	900	-	-	-
Utilities	12,000	15,900	14,903	997
Contractor Service	8,000	8,900	7,925	975
Physicals and Drug	1,000	2,000	1,803	197
Rentals and Leases	5,000	2,100	2,100	-
Beaver Control	26,400	26,400	26,400	-
Liability and Other Insurance	125,000	132,000	131,521	479
Miscellaneous	11,250	1,250	1,218	32
<b>Capital Outlay:</b>				
Public Transportation	16,000	148,000	41,137	106,863
<b>Total Expenditures</b>	<u>518,444</u>	<u>664,444</u>	<u>476,949</u>	<u>187,495</u>
<b>Net Change in Fund Balances</b>	-	(140,000)	116,451	256,451
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,129,801</u>	<u>1,129,801</u>	<u>1,129,801</u>	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,129,801</u>	<u>\$ 989,801</u>	<u>\$ 1,246,252</u>	<u>\$ 256,451</u>

**PANOLA COUNTY, TEXAS**  
**SCHEDULE 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, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
<b>INTERGOVERNMENTAL RECEIPTS</b>				
State Aid	234,494	234,494	234,494	\$ -
SAFPE Payments	4,180	4,180	4,180	-
Rider 80	21,225	21,225	21,225	-
C.S.R. Coordinator	40,643	40,643	40,643	-
Absconder Caseload	38,992	38,992	38,992	-
Sex Offender/DV Services	10,790	10,790	10,790	-
Specialized Caseload-Sex Offender	50,356	50,356	50,356	-
<b>Total Intergovernmental Receipts</b>	<b>400,680</b>	<b>400,680</b>	<b>400,680</b>	<b>-</b>
<b>FEEs OF OFFICE</b>				
Probation Fees	456,196	456,196	456,196	-
Payments by Program Participants	18,798	18,798	18,798	-
<b>Total Fees of Office</b>	<b>474,994</b>	<b>474,994</b>	<b>474,994</b>	<b>-</b>
<b>MISCELLANEOUS</b>				
Interest Earned	5,546	5,546	5,546	-
Miscellaneous	1,141	1,141	1,141	-
<b>Total Miscellaneous</b>	<b>6,687</b>	<b>6,687</b>	<b>6,687</b>	<b>-</b>
<b>Total Revenues</b>	<b>882,361</b>	<b>882,361</b>	<b>882,361</b>	<b>-</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>Public Safety:</b>				
Supervision	626,373	626,373	626,373	
C.S.R. Coordination	30,448	30,448	30,448	
CSCD Sex Offender	8,881	8,881	8,881	
Specialized Caseload	49,450	49,450	49,450	
Absconder Caseload	40,687	40,687	40,687	
<b>Total Expenditures</b>	<b>755,839</b>	<b>755,839</b>	<b>755,839</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>126,522</b>	<b>126,522</b>	<b>126,522</b>	<b>-</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>396,234</b>	<b>396,234</b>	<b>396,234</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 522,756</b>	<b>\$ 522,756</b>	<b>\$ 522,756</b>	<b>\$ -</b>

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**DRUG COURT GRANT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
<b>INTERGOVERNMENTAL RECEIPTS</b>				
State Aid	\$ 91,821	\$ 91,821	\$ 91,821	\$ -
Total Intergovernmental Receipts	91,821	91,821	91,821	-
<b>FEES OF OFFICE</b>				
Drug Court Fees	10,976	10,976	10,976	-
Total Fees of Office	10,976	10,976	10,976	-
<b>MISCELLANEOUS</b>				
Interest Earned	435	435	435	-
Total Miscellaneous	435	435	435	-
Total Revenues	103,232	103,232	103,232	-
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>Public Safety:</b>				
Salary - Supervisors				-
Salaries - Officers	30,057	30,057	30,057	-
Social Security	2,682	2,682	2,682	-
Group Medical Insurance	4,736	4,736	4,736	-
Retirement	8,414	8,414	8,414	-
Unemployment Insurance	49	49	49	-
Workers Compensation	874	874	874	-
Prosecutor	5,000	5,000	5,000	-
Contractual & Professional Services	36,832	36,832	36,832	-
Office and Computer Supplies	2,496	2,496	2,496	-
Project Supplies	681	681	681	-
Total Expenditures	91,821	91,821	91,821	-
Net Change in Fund Balances	11,411	11,411	11,411	-
FUND BALANCE, BEGINNING OF YEAR	44,258	44,258	44,258	-
FUND BALANCE, END OF YEAR	\$ 55,669	\$ 55,669	\$ 55,669	\$ -

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**JUVENILE PROBATION SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
<b>INTERGOVERNMENTAL RECEIPTS:</b>				
C.C.A.P. Program Funding	38,570	38,570	38,570	-
T.J.P.C. Regular State Funding	53,677	53,677	53,677	-
State Salary Adjustment Funding	9,000	9,000	9,000	-
Diversionary Placement Fund Grant	18,000	18,000	18,000	-
Federal Title IV-E Funding	2,782	2,782	2,782	-
Progressive Sanctions Program	42,456	42,456	42,456	-
Total Intergovernmental Receipts	164,485	164,485	164,485	-
<b>MISCELLANEOUS</b>				
Interest Earned	5,842	5,842	5,842	-
Total Miscellaneous	5,842	5,842	5,842	-
Total Revenues	170,327	170,327	170,327	-
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>Public Safety:</b>				
Local Match Expenditures	120,721	120,721	120,721	-
Title IV-E	17,169	17,169	17,169	-
C.C.A.P.	39,770	39,770	39,770	-
Diversionary Placement	22,713	22,713	22,713	-
TJPC/A	52,805	52,805	52,805	-
Salary Adjustment	9,000	9,000	9,000	-
Progressive Sanctions	49,745	49,745	49,745	-
Total Expenditures	311,923	311,923	311,923	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(141,596)	(141,596)	(141,596)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	133,000	133,000	133,000	-
Total Other Financing Sources (Uses)	133,000	133,000	133,000	-
Net Change in Fund Balances	(8,596)	(8,596)	(8,596)	-
FUND BALANCE, BEGINNING OF YEAR	410,555	410,555	410,555	-
FUND BALANCE, END OF YEAR	\$ 268,959	\$ 268,959	\$ 401,959	\$ -

PANOLA COUNTY, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP) BASIS AND ACTUAL  
OLD PROBATION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>MISCELLANEOUS</b>				
Interest Earned	\$ 165	\$ 165	\$ 155	\$ (10)
<b>Total Revenues</b>	<u>165</u>	<u>165</u>	<u>155</u>	<u>(10)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety:				
Miscellaneous	190	190	-	190
<b>Total Expenditures</b>	<u>190</u>	<u>190</u>	<u>-</u>	<u>190</u>
<b>Net Change in Fund Balances</b>	(25)	(25)	155	180
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>11,104</u>	<u>11,104</u>	<u>11,104</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 11,079</u>	<u>\$ 11,079</u>	<u>\$ 11,259</u>	<u>\$ 180</u>

**PANOLA COUNTY, TEXAS**  
**SCHEDULE 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, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
<b>FEES OF OFFICE</b>				
Hot Check Fees	\$ 20,316	\$ 20,316	\$ 20,907	\$ 591
<b>Total Fees of Office</b>	<u>20,316</u>	<u>20,316</u>	<u>20,907</u>	<u>591</u>
<b>Total Revenues</b>	<u>20,316</u>	<u>20,316</u>	<u>20,907</u>	<u>591</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>Legal:</b>				
Secretaries	2,903	2,903	2,902	1
Group Medical & Insurance	8,460	8,460	6,895	1,565
Social Security Taxes	223	223	221	2
Retirement	697	697	697	-
Workers Compensation	14	14	-	14
Unemployment Insurance	12	12	10	2
Other Post Employment	307	307	306	1
Professional Liability Insurance	6,000	6,000	3,332	2,668
Cellular Phone	1,200	1,200	659	541
Miscellaneous	500	500	-	500
<b>Total Hot Check Fee</b>	<u>20,316</u>	<u>20,316</u>	<u>15,022</u>	<u>5,294</u>
<b>Net Change in Fund Balances</b>	-	-	5,885	5,885
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>73,453</u>	<u>73,453</u>	<u>73,453</u>	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 73,453</u>	<u>\$ 73,453</u>	<u>\$ 79,338</u>	<u>\$ 5,885</u>

PANOLA COUNTY, TEXAS  
 SCHEDULE 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, 2010

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>MISCELLANEOUS</b>				
Forfeitures/Auction & Seizure	\$ -	\$ 21,000	\$ 39,934	\$ 18,934
Interest Earnings	-	-	4,100	4,100
<b>Total Revenues</b>	<u>-</u>	<u>21,000</u>	<u>44,034</u>	<u>23,034</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>Public Safety:</b>				
Narcotics Investigator & Deputies	71,954	76,090	37,630	38,460
Social Security Taxes	5,649	5,966	3,570	2,396
Group Medical & Life Benefits	16,920	16,920	9,750	7,170
Retirement & Death Benefits	17,721	18,714	11,200	7,514
Workers Compensation	2,309	2,309	1,796	513
Unemployment Insurance	200	207	65	142
Other Post Employment Benefits	10,345	10,782	4,928	5,854
Parts Repairs Gas and Trans Exp	14,000	14,000	115	13,885
Miscellaneous	5,000	5,000	1,484	3,516
Other Supplies	32,326	32,326	-	32,326
<b>Capital Outlay:</b>				
Public Safety	-	21,000	-	21,000
<b>Total Expenditures</b>	<u>176,424</u>	<u>203,314</u>	<u>70,538</u>	<u>73,316</u>
<b>Net Change in Fund Balances</b>	(176,424)	(182,314)	(26,504)	155,810
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>314,451</u>	<u>314,451</u>	<u>314,451</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 138,027</u>	<u>\$ 132,137</u>	<u>\$ 287,947</u>	<u>\$ 155,810</u>

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) BASIS AND ACTUAL**  
**DISTRICT ATTORNEY LONGEVITY PAY SUPPLEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>INTERGOVERNMENTAL RECEIPTS</b>				
State Longevity Funds	\$ 4,560	\$ 4,560	\$ 4,560	\$ -
<b>MISCELLANEOUS</b>				
Interest Earnings	-	-	62	62
<b>Total Revenues</b>	<b>4,560</b>	<b>4,560</b>	<b>4,622</b>	<b>62</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Legal	4,560	4,560	4,560	-
<b>Total Expenditures</b>	<b>4,560</b>	<b>4,560</b>	<b>4,560</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>62</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>41</b>	<b>41</b>	<b>41</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 41</b>	<b>\$ 41</b>	<b>\$ 103</b>	<b>\$ 62</b>

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) BASIS AND ACTUAL**  
**DISTRICT ATTORNEY FOFEITURE SPECIAL REVENUE**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
<b>MISCELLANEOUS</b>				
Forfeitures	\$ -	\$ -	\$ 35,775	\$ 35,775
Interest Earnings	-	-	2,886	2,886
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>38,661</u>	<u>38,661</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
<b>Legal:</b>				
Appointed Official	5,582	5,582	5,582	-
Administrator/Secr	20,547	20,547	20,525	22
Court Coordinator and Spec.	2,344	2,344	2,344	-
Social Security Taxes	5,283	5,283	4,537	746
Group Insurance	8,460	8,460	8,460	-
Retirement	16,572	16,572	14,234	2,338
Workers Compensation	580	580	500	80
Unemployment Insurance	328	328	115	213
Other Post Employment	7,292	7,292	6,193	1,099
Parts, Repairs & Gas	4,500	4,500	1,948	2,552
Office Supplies	1,500	1,500	1,028	472
Advertising and Publications	500	500	-	500
Cellular Phone	1,200	1,200	1,200	-
Miscellaneous	3,409	3,409	105	3,304
<b>Total Expenditures</b>	<u>78,097</u>	<u>78,097</u>	<u>66,771</u>	<u>11,304</u>
<b>Net Change in Fund Balances</b>	(78,097)	(78,097)	(28,110)	49,987
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>224,872</u>	<u>224,872</u>	<u>224,872</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 146,775</u>	<u>\$ 146,775</u>	<u>\$ 196,762</u>	<u>\$ 49,987</u>

**PANOLA COUNTY, TEXAS**  
**SCHEDULE 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, 2010**

	BUDGET			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
INTERGOVERNMENTAL RECEIPTS				
State Comptroller Payments	\$ 34,450	\$ 34,450	\$ 34,450	\$ -
Total Intergovernmental Receipts	34,450	34,450	34,450	-
MISCELLANEOUS				
Interest Earnings	1	1	14	13
Total Revenues	34,451	34,451	34,464	13
EXPENDITURES				
Current				
Public Safety:				
Administrative Assistant	20,317	20,317	20,316	1
Court Coordinator & Specialist	14,134	14,134	14,134	-
Total Expenditures	34,451	34,451	34,450	1
Net Change in Fund Balances	-	-	14	12
FUND BALANCE, BEGINNING OF YEAR	518	518	518	-
FUND BALANCE, END OF YEAR	\$ 518	\$ 518	\$ 532	\$ 14

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) BASIS AND ACTUAL**  
**CDA FEDERAL FORFEITURE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
<b>MISCELLANEOUS</b>				
Interest Earned	\$ -	\$ -	\$ 599	\$ 599
Total Miscellaneous Receipts	-	-	599	599
<b>Total Revenues</b>	-	-	599	599
<b>EXPENDITURES</b>				
Capital Outlay				
Legal	10,000	10,000	-	10,000
Total Expenditures	10,000	10,000	-	10,000
<b>Net Change in Fund Balances</b>	(10,000)	(10,000)	599	10,599
<b>FUND BALANCE, BEGINNING OF YEAR</b>	54,119	54,119	54,119	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 44,119	\$ 44,119	\$ 54,718	\$ 10,599

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) BASIS AND ACTUAL**  
**CONSTABLE PCT. 1 & 4 FEDERAL FORFEITURE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>MISCELLANEOUS</b>				
Interest Earned	\$ -	\$ -	\$ 31	\$ 31
Total Miscellaneous Receipts	-	-	31	-
<b>Total Revenues</b>	-	-	31	-
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Safety				
Body Armor	1,000	1,000	160	840
Furniture & Equipment	1,900	1,900	-	1,900
Total Expenditures	2,900	2,900	160	2,740
<b>Net Change in Fund Balances</b>	(2,900)	(2,900)	(129)	2,771
<b>FUND BALANCE, BEGINNING OF YEAR</b>	2,924	2,924	2,924	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 24	\$ 24	\$ 2,795	\$ 2,771

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) BASIS AND ACTUAL**  
**DEADWOOD WATER SUPPLY CORPORATION SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>INTERGOVERNMENTAL RECEIPTS</b>				
Federal Receipts	\$ -	\$ 28,150	\$ 28,150	\$ -
Total Intergovernmental Receipts	-	28,150	28,150	-
<b>MISCELLANEOUS</b>				
Local Match - Deadwood WSC		3,500	3,500	-
Total Miscellaneous Receipts	-	3,500	3,500	-
Total Revenues	-	31,650	31,650	-
<b>EXPENDITURES</b>				
Current:				
Public Facilities		28,150	28,150	-
Total Expenditures	-	28,150	28,150	-
Net Change in Fund Balances	-	3,500	3,500	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ 3,500	\$ 3,500	\$ -

**PANOLA COUNTY, TEXAS**  
**SCHEDULE 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, 2010**

	<b>BUDGET</b>		<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>	
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUES</b>				
<b>INTERGOVERNMENTAL RECEIPTS</b>				
Federal receipts	\$ -	\$ -	\$ 7,390	\$ 7,390
Total Intergovernmental Receipts	-	-	7,390	7,390
<b>MISCELLANEOUS</b>				
Interest Earned			713	713
Donations			1,575	1,575
Total Miscellaneous Receipts	-	-	2,288	2,288
Total Revenues	-	-	9,678	9,678
<b>EXPENDITURES</b>				
<b>Current</b>				
Health & Paupers Care	28,000	28,000	24,041	3,959
Total Expenditures	28,000	28,000	24,041	3,959
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,000)	(28,000)	(14,363)	13,637
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	28,000	28,000	28,000	-
Total Other Financing Sources (Uses)	28,000	28,000	28,000	-
Net Change in Fund Balances	-	-	13,637	13,637
FUND BALANCE, BEGINNING OF YEAR	46,678	46,678	46,678	-
FUND BALANCE, END OF YEAR	\$ 46,678	\$ 46,678	\$ 60,315	\$ 13,637

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) BASIS AND ACTUAL**  
**HEALTH CARE SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
<b>INTERGOVERNMENTAL RECEIPTS</b>				
Tobacco Settlement	\$ -		\$ 21,010	\$ 21,010
Total Intergovernmental Receipts	-	-	21,010	21,010
<b>MISCELLANEOUS</b>				
Hospital Lease	-	1,952,561	1,952,561	-
Interest Earnings	50,000	50,000	53,147	3,147
Total Miscellaneous Revenue	50,000	2,002,561	2,005,708	3,147
Total Revenues	50,000	2,002,561	2,026,718	24,157
<b>EXPENDITURES</b>				
<b>Current</b>				
Health & Paupers Care	150,000	2,102,561	2,027,923	74,638
Total Expenditures	150,000	2,102,561	2,027,923	74,638
Net Change in Fund Balances	(100,000)	(100,000)	(1,205)	98,795
FUND BALANCE, BEGINNING OF YEAR	3,592,568	3,592,568	3,592,568	-
FUND BALANCE, END OF YEAR	\$ 3,492,568	\$ 3,492,568	\$ 3,591,363	\$ 98,795

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP) BASIS AND ACTUAL**  
**AIRPORT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
<b>MISCELLANEOUS</b>				
Miscellaneous	\$ 167,500	\$ 168,850	\$ 148,053	\$ (20,797)
Interest Earned	2,500	1,150	3,646	2,496
<b>Total Revenues</b>	<u>170,000</u>	<u>170,000</u>	<u>151,699</u>	<u>(18,301)</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
Public Transportation	170,000	170,000	142,082	27,918
<b>Total Expenditures</b>	<u>170,000</u>	<u>170,000</u>	<u>142,082</u>	<u>27,918</u>
<b>Net Change in Fund Balances</b>	-	-	9,617	9,617
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>287,507</u>	<u>287,507</u>	<u>287,507</u>	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 287,507</u>	<u>\$ 287,507</u>	<u>\$ 297,124</u>	<u>\$ 9,617</u>

105 1048 G 7- 107  
VOL. - 75 PAGE 752

**THIS PAGE LEFT BLANK INTENTIONALLY**

**CAPITAL PROJECT FUNDS**

**SHERIFF'S DEPARTMENT RENOVATION CONSTRUCTION FUND** – This fund is used to account for funds used to renovate the old Panola County Jail into offices for the Sheriff's Department.

**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.

THIS PAGE LEFT BLANK INTENTIONALLY

PANOLA COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2010

	SHERIFF'S RENOVATION CONSTRUCTION	ROAD BOND 1971	PERMANENT IMPROVEMENT	NON-MAJOR CAPITAL PROJECTS FUNDS TOTAL
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 265,604	\$ 9,139	\$ 7,721	\$ 282,464
Investments	-	254,000	203,000	457,000
Receivables (net of allowance for uncollectibles)				
Miscellaneous	-	67	68	135
<b>Total Assets</b>	<b>\$ 265,604</b>	<b>\$ 263,206</b>	<b>\$ 210,789</b>	<b>\$ 739,599</b>
<b>LIABILITIES:</b>				
Accounts Payable-Trade	\$ 91,625	\$ -	\$ -	\$ 91,625
<b>Total Liabilities</b>	<b>91,625</b>	<b>-</b>	<b>-</b>	<b>91,625</b>
<b>FUND BALANCES:</b>				
Designated for Capital Projects	173,979	263,206	210,789	647,974
<b>Total Fund Balances</b>	<b>173,979</b>	<b>263,206</b>	<b>210,789</b>	<b>647,974</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 265,604</b>	<b>\$ 263,206</b>	<b>\$ 210,789</b>	<b>\$ 739,599</b>

008 0009 68 - 104

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, 2010

	SHERIFF'S RENOVATION CONSTRUCTION	ROAD BOND 1971	PERMANENT IMPROVEMENT	NON-MAJOR CAPITAL PROJECTS FUNDS TOTAL
<b>REVENUES</b>				
Miscellaneous	\$ 999	\$ 3,959	\$ 3,043	\$ 8,001
<b>TOTAL REVENUES</b>	<u>999</u>	<u>3,959</u>	<u>3,043</u>	<u>8,001</u>
<b>EXPENDITURES</b>				
Current				
Public Transportation	-	24,603	-	24,603
Capital Outlay				
Public Safety	233,502	-	-	233,502
<b>TOTAL EXPENDITURES</b>	<u>233,502</u>	<u>24,603</u>	<u>-</u>	<u>258,105</u>
<b>Excess (Deficiency) of Revenues     Over (Under) Expenditures</b>	<u>(232,503)</u>	<u>(20,644)</u>	<u>3,043</u>	<u>(250,104)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	406,482	-	-	406,482
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>406,482</u>	<u>-</u>	<u>-</u>	<u>406,482</u>
<b>NET CHANGE IN FUND BALANCES</b>	173,979	(20,644)	3,043	156,378
<b>FUND BALANCE-BEGINNING OF YEAR</b>	<u>-</u>	<u>283,850</u>	<u>207,746</u>	<u>491,596</u>
<b>FUND BALANCE-END OF YEAR</b>	<u>\$ 173,979</u>	<u>\$ 263,206</u>	<u>\$ 210,789</u>	<u>\$ 647,974</u>

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**SHERIFF'S RENOVATION CONSTRUCTION CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
<b>MISCELLANEOUS</b>				
Interest Earned	\$ -	\$ -	\$ 999	\$ 999
<b>Total Miscellaneous Revenues</b>	-	-	999	999
<b>EXPENDITURES</b>				
<b>Capital Outlay:</b>				
Public Safety	-	406,482	233,502	172,980
<b>Total Expenditures</b>	-	406,482	233,502	172,980
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	(406,482)	(232,503)	173,979
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	406,482	406,482	-
<b>Total Other Financing Sources (Uses)</b>	-	406,482	406,482	-
<b>Net Change in Fund Balances</b>	-	-	173,979	173,979
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCE, END OF YEAR</b>	\$ -	\$ -	\$ 173,979	\$ 173,979

PANOLA COUNTY, TEXAS  
 SCHEDULE 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, 2010

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
<b>MISCELLANEOUS</b>				
Interest Earned	\$ 3,086	\$ 3,086	\$ 3,959	\$ 873
<b>Total Revenues</b>	<u>3,086</u>	<u>3,086</u>	<u>3,959</u>	<u>873</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Public Transportation	<u>3,086</u>	<u>27,689</u>	<u>24,603</u>	<u>3,086</u>
<b>Total Expenditures</b>	<u>3,086</u>	<u>27,689</u>	<u>24,603</u>	<u>3,086</u>
<b>Net Change in Fund Balances</b>	-	(24,603)	(20,644)	3,959
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>283,850</u>	<u>283,850</u>	<u>283,850</u>	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 283,850</u>	<u>\$ 259,247</u>	<u>\$ 263,206</u>	<u>\$ 3,959</u>

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**PERMANENT IMPROVEMENT CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
<b>MISCELLANEOUS</b>				
Interest Earned	\$ 2,208	\$ 2,208	\$ 3,043	\$ 835
<b>Total Miscellaneous Revenues</b>	<u>2,208</u>	<u>2,208</u>	<u>3,043</u>	<u>835</u>
<b>EXPENDITURES</b>				
<b>Capital Outlay:</b>				
General Administration	2,208	2,208	-	2,208
<b>Total Expenditures</b>	<u>2,208</u>	<u>2,208</u>	<u>-</u>	<u>2,208</u>
<b>Net Change in Fund Balances</b>	-	-	3,043	3,043
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>207,746</u>	<u>207,746</u>	<u>207,746</u>	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 207,746</u>	<u>\$ 207,746</u>	<u>\$ 210,789</u>	<u>\$ 3,043</u>

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>BUDGET</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
<b>PROPERTY TAXES</b>				
Current Property Tax	\$ 1,314,921	\$ 1,314,921	\$ 1,359,381	\$ 44,460
Delinquent Taxes	23,456	23,456	33,733	10,277
<b>Total Property Taxes</b>	<u>1,338,377</u>	<u>1,338,377</u>	<u>1,393,114</u>	<u>54,737</u>
<b>MISCELLANEOUS</b>				
Interest Earned	4,000	4,000	8,400	4,400
Miscellaneous	-	-	1,460	1,460
<b>Total Miscellaneous</b>	<u>4,000</u>	<u>4,000</u>	<u>9,860</u>	<u>5,860</u>
<b>Total Revenues</b>	<u>1,342,377</u>	<u>1,342,377</u>	<u>1,402,974</u>	<u>60,597</u>
<b>EXPENDITURES</b>				
<b>Debt Service:</b>				
Principal	1,285,000	1,285,000	1,285,000	
Interest	78,309	78,309	78,308	1
<b>Total Expenditures</b>	<u>1,363,309</u>	<u>1,363,309</u>	<u>1,363,308</u>	<u>1</u>
<b>Net Change in Fund Balances</b>	(20,932)	(20,932)	39,666	60,598
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>161,924</u>	<u>161,924</u>	<u>161,924</u>	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 140,992</u>	<u>\$ 140,992</u>	<u>\$ 201,590</u>	<u>\$ 60,598</u>

**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.

**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 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.

**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.

**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 DISTRICT ATTORNEY FORFEITURE** – This fund, which is maintained by the Criminal District Attorney, is used to account for the processing of forfeited funds, pending court ordered distribution.

**CRIMINAL DISTRICT ATTORNEY RESTITUTION** – The restitution fund, also maintained by the Criminal District Attorney, is used to collect and remit to merchants proceeds of collection of "hot checks."

**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.

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

THIS PAGE LEFT BLANK INTENTIONALLY

**PANOLA COUNTY, TEXAS  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Balance January 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31, 2010</b>
<b>AUTOMOBILE REGISTRATION FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 336,964	\$ 4,964,621	\$ 4,926,489	\$ 375,096
<b>Total Assets</b>	<u>\$ 336,964</u>	<u>\$ 4,964,621</u>	<u>\$ 4,926,489</u>	<u>\$ 375,096</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 336,964	\$ 4,964,621	\$ 4,926,489	\$ 375,096
<b>Total Liabilities</b>	<u>\$ 336,964</u>	<u>\$ 4,964,621</u>	<u>\$ 4,926,489</u>	<u>\$ 375,096</u>
<b>TAX ASSESSOR-COLLECTOR ADVALOREM TAX FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,695,655	\$ 75,548,682	\$ 75,374,037	\$ 2,870,300
<b>Total Assets</b>	<u>\$ 2,695,655</u>	<u>\$ 75,548,682</u>	<u>\$ 75,374,037</u>	<u>\$ 2,870,300</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 2,695,655	\$ 75,548,682	\$ 75,374,037	\$ 2,870,300
<b>Total Liabilities</b>	<u>\$ 2,695,655</u>	<u>\$ 75,548,682</u>	<u>\$ 75,374,037</u>	<u>\$ 2,870,300</u>
<b>COUNTY CLERK FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 315,864	\$ 88,587	\$ 154,854	\$ 249,597
Due From Other Agency Funds	5,042	-	5,042	-
<b>Total Assets</b>	<u>\$ 320,906</u>	<u>\$ 88,587</u>	<u>\$ 159,896</u>	<u>\$ 249,597</u>
<b>LIABILITIES</b>				
Court Ordered Deposits	\$ 17,079	\$ 6,500	\$ 7,250	\$ 16,329
Court Ordered Trust Funds	303,740	82,087	152,559	233,268
Due To Other Agency Funds	87	-	87	-
<b>Total Liabilities</b>	<u>\$ 320,906</u>	<u>\$ 88,587</u>	<u>\$ 159,896</u>	<u>\$ 249,597</u>

**PANOLA COUNTY, TEXAS  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS, continued  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
<b>CRIMINAL JUSTICE FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 66,491	\$ 130,876	\$ 197,367	\$ -
Due From Other Agency Funds	2,290	-	2,290	-
<b>Total Assets</b>	<u>\$ 68,781</u>	<u>\$ 130,876</u>	<u>\$ 199,657</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 68,781	\$ 130,876	\$ 199,657	\$ -
<b>Total Liabilities</b>	<u>\$ 68,781</u>	<u>\$ 130,876</u>	<u>\$ 199,657</u>	<u>\$ -</u>
<b>DISTRICT CLERK FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,377,028	\$ 1,059,597	\$ 860,363	\$ 1,576,262
Investments	305,988	50,145	52,120	304,013
Due From Other Agency Funds	3,658	-	3,658	-
<b>Total Assets</b>	<u>\$ 1,686,674</u>	<u>\$ 1,109,742</u>	<u>\$ 916,141</u>	<u>\$ 1,880,275</u>
<b>LIABILITIES</b>				
Court Ordered Deposits	\$ 14,600	\$ 333,666	\$ 331,596	\$ 16,670
Due To Other Agency Funds	1,878	-	1,878	-
Court Ordered Trust Funds	1,670,196	776,076	582,667	1,863,605
<b>Total Liabilities</b>	<u>\$ 1,686,674</u>	<u>\$ 1,109,742</u>	<u>\$ 916,141</u>	<u>\$ 1,880,275</u>

**PANOLA COUNTY, TEXAS  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS, continued  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
<b>COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 17,995	\$ 1,004,073	\$ 1,011,737	\$ 10,331
<b>Total Assets</b>	<u>\$ 17,995</u>	<u>\$ 1,004,073</u>	<u>\$ 1,011,737</u>	<u>\$ 10,331</u>
<b>LIABILITIES</b>				
Restitution Payable	\$ 9,225	\$ 889	\$ -	\$ 10,114
Court Ordered Trust Funds	-	1,003,184	1,002,967	217
Due To Other Agency Funds	8,770	-	8,770	-
<b>Total Liabilities</b>	<u>\$ 17,995</u>	<u>\$ 1,004,073</u>	<u>\$ 1,011,737</u>	<u>\$ 10,331</u>
<b>JUVENILE PROBATION FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 2,254	\$ 2,074	\$ 180
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 2,254</u>	<u>\$ 2,074</u>	<u>\$ 180</u>
<b>LIABILITIES</b>				
Court Ordered Trust Funds	\$ -	\$ 2,254	\$ 2,074	\$ 180
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ 2,254</u>	<u>\$ 2,074</u>	<u>\$ 180</u>
<b>CRIMINAL DISTRICT ATTORNEY FORFEITURE FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ 214,116	\$ 75,038	\$ 139,078
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 214,116</u>	<u>\$ 75,038</u>	<u>\$ 139,078</u>
<b>LIABILITIES</b>				
Court Ordered Trust Funds	\$ -	\$ 214,116	\$ 75,038	\$ 139,078
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ 214,116</u>	<u>\$ 75,038</u>	<u>\$ 139,078</u>

**PANOLA COUNTY, TEXAS**  
**COMBINING STATEMENT OF CHANGES**  
**IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS, continued**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
<b>CRIMINAL DISTRICT ATTORNEY RESTITUTION FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 10,132	\$ 222,362	\$ 232,494	\$ -
<b>Total Assets</b>	<u>\$ 10,132</u>	<u>\$ 222,362</u>	<u>\$ 232,494</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Restitution Payable	\$ 10,132	\$ 222,362	\$ 232,494	\$ -
<b>Total Liabilities</b>	<u>\$ 10,132</u>	<u>\$ 222,362</u>	<u>\$ 232,494</u>	<u>\$ -</u>
<b>SHERIFF COLLECTIONS FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 255	\$ 10,515	\$ 10,770	\$ -
<b>Total Assets</b>	<u>\$ 255</u>	<u>\$ 10,515</u>	<u>\$ 10,770</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Due To Other Agency Funds	\$ 255	\$ 10,515	\$ 10,770	\$ -
<b>Total Liabilities</b>	<u>\$ 255</u>	<u>\$ 10,515</u>	<u>\$ 10,770</u>	<u>\$ -</u>
<b>JAIL INMATE FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 738	\$ -	\$ 43	\$ 695
<b>Total Assets</b>	<u>\$ 738</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 695</u>
<b>LIABILITIES</b>				
Other Payables	\$ 738	\$ -	\$ 43	\$ 695
<b>Total Liabilities</b>	<u>\$ 738</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 695</u>

PANOLA COUNTY, TEXAS  
 COMBINING STATEMENT OF CHANGES  
 IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS, continued  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,821,122	\$ 83,245,683	\$ 82,845,266	\$ 5,221,539
Investments	305,988	50,145	52,120	304,013
Due from Other Agency Funds	10,990	-	10,990	-
<b>Total Assets</b>	<b>\$ 5,138,100</b>	<b>\$ 83,295,828</b>	<b>\$ 82,908,376</b>	<b>\$ 5,525,552</b>
<b>LIABILITIES</b>				
Due to Other Governments	3,101,400	80,644,179	80,500,183	3,245,396
Court Ordered Deposits	31,679	340,166	338,846	32,999
Court Ordered Trust Funds	1,973,936	2,077,717	1,815,305	2,236,348
Due to Other Agency Funds	10,990	10,515	21,505	-
Restitution Payable	19,357	223,251	232,494	10,114
Other Payables	738	-	43	695
<b>Total Liabilities</b>	<b>\$ 5,138,100</b>	<b>\$ 83,295,828</b>	<b>\$ 82,908,376</b>	<b>\$ 5,525,552</b>

707 7145 67 - 57  
VOL. - 75 PAGE 768

**THIS PAGE LEFT BLANK INTENTIONALLY**

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

THIS PAGE LEFT BLANK INTENTIONALLY

**PANOLA COUNTY, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY SOURCE**  
**DECEMBER 31, 2010**

**CAPITAL ASSETS:**

Land	\$ 1,289,889
Buildings	18,537,168
Improvements Other Than Buildings	259,303
Machinery and Equipment	9,034,878
Infrastructure	10,371,442
Construction in Progress	<u>333,402</u>
 Total Capital Assets	 <u><u>\$ 39,826,082</u></u>

**INVESTMENTS IN CAPITAL ASSETS:**

Current Revenues - Current Year	\$ 1,393,847
Current Revenues - Prior Years	27,997,529
Capital Assets of Former Panola General Hospital	3,879,706
General Obligation Debt - Prior Years	5,555,000
Certificates of Obligation - Prior Years	<u>1,000,000</u>
	 <u><u>\$ 39,826,082</u></u>

**THIS PAGE LEFT BLANK INTENTIONALLY**

**PANOLA COUNTY, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2010**

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>
<b>GENERAL ADMINISTRATION</b>							
County Clerk	\$ 15,169	\$ -	\$ -	\$ -	\$ 15,169	\$ -	\$ -
Total General Administration	15,169	-	-	-	15,169	-	-
<b>JUDICIAL</b>							
District Court	892,484	-	892,484	-	-	-	-
County Court at Law	892,487	-	892,487	-	-	-	-
District Clerk	16,623	-	-	-	16,623	-	-
Peace Justices	7,585	-	-	-	7,585	-	-
Total Judicial	1,809,179	-	1,784,971	-	24,208	-	-
<b>LEGAL</b>							
District Attorney	356,995	-	356,995	-	-	-	-
Total Legal	356,995	-	356,995	-	-	-	-
<b>ELECTIONS</b>							
Voter Registration	264,800	-	-	-	264,800	-	-
Total Elections	264,800	-	-	-	264,800	-	-
<b>PUBLIC TRANSPORTATION</b>							
Road and Bridge	17,540,590	139,656	11,778	-	7,017,714	10,371,442	-
Airport	578,977	188,639	315,909	-	74,429	-	-
Total Public Transportation	18,119,567	328,295	327,687	-	7,092,143	10,371,442	-
<b>PUBLIC FACILITIES</b>							
Courthouse	1,499,122	815,452	635,109	-	17,859	-	30,702
Miscellaneous & Non-Departmental	308,933	-	-	169,270	139,663	-	-
Total Public Facilities	1,808,055	815,452	635,109	169,270	157,522	-	30,702

PANOLA COUNTY, TEXAS  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY, continued  
DECEMBER 31, 2010

	Total	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress
<b>PUBLIC SAFETY</b>							
Sheriff	\$ 1,191,627	\$ -	\$ -	\$ -	\$ 888,927	\$ -	\$ 302,700
Constables	132,353	-	-	-	132,353	-	-
Corrections and Jail	11,344,574	60,754	11,211,314	-	72,506	-	-
Emergency Management	123,418	-	-	-	123,418	-	-
911 Rural Addressing	47,681	-	-	-	47,681	-	-
Probation Services - Adult	182,809	-	-	-	182,809	-	-
Probation Services - Juvenile	33,342	-	-	-	33,342	-	-
<b>Total Public Safety</b>	<b>13,055,804</b>	<b>60,754</b>	<b>11,211,314</b>	<b>-</b>	<b>1,481,036</b>	<b>-</b>	<b>302,700</b>
<b>HEALTH AND WELFARE</b>							
Hospital	3,879,706	32,138	3,757,535	90,033	-	-	-
Transfer Station	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>-</b>
<b>CULTURE AND RECREATION</b>							
Exposition Center	115,025	-	115,025	-	-	-	-
<b>Total Culture and Recreation</b>	<b>115,025</b>	<b>-</b>	<b>115,025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL ASSETS</b>	<b>\$ 39,826,082</b>	<b>\$ 1,289,889</b>	<b>\$ 18,537,168</b>	<b>\$ 259,303</b>	<b>\$ 9,034,878</b>	<b>\$ 10,371,442</b>	<b>\$ 333,402</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, 2010

	General Capital Assets January 1, 2010	Additions	Deductions	Transfers	General Capital Assets December 31, 2010
<b>GENERAL ADMINISTRATION</b>					
County Clerk	\$ 15,169	\$ -	\$ -	\$ -	\$ 15,169
Total General Administration	15,169	-	-	-	15,169
<b>JUDICIAL</b>					
District Court	892,484	-	-	-	892,484
County Court at Law	892,487	-	-	-	892,487
District Clerk	16,623	-	-	-	16,623
Peace Justices	7,585	-	-	-	7,585
Total Judicial	1,809,179	-	-	-	1,809,179
<b>LEGAL</b>					
District Attorney	356,995	-	-	-	356,995
Total Legal	356,995	-	-	-	356,995
<b>ELECTIONS</b>					
Voter Registration	264,800	-	-	-	264,800
Total Elections	264,800	-	-	-	264,800
<b>PUBLIC TRANSPORTATION</b>					
Road and Bridge-Equipment	6,863,178	851,340	546,870	14,500	7,182,148
Road and Bridge-Infrastructure	10,371,442	-	-	-	10,371,442
Airport	580,477	-	-	(14,500)	565,977
Total Public Transportation	17,815,097	851,340	546,870	-	18,119,567
<b>PUBLIC FACILITIES</b>					
Courthouse	1,468,420	30,702	-	-	1,499,122
Miscellaneous and Non- Departmental	308,933	-	-	-	308,933
Total Public Facilities	1,777,353	30,702	-	-	1,808,055

**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, 2010**

	General Capital Assets January 1, 2010	Additions	Deductions	Transfers	General Capital Assets December 31, 2010
<b>PUBLIC SAFETY</b>					
Sheriff	\$ 787,914	\$ 500,670	\$ 96,957	\$ -	\$ 1,191,627
Constables	132,353	-	-	-	132,353
Corrections and Jail	11,344,574	-	-	-	11,344,574
Emergency Management	118,418	5,000	-	-	123,418
911 Rural Addressing	41,546	6,135	-	-	47,681
Probation Services - Adult	182,809	-	-	-	182,809
Probation Services - Juvenile	33,342	-	-	-	33,342
Criminal Investigations	-	-	-	-	-
<b>Total Public Safety</b>	<b>12,640,956</b>	<b>511,805</b>	<b>96,957</b>	<b>-</b>	<b>13,055,804</b>
<b>HEALTH AND WELFARE</b>					
Hospital	3,879,706	-	-	-	3,879,706
Incinerator	401,782	-	-	-	401,782
<b>Total Health and Welfare</b>	<b>4,281,488</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,281,488</b>
<b>CULTURE AND RECREATION</b>					
Exposition Center	115,025	-	-	-	115,025
<b>Total Culture and Recreation</b>	<b>115,025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,025</b>
<b>TOTAL GENERAL CAPITAL ASSETS</b>	<b>\$ 39,076,062</b>	<b>\$ 1,393,847</b>	<b>\$ 643,827</b>	<b>\$ -</b>	<b>\$ 39,826,082</b>

**STATISTICAL DATA SECTION  
(UNAUDITED)**

VOL. 75 PAGE 778

**THIS PAGE LEFT BLANK INTENTIONALLY**

## Panola County, Texas Statistical Section Overview

The Statistical Section of the comprehensive annual financial report of Panola County, Texas provides additional information and details to assist users in understanding and assessing the overall economic condition of the County. The Statistical Section is organized in five sections, listed below.

### **Financial Trends:**

These schedules compile information reported in the comprehensive annual financial report over the past ten years. Information for government-wide statements is only available for the fiscal periods 2003 – 2010. The County implemented the new reporting model in fiscal year 2003. These schedules report how the County's financial position and well-being have changed over time.

- TABLE 1 – Net Assets by Component
- TABLE 2 – Changes in Net Assets
- TABLE 3 – Fund Balances, Governmental Funds
- TABLE 4 – Net Changes in Fund Balance, Governmental Funds

### **Revenue Capacity Information:**

These schedules provide information regarding the County's major own-source revenue (property taxes) and the stability and growth of that revenue.

- TABLE 5 – Assessed Value and Estimated Actual Value of Taxable Property
- TABLE 6 – Direct and Overlapping Property Tax Rates
- TABLE 7 – Principal Property Taxpayers
- TABLE 8 – Property Tax Levies and Collections

### **Debt Capacity Information:**

These schedules provide information regarding the County's outstanding debt, the ability to repay the debt, and the ability to issue new debt.

- TABLE 9 – Ratio of Outstanding Debt by Type
- TABLE 10 – Direct and Overlapping Governmental Debt
- TABLE 11 – Legal Debt Margin Information

### **Demographic and Economic Information:**

These schedules provide information regarding the County's socioeconomic environment, specifically its taxpayers and employers, and the changes to those groups over the past ten years.

- TABLE 12 – Demographic and Economic Statistics
- TABLE 13 – Principle Employers

### **Operating Information:**

These schedules provide information regarding the County's employees, operations, and facilities.

- TABLE 14 – Full-Time Equivalent County Government Employees
- TABLE 15 – Capital Assets by Function/Program
- TABLE 16 – Operating Indicators by Function/Program
- TABLE 17 – Schedule of Insurance Policies in Force

VOL. 775 PAGE 780

**THIS PAGE LEFT BLANK INTENTIONALLY**

TABLE 1

**PANOLA COUNTY, TEXAS**  
**NET ASSETS BY COMPONENT**  
**LAST EIGHT FISCAL YEARS**  
**(Unaudited)**

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental activities:</b>								
<b>Invested in Capital Assets,</b>	\$ 22,812,862	\$ 21,868,287	\$ 18,861,947	\$ 16,661,147	\$ 16,881,438	\$ 17,299,813	\$ 17,438,024	\$ 17,777,789
<b>Net of Related Debt</b>								
<b>Restricted for Debt Service</b>	224,103	161,924	93,036	2,610	-	-	-	-
<b>Restricted for Capital Projects</b>	-	491,596	3,212,248	4,750,323	-	-	-	-
<b>Restricted for Other Purposes</b>	-	15,994	-	-	-	-	-	-
<b>Unrestricted</b>	33,209,420	29,525,131	26,134,625	13,814,903	25,740,509	23,081,440	21,556,174	19,994,783
<b>Total governmental activities net assets</b>	<u>\$ 56,246,385</u>	<u>\$ 52,062,932</u>	<u>\$ 48,301,856</u>	<u>\$ 35,228,983</u>	<u>\$ 42,621,947</u>	<u>\$ 40,381,253</u>	<u>\$ 38,994,198</u>	<u>\$ 37,772,572</u>

**Note:** Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented; therefore, ten years of data will be accumulated over time.



TABLE 2

**PANOLA COUNTY, TEXAS  
CHANGES IN NET ASSETS  
LAST EIGHT FISCAL YEARS  
(UNAUDITED)**

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses:</b>								
<b>Governmental Activities:</b>								
General administration	\$ 3,267,777	\$ 2,814,331	\$ 3,358,623	\$ 3,096,305	\$ 2,524,507	\$ 2,261,577	\$ 1,950,152	\$ 1,701,656
Judicial	1,120,449	1,134,624	953,205	931,862	922,265	839,466	818,993	743,435
Legal	490,452	350,538	377,261	346,592	400,559	369,369	294,366	313,788
Elections	163,105	167,952	137,636	139,319	128,458	121,455	120,751	93,132
Financial administration	766,574	755,563	630,297	648,448	617,867	582,235	539,091	508,942
Public facilities	297,677	258,652	238,315	225,256	272,874	245,345	266,789	217,472
Public safety	5,572,574	5,364,448	4,175,436	4,183,927	4,232,178	4,055,915	3,523,072	3,374,098
Environmental protection	361,383	363,925	339,837	307,438	382,184	354,714	301,933	289,887
Public transportation	6,333,001	5,642,668	5,825,025	5,604,489	4,963,793	4,884,111	4,391,725	4,176,987
Health and Paupers care	2,402,045	734,454	618,051	581,604	564,173	557,335	576,106	543,899
Recreation	320,529	305,744	278,591	263,934	247,134	257,177	287,491	215,439
Conservation	92,987	90,679	73,981	76,901	77,840	73,242	70,072	68,738
Debt Service - Interest	69,800	119,877	167,161	138,052	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	6,279
<b>Total Governmental Activities Expenses</b>	<b>\$ 21,258,353</b>	<b>\$ 18,103,455</b>	<b>\$ 17,173,419</b>	<b>\$ 16,544,127</b>	<b>\$ 15,333,832</b>	<b>\$ 14,601,941</b>	<b>\$ 13,140,541</b>	<b>\$ 12,253,752</b>
<b>Program Revenues:</b>								
<b>Governmental Activities:</b>								
<b>Charges for Services</b>								
General administration	\$ 348,974	\$ 383,448	\$ 421,277	\$ 380,871	\$ 396,728	\$ 302,054	\$ 314,748	\$ 287,103
Judicial	453,019	116,763	136,563	139,673	156,932	131,831	137,484	54,738
Legal	45,235	77,514	134,391	61,487	269,754	257,946	87,766	54,547
Elections	5,061	2,400	22,203	200	11,712	-	-	-
Financial administration	758,081	338,835	291,567	266,226	245,162	218,408	204,701	146,608
Public facilities	-	8,658	1,053	-	3,158	-	-	19,087
Public safety	520,674	531,439	501,528	428,739	842,383	739,526	442,640	420,850
Environmental protection	-	-	871	14,425	15,082	13,667	9,695	-
Public transportation	176,809	748,835	795,779	808,936	849,388	786,067	886,405	814,972
Health and Paupers care	1,400	5,351	19,966	114,372	121,428	109,346	100,729	153,968
Recreation	136,592	136,024	121,372	114,718	105,137	98,065	121,989	1,800
Conservation	4,132	-	-	-	-	-	-	-
<b>Total Charges for Services</b>	<b>\$ 2,449,977</b>	<b>\$ 2,349,267</b>	<b>\$ 2,446,570</b>	<b>\$ 2,329,647</b>	<b>\$ 3,016,864</b>	<b>\$ 2,656,910</b>	<b>\$ 2,306,157</b>	<b>\$ 1,953,673</b>

TABLE 2 (cont.)

PANOLA COUNTY  
CHANGES IN NET ASSETS, Continued  
LAST EIGHT FISCAL YEARS  
(UNAUDITED)

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>Operating Grants and Contributions</b>								
Judicial	\$ 85,889	\$ 74,192	\$ 67,116	\$ 33,766	\$ 38,304	\$ 39,008	\$ 36,914	\$ 37,085
Legal	63,391	4,320	4,080	3,840	3,600	3,360	-	-
Elections	47,669	12,337	-	10,561	6,250	-	-	-
Financial administration	-	-	-	-	-	-	-	51,250
Public facilities	-	-	-	103,960	86,642	29,180	-	-
Public safety	662,193	963,272	904,822	806,355	978,516	949,305	1,072,061	691,565
Environmental protection	-	-	-	-	-	-	1,664	10,073
Public transportation	30,222	30,279	30,284	30,276	30,905	35,720	30,504	77,430
Health and Paupers care	1,980,960	69,548	101,349	72,308	58,249	87,591	43,574	39,707
Recreation	-	-	-	-	-	-	-	85,686
<b>Total Operating Grants and Contributions</b>	<b>\$ 2,870,324</b>	<b>\$ 1,153,948</b>	<b>\$ 1,107,651</b>	<b>\$ 1,061,066</b>	<b>\$ 1,202,466</b>	<b>\$ 1,144,164</b>	<b>\$ 1,184,717</b>	<b>\$ 992,796</b>
<b>Program Revenues, Continued:</b>								
<b>Capital Grants and Contributions</b>								
Elections	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,872	\$ -	\$ -
Public Facilities	31,650	-	-	-	-	-	-	-
Public Safety	200,468	-	-	-	-	-	-	-
<b>Total Capital Grants and Contrib</b>	<b>\$ 232,118</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 250,872</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Governmental Activities</b>								
<b>Program Revenues</b>	<b>\$ 5,552,419</b>	<b>\$ 3,503,215</b>	<b>\$ 3,554,221</b>	<b>\$ 3,390,713</b>	<b>\$ 4,219,330</b>	<b>\$ 4,051,946</b>	<b>\$ 3,490,874</b>	<b>\$ 2,946,469</b>
<b>Net (Expense) Revenue</b>								
<b>Governmental Activities:</b>	<b>\$ (15,705,934)</b>	<b>\$ (14,600,240)</b>	<b>\$ (13,619,198)</b>	<b>\$ (13,153,414)</b>	<b>\$ (11,114,502)</b>	<b>\$ (10,549,995)</b>	<b>\$ (9,649,667)</b>	<b>\$ (9,307,283)</b>

**PANOLA COUNTY**  
**CHANGES IN NET ASSETS, Continued**  
**LAST EIGHT FISCAL YEARS**  
**(UNAUDITED)**

	Fiscal Year							
	2010	2009	2008	2007	2006	2005	2004	2003
<b>General Revenues and Other Changes in Net Assets</b>								
<b>Governmental Activities:</b>								
Property Taxes	\$ 18,542,362	\$ 16,744,039	\$ 15,328,340	\$ 12,714,869	\$ 11,324,789	\$ 10,636,866	\$ 10,179,315	\$ 9,371,021
Interest Income	470,991	826,889	962,442	1,572,387	1,343,345	767,685	485,990	724,151
Gain on Sale of Capital Assets	-	90,507	-	-	-	-	-	-
Miscellaneous	729,736	699,881	1,232,637	641,846	687,062	532,499	205,988	174,500
<b>Total Governmental Activities</b>	<u>\$ 19,743,089</u>	<u>\$ 18,361,316</u>	<u>\$ 17,523,419</u>	<u>\$ 14,929,102</u>	<u>\$ 13,355,196</u>	<u>\$ 11,937,050</u>	<u>\$ 10,871,293</u>	<u>\$ 10,269,672</u>
<b>Increase in Net Assets Before Transfers</b>	4,037,155	3,761,076	3,904,221	1,775,688	2,240,694	1,387,055	1,221,626	962,389
<b>Transfers</b>	-	-	-	(9,168,652)	-	-	-	-
<b>Change in Net Assets</b>								
<b>Governmental Activities</b>	<u>\$ 4,037,155</u>	<u>\$ 3,761,076</u>	<u>\$ 3,904,221</u>	<u>\$ (7,392,964)</u>	<u>\$ 2,240,694</u>	<u>\$ 1,387,055</u>	<u>\$ 1,221,626</u>	<u>\$ 962,389</u>
<b>Total Primary Government</b>	<u>\$ 4,037,155</u>	<u>\$ 3,761,076</u>	<u>\$ 3,904,221</u>	<u>\$ (7,392,964)</u>	<u>\$ 2,240,694</u>	<u>\$ 1,387,055</u>	<u>\$ 1,221,626</u>	<u>\$ 962,389</u>
<b>% Change from Prior Year</b>	7.34%	(3.67%)	152.81%	(429.94%)	61.54%	13.54%	26.94%	N/A (1)

**Notes:**

(1) Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented; therefore, ten years of data will be accumulated over time.

VOL. 785 - PAGE 75

11-11-11

**THIS PAGE LEFT BLANK INTENTIONALLY**

PANOLA COUNTY, TEXAS  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>General Fund:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>11,572,586</u>	<u>9,427,291</u>	<u>6,918,110</u>	<u>5,354,493</u>	<u>13,021,195</u>	<u>11,693,223</u>	<u>10,704,447</u>	<u>9,612,242</u>	<u>8,676,002</u>	<u>10,535,365</u>
<b>Total General Fund</b>	<u>11,572,586</u>	<u>9,427,291</u>	<u>6,918,110</u>	<u>5,354,493</u>	<u>13,021,195</u>	<u>11,693,223</u>	<u>10,704,447</u>	<u>9,612,242</u>	<u>8,676,002</u>	<u>10,535,365</u>
<b>All Other Governmental Funds:</b>										
Reserved	\$ 225,936	177,918	141,034	37,632	27,068	30,668	10,996	7,266	6,157	5,563
Designated, Reported in:										
Special Revenue Funds	3,591,363	3,592,568	3,582,790	3,508,797	3,291,687	3,132,534	3,019,871	3,007,568	3,811,813	3,543,501
Capital Project funds	647,974	491,596	3,212,248	9,305,887	441,702	422,175	410,687	811,609	2,257,767	385,810
Unreserved, Reported in:										
Special Revenue Funds	<u>6,991,063</u>	<u>6,388,060</u>	<u>5,732,569</u>	<u>4,987,629</u>	<u>7,144,158</u>	<u>6,091,398</u>	<u>5,543,627</u>	<u>4,821,115</u>	<u>3,832,939</u>	<u>3,780,775</u>
<b>Total All Other Governmental Funds</b>	<u>11,456,336</u>	<u>10,650,142</u>	<u>12,668,641</u>	<u>17,839,945</u>	<u>10,904,615</u>	<u>9,676,775</u>	<u>8,985,181</u>	<u>8,647,558</u>	<u>9,908,676</u>	<u>7,715,649</u>
<b>Total Governmental Funds</b>	<u>\$ 23,028,922</u>	<u>\$ 20,077,433</u>	<u>\$ 19,586,751</u>	<u>\$ 23,194,438</u>	<u>\$ 23,925,810</u>	<u>\$ 21,369,998</u>	<u>\$ 19,689,628</u>	<u>\$ 18,259,800</u>	<u>\$ 18,584,678</u>	<u>\$ 18,251,014</u>
<b>% Change from Prior Year</b>	14.70%	2.51%	(15.55%)	(3.06%)	11.96%	8.53%	7.83%	(1.75%)	1.83%	N/A

TABLE 4

**PANOLA COUNTY, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>REVENUES</b>										
Property Taxes	\$ 18,316,629	\$ 16,745,188	\$ 15,320,932	\$ 12,723,922	\$ 11,325,188	\$ 10,652,164	\$ 10,073,746	\$ 9,413,140	\$ 8,636,759	\$ 7,813,304
Licenses	413,439	449,020	448,726	455,247	455,632	459,902	461,437	453,226	459,997	451,772
Inter-Governmental	1,367,929	1,297,019	1,317,459	1,274,782	1,526,620	1,578,406	1,366,830	992,796	1,017,538	930,987
Fees of Office	1,333,598	1,316,252	1,351,374	1,218,383	1,248,867	1,078,243	1,082,685	951,535	912,568	933,313
Fines	295,442	267,732	316,701	325,430	369,783	326,165	326,263	285,416	296,613	328,726
Miscellaneous	3,423,614	1,783,828	2,373,096	2,257,336	2,611,688	1,936,574	928,512	1,142,414	1,375,957	1,426,441
<b>Total Revenues</b>	<b>25,150,651</b>	<b>21,859,039</b>	<b>21,128,288</b>	<b>18,255,100</b>	<b>17,537,778</b>	<b>16,031,454</b>	<b>14,239,473</b>	<b>13,238,527</b>	<b>12,699,432</b>	<b>11,884,543</b>
<b>EXPENDITURES</b>										
General Administration	3,231,245	2,831,669	3,581,289	3,067,307	2,487,117	2,204,858	1,939,667	1,738,705	1,669,636	1,592,482
Judicial	1,072,245	1,111,988	940,346	879,692	864,318	791,433	776,783	726,208	719,553	727,519
Legal	488,344	358,200	392,174	345,467	398,169	364,125	294,651	314,042	197,945	197,141
Elections	139,068	146,889	118,052	114,875	100,937	117,570	120,832	93,203	96,224	93,673
Financial Administration	762,011	763,587	661,127	643,287	615,465	581,258	539,639	509,416	479,226	452,430
Public Facilities	295,300	257,823	231,189	489,745	270,839	243,352	264,801	215,507	188,653	185,020
Public Safety	5,138,215	7,262,290	3,019,226	4,482,400	4,060,125	3,940,628	3,613,004	3,426,371	3,326,239	3,062,711
Environmental Protection	355,109	357,651	333,563	301,164	375,910	348,440	295,659	283,613	280,200	412,895
Conservation	92,668	91,964	76,540	76,719	77,868	73,284	70,116	68,776	64,130	61,097
Public Transportation	3,784,509	4,603,800	4,374,680	4,565,117	4,033,234	4,079,484	3,868,038	4,108,066	3,988,152	3,879,370
Health & Paupers Care	2,334,409	666,818	291,280	513,968	496,537	189,699	508,470	484,263	526,845	418,531
Culture & Recreation	318,498	308,098	76,540	263,064	247,265	257,394	287,713	215,636	218,215	209,367
Debt Service - Principal	1,285,000	1,240,000	1,190,000	72,920	-	-	-	-	-	-
Debt Service - Interest	78,308	128,041	174,995	104,773	-	-	-	-	-	-
Capital Outlay	2,824,234	1,239,539	810,738	831,170	954,181	1,352,016	230,211	1,484,172	664,073	4,232
<b>Total Expenditures</b>	<b>22,199,163</b>	<b>21,368,357</b>	<b>16,271,739</b>	<b>16,751,668</b>	<b>14,981,965</b>	<b>14,543,541</b>	<b>12,809,584</b>	<b>13,667,978</b>	<b>12,419,091</b>	<b>11,296,468</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,951,488</b>	<b>490,682</b>	<b>4,856,549</b>	<b>1,503,432</b>	<b>2,555,813</b>	<b>1,487,913</b>	<b>1,429,889</b>	<b>(429,451)</b>	<b>280,341</b>	<b>588,075</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from Capital Lease	-	-	-	-	-	-	-	321,823	-	-
Financing Agreement	-	-	-	5,055,000	-	-	-	-	-	-
Proceeds from Sale of Bonds	-	-	-	4,174,944	-	-	-	-	-	-
Transfers In	567,482	523,977	-	(11,464,748)	-	-	-	-	-	-
Transfers Out	(567,482)	(523,977)	-	(2,234,804)	-	-	-	321,823	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,234,804)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>321,823</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 2,951,488</b>	<b>\$ 490,682</b>	<b>\$ 4,856,549</b>	<b>\$ (731,372)</b>	<b>\$ 2,555,813</b>	<b>\$ 1,487,913</b>	<b>\$ 1,429,889</b>	<b>\$ (107,628)</b>	<b>\$ 280,341</b>	<b>\$ 588,075</b>
<b>Debt Service as a percentage of Noncapital Expenditures</b>	<b>6.55%</b>	<b>6.80%</b>	<b>8.83%</b>	<b>1.12%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

VOL. - 75 PAGE 788

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

Fiscal Year	Estimated Market Value			Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property	Less: Tax-Exempt Property		
2010	\$ 3,906,344,700	\$ 1,022,545,130	\$ 162,767,220	\$ 4,766,122,610	0.3776
2009	3,989,087,500	1,143,264,835	151,231,090	4,981,121,245	0.3632
2008	4,443,456,210	995,452,149	129,631,210	5,309,277,149	0.3096
2007	3,845,247,267	634,948,073	123,038,850	4,357,156,490	0.3441
2006	3,894,896,147	479,011,483	118,394,230	4,255,513,400	0.2869
2005	2,981,872,892	418,440,315	114,613,060	3,285,700,147	0.3330
2004	2,511,868,481	387,538,653	111,254,590	2,788,152,544	0.3811
2003	2,128,641,879	323,531,404	105,682,080	2,346,491,203	0.4382
2002	2,312,729,313	369,464,920	97,874,390	2,584,319,843	0.3677
2001	2,568,521,833	210,819,321	94,882,780	2,684,458,374	0.3249

Source: Panola County Appraisal District

PANOLA COUNTY, TEXAS  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	2010	2009	2008	2007	2006
<b><u>Panola County Direct Rates</u></b>					
GENERAL	0.24926	0.23612	0.19374	0.21039	0.19350
SPECIAL REVENUE	0.10000	0.09938	0.08962	0.10140	0.09340
DEBT SERVICE	0.02832	0.02770	0.02624	0.03231	-
TOTAL DIRECT RATE	0.37758	0.36320	0.30960	0.34410	0.28690
<b><u>Overlapping Rates</u></b>					
<b>City and Town Rates:</b>					
CARTHAGE	0.46000	0.41000	0.41000	0.39000	0.45940
BECKVILLE	0.31239	0.26044	0.22289	0.26684	0.26000
<b>School Districts Rates:</b>					
CARTHAGE ISD	1.14000	1.14000	1.14000	1.14000	1.50000
GARY ISD	1.18251	1.20459	1.13855	1.12310	1.24560
BECKVILLE ISD	1.06320	1.04000	1.05586	1.10865	1.36860
ELYSIAN FIELDS ISD	1.20000	1.20000	1.22110	1.26990	1.40800
TATUM ISD	1.04000	1.04000	1.04000	1.04000	1.37000
TENAHA ISD	1.21930	1.20438	1.41210	1.39762	1.37000
JOAQUIN ISD	1.55800	1.34110	1.12050	1.11010	1.28130
<b>Other Special District Rates:</b>					
PANOLA JR. COLLEGE	0.11813	0.10579	0.09593	0.10477	0.09430
PANOLA COUNTY ESD	0.01844	0.01605	0.01393	0.01515	0.01360
PANOLA GWCD	0.00612	0.00637	0.00637		

Source: Various taxing entities

TABLE 6

VOL. 75 PAGE 791

2005	2004	2003	2002	2001
0.22450	0.25690	0.29210	0.24660	0.21690
0.10850	0.12420	0.14610	0.12110	0.10800
-	-	-	-	-
0.33300	0.38110	0.43820	0.36770	0.32490
0.45940	0.55000	0.56000	0.53500	0.54474
0.27415	0.27260	0.26642	0.24637	0.27593
1.53000	1.53000	1.56000	1.56000	1.50000
1.36930	1.21480	1.51980	1.48000	1.09670
1.51314	1.46450	1.65545	1.64550	1.62550
1.53600	1.24500	1.57000	1.44610	1.10364
1.56840	1.56800	1.47000	1.47000	1.47000
1.50000	1.50000	1.50000	1.50000	1.41000
1.47620	1.51480	1.61030	1.60060	1.43920
0.10850	0.11717	0.13483	0.11647	0.10828
0.01571	0.01700	0.02000	0.01750	0.02000

**THIS PAGE LEFT BLANK INTENTIONALLY**

**PANOLA COUNTY, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Amounts expressed in thousands)  
(UNAUDITED)**

Name of Taxpayer	Fiscal Year 2010		Fiscal Year 2001	
	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Devon Energy Production Co LP	\$ 669,158	14.04 %	\$ -	-
Anadarko E&P Company LP	400,767	8.41 %	-	-
Chevron USA Inc	193,937	4.07 %	-	-
XTO Energy Corp	150,927	3.17 %	-	-
Markwest Eastern TX Gas Co LP	134,437	2.82 %	-	-
Exxon Corporation	127,262	2.67 %	-	-
Lacy Operations LTD	124,910	2.62 %	-	-
DCP Midstream LP	117,968	2.48 %	-	-
EOG Resources Inc	99,707	2.09 %	-	-
BP America	86,788	1.82 %	-	-
RME Petroleum Co.	-	-	325,153	12.11 %
Devon Energy	-	-	221,035	8.23 %
Texaco Producing Inc.	-	-	218,405	8.14 %
Exxon Mobile Corp.	-	-	86,896	3.24 %
EOG Resources Inc	-	-	78,274	2.92 %
R. Lacy, Inc.	-	-	76,874	2.86 %
Louisiana-Pacific	-	-	74,790	2.79 %
B.P. Amoco Corp	-	-	66,803	2.49 %
Duke Energy	-	-	59,932	2.23 %
Ocean Energy	-	-	59,744	2.23 %
<b>Total</b>	<b>\$ 2,105,861</b>		<b>\$ 1,267,906</b>	
<b>Total Assessed Value and Percentage of Total</b>	<b>\$ 4,766,122</b>	<b>44.18 %</b>	<b>\$ 2,684,458</b>	<b>47.23 %</b>

Source: Panola County Appraisal District

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

<u>Fiscal Year</u>	<u>Tax Levy (1)</u>	<u>Current Tax Collection (2)</u>	<u>Percent Of Levy Collected</u>	<u>Delinquent Collections &amp; Adjustments (3)</u>	<u>Collections &amp; Adjustments</u>
2010	\$ 18,747,490	\$ 18,284,461	97.53%	249,045	18,533,506
2009	17,125,293	16,760,071	97.87%	284,341	17,044,412
2008	15,591,091	15,348,762	98.44%	199,374	15,548,136
2007	12,929,930	12,724,856	98.41%	177,419	12,902,275
2006	11,508,292	11,330,572	98.46%	156,755	11,487,327
2005	10,825,727	10,617,597	98.08%	189,726	10,807,323
2004	10,279,634	10,007,852	97.36%	251,288	10,259,140
2003	9,608,967	9,370,791	97.52%	223,232	9,594,023
2002	8,728,788	8,532,642	97.75%	184,371	8,717,013
2001	7,964,420	7,756,713	97.39%	194,557	7,951,270

Source: Tax Rolls

**Notes:**

- (1) Represents adjusted levy for property tax levy from the prior year. For example, the 2009 property tax year levy is to fund the 2010 fiscal year for the County.
- (2) Represents current tax collections from October of the prior year through June of the current fiscal year.
- (3) Represents delinquent tax collections for the property tax levy from the prior year. For example, the 2009 property tax year levy is to fund the 2010 fiscal year for the County.
- (4) Represents outstanding delinquent taxes receivable for the property tax levy from the prior year. For example, the 2009 property tax year levy is to fund the 2010 fiscal year for the County.

TABLE 8

VOL. -75 PAGE 795

<b>Percent Of Total Collections and Adjustments To Tax Levy</b>	<b>Outstanding Delinquent Taxes (4)</b>	<b>Percent of Delinquent Taxes to Tax Levy</b>
98.86%	213,984	1.14%
99.53%	80,881	0.47%
99.72%	42,955	0.28%
99.79%	27,655	0.21%
99.82%	20,965	0.18%
99.83%	18,404	0.17%
99.80%	20,494	0.20%
99.84%	14,944	0.16%
99.87%	11,775	0.13%
99.83%	13,150	0.17%

**PANOLA COUNTY, TEXAS  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

TABLE 9

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Estimated Actual Taxable Value of Property (1)	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Other Obligations				
2010	\$ 1,340,000	\$ 201,590	\$ -	\$ 1,138,410	0.02%	0.12%	49.30
2009	2,625,000	161,924	-	2,463,076	0.05%	0.29%	108.96
2008	3,865,000	93,036	-	3,771,964	0.07%	0.52%	163.40
2007	5,055,000	2,610	-	5,052,390	0.12%	0.74%	219.65
2006	-	-	72,920	72,920	0.00%	0.01%	3.14
2005	-	-	145,840	145,840	0.00%	0.02%	6.24
2004	-	-	287,171	287,171	0.01%	0.05%	12.63
2003	-	-	427,567	427,567	0.02%	0.08%	18.71
2002	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-

**Notes:**

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

(1) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 169.

(2) See the schedule of Demographic Statistics found on page 179 for personal income and population data.

**PANOLA COUNTY, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL DEBT  
AS OF DECEMBER 31, 2010  
(UNAUDITED)**

<b>Jurisdiction</b>	<b>Net Debt Outstanding Amount (1)</b>	<b>Applicable to Panola County Percent (2)</b>	<b>Amount , Applicable to Panola County</b>
<b>Cities:</b>			
<b>Carthage</b>	<b>\$ 17,240,000</b>	<b>100.00%</b>	<b>\$ 17,240,000</b>
<b>Total Cities</b>	<b>17,240,000</b>		<b>17,240,000</b>
<b>School Districts:</b>			
<b>Carthage ISD</b>	<b>11,423,000</b>	<b>100.00%</b>	<b>11,423,000</b>
<b>Gary ISD</b>	<b>6,560,000</b>	<b>100.00%</b>	<b>6,560,000</b>
<b>Beckville ISD</b>	<b>9,281,800</b>	<b>100.00%</b>	<b>9,281,800</b>
<b>Elysian Fields ISD</b>	<b>12,395,000</b>	<b>52.55%</b>	<b>6,513,573</b>
<b>Tatum ISD</b>	<b>8,146,464</b>	<b>2.27%</b>	<b>184,925</b>
<b>Tenaha ISD</b>	<b>3,239,687</b>	<b>4.75%</b>	<b>153,885</b>
<b>Joaquin ISD</b>	<b>15,375,000</b>	<b>5.05%</b>	<b>776,438</b>
<b>Total School Districts</b>	<b>66,420,951</b>		<b>34,893,620</b>
<b>Panola Junior College</b>	<b>7,844,425</b>	<b>100.00%</b>	<b>7,844,425</b>
<b>Subtotal, Overlapping Debt</b>	<b>91,505,376</b>		<b>59,978,045</b>
<b>Panola County (Direct Debt)</b>	<b>1,340,000</b>		<b>1,340,000</b>
<b>Total Direct and Overlapping Debt</b>	<b>\$ 92,845,376</b>		<b>\$ 61,318,045</b>

**Note: Percentage of overlap is based on each entity's respective land area located within Panola County.**

**Sources:**

- (1) Respective entities and auditors of respective entities.**
- (2) Texas Municipal Reports**

PANOLA COUNTY, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

TABLE 11

VOL. 75 PAGE 798

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt Limit	\$ 1,017,277,980	\$ 1,035,079,648	\$ 1,143,271,855	\$ 988,691,307	\$ 963,182,428	\$ 716,822,523	\$ 697,045,701	\$ 586,615,235	\$ 646,157,558	\$ 671,114,594
Total net debt applicable to limit	1,340,000	2,625,000	3,865,000	5,055,000	-	-	-	-	-	-
Legal debt margin	<u>\$ 1,015,937,980</u>	<u>\$ 1,032,454,648</u>	<u>\$ 1,139,406,855</u>	<u>\$ 983,636,307</u>	<u>\$ 963,182,428</u>	<u>\$ 716,822,523</u>	<u>\$ 697,045,701</u>	<u>\$ 586,615,235</u>	<u>\$ 646,157,558</u>	<u>\$ 671,114,594</u>
Total net debt applicable to the limit as a percentage of debt limit	0.13%	0.25%	0.34%	0.51%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 3,906,344,700
Add back: exempt real property	162,767,220
Total assessed value	<u>\$ 4,069,111,920</u>
Debt limit 25% of assessed value of real property (Article 3, Section 52, Constitution of the State of Texas)	\$ 1,017,277,980
Amount of Debt applicable to debt limit	1,340,000
Legal Debt Margin	<u>\$ 1,015,937,980</u>

Note: This constitutional limit applies only to the General Bonded Debt of the County.

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>	<u>College &amp; School Enrollment</u>
2010	23,093	\$ 952,145	\$ 21,609	6.40%	6,181
2009	22,606	838,756	19,723	6.40%	5,806
2008	23,084	731,314	31,882	4.60%	5,732
2007	23,002	682,930	29,572	3.90%	5,342
2006	23,206	654,853	26,904	4.40%	5,613
2005	23,374	613,158	25,674	4.90%	5,630
2004	22,734	581,815	21,585	5.70%	5,683
2003	22,855	535,363	21,213	6.90%	5,367
2002	22,606	505,997	20,909	6.80%	5,385
2001	22,689	502,986	20,894	5.50%	5,152

Sources: United States Census Bureau, East Texas Council of Governments, Texas Workforce Commission, Various Education Entities, and Bureau of Economic Analysis

VOL. -75 PAGE 800

**THIS PAGE LEFT BLANK INTENTIONALLY**

TABLE 13

PANOLA COUNTY, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT AND PRIOR FISCAL YEAR  
(UNAUDITED)

EMPLOYER	Fiscal Year 2010		Fiscal Year 2009	
	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
Tyson Poultry Inc.	800	8.97 %		
Carthage Independent School District	508	5.69 %		
ETMC - Carthage	220	2.46 %		
Panola County	190	2.15 %		
WNA	160	1.80 %		
Louisiana Pacific	130	1.45 %		
Union Pacific Resources	115	1.28 %		
Panola College	105	1.18 %		
Wal-Mart	105	1.18 %		
Brookshire Brothers	80	0.90 %		
Tyson Poultry Inc.			524	6.40 %
Carthage Independent School District			484	5.90 %
Smith Equipment Rental & Services			396	4.80 %
D Courtney Construction Inc			255	3.12 %
Pinnergy Inc.			250	3.42 %
East Texas Medical Center - Carthage			220	2.69 %
Panola County			190	2.34 %
WNA			160	1.95 %
Pierce Construction			148	1.81 %
Louisiana Pacific			130	1.59 %
Total	2,413	27.06 %	2,757	34.02 %

Source: East Texas Council of Governments: Sites on Texas; Texas Metropolitan Statistical Area Data

Note: GASB Statement 44 was implemented in fiscal year 2006; in future years, data from the period nine years prior to the report, rather than the prior fiscal year, will be presented.

**PANOLA COUNTY, TEXAS  
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>Function/Program</b>	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>General Administration</b>	17	17	17	17	17
<b>Judicial</b>	16	16	16	16	16
<b>Elections</b>	2	2	2	2	2
<b>Financial Administration</b>	13	13	13	13	13
<b>Legal</b>	6	6	6	6	6
<b>Public Facilities</b>	1	1	1	1	1
<b>Public Safety</b>	79	79	66	65	61
<b>Public Transportation</b>	47	47	47	46	45
<b>Culture and Recreation</b>	6	6	6	6	6
<b>Conservation-Agriculture</b>	3	3	3	3	3
<b>Totals</b>	<u>190</u>	<u>190</u>	<u>177</u>	<u>175</u>	<u>170</u>

Source: Panola County Payroll History Report

TABLE 14

VOL. 7.5 PAGE 803

2005	2004	2003	2002	2001
17	17	17	17	17
16	16	16	16	16
2	2	2	2	2
13	12	12	12	12
6	6	6	6	6
2	2	2	3	4
65	63	63	61	56
48	48	48	47	50
6	6	6	6	6
3	3	3	3	3
178	175	175	173	172

**PANOLA COUNTY, TEXAS**  
**CAPITAL ASSETS BY FUNCTION/PROGRAM**  
**DECEMBER 31, 2010**  
**(UNAUDITED)**

Function/Program	Fiscal Year				
	2010	2009	2008	2007	2006
<b>General Administration</b>					
Furniture & Equipment	8	8	8	8	8
Facilities	5	5	5	5	5
Tracts of Land	10	10	10	10	9
<b>Judicial</b>					
Furniture & Equipment	3	3	3	3	3
Facilities	1	1	1	1	1
<b>Elections</b>					
Equipment	2	2	2	2	2
<b>Public Facilities</b>					
Facilities	1	1	1	1	1
<b>Public Safety</b>					
Vehicles	45	45	45	41	41
Equipment	13	13	13	13	13
Facilities	2	2	1	1	1
<b>Environmental Protection</b>					
Facilities	2	2	2	2	2
Landfill	1	1	1	1	1
<b>Public Transportation</b>					
Miles of County Roads	614	614	614	614	614
Number of Bridges	12	12	12	12	12
Facilities	5	5	5	5	5
Equipment & Vehicles	138	141	141	134	134
Tracts of Land	5	5	5	5	4
<b>Health/Paupers Care</b>					
Facilities	2	2	2	2	2
Tracts of Land	1	1	1	1	1

Source: Panola County Capital Asset Inventory Listing

Note: GASB Statement 44 was implemented in fiscal year 2006; in future years, additional years will be reported, cumulating a ten-year presentation.

PANOLA COUNTY, TEXAS  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
DECEMBER 31, 2010  
(UNAUDITED)

Function/Program	Fiscal Year				
	2010	2009	2008	2007	2006
<b>General Administration</b>					
Official Public Records Filed	9,245	9564	10,804	10,325	9,780
Vital Statistics Filed	382	247	233	324	288
<b>Judicial</b>					
Number of Civil Cases	719	679	742	696	754
Number of Criminal Cases	854	1669	1,031	431	1,347
<b>Legal</b>					
Number of Convictions - Misdemeanors	379	432	N/A	N/A	N/A
Number of Convictions - Felony	276	381	95	94	353
<b>Elections</b>					
Number of Registered Voters	15,779	15,648	15,658	16,197	15,924
Number of Elections	3	3	3	2	3
<b>Financial Administration</b>					
Number of mineral tax items	2,566,302	2,546,560	2,443,147	1,849,374	1,705,536
Number of real estate tax items	171,175	170,678	168,619	136,656	137,864
Number of registered vehicles	31,404	30,880	28,813	28,345	27,052
<b>Public Facilities</b>					
Number of repair jobs	51	54	30	31	87
<b>Public Safety</b>					
Number of emergency responses	4,924	4852	3,526	5,054	5,145
Number of book-ins	1,328	1522	1,706	1,756	1,593
<b>Environmental Protection</b>					
Number of solid waste transfers(tons)	12,457	12588	12,557	12,606	17,482
Number of Diversions (tons)	650	510	512	711	867
<b>Public Transportation</b>					
Miles of road resurfaced	13	14	11	17	53
Number of repairs	401	387	361	338	117
<b>Health and Paupers Care</b>					
Number of autopsies performed	27	28	23	37	29
Number of indigent admissions	671	771	503	666	878
<b>Recreation</b>					
Number of patrons to Library	10,617	9,329	8,294	10,635	9,537
Number of books in library	53,485	53,201	49,907	51,083	41,117
Number of programs	51	60	77	48	80
<b>Conservation</b>					
Number of programs	171	30	42	51	26
Number of radio programs	135	130	67	-	-
County Extension mailouts & emails	10,234	5,102	4,152	5,955	5,754

Source: Individual County Departments

Note: GASB Statement 44 was implemented in fiscal year 2006; in future years, additional years will be reported, cumulating a ten-year presentation.

**PANOLA COUNTY, TEXAS  
SCHEDULE OF INSURANCE IN FORCE  
DECEMBER 31, 2010  
(Unaudited)**

Insurer or Name of Company	Number	Policy Period	
		From	To
The St. Paul Ins. Co.	GP09313692	01/01/10	12/31/10
The St. Paul Ins. Co.	GP09313692	01/01/10	12/31/10
The St. Paul Ins. Co.	GP09313692	01/01/10	12/31/10
The St. Paul Ins. Co.	GP09313692	01/01/10	12/31/10
The St. Paul Ins. Co.	GP09313692	01/01/10	12/31/10
The St. Paul Ins. Co.	GP09313692	01/01/10	12/31/10
The St. Paul Ins. Co.	GP09313692	01/01/10	12/31/10
EBCO	UA00134783-09	12/31/10	12/31/11
Texas Association of Counties	#1830	01/01/09	12/31/09
Texas Association of Counties	#1830	01/01/09	12/31/09
Texas Association of Counties - BCBS	62946	12/01/09	11/30/10
The CIMA Companies, Inc.	SPS900305	07/01/09	07/31/10

- (1) 2009 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

<b>Building and/or Department &amp; Description</b>	<b>Amount of Coverage</b>	<b>Premiums &amp; Funding</b>
<b>Physical Damage-Comp. Limit PD; 500 Deduct; Bodily Injury - Limit; Comp. Auto liab. Ins. 1,000</b>	\$ 2,000,000	\$ 88,754
<b>General Liability; 2,000,000</b>	2,000,000	59,414
<b>Commercial Property and Equipment</b>	3,055,498	33,339
<b>Commercial Umbrella Liability- 1,000,000 each occurrence Aggregate 1,000,000; Retention 10,000</b>	2,000,000	18,352
<b>Law Enforcement Professional Liability; Each Person 1,000,000 Aggregate 3,000,000; Each occurrence 1,000,000</b>	2,000,000	68,439
<b>2,000,000 Limit Each 2,000,000 Aggregate 25,000 retention; Public Officials and Employees Legal Liability</b>	2,000,000	54,116
<b>Crime - Employee Theft, Forgery</b>	2,000,000	1,734
<b>Property Damage 1,000,000; General Liability-Airport 1,000,000 each occurrence, 2,000,000 aggregate</b>	2,000,000	2,650
<b>Workers Compensation Self-Funded Insurance through Texas Association of Counties</b>	(2)	117,427
<b>Unemployment Insurance Self-Funded through Texas Association of Counties</b>	(3)	10,804
<b>Employee Group Ins - TAC Health and Employee Benefit Pool 500 deductible - 2,000 co-ins; Emp Life Ins 10,000 &amp; Acc Death/ Dsmb 10,000</b>	(4)	1,761,440
<b>Volunteers Insurance Service Association (VIS) Work Release Volunteer Accident Insurance</b>	25,000	1,053

**PANOLA COUNTY, TEXAS  
SCHEDULE OF INSURANCE IN FORCE  
DECEMBER 31, 2010  
(Unaudited)**

Insurer or Name of Company	Number	Policy Period	
		From	To
Safeco Ins.	6195460	01/01/07	01/01/11
Safeco Ins.	952904	01/01/09	01/01/13
	6510934	12/31/10	12/31/13
Safeco Ins.	6001534	01/01/07	01/01/11
	6510939	07/18/07	12/31/10
Safeco Ins.	5978951	01/01/09	01/01/13
	6510936	12/31/10	12/31/13
Safeco Ins.	6194986	01/01/07	01/01/11
	6510940	07/18/07	12/31/10
Safeco Ins.	6604896	10/01/08	01/01/11
Safeco Ins.	EX916865	12/31/10	12/31/14
RISC	MGM826411-M	01/14/10	01/14/11
Safeco Ins.	6001533	01/01/07	01/01/11
Safeco Ins.	6464731	01/01/10	01/01/11
Safeco Ins.	E855300	12/31/10	12/31/14
RISC	EO-835434	01/14/10	01/14/11
Travelers	6608010A867TCT	08/27/10	08/27/11
Safeco Ins.	6609553	11/12/10	12/31/12
Safeco Ins.	E879393	01/01/07	01/01/11
Safeco Ins.	E879390	01/01/07	01/01/11
Safeco Ins.	6575455	06/01/10	06/01/11
Safeco Ins.	850592	02/02/09	02/28/11
	6224019	06/01/10	06/01/11
	6603669	09/26/10	09/26/11
Safeco Ins.	EX879011	12/31/10	12/31/14
Safeco Ins.	6745617	12/31/10	12/31/11
	6735631	11/01/10	11/01/11
Safeco Ins.	6487992	08/31/08	01/01/12

<b>Building and/or Department &amp; Description</b>	<b>Amount of Coverage</b>	<b>Premiums &amp; Funding</b>
<b>County Judge</b>	\$ 1,000	\$ 355
<b>Commissioner Precinct 1</b>	3,000	355
	3,000	145
<b>Commissioner Precinct 2</b>	3,000	355
	3,000	315
<b>Commissioner Precinct 3</b>	3,000	355
	3,000	145
<b>Commissioner Precinct 4</b>	3,000	355
	3,000	315
<b>County Clerk</b>	150,000	1,104
<b>Deputy County Clerks</b>	160,000	1,988
<b>County Clerk Errors &amp; Omissions</b>	500,000	3,200
<b>County Court at Law Judge</b>	1,000	355
<b>District Clerk - Bond</b>	100,000	1,243
<b>District Clerk - Public Official Bond</b>	25,000	1,243
<b>District Clerk Errors &amp; Omissions</b>	500,000	3,934
<b>Crime - Money &amp; Securities - District Clerk</b>	20,000	264
<b>Justice of the Peace Pct 1&amp;4</b>	1,000	198
<b>Justice of the Peace Pct 2&amp;3</b>	1,000	355
<b>Criminal District Attorney</b>	5,000	355
<b>Elections Administrator</b>	1,000	100
<b>Auditor</b>	5,000	185
<b>1st Assistant Auditor</b>	5,000	100
<b>2nd Assistant Auditor</b>	5,000	100
<b>County Treasurer</b>	1,000	355
<b>Assistant Treasurer/Chief Deputy</b>	25,000	125
<b>Deputy Treasurer</b>	25,000	125
<b>Tax Assessor/Collector (Auto Registration Office)</b>	100,000	1,140

PANOLA COUNTY, TEXAS  
SCHEDULE OF INSURANCE IN FORCE  
DECEMBER 31, 2010  
(Unaudited)

Insurer or Name of Company	Number	Policy Period	
		From	To
Safeco Ins.	6483966	12/31/07	01/01/12
Safeco Ins.	01FI0122504	01/01/09	01/01/13
Safeco Ins.	01EX850744	01/01/09	01/01/13
Safeco Ins.		12/31/10	12/31/11
Safeco Ins.	01EX952902	01/01/09	01/01/13
Safeco Ins.	6321576	12/31/08	12/31/12
The Travelers	1-660-287X6078-TCT-10	12/30/10	12/30/11
The Travelers	1-660-226X9543-TCT-10	12/30/10	12/30/11
Safeco Ins.	EX850916	01/01/07	01/01/11
Safeco Ins.	EX981374	09/02/10	09/02/11
Safeco Ins.	6273850	03/24/10	03/24/11
Safeco Ins.	6182632	09/01/10	09/01/11
Safeco Ins.	E885283	08/29/10	08/29/11
Safeco Ins.	6190678	10/18/10	10/18/11
Safeco Ins.	6326182	01/10/10	01/10/11
	6325834	01/10/10	01/10/11
Safeco Ins.	6576907	05/22/10	05/22/11
	6572659	04/28/10	04/28/11

<b>Building and/or Department &amp; Description</b>	<b>Amount of Coverage</b>	<b>Premiums &amp; Funding</b>
<b>Tax Assessor/Collector (Ad Valorem Tax Office)</b>	<b>\$ 100,000</b>	<b>\$ 1,331</b>
<b>Tax Assessor/Collector (Deputies) Crime Bond</b>	<b>35,000</b>	<b>1,287</b>
<b>Sheriff</b>	<b>30,000</b>	<b>533</b>
<b>Reserve Deputies - Eighteen @ 2,000</b>	<b>36,000</b>	<b>100</b>
<b>Constable Precinct 2</b>	<b>1,000</b>	<b>355</b>
<b>Constable Precinct 1</b>	<b>1,000</b>	<b>355</b>
<b>123rd Judicial District Adult Probation</b>	<b>10,000</b>	<b>250</b>
<b>123rd Judicial District Juvenile Probation</b>	<b>10,000</b>	<b>250</b>
<b>County Surveyor</b>	<b>1,000</b>	<b>355</b>
<b>Road and Bridge Administrator</b>	<b>3,000</b>	<b>100</b>
<b>Special Prosecutor</b>	<b>5,000</b>	<b>100</b>
<b>Special Prosecutor</b>	<b>2,500</b>	<b>100</b>
<b>Court Coordinator LE &amp; Forfeiture Spec.</b>	<b>2,000</b>	<b>100</b>
<b>Asst. District Attorney</b>	<b>5,000</b>	<b>100</b>
<b>Reserve Constable Deputy Pct. 1 - Two @ 2,000</b>	<b>4,000</b>	<b>200</b>
<b>Reserve Constable Deputy Pct. 2 - Two @ 2,000</b>	<b>4,000</b>	<b>200</b>

VOL. -75 PAGE 812

THIS PAGE LEFT BLANK INTENTIONALLY

**OVERALL COMPLIANCE AND  
INTERNAL CONTROLS SECTION**

THIS PAGE LEFT BLANK INTENTIONALLY



Telephone: 903.657.0240  
Fax: 903.655.1324

116 S Marshall  
P O Box 1716  
Henderson TX 75654

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

June 22, 2011

Panola County Commissioners' Court  
Panola County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Panola County, Texas, as of and for the year ended December 31, 2010, which collectively comprise Panola County, Texas' basic financial statements and have issued our report thereon dated June 22, 2011. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Panola County, Texas', internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Panola County, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Panola County, Texas' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.


Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Panola County, Texas', financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

MEMBER

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

  
Richard P. Loughlin  
Certified Public Accountant



Telephone: 903.657.0240  
Fax: 903.655.1324

116 S Marshall  
P O Box 1716  
Henderson TX 75654

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

June 22, 2011

Panola County Commissioners' Court  
Panola County, Texas

**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 its major state program for the year ended December 31, 2010. Panola County, Texas' major state program is 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 Panola County, Texas' management. Our responsibility is to express an opinion on Panola County, Texas' compliance 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; and the State of Texas Single Audit Circular. Those standards and the State of Texas Single Audit Circular 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 Panola County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Panola County, Texas' compliance with those requirements.

In our opinion, Panola County, Texas complied, in all material respects, with the requirements referred to above that are applicable to its major state program for the year ended December 31, 2010.

**Internal Control Over Compliance**


Management of Panola County, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Panola County, Texas' internal control over compliance with requirements that could have a direct and material effect on a major state program 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Panola County, Texas' internal control over compliance.

MEMBER

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis.

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

This report is intended solely for the information and use of the Commissioners' Court, management, others within the organization, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Richard P. Loughlin  
Certified Public Accountant

Panola County, Texas  
Summary of Auditor's Results and  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2010

VOL. -75 PAGE 819

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_ Yes X No

Significant deficiencies identified that are  
not considered to be material weaknesses?

\_\_\_\_ Yes X None Reported

Noncompliance material to financial  
statements noted?

\_\_\_\_ Yes X No

**2. State Awards**

Internal control over major programs:

Material weaknesses identified?

\_\_\_\_ Yes X No

Significant deficiencies identified that are  
not considered to be material weaknesses?

\_\_\_\_ Yes X None Reported

Type of auditor's report issued on compliance for  
major programs:

Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with State of Texas  
Single Audit Circular?

\_\_\_\_ Yes X No

Identification of major programs:

Name of State Program or Cluster

Community Supervision & Correction Department CJAD Contracts.

Dollar threshold used to distinguish between  
type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

\_\_\_\_ Yes X No

**B. Financial Statement Findings**

NONE

**C. State Award Findings and Questioned Costs**

NONE

**THIS PAGE LEFT BLANK INTENTIONALLY**

**FEDERAL AND STATE  
AWARD SECTION**

188  
VOL. -75 PAGE 822

THIS PAGE LEFT BLANK INTENTIONALLY

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

**THIS PAGE LEFT BLANK INTENTIONALLY**

**PANOLA COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**DECEMBER 31, 2010**

<b>Federal Grantor/ Pass-Through Grantor/Program Title</b>	<b>Federal CFDA (1) Number</b>	<b>Expenditures</b>
<b><u>FEDERAL GRANTS</u></b>		
United States Department of Justice Passed Through Office of the Governor, Criminal Justice Division / Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 91,821
United States Election Assistance Commission Passed Through Texas Secretary of State/Title II, Section 251 Voting System Accessibility and General HAVA Compliance Program - General HAVA Title III Compliance Grant	90.401	41,450
Title IV - E Federal Foster Care Reimbursement Program Passed Through Texas Juvenile Probation Commission	93.658	7,390
United States Department of Homeland Security Passed Through Texas Department of Public Safety's Division of Emergency Management	97.036	155,485
U.S. Department of Housing and Urban Development Passed Through Texas Department of Rural Affairs / Community Development Block Grant	14.228	28,150
<b>TOTAL FEDERAL GRANTS</b>		<b>\$ 324,296</b>

(1) Catalog of Federal Domestic Assistance number.

See notes to Schedule of Federal and State Financial Assistance.

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

DECEMBER 31, 2010

<u>Grantor/Program Title</u>	<u>Expenditures</u>
<b><u>STATE GRANTS AND ASSISTANCE</u></b>	
Texas Task Force on Indigent Defense/ Indigent Defense Grant	\$ 24,381
Community Justice Assistance Division/ Community Supervision & Correction Department - CJAD Contracts	400,681
Texas Juvenile Probation Commission - TJPC Contracts	199,527
Texas Commission on State Emergency Communications Passed Through East Texas Council of Governments/ Rural Addressing Maintenance Reimbursement Program	44,983
Texas Department of Health Services/ Tobacco Settlement Funds	<u>21,009</u>
<b>TOTAL STATE ASSISTANCE</b>	<b><u>\$ 690,581</u></b>

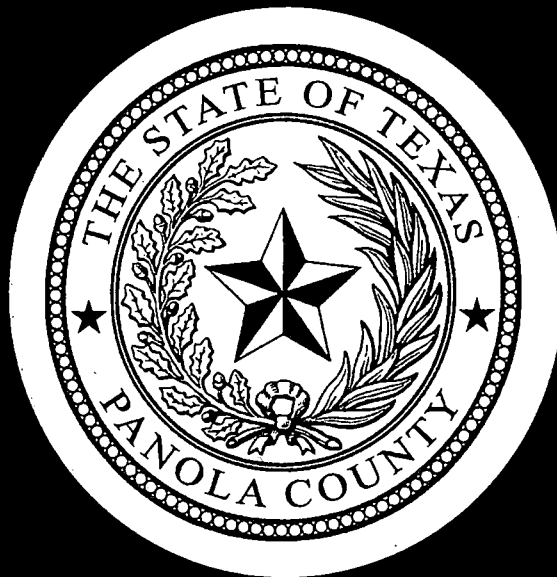
See notes to Schedule of Federal and State Financial Assistance.

**PANOLA COUNTY, TEXAS  
NOTES TO THE SCHEDULES OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
DECEMBER 31, 2010**

**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.**

**During the year ended December 31, 2010, Panola County did not expend any Federal awards in the form of non-cash assistance, loans or loan guarantees.**



**Panola County**  
**Office of County Auditor**  
**Courthouse Annex Room 213A**  
**Carthage, TX 75633**

## PUBLIC NOTICE

NOTICE IS HEREBY GIVEN THAT THE 2010 ANNUAL AUDIT REPORT FOR PANOLA COUNTY IS AVAILABLE FOR PUBLIC INSPECTION IN THE COUNTY CLERK'S OFFICE, COUNTY AUDITOR'S OFFICE, OR COUNTY JUDGE'S OFFICE IN THE PANOLA COUNTY COURTHOUSE, CARTHAGE, TEXAS. THIS REPORT, ACCEPTED BY THE COMMISSIONERS' COURT ON JUNE 27, 2011 IS THE ANNUAL FINANCIAL AND COMPLIANCE AUDIT PERFORMED PURSUANT TO FEDERAL REGULATIONS. THIS AUDIT WAS PERFORMED TO MEET THE STANDARDS AS CONTAINED IN THE STANDARDS FOR AUDIT OF GOVERNMENTAL ORGANIZATIONS, PROGRAMS, ACTIVITIES, AND FUNCTIONS, ISSUED BY THE U. S. GENERAL ACCOUNTING OFFICE; THE SINGLE AUDIT ACT OF 1984; THE PROVISIONS OF OMB CIRCULAR A-133, AUDITS OF STATE AND LOCAL GOVERNMENTS; AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR. 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

**Richard P Loughlin**  
**Certified Public Accountant**

Telephone: 903.657.0240  
Fax: 903.655.1324

116 S Marshall  
P O Box 1716  
Henderson TX 75654

June 22, 2011

Honorable County Judge and Commissioners' Court  
Panola County, Texas

We are pleased to confirm our understanding of the services we are to provide Panola County, Texas ("County") for the year ended December 31, 2011. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the County as of and for the year ended December 31, 2011. The document we submit to you will be a Comprehensive Annual Financial Report (CAFR). Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the County's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the County's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis.
- Schedule of Funding Progress for the Retirement Plan for the Employees of Panola County.
- Schedule of Funding Progress – Other Post Employment Benefits (OPEB) Plan.
- Budgetary Comparison Schedules for the General Fund and any major Special Revenue Funds.

We have also been engaged to report on supplementary information other than RSI that accompanies the County's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- Combining and Individual Fund Financial Statements and Schedules.
- Schedule of Expenditures of Federal and State Awards.
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund.

MEMBER

Honorable County Judge and Commissioners' Court  
Panola County, Texas  
June 22, 2011  
Page 2 of 7

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and for which our auditor's report will not provide an opinion or any assurance:

- Introductory Section.
- Statistical Section.

### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your basic 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 supplementary information referred to in the second 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*.
- 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 State of Texas Single Audit Circular.

The reports on internal control and compliance will include a statement that the report is intended for the information and use of the County Judge, Commissioners' Court, management, specific legislative or regulatory bodies, state awarding agencies, 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 auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of Texas Single Audit Circular, and will include tests of the accounting records, a determination of major program(s) in accordance with the State of Texas Single Audit Circular, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the State Single Audit compliance opinion are 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 opinions, we may decline to express opinions or to issue a report as a result of this engagement.

### **Management Responsibilities**

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for

Honorable County Judge and Commissioners' Court  
Panola County, Texas  
June 22, 2011  
Page 3 of 7

preparation of the schedule of expenditures of federal and state awards in accordance with the requirements of OMB Circular A-133 and the State of Texas Single Audit Circular. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of state awards, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal and state awards, and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements and the schedule of expenditures of federal and state awards and that you have reviewed and approved the financial statements, schedule of expenditures of federal and state awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee our services and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, and the respective changes in financial position and where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities also include, including identifying significant vendor relationships in which the vendor has the responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include 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 or illegal acts affecting the County involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the County 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, regulations, contracts, agreements, and grants. Additionally, as required by the State of Texas Single Audit Circular, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings

Honorable County Judge and Commissioners' Court  
Panola County, Texas  
June 22, 2011  
Page 4 of 7

and a corrective action plan. The summary schedule of prior audit findings, if applicable, should be available for our review on January 1, 2012. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

#### **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 (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) 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. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

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 or major programs. However, we will inform the appropriate level of management and the County Judge and Commissioners' Court 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, and of any material abuse that comes to our attention. We will include such matters in the reports required for a State Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to 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

Honorable County Judge and Commissioners' Court  
Panola County, Texas  
June 22, 2011  
Page 5 of 7

receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, 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**

Our audit will include obtaining an understanding of the County and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. 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. 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*.

As required by the State of Texas Single Audit Circular, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls 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 the State of Texas Single Audit Circular.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards, *Government Auditing Standards*, and the State of Texas Single Audit Circular.

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

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*.

The State of Texas Single Audit Circular requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of test of transactions and other applicable procedures described in the State of Texas Single Audit Circular for the types of compliance requirements that could have a direct and material effect on each of the County's major programs. The purpose of those procedures will be to express an opinion on

Honorable County Judge and Commissioners' Court  
Panola County, Texas  
June 22, 2011  
Page 6 of 7

the County's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the State of Texas Single Audit Circular.

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

We understand that your employees will locate any documents selected by us for testing.

At the conclusion of the engagement, we will provide one electronic copy (in searchable \*.PDF format) of our report to the County; however, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal and state awards, summary schedule of prior audit findings, auditor's reports, and a corrective action plan) to State Agencies and, if appropriate, to pass-through entities.

The audit documentation for this engagement is the property of Richard P. Loughlin, CPA, 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 state awarding agency, a federal awarding agency providing direct or indirect funding, or the U.S. Government Accountability 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 Richard P. Loughlin, CPA personnel. Furthermore, upon request, we may provide selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five (5) years after the report release or for any additional period requested by any state awarding agency or any federal awarding agency. If we are aware that a state awarding agency, federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party (ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately December 31, 2011 and to issue our report no later than June 18, 2012. Richard P. Loughlin, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as travel, postage, copies, etc.). Based on our preliminary estimates, the fees should approximate \$33,000 to \$37,000, with our best fee estimate at \$35,500. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the outside CPA firm's work on capital assets and the OPEB Plan, and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated

Honorable County Judge and Commissioners' Court  
Panola County, Texas  
June 22, 2011  
Page 7 of 7

fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2008 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the 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 to us.

Very truly yours,

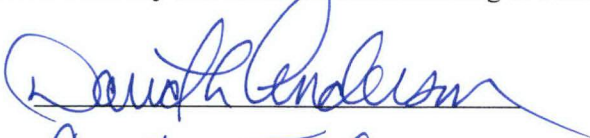


Richard P. Loughlin  
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of Panola County, Texas.

By:



Title:

County Judge

Date:

6-27-11

**MARLOW C. HUNTER, P.C.**  
**101 East Park Boulevard, Suite 805**  
**Plano, Texas 75074**  
**214.207.6958**

August 27, 2008

To the Proprietor  
**RICHARD P. LOUGHLIN, CPA**

I have reviewed the system of quality control for the accounting and auditing practice of **RICHARD P. LOUGHLIN, CPA** (the "firm") in effect for the year ended March 31, 2008. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on my review.

My review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During my review, I read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on my assessments, I selected engagement and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. (The engagements selected included, among others, engagements performed under *Government Auditing Standards*.) Prior to concluding the review, I reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of my review. I believe that the procedures I performed provide a reasonable basis for my opinion.

In performing my review, I obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, I tested compliance with the firm's quality control policies and procedures to the extent I considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. My review was based on selected tests; therefore, it would not necessarily detect all weaknesses in the system of quality control or all instances of non-compliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies and procedures may deteriorate.

In my opinion, the system of quality control for the accounting and auditing practice of **RICHARD P. LOUGHLIN, CPA** in effect for the year ended March 31, 2008, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

*Marlow C. Hunter, P.C.*

**AICPA Peer Review Program  
and TSCPA Peer Review Program**  
Administered by the Texas Society of CPAs



October 27, 2008

Richard P. Loughlin, CPA  
Richard P. Loughlin  
PO Box 1716  
Henderson, TX 75653-1716

Dear Mr. Loughlin:

It is my pleasure to notify you that on October 27, 2008 the Texas Society of CPAs 2008-09 Peer Review Committee accepted the report on the most recent peer review of your firm. The due date for your next review is September 30, 2011. This is the date by which all review documents should be completed and submitted to the administering entity.

The Committee asked me to convey its congratulations to the firm on the results of your review. As you know, the reviewer's opinion was unmodified.

Sincerely,

Jerry L. Cross, CPA  
Director, Peer Review

cc: Marlow C Hunter, CPA

Firm Number: 10119028

Review Number: 264676


**ORDER #2011-03**

**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 2011; 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 Richard P. Loughlin, CPA for matters pertaining to the independent audit for financial matters of Panola County for Fiscal Year 2011.

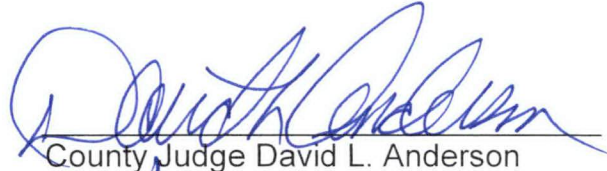
**PASSED, APPROVED, and ADOPTED** in Open Court this 27<sup>th</sup> day of June, 2011.



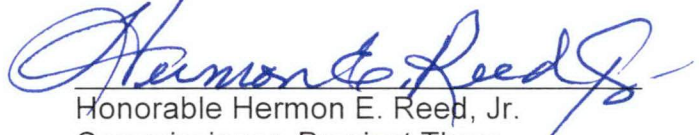
Honorable Ronnie LaGrone  
Commissioner, Precinct One



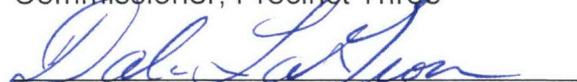
Honorable John Gradberg  
Commissioner, Precinct Two



County Judge David L. Anderson



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



Honorable Dale LaGrone  
Commissioner, Precinct Four

**ATTEST:**


County Clerk Clara Jones

By:  Deputy  
Quimby Woodfin



**ALG-CX-13.1: Governmental Disclosure Checklist**

Governmental Unit: Panola County  
 Completed by: RB

Financial Statement Date: 12/31/2010  
 Date: 6/16/11

**Explanatory Comments**

The following is a list of common disclosure requirements for financial statements of governmental units as required by generally accepted accounting principles. The disclosures are equally appropriate (to the extent applicable) to the financial statements of a single fund, department, or agency of a governmental unit. Note that this is a disclosure checklist, not a GAAP application checklist; accordingly, GAAP measurement and presentation questions are not included. Consideration has been given to the following documents:

**Governmental Accounting Standards Board**

Codification of Governmental Accounting and Financial Reporting Standards (GASB Cod.) (References to GASB Cod. Secs. refer to the June 30, 2010, *Codification of Governmental Accounting and Financial Reporting Standards*).

Governmental Accounting Standards Board Statements (GASBS)

Interpretations (GASBI)

Technical Bulletins (GASBTB)

GASB Comprehensive Implementation Guide (QA)

**Financial Accounting Standards Board**

Statements of Financial Accounting Standards (SFAS)

Interpretations (FASBI)

Technical Bulletins (FASBTB)

Consensus positions of the FASB Emerging Issues Task Force (EITF)

FASB "Qs and As" (QA-SFAS)

FASB Staff Positions (FSP)

**AICPA**

Audit and Accounting Guide, *State and Local Governments* (SLG)

Opinions of the Accounting Principles Board (APB)

Accounting Research Bulletins (ARB)

Accounting Interpretations (AI)

Statements of Position of the Accounting Standards Division (SOP)

Practice Bulletins of the Accounting Standards Executive Committee (AcSEC PB)

An occasional reference is made to Statements on Auditing Standards (SAS) published by the AICPA. Disclosure guidelines for certain financial statement items are in auditing pronouncements. Inclusion of those disclosures without regard to whether the financial statements are audited or unaudited is generally accepted practice.

*FASB Accounting Standards Codification (ASC) 105, Generally Accepted Accounting Principles* (link) (formerly, FASB Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*), which became effective September 15, 2009, replaces the FASB's previous four-part GAAP hierarchy with a single source of GAAP. As a result, the hierarchy of GAAP for nongovernmental entities no longer refers to Statements of Financial Accounting Standards, FASB Interpretations, APB Opinions, etc. GASBS No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued in December 2010, incorporates the FASB, APB, and ARB pronouncements issued on or before November 30th, 1989, which do not conflict with or contradict GASB pronouncements. While GASBS No. 62 keeps the substance of that guidance, it nevertheless modifies the guidance to recognize the effects of the governmental environment and the needs of governmental financial statement users. GASBS No. 62 also supersedes GASBS No. 20, thus eliminating the election that allowed enterprise funds and business-type activities to apply FASB Statements and Interpretations issued after November 30, 1989, that did not conflict with or contradict GASB pronouncements. GASBS No. 62 is effective for

financial statements for periods beginning after December 15, 2011, with earlier application encouraged. This checklist has been updated to include both GASBS No. 62 disclosure requirements and pre-GASBS No. 62 requirements.

Some checklist questions do not cite a specific authoritative reference but indicate that the disclosure is "generally accepted." Most auditors disclose this information even though a specific requirement in authoritative literature cannot be identified.

This checklist is divided into two parts: Part I—Most Frequent Disclosures and Part II—Other Disclosures. See separate instructions for Part I and Part II.

**Disclosure requirements unique to the separate financial statements of external investment pools, disclosure requirements unique to public entity risk pools, and disclosure requirements unique to the Single Audit schedule of expenditures of federal awards are presented in other checklists. Those checklists should be completed in addition to this checklist when applicable.**

This checklist is directed toward disclosures required by GAAP in the basic financial statements and does not include the additional disclosures applicable only to a comprehensive annual financial report (CAFR). This disclosure checklist does not include all of the suggested disclosures included in the *GFOA's Governmental Accounting, Auditing, and Financial Reporting (GAAFR)*. A copy of the current *GFOA Certificate of Achievement for Excellence in Financial Reporting Special Review Committee Checklist* is available at [www.gfoa.org](http://www.gfoa.org).

**Accountants must exercise caution in determining which disclosures are applicable. Different requirements may apply to governmental funds and proprietary funds, and different ones may apply to an enterprise fund, depending on the issuance date of the pronouncement being considered.**

The disclosure checklist is current as of the following documents:

- GASBS No. 62 (December 2010)
- GASBI No. 6 (March 2000)
- GASBTB No. 2008-1 (December 2008)
- QA (2010)

**PPC has developed an electronic versions of this disclosure checklist, including real-world examples of each required disclosure. For order information on *PPC's Interactive Disclosure Library™* for Governments and *PPC's SMART Practice Aids™—Disclosure*, call (800) 431-9025.**

**PART I—MOST FREQUENT DISCLOSURES**

**Instructions**

Part I should be completed in its entirety. A box has been provided for each major disclosure caption. If the major caption is not applicable to your client, simply place a checkmark in the box. It will then not be necessary to check "N/A" for each question under the major caption. Otherwise, respond to each question with a checkmark in the appropriate column: (1) Yes—disclosure made; (2) No—item present but no disclosure made (any item checked "No" should be explained in the checklist or in a separate memorandum); or (3) N/A—either the item is not present or it is immaterial to the financial statements.

		Disclosure Made?		
		Yes	No	N/A
<b><u>MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&amp;A)</u></b>				
1.	Does the MD&A:			
a.	Precede the basic financial statements as required supplementary information? (GASBS No. 34, para. 8)	√	—	—
b.	Discuss current-year results in comparison with the prior year, placing emphasis on the current year? (GASBS No. 34, para. 9)	√	—	—
c.	Focus on the primary government, distinguishing between information for the primary government and that of its component units? (Inclusion of component unit information is a matter of professional judgment based on the unit's significance to the component units total and the relationship with the primary government.) (GASBS No. 34, para. 10)	—	—	√
d.	Exclude information on topics not listed under Question No. 2? (GASBS No. 37, para. 4)	√	—	—
2.	Are the following required items included in MD&A: (Inclusion of required information in the letter of transmittal does not meet this requirement. (GASBS No. 34, paras. 11 and 145 and GASBS No. 37, paras. 4–5).			
a.	A brief discussion of the basic financial statements, including the relationships of the statements to each other, and the significant differences in the information they provide?	√	—	—
b.	The following condensed financial information derived from government-wide financial statements comparing the current year to the prior year, if relevant:			
i.	Total assets, distinguishing between capital and other assets?	√	—	—
ii.	Total liabilities, distinguishing between long-term liabilities and other liabilities?	√	—	—
iii.	Total net assets, distinguishing among amounts invested in capital assets, net of related debt; restricted amounts; and unrestricted amounts?	√	—	—
iv.	Program revenues, by major source?	√	—	—
v.	General revenues, by major source?	√	—	—
vi.	Total revenues?	√	—	—
vii.	Program expenses, at a minimum by function?	√	—	—
viii.	Total expenses?	√	—	—

	Disclosure Made?		
	Yes	No	N/A
ix. Excess (deficiency) before contributions to term and permanent endowments or permanent fund principal, special and extraordinary items, and transfers?	<u>√</u>	—	—
x. Contributions?	—	—	<u>√</u>
xi. Special and extraordinary items?	—	—	<u>√</u>
xii. Transfers?	—	—	<u>√</u>
xiii. Change in net assets?	<u>√</u>	—	—
xiv. Ending net assets?	<u>√</u>	—	—
c. An analysis of the overall financial position and results of operations (addressing both governmental and business-type activities) to assess whether financial position has improved or deteriorated during the year, including reasons for significant changes from the prior year and important economic factors (such as changes in the tax or employment bases) that significantly affected operating results?	<u>√</u>	—	—
d. An analysis of balances and transactions of individual funds, including the reasons for significant changes in fund balances or fund net assets and whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use?	<u>√</u>	—	—
e. An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results for the general fund, including reasons for those variations that are expected to have a significant effect on future services or liquidity?	<u>√</u>	—	—
f. A description of significant capital asset and long-term debt activity, including a discussion of commitments made for capital expenditures, changes in credit ratings, and debt limitations that may affect the financing of planned facilities or services?	<u>√</u>	—	—
g. A discussion of infrastructure assets (for governments that use the modified approach) including (1) significant changes in the assessed condition of eligible infrastructure assets, (2) how the current assessed condition compares with the condition level the government has established, and (3) any significant differences from the estimated annual amount to maintain/preserve eligible infrastructure assets compared with the actual amounts spent during the current period?	—	—	<u>√</u>
h. A description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position (net assets) or results of operations (revenues, expenses, and other changes)?	<u>√</u>	—	—
i. A statement that a comparative analysis will be provided in future years when prior year information is available (if applicable)?	—	—	<u>√</u>
j. Other analysis necessary to meet the requirement for an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, and conditions? (Currently known facts include information known by management as of the date of the auditor's report.) (GASBS No. 34, para. 8)	<u>√</u>	—	—
k. Refer readers to separately issued financial statements, if any, for component unit(s)? (GASBS No. 34, para. 10)	—	—	<u>√</u>

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

## Disclosure Made?

Yes	No	N/A
-----	----	-----

Government-wide financial statements replace the previous combined financial statements and consist of a statement of net assets and a statement of activities. Each of these statements will be addressed individually later in this section.

**GENERAL**

## 1. Do the GWFS:

- |   |   |   |   |
|---|---|---|---|
| a. Include a statement of net assets and a statement of activities? (GASBS No. 34, para. 12)  | √ | — | — |
| b. Exclude fiduciary activities, including component units that are fiduciary in nature? (GASBS No. 34, para. 12)   | √ | — | — |
| c. Measure and report all assets, liabilities, revenues, expenses, gains, and losses using the economic resources measurement focus and the accrual basis of accounting? (GASBS No. 34, para. 12) | √ | — | — |
| d. Contain separate rows and columns for each of the following (if applicable): (GASBS No. 34, paras. 14–15)  |   |   |   |
| i. Governmental activities?   | √ | — | — |
| ii. Business-type activities?   | — | — | √ |
| iii. Discretely presented component units?  | — | — | √ |
| e. Contain a total column for the primary government? (GASBS No. 34, para. 14)  | — | — | √ |

**STATEMENT OF NET ASSETS**

- |  |   |   |   |
|--|---|---|---|
| 1. Are assets and liabilities presented in the order of their relative liquidity or in a classified format? (GASBS No. 34, para. 31)   | √ | — | — |
| a. Are liabilities, whose average maturities are greater than one year, reported in two components—the amount due within one year and the amount due in more than one year? (GASBS No. 34, para. 31)   | √ | — | — |
| 2. If GASBS No. 62 has been implemented, are assets and liabilities not offset unless a right of offset exists? (GASBS No. 62, para. 501)  | — | — | √ |
| 3. Is the difference between assets and liabilities reported as net assets, and is it displayed in the following three components (if applicable): invested in capital assets, net of related debt; restricted; and unrestricted? (GASBS No. 34, paras. 32–37)   | √ | — | — |
| 4. Is the amount of the primary government's net assets at the end of the reporting period that is restricted by enabling legislation disclosed in the notes to the financial statements? (GASBS No. 46, para. 6)  | — | — | √ |
| 5. If permanent endowments, permanent fund principal amounts, or a minority interest in a component unit (accounted for under GASBS No. 61) are included in restricted net assets, are the expendable and nonexpendable components of restricted net assets presented? (GASBS No. 34, para. 35 and GASBS No. 61, para. 12) | — | — | √ |
| 6. Are designations of net assets excluded from the statement of net assets? (GASBS No. 34, para. 37)  | √ | — | — |

**STATEMENT OF ACTIVITIES**

- |  |   |   |   |
|--|---|---|---|
| 1. Is a net (expense) revenue format used to report each of the government functions? (GASBS No. 34, para. 38) | √ | — | — |
|--|---|---|---|

	Disclosure Made?		
	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Are general revenues, contributions to term and permanent endowments, special and extraordinary items, and transfers reported separately after total net expenses of the government's functions? (GASBS No. 34, para. 38)	<u>√</u>	—	—
3. Are governmental activities presented to coincide with the level of detail required in the governmental fund financial statements—at a minimum by function? (GASBS No. 37, para. 10)	<u>√</u>	—	—
4. Are activities accounted for in enterprise funds presented by different identifiable activities? (GASBS No. 37, para. 10)	—	—	<u>√</u>
5. Are all expenses reported by function, except for those considered extraordinary or special and except as indicated in Questions 7a and 8? (GASBS No. 34, para. 41)	<u>√</u>	—	—
6. Are direct expenses presented for each function, and if indirect expenses are allocated, are direct and indirect expenses presented in separate columns? (GASBS No. 34, paras. 41 and 42)	<u>√</u>	—	—
7. Is depreciation expense on assets specifically identified with a function included in its direct expenses, and is the depreciation expense on shared capital assets ratably included in the direct expenses of the appropriate functions? (GASBS No. 34, para. 44)	<u>√</u>	—	—
a. If a separate line is used to report unallocated depreciation, such as depreciation on a capital asset that essentially serves all functions, is it clearly indicated on the face of the statement that this line item excludes direct depreciation expenses of the various programs? (GASBS No. 34, para. 44)	—	—	<u>√</u>
8. Is depreciation expense on general infrastructure assets not allocated to various functions but reported as a direct expense of the most relevant function? (GASBS No. 34, para. 45)	<u>√</u>	—	—
9. Is interest expense on long-term debt included in direct expenses in those limited instances when applicable or as a separate line item that, when applicable, clearly indicates that it excludes direct interest expenses reported as a function expense? (GASBS No. 34, para. 46)	<u>√</u>	—	—
a. When applicable, has the amount of interest expense included as a direct function expense been disclosed? (GASBS No. 34, para. 46)	<u>√</u>	—	—
10. Have the following been disclosed: (SFAS No. 34, para. 21 , and SFAS No. 49, para. 9 )			
a. The total amount of interest costs incurred, with separate identification of interest costs associated with product financing arrangements?	—	—	<u>√</u>
b. The total amount of interest charged to expense?	<u>√</u>	—	—
c. The total amount of interest capitalized in enterprise fund assets?	—	—	<u>√</u>
11. If GASBS No. 62 has been implemented, have the following been disclosed? (GASBS No. 62, para. 22)			
a. For an accounting period in which no interest cost is capitalized, the amount of interest cost incurred and charged to expense during the period?	—	—	<u>√</u>
b. For an accounting period in which some interest cost is capitalized, the total amount of interest incurred during the period and the amount thereof that has been capitalized?	—	—	<u>√</u>
12. Are the following three categories of program revenues separately reported at a minimum: (GASBS No. 34, para. 48 and GASBS No. 37, para. 12)			

## Disclosure Made?

Yes	No	N/A
-----	----	-----

- |  |   |   |   |
|--|---|---|---|
| a. Charges for services?   | √ | — | — |
| b. Program-specific operating grants and contributions?  | √ | — | — |
| c. Program-specific capital grants and contributions?  | √ | — | — |
| 13. Are general revenues reported after total net expense of the government's functions, including all taxes reported by type of tax, e.g., sales, property, franchise, and income? (GASBS No. 34, para. 52)   | √ | — | — |
| 14. Are the following items reported separate from, but in the same manner as, general revenues: (GASBS No. 34, para. 53)  |   |   |   |
| a. Contributions to term and permanent endowments?   | — | — | √ |
| b. Contributions to permanent fund principal?  | — | — | √ |
| c. Special and extraordinary items?  | — | — | √ |
| d. Transfers between governmental and business-type activities?  | — | — | √ |
| 15. Are special items (significant transactions within the control of management that are either unusual in nature or infrequent in occurrence) separately reported before extraordinary items? (GASBS No. 34, para. 56)   | — | — | √ |
| 16. Are items that are either unusual or infrequent but not within the control of management disclosed in the notes to the financial statements? (GASBS No. 34, para. 56)  | — | — | √ |
| 17. Are accrued net losses on firm purchase commitments for inventory separately disclosed in the operating statement (statement of activities) if material? (ARB No. 43, ch. 4, para. 17 and GASBS No. 62, para. 200)   | — | — | √ |
| 18. Have the nature of the event or transaction and the principal items entering into the determination of an extraordinary gain or loss been disclosed? (APB No. 30, para. 11)  | — | — | √ |
| 19. Is the adjustment in the current period of a previously presented extraordinary item or special item classified separately in the same manner as the original item and are the year of origin, nature, and amount disclosed? (APB No. 30, para. 25 and GASBS No. 62, para. 50) | — | — | √ |

**INTERNAL BALANCES AND INTERNAL SERVICE FUNDS**

- |  |   |   |   |
|--|---|---|---|
| 1. Are internal balances eliminated in the statement of net assets to minimize the grossing up of internal balances, leaving a net amount due between the governmental and business-type activities that is eliminated in the total primary government column? (Balances with fiduciary activities are not considered to be internal balances.) (GASBS No. 34, para. 58) | √ | — | — |
| 2. Are eliminations made in the statement of activities to remove the duplication of internal service fund activity, leaving the expenses reported in the function to which they were allocated? (GASBS No. 34, para. 59)  | — | — | √ |
| 3. Are transactions between the primary government and discretely presented component units reported as external transactions, and are receivables/payables reported on a separate line? (GASBS No. 34, para. 61)  | — | — | √ |
| 4. Unless dominated by enterprise funds, are internal service fund balances reported in the governmental activities column of the statement of net assets? (GASBS No. 34, para. 62)  | — | — | √ |

## Disclosure Made?

Yes No N/A

**FUND FINANCIAL STATEMENTS**

NOTE: The disclosures in Questions 6, 7, and 11d are required by GASBS No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes new fund balance classifications for governmental fund types and clarifies the definitions of the governmental fund types. GASBS No. 54 is effective for financial statements for periods beginning after June 15, 2010, with early implementation encouraged. Questions 5b, 5c, and 11b should be completed only if GASBS No. 54 has not been adopted.

- |  |   |   |   |
|--|---|---|---|
| 1. Are separate fund financial statements presented for each of the following three categories: (GASBS No. 34, para. 63)   |   |   |   |
| a. Governmental funds?   | √ | — | — |
| b. Proprietary funds?  | — | — | √ |
| c. Fiduciary funds and similar component units?  | √ | — | — |
| 2. Do the governmental and proprietary fund financial statements contain a column for each major fund, with a single column for the aggregate of nonmajor funds and a total column? (GASBS No. 34, paras. 75, 76, 83, 86, and 93)  | √ | — | — |
| 3. Do the governmental and proprietary fund financial statements present a summary reconciliation to the government-wide financial statements at the bottom of the fund financial statements or in an accompanying schedule? (GASBS No. 34, para. 77)  | √ | — | — |
| a. If the summary reconciliation obscures the nature of the individual elements of a particular reconciling item, is a more detailed explanation provided in a note to the financial statements? (GASBS No. 34, para. 77)  | √ | — | — |
| 4. Are the governmental funds financial statements prepared using the current financial resources measurement focus and the modified accrual basis of accounting, and are the proprietary funds financial statements prepared using the economic resources measurement focus and the accrual basis of accounting? (GASBS No. 34, paras. 79 and 92) | √ | — | — |
| 5. Do the governmental funds financial statements:   |   |   |   |
| a. Include a balance sheet (assets equal liabilities plus fund balances) and a statement of revenues, expenditures, and changes in fund balances? (GASBS No. 34, paras. 78 and 83)   | √ | — | — |
| b. Segregate governmental fund balances into reserved and unreserved amounts? (GASBS No. 34, para. 84)   | √ | — | — |
| c. Disclose the purposes of the reservations of fund balances for the combined nonmajor funds, and display the unreserved fund balances by fund type in the balance sheet? (GASBS No. 34, para. 84)  | √ | — | — |
| d. Present the major sources of revenue (e.g., property, sales, and franchise tax revenue; revenue from licenses, fees, and permits; interest income, etc.)? (GASB Cod. Sec. 1800.115)   | √ | — | — |
| e. Report the face amount of long-term debt (including capital leases), issuance premium or discount, payments to bond escrow agents, transfers, and sale of capital assets separately from fund revenues as "other financing sources"? (GASBS No. 34, para. 88, GASBS No. 37, para. 16, and QA-2010, Question 7.66.1)                             | — | — | √ |
| f. Classify expenditures by function or program, and by character; e.g., current, capital outlays, and debt service? (GASB Cod. Sec. 1800.116–.117 and .120)   | √ | — | — |

## Disclosure Made?

Yes	No	N/A
-----	----	-----

- |   |     |     |   |
|---|-----|-----|---|
| g. Report debt issue costs, such as underwriter and attorneys fees (if any), as expenditures? (GASBS No. 34, para. 87, and QA-2010, Question 7.66.1)  | ___ | ___ | √ |
| h. Separately report special items (significant transactions within the control of management that are either unusual in nature or infrequent in occurrence) after other financing sources or uses and before extraordinary items? (GASBS No. 34, para. 89) | ___ | ___ | √ |
| i. Separately identify within the appropriate revenue or expenditure category or disclose in the notes to financial statements items that are either unusual or infrequent, but not within the control of management? (GASBS No. 34, para. 89)              | ___ | ___ | √ |
| 6. If GASBS No. 54, <i>Fund Balance Reporting and Governmental Fund Type Definitions</i> , has been implemented, do the governmental funds financial statements:  |     |     |   |
| a. Present fund balance classifications on the balance sheet in the following hierarchy: nonspendable, restricted, committed, assigned, or unassigned, as applicable? (GASBS No. 54, paras. 5-19)   | ___ | ___ | √ |
| b. Report stabilization amounts only in the general fund as restricted, committed, or unassigned, or in a special revenue fund as restricted or committed, as applicable? (GASBS No. 54, para. 21)  | ___ | ___ | √ |
| c. Include amounts encumbered for specific purposes within restricted, committed, or assigned fund balance but not display such amounts separately within those classifications? (GASBS No. 54, para. 24)   | ___ | ___ | √ |
| 7. In the year that GASBS No. 54 is implemented, are beginning fund balance classifications retroactively restated for all prior periods presented? (GASBS No. 54, para. 36)  | ___ | ___ | √ |
| a. If prior periods have not been restated, is the nature of the differences from the prior information disclosed? (GASBS No. 62, para. 36)   | ___ | ___ | √ |
| 8. Do the proprietary funds financial statements:   |     |     |   |
| a. Include a statement of net assets or a balance sheet; a statement of revenues, expenses, and changes in fund net assets (equity); and a statement of cash flows? (GASBS No. 34, para. 91)  | ___ | ___ | √ |
| b. Include a single column for all internal service funds to the right of the total enterprise funds column? (GASBS No. 34, para. 96)   | ___ | ___ | √ |
| c. Present assets and liabilities in a classified format? (GASBS No. 34, para. 97)  | ___ | ___ | √ |
| d. Report assets with use restrictions as restricted assets? (GASBS No. 34, para. 99)   | ___ | ___ | √ |
| e. If GASBS No. 62 has been implemented, not offset assets and liabilities except when a right of offset exists? (GASBS No. 62, para. 501)  | ___ | ___ | √ |
| f. Present net assets in the following three components (if applicable): invested in capital assets, net of related debt; restricted; and unrestricted? (GASBS No. 34, para. 98)  | ___ | ___ | √ |
| g. Separate restricted net assets into expendable and nonexpendable categories? (GASBS No. 34, para. 103)   | ___ | ___ | √ |
| h. Report revenues by major source? (GASBS No. 34, para. 100)   | ___ | ___ | √ |
| i. Report revenues net of discounts and allowances with the discounts and allowances disclosed on the face of the statement or in a note to the financial statements? (GASBS No. 34, footnote 41)   | ___ | ___ | √ |

	Disclosure Made?		
	Yes	No	N/A
j. Distinguish between operating and nonoperating revenues and expenses? (GASBS No. 34, para. 100)	—	—	√
k. Separately report accrued net losses on firm purchase commitments? (ARB No. 43, ch. 4, para. 17 ; GASBS No. 62, para. 200)	—	—	√
l. Present subtotals for operating revenues, operating expenses, and operating income? (GASBS No. 34, para. 100)	—	—	√
m. Report nonoperating revenues and expenses after operating income? (GASBS No. 34, para. 100)	—	—	√
n. Report revenues from capital contributions and additions to the principal of permanent and term endowments, special and extraordinary items, and transfers separately, after nonoperating revenues and expenses? (GASBS No. 34, paras. 100 and 103)	—	—	√
9. Do the fiduciary funds and similar component unit funds financial statements:			
a. Include a statement of fiduciary net assets and a statement of changes in fiduciary net assets? (GASBS No. 34, para. 106)	√	—	—
b. Include a single column for each fiduciary fund type—pension trust, investment trust, private-purpose trust, and agency funds (if applicable)? (GASBS No. 34, para. 106)	√	—	—
c. Use the economic resources measurement focus and the accrual basis of accounting (excluding certain pension and postemployment items)? (GASBS No. 34, para. 107)	√	—	—
d. Exclude the reporting of agency funds in the statement of changes in fiduciary net assets? (GASBS No. 34, para. 110)	√	—	—
10. In reporting interfund activity in the fund financial statements between the governmental, proprietary, and fiduciary activities: (GASBS No. 34, para. 112 and GASB Cod. Sec. 1800.102)			
a. Are interfund loans reported as interfund receivables and payables?	—	—	√
b. Are interfund services (sales and purchases of goods or services) reported as revenues and expenses/expenditures with unpaid amounts reported as interfund receivables and payables?	—	—	√
c. Are interfund transfers reported as other financing sources and uses in governmental funds and after nonoperating revenues and expenses in proprietary funds?	√	—	—
d. Are interfund reimbursements excluded by the funds initially reporting the expense/expenditure?	—	—	√
11. In reporting net assets/fund equity:			
a. Are subdivisions of fund balance appropriate? (GASB Cod. Sec. 1800.141–150 and SLG, paras. 10.09–18 )	√	—	—
b. Is the nature of any reservation or designation of fund balances disclosed in the notes to the financial statements? [GASB Cod. Sec. P70.109 and NCGAI 3, para. 11]	√	—	—
c. Is there disclosure of any deficit in the fund balance or net assets of an individual nonmajor fund? (GASB Cod. Sec. 2300.106o)	—	—	√
d. For governmental funds, if GASBS No. 54 has been implemented:			

	Disclosure Made?		
	<u>Yes</u>	<u>No</u>	<u>N/A</u>
i. Is detailed information about any nonspendable, restricted, committed, or assigned fund balances that are aggregated on the balance sheet disclosed in the notes to the financial statements? (GASBS No. 54, para. 25)	_____	_____	<u>√</u>
ii. Is the following information about stabilization amounts (i.e., amounts formally set aside for use in emergency situations or when revenue shortages or budgetary imbalances occur) disclosed in the notes to the financial statements: (GASBS No. 54, para. 26)			
1) The authority (e.g., statute or ordinance) for establishing stabilization arrangements?	_____	_____	<u>√</u>
2) Requirements for additions to stabilization amounts?	_____	_____	<u>√</u>
3) Conditions under which stabilization amounts may be spent?	_____	_____	<u>√</u>
4) The stabilization balance, if not apparent on the face of the financial statements?	_____	_____	<u>√</u>
iii. Are the purpose for each major special revenue fund and the revenues and other resources it reports disclosed in the notes to the financial statements? (GASBS No. 54, para. 32)	_____	_____	<u>√</u>

**STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS**

## 1. Does the statement of cash flows:

## a. Classify cash receipts and cash payments as resulting from the following activities: (GASBS No. 9, para. 15)

i. Operating activities?

\_\_\_\_\_

ii. Noncapital financing activities?

\_\_\_\_\_

iii. Capital and related financing activities?

\_\_\_\_\_

iv. Investing activities?

\_\_\_\_\_

## b. Use the direct method of presenting cash flows from operating activities? (GASBS No. 34, para. 105)

\_\_\_\_\_

## c. Separately report the net effect of cash flows of each of the categories in Question 1.a. above on cash and cash equivalents during the period in a manner that reconciles beginning and ending cash and cash equivalents? (GASBS No. 9, paras. 30 and 35)

\_\_\_\_\_

d. Show total amounts of cash and cash equivalents at the beginning and end of the period in a manner where they can be *easily traceable* to similarly titled line items or subtotals shown in the combined balance sheet? (GASBS No. 9, para. 8)

\_\_\_\_\_

## e. Separately report the following classes of operating cash receipts and payments: (GASB Cod. Sec. 2450.128)

i. Cash receipts from customers?

\_\_\_\_\_

ii. Cash receipts from interfund services provided?

\_\_\_\_\_

iii. Other operating cash receipts, if any?

\_\_\_\_\_

iv. Cash payments to other suppliers of goods or services?

\_\_\_\_\_

v. Cash payments to employees for services?

\_\_\_\_\_

	Disclosure Made?		
	Yes	No	N/A
vi. Cash payments for interfund services used, including payments in lieu of taxes that are payments for, and equivalent to, services provided?	—	—	—
vii. Other operating cash payments, if any?	—	—	—
f. Include a separate schedule reconciling operating income to net cash flow from operating activities? (GASBS No. 34, para. 105)	—	—	—
i. Does the schedule separately report all major classes of reconciling items including, at a minimum, changes in receivables, inventory, and payables? (GASB Cod. Sec. 2450.129)	—	—	—
g. Include a separate schedule of information about all investing, capital, and financing activities that affect recognized assets or liabilities but do not result in cash receipts or payments in the period? (GASBS No. 9, para. 37, and QA-2010, Question 2.32.1)	—	—	—

### **BUDGETARY COMPARISON SCHEDULES**

1. If a budget is not adopted for the general or a major special revenue fund because it is not legally required to do so (thus eliminating the requirement to present budgetary comparison information), is that fact disclosed in the notes to RSI (or in the notes to the financial statements if the budgetary comparison information is presented as a basic financial statement)? (SLG, para. 11.16 )	—	—	√
2. Is a budgetary comparison schedule presented as required supplementary information or as a basic financial statement for the general fund and each major special revenue fund that has a legally adopted budget? (GASBS No. 34, para. 130)	√	—	—
3. If significant budgetary perspective differences prevent the presentation of budgetary comparisons for the general fund and each major special revenue fund, is the budgetary comparison information presented only as required supplementary information based on the fund, organization, or program structure used for the legally adopted budget? (GASBS No. 41, para. 3)	—	—	√
4. Are columns provided for: (GASBS No. 34, para. 130)			
a. Original budget?	√	—	—
b. Final appropriated budget?	√	—	—
c. Actual results presented on the budgetary basis?	√	—	—
5. Does the schedule provide information (in a separate schedule or in notes) that reconciles the budgetary information to the GAAP information? (GASBS No. 34, para. 131)	—	—	√
6. Do notes to the schedule disclose individual funds presented in the budgetary comparison with an excess of expenditures over appropriations (if any)? (GASBS No. 34, para. 131 and GASBS No. 37, para. 19)	—	—	√

### **GENERAL FINANCIAL STATEMENT DISCLOSURES**

(These are additional note disclosures that have not been addressed in previous checklist questions.)

### **ACCOUNTING POLICIES**

## Disclosure Made?

Yes	No	N/A
-----	----	-----

- |   |   |   |   |
|---|---|---|---|
| 1. Are all significant accounting policies presented as Note No. 1 or in a separate schedule including where there is a selection from existing acceptable alternatives, where there are principles and methods peculiar to governmental accounting or specialized activities the governmental unit operates, and where unusual or innovative applications of GAAP or methods of application exist? (APB No. 22, paras. 8-15 and GASBS No. 62, paras. 93 and 94)                      | √ | — | — |
| 2. Are the following unique governmental accounting policies included: (GASBS No. 34, para. 115; GASBS No. 54, paras. 23 and 27; GASBS No. 61, para. 11; and GASB Cod. Sec. 2300.106)   |   |   |   |
| a. A description of the government-wide financial statements, noting that neither fiduciary funds nor component units that are fiduciary in nature are included?  | √ | — | — |
| b. A brief description of the component units of the financial reporting entity and their relationships to the primary government, including a discussion of the criteria or rationale for including component unit in the financial reporting entity and how each component unit is reported? Also, information should be included about how the separate financial statements for the individual component units may be obtained. (See The Financial Reporting Entity, Question 4.) | — | — | √ |
| c. A description of the activities accounted for in each of the following columns—major funds, internal service funds, and fiduciary fund types—presented in the basic financial statements? (GASBS No. 38, para. 6)  | √ | — | — |
| d. The measurement focus and basis of accounting used in the government-wide statements and the revenue recognition policies used in fund financial statements?   | √ | — | — |
| e. The length of time used to define <i>available</i> for purposes of revenue recognition in the governmental fund financial statements? (GASBS No. 38, para. 7)  | √ | — | — |
| f. The policy for eliminating internal activity in the government-wide statement of activities? (QA-2010, Question 7.84.2)  | √ | — | — |
| g. The policy for capitalizing assets and for estimating the useful lives of those assets (used to calculate depreciation expense)? (Phase 3 governments that elect not to report major general infrastructure assets retroactively should describe that fact. Governments that choose to use the modified approach for reporting eligible infrastructure assets should describe that approach.) (QA-2010, Questions 7.85.4 and 7.85.5)   | √ | — | — |
| h. A description of the types of transactions included in program revenues and the policy for allocating indirect expenses to functions in the statement of activities?   | √ | — | — |
| i. The policy for defining operating and nonoperating revenues of proprietary funds?  | — | — | √ |
| j. If GASBS No. 62 has <i>not</i> been implemented, the policy for applying FASB pronouncements issued after November 30, 1989, to business-type activities and to enterprise funds of the primary government?  | — | — | √ |
| k. The definition of cash and cash equivalents used in the statement of cash flows for proprietary fund types?  | — | — | √ |
| l. The government's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available?  | √ | — | — |
| m. If GASBS No. 54 has been implemented, the government's fund balance classification policies and procedures for governmental funds, including:  |   |   |   |
| i. For committed fund balances: (GASBS No. 54, para. 23)  |   |   |   |

	Disclosure Made?		
	Yes	No	N/A
1) The government's highest level of decision-making authority?	—	—	√
2) The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment?	—	—	√
ii. For assigned fund balances: (GASBS No. 54, para. 23)			
1) The body or official authorized to assign amounts to a specific purpose?	—	—	√
2) The policy established by the governing body pursuant to which the authorization to assign amounts to a specific purpose is given?	—	—	√
iii. The government's policy regarding whether restricted or unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available? (GASBS No. 54, para. 23)	—	—	√
iv. The government's policy regarding whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used? (GASBS No. 54, para. 23)	—	—	√
v. The government's policy that sets forth the minimum fund balance amount, if the government has formally adopted such a policy? (GASBS No. 54, para. 27)	—	—	√
3. Is there disclosure of any material changes in classifications made to previously issued financial statements? (SAS No. 1, AU 420.17 and GASBS No. 62, para. 52)	—	—	√
4. In instances when future financial statements will require prior period adjustments, because of new GASB or other pronouncements, and the effect will be material, is disclosure of the possible future effect sufficient to keep the financial statements from being misleading? (AU 9410.13–.18 )	—	—	√
5. Are details of the governmental unit's property tax calendar disclosed, including lien dates, levy dates, due dates, and collection dates? (GASB Cod. Sec. P70.109)	√	—	—
6. If a period greater than 60 days is used to measure availability, and thus to accrue property taxes, are the reasons for a different period and the length of that period disclosed? (GASB Cod. Sec. P70.104)	—	—	√

#### THE FINANCIAL REPORTING ENTITY

1. Financial statement presentation			
a. Do the financial statements of the reporting entity provide an overview of the entity based on financial accountability? (GASB Cod. Sec. 2600.105)	√	—	—
b. Are users able to distinguish between the primary government and its component units? (GASB Cod. Sec. 2600.105 and QA-2010, Question 4.28.6)	—	—	√
i. If budgetary data is presented for discretely presented component units, is it presented only as supplementary information and not in the reporting entity's budget-to-actual comparison? (QA-2010, Question 4.36.1)	—	—	√
c. Are columns located to the right of the government-wide financial data of the primary government for the discrete presentation of component units financial data? (GASB Cod. Sec. 2600.107 and QA-2010, Question 4.28.4)	—	—	√
d. Are descriptive column headings provided in the discrete presentation? (GASB Cod. Sec. 2600.107)	—	—	√

## Disclosure Made?

Yes	No	N/A
-----	----	-----

e. Are component units that are fiduciary in nature reported only in the fiduciary funds statements? (GASBS No. 34, para. 12)

___	___	√
-----	-----	---

f. Are organizations that raise and hold economic resources for the direct benefit of the governmental unit reported as component units as required by GASB No. 39, *Determining Whether Certain Organizations Are Component Units, an Amendment of GASB Statement No. 14*? (GASBS No. 39, para. 5)

___	___	√
-----	-----	---

## 2. Component unit reporting

a. Is each major discretely presented component unit (excluding those that are fiduciary in nature) [If GASBS No. 61 has *not* been implemented, the determination that a component unit is major is based on the component unit's significance to the other component units and to the primary government. If GASBS No. 61 has been implemented, the determination that a component unit is major is based on the component unit's significance to the primary government. (GASBS No. 61, para. 7)] included either in a separate column in the government-wide statements of net assets and activities, in the combining statements of major component units or as condensed financial statements in the notes to the financial statements? (GASBS No. 34, paras. 125 and 126, and GASB Cod. Sec. 2600.108)

___	___	√
-----	-----	---

b. If the condensed financial statement disclosure approach is taken, have the following details (at a minimum) been separately presented: (GASBS No. 34, para. 127, and GASB Cod. Sec. 2600.109)

## i. Condensed statement of net assets:

1) Total assets—distinguishing between capital assets and other assets? (Amounts receivable from the primary government or from other component units should be reported separately.)

___	___	√
-----	-----	---

2) Total liabilities—distinguishing between long-term debt outstanding and other liabilities? (Amounts payable to the primary government or to other component units should be reported separately.)

___	___	√
-----	-----	---

3) Total net assets—distinguishing between restricted, unrestricted, and amounts invested in capital assets, net of related debt?

___	___	√
-----	-----	---

## ii. Condensed statement of activities:

1) Expenses (by major functions and for depreciation expense, if separately reported)?

___	___	√
-----	-----	---

2) Program revenues (by type)?

___	___	√
-----	-----	---

3) Net program (expense) revenue?

___	___	√
-----	-----	---

4) Tax revenues?

___	___	√
-----	-----	---

5) Other nontax general revenues?

___	___	√
-----	-----	---

6) Contributions to endowments and permanent fund principal?

___	___	√
-----	-----	---

7) Special and extraordinary items?

___	___	√
-----	-----	---

8) Change in net assets?

___	___	√
-----	-----	---

9) Beginning net assets?

___	___	√
-----	-----	---

10) Ending net assets?

___	___	√
-----	-----	---

	Disclosure Made?		
	Yes	No	N/A
c. If GASBS No. 61 has been implemented, do the notes to the financial statements include the following condensed information for blended component units of a government engaged only in business-type activities that use a single column for financial statement presentation: (GASBS No. 61, para. 9)	—	—	√
i. Condensed statement of net assets:			
1) Total assets—distinguishing between current assets, capital assets, and other assets? (Amounts receivable from the primary government or from other component units should be reported separately.)	—	—	√
2) Total liabilities—distinguishing between long-term debt outstanding and other liabilities? (Amounts payable to the primary government or to other component units should be reported separately.)	—	—	√
3) Total net assets—distinguishing between amounts invested in capital assets, net of related debt; restricted (with expendable and nonexpendable amounts separately reported); and unrestricted?	—	—	√
ii. Condensed statement of revenues, expenses, and changes in net assets:			
1) Operating revenues (by major source)?	—	—	√
2) Operating expenses, with depreciation/amortization separately identified?	—	—	√
3) Operating income (loss)?	—	—	√
4) Nonoperating revenues (expenses), with major revenues and expenses separately reported?	—	—	√
5) Capital contributions and additions to permanent and term endowments?	—	—	√
6) Special and extraordinary items?	—	—	√
7) Transfers?	—	—	√
8) Change in net assets?	—	—	√
9) Beginning net assets?	—	—	√
10) Ending net assets?	—	—	√
iii. Condensed statement of cash flows:			
1) Net cash provided (used) by:			
a) Operating activities?	—	—	√
b) Noncapital financing activities?	—	—	√
c) Capital and related financing activities?	—	—	√
d) Investing activities?	—	—	√
2) Beginning cash and cash equivalent balances?	—	—	√
3) Ending cash and cash equivalent balances?	—	—	√
d. Are the entity totals derived from the component units' statements used to support the amounts reported in the government-wide financial statements? (GASBS No. 34, para. 126 and GASBS No. 37, para. 18)	—	—	√

## Disclosure Made?

Yes	No	N/A
-----	----	-----

e. Is the information for all nonmajor discretely presented component units aggregated in a separate column? (Though not required, a combining statement for nonmajor component units may be presented as supplementary information.) (GASB Cod. Sec. 2600.108)	___	___	√
f. Are the nature and amount of significant transactions with the primary government and other component units presented in the notes to the financial statements for each major component unit? (GASBS No. 34, para. 128)	___	___	√
3. Reporting period disclosures (QA-2010, Question 4.38.1)			
a. If transactions between component units that have different fiscal year ends result in inconsistencies in amounts reported in due to/from or transfer accounts, are the nature and amount of those transactions disclosed in the notes to the financial statements? (GASBS No. 14, para. 60)	___	___	√
b. Is the fiscal year of the component units included in the reporting entity consistent from year to year, and are changes in fiscal years disclosed? (GASBS No. 14, para. 60)	___	___	√
4. Relationship between the primary government and component units			
a. Do the notes to the financial statements include a brief description of the component units (those blended and those discretely presented) and their relationships to the primary government? (GASBS No. 14, para. 61 and GASBS No. 61, para. 11)	___	___	√
b. Does this description include a discussion of the criteria or rationale for including the respective component units in the financial reporting entity and how the component units are reported? (GASBS No. 14, para. 61 and GASBS No. 61, para. 11, and QA-2010, Questions 4.39.3 and 4.39.4)	___	___	√
c. Is information included on how the separate financial statements of the individual component units may be obtained? (GASBS No. 14, para. 61 and GASBS No. 61, para. 11)	___	___	√
d. Do the notes to the financial statements include required disclosure information for the governmental and business-type activities, major funds individually, and nonmajor funds in the aggregate of the primary government including its blended component units and major discretely presented component units? (GASBS No. 61, para. 11; GASB Cod. Sec. 2600.122; and QA-2010, Questions 4.39.1–4.39.6)	___	___	√
e. If the financial statements present only the data of the primary government, is it acknowledged that the data of the component units that is necessary for reporting in conformity with GAAP is not included? (GASBS No. 14, para. 64)	___	___	√
f. Do the separately issued financial statements of a component unit acknowledge that it is a component unit of another government? (GASBS No. 14, para. 65)	___	___	√
g. Do the separately issued financial statements of a component unit identify the primary government in whose financial reporting entity it is included and describe its relationship with the primary government? (GASBS No. 14, para. 65)	___	___	√
5. Related organizations			
a. Does the primary government disclose in the notes to the financial statements the nature of its accountability for related organizations? (GASBS No. 14, para. 68)	___	___	√
b. Do the financial statements of the related organization disclose the primary government that is accountable for it and describe its relationship with that primary government? (GASBS No. 14, para. 68)	___	___	√

## Disclosure Made?

Yes	No	N/A
-----	----	-----

## 6. Joint ventures

a. If the governmental entity participates in joint ventures, does it make the following disclosures in the notes to its financial statements:

i. A general description of each joint venture, including:

1) A description of the participating government's ongoing financial interest (including its equity interest, if applicable) or ongoing financial responsibility? (GASBS No. 14, para. 75)

—	—	√
---	---	---

2) Enough information to allow the reader to evaluate whether the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit or burden on the participating government in the future? (GASBS No. 14, para. 75)

—	—	√
---	---	---

3) Information about the availability of separate financial statements of the joint venture? (GASBS No. 14, para. 75)

—	—	√
---	---	---

ii. Disclosure of any other information required by GASB Cod. Sec. 2300.107f on related party transactions? (GASBS No. 14, para. 75)

—	—	√
---	---	---

## 7. Jointly governed organizations

a. If the governmental unit participated in a jointly governed organization but did not retain an ongoing financial interest or responsibility in the organization, have related party transaction disclosures been made? (GASBS No. 14, para. 77)

—	—	√
---	---	---

**CASH**

		□
--	--	---

1. Are restrictions on cash or investments properly disclosed (SFAS No. 5, paras. 18 and 19 ) and are restricted amounts appropriately segregated from other cash items possibly to the point of showing restricted cash as a noncurrent asset under a classified format? (ARB No. 43, ch. 3A, para. 6 and GASBS No. 62, para. 31)

—	—	√
---	---	---

2. Are material bank overdrafts presented as a separate caption among liabilities (SLG, para. 5.30 )? Similarly, are material dollar amounts of held checks (checks on the bank reconciliation but not released until after the balance sheet date) reclassified as accounts payable? (Generally accepted)

—	—	√
---	---	---

**NOTES AND ACCOUNTS RECEIVABLE**

		□
--	--	---

1. Is the allowance for doubtful accounts, if any, disclosed? (APB No. 12, para. 3 and GASBS No. 62, para. 33)

√	—	—
---	---	---

2. Are unearned discounts, finance charges, and imputed interest included in the face amount of receivables deducted from the related receivable and appropriately disclosed? (APB No. 6, para. 14 ; APB No. 21, para. 16 ; and GASBS No. 62, para. 32)

—	—	√
---	---	---

3. If there is a discount or premium associated with a receivable, see the section of this checklist titled Liabilities, Question 8.

—	—	√
---	---	---

**DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

		□
--	--	---

Disclosure Made?		
Yes	No	N/A

NOTES: The disclosures required by GASBS Nos. 3, as amended, and 40 should generally be made for the primary government, including its blended component units. Risk disclosures should also be presented for governmental and business-type activities, individual major funds, nonmajor funds in the aggregate, or fiduciary fund types when those risks are significantly greater than the risks of the primary government. (GASBS No. 40, para. 5) Disclosures required by GASBS Nos. 3, as amended, and 40 should be made separately for the total of those discretely presented component units for which disclosures are essential to fair presentation. (GASB Cod. Sec. C20.105)

The disclosure in Question 5f has been modified by GASBS No. 59, *Financial Instruments Omnibus*, which is effective for financial statements for periods beginning after June 15, 2010, with early implementation encouraged. Question 5f should be completed if GASBS No. 59 has *not* been adopted, and Question 5g should be completed if GASBS No. 59 has been adopted.

The disclosure requirements for external investment pools and the governments that sponsor such pools are included in Part II of this checklist.

- |  |   |   |   |
|--|---|---|---|
| 1. Are the following disclosures made concerning legal or contractual provisions for deposits and investments (including repurchase agreements): (GASBS No. 3, paras. 65 and 66)   |   |   |   |
| a. Brief description of the types of investments authorized by legal or contractual provisions? (QA-2010, Questions 1.7.1 and 1.7.2)   | √ | — | — |
| b. Any significant differences in authorized investment types between the primary government and different funds, fund types, or component units whose investment activity is material in relation to the reporting entity's investment activity? (QA-2010, Question 1.7.3)  | — | — | √ |
| c. For deposits and investments, <i>significant</i> violations during the period of legal or contractual provisions (including provisions other than those disclosed in Question 1.a. above)?  | — | — | √ |
| d. If the governing body has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments and address the specific types of risk to which the government is exposed, is that fact disclosed? (GASBS No. 40, para. 6)   | — | — | √ |
| 2. If the governmental unit has exposure to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk, does the government briefly describe the deposit or investment policies related to such risks or disclose that there are no such policies? (GASBS No. 40, para. 6)   | — | — | √ |
| 3. If the governmental unit's deposits or investments are exposed to foreign currency risk, does the governmental unit disclose the U.S. dollar balances of such deposits or investments, organized by currency denomination and, if applicable, investment type? (GASBS No. 40, para. 17)   | — | — | √ |
| 4. If the governmental unit has deposits at the end of the period that are exposed to custodial credit risk (bank balances are not covered by depository insurance), does the governmental unit disclose the amount of those bank balances that are both uninsured and that fall into one of the following categories: (GASBS No. 40, para. 8, and QA-2010, Question 1.10.2) |   |   |   |
| a. Uncollateralized?   | — | — | √ |
| b. Collateralized by securities held by the pledging financial institution?  | — | — | √ |

	Disclosure Made?		
	Yes	No	N/A
c. Collateralized by securities held by the pledging financial institutions' trust department or agent but not in the depositor-government's name?	—	—	√
5. Are the following disclosures made concerning investments as of the period end date:			
a. Investment disclosure organized by investment type, such as U.S. Treasuries, corporate bonds, or commercial paper? (Dissimilar investments, such as Treasury bills and strips should not be aggregated.) (GASBS No. 40, para. 4)	√	—	—
b. Credit risk information disclosing the credit quality ratings of: (Obligations of or guaranteed by the U.S. government do not require disclosure of credit quality ratings.) (GASBS No. 40, para. 7)			
i. investments in debt securities (as recognized by rating agencies, for example, aggregating investments by rating categories)	—	—	√
ii. external investment pools	—	—	√
iii. money market funds	—	—	√
iv. bond mutual funds	—	—	√
v. other pooled investments of fixed-income securities	—	—	√
c. If a credit quality disclosure is required and the investment is unrated, is that fact disclosed? (GASBS No. 40, para. 7)	—	—	√
d. If the governmental unit has investment securities (including securities under repurchase agreements) at the end of the period that are exposed to custodial credit risk (securities that are uninsured and not registered in the name of the government), does the governmental unit disclose the investment type and reported balance that are held by the following parties: (External investment pools, open-end mutual funds, and securities under reverse repurchase agreements are excluded from custodial credit risk disclosures.) (GASBS No. 40, para. 9)			
i. The counterparty?	—	—	√
ii. The counterparty's trust department or agent but not in the government's name?	—	—	√
e. Concentration of credit risk by disclosing by amount and by issuer investments in any one issuer that represent 5 percent or more of total investments based on the level of detail discussed in the introduction to this section? (Investments issued by or explicitly guaranteed by the US Government and investments in mutual funds, external investment pools, and other pooled investments are exempt.) (GASBS No. 40, para. 11)	—	—	√
f. Interest rate risk of debt investments by type and amount using the segmented time distribution, specific identification, weighted average maturity, duration, or simulation model methods, including any assumptions regarding timing of cash flows, interest rate changes, or other factors? (Investments in mutual funds, external investment pools, or other pooled investments that do not meet the definition of a 2a7-like pool must also disclose interest rate risk information according to one of these methods.) (GASBS No. 40, para. 15)	—	—	√

## Disclosure Made?

Yes	No	N/A
-----	----	-----

- |  |     |     |   |
|--|-----|-----|---|
| g. If GASBS No. 59, <i>Financial Instruments Omnibus</i> , has been implemented, interest rate risk of debt investments by type and amount using the segmented time distribution, specific identification, weighted average maturity, duration, or simulation model methods, including any assumptions regarding timing of cash flows, interest rate changes, or other factors? (Investments in debt mutual funds, external debt investment pools, or other pooled debt investments that do not meet the definition of a 2a7-like pool must also disclose interest rate risk information according to one of these methods.) (GASBS No. 40, para. 15, and GASBS No. 59, para. 6) | ___ | ___ | √ |
| h. Terms of investments with fair values that are highly sensitive to changes in interest rates (including fair values if investment terms were not considered in Question 5.f), such as coupon multipliers, benchmark indexes, reset dates, and embedded options? (GASBS No. 40, paras. 14 and 16)  | ___ | ___ | √ |
| 6. If the governmental unit has commitments as of the statement of net assets date to resell securities under yield maintenance repurchase agreements, are the following matters disclosed: (GASBS No. 3, para. 72)  |     |     |   |
| a. The reported amount (if applicable) as of the statement of net assets date?   | ___ | ___ | √ |
| b. Fair value as of the statement of net assets date of securities to be resold?   | ___ | ___ | √ |
| c. The terms of the agreements; e.g.,  |     |     |   |
| i. Settlement price ranges?  | ___ | ___ | √ |
| ii. Agreed-on yields?  | ___ | ___ | √ |
| iii. Maturity dates, etc.?   | ___ | ___ | √ |
| 7. Are losses recognized during the period due to default by counterparties to deposit or investment transactions and amounts recovered from prior period losses disclosed if not separately displayed on the operating statement? (GASBS No. 3, para. 75)   | ___ | ___ | √ |
| 8. If the governmental unit made any reverse repurchase agreements, are the following disclosures made of legal or contractual provisions for reverse repurchase agreements: (GASBS No. 3, paras. 76 and 77)   |     |     |   |
| a. If reverse repurchase agreements were used during the period, the source of legal or contractual authorization for the use of those agreements?   | ___ | ___ | √ |
| b. Any significant violations during the period of legal or contractual provisions for reverse repurchase agreements?  | ___ | ___ | √ |
| 9. If the governmental unit has any reverse repurchase agreements as of the statement of net assets date: (GASBS No. 3, paras. 78–81, and GASBI No. 3, paras. 3–6)   |     |     |   |
| a. Are the assets and liabilities arising from the agreements separately displayed?  | ___ | ___ | √ |
| b. For reverse repurchase agreements other than yield maintenance agreements outstanding as of the statement of net assets date, is the credit risk related to the agreements disclosed?   | ___ | ___ | √ |
| c. For commitments as of the statement of net assets date to repurchase securities under yield maintenance agreements, are the following disclosed:  |     |     |   |
| i. Fair value as of the statement of net assets date of securities to be repurchased?  | ___ | ___ | √ |
| ii. The terms of the agreements; e.g.,   |     |     |   |

	Disclosure Made?		
	Yes	No	N/A
1) Settlement price ranges?	—	—	√
2) Agreed-on yields?	—	—	√
3) Maturity dates, etc.?	—	—	√
d. Are losses recognized during the period due to default by counterparties to reverse repurchase agreements and amounts recovered from prior period losses disclosed if not separately displayed on the operating statement?	—	—	√
e. Do the notes to the financial statements disclose whether the maturities of the investments made with reverse repurchase agreement proceeds generally match the maturities of the agreements, as well as the extent of such matching at the balance sheet date? (GASBI No. 3, para. 6)	—	—	√
10. If the governmental unit changes its custodial arrangement(s) after year end and the change significantly changes the credit risk classifications of future deposits or investments, is the change and its expected effect on future credit risk classifications disclosed? (GASB Cod. Sec. 2300.106f)	—	—	√
11. Have the following disclosures been made for investments and derivative instruments subject to the fair value requirements in GASBS No. 31, including land and other real estate held by endowments, and GASBS No. 53: (GASBS No. 31, para. 15, GASBS No. 52, para. 5; and GASBS No. 53, para. 69)			
a. The methods and significant assumptions used to estimate the fair value of investments and derivative instruments, if that fair value is based on other than quoted market prices? (QA-2010, Questions 1.66.5 and 1.66.6)	—	—	√
b. The policy for determining which investments, if any, are reported at amortized cost? (QA-2010, Question 1.66.7)	—	—	√
c. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool, and whether the fair value of the position in the pool is the same as the value of pool shares?	—	—	√
d. Any involuntary participation in an external investment pool? (QA-2010, Question 1.66.4)	—	—	√
e. If an entity cannot obtain information from a pool sponsor to allow it to determine the fair value of its investment in the pool, the methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate?	—	—	√
f. Any income from investments associated with one fund that is assigned to another fund? (QA-2010, Question 1.66.8)	—	—	√
12. The disclosure of realized gains and losses in the notes to the financial statements is optional. For governmental entities and external investment pools that disclose realized gains and losses, do the notes disclose that: (GASBS No. 31, para. 15, and QA-2010, Questions 1.66.9 and 1.66.10)			
a. The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments?	—	—	√
b. Realized gains or losses on investments that had been held in more than one fiscal year and sold in the current year were included as a net change in the fair value of investments reported in the prior year(s) and the current year?	—	—	√
13. For all derivative financial instruments, do disclosures include summary information of activity during the reporting period and period-end balances? (GASBS No. 53, para. 69)	—	—	√

		Disclosure Made?		
		<u>Yes</u>	<u>No</u>	<u>N/A</u>
a.	Is the information organized by governmental activities, business-type activities, and fiduciary funds, and further categorized as hedging derivative instruments (distinguishing between fair value hedges and cash flow hedges) or investment derivative instruments?	—	—	√
b.	Within each category, are derivative instruments aggregated by type (e.g., receive-fixed swaps, pay-fixed swaps, swaptions, rate caps, basis swaps, or futures contracts)?	—	—	√
c.	Does the summary information disclose the following:			
i.	Notional amount?	—	—	√
ii.	Changes in fair value during the reporting period and the financial statement classification in which the changes are reported?	—	—	√
iii.	Fair values as of the end of the period and the financial statement classification in which the fair values are reported?	—	—	√
iv.	Methods and assumptions used to estimate fair value, if fair values are based on other than quoted market prices?	—	—	√
v.	Information about derivative instruments reclassified from hedging derivative instruments to investment derivative instruments, including:			
1)	Fair values?	—	—	√
2)	The amount of the deferral that was reported in investment revenue upon the reclassification?	—	—	√
14.	For derivative instruments categorized as hedging derivative instruments, are the following disclosures provided:			
a.	The objectives of the derivatives and information needed to understand the objectives, the government's strategies for achieving the objectives, and the types of derivative instruments entered into? (GASBS No. 53, para. 71)	—	—	√
b.	Derivative terms, including notional amounts, reference rates, embedded options, dates the hedging derivative instruments were entered into, scheduled termination or maturity dates, and cash received or paid, if any, when forward contracts or swaps (including swaptions) were initiated? (GASBS No. 53, para. 72)	—	—	√
c.	Risks that could give rise to financial loss for instruments held at the end of the period, including: (GASBS No. 53, para. 73)			
i.	Credit risk, including the:			
1)	Credit quality ratings of counterparties as of the end of the reporting period, or that the counterparty is not rated?	—	—	√
2)	Maximum amount of loss due to credit risk, based on the fair value of the hedging derivative instrument as of the end of the reporting period, that the government would incur if counterparties failed to perform (without regard to any collateral, other security, or netting arrangement)?	—	—	√
3)	The government's policy for requiring collateral or other security to support hedging derivative instruments exposed to credit risk, a summary description and the aggregate amount of collateral or other security that reduces credit risk exposure, and information about the government's access to that collateral or other security?	—	—	√

	Disclosure Made?		
	Yes	No	N/A
4) The government's policy of entering into master netting arrangements, including a summary description and the aggregate amount of liabilities included in those arrangements?	—	—	√
5) The aggregate fair value of hedging derivative instruments in asset (positive) positions, net of collateral posted by the counterparty and the effect of master netting arrangements?	—	—	√
6) Significant concentrations of net exposure to credit risk with individual counterparties and groups of counterparties?	—	—	√
ii. Interest rate risk, including the instrument's terms that increase interest rate risk?	—	—	√
iii. Basis risk, including related terms of the instrument and payment terms of the hedged item that create the basis risk?	—	—	√
iv. Termination risk, including any termination events that have occurred, dates that derivative instruments may be terminated, and unusual termination events included in contractual documents?	—	—	√
v. Rollover risk, including the maturity of the hedging derivative instrument and the maturity of the hedged item?	—	—	√
vi. Foreign currency risk, including the U.S. dollar balance of the hedging derivative instrument, organized by currency denomination and by type of derivative instrument?	—	—	√
vii. Market-access risk (i.e., the risk that the government will not be able to enter credit markets as planned or that credit will become more costly)?	—	—	√
d. When there is associated debt, net cash flows? (GASBS No. 53, para. 74)	—	—	√
e. If a quantitative method other than the synthetic interest method, dollar-offset method, or regression analysis method is used to evaluate hedge effectiveness, do disclosures include: (GASBS No. 53, para. 75)			
i. The identity and characteristics of the method?	—	—	√
ii. The range of critical terms tolerated?	—	—	√
iii. The actual critical terms of the hedge?	—	—	√
15. For derivative instruments categorized as <i>investment derivative instruments</i> , are the following disclosures provided for instruments held at the end of the period: (GASBS No. 53, para. 76)			
a. Credit risk, consistent with Question 14.c.(1)?	—	—	√
b. Interest rate risk, consistent with the disclosures in Questions 5.f. and 5.g., and including the fair value, notional amount, reference rate, and embedded options?	—	—	√
c. Foreign currency risk, consistent with the disclosures in Question 14.c.(6)?	—	—	√
16. Do disclosures about contingent features in derivative instruments held at the end of the period, include the: (GASBS No. 53, para. 77)			
a. Existence and nature of contingent features and the circumstances that could trigger those features?	—	—	√
b. Aggregate fair value of derivative instruments that contain contingent features?	—	—	√
c. Aggregate fair value of assets that would be required to be posted as collateral or transferred if contingent features were triggered?	—	—	√

## Disclosure Made?

Yes	No	N/A
-----	----	-----

d. The amount, if any, that the government has posted as collateral as of the end of the reporting period?

—	—	√
---	---	---

17. For *hybrid instruments* (i.e., embedded derivative instruments and companion instruments) held at the end of the period, are disclosures about the companion instruments consistent with the disclosures required for similar transactions and do they include the existence of the embedded derivative? (GASBS No. 53, para. 78)

—	—	√
---	---	---

18. For synthetic guaranteed investment contracts (SGIC) that are fully benefit-responsive, are the following disclosed: (GASBS No. 53, para. 79)

a. The nature of the SGIC?

—	—	√
---	---	---

b. The SGIC's fair value, including separate disclosure of the fair value of the wrap contract and the fair value of the underlying investments?

—	—	√
---	---	---

## INVENTORIES

1. Is the basis for stating inventories disclosed, including the method of determining cost? (ARB No. 43, ch. 3A, para. 9 ; ARB No. 43, ch. 4, paras. 4–16 (link) ; APB No. 22, para. 13; and GASBS No. 62, para. 201)

—	—	√
---	---	---

2. Are unusual losses from write-down to market disclosed separately from other expenses; e.g., cost of goods sold in the operating statement? (ARB No. 43, ch. 4, paras. 14 and 17 )

—	—	√
---	---	---

3. If goods are stated above cost, has that fact been disclosed? (ARB No. 43, ch. 4, para. 15, Statement 9 (link) and GASBS No. 62, para. 199)

—	—	√
---	---	---

## CAPITAL ASSETS

1. Are the following disclosed in notes to financial statements:

a. Major classes of capital assets divided between governmental activities and business-type activities? (GASBS No. 34, para. 116)

√	—	—
---	---	---

b. Capital assets that are not being depreciated? (GASBS No. 34, para. 116)

√	—	—
---	---	---

c. Descriptions of collections of works of art and historical treasures that are not being capitalized and the reasons for not capitalizing them? (GASBS No. 34, para. 118)

—	—	√
---	---	---

d. A general description of the method or methods used to compute depreciation/amortization with respect to major classes of depreciable assets? (APB No. 12, para. 5d ; APB No. 22, para. 13 ; and GASBS No. 62, para. 95)

√	—	—
---	---	---

e. A general description, amount, and financial statement classification (for example, public works or instruction) of an impairment loss from capital assets that is not apparent from the face of the financial statements? (GASBS No. 42, para. 17)

—	—	√
---	---	---

f. The carrying amount of capital assets that are idle at year end? (GASBS No. 42, para. 20)

—	—	√
---	---	---

2. Do the disclosures of major classes of capital assets include the following: (GASBS No. 34, para. 117)

a. Beginning and ending balances with accumulated depreciation presented separately from historical cost?

√	—	—
---	---	---

b. Capital acquisitions?

√	—	—
---	---	---

c. Sales or other dispositions?

√	—	—
---	---	---

	Disclosure Made?		
	Yes	No	N/A
d. Current depreciation expense, with disclosure of the amounts charged to each function in the statement of activities?	<u>√</u>	—	—
3. Are capital assets reported net of accumulated depreciation in the statement of net assets? (GASBS No. 34, para. 20)	<u>√</u>	—	—
4. Are nondepreciable capital assets, such as land, intangible assets with indefinite useful lives, or infrastructure under the modified approach, reported separately from the depreciable capital assets if significant? (GASBS No. 34, para. 20)	<u>√</u>	—	—
5. Are capital assets, excluding inexhaustible assets, intangible assets with indefinite useful lives, and infrastructure under the modified approach, depreciated over their estimated useful lives in a systematic and rational manner by either class of assets, network of assets, subsystem of network, or individual assets? (GASBS No. 34, paras. 21 and 22)	<u>√</u>	—	—
6. Are general capital assets (not proprietary or fiduciary) recorded in the governmental activities column of the statement of net assets and not in the governmental funds financial statements? (GASBS No. 34, para. 80)	<u>√</u>	—	—
7. If reporting infrastructure under the modified approach:			
a. Are the following schedules provided as required supplementary information: (GASBS No. 34, para. 132)			
i. The assessed condition, performed at least every three years, for at least the three most recent complete condition assessments, indicating the dates of the assessments?	—	—	<u>√</u>
ii. The estimated annual amount calculated at the beginning of the fiscal year to maintain and preserve at (or above) the condition level established and disclosed by the government compared with the amounts actually expensed for each of the past five reporting periods?	—	—	<u>√</u>
b. Do the following disclosures accompany the schedules:			
i. The basis for the condition measurement and the measurement scale used to assess and report condition?	—	—	<u>√</u>
ii. The condition level at which the government intends to preserve its eligible infrastructure assets reported using the modified approach?	—	—	<u>√</u>
iii. Factors that significantly affect trends in the information reported in the required schedules, including any changes in the measurement scale, the basis for the condition measurement, or the condition assessment methods used during the periods covered by the schedules? (If there is a change in the condition level, an estimate of the effect on the estimated annual amount to maintain and preserve those assets for the current period also should be disclosed.)	—	—	<u>√</u>
8. In the year that GASBS No. 51, <i>Accounting and Financial Reporting for Intangible Assets</i> , is implemented: (GASBS No. 51, para. 20)			
a. Have the financial statements for all prior periods presented been restated, or if restatement is not practical, is the cumulative effect of the change reported as a restatement of beginning fund equity (net assets, fund balances, or fund net assets, as appropriate) for the earliest period restated?	—	—	<u>√</u>
b. Are the nature of the restatement and its effect disclosed in the notes to the financial statements?	—	—	<u>√</u>
c. If prior periods have not been restated, has the reason for not restating been disclosed in the notes to the financial statements?	—	—	<u>√</u>

## Disclosure Made?

Yes	No	N/A
-----	----	-----

☐

## LIABILITIES

- |   |   |   |   |
|---|---|---|---|
| 1. Are amounts payable from restricted assets separately disclosed and properly classified; e.g., accrued interest, revenue bonds, deposits, etc.? (Generally accepted) (Optional disclosure)   | √ | — | — |
| 2. Are significant categories of debt identified; e.g., general obligation bonds, revenue bonds, special assessment bonds, anticipation notes, obligations under capitalized leases? (Generally accepted)   | √ | — | — |
| a. If the governmental unit is not obligated in any manner for special assessment debt, are that fact and the amount of the debt disclosed?   | — | — | √ |
| 3. Are note disclosures made of long-term liabilities divided between governmental activities and business-type activities? (GASBS No. 34, para. 116)   | — | — | √ |
| 4. Does the information on long-term liabilities include both long-term debt (such as bonds, notes, loans, and leases payable) and other long-term liabilities (such as compensated absences, and claims and judgments? (GASBS No. 34, para. 119 and GASB Cod. Sec. 2300.114) | √ | — | — |
| 5. Do the long-term liabilities note disclosures include the following: (GASBS No. 34, para. 119)   |   |   |   |
| a. Beginning and ending balances?   | √ | — | — |
| b. Increases and decreases, presented separately?   | √ | — | — |
| c. Portions of each due within one year?  | √ | — | — |
| d. Which governmental funds have been used to liquidate other long-term liabilities in prior years?   |   |   |   |
| i. If the government has decided to depart from the historical trend and use different funds to liquidate other long-term liabilities, is that decision disclosed? (QA-2010, Question 7.85.6)   | — | — | √ |
| 6. Are general long-term liabilities recorded in the governmental activities column of the statement of net assets and not in the governmental funds financial statements? (GASBS No. 34, para. 82)   | √ | — | — |
| 7. Are interest rates, maturity dates, subordinate features (generally accepted), pledged assets (GASBS No. 62, para. 113), and restrictive covenants (SFAS No. 5, paras. 18 and 19) disclosed?   | √ | — | — |
| 8. If a note is noninterest bearing or has an inappropriate stated interest rate: (APB No. 21, para. 16 and GASBS No. 62, para. 187)  |   |   |   |
| a. Is the discount or premium presented as a deduction from or addition to the face amount of the note?   | — | — | √ |
| b. Does the disclosure include the effective interest rate and face amount of the note?   | — | — | √ |
| c. Is amortization of the discount or premium reported as interest in the operating/flows statement (government-wide statement of activities and proprietary fund statement of revenues, expenses, and changes in fund net assets only, according to GASBS No. 62)?           | — | — | √ |
| 9. Are current portions of debt obligations presented as current liabilities (due within one year)? (ARB No. 43, ch. 3A, paras. 7 and 8; SFAS No. 78, para. 5; and GASBS No. 62, paras. 34 and 44)  | √ | — | — |

	Disclosure Made?		
	Yes	No	N/A
a. Does the current liability classification include obligations that, by their terms, are due on demand or will be due on demand within one year (or operating cycle, if longer) from the date of the financial statements, even though liquidation may not be expected within that period?	—	—	√
b. Does the current liability classification include long-term obligations that are or will be callable by the creditor either because the debtor's violation of a provision of a debt agreement at the date of the financial statements makes the obligation callable or because the violation, if not cured within a specified grace period, will make the obligation callable unless (1) the creditor has waived or subsequently lost the right to demand payment for more than one year from the date of the financial statements; or (2) it is probable that the debtor will cure the violation within the grace period?	—	—	√
c. If obligations callable by the creditor because the debtor was in violation of the debt agreement at the date of the financial statements are classified as long-term obligations because it is probable the debtor will cure the violation within the specified grace period, are the circumstances disclosed?	—	—	√
10. Are the following disclosures made concerning demand bonds outstanding: (GASBI No. 1, para. 11)			
a. General description of the demand bond program?	—	—	√
b. Terms of any letters of credit or other standby liquidity agreements outstanding?	—	—	√
c. Commitment fees to obtain letters of credit?	—	—	√
d. Any amounts drawn or letters of credit outstanding at the balance sheet date?	—	—	√
e. Description of any take-out agreement, including its expiration date and commitment fees to obtain it?	—	—	√
f. Terms of any new obligation under a take-out agreement?	—	—	√
g. The debt service requirements that would result if the take-out agreement were to be exercised?	—	—	√
11. Are the following disclosures made concerning conduit debt obligations: (GASBI No. 2, para. 3)			
a. A general description of the conduit debt transactions?	—	—	√
b. The aggregate amount of all conduit debt obligations outstanding at the balance sheet date?	—	—	√
c. A clear indication that the issuer has no obligation for the debt beyond the resources provided by related leases or loans?	—	—	√
12. Are the following debt service to maturity requirements disclosed: (GASBS No. 38, para. 10 and QA-2010, Question 7.85.7)			
a. Principal and interest requirements (presented separately) to maturity for each of the five subsequent fiscal years and in five-year increments thereafter? (Interest requirements for variable-rate debt should be determined using the rate in effect at the financial statement date.)	√	—	—
b. The terms by which interest rates change for variable-rate debt?	—	—	√
13. Do the short-term debt note disclosures include the following, even if no short-term debt is outstanding at year end: (GASBS No. 38, para. 12)			
a. Beginning and ending balances?	—	—	√

## Disclosure Made?

Yes	No	N/A
-----	----	-----

b. Increases and decreases, presented separately?	___	___	√
---	-----	-----	---

c. Purpose for which the short-term debt was issued?	___	___	√
--	-----	-----	---

14. If a short-term obligation (e.g., tax or revenue anticipation notes) expected to be refinanced is to be excluded from current or fund liabilities, do disclosures include: (SFAS No. 6, para. 15 ; FASBI No. 8, para. 3 ; FASBTB 79-3; and GASBS No. 62, para. 44)			
--	--	--	--

a. General description of the financing agreement?	___	___	√
--	-----	-----	---

b. Terms of any new obligation incurred or expected to be incurred as a result of the refinancing?	___	___	√
--	-----	-----	---

15. Are contingent liabilities associated with sold or discounted receivables disclosed (guarantees to repurchase receivables or related property)? (SFAS No. 5, para. 12 and GASBS No. 62, para. 109)	___	___	√
--	-----	-----	---

**RELATED PARTY TRANSACTIONS**

1. Do disclosures of material related party transactions include: (GASBS No. 56, para. 4; SFAS No. 57, para. 2 ; and GASBS No. 62, para. 55)			□
--	--	--	---

a. The nature of the relationship(s)? (If necessary to an understanding of the effects of the transactions, the related party should be identified by name.)	___	___	√
--	-----	-----	---

b. A description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which financial statements are presented and such other information deemed necessary to gain an understanding of the effects of the transactions on the financial statements?	___	___	√
--	-----	-----	---

c. The dollar amounts of transactions for each of the periods for which financial statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period?	___	___	√
--	-----	-----	---

d. Amounts due from, or to, related parties as of each statement of net assets date and, if not otherwise apparent, the terms and manner of settlement?	___	___	√
---	-----	-----	---

2. If representations are made that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions, can such representations be substantiated? (SFAS No. 57, para. 3 , and GASBS No. 62, para. 56)	___	___	√
--	-----	-----	---

3. Are related party receivables and payables presented separately in the balance sheet? (ARB No. 43, ch. 1, para. 5 )	___	___	√
--	-----	-----	---

**DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES**

1. Do the notes to the financial statements disclose the details of the significant components of receivable and payable balances to prevent them from being obscured by aggregation (for example, balances due to or from taxpayers, other governments, vendors, customers, beneficiaries, employees)? (GASB 38, para. 13)	√	___	___
---	---	-----	-----

2. Are significant receivable balances not expected to be collected within one year disclosed? (GASBS No. 38, para 13)	___	___	√
--	-----	-----	---

**INTERFUND BALANCES AND TRANSFERS**

1. Are the following items disclosed concerning interfund balances in the fund financial statements: (GASBS No. 38, para.14)			□
--	--	--	---

	Disclosure Made?		
	Yes	No	N/A
a. Amounts due from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type?	—	—	√
b. The purpose for interfund balances?	—	—	√
c. Balances not expected to be repaid within one year?	—	—	√
2. Are the following items disclosed concerning interfund transfers in the fund financial statements: (GASBS No. 38, para.15)			
a. Amounts transferred from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type?	√	—	—
b. A general description of the principal purposes of the government's interfund transfers?	√	—	—
c. The intended purpose and the amount of <i>significant</i> transfers that do not occur on a routine basis or are inconsistent with the activities of the fund making the transfer?	—	—	√
<b>LEASES IN STATEMENTS OF LESSEES</b>			
1. General disclosures:			
a. Has the nature and extent of leasing transactions with related parties been disclosed? (GASBS No. 56, para. 4; SFAS No. 13, para. 29 ; and GASBS No. 62, para. 239)	√	—	—
b. Has a general description of the governmental unit's leasing arrangements been disclosed, including but not limited to, the basis on which contingent rental payments are determined, the existence and terms of renewal or purchase options and escalation clauses, and restrictions imposed by lease agreements such as those concerning additional debt and further leasing? (SFAS No. 13, para. 16d , and GASBS No. 62, para. 223)	√	—	—
2. Operating leases:			
a. Has disclosure of the following been made for operating leases having initial or remaining noncancelable lease terms in excess of one year:			
i. Future minimum rental payments for each of the five subsequent fiscal years and in five-year increments thereafter? (GASBS No. 38, para. 11)	√	—	—
ii. The total amount of minimum rentals to be received in the future under noncancelable subleases as of the latest financial statements presented? (SFAS No. 13, para. 16b , and GASBS No. 62, para. 223)	—	—	√
b. Has disclosure been made of rental expenditures for each period for which an operating statement is presented, with separate amounts for minimum rentals, contingent rentals, and sublease rental income? (Note: Rental payments under leases with terms of one month or less that were not renewed need not be included.) (SFAS No. 13, para. 16c , and GASBS No. 62, para. 223)	√	—	—
3. Capital leases:			
a. Have the following been separately identified in each balance sheet presented or disclosed in the notes: (SFAS No. 13, paras. 13 and 16 , and GASBS No. 62, para. 223)			

	Disclosure Made?		
	Yes	No	N/A
i. The gross amount of assets in the balance sheet recorded under capital leases and the accumulated amortization by major classes according to nature or function?	—	—	√
ii. The lease obligations classified as current and long-term?	—	—	√
b. Has disclosure been made of future minimum lease payments as of the balance sheet date in the aggregate and for each of the five subsequent fiscal years and in five-year increments thereafter (SFAS No. 13, para. 16b, and GASBS No. 38, para. 11) with appropriate separate deductions therefrom for executory costs and imputed interest to reduce net minimum lease payments to present value? (SFAS No. 13, paras. 10 and 16a, GASBS No. 38, para. 11)	—	—	√
c. Has disclosure been made of minimum sublease rentals to be received in the future under noncancelable subleases? (SFAS No. 13, para. 16a, and GASBS No. 62, para. 223)	—	—	√
d. Have the following been disclosed for each proprietary fund type income statement presented: (SFAS No. 13, paras. 13 and 16a; SFAS No. 29, para. 12; and GASBS No. 62, para. 223)			
i. Amortization expense, unless it is included in depreciation expense and that fact has been disclosed?	—	—	√
ii. Total contingent rentals actually incurred?	—	—	√
4. If GASBS No. 62 has been implemented, is the following disclosed for sale-leaseback transactions: (GASBS No. 62, paras. 255 and 256)			
a. A description of the terms of the transactions, including future commitments, obligations, provisions, or circumstances that require or result in continuing involvement of the seller-lessee?	—	—	√
b. If the transactions were accounted for by the deposit method or as a financing, are the total minimum sublease rentals, if any, to be received in the future under noncancelable subleases disclosed in the aggregate and for each of the five succeeding years?	—	—	√
<b>OTHER COMMITMENTS</b>			□
1. Are the following types of commitments disclosed:			
a. Construction and other significant commitments, including encumbrances for major funds and non major funds in the aggregate, if appropriate? (GASB Cod. Secs. 1700.128c and 2300.106k, and GASBS No. 54, para. 24)	√	—	—
b. Obligations to reduce debts or maintain working capital? (SFAS No. 5, paras. 18, and 19 and GASBS No. 62, para. 113)	—	—	√
c. Unused letters of credit? (SFAS No. 5, paras. 18 and 19, and GASBS No. 62, para. 113)	—	—	√
d. Net losses on inventory purchase commitments? (ARB No. 43, ch. 4, para. 17, and GASBS No. 62, para. 200)	—	—	√
e. Existence, nature, and amount of any direct or indirect guarantees of others' indebtedness, even if the possibility of loss is remote? (SFAS No. 5, para. 12; FASBI No. 34; and GASBS No. 62, para. 109)	—	—	√
<b>CONTINGENCIES</b>			□

	Disclosure Made?		
	Yes	No	N/A
1. Are the nature and amount of an accrued loss contingency disclosed in the financial statements if exposure to loss in excess of the amount accrued exists or disclosure is necessary to keep the financial statements from being misleading? (SFAS No. 5, paras. 9 and 10, and GASBS No. 62, paras. 106 and 107)	—	—	√
2. For loss contingencies that are probable but not reasonably estimable, or are reasonably possible, do disclosures indicate: (SFAS No. 5, para. 10; GASBS No. 10, para. 58; and GASBS No. 62, para. 107)			
a. Nature of contingency?	—	—	√
b. Estimate of possible loss or range of loss, or a statement that such estimate cannot be made?	—	—	√
3. Have contingencies that might result in gains been adequately disclosed, but not reflected in the accounts so as not to recognize revenue prior to its realization? (SFAS No. 5, para. 17, and GASBS No. 62, para. 112)	—	—	√
4. Has disclosure been made of loss contingencies relating to guarantees made for outside parties including the nature and amounts thereof? Also, consider disclosing, if estimable, the value of any recovery that could be expected to result. (SFAS No. 5, para. 12; FASBI No. 34; GASB Cod. Sec. C50.150; and GASBS No. 62, para. 109)	—	—	√
5. Are any significant violations of finance-related legal and contractual provisions disclosed, along with the actions taken to address the violations? (GASB Cod. Sec. 1200.112)	—	—	√
6. Is there adequate disclosure of the potential effects of an illegal act on the governmental unit's operations, including: (AU 317.14 and .15)			
a. Loss contingencies that may arise from an illegal act?	—	—	√
b. Material revenue derived from transactions involving illegal acts or significant unusual risks, created by illegal acts, associated with material revenues?	—	—	√
7. For entities other than public entity risk pools, are the following disclosures made: GASB Cod. Sec. C50.145)			
a. A description of the risks of loss to which the entity is exposed and the way(s) in which those risks of loss are handled (for example, purchase of commercial insurance, participation in a public entity risk pool, risk retention)?	√	—	—
b. A description of significant reductions in insurance coverage from coverage in the prior year by major categories of risk, and an indication of whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years?	√	—	—
c. If an entity participates in a risk pool, a description of the nature of the participation, including the rights and the responsibilities of both the entity and the pool?	—	—	√
d. If an entity retains the risk of loss:			
i. The basis for estimating the liabilities for unpaid claims? (GASBS No. 30 requires this disclosure include the entity's policy of including or excluding other incremental costs in its basis.) (GASBS No. 30, para. 10)	—	—	√
ii. The carrying amount of liabilities for unpaid claims that are presented at present value in the financial statements and the range of discount rates used to discount those liabilities?	—	—	√

	Disclosure Made?		
	Yes	No	N/A
iii. The aggregate outstanding amount of claims liabilities for which annuity contracts have been purchased in the claimants' names and for which the related liabilities have been removed from the balance sheet (annuity contracts used to settle claims for which the claimant has signed an agreement releasing the entity from further obligation and for which the likelihood that the pool will be required to make future payments on those claims is remote should not be included in this disclosure)? (QA-2010, Question 3.69.1)	—	—	√
iv. A reconciliation of changes in the aggregate liabilities for claims (including IBNR claims) for the current fiscal year and the prior fiscal year, in the following tabular format: (QA-2010, Question 3.75.1)			
1) Amount of claims liabilities at the beginning of each fiscal year?	—	—	√
2) Incurred claims, representing the total of a provision for events of the current fiscal year and any change (increase or decrease) in the provision for events of prior fiscal years?	—	—	√
3) Payments on claims attributable to events of both the current fiscal year and prior fiscal years?	—	—	√
4) Other (provide an explanation of each material item)? (QA-2010, Question 3.75.2, indicates that the removal of a liability because of an annuity contract should be reported as an "other" item with an explanation.)	—	—	√
5) Amount of claims liabilities at the end of each fiscal year?	—	—	√
e. Are additional or separate presentations made of the disclosures in Items a. through d. above, if aggregate disclosures are misleading? (GASBS No. 10, para. 78, and GASB Cod. Sec. C50.146)	—	—	√
f. Are Questions 7.a. and b. above disclosed in the notes of separately issued financial statements of component units that participate in their primary government's risk management internal service fund? (GASBS No. 10, para. 79, and QA-2010, Question 3.76.1)	—	—	√
i. Is the fact of participation in the fund disclosed?	—	—	√
ii. Is there a description of the nature of that participation?	—	—	√
iii. Are the rights and responsibilities of both the unit and the primary government stated?	—	—	√
g. If an asset is impaired or a liability is incurred after the date of the financial statements but before their issuance, is there disclosure of the following: (GASBS No. 10, para. 80)			
i. The nature of the loss or loss contingency?	—	—	√
ii. An estimate of the amount or range of loss or possible loss or a statement that such an estimate cannot be made?	—	—	√
h. If an entity other than a pool uses an internal service fund to account for its risk financing activities, is there note disclosure of any deficit fund balance of the internal service fund resulting from the activities? (GASBS No. 10, para. 67)	—	—	√
i. If an entity other than a pool uses a governmental or similar trust fund to account for its risk financing activities, is the amount of claims and judgments calculated for the year disclosed in the footnotes or parenthetically on the operating statement? (GASBS No. 17, para. 6)	—	—	√

	Disclosure Made?		
	Yes	No	N/A
j. If an entity other than a pool is insured under a retrospectively rated policy or contract (i.e., a policy or contract in which the initial premium is adjusted based on actual experience during the period of coverage), is there disclosure of the following: (GASBS No. 10, para. 74)			
i. The fact that the entity is insured under a retrospectively rated policy?	—	—	√
ii. The fact that premiums are accrued based on the ultimate cost of the experience to date of a group of entities?	—	—	√
iii. The disclosures in Questions 2.a. and b. above, with respect to losses the entity cannot estimate from reported and unreported claims? (GASBS No. 10, para. 73)	—	—	√
k. If an entity other than a pool participates in a public entity risk pool in which there is a transferring (sharing) of risk among the pool participants, are the following disclosures made:			
i. The disclosures in Questions 2.a. and b. above, if the pool is allowed to make additional assessments to its members, with respect to assessment amounts that are probable but not reasonably estimable, or are reasonably possible? (GASBS No. 10, para. 69)	—	—	√
ii. The disclosures in Questions 2.a. and b. above, if it appears that the pool will not be able to meet its obligations and it is probable or reasonably possible that the entity will be required to pay its own obligations if the pool fails? (GASBS No. 10, para. 70)	—	—	√
<b>NONEXCHANGE TRANSACTIONS</b>			<input type="checkbox"/>
1. Are nonexchange transactions that are not recognizable because they are not measurable disclosed? (GASBS No. 33, para. 11)	—	—	√
<b>SEGMENT REPORTING</b>			<input checked="" type="checkbox"/>
1. Are the following note disclosures provided for enterprise activities required to report segment information: (Segment information is required for identifiable activities with outstanding debt supported by a pledged revenue stream that must be accounted for separately as required by an <i>external</i> party.) (GASBS No. 34, para. 122 and GASBS No. 37, para. 17)			
a. Type of goods and services provided?	—	—	—
b. Condensed statement of net assets:			
i. Total assets—distinguishing between current assets, capital assets, and other assets? (Amounts receivable from other funds or component units should be reported separately.)	—	—	—
ii. Total liabilities—distinguishing between current and long-term amounts? (Amounts payable to other funds or component units should be reported separately.)	—	—	—
iii. Total net assets—distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt?	—	—	—
c. Condensed statement of revenues, expenses, and changes in net assets:			
i. Operating revenues (by major source)?	—	—	—
ii. Operating expenses? [Depreciation (including any amortization) should be identified separately.]	—	—	—

	Disclosure Made?		
	Yes	No	N/A
iii. Operating income (loss)?	—	—	—
iv. Nonoperating revenues (expenses)—with separate reporting of major revenues and expenses?	—	—	—
v. Capital contributions and additions to permanent and term endowments?	—	—	—
vi. Special and extraordinary items?	—	—	—
vii. Transfers?	—	—	—
viii. Change in net assets?	—	—	—
ix. Beginning net assets?	—	—	—
x. Ending net assets?	—	—	—
d. Condensed statement of cash flows:			
i. Net cash provided (used) by:			
1) Operating activities?	—	—	—
2) Noncapital financing activities?	—	—	—
3) Capital and related financing activities?	—	—	—
4) Investing activities?	—	—	—
ii. Beginning cash and cash equivalent balances?	—	—	—
iii. Ending cash and cash equivalent balances?	—	—	—

**ECONOMIC DEPENDENCY**

1. Has significant economic dependence on one or more major taxpayers, customers (required by SFAS No. 14, para. 39, if the governmental unit's debt securities trade in a public market), or suppliers been disclosed? (SFAS No. 21, para. 9)

— — ☒

**SUBSEQUENT EVENTS**

1. Are subsequent events that provide evidence with respect to conditions that *did not exist* at the statement of net assets date, but that arose subsequent to that date and are essential to a user's understanding of the financial statements, adequately disclosed? (GASBS No. 56, para. 10; GASB Cod. Sec. 2300.106e and C50.149)

— — ☒

**OTHER POSSIBLE DISCLOSURES**

☒

**SPECIALIZED ACCOUNTING AND REPORTING PRINCIPLES**

☒

Have appropriate disclosures been made for: (These specialized disclosures have been established by GASBS No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, but are not included in Part II. If present, consult GASBS No. 62. Paragraph references are to the paragraphs in GASBS No. 62)

- Broadcasters? (para. 385-388)
- Cable Television Systems? (para. 389-399)
- Foreign Currency Transactions? (para. 165-172)
- Insurance Entities—Other Than Public Entity Risk Pools? (para. 400-430)
- Lending Activities? (para. 431-451)

— — —  
— — —  
— — —  
— — —  
— — —

	Disclosure Made?		
	<u>Yes</u>	<u>No</u>	<u>N/A</u>
6. Mortgage Banking Activities? (para. 452-475)	_____	_____	_____
7. Regulated Operations? (para. 476-500)	_____	_____	_____
8. Research and Development Arrangements? (para. 374-384)	_____	_____	_____
9. Retail Land Sales? (para. 324-330)	_____	_____	_____

## PART II DISCLOSURES

Review the following list of disclosure topics for applicability to your client. Indicate either "Item Present" or "Item Not Present." If the item is present, attach and complete the appropriate checklist from Part II.

	<b>Item Present</b>	<b>Item Not Present</b>
1. Accounting changes and correction of an error?	√	_____
2. Changes in presentation of comparative statements?	_____	√
3. Chapter 9 Bankruptcy?	_____	√
4. Discontinued operations?	_____	√
5. Donor-restricted endowments?	_____	√
6. External investment pools?	_____	√
7. Extinguishment and advance refundings of debt?	_____	√
8. Fund raising costs?	_____	√
9. Going concern?	_____	√
10. Interim financial statements?	_____	√
11. Investments accounted for by the equity method?	_____	√
12. Insurance recoveries?	_____	√
13. Leases in financial statements of lessors?	_____	√
14. Long-term contracts?	_____	√
15. Municipal solid waste landfill closure and postclosure care costs?	_____	√
16. Nonmonetary transactions?	_____	√
17. On-behalf payments for fringe benefits and salaries?	_____	√
18. Pension plans?	√	_____
19. Pledges or sales of future revenues?	_____	√
20. Pollution remediation obligations?	_____	√
21. Postemployment benefits other than pension benefits?	√	_____
22. Securities lending transactions?	_____	√
23. Service concession arrangements	_____	√

	Item Present	Item Not Present
24. Termination benefits	_____	√ _____
25. Troubled debt restructurings—creditors?	_____	√ _____
26. Troubled debt restructurings—debtors?	_____	√ _____
27. Unconditional purchase obligations?	_____	√ _____

**SUBSEQUENT PRONOUNCEMENTS ISSUED**

Use the space provided below to list additional requirements as they are issued by authoritative bodies until the checklist is revised.

Pronouncement	Description of Topic	Have the disclosure requirements been considered?		
		Yes	No	N/A
1. [ ]	[ ]	_____	_____	_____
2. [ ]	[ ]	_____	_____	_____
3. [ ]	[ ]	_____	_____	_____
4. [ ]	[ ]	_____	_____	_____
5. [ ]	[ ]	_____	_____	_____
6. [ ]	[ ]	_____	_____	_____
7. [ ]	[ ]	_____	_____	_____
8. [ ]	[ ]	_____	_____	_____
9. [ ]	[ ]	_____	_____	_____
10. [ ]	[ ]	_____	_____	_____
11. [ ]	[ ]	_____	_____	_____
12. [ ]	[ ]	_____	_____	_____
13. [ ]	[ ]	_____	_____	_____
14. [ ]	[ ]	_____	_____	_____
15. [ ]	[ ]	_____	_____	_____
16. [ ]	[ ]	_____	_____	_____
17. [ ]	[ ]	_____	_____	_____
18. [ ]	[ ]	_____	_____	_____
19. [ ]	[ ]	_____	_____	_____
20. [ ]	[ ]	_____	_____	_____

## PART II—OTHER DISCLOSURES

**Instructions:** Part I contains a checklist of Part II disclosure topics common to governmental units. If any of those Part II disclosure topics are present, attach to Part I the appropriate disclosure in Part II, then complete the added pages. Occasionally, the appropriate pages selected from Part II will include disclosure topics not applicable to the governmental unit. If this occurs, check the N/A sections for the nonapplicable topics.

	Disclosure Made?		
	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<b>ACCOUNTING CHANGES AND CORRECTION OF AN ERROR</b>			<input type="checkbox"/>
1. Change in accounting principle:			
a. Have the nature of and justification for a change in accounting principle (clearly explaining why the change is preferable) been disclosed? (APB No. 20, para. 17, and GASBS No. 62, para. 75)	___	___	√
b. Have changes that have no material effect on current financial statements but are reasonably certain to have substantial effect in later years been disclosed? (APB No. 20, para. 38)	___	___	√
c. If a governmental unit changes its method of amortization for newly acquired, identifiable, long-lived assets and uses that method for all additional new assets of the same class but continues to use the previous method for previously existing assets of that class, have the nature of the change and the effect on operations (see Question 1.a.) been disclosed? (APB No. 20, para. 24)	___	___	√
d. Has the effect of accounting changes on changes in net assets/fund equity for all prior periods presented been disclosed? (GASBS No. 34 requires that all accounting changes be reported as restatements of beginning net assets/fund equity.) (APB No. 20, para. 28, and GASBS No. 34, para. 17, footnote 13)	___	___	√
e. If GASBS No. 62 has been implemented: (GASBS No. 62, paras. 76–77 and 79–81)			
i. Are prior period financial statements that are included for comparative purposes presented as previously reported?	___	___	√
ii. Has the cumulative effective of changing to a new accounting principle been reported as an adjustment to the beginning net assets/fund net assets in the period of the change?	___	___	√
iii. Is the effect of adopting the new accounting principle on the change in net assets/fund net assets of the period of the change disclosed?	___	___	√
iv. Are changes in net assets/fund net assets computed on a pro forma basis and shown on the face of the government-wide statement of activities and proprietary fund statement of revenues, expenses, and changes in net assets for all periods presented as if the new accounting principle had been applied in all periods affected?	___	___	√
v. If prior period financial statements are not presented, are actual and pro forma amounts for the immediately preceding year disclosed, or if pro forma amounts are not readily determinable, is the reason for not presenting pro forma amounts by periods disclosed?	___	___	√

	Disclosure Made?		
	Yes	No	N/A
vi. If the cumulative effect of the change on beginning net assets/fund net assets is not determinable, are the effect on the results of operations in the period of change and the reason for not presenting the cumulative effect and pro forma amounts for prior years disclosed?	—	—	√
2. Change in accounting estimate:			
a. For a change in an estimate that affects several future periods, has the effect on operations (e.g., for proprietary funds, on change in net assets before extraordinary items and change in net assets of the current period) been disclosed? (APB No. 20, para. 33 , and GASBS No. 62, para. 85)	—	—	√
b. For proprietary funds, has disclosure been made of the effect, if material, on change in net assets before extraordinary items and change in net assets for changes in estimates made each period in the ordinary course of accounting for items such as uncollectible accounts or inventory obsolescence? (APB No. 20, para. 33 )	—	—	√
3. For a change in reporting entity, do financial statements for the period in which a change has occurred describe the nature of the change, the reason for it, and the effect of the change on operations; e.g., for proprietary funds, on change in net assets before extraordinary items and change in net assets? (APB No. 20, para. 35 )	—	—	√
4. If GASBS No. 62 has been implemented, is a change in reporting entity reported as follows: (GASBS No. 62, paras. 86 and 87)			
a. Are financial statements restated for all prior periods presented?	—	—	√
b. Do the financial statements for the period of the change describe the nature of the change, the reason for the change, and the effect of the change on beginning net assets/fund net assets for all periods presented?	—	—	√
5. For a correction of an error, has the following been disclosed:			
a. The nature of the error? (APB No. 20, para. 37 , and GASBS No. 62, para. 89)	√	—	—
b. Effect of the correction on operations (e.g., for proprietary funds, on change in net assets before extraordinary items and change in net assets) in the period of correction? (APB No. 20, para. 37 , and GASBS No. 62, para. 89)	√	—	—
c. For comparative financial statements, the effect of restatement on the change in net assets for each period presented? (APB No. 9, para. 26 , and GASBS No. 62, paras. 62 and 88)	√	—	—
d. For single period financial statements, the effect of restatement on beginning fund balance or net assets and on operations/change in net assets of the preceding year? (APB No. 9, para. 26 , and GASBS No. 62, paras. 62 and 88)	—	—	√
e. If a restated historical financial summary (commonly 5 or 10 years) is presented, disclosure of the restatements in the first summary published after the adjustment? (APB No. 9, para. 27 )	—	—	√

**CHANGES IN PRESENTATION OF COMPARATIVE STATEMENTS**

1. If, because of reclassifications or other reasons, changes have occurred in the manner of or the basis for presenting corresponding items in comparative statements, are the changes explained? (ARB No. 43, ch. 2A, para. 3 , and GASBS No. 62, para. 52)

**CHAPTER 9 BANKRUPTCY**

Disclosure Made?  
Yes No N/A

## PENSION PLANS

### Defined Benefit Plans—Disclosures in Employer Financial Statements

☐

1. Is a description of the plan disclosed, including: (GASBS No. 27, para. 20)
  - a. The name of the plan, identification of the public employee retirement system (PERS) or other entity that administers the plan, and identification of the plan as a single-employer, agent multiple-employer, or cost-sharing multiple-employer defined benefit pension plan? √ — —
  - b. A brief description of the types of benefits provided and the authority under which benefit provisions are established or may be amended? √ — —
  - c. Whether the pension plan issues a stand-alone financial report or is included in the report of a PERS or another entity and, if so, how to obtain a report? √ — —
2. Is information regarding funding policy disclosed, including: (GASBS No. 27, para. 20, and GASBS No. 50, para. 7)
  - a. Authority under which obligations to contribute to the plan of the plan members, employer(s), and other contributing entities (i.e., state contributions to local government plans) are established or may be amended? √ — —
  - b. Required contribution rate(s) of active plan members? √ — —
  - c. Required contribution rate(s) of the employer in accordance with the funding policy, in dollars or as a percentage of current year covered payroll and, if applicable, legal or contractual maximum employer contribution rates? √ — —
    - i. For single-employer and agent multiple-employer plans, if the required contribution rate differs significantly from the Annual Required Contribution (ARC), how the rate is determined (i.e., by statute or contract, or if the plan is financed on a pay-as-you-go basis)? √ — —
    - ii. For cost-sharing multiple-employer plans, the required contributions in dollars and the percentage of that amount contributed for the current year and each of the preceding two years, including a description of how the required contribution rate is determined (e.g., by statute or contract, or on an actuarially determined basis) or that the plan is financed on a pay-as-you-go basis. — — √
3. If the governmental entity participates in a single-employer or agent multiple-employer plan, in addition to the disclosures in Questions 1 and 2, do the footnotes disclose: (GASBS No. 27, paras. 16 and 21, and GASBS No. 50, para. 8)
  - a. Annual pension cost and the dollar amount of contributions made for the current year? √ — —
  - b. If the employer has a net pension obligation (NPO):
    - i. The components of annual pension cost (i.e., ARC, interest on the NPO, and the adjustment to the ARC)? — — √
    - ii. The NPO balance at the end of the year and the increase or decrease in the NPO? — — √
  - c. For the current year and each of the preceding two years, annual pension cost, percentage of annual pension cost contributed, and the NPO at the end of the year? √ — —
  - d. Information about the funded status of the plan as of the most recent valuation date, including the:

	Disclosure Made?		
	Yes	No	N/A
i. Actuarial valuation date?	<u>√</u>	—	—
ii. Actuarial value of assets?	<u>√</u>	—	—
iii. Actuarial accrued liability?	<u>√</u>	—	—
iv. Total unfunded actuarial liability (or funding excess)?	<u>√</u>	—	—
v. Actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio)?	<u>√</u>	—	—
vi. Annual covered payroll?	<u>√</u>	—	—
vii. Ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll?	<u>√</u>	—	—
e. Information about actuarial methods and assumptions used in valuations on which information about the ARC, annual pension cost, funded status, and funding progress is based, including:			
i. Disclosure that the required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits?	<u>√</u>	—	—
ii. If applicable, disclosure that the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations?	—	—	<u>√</u>
iii. Identification of the actuarial methods and significant assumptions used to determine the ARC for the current year and the information required in Item d., including:			
1) Actuarial cost method?	<u>√</u>	—	—
2) Method(s) used to determine the actuarial value of assets?	<u>√</u>	—	—
3) Assumptions with respect to the inflation rate, investment return, projected salary increases, and post-retirement benefit increases and, if the economic assumptions contemplate different rates for successive years (year-based or select and ultimate rates), are the initial and ultimate rates disclosed?	<u>√</u>	—	—
4) Amortization method (level dollar or level percentage of projected payroll) and period for the most recent actuarial valuation and whether the period is closed or open?	<u>√</u>	—	—
5) For plans using the aggregate actuarial cost method, that because the method does not identify and separately amortize unfunded actuarial liabilities, information about funded status and funding progress was prepared using the entry age actuarial cost method for that purpose and is intended to serve as a surrogate for the funded status and funding progress of the plan?	—	—	<u>√</u>
4. If the governmental entity participates in a single-employer or agent multiple-employer plan, is the following information, as of the most recent actuarial valuation and the two preceding valuations, included as required supplementary information in the general purpose financial statements: (GASBS No. 27, para. 22 and GASBS No. 50, para. 9)			

## Disclosure Made?

Yes	No	N/A
-----	----	-----

a. Information about the funding progress of the plan, including, for each valuation the actuarial valuation date, the actuarial value of plan assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability, the annual covered payroll, and the ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll?	√	—	—
b. Factors that significantly affect the identification of trends in the amounts reported, such as changes in benefits provided, the size and composition of the employee group(s) covered by the plan, or the actuarial methods and assumptions used?	√	—	—
5. If the employer uses the aggregate actuarial cost method to determine the ARC: (GASBS No. 50, para. 9)			
a. Is the information in Question 4.a. prepared using the entry age actuarial cost method and presented as RSI?	—	—	√
b. Does information accompanying the RSI disclose that the purpose is to provide information that serves as a surrogate for the funding progress of the plan?	—	—	√
6. If an employer participates in a cost-sharing plan that does not issue and make publicly available a stand-alone financial report and the plan is not included in the financial report of a PERS or another entity (such as a plan sponsor or administrator), is the following information presented as RSI in the employer's financial statements? (GASBS No. 50, para. 10, and QA-2010, Question 5.2.5)			
a. For the plan as a whole, schedules of funding progress and employer contributions, including notes to the schedules?	—	—	√
b. Disclosure that the information presented relates to the cost-sharing plan as a whole, of which the employer is one participating employer?	—	—	√
c. Other information helpful for understanding the scale of the information presented relative to the employer?	—	—	√
7. For an insured defined benefit pension plan, in which an insurance company has unconditionally assumed the legal obligation to pay the pension benefits defined in the employer government's pension plan, do the notes to the employer government's financial statements disclose: (GASBS No. 27, para. 23)			
a. A description of the insured plan, including benefits provided and the authority under which benefit provisions are established or may be amended?	—	—	√
b. The fact that the obligation for payment of benefits has been effectively transferred from the employer to one or more insurance companies?	—	—	√
c. Whether the employer has guaranteed benefits in the event the insurance company becomes insolvent?	—	—	√
d. The current year pension expenditures/expense and contributions or premiums paid?	—	—	√
<b>Defined Benefit Plans—Disclosures in Separately Issued Plan Financial Statements</b>			☑
8. Do the financial statements include a "statement of plan net assets" and a "statement of changes in plan net assets"? (GASBS No. 25, para. 19)	—	—	√
9. Does the "statement of plan net assets" disclose the following: (GASBS No. 25, paras. 21 and 27)			

## Disclosure Made?

Yes	No	N/A
-----	----	-----

- |  |   |   |   |
|--|---|---|---|
| c. The period during which the pledged revenue will not be available for other purposes?   | — | — | √ |
| d. The ratio of the pledged amount to the total for that specific revenue, if estimable?   | — | — | √ |
| e. A comparison of pledged revenues recognized during the period to the principal and interest payments made during the period for the debt directly or indirectly secured by pledged revenues?                | — | — | √ |
| 2. In the year that the government sells future revenue streams, has the government disclosed the following information about the specific revenues sold: (GASBS No. 48, para. 22 and GASB Cod. Sec. 2300.123) |   |   |   |
| a. The identity of the specific revenues sold, including the approximate amount, and the significant assumptions used to determine that amount?  | — | — | √ |
| b. The period to which the sale applies?   | — | — | √ |
| c. The ratio of the sold amount to the total for that specific revenue, if estimable (i.e., the proportion of the specific revenue stream that has been sold)?   | — | — | √ |
| d. A comparison of the amount received and the present value of the future revenues sold, and the significant assumptions used to determine that present value?  | — | — | √ |

**POLLUTION REMEDIATION OBLIGATIONS**

- |   |   |   |   |
|---|---|---|---|
| 1. For recognized pollution remediation liabilities has the government disclosed the following: (GASBS No. 49, para. 25 and GASB Cod. Sec. P40.123)   |   |   |   |
| a. The nature and source of pollution remediation obligations (for example, federal, state, or local laws or regulations)?  | — | — | √ |
| b. The amount of the estimated liability (if not apparent from the financial statements)?   | — | — | √ |
| c. The methods and assumptions used to estimate the liability?  | — | — | √ |
| d. The potential for the estimated liability to change due to factors such as price increases or decreases, changes in technology, or changes in applicable laws or regulations?  | — | — | √ |
| 2. Has the government disclosed the amount of estimated recoveries reducing the pollution remediation liability? (GASBS No. 49, para. 25 and GASB Cod. Sec. P40.123)  | — | — | √ |
| 3. For pollution remediation liabilities, or portions thereof, that are not yet recognized because they are not reasonably estimable, has the government disclosed a general description of the nature of the pollution remediation activities? (GASBS No. 49, para. 26 and GASB Cod. Sec. P40.124) | — | — | √ |

**POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS****Defined Benefit OPEB Plans—Disclosures in Employer Financial Statements**

NOTE: An employer is required to make the disclosures discussed in Questions 1 through 9, as appropriate for each plan to which it contributes. This does not require separate notes for each plan; rather, information should be presented in a way that avoids unnecessary duplication. (QA-2010, Question 8.42.1)

1. Is a description of the plan disclosed, including: (GASBS No. 45, para. 24)

	Disclosure Made?		
	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. The name of the plan, identification of the public employee retirement system (PERS) or other entity that administers the plan, and identification of the plan as a single-employer, agent multiple-employer, or cost-sharing multiple-employer defined benefit OPEB plan?	<u>√</u>	—	—
b. A brief description of the types of benefits provided and the authority under which benefit provisions are established or may be amended?	<u>√</u>	—	—
c. Whether the OPEB plan issues a stand-alone financial report or is included in the report of a PERS or another entity and, if so, how to obtain a report?	<u>√</u>	—	—
2. Is information regarding funding policy disclosed, including: (GASBS No. 45, para. 24)			
a. Authority under which obligations of the plan members, employer(s), and other contributing entities (i.e., state contributions to local government plans) to contribute to the plan are established or may be amended?	<u>√</u>	—	—
b. Required contribution rate(s) of plan members (for example, expressed as a rate/amount per member or as a percentage of covered payroll)?	—	—	<u>√</u>
c. Required contribution rate(s) of the employer in accordance with the funding policy, in dollars or as a percentage of current year covered payroll, and, if applicable, legal or contractual maximum contribution rates?	<u>√</u>	—	—
i. For single-employer and agent multiple-employer plans, if the required contribution rate differs significantly from the Annual Required Contribution (ARC), how the rate is determined (i.e., by statute or contract, or if the plan is financed on a pay-as-you-go basis)?	<u>√</u>	—	—
ii. For cost-sharing multiple-employer plans, the required contributions in dollars and the percentage of that amount contributed for the current year and each of the preceding two years and how the rate is determined (i.e., by statute or contract, or if the plan is financed on a pay-as-you-go basis)?	—	—	<u>√</u>
3. If the governmental entity participates in a single-employer or agent multiple-employer plan, in addition to the disclosures in Questions 1 and 2, do the footnotes disclose: (GASBS No. 45, para. 25)			
a. Annual OPEB cost and the dollar amount of contributions made for the current year?	<u>√</u>	—	—
b. If the employer has a net OPEB obligation:			
i. The components of annual OPEB cost (i.e., ARC, interest on the net OPEB obligation, and the adjustment to the ARC)?	<u>√</u>	—	—
ii. The net OPEB obligation at the end of the year and the increase or decrease in the net OPEB obligation?	<u>√</u>	—	—
c. For the current year and each of the preceding two years, annual OPEB cost, percentage of annual OPEB cost contributed, and the net OPEB obligation at the end of the year?	<u>√</u>	—	—
d. Information about the funded status of the plan as of the most recent valuation date, including the actuarial valuation date, the actuarial value of plan assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability, the annual covered payroll, and the ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll? (For employers that meet the criteria and elect to use the alternative measurement method, see Question 7.)	<u>√</u>	—	—

	Disclosure Made?		
	<u>Yes</u>	<u>No</u>	<u>N/A</u>
e. Information about actuarial methods and assumptions used in valuations on which reported information about the ARC, annual OPEB cost, and the funded status and funding progress of OPEB plans is based, including:			
i. Disclosure that actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future?	<u>√</u>	—	—
ii. Disclosure that the required schedule of funding progress immediately following the notes presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits?	<u>√</u>	—	—
iii. Disclosure that projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point, and, if applicable, the disclosure that the projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future?	<u>√</u>	—	—
iv. Disclosure that actuarial calculations reflect a long-term perspective, and, if applicable, disclosure that, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets?	<u>√</u>	—	—
v. Identification of the actuarial methods and significant assumptions used to determine the ARC for the current year and the information required by Question 3d, including:			
1) Actuarial cost method?	<u>√</u>	—	—
2) Method(s) used to determine the actuarial value of assets?	<u>√</u>	—	—
3) Assumptions with respect to the inflation rate, investment return (including the method used to determine a blended rate for a partially funded plan, if applicable), postretirement benefit increases if applicable, projected salary increases if relevant to determination of the level of benefits, and, for postemployment healthcare plans, the healthcare cost trend rate [if the economic assumptions contemplate different rates for successive years (year-based or select and ultimate rates), the rates that should be disclosed are the initial and ultimate rates]?	<u>√</u>	—	—
4) Amortization method (level dollar or level percentage of projected payroll) and the amortization period (equivalent single amortization period, for plans that use multiple periods) for the most recent actuarial valuation and whether the period is closed or open?	<u>√</u>	—	—
5) For employers using the aggregate actuarial cost method, disclosure that because the method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and that the information presented is intended to approximate the funding progress of the plan?	—	—	<u>√</u>

	Disclosure Made?		
	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. If the governmental entity participates in a single-employer or agent multiple-employer plan, is the following information, as of the most recent actuarial valuation and the two preceding valuations, included as required supplementary information in the financial statements: (GASBS No. 45, para. 26 and 27)			
a. Information about the funding progress of the plan, including each of the elements of information listed in Question 3.d for each valuation?	√	—	—
b. Factors that significantly affect the identification of trends in the amounts reported, such as changes in benefits provisions, the size or composition of the employee group(s) covered by the plan, or the actuarial methods and assumptions used (Prior year amounts should not be restated)?	—	—	√
5. If the employer participates in a cost-sharing plan that does not issue and make publicly available a stand-alone plan financial report prepared in accordance with GASBS No. 43 (and is not also included in a PERS report or a report of another entity), does the cost-sharing employer: (GASBS No. 45, para. 27)			
a. Present as required supplementary information the schedules of funding progress, employer contributions, and related notes for the plan prepared in accordance with GASBS No. 43?	—	—	√
b. Disclose that the information presented relates to the cost-sharing plan as a whole (of which the employer is just a participant) and present information relative to understanding the scale of the information as it relates to the employer?	—	—	√
6. For an insured defined benefit OPEB plan, in which an insurance company has unconditionally assumed the legal obligation to pay the OPEB benefits defined in the employer government's OPEB plan, do the notes to the employer government's financial statements disclose: (GASBS No. 45, para. 28)			
a. A description of the insured benefit, including the authority under which benefit provisions are established or may be amended?	—	—	√
b. The fact that the obligation for payment of benefits has been effectively transferred from the employer to one or more insurance companies?	—	—	√
c. Whether the employer has guaranteed benefits in the event the insurance company becomes insolvent?	—	—	√
d. The current year OPEB expense/expenditure and contributions or premiums paid?	—	—	√
7. If the government has fewer than 100 plan members, meets the requirements to use the alternative measurement method, and elects to do so, does it disclose that it is using the alternative measurement method and disclose the source or basis of all significant assumptions or methods used, including general considerations, expected point at which benefits begin, marital and dependency status, mortality, turnover, healthcare cost trend rate, use of health insurance premiums, coverage options, and use of grouping? (GASBS No. 45, para. 34)	—	—	√
8. For a government participating in a single-employer or agent multiple-employer defined benefit OPEB plan that elects to retroactively apply GASBS No. 45, does the government disclose the calculation period used in determining the net OPEB obligation (asset)? (GASBS No. 45, para. 37)	—	—	√
9. In the transition year of implementing GASBS No. 45, did the government disclose for each single-employer, agent multiple-employer, or multiple-employer cost-sharing OPEB plan: (GASBS No. 45, para. 39)			
a. Whether GASBS No. 45 was implemented retroactively or prospectively?	—	—	√

## Disclosure Made?

Yes	No	N/A
-----	----	-----

- b. If retroactively, the amount of the OPEB liability (asset) at transition and the difference between that amount and any previously reported amount for the same plan?

___	___	✓
-----	-----	---

10. If the government is legally responsible for the contributions to an OPEB plan even though it is not the employer (for example, a state funding an OPEB plan for local school district teachers), does it comply with all of the reporting guidance of GASBS No. 45, including note disclosures and required supplementary information? (GASBS No. 45, para. 32)

___	___	✓
-----	-----	---

**Defined Benefit OPEB Plans—Disclosures in Separately Issued Plan Financial Statements**

		✓
--	--	---

11. Do the financial statements include a "statement of plan net assets" and a "statement of changes in plan net assets"? (GASBS No. 43, paras. 18 and 26)

___	___	✓
-----	-----	---

12. Does the "statement of plan net assets" disclose the following (GASBS No. 43, paras. 19 and 25):

- a. Major categories of assets held (for example, cash and cash equivalents, receivables, investments, and assets used in plan operations)?

___	___	✓
-----	-----	---

- b. Principal components of the receivables and investments categories?

___	___	✓
-----	-----	---

- c. The difference between total plan assets and total plan liabilities captioned "net assets held in trust for OPEB"?

___	___	✓
-----	-----	---

13. Does the "statement of changes in plan net assets" disclose the following: (GASBS No. 43, para. 27)

- a. Contributions from the employer(s)?

___	___	✓
-----	-----	---

- b. Contributions from plan members, including those transmitted by the employer(s)?

___	___	✓
-----	-----	---

- c. Contributions from sources other than the employer(s) and plan members (for example, state government contributions to a local government plan)?

___	___	✓
-----	-----	---

- d. Net investment income, including (1) the net appreciation (depreciation) in the fair value of plan investments; (2) interest income, dividend income, and other income not included in (1); and (3) total investment expense, separately displayed, including investment management and custodial fees and all other significant investment-related costs?

___	___	✓
-----	-----	---

14. Is a description of the plan disclosed, including: (GASBS No. 43, para. 30a)

- a. Identification of the plan as a single-employer, agent multiple-employer, or cost-sharing multiple-employer defined benefit OPEB plan and the number of participating employers and other contributing entities?

___	___	✓
-----	-----	---

- b. The following disclosures about participants:

- i. Classes of employees covered and the number of plan members?

___	___	✓
-----	-----	---

- ii. Number of retirees and beneficiaries currently receiving benefits?

___	___	✓
-----	-----	---

- iii. Terminated members entitled to, but not yet receiving, benefits?

___	___	✓
-----	-----	---

- iv. Employees in active service?

___	___	✓
-----	-----	---

- v. If applicable, the fact that the plan is closed to new entrants?

___	___	✓
-----	-----	---

- c. The following description of benefits provided:

- i. Types of benefits?

___	___	✓
-----	-----	---

## Disclosure Made?

Yes	No	N/A
-----	----	-----

a. If applicable, a schedule of funding progress, presenting information for the most recent valuation and the two preceding valuations, including the information required at Question 3d?

—	—	√
---	---	---

b. Schedule of employer contributions, presenting information for the most recent valuation and the two preceding valuations?

—	—	√
---	---	---

20. Do the notes accompanying the schedules included in the required supplementary information disclose factors that significantly affect the identification of trends in the amounts reported, such as changes in benefits provided, the size or composition of the population covered by the plan, or the actuarial methods and assumptions used? (GASBS No. 43, para. 37)

—	—	√
---	---	---

21. If the plan has fewer than 100 members, meets the requirements to use the alternative measurement method, and elects to do so, does it disclose that it is using the alternative measurement method and disclose the source or basis of all significant assumptions or methods used, including general considerations, expected point at which benefits begin, marital and dependency status, mortality, turnover, healthcare cost trend rate, use of health insurance premiums, coverage options, and use of grouping? (GASBS No. 43, para. 39)

—	—	√
---	---	---

**Defined Benefit OPEB Plans—Single-employer Plan Included as a Trust or Agency Fund in the Employer Basic Financial Statements**

☐

22. If the employer includes a single-employer OPEB plan in its reporting entity as a trust or agency fund, is there a single set of disclosures representing a combination of the disclosures required at Questions 1–10 and Questions 11–21 that avoids unnecessary duplication of similar information? (GASBS No. 45, para. 24, footnote 19)

√	—	—
---	---	---

23. Is the difference between total plan assets and liabilities on the statement of plan net assets captioned "Net assets held in trust for OPEB"? (GASBS No. 43, para. 25)

√	—	—
---	---	---

24. Do the financial statements of the employer disclose the availability of the stand-alone plan report and the information required for a schedule of funding progress for the three most recent actuarial valuations? (GASBS No. 43, para. 32)

√	—	—
---	---	---

25. If the employer includes a single-employer OPEB plan in its reporting entity as a trust fund and separate financial statements are not publicly available in a stand-alone report, are both the schedule of funding progress and schedule of employer contributions, including all of the required information at Questions 19–20 included in the employer's financial statements, footnotes, or required supplementary information? (GASBS No. 43, para. 32)

√	—	—
---	---	---

**Defined Benefit OPEB Plans—Multiple-employer Plan Included as a Trust or Agency Fund in the Employer's Basic Financial Statements**

☒

26. If the employer includes an agent multiple-employer or cost-sharing multiple-employer PERS in its reporting entity as a trust or agency fund, is there a single set of disclosures representing a combination of the disclosures required at Questions 1–10 and Questions 11–21 that avoids unnecessary duplication of similar information? (GASBS No. 45, para. 24, footnote 19)

—	—	—
---	---	---

27. Is the difference between total plan assets and liabilities on the statement of plan net assets captioned "Net assets held in trust for OPEB"? (GASBS No. 43, para. 25)

—	—	—
---	---	---

28. When a plan's financial statements are included in an employer's financial report (as a trust or agency fund) and the employer elects not to present the required supplementary information in the employer's financial report (see Questions 19–20), do the notes to the financial statements of the employer disclose the availability and how to obtain the stand-alone plan report? (GASBS No. 43, para. 30)

—	—	—
---	---	---

**GOVERNMENT FINANCE OFFICERS ASSOCIATION**

**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN  
FINANCIAL REPORTING**

**GENERAL PURPOSE PREPARER CHECKLIST**

This checklist is designed to assist in the preparation of comprehensive annual financial reports (CAFRs). It is available in electronic form at GFOA's website ([www.gfoa.org](http://www.gfoa.org)) under the heading *Award Programs* in the *Certificate of Achievement for Excellence in Financial Reporting* section.

**ADDITIONAL MATERIAL FOR PENDING GASB PRONOUNCEMENTS**

The checklist covers all Governmental Accounting Standards Board (GASB) pronouncements that have been issued as final documents. It includes the changes necessary because of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For a government that is not yet required to implement and has not early implemented GASB Statement No. 43 and/or Statement No. 45, the relevant questions are included in Part 1 of the *Checklist Supplement* following section 19. Conversely, a government that early implements or is planning for the implementation of Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*; GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; and GASB Statement No. 52, *Land and Other Real Estate held as Investments by Endowments*, should refer to Part 2 of the *Checklist Supplement* for the changes necessary because of these pronouncements.

The checklist is designed to provide comprehensive guidance for financial statement preparers. The use of this checklist, however, does not guarantee that a given CAFR will be awarded the Certificate of Achievement for Excellence in Financial Reporting.

This particular checklist includes all sections of questions that are applicable to a general-purpose government. (A specialized checklist is available for school districts.) It excludes the sections that are applicable only to the specialized checklist for pension and other postemployment benefit systems and cash and investment pools. Accordingly, breaks in the numerical sequence of the sections presented in this checklist simply reflect the omission of those sections that are only applicable to those specialized checklists.

Indentation indicates that a given question is dependent upon a positive response to the preceding question. Accordingly, preparers need not consider the indented questions if the answer to the lead-in question is not positive.

Compliance with certain requirements of generally accepted accounting principles (GAAP) cannot be determined simply by examining a financial report. Questions about such items have been omitted from this checklist, except in those cases where answers to questions in Section IV of the Certificate Program Application Form provide the background needed to respond meaningfully. A plus sign (+) indicates those specific questions for which needed information should be available on the application form. Additionally, information has been provided in the form of *italicized* comments for GAAP requirements not addressed in the question. If this guidance is applicable, it must be implemented.

An asterisk (\*) designates specific items that of themselves may disqualify a report from being awarded the Certificate of Achievement for Excellence in Financial Reporting. Other items also may disqualify a report from receiving the Certificate. Clarification of certain items can be found in an explanation that immediately follows the related checklist question or italicized comment.

The CAFR will be graded on the following categories, when applicable to the government:

- Cover, table of contents, and formatting
- Introductory section
- Report of the independent auditor
- Management's discussion and analysis (MD&A)
- Basic financial statements (preliminary considerations)
- Government-wide financial statements
- Fund financial statements (general considerations)
- Governmental fund financial statements
- Proprietary fund financial statements
- Fiduciary fund financial statements
- Summary of significant accounting policies (SSAP)
- Note disclosure (other than the SSAP and pension-related disclosures)
- Pension and other postemployment benefit related note disclosures
- Required supplementary information (RSI)
- Combining and individual fund information and other supplementary information
- Statistical section
- Other considerations

Abbreviations Used in this Checklist

APB	-	Accounting Principles Board Opinion
<i>Audits of State and Local Governments</i>	-	<i>Audits of State and Local Governments</i> , American Institute of Certified Public Accountants, May 2007
FASB - I	-	Financial Accounting Standards Board Interpretation
FASB - S	-	Financial Accounting Standards Board Statement
2005 GAAFR	-	<i>Governmental Accounting, Auditing, and Financial Reporting</i> , GFOA 2005
GAAFR Review	-	<i>GAAFR Review</i> , GFOA's Monthly Newsletter on Governmental Accounting, Auditing, and Financial Reporting
GASB - I	-	GASB Interpretation
GASB - S	-	GASB Statement
GASB - TB	-	GASB Technical Bulletin
Q&A	-	<i>2007-2008 Comprehensive Implementation Guide</i> , GASB
NCGA - I	-	National Council on Governmental Accounting Interpretation
NCGA - S	-	National Council on Governmental Accounting Statement

All references listed above, except those for "2005 GAAFR," "GAAFR Review," "Q & A," and *Audits of State and Local Governments*, are followed by the number of the pronouncement, if applicable, and the specific paragraph(s), footnote(s), or appendix (appendices) within the publication that is being referenced. The references to "2005 GAAFR" and "GAAFR Review" are to pages in those publications. For "Q&A," the references are to the applicable chapters and questions in that publication. For *Audits of State and Local Governments*, the references are to the chapter and specific paragraph.

Yes No N/A

**COVER, TABLE OF CONTENTS, AND FORMATTING**

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.1	Does the report cover describe the document as a "comprehensive annual financial report"? [2005 GAAFR, page 285]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.2	Does the report cover include the name of the government?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.3	In the case of governments other than states, does the report cover include the name of the state within which the government is located? [2005 GAAFR, page 286]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.4	Does the report cover indicate the fiscal period covered? [2005 GAAFR, page 286]

Explanation: The description of the fiscal year should include the exact date on which the fiscal year ended (e.g., for the fiscal year ended June 30, 2010).

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.5	Is there a title page? [2005 GAAFR, page 286] If so:
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.5a	Does it describe the document as a "comprehensive annual financial report"? [2005 GAAFR, page 286]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.5b	Does it indicate the fiscal period covered? [2005 GAAFR, page 286]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.5c	Does it include the name of either the individual or the department responsible for preparing the report? [2005 GAAFR, page 286]

Explanation: It is not necessary to actually state that the report was prepared by the individual or department responsible. The name of the individual or department is sufficient.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.5d	For governments other than states, does it include the name of the state within which the government is located? [2005 GAAFR, page 286]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.6*	Is a table of contents included that encompasses the entire report? [NCGA-S1: 139; 2005 GAAFR, page 286] If so:
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.6a	Does it clearly segregate each of the three basic sections of the report (i.e., introductory section, financial section, and statistical section)? [2005 GAAFR, page 286]

Explanation: If a report contains additional sections, these should be segregated as well in the table of contents.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.6b	Does it present the introductory section and the financial section as the first and second sections, respectively, of the report?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.6c	Does it clearly distinguish the basic financial statements (including the notes) from RSI and the other contents of the financial section? [2005 GAAFR, page 286]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.6d	Does it identify each statement and schedule by its full title? [2005 GAAFR, page 286]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1.6e	Does it include a page number reference for each item? [2005 GAAFR, page 286]

Explanation: All items on the table of contents should be accompanied by a page number. Exhibit numbers, while permitted, are not a substitute for page numbers.

Yes	No	N/A
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- |      |   |
|------|---|
| 1.7  | If a statement or schedule occupies more than a single pair of facing pages, does the statement or schedule alert readers to this fact by including the word "continued" on the first pair of facing pages, as well as on each subsequent pair of facing pages? |
| 1.8  | Does each page have a page number?  |
| 1.9  | Are text and numbers throughout the report easily readable?   |
| 1.10 | Has the government refrained from reporting cents?  |
| 1.11 | If numbers are rounded to the nearest thousand or million, is this fact clearly indicated?  |
| 1.12 | Has the government refrained from using the term "memorandum only" in connection with any of the total columns presented in the report? [GASB-S34: 304]   |

## INTRODUCTORY SECTION

### GENERAL CONSIDERATIONS

- |     |   |
|-----|---|
| 2.1 | If the government received the Certificate of Achievement for Excellence in Financial Reporting in the immediately preceding fiscal year, is a copy of that award included somewhere within the introductory section? [2005 GAAFR, pages 286-7] |
| 2.2 | Are the government's principal officials (elected, appointed, or both) listed somewhere within the introductory section? [2005 GAAFR, page 287]   |

Explanation: For this purpose a government may present either its principal officials in place during the fiscal year, its principal officials in place at the time the report is issued, or some combination of both.

- |     |   |
|-----|---|
| 2.3 | Is an organization chart included somewhere within the introductory section? [2005 GAAFR, page 287] |
|-----|---|

### LETTER OF TRANSMITTAL

- |      |  |
|------|--|
| 2.4* | Is a letter of transmittal included within the introductory section? [NCGA-S1: 139; 2005 GAAFR, page 287] If so: |
| 2.4a | Is it presented on the letterhead stationery of the government? [2005 GAAFR, page 290]                           |
| 2.4b | Is it dated on or after the date of the independent auditor's report? [2005 GAAFR, page 290]                     |
| 2.4c | Is it signed by at least the chief financial officer? [2005 GAAFR, page 290]                                     |

Explanation: If the chief financial officer at the time the letter of transmittal is issued is different than the chief financial officer at the end of the fiscal period, either individual may sign the letter.

- |      |  |
|------|--|
| 2.4d | Does it state that management is responsible for the contents of the report? [2005 GAAFR, page 288]  |
| 2.4e | Does it include background information on the government?  |
| 2.4f | Does it contain information designed to assist users in assessing the government's financial condition (e.g., information on the local economy)? |

Yes No N/A

Explanation: Examples of other types of information that might be useful in assessing a government's financial condition include information associated with a government's long-term financial planning, financial policies that were relevant in the current period (e.g., the application in the current period of the government's policy on the use of one-time revenue sources), and major initiatives that are expected to affect future financial positions.

☒ ☐ ☐ 2.4g Does it contain acknowledgements? [2005 GAAFR, page 290]

*If the government received the Certificate of Achievement for Excellence in Financial Reporting or some other award, the government may mention such awards in the letter of transmittal. [2005 GAAFR, page 290]*

Explanation: While it is appropriate to mention awards in a letter of transmittal, the awards thus mentioned ought to have some bearing on the government's financial management.

☒ ☐ ☐ 2.4h Does the letter of transmittal direct readers to MD&A? [2005 GAAFR, page 288]

☒ ☐ ☐ 2.4i Has the government refrained from duplicating information contained in MD&A or in the notes to the financial statements? [GASB-S34: 8, note 7; Q&A 7.5.2; 2005 GAAFR, page 287]

Explanation: The *GAAFR* suggests three means of avoiding unnecessary duplication: 1) briefly identifying a topic and explaining its potential interest to financial statement users in the letter of transmittal, 2) referring readers of the letter of transmittal to the notes and MD&A for any information on the topic already provided there, and 3) limiting the discussion in the letter of transmittal to the more subjective aspects of a given topic.

## FINANCIAL SECTION – REPORT OF THE INDEPENDENT AUDITOR

☒ ☐ ☐ 3.1\* Are the basic financial statements accompanied by the report of the independent auditor? [2005 GAAFR, page 290]

☒ ☐ ☐ 3.2 Is the report of the independent auditor presented as the first item in the financial section of the report? [2005 GAAFR, page 290]

☒ ☐ ☐ 3.3 Did the independent auditor conduct the audit in conformity with either generally accepted auditing standards or generally accepted government auditing standards (i.e., *Government Auditing Standards*)? [2005 GAAFR, page 315]

☒ ☐ ☐ 3.4 Did the independent auditor express an opinion on the fair presentation of the basic financial statements in conformity with GAAP?

☒ ☐ ☐ 3.5\* Did the independent auditor express an *unqualified* opinion on the fair presentation of the basic financial statements? [2005 GAAFR, page 315]

Explanation: The independent auditor's opinion is considered to be *unqualified* unless the auditor 1) offers an adverse opinion, 2) offers a qualified opinion (i.e., fairly presented *except for...*), or 3) disclaims an opinion on all or a portion of the basic financial statements.

☒ ☐ ☐ 3.6 Does the independent auditor indicate, at a minimum, that combining and individual fund financial statements and schedules are fairly presented "in relation to" the basic financial statements? [2005 GAAFR, page 291]

☒ ☐ ☐ 3.7 Did the independent auditor refrain from indicating that RSI is either absent or otherwise potentially inadequate?

☒ ☐ ☐ 3.8 Did the independent auditor sign and date the report?

Yes ☒ No ☐ N/A ☐

- 3.9 If the independent auditor's report states that combining and individual fund financial statements are fairly presented *in relation to* the basic financial statements, has the government refrained from including any reference to the notes to the financial statements on the face of the combining and individual fund statements? [2005 GAAFR, page 303]

Explanation: A statement in the independent auditor's report that combining and individual fund financial statements are fairly presented *in relation to* the basic financial statements is *not* tantamount to an opinion on the fair presentation of those statements in their own right. It is only when the independent auditor states that combining and individual fund financial statements are fairly presented *without reference to the basic financial statements* that a reference to the notes to the financial statements is appropriate on the face of those statements.

## **FINANCIAL SECTION – MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

- ☒ 4.1\* Is MD&A presented? [GASB-S34: 68; 2005 GAAFR, page 290] If so:
- ☒ 4.1a\* Is MD&A presented preceding the basic financial statements? [GASB-S34: 8; Q&A 7.5.1; 2005 GAAFR, page 290]
- ☒ 4.1b Does MD&A describe the basic government-wide financial statements and the basic fund financial statements, as well as the difference in the kinds of information provided by each? [GASB-S34: 11a; Q&A 7.5.9; 2005 GAAFR, page 292]

Explanation: This description should either focus on how fund financial statements reinforce information in the government-wide financial statements (e.g., proprietary fund financial statements) or provide additional information (e.g., governmental fund financial statements and fiduciary fund financial statements). In particular, it should describe the relationship between the governmental fund financial statements and the data reported for *governmental activities* in the government-wide financial statements.

- ☒ 4.1c Does MD&A provide condensed financial data extracted from the government-wide financial statements? [GASB-S34: 11b; 2005 GAAFR, pages 292-3]

Explanation: The condensed data should include:

- Total assets (distinguishing between capital assets and other assets);
- Total liabilities (distinguishing between long-term liabilities and other liabilities);
- Total net assets (distinguishing *invested in capital assets*, *net of related debt*, *restricted net assets*; and *unrestricted net assets*);
- Program revenues (by major source);
- General revenues (by major source);
- Total revenues;
- Program expenses (at least by function);
- Total expenses;
- Excess or deficiency (before any contributions to term and permanent endowments, contributions to permanent fund principal, special items, extraordinary items, and transfers);
- Contributions;
- Special and extraordinary items;
- Transfers;
- Change in net assets;
- Ending net assets from the statement of activities.

- ☒ 4.1d\* Does MD&A present condensed financial data for both the current fiscal period and the preceding fiscal period? [GASB-S34: 11b; 2005 GAAFR, page 292]

Explanation: The MD&A should separately present condensed data from the governmental activities and the business-type activities for both years.

Yes No N/A

☒ ☐ ☐

4.1e

Does MD&A provide an overall analysis of the government's financial position and results of operations? [GASB-S34: 11c; 2005 GAAFR, page 293]

Explanation: *Analysis*, properly speaking, should focus on the *reasons for changes* rather than just their sizes.

☒ ☐ ☐

4.1e1

Does it specifically address whether the government's overall financial position has improved or deteriorated? [GASB-S34: 11c; 2005 GAAFR, page 293]

Explanation: It is not necessary for the discussion to use the word "improved" or "deteriorated." A statement that net assets have increased or decreased is sufficient.

☐ ☐ ☒

4.1e2

Does it address *governmental activities* separately from *business-type activities*? [GASB-S34: 11c; 2005 GAAFR, page 293]

*If economic factors significantly affected the operating results of the current period, they should be discussed as part of this analysis.* [GASB-S34: 11c; 2005 GAAFR, page 293]

☒ ☐ ☐

4.1f

Does MD&A provide an analysis of significant balances and transactions of individual major funds? [GASB-S34: 11d; 2005 GAAFR, page 293]

Explanation: *Analysis*, properly speaking, should focus on the *reasons for changes* rather than just their sizes. Normally, the analysis of individual funds is provided separately from the overall analysis described in question 4.1e. However, sometimes governments combine the overall analysis and the fund analysis. Either approach is acceptable as long as the analysis includes reasons for both the changes for each type of activity and for the individual major funds, as necessary (i.e., those with significant balances and/or transactions).

☐ ☐ ☒

4.1f1

Does MD&A address whether restrictions, commitments, or other limitations significantly affect the availability of fund resources for future use? [GASB-S34: 11d; 2005 GAAFR, page 293]

☒ ☐ ☐

4.1g

Does MD&A provide an analysis of significant budgetary variations (both original budget versus final amended budget and final amended budget versus actual) for the general fund? [GASB-S34: 11e; 2005 GAAFR, page 293]

*If any currently known reasons for budgetary variations in the general fund are expected to have a significant effect on future liquidity or services, the MD&A should explain that fact.* [GASB-S34: 11e; 2005 GAAFR, page 293]

☒ ☐ ☐

4.1h

Does MD&A describe significant capital asset and long-term debt activity during the year? [GASB-S34: 11f; 2005 GAAFR, pages 293-4]

Explanation: This discussion should summarize, rather than repeat, the detailed information presented in the notes. It also should address commitments made for capital expenditures, changes in credit ratings, and debt limitations that may affect the financing of planned facilities or services.

☒ ☐ ☐

4.1h1

Does the discussion of capital asset and long-term debt activity refer readers interested in more detailed information to the notes to the financial statements? [GASB-S34: 11f, note 8; 2005 GAAFR, pages 293-4]

☐ ☐ ☒

4.1i

If the government uses the modified approach to account for one or more networks or subsystems of infrastructure assets, does MD&A state that fact? [GASB-S34: 11g; 2005 GAAFR, page 294] If so:

Yes No N/A

4.1i1

Does the discussion of the use of the modified approach include a comparison of current condition levels with target condition levels established by the government? [GASB-S34: 11g(2); 2005 GAAFR, page 294]

*If the modified approach is used, mention also should be made of 1) any significant changes in the condition levels of infrastructure assets and 2) any significant differences between the estimated amount necessary to maintain and preserve infrastructure assets at target condition levels and the actual amount of expense incurred for that purpose during the period. [GASB-S34: 11g(1), (3); 2005 GAAFR, page 294]*

*The government should disclose any other "currently known facts, conditions, or decisions" that are expected to have a significant effect on financial position (net assets) or results of operations (revenues, expenses, and other changes in net assets). [GASB-S34: 11h; 2005 GAAFR, page 294]*

Explanation: "Currently known facts, conditions, or decisions" are those known by management as of the date of the independent auditor's report. Examples of items that meet the criteria and should be discussed in MD&A include:

- The award and acceptance of a major grant;
- The adjudication of a significant lawsuit;
- The reassessment of taxable property;
- The completion of an agreement to locate a major manufacturing plant in the government's boundaries;
- A renegotiated labor contract with employees;
- A flood that caused significant damage to a government's infrastructure.

*The emphasis is on things that have actually happened rather than those that might happen (e.g., the possible award of a grant, the potential for the location of a major business within the government's boundaries).*

✓ 4.1j Do the amounts reported in MD&A agree with related amounts in the basic financial statements?

✓ 4.1k Has the government refrained from addressing in MD&A topics not specifically prescribed by SGAS 34? [GASB-S37: 4-5; Q&A 7.5.7; 2005 GAAFR, page 292]

Explanation: Governments may address in MD&A only those topics specifically identified in SGAS 34, paragraph 11. These topics are summarized in questions 4.1b-4.1i1 of this checklist. Governments are free, however, to provide whatever level of detail they believe appropriate in addressing these particular topics.

## **FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS (PRELIMINARY CONSIDERATIONS)**

✓ 5.1\* Is a full set of basic financial statements (i.e., both government-wide financial statements and fund financial statements) presented?

Explanation: The statement of changes in assets and liabilities for the agency funds should *not* be included within the basic financial statements, but should be included in the combining and individual fund statements and schedules section.

If so, does it include each of the following statements (if applicable):

✓ 5.1a\* Government-wide statement of net assets? [GASB-S34: 12; 2005 GAAFR, page 34]

✓ 5.1b\* Government-wide statement of activities? [GASB-S34: 12; 2005 GAAFR, page 34]

Yes	No	N/A		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.1c*	Balance sheet – governmental funds? [GASB-S34: 78; 2005 GAAFR, page 33]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.1d*	Statement of revenues, expenditures, and changes in fund balances – governmental funds? [GASB-S34: 78; 2005 GAAFR, page 33]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5.1e*	Statement of revenues, expenditures, and changes in fund balances – budget and actual – general fund and major special revenue funds (if not presented as RSI)? [GASB-S34: 130, note 53; 2005 GAAFR, page 33]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5.1f*	Statement of fund net assets or balance sheet – proprietary funds? [GASB-S34: 91; 2005 GAAFR, page 33]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5.1g*	Statement of revenues, expenses, and changes in fund net assets/equity – proprietary funds? [GASB-S34: 91; 2005 GAAFR, page 33]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5.1h*	Statement of cash flows – proprietary funds? [GASB-S34: 91; 2005 GAAFR, page 33]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.1i*	Statement of fiduciary net assets? [GASB-S34: 106; 2005 GAAFR, page 34]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.1j*	Statement of changes in fiduciary net assets? [GASB-S34: 106; 2005 GAAFR, page 34]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.2	Are all of the basic financial statements referred to by their appropriate titles? [2005 GAAFR, page 286]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.3	Are all of the basic financial statements grouped together at the front of the financial section of the report? [2005 GAAFR, page 295]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.4	Do all of the basic financial statements include a reference to the notes? [2005 GAAFR, page 295]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5.5	If the government has multiple <i>major</i> discretely presented component units, do the basic financial statements present separate information on each as one of the following: 1) separate columns in the government-wide financial statements, 2) combining statements included within the basic financial statements, or 3) condensed financial statements included within the notes to the financial statements? [GASB-S14: 50-1; GASB-S34: 126; 2005 GAAFR, page 168]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.6*	Has the government refrained from making direct adjustments to equity except in those situations specifically contemplated by GAAP? [ <i>Audits of State and Local Governments</i> 10.02; 2005 GAAFR, pages 282-3]

Explanation: Government-wide and fund financial statements must be presented using an *all-inclusive format*. That is, *all* changes to equity normally should be reported as part of the results of operations for the current period rather than treated as a direct adjustment to equity. There are three exceptions to this general rule: prior-period adjustments, changes in accounting principle, and changes in inventory balances accounted for using the purchases method. (The latter is applicable only to governmental fund financial statements.)

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.7*	Do financial statements within each category (i.e., government-wide, governmental funds, proprietary funds, and fiduciary funds) articulate with one another? (For example, does the amount reported for <i>net assets</i> at the end of the period in the government-wide statement of activities tie to the corresponding amount reported for <i>net assets</i> in the government-wide statement of net assets?)
-------------------------------------	--------------------------	--------------------------	------	--

Yes No N/A

*A transaction in which a government receives or is entitled to resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues should be reported as a collateralized borrowing rather than as a sale unless the specific criteria for reporting as a sale are met. [GASB-S48: 5-18]*

*Explanation: The transaction should be reported as a sale of receivables only if all of the following criteria are met:*

- *Transferee can pledge or sell the receivables without significant transferor-imposed limitation;*
- *Transferor cannot reacquire specific accounts through a unilateral transfer of substitute accounts;*
- *Agreement is not cancelable by either party;*
- *Transferor is isolated from the cash collections of the receivables.*

*The transaction should be reported as a sale of revenues only if all of the following criteria are met:*

- *Transferor has no active involvement in the generation of the future revenue;*
- *Transferee can pledge or sell the future revenues without significant transferor-imposed limitations;*
- *Transferor is isolated from the cash collections of the future revenues;*
- *No prohibition against a transfer or assignment of the resources;*
- *Agreement is not cancelable by either party.*

*If a government pledges future revenues to support the debt of a component unit without receiving resources in exchange, it should not recognize a liability, nor should the component unit recognize an asset as a result of and at the time of the pledge. Instead, the pledging government should recognize a liability to the debt-issuing component unit and an expense/expenditure simultaneously with the recognition of the pledged revenues. The debt-issuing component unit should recognize revenue when the pledging government is obligated to make the payments. [GASB-S48: 19-20]*

\_\_\_\_\_ ✓ 5.8 Has the government reported transfers of capital assets or financial assets within the financial reporting entity at their carrying value at the time of the transfer? [GASB-S48: 15]

## **FINANCIAL SECTION – GOVERNMENT-WIDE FINANCIAL STATEMENTS**

### **GENERAL CONSIDERATIONS**

\_\_\_\_\_ ✓ 6.1\* Are governmental activities and business-type activities reported as separate columns? [GASB-S34: 12d, 15; 2005 GAAFR, pages 156 and 170]

\_\_\_\_\_ ✓ 6.2\* Is a total column presented for the primary government? [GASB-S34: 14; 2005 GAAFR, pages 156 and 171]

\_\_\_\_\_ ✓ 6.2a\* Is the total column for the primary government consolidated? [GASB-S34: 57-60; 2005 GAAFR, pages 135-6]

*Explanation: The consolidated total column for the primary government presented in the government-wide statement of net assets should include neither internal receivables nor internal payables, unless there is a difference in fiscal year between the primary government and a blended component unit. Amounts due to/from fiduciary funds should not be reported as interfund balances. Likewise, the total column on the statement of activities should not include transfers.*

\_\_\_\_\_ ✓ 6.3\* Are any discretely presented component units presented in one or more separate columns to the right of the total column for the primary government? [GASB-S34: 12c; 2005 GAAFR, pages 136 and 157]

Yes	No	N/A	
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6.3a* Has the government refrained from reporting within this (these) column(s) component units that 1) share a governing body with the primary government or 2) exclusively or almost exclusively benefit the primary government? [GASB-S14: 53; 2005 GAAFR, pages 66-7]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.4* Has the government refrained from including either fiduciary funds or fiduciary-type component units in the government-wide financial statements? [GASB-S34: 12b; 2005 GAAFR, page 155]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.5 Has the government refrained from using interfund terminology (e.g., <i>transfers</i> ) to refer to balances and transactions between the primary government and discretely presented component units? [GASB-S34: 61; 2005 GAAFR, page 40]

### GOVERNMENT-WIDE STATEMENT OF NET ASSETS

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.6* Are assets and liabilities reported either in the relative order of their liquidity or on a classified basis? [GASB-S34: 31, note 23; 2005 GAAFR, pages 159-60]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.6a If assets and liabilities are presented in the relative order of liquidity, is any amount presented for long-term liabilities divided between amounts due within one year and amounts due beyond one year? [GASB-S34: 31; 2005 GAAFR, page 160]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6.6b If a classified approach is taken and restricted assets are reported, are restricted assets and liabilities payable from restricted assets reported in the same category? [2005 GAAFR, page 160]

Explanation: The *GAAFR* recommends that both be classified as *current* when the liability would otherwise meet the definition of a current liability.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.7* Does the <i>governmental activities column</i> in the government-wide statement of net assets include capital assets (including infrastructure assets) used to support those activities? [GASB-S34: 12e, 19; 2005 GAAFR, page 126]
-------------------------------------	--------------------------	--------------------------	---

Explanation: The government-wide statement of net assets should report capital assets that are *not* being depreciated (e.g., land, construction-in-progress, or infrastructure assets reported using the modified approach) separately from depreciable capital assets, if significant.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.8 Does the <i>governmental activities column</i> include an asset for the negative net pension obligation/negative net other postemployment benefit obligation, if applicable? [GASB-S27: 17; GASB-S 45: 21; 2005 GAAFR, page 275]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.9* Does the <i>governmental activities column</i> include debt and all other long-term liabilities (e.g., compensated absences, claims and judgments, net pension obligation/net other postemployment benefit obligation) incurred in connection with those activities? [GASB-S34: 12e; GASB-S 45: 21; 2005 GAAFR, page 128]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6.10 If the government has issued special assessment debt for which it is obligated in some manner, has it reported such amounts as <i>special assessment debt with governmental commitment</i> ? [GASB-S6: 17b(1); 2005 GAAFR, pages 281-2]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.11* Is the difference between assets and liabilities reported as <i>net assets</i> ? [GASB-S34: 30; 2005 GAAFR, page 160]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.11a* Are the net assets invested in capital assets, net of related debt, correctly calculated? [GASB-S34: 33; 2005 GAAFR, pages 161-2]

Yes No N/A

Explanation: The government should calculate the net assets invested in capital assets, net of related debt, using the following formula:

Capital assets  
 Less accumulated depreciation  
Less outstanding principal of capital-related debt  
 Net assets invested in capital assets, net of related debt

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.11a1*	Has the government refrained from including financial assets, including interfund loans, in the calculation of net assets invested in capital assets, net of related debt? [GASB-S34: 33; Q&A 7.23.11; 2005 GAAFR, page 161]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.11a2*	Has the government refrained from including noncapital accrued liabilities (e.g., compensated absences, claims and judgments, landfill closure and postclosure costs) in the calculation of net assets invested in capital assets, net of related debt? [GASB-S34: 33; 2005 GAAFR, page 53]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6.11a3*	Has the government refrained from including unspent proceeds from debt in the calculation of net assets invested in capital assets, net of related debt? [GASB-S34: 33; Q&A 7.23.2; 2005 GAAFR, page 161]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6.11a4*	Has the government refrained from including debt that was used to provide capital assets to another government (or a discretely presented component unit) in the calculation of net assets invested in capital assets, net of related debt? [Q&A 7.23.10; 2005 GAAFR, page 323]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6.11a5*	Has the government refrained from including debt to be repaid by governmental activities when the proceeds were used to acquire capital assets that the business-type activities report, and vice versa?

Explanation: This debt may be considered capital-related debt in the total primary government column, if presented. In that case, the government could include a footnote to explain the nature of the reclassification.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6.11a6*	Has the government refrained from including interest payable and the accrued interest on deep discount debt in the calculation of net assets invested in capital assets, net of related debt? [Q&A 7.22.9]
-------------------------------------	--------------------------	--------------------------	---------	--

Explanation: Original issue discounts and premiums, however, should be included in the calculation of net assets invested in capital assets, net of related debt. Conversely, bond issuance costs should be excluded from the calculation.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6.11a7*	Has the government included debt that refunded capital-related debt in the calculation of net assets invested in capital assets, net of related debt? [Q&A 7.23.3]
--------------------------	--------------------------	-------------------------------------	---------	--

Explanation: Deferred amounts on refundings relating to capital-related debt should be included in this calculation. In the case of a crossover refunding, the new debt does not qualify as capital-related debt until the crossover date (i.e., when the old debt is refunded). Accordingly, that debt should not be included in the calculation of net assets invested in capital assets, net of related debt, until the crossover date.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6.11a8*	Has the government excluded debt used to finance capital acquisition by parties outside the primary government from the calculation of net assets invested in capital assets, net of related debt? [Q&A 7.23.10; 2005 GAAFR, page 323]
--------------------------	--------------------------	-------------------------------------	---------	--

Explanation: The government must hold title to a capital asset if the debt used to acquire it is to be classified as "related debt."

Yes ☒ No ☐ N/A ☐

6.11b

Are only amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation included in the calculation of restricted net assets? [GASB-S34: 34; Q&A 7.24.1; 2005 GAAFR, pages 53-4]

Explanation: If liabilities to be paid from assets with restrictions on their use exceed those assets, the excess should affect the unrestricted net assets calculation.

*If a government has both permanently and temporarily restricted net assets, the amount reported for "restricted net assets" should be divided between "nonexpendable" (i.e., permanently restricted) and "expendable" (i.e., temporarily restricted) amounts. [GASB-S34: 35; 2005 GAAFR, page 163]*

☒ ☐ ☐

6.11c

Are unrestricted net assets correctly calculated?

☐ ☐ ☒

6.11c1

Does the calculation of unrestricted net assets include the net assets related to joint ventures? [Q&A 7.25.1; 2005 GAAFR, page 265]

☒ ☐ ☐

6.11d

Has the government refrained from reporting designations within net assets? [2005 GAAFR, page 282]

*A government should refrain from reporting capitalization contributions to public-entity risk pools as an equity interest in a joint venture. [GASB-14; 2005 GAAFR, page 265]*

Explanation: *If a capitalization contribution is made to a public-entity risk pool that does not pool or transfer risk, the capitalization contribution should be treated as a deposit or, if there is a liability for claims and judgments, as a reduction of that liability. If the capitalization contribution is made to a public-entity risk pool that does pool or transfer risk, the appropriate treatment depends on whether the government considers it probable that the capitalization contribution will be returned. If the return of the capitalization contribution is considered probable, then it should be treated by the participating government as a deposit (an asset or, if there is a liability for claims and judgments, as a reduction of that liability). If the return of the contribution is not considered probable, a prepaid asset should be reported.*

*Both an asset and a liability should be reported for securities lending arrangements collateralized with cash (or collateralized with securities that may be pledged or sold without a default). [GASB-S28: 6; 2005 GAAFR, page 249]*

*Both an asset and a liability should be reported for reverse repurchase agreements, except for those of the yield-maintenance variety. [GASB-S3: 81; 2005 GAAFR, page 249]*

☒ ☐ ☐

## GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

☒ ☐ ☐

6.12\*

Does the format of the statement present expenses before revenues? [GASB-S34: 38; 2005 GAAFR, page 164]

6.13\*

Is information on expenses for *governmental activities* presented at least at the *functional level* of detail? [GASB-S34: 39; 2005 GAAFR, pages 164-5]

Explanation: Except for interest and unallocated depreciation, expenses related to governmental activities should be classified by function rather than by object of expenditure (e.g. intergovernmental, employee benefits, capital outlay). More detail in addition to functional expenses may be provided.

☐ ☐ ☒

6.14\*

Is information on expenses for *business-type activities* presented at least by *different identifiable activities*? [GASB-S37: 10; 2005 GAAFR, page 165]

Yes No N/A

Explanation: An *identifiable activity* has a specific revenue stream and related expenses and gains and losses that are accounted for separately. Whether an activity is different is generally based on the goods or services it provides. For example, utilities supplying water are different from those providing electricity even though both could be regarded, in a broader context, as utility services. All expenses should be reported within the expenses of an identifiable activity (i.e., interest expense or intergovernmental expenses should not be separately reported).

☒ ☐ ☐ 6.15 If a portion of the governmental activities depreciation expense is reported as a separate line item, is it labeled "*unallocated* depreciation expense"? [GASB-S37: 10; 2005 GAAFR, page 165]

☒ ☐ ☐ 6.16 Is interest expense reported as a separate line item for *governmental activities*? [GASB-S34: 46; 2005 GAAFR, page 166]

*If a portion of interest expense is included as a direct functional expense of a governmental activity, the separate line item reported for the remaining portion of interest expense should be labeled "unallocated interest expense."* [GASB-S34: 46; 2005 GAAFR, page 166]

*If a government wishes to allocate indirect expenses (e.g., interest expense, general administration) to individual functions or activities, it normally should use a separate column to do so.* [GASB-S34: 42; 2005 GAAFR, page 167]

☒ ☐ ☐ 6.17\* Does the format of the statement present *program revenues* associated with individual functions and activities? [GASB-S34: 38; 2005 GAAFR, page 169]

☐ ☐ ☒ 6.17a\* Are program revenues presented for both *governmental activities* and *business-type activities*? [2005 GAAFR, page 170]

☒ ☐ ☐ 6.17b Are program revenues segregated into the following categories, as appropriate: 1) *charges for services*, 2) *operating grants and contributions*, and 3) *capital grants and contributions*? [GASB-S34: 48; GASB-S37: 12, note d; 2005 GAAFR, page 167]

Explanation: The government is not restricted to using the broad category descriptions as the heading for its program revenue columns. Instead, more descriptive category headings can be used if the government believes they are more reflective of the amounts reported within the columns (e.g., operating grants, contributions, and restricted interest). Also, more than one column can be used to display the program revenues of an individual category (e.g., one column for fees and a second column for fines and forfeitures rather than a single column for "charges for services").

*Fees and charges should be reported as program revenues of the function or activity that generates them, even if they will be used to support some other function or activity.* [GASB-S37: 13; Q&A 7.39.3; 2005 GAAFR, page 167]

*Grants and contributions should only be reported as program revenues if their use is restricted to particular functions and activities. Grants or contributions that may be used for either capital or operating purposes should be classified as "operating grants and contributions."* [GASB-S34: 50; Q&A 7.39.4; 2005 GAAFR, pages 167-8]

☒ ☐ ☐ 6.17c Has the government refrained from including taxes that it has levied as program revenues? [GASB-S34: 52; 2005 GAAFR, page 169]

Explanation: Amounts that a government receives as shared revenues from taxes levied by another government should be reported as program revenue if their use is restricted to one or more specific programs.

☒ ☐ ☐ 6.17d\* Has the government combined the expenses of individual functions and activities with related program revenues to calculate the net expense/revenue of each function and activity? [GASB-S34: 38; 2005 GAAFR, page 169]

Yes/ No N/A

- ☒ ☐ ☐ 6.18 Has the government reported each major source of tax revenues separately within the *general revenues*? [GASB-S34: 52; 2005 GAAFR, page 169]

Explanation: If portions of a government's property tax levy are devoted to specific purposes, the government may choose to report a separate line for each purpose, although this is not required.

- ☐ ☐ ☒ 6.19 Has the government refrained from reporting special assessments as *general revenues* (rather than as *program revenues*)? [GASB-S34: 49; GASB-S37: 13; Q&A 7.36.1, 7.200; 2005 GAAFR, page 169]
- ☐ ☐ ☒ 6.20 Has the government reported the following items separately, both from each other and from *general revenues*: contributions, special items, extraordinary items, and transfers? [GASB-S34: 53-6; 2005 GAAFR, page 170]
- ☐ ☐ ☒ 6.21 Has the government refrained from reporting extraordinary gains and losses in connection with refundings resulting in the defeasance or redemption of debt? [GASB-S23: 4; GASB-S34: 17, 146; 2005 GAAFR, pages 106-7]
- ☐ ☐ ☒ 6.22 Has the government refrained from reporting the loss from impairment of capital assets as general revenue? [GASB-S42: 17; 2005 GAAFR, page 264]

Explanation: The loss from impairment of capital assets should be reported as 1) a program expense of the program that uses or used the impaired capital asset, 2) a special item, or 3) an extraordinary item.

## FINANCIAL SECTION – FUND FINANCIAL STATEMENTS

### GENERAL CONSIDERATIONS

- ☐ ☐ ☒ 7.1 Has the government refrained from reporting discretely presented component units as one or more separate columns in the fund financial statements? [GASB-S34: 63; 2005 GAAFR, page 196]

Explanation: The fiduciary fund financial statements should *not* distinguish data on fiduciary-type component units from data on the primary government's fiduciary funds. Instead, data from both sources should be combined and reported simply by fund type.

- ☐ ☐ ☒ 7.2 Do interfund receivables equal interfund payables (unless there is a difference in fiscal year between the primary government and its blended component units)? [2005 GAAFR, page 135]
- ☒ ☐ ☐ 7.3 Do transfers between funds equal (unless there is a difference in fiscal year between the primary government and its blended component units, or there is a transfer to the general government of a capital asset by a proprietary or fiduciary fund)? [2005 GAAFR, page 295]
- ☐ ☐ ☒ 7.4 Has the government refrained from reporting overdrafts of pooled cash and investments as a negative asset balance (i.e., *negative cash*)? [Audits of State and Local Governments 5.27; 2005 GAAFR, page 244]
- ☐ ☐ ☒ 7.5 If the government uses a single fund to account for a particular type of risk financing activity, does it use either the general fund or an internal service fund for that purpose? [GASB-S10: 63; 2005 GAAFR, page 23]
- ☐ ☐ ☒ 7.6\* Has the government refrained from blending component units that do not either 1) share a governing body with the primary government or 2) exclusively or almost exclusively benefit the primary government? [GASB-S14: 53; 2005 GAAFR, pages 66-7]

Yes No N/A

7.7

Has the government refrained from blending legally separate tax-exempt organizations that are classified as component units only because of the nature and significance of their relationship with the primary government? [GASB-S39: 5 and 7; 2005 GAAFR, page 67]

Explanation: Legally separate tax-exempt organizations that do not meet either test for financial accountability must nonetheless be included as *discretely presented* component units when they meet all three of the following criteria:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents;
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; and
- The economic resources received or held by an individual organization that the specific primary government is entitled to, or has the ability to otherwise access, are significant to the primary government.

If legally separate tax-exempt entities do not meet the three criteria, but are included all the same because their inclusion is considered necessary to avoid incomplete or potentially misleading financial reporting, the normal criteria for blending would be applicable, and blending could be appropriate in rare instances.

*If the government is a participant in a cost-sharing multiple-employer defined benefit plan, the government should report a liability in the appropriate governmental and/or proprietary fund(s) for required contributions related to employee services provided during the year that have not been made to the cost-sharing plan. [GASB-TB 04-2: 6-9]*

Explanation: *In the case of a cost-sharing multiple-employer defined benefit plan, the amount of the expenditure/expense that should be recognized for a fiscal year is equal to the sum of:*

- *Amounts contributed (paid) during the financial reporting period as contractually required contributions for pay periods within that period and*
- *Any additional unpaid contractually required contributions for one or more pay periods within that period.*

*Accordingly, the appropriate governmental or proprietary fund(s) should report a fund liability for the unpaid contractually required contributions, that is, the unpaid contributions that relate to one or more pay periods within the financial reporting period.*

*For example, assume that at year-end a government has paid the contractually required contributions of \$700,000 due to a cost-sharing benefit plan for the first six months (July through December) of the government's fiscal year ended June 30, 2007. The contractually required contributions of \$800,000 due to the plan for the second six months (January through June) of the fiscal year will be included in a payment that is scheduled on a date subsequent to year-end (e.g., August 15, 2007). For this benefit plan the government should recognize an expenditure/expense of \$1,500,000 and a liability of \$800,000 in the appropriate governmental or proprietary fund financial statements for the year ended June 30, 2007.*

*If the government provides prescription drug coverage to retirees and receives payments directly from the federal government under Medicare Part D, the government should recognize revenue rather than reducing OPEB costs. [GASB-TB 06-1: 3]*

Explanation: *Medicare Part D payments from the federal government are a separate transaction from the exchange of services for salaries and benefits (including postemployment benefits provided to retirees) between the employer government and the employees. When an employer government receives the Medicare Part D payments directly, as is typically the case when the benefits are provided through a single-employer OPEB plan, the payments should be recognized following the guidance for voluntary nonexchange transactions. Thus, the employer government should recognize an asset and revenue when all applicable eligibility requirements are met. If such amounts are reported in a governmental fund, they would also have to be available before revenue recognition could occur.*

## FINANCIAL SECTION – GOVERNMENTAL FUND FINANCIAL STATEMENTS

### GENERAL CONSIDERATIONS

- |   |  |  |  |   |   |
|---|--|--|--|---|---|
| ✓ |  |  |  |   | 8.1* Has the government included only governmental fund types (i.e., general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds)? [GASB-S34: 63; 2005 GAAFR, page 172]  |
| ✓ |  |  |  |   | 8.2* Is each major governmental fund reported in a separate column? [GASB-S34: 75-6; 2005 GAAFR, pages 177 and 180]   |
| ✓ |  |  |  |   | 8.3* Are all nonmajor governmental funds reported in a single column, regardless of fund type? [GASB-S34: 75; 2005 GAAFR, pages 177 and 180]  |
|   |  |  |  | ✓ | 8.4 Are permanent funds used exclusively to report resources available to support the government's programs, but that are legally restricted so that only earnings (and not principal) may be used? [GASB-S34: 65; 2005 GAAFR, page 21]   |
| ✓ |  |  |  |   | 8.5* Is a total column presented? [GASB-S34: 83 and 86; 2005 GAAFR, pages 178 and 180-1]  |
| ✓ |  |  |  |   | 8.5a* Is a summary reconciliation provided that ties this total column and the related amount reported for <i>governmental activities</i> in the government-wide financial statements? [GASB-S34: 77, 85; 2005 GAAFR, pages 179 and 181]  |
| ✓ |  |  |  |   | 8.5b If aggregation in the summary reconciliation obscures the nature of the individual elements of a particular reconciling item, has the government provided a more detailed explanation in the notes to the financial statements? [GASB-S34: 77; Q&A 7.57.3; 2005 GAAFR, page 185] |

Explanation: Potential obscurity requiring note disclosure occurs whenever 1) a single reconciling item is a combination of several similar balances or transactions (e.g., different types of long-term liabilities) or 2) a single reconciling item is a net adjustment.

### BALANCE SHEET – GOVERNMENTAL FUNDS

- |   |  |  |  |  |
|---|--|--|--|--|
| ✓ |  |  |  | 8.6* Has the government refrained from reporting nonfinancial assets (e.g., capital assets used in operations rather than held for resale, intangibles, a negative net pension obligation, a negative net other postemployment benefit obligation)? [GASB-S34: 83; 2005 GAAFR, page 174] |
| ✓ |  |  |  | 8.7* Has the government refrained from reporting unmatured debt and accrued interest payable as liabilities (except in debt service funds employing the "early recognition" option for debt service payments due early in the subsequent year)? [GASB-S34: 83; 2005 GAAFR, page 174]     |

Explanation: Governments have the *option* of recognizing liabilities in the current period for principal and interest payments due early in the subsequent period in certain circumstances involving debt service funds.

Yes No N/A

*A government should refrain from reporting any portion of the following liabilities in a governmental fund until it is due and payable: compensated absences, claims and judgments, termination benefits, and liabilities associated with landfill closure and postclosure care costs. [GASB-I6: 14; 2005 GAAFR, page 174]*

*A government should refrain from reporting a liability for its net pension obligation/ net other postemployment benefit obligation. [GASB-S27: 16; 2005 GAAFR, page 174]*

*A government also should refrain from reporting any liability in association with operating leases with scheduled rent increases. [GASB-S13: 9; 2005 GAAFR, page 93]*

- |  |        |  |
|--|--------|--|
| <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  | 8.8*   | Has the government refrained from reporting <i>deferred revenue</i> in connection with changes in the fair value of investments reported at fair value? [GASB-S31: 13, 57; 2005 GAAFR, page 73]  |
| <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  | 8.9    | Is a subtotal reported for "total liabilities"?  |
| <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  | 8.10*  | Is the difference between assets and liabilities labeled <i>fund balance</i> ? [GASB-S34: 83-4; 2005 GAAFR, page 174]  |
| <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  | 8.10a* | Is <i>reserved fund balance</i> reported separately from <i>unreserved fund balance</i> ? [NCGA-S1: 118; 2005 GAAFR, page 174]   |
| <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  | 8.10a1 | Is <i>reserved fund balance</i> reported in sufficient detail to demonstrate the purpose of reserved amounts (if not disclosed in the notes)? [2005 GAAFR, page 176]   |
| <p><i>Fund balance normally is reserved for encumbrances outstanding at year end that the government intends to honor. This practice is required by GAAP when a lapse period is used for encumbrances. [NCGA-S1: 91(3), (4)]</i></p> |        |  |
| <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>  | 8.10a2 | If the government has long-term loans receivable outstanding, is an amount equal to the balance of the loans reflected as <i>reserved fund balance</i> to the extent such loans are not already offset by deferred revenue? [Audits of State and Local Governments 10.10; 2005 GAAFR, pages 174-5] |
| <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  | 8.10a3 | Has the government refrained from reporting reserved fund balance in connection with self-imposed restrictions (other than those associated with enabling legislation or constitutional provisions)? [2005 GAAFR, page 50]   |
| <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>  | 8.10a4 | Has the government refrained from reporting reserved fund balance in connection with unrealized gains on investments reported at fair value? [Q&A 6.29.1; 2005 GAAFR, page 176]  |
| <p>Explanation: <i>Designated fund balance</i>, however, may be used for this purpose.</p>   |        |  |
| <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  | 8.10a5 | Has the government refrained from reporting <i>reserved fund balance</i> as a negative amount? [2005 GAAFR, page 176]  |
| <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  | 8.10b  | Is <i>unreserved fund balance</i> related to nonmajor governmental funds reported by fund type? [GASB-S34: 84; 2005 GAAFR, pages 177-8]  |
| <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  | 8.10b1 | Does this amount tie to the amount reported for <i>unreserved fund balance</i> in the combining statements for each fund type? [2005 GAAFR, page 178]  |

Yes No N/A

VOL. - 76 PAGE 79

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.10c	If <i>designations</i> are reported, are they included as a component of <i>unreserved fund balance</i> ? [NCGA-S1: 120; 2005 GAAFR, page 176]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8.10c1	Has the government refrained from reporting designations that produce a deficit amount of <i>unreserved, undesignated fund balance</i> ? [Audits of State and Local Governments 10.17; 2005 GAAFR, page 176]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.10c2	Is <i>designated, unreserved fund balance</i> reported in sufficient detail to demonstrate the purpose of designated amounts (if not disclosed in the notes)? [2005 GAAFR, page 234]

# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.11*	Does the format of the statement present items in the following order: revenues; expenditures; excess (deficiency) of revenues over (under) expenditures; other financing sources and uses; special items; extraordinary items; and net change in fund balance? [GASB-S34: 86; 2005 GAAFR, page 180]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.12	Are revenues classified by source? [GASB-S34: 87; 2005 GAAFR, page 180]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.12a	Are revenue classifications sufficiently detailed to be meaningful? [2005 GAAFR, page 180]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8.12b	Has the government refrained from reporting realized gains and losses on investments separately from unrealized gains and losses? [GASB-S31: 13; 2005 GAAFR, page 209]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.13	Is the government's recognition of revenues consistent with both GAAP and its policy on availability as disclosed in the SSAP?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.14	Are expenditures classified by character (i.e., current, intergovernmental, capital outlay, and debt service)? [NCGA-S1: 115; 2005 GAAFR, page 180]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.14a	Are current expenditures further categorized at least by function? [GASB-S34: 87; 2005 GAAFR, page 180]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8.15	Has the government refrained from reporting negative investment income as an expenditure (instead of as a revenue)? [Q&A 6.28.6; 2005 GAAFR, page 74]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8.16	Has the government refrained from reporting <i>expenses</i> rather than <i>expenditures</i> (e.g., bad debt expense)? [NCGA-S1: 70; 2005 GAAFR, page 29, note 59]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8.17	If the government has initiated a capital lease during the period, does it report an other financing source equal to the net present value of the minimum lease payments? [NCGA-S5: 14; 2005 GAAFR, pages 81-2]

Explanation: This same treatment would also be appropriate for installment contracts other than capital leases associated with the acquisition of capital assets.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8.18*	If the government has issued debt during the period that will be repaid with general government resources, does the government report an other financing source equal to the face value of the debt? [GASB-S34: 88; 2005 GAAFR, page 80]
--------------------------	--------------------------	-------------------------------------	-------	--

Yes No N/A

Explanation: The issuance of debt to be supported by governmental funds must be reflected as an *other financing source* even if the proceeds of the debt are delivered directly to an outside party (i.e., debt-financed grants) or to a proprietary fund (i.e., debt-financed capital contributions).

\_\_\_\_\_ ✓ 8.18a Has the government reported a separate other financing source for premiums related to its debt issuances? [GASB-S34: 88; Q&A 7.66.1; 2005 GAAFR, pages 48-9 and 80-1]

\_\_\_\_\_ ✓ 8.18b Has the government reported a separate other financing use for discounts related to its debt issuances? [GASB-S34: 88; Q&A 7.66.1; 2005 GAAFR, pages 48-9 and 80-1]

*Underwriter's fees withheld from proceeds should be reported as an expenditure.* [GASB-S34: 87; 2005 GAAFR, page 81]

\_\_\_\_\_ ✓ 8.19 Has the government refrained from reporting the issuance of no-commitment special assessment debt as an other financing source (instead of as a revenue)? [GASB-S6: 19; 2005 GAAFR, page 85]

\_\_\_\_\_ ✓ 8.20\* Has the government refrained from reporting an other financing source in connection with the issuance of tax anticipation notes, revenue anticipation notes, grant anticipation notes, bond anticipation notes that do not meet the criteria of SFAS 6, and demand bonds that do not qualify as long-term liabilities? [GASB-11; NCGA-19: 12; 2005 GAAFR, pages 82-3]

Explanation: For this purpose, *tax anticipation notes* and *revenue anticipation notes* do *not* include long-term debt used to finance capital acquisition.

\_\_\_\_\_ ✓ 8.21\* Has the government refrained from reporting an other financing source in connection with long-term borrowings within the primary government? [GASB-S34: 112a(1); 2005 GAAFR, page 84]

Explanation: An other financing source should be reported in connection with a long-term borrowing from a discretely presented component unit, but *not* in connection with a long-term borrowing from another fund of the primary government.

\_\_\_\_\_ ✓ 8.22\* If the government has used a refunding transaction to defease or redeem debt, has it reported the proceeds of the refunding debt as an *other financing source - issuance of refunding bonds*? [GASB-S7: 8; 2005 GAAFR, pages 47-8]

\_\_\_\_\_ ✓ 8.22a\* If the government has used a refunding transaction to defease debt, has it reported application of the proceeds as an *other financing use - payment to refunded bonds escrow agent*? [GASB-S7: 8; 2005 GAAFR, page 49]

\_\_\_\_\_ ✓ 8.22b\* If the government has used a refunding transaction to redeem debt, has it reported application of the proceeds as an *other financing use* with a label such as *refunded bonds redeemed*? [2005 GAAFR, page 49]

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS

\_\_\_\_\_ ✓ 8.23\* If the government has not presented required budgetary comparisons for the general fund and annually budgeted major special revenue funds as RSI, are these comparisons presented as basic governmental fund financial statements? [GASB-S34: 130, note 53; 2005 GAAFR, page 181]

Explanation: Governments generally have the option of presenting required budgetary comparisons either as a basic governmental fund financial statement or as RSI. However, budgets that exhibit significant perspective differences must

Yes No N/A

always be presented as RSI. GFOA has issued a recommended practice that encourages governments to present required budgetary comparisons as a basic governmental fund financial statement whenever possible.

If so:

_____	_____	✓	8.23a	Is the budgetary comparison titled a <i>statement</i> rather than a <i>schedule</i> ? [GASB-S34: note 53; 2005 GAAFR, page 181]
_____	_____	✓	8.23b*	Are separate budgetary comparisons included for the general fund and each annually budgeted major special revenue fund? [GASB-S34: 130; 2005 GAAFR, page 181]
_____	_____	✓	8.23c*	Has the government refrained from presenting budgetary comparisons for debt service funds, capital projects funds, permanent funds, major special revenue funds without annual budgets, and nonmajor special revenue funds? [2005 GAAFR, page 181]
_____	_____	✓	8.23d*	Does the budgetary statement present the original budget? [GASB-S34: 130a; 2005 GAAFR, page 182]

Explanation: GAAP define the *original budget* as "the first complete appropriated budget." Amounts automatically carried over from one budget to the next – such as encumbrances that are subject to automatic re-appropriation – should be included as part of this original budget. Likewise, the original budget should be adjusted to reflect reserves, transfers, allocations, and supplemental appropriations that occur prior to the start of the fiscal year.

_____	_____	✓	8.23e*	Does the budgetary statement present the final amended budget? [GASB-S34: 130b; 2005 GAAFR, page 182]
-------	-------	---	--------	---

Explanation: The *final amended budget* should reflect the ultimate appropriation authority for the period, even if, as sometimes permitted by law, some or all of the amendments occur after the close of the fiscal period.

_____	_____	✓	8.23f*	Does the budgetary statement present actual data using the budgetary basis of accounting? [GASB-S34: 130; 2005 GAAFR, page 182]
_____	_____	✓	8.23g	Has the government presented one or more variance columns? [GASB-S34: 130; 2005 GAAFR, page 182]
_____	_____	✓	8.23g1	Has the government refrained from captioning variance columns as <i>favorable</i> or <i>unfavorable</i> ? [2005 GAAFR, page 182]

## **FINANCIAL SECTION – PROPRIETARY FUND FINANCIAL STATEMENTS**

### **GENERAL CONSIDERATIONS**

_____	_____	✓	9.1*	Has the government included only proprietary fund types (i.e., enterprise funds and internal service funds)? [2005 GAAFR, page 97]
_____	_____	✓	9.2*	Is each major enterprise fund reported in a separate column? [GASB-S34: 96; 2005 GAAFR, page 33]
_____	_____	✓	9.3*	Are all nonmajor enterprise funds reported in a single column? [GASB-S34: 96; 2005 GAAFR, page 33]
_____	_____	✓	9.4*	Is a combined total column presented for all enterprise funds? [GASB-S34: 96;

Yes No N/A

2005 GAAFR, pages 184-5 and 187]

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ ☒ 9.4a\* If necessary, is a summary reconciliation provided that ties this total column and the related amount reported for *business-type activities* in the government-wide financial statements? [GASB-S34: 104; 2005 GAAFR, pages 185 and 187]

Explanation: The reconciliation between the statement of revenues, expenses, and changes in net assets and the government-wide statement of activities should reconcile the changes in net assets, not the total net assets.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ ☒ 9.4b If aggregation in the summary reconciliation obscures the nature of the individual elements of a particular reconciling item, has the government provided a more detailed explanation in the notes to the financial statements? [GASB-S34: 104; Q&A 7.57.3; 2005 GAAFR, pages 185 and 187]

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ ☒ 9.5\* Is a single column reported for the internal service fund type? [GASB-S34: 96; 2005 GAAFR, page 184]

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ ☒ 9.6 Has the government refrained from using enterprise funds to report activities for which fees and charges are *not* a revenue source (with the exception of activities previously accounted for in accordance with SGAS 29)? [GASB-S34: 67 and 147; 2005 GAAFR, pages 21-3]

*The use of an enterprise fund is mandatory in any of the following situations: 1) the activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, 2) laws or regulations require that all costs of providing services, including capital costs, be recovered from fees and charges, or 3) fees and charges are designed to recover the costs of the activity, including capital costs. [GASB-S34: 67 and 147; 2005 GAAFR, pages 21-2]*

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ ☒ 9.7 Has the government refrained from using an internal service fund to report activities in which the government itself is not the predominant participant? [GASB-S34: 68; 2005 GAAFR, page 23]

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ ☒ 9.8 If the government reports municipal solid waste activities, are these activities accounted for in an enterprise fund? [2005 GAAFR, page 107]

#### STATEMENT OF FUND NET ASSETS/BALANCE SHEET- PROPRIETARY FUNDS

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ ☒ 9.9\* Are assets and liabilities classified as *current* and *long-term*? [GASB-S34: 97; 2005 GAAFR, page 183]

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ ☒ 9.9a Are restricted assets and liabilities payable from restricted assets reported in the same category? [2005 GAAFR, page 160]

Explanation: The *GAAFR* recommends that both be classified as *current* when the liability would otherwise meet the definition of a *current* liability.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ ☒ 9.10 Do proprietary funds report all debt that they are expected to repay from their own resources, even if the debt is general obligation in character? [NCGA-S1: 42; 2005 GAAFR, pages 267-8]

Explanation: If debt expected to be repaid from proprietary fund resources is general obligation in character, that fact should be disclosed in the notes to the financial statements.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ ☒ 9.11\* Is the difference between assets and liabilities reported as *net assets* or *equity*? [GASB-S34: 98, note 40; 2005 GAAFR, page 183]

Yes	No	N/A	
		✓	9.11a* Are the net assets invested in capital assets, net of related debt, correctly calculated? [GASB-S34: 33; 2005 GAAFR, pages 161-2]

Explanation: The government should calculate the net assets invested in capital assets, net of related debt, using the following formula:

Capital assets  
 Less accumulated depreciation  
Less outstanding principal of capital-related debt  
 Net assets invested in capital assets, net of related debt

		✓	9.11a1* Has the government refrained from including financial assets, including interfund loans, in the calculation of net assets invested in capital assets, net of related debt? [GASB-S34: 33; Q&A 7.23.11; 2005 GAAFR, page 161]
		✓	9.11a2* Has the government refrained from including noncapital accrued liabilities (e.g., compensated absences, claims and judgments, landfill closure and postclosure costs) in the calculation of net assets invested in capital assets, net of related debt? [GASB-S34: 33; 2005 GAAFR, page 53]
		✓	9.11a3* Has the government refrained from including unspent proceeds from debt in the calculation of net assets invested in capital assets, net of related debt? [GASB-S34: 33; Q&A 7.23.2; 2005 GAAFR, page 161]
		✓	9.11a4* Has the government refrained from including interest payable and the accrued interest on deep discount debt in the calculation of net assets invested in capital assets, net of related debt? [Q&A 7.22.9]

Explanation: Original issue discounts and premiums, however, should be included in the calculation of net assets invested in capital assets, net of related debt. Conversely, bond issuance costs should be excluded from the calculation.

		✓	9.11a5* Has the government included debt that refunded capital-related debt in the calculation of net assets invested in capital assets, net of related debt? [Q&A 7.23.3]
--	--	---	--

Explanation: Deferred amounts on refundings relating to capital-related debt should be included in this calculation. In the case of a crossover refunding, the new debt does not qualify as capital-related debt until the crossover date (i.e., when the old debt is refunded). Accordingly, that debt should not be included in the calculation of net assets invested in capital assets, net of related debt, until the crossover date.

		✓	9.11a6* Has the government excluded debt used to finance capital acquisition by parties outside the proprietary funds from the calculation of net assets invested in capital assets, net of related debt? [Q&A 7.23.10; 2005 GAAFR, page 323]
		✓	9.11b Are only amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation included in the calculation of restricted net assets? [GASB-S34: 34; Q&A 7.24.1; 2005 GAAFR, pages 53-4]

Explanation: If liabilities to be paid from assets with restrictions on their use exceed those assets, the excess should affect the unrestricted net assets calculation.

*If a government has both permanently and temporarily restricted net assets, the amount reported for "restricted net assets" should be divided between "nonexpendable" (i.e., permanently restricted) and "expendable" (i.e., temporarily restricted) amounts. [GASB-S34: 35; 2005 GAAFR, page 163]*

Yes	No	N/A		
		✓	9.11c	Are unrestricted net assets correctly calculated?
		✓	9.11c1	Does the calculation of unrestricted net assets include the net assets related to joint ventures? [Q&A 7.25.1; 2005 GAAFR, page 265]
		✓	9.11d*	Has the government refrained from reporting either <i>contributed capital</i> or <i>retained earnings</i> ? [GASB-S34: 98; 2005 GAAFR, page 183]
		✓	9.11e*	Has the government refrained from reporting changes in the fair value of investments as a contra-equity account (instead of including the change as part of <i>investment income</i> )? [GASB-S31: 13; 2005 GAAFR, page 74]

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS/EQUITY – PROPRIETARY FUNDS

		✓	9.12*	Does the statement distinguish between operating and nonoperating revenues and expenses? [GASB-S34: 100; 2005 GAAFR, page 186]
		✓	9.12a	Has the government refrained from including taxes and grants within the operating category? [GASB-S34: 102; 2005 GAAFR, page 186]
		✓	9.12b	Is <i>operating income/loss</i> reported as a separate line item? [GASB-S34: 100; 2005 GAAFR, page 186]
		✓	9.13	Are revenue and expense classifications sufficiently detailed to be meaningful? [2005 GAAFR, page 186]
		✓	9.14	Are revenues used as security for revenue bonds reported separately from other revenues? [GASB-S34: 100; 2005 GAAFR, page 186]

Explanation: No special indication of pledged revenues is required if essentially all revenues of a given proprietary fund are pledged. Also, if different revenues are pledged to support different debt issues, there is no requirement that the different revenues be reported separately (this is the function of segment disclosures).

		✓	9.15	If capital assets are reported, is depreciation expense reported separately from other expenses? [APB12: 5]
		✓	9.16*	Has the government reported each of the following items separately: capital contributions, additions to endowments, special items, extraordinary items, and transfers? [GASB-S34: 100-101; 2005 GAAFR, pages 186-7]
		✓	9.17	Has the government refrained from reporting extraordinary gains or losses in connection with refunding transactions that result in the defeasance or redemption of debt? [GASB-S23: 4; 2005 GAAFR, pages 106-7]

### STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

		✓	9.18*	Does the statement categorize cash flows as follows: <i>cash flows from operating activities</i> ; <i>cash flows from noncapital financing activities</i> ; <i>cash flows from capital and related financing activities</i> ; and <i>cash flows from investing activities</i> ? [GASB-S9: 15; 2005 GAAFR, page 189]
		✓	9.18a*	Are cash flows from operating activities reported by major classes of receipts and disbursements (i.e., the “direct” method)? [GASB-S9: 31; 2005 GAAFR, page 189]

Yes No N/A

Explanation: At a minimum, the amounts that should be reported separately are receipts from customers, receipts connected with interfund services, payments to suppliers of goods or services, payments to employees for services, and payments connected with interfund services.

\_\_\_\_ ✓ \_\_\_\_ 9.18b Has the government refrained from including receipts and payments of interest as *cash flows from operating activities* (except in the case of program loans)? [GASB-S9: 58; 2005 GAAFR, pages 189-90]

Explanation: Note the contrast with private-sector practice (i.e., SFAS 95), where *cash flows from operating activities* always include cash flows related to interest revenue and interest expense.

\_\_\_\_ ✓ \_\_\_\_ 9.18c Has the government refrained from combining *cash flows from noncapital financing activities* and *cash flows from capital and related financing activities* into a single category for *cash flows from financing activities*? [GASB-S9: 53-54; 2005 GAAFR, page 189]

Explanation: Note the contrast with private-sector practice (i.e., SFAS 95), which provides for only a single category to be used for all types of *cash flows from financing activities*.

\_\_\_\_ ✓ \_\_\_\_ 9.18d Has the government refrained from reporting disbursements for the acquisition of fund capital assets as *cash flows from investing activities*? [GASB-S9: 57a; 2005 GAAFR, page 190]

Explanation: Note the contrast with private-sector practice (i.e., SFAS 95), where payments associated with capital acquisition and construction are reported as *cash flows from investing activities*.

\_\_\_\_ ✓ \_\_\_\_ 9.19 Are cash receipts and cash payments generally reported gross rather than net? [GASB-S9: 12-14; 2005 GAAFR, page 189]

Explanation: In either of the following cases, cash flows may be reported at their *net* rather than their *gross* amounts:

- Items whose turnover is quick, whose amounts are large, and whose maturities are short (certain investments, loans receivable, and debt), provided the original maturity of the asset or liability is three months or less; or
- Governmental enterprises whose assets for the most part are highly liquid investments and that have little or no debt outstanding during the period.

\_\_\_\_ ✓ \_\_\_\_ 9.20 Does the figure reported as *cash and cash equivalents* at the end of the period trace to a similar account or accounts on the statement of fund net assets/balance sheet? [GASB-S9: 8; 2005 GAAFR, pages 243-4]

Explanation: One of four approaches may be taken to accomplish this objective when *cash and cash equivalents* are included as part of restricted assets:

- Reporting the portion of restricted assets that represents cash and cash equivalents as a separate line item on the statement of position;
- Reporting the amount of cash and cash equivalents included as part of restricted assets parenthetically on the statement of position;
- Reporting the amount of cash and cash equivalents included as part of restricted assets parenthetically on the statement of cash flows; or
- Providing a reconciliation on the face of the statement of cash flows.

\_\_\_\_ ✓ \_\_\_\_ 9.21 Is the statement accompanied by a schedule that reconciles *operating income* and *cash flows from operating activities*? [GASB-S9: 7; 2005 GAAFR, page 191]

Explanation: This reconciliation must be presented either on the face of the statement of cash flows or on the next page. Note disclosure is *not* sufficient to meet the requirement.

Yes No N/A

9.22

Is the statement accompanied by information (in narrative or tabular form) concerning investing, capital, or financing activities of the period that affected recognized assets or liabilities but did *not* result in cash flows? [GASB-S9: 37; 2005 GAAFR, page 191]

Explanation: The required information must be presented either on the face of the statement of cash flows or on the next page. Note disclosure is *not* sufficient to meet the requirement. Also, when a single transaction involves both cash and noncash components, this schedule should clearly describe the cash and noncash aspects of the transaction.

## **FINANCIAL SECTION – FIDUCIARY FUND FINANCIAL STATEMENTS**

### **GENERAL CONSIDERATIONS**

- ✓ - 10.1\* Has the government included only fiduciary fund types (i.e., private-purpose trust funds, pension (and other employee benefit) trust funds, investment trust funds, and agency funds)? [2005 GAAFR, page 195]
- ✓ - 10.2\* Are all funds of a given fund type reported in a single column? [GASB-S34: 106; 2005 GAAFR, page 196]

Explanation: Only a single column may be presented for each fiduciary fund type. If the fiduciary fund financial statements include data from component units, the data from those units must be included within these fund-type columns.

- ✓ - 10.3\* Has the government refrained from using a fiduciary fund to report resources that are available to support the government's programs? [GASB-S34: 69; 2005 GAAFR, page 24]

Explanation: Fiduciary funds are characterized by the *absence of public benefit*.

- ✓ - 10.4\* If the government holds resources in trust for the members and beneficiaries of defined benefit pension plans, defined contribution pension plans, other postemployment benefit plans, deferred compensation plans, or other employee benefit plans, does it use a pension (and other employee benefit) trust fund for that purpose? [GASB-S34: 70; 2005 GAAFR, page 24]
- If the government sponsors an investment pool in which outside parties participate or maintains individual investment accounts for outside parties, it should report this activity in an investment trust fund.* [GASB-S34: 71; GASB-S31: 20; 2005 GAAFR, page 25]
- - ✓ 10.5\* If the government reports an investment trust fund, has it refrained from including any of its own resources in that fund? [GASB-S31: 14, 18; 2005 GAAFR, page 25]

### **STATEMENT OF FIDUCIARY NET ASSETS**

- ✓ - 10.6 Are assets reported by major category? [2005 GAAFR, page 195]
- - ✓ 10.6a For pension (and other employee benefit) trust funds, are the principal subdivisions of receivables and investments reported? [GASB-S25: 21; GASB-S43: 19; 2005 GAAFR, page 195]
- ✓ - 10.7 Is the difference between assets and liabilities reported as *net assets*? [GASB-S34: 108; 2005 GAAFR, page 195]
- - ✓ 10.7a If a pension plan is reported, is a line item reported for *assets held in trust for pension benefits*? [GASB-S25: 27; 2005 GAAFR, page 195]

Yes	No	N/A		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.7b	If an OPEB plan is reported, are appropriate amounts identified as <i>assets held in trust for OPEB benefits</i> ? [GASB-S43: 25]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	10.7c	If the government uses an investment trust fund to account for an external investment pool that it sponsors, is a line item reported for <i>assets held in trust for pool participants</i> ? [GASB-S31: 18; 2005 GAAFR, page 195]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.8	Do assets equal liabilities in agency funds? [GASB-S34: 110; 2005 GAAFR, page 195]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.9	Has the government refrained from reporting an actuarial accrued liability in a pension (and other employee benefit) trust fund? [GASB-S25: 19a; 2005 GAAFR, page 195]

### STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.10	Is the statement segregated into two sections: additions and deductions? [GASB-S34: 109; GASB-S43: 26; 2005 GAAFR, page 196]
-------------------------------------	--------------------------	--------------------------	-------	--

Explanation: The categories *additions* and *deductions* are significantly broader than *revenues* and *expenses*. While some *additions* may properly be categorized as *revenues* and some *deductions* as *expenses*, others may not. Accordingly, financial statement preparers are advised to avoid the use of the terms *revenues* and *expenses* as much as possible in conjunction with the statement of changes in fiduciary net assets.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.11	For pension (and other employee benefit) trust funds, are additions classified into the following four categories, as appropriate: employer contributions, plan member contributions, other contributions, and net investment income? [GASB-S25: 29; GASB-S43: 27; GASB-TB2006-1; 2005 GAAFR, page 196]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	10.11a	Is investment-related expense reported as a separate line item that reduces investment income (instead of as a deduction)? [GASB-S25: 29d; GASB-S43:27d; 2005 GAAFR, page 196]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	10.12	Has the government refrained from reporting realized investment gains or losses separately from unrealized investment gains and losses? [GASB-S31: 13; 2005 GAAFR, page 196]

Explanation: Investment trust funds may report realized gains and losses separately from unrealized amounts *in their separately issued financial statements*. Otherwise no such distinction may be made on the face of the financial statements. Note disclosure, however, is permitted.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.13	For pension (and other employee benefit) trust funds, does the deductions section include separate amounts for 1) benefits and refunds paid to plan members and beneficiaries, and 2) total administrative expenses? [GASB-S25: 30; GASB-S43: 28; 2005 GAAFR, page 196]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10.14	Has the government refrained from including agency funds? [GASB-S34: 110; 2005 GAAFR, page 196]

### FINANCIAL SECTION – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (SSAP)

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11.1*	Does the government present a SSAP either as the first of the notes to the financial statements or as a separate item immediately preceding the notes? [NCGA-S1: 158; 2005 GAAFR, page 199]
-------------------------------------	--------------------------	--------------------------	-------	---

*Among other matters, the SSAP should address any of the following situations: 1) the selection of an accounting treatment when GAAP permit more than one approach, 2)*

Yes No N/A

accounting practices unique to state and local governments, and 3) unusual or innovative applications of GAAP. [APB 22: 12; 2005 GAAFR, pages 199-200]

- |                                     |                          |                                     |       |   |
|-------------------------------------|--------------------------|-------------------------------------|-------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | 11.2  | If the government reports any fiduciary funds or fiduciary-type component units, does the SSAP disclose the omission of these funds and component units from the government-wide financial statements? [GASB-S34: 115a; 2005 GAAFR, page 200] |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | 11.3  | Does the SSAP discuss the financial reporting entity? [GASB-S14: 61, 2005 GAAFR, pages 199-200] If so, does that discussion include:  |
| <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 11.3a | A description of the component units included in the financial reporting entity?  |
| <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 11.3b | A description of the relationship between component units and the primary government?   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | 11.3c | A discussion of the criteria for including component units?   |
| <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 11.3d | A discussion of how component units are reported (i.e., blended, discretely presented, or as a fiduciary fund)? [Q&A 4.39.5]  |
| <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 11.3e | Information on how to obtain the separately issued financial statements of component units?   |
| <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 11.4+ | If the government itself is a component unit, does the SSAP identify the primary government and describe the nature of the relationship? [GASB-S14: 65; 2005 GAAFR, page 200]   |

*The SSAP also should disclose the relationship that exists between the government and any related organizations. [GASB-S14: 68; 2005 GAAFR, page 200]*

Explanation: A "related organization" is one for which the government appoints the voting majority of the board members, but does not have either 1) the ability to impose its will on the organization or 2) a relationship of financial benefit or burden with the organization.

- |                                     |                          |                          |       |  |
|-------------------------------------|--------------------------|--------------------------|-------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 11.5  | Does the SSAP disclose the measurement focus and basis of accounting used in preparing the government-wide financial statements? [GASB-S34: 115b; 2005 GAAFR, page 201]    |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 11.6  | Does the SSAP disclose when revenue is considered to be <i>susceptible to accrual</i> in governmental funds? [NCGA-S1: 69; 2005 GAAFR, page 201]                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 11.6a | Does this disclosure specifically identify the availability period used for revenue recognition? [GASB-S38: 7; 2005 GAAFR, page 201]                                       |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 11.6b | Does this disclosure specify the major revenue sources that meet the availability criterion? [2005 GAAFR, page 201]  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 11.7  | Does the SSAP describe the government's policy for eliminating internal activity in the government-wide statement of activities? [GASB-S34: 115c; 2005 GAAFR, pages 201-2] |

Explanation: The SSAP should disclose how the government distinguishes overhead costs (which are eliminated in the process of consolidation) from interfund services provided and used between functions (which are *not* eliminated in the process of consolidation).

- |                                     |                          |                          |       |   |
|-------------------------------------|--------------------------|--------------------------|-------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 11.8  | Does the SSAP address the government's accounting policies for capital assets? [GASB-S34: 115e; 2005 GAAFR, page 202] |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 11.8a | Does the SSAP disclose the capitalization threshold(s) for capital assets? [2005 GAAFR, page 202]                     |

Yes	No	N/A		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11.8b	Does the SSAP disclose the method(s) used to calculate depreciation expense? [2005 GAAFR, page 202]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11.8c	Does the SSAP disclose the estimated useful lives of capital assets? [2005 GAAFR, page 202]

Explanation: The information provided concerning the useful lives of capital assets should be sufficiently detailed to be meaningful. To meet this objective, information on the useful lives of capital assets typically is disclosed separately for each major class of capital assets.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11.8d	If the government has elected to use the modified approach for one or more networks or subsystems of infrastructure assets, does the SSAP describe the modified approach? [2005 GAAFR, page 202]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11.9	Does the SSAP describe the types of transactions that are reported as program revenues? [GASB-S34: 115f; 2005 GAAFR, page 203]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11.10	If the government has allocated indirect costs without using a separate column in the government-wide statement of activities (i.e., because the allocation is automatic), does the SSAP disclose the fact that certain indirect costs are included in the program expense reported for individual functions and activities? [GASB-S34: 115f; 2005 GAAFR, page 203]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11.11	Does the SSAP disclose the government's policy for defining operating and nonoperating revenues and expenses in proprietary funds? [GASB-S34: 115g; 2005 GAAFR, page 203]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11.12	If the government reports any enterprise funds, does the SSAP disclose whether the government has implemented private-sector guidance issued after November 30, 1989, in reporting business-type activities and enterprise funds? [GASB-S34: 115d; 2005 GAAFR, page 203]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11.13	If cash flows reporting focuses on both <i>cash</i> and <i>cash equivalents</i> , does the SSAP define <i>cash equivalents</i> ? [APB 22: 12; 2005 GAAFR, page 204]
<i>If both restricted and unrestricted resources are to be used for the same purpose (e.g., a construction project), the SSAP should disclose the flow assumption used to determine the portion of expenses paid from restricted resources. [GASB-S34: 115h; 2005 GAAFR, page 204]</i>				
<i>The notes should disclose the amount of restricted net assets that are reported as such because of restrictions imposed by enabling legislation. [GASB-S46: 6]</i>				
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11.14	Does the SSAP indicate how investments are valued? [APB 22: 12; 2005 GAAFR, page 204]
<i>If the government takes advantage of the option to report certain investments at amortized cost rather than at fair value, the SSAP should indicate the specific types of investments so valued. [2005 GAAFR, page 204]</i>				
<i>If the government uses some basis other than quoted market value to estimate fair value, the methods and significant assumptions used for this purpose should be disclosed. [GASB-S31: 15a; 2005 GAAFR, page 204]</i>				
<i>If the government must estimate the fair value of its position in a governmental external investment pool, the SSAP should disclose both the methods and significant assumptions used for making the estimate and the reason an estimate was needed. [GASB-S31: 15e; 2005 GAAFR, page 204]</i>				

*If income from investments reported in one fund is assigned directly to another fund, the SSAP should disclose this fact. [GASB-S31: 15f; 2005 GAAFR, page 204]*

☒ 11.15 Does the SSAP disclose the method used to report inventories and prepaids in governmental funds (i.e., consumption method or purchases method)? [APB 22: 12; 2005 GAAFR, page 205]

☒ 11.16 Does the SSAP disclose how inventories are valued? [APB 22: 12; 2005 GAAFR, page 205]

Explanation: Inventories should be valued at cost in governmental funds. In all other situations, it is appropriate to value inventories at the lower of cost or market.

☒ 11.16a Does the SSAP disclose the method used to determine the cost of inventories (i.e., specific identification; weighted average; first-in, first-out; last-in, first out)? [2005 GAAFR, page 205]

☒ 11.17 If the government presents major governmental funds or major enterprise funds, does the SSAP disclose the activities reported in those funds? [GASB-S38: 6; 2005 GAAFR, page 201]

☒ 11.17a Except for the general fund, is this description specific to the government rather than generic? [GASB-S38: 6; 2005 GAAFR, page 201]

☒ 11.18 If the government presents internal service funds or fiduciary funds, does the SSAP disclose the activities reported in those fund types? [GASB-S38: 6; 2005 GAAFR, page 201]

☒ 11.18a Is this description specific to the government rather than generic? [GASB-S38: 6; 2005 GAAFR, page 201]

## **FINANCIAL SECTION – NOTE DISCLOSURE (OTHER THAN THE SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PENSION-RELATED DISCLOSURES)**

☒ 12.1 If the government presents required budgetary comparisons as basic governmental fund financial statements, do the notes either 1) disclose the basis of budgeting, if different from GAAP, or 2) state that GAAP serve as the basis of budgeting? [NCGA-I6: 5; 2005 GAAFR, page 205]

☒ 12.1a If the basis of budgeting differs from GAAP, is a reconciliation provided in the notes (if not presented on the face of the statement)? [NCGA-I10: 25; 2005 GAAFR, page 205]

☒ 12.1a1 Is the reconciliation between GAAP and the basis of budgeting sufficiently detailed? [NCGA-I10: 25; 2005 GAAFR, page 206]

Explanation: GAAP describe four categories of budget-versus-actual differences: basis differences, timing differences, perspective differences, and entity differences. These categories provide the *minimum level of detail* required by GAAP. That is, if a fund had items from each of these categories, the reconciliation would need to present *at least* four reconciling amounts.

*If the government presents required budgetary comparisons as a basic governmental fund financial statement, the notes should disclose excesses of expenditures over appropriations*

*in the general fund and annually budgeted major special revenue funds. [GASB-S34: 131, note 56; 2005 GAAFR, page 205]*

*Regardless of whether the government presents required budgetary comparisons as basic governmental fund financial statements or as RSI, the notes to the financial statements should disclose any material violations of the budget. [GASB-S38: 44; GASB-S34: 254; 2005 GAAFR, page 205]*

✓

- 12.2 Do the notes disclose the legal and contractual provisions governing cash deposits with financial institutions? [GASB-S3: 65-6; 2005 GAAFR, pages 206-9]

*The notes should disclose material violations of these provisions. [GASB-S3: 66; 2005 GAAFR, page 224]*

*If the government is exposed to custodial credit risk for its deposits at year end because they are uninsured and 1) uncollateralized, 2) collateralized with securities held by the pledging financial institution, or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name, the notes should disclose the amount of the bank balances exposed to custodial credit risk, indicate that they are uninsured, and explain how they are exposed to custodial credit risk. [GASB-S40: 8; 2005 GAAFR, page 207]*

*Explanation: GAAP formerly required that the bank balance of deposits with financial institutions be categorized into three categories of custodial credit risk. SGAS 40 now requires that only the amount (if any) of uninsured deposits that is 1) uncollateralized, 2) collateralized with securities held by the pledging financial institution, or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name, be disclosed.*

✓

- 12.3 Do the notes disclose the government's policy for custodial credit risk associated with deposits or indicate that it does not have such a policy? [GASB-S40: 6; 2005 GAAFR, page 207]

*Losses on deposits and subsequent recoveries should be disclosed if not visible in the financial statements themselves. [GASB-S3: 75; 2005 GAAFR, pages 206-7]*

*If the government participates in an external investment pool and the pool is not registered with the Securities and Exchange Commission, the notes should disclose the nature of any regulatory oversight of the pool and state whether the fair value of its position in the pool is the same as the value of the pool shares. [GASB-S31: 15c; 2005 GAAFR, page 209]*

✓

- 12.4 If the government has elected to separately disclose realized and unrealized gains and losses on investments in the notes, has it indicated 1) that the calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments, and 2) that realized gains and losses of the current period include unrealized amounts from prior periods? [GASB-S31: 15; 2005 GAAFR, page 209]

✓

- 12.5 Do the notes disclose the legal and contractual provisions governing investments? [GASB-S3: 65-66; 2005 GAAFR, page 210]

*The notes should disclose material violations of these provisions. [GASB-S3: 66; 2005 GAAFR, page 224]*

Yes No N/A

*If the government is exposed to custodial credit risk for its investments evidenced by securities at year end because they are neither insured nor registered and they are held by either 1) the counterparty or 2) the counterparty's trust department or agent but not in the government's name, the notes should disclose the amount of investments exposed to custodial credit risk, indicate that they are neither insured nor registered, and explain how they are exposed to custodial credit risk. [GASB-S40: 8-9; 2005 GAAFR, page 210]*

Explanation: GAAP formerly required that the balance of investments evidenced by securities be categorized into three categories of custodial credit risk. SGAS 40 now requires that only the amount (if any) of uninsured and unregistered investments evidenced by securities that are held by either 1) the counterparty or 2) the counterparty's trust department or agent but not in the government's name, be disclosed.

✓ 12.6 Has the government refrained from providing custodial credit risk disclosures for any investments that are not subject to custodial credit risk because they are *not* evidenced by securities? [GASB-S40: 9; 2005 GAAFR, pages 210-1]

Explanation: Investments that are evidenced by contracts rather than securities (and therefore not subject to custodial credit risk) include venture capital, limited partnerships, open-end mutual funds, participation in investment pools of other governments, real estate, direct investments in mortgages and other loans, annuity contracts, and guaranteed investment contracts.

*When a government's investments are exposed to custodial credit risk, credit risk, concentration risk, interest rate risk, or foreign currency risk, the government's policy regarding each such risk should be disclosed (or an indication should be made that the government does not have a policy regarding a risk to which it is exposed). [GASB-S40: 6; 2005 GAAFR, page 210]*

Explanation: A government generally should disclose the risks related to its deposits and investments for the primary government as a whole. However, disclosure by governmental and business-type activities, individual major funds, nonmajor funds in the aggregate, and fiduciary fund types would be necessary if risk exposure were significantly greater at one of these levels than for the primary government as a whole.

✓ 12.7 Do the notes disclose the credit ratings (or explain that credit ratings are not available) for investments in debt securities (other than debt issued by or explicitly guaranteed by the U.S. government), as well as for positions in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities? [GASB-S40: 7; 2005 GAAFR, pages 212-4]

✓ 12.7a Do the notes use one of five approved methods (i.e., segmented time distribution, specific identification, weighted average maturity, duration, or simulation model) to disclose interest rate risk for positions in fixed-rate debt securities? [GASB-S40: 14-15; 2005 GAAFR, pages 214-6]

Explanation: The method selected for disclosing interest rate risk should be the one most consistent with how the government manages that risk.

*The notes should disclose any assumptions used in the disclosure of interest rate risk (e.g., timing of cash flows, interest rate changes, or other factors that affect interest rate risk). [GASB-S40: 15]*

*The notes should disclose the terms of any debt investment that cause its fair value to be highly sensitive to interest rate changes (e.g., coupon multipliers, benchmark indices, reset dates, embedded options). [GASB-S40: 16; 2005 GAAFR, pages 216-7]*

*The government should disclose the value in U.S. dollars of any investments held at the end of the year denominated in a foreign currency. Separate disclosure is required for*

*each separate currency denomination as well as for each different type of investment within a currency denomination. [GASB-S40: 17; 2005 GAAFR, page 209]*

*A government should disclose concentrations of 5 percent or more of net investments in securities of a single organization (other than those issued or explicitly guaranteed by the U.S. government, as well as investments in mutual funds, external investment pools, and other pooled investments). [GASB-S40: 11; 2005 GAAFR, page 214]*

*Losses on investments and subsequent recoveries should be disclosed if not visible in the financial statements themselves. [GASB-S3: 75; 2005 GAAFR, page 212]*

12.8

*If some investments are valued on a basis other than fair value (e.g., amortized cost), do the notes disclose the fair value of such investments (or state that there is no material difference from fair value)? [GASB-S3: 68; 2005 GAAFR, page 204]*

*If the government is party to a derivative as of the close of the fiscal period and the derivative is not reported at fair value on the face of the financial statements, the notes should disclose that fact. Also, the notes should disclose 1) the government's objective for entering into the derivative, 2) the specific types of derivatives used, 3) the significant terms of derivatives, as applicable (e.g., notional, face, or contract amount; interest rates, including caps, floors, or collars; embedded options; effective date; scheduled termination or maturity; and initial cash paid or received), and 4) the fair value of derivatives. [GASB-TB 03-1; 2005 GAAFR, page 218]*

*If fair value is not based on quoted market prices, the method used to estimate fair value along with all significant assumptions should be disclosed. [2005 GAAFR, page 218]*

*Explanation: It is acceptable to discount cash flows by the zero-coupon and par-value methods. To determine the fair value of a derivative with an embedded option, it is acceptable to use an option pricing model, such as the Black-Scholes model, that considers probabilities, volatilities, time, underlying prices, and other variables.*

*When a government enters into a derivative to make a variable-rate debt issue pay a synthetic interest rate, the notes should disclose the derivative's net cash flow in addition to the debt service requirements to maturity of the associated debt. [GASB-TB 03-1: 9; 2005 GAAFR, page 218]*

*A government must disclose its exposure to credit risk, interest rate risk, basis risk, termination risk, rollover risk, and market-access risk, as applicable. [GASB-TB 03-1: 10; 2005 GAAFR, page 219]*

*Explanation: Credit risk is the risk that a counterparty will not fulfill its obligations. When a government is exposed to credit risk, it should disclose the following: credit ratings, maximum amount of loss (excluding collateral or other security) due to credit risk, collateral or other security, information on any master netting arrangements to mitigate credit risk, and the extent of diversification among counterparties.*

*Interest rate risk arises when the practical effect of a derivative is to increase the risk of loss resulting from changes in interest rates (e.g., a swap from a fixed rate to a variable rate). In such cases, the relevant facts should be disclosed.*

*Basis risk arises when different indexes are used in connection with a derivative (e.g., both LIBOR and BMA). In such cases, the government would need to disclose both the derivative's payment terms and the payment terms of the government's associated debt.*

*Termination risk arises when the unscheduled termination of a derivative could have an adverse effect on the government's asset or liability strategy or could lead to potentially significant unscheduled payments. When termination risk is present, a government would need to disclose the following: any termination events that have occurred, dates that a derivative may be terminated, and out-of-the-ordinary termination events contained in contractual documents.*

Yes No N/A

*Rollover risk arises when a derivative associated with a government's variable-rate debt does not extend all the way to the maturity date of the associated debt, thereby creating a gap in the protection otherwise afforded by the derivative. When rollover risk arises, a government would need to disclose both the maturity of the derivative and the maturity of the associated debt.*

*Market-access risk arises when a government enters into a derivative in anticipation of entering the credit market at a later date, but may ultimately be prevented from doing so, thereby frustrating the purpose of the derivative. When market-access risk arises, a government would need to describe the circumstances.*

*The notes should disclose contingent liabilities. [GASB-S10: 58 (referenced in 64-5); 2005 GAAFR, page 220]*

*The notes should disclose any guarantees of indebtedness, even if the likelihood of loss is considered to be remote. [FASB-S5: 12; 2005 GAAFR, page 220]*

*The notes should disclose any encumbrances not reported on the face of the governmental fund balance sheet. [NCGA-S1: 92; 2005 GAAFR, page 220]*

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.9	Do the notes disclose subsequent events? [NCGA-I6: 4d; 2005 GAAFR, page 220]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.10	Do the notes disclose material violations of finance-related legal and contractual provisions? [NCGA-I6: 4g; 2005 GAAFR, page 224]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.10a	If a violation is significant, do the notes identify actions that the government has taken to address the violation? [GASB-S38: 9; 2005 GAAFR, page 224]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.11	Do the notes disclose debt service to maturity for all outstanding debt? [NCGA-I6: 4h; GASB-S38: 10; 2005 GAAFR, page 225]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.11a	Does the disclosure present debt service payments separately for each of the next five years? [GASB-S38: 10a; 2005 GAAFR, page 225]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.11b	Are the principal and interest components of debt service presented separately? [GASB-S38: 10a; 2005 GAAFR, page 225]

Explanation: In the case of variable-rate debt, the interest rate in effect at the financial statement date should be used to calculate the interest component of debt service payments.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.11c	At a minimum, are debt service payments for subsequent years reported in five-year increments? [GASB-S38: 10a; 2005 GAAFR, page 225]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.11d	If the government has variable rate debt outstanding, do the notes disclose the terms by which interest rates change? [GASB-S38: 10b; 2005 GAAFR, page 225]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.12	If the government is the lessee in a capital lease, do the notes disclose that fact? [NCGA-S5: 27; 2005 GAAFR, page 225] If so:
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.12a	Do the notes describe the lease arrangements? [NCGA-S5: 27; 2005 GAAFR, page 225]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.12b	Do the notes disclose the gross amount of assets acquired under capital leases by major asset class? [NCGA-S5: 27; FASB-S13: 16ai; 2005 GAAFR, page 225]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.12c	Do the notes disclose the minimum future lease payments in total and for each of the next five years? [NCGA-S5: 27; FASB-S13: 16aai; GASB-S38: 11; 2005 GAAFR, page 225]

Yes	No	N/A		
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.12c1	At a minimum, are minimum future lease payments for subsequent years reported in five-year increments? [GASB-S38: 11; 2005 GAAFR, page 225]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.12c2	Is the amount of imputed interest presented as a deduction to reduce the net minimum lease payments to their present value? [NCGA-S5: 27; FASB-S13: 16a; 2005 GAAFR, page 225]
<i>If the government is the lessee in an operating lease, the notes should describe the general leasing arrangements and current-year rental costs, as well as any contingent rentals. [NCGA-S5: 27; FASB-S13: 16c-d; 2005 GAAFR, page 225]</i>				
<i>If the government is the lessee in a noncancellable operating lease of more than one year, the notes should disclose the future minimum rental payments in total and for each of the next five years. Minimum future lease payments for subsequent years should be reported in five-year increments. [NCGA-S5: 27; FASB-S13: 16b; GASB-S38: 11; 2005 GAAFR, page 225]</i>				
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.13	If the government is the lessor in a capital lease, do the notes disclose that fact? [NCGA-S5: 27; 2005 GAAFR, page 225] If so:
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.13a	Do the notes disclose the total future minimum lease payment receivable (reduced by executory costs and uncollectibles)? [NCGA-S5: 27; FASB-S91: 25d; 2005 GAAFR, page 225]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.13b	Do the notes disclose the minimum lease payments for each of the five succeeding fiscal years? [NCGA-S5: 27; FASB-S13: 23a; 2005 GAAFR, page 226]
<i>If the government is the lessor in a capital lease, the notes should disclose, as applicable, 1) any unguaranteed residual value accruing to the government, 2) any unearned income, and 3) the total of any contingent rentals of the period. [NCGA-S5: 27; FASB-S91: 25; FASB-S13: 23a; 2005 GAAFR, pages 225-6]</i>				
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.14	If the government is the lessor in an operating lease, do the notes disclose both the cost and carrying amount of leased assets and depreciation on those assets? [NCGA-S5: 27; FASB-S13: 23b; 2005 GAAFR, page 226]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.15	If the government is the lessor in a noncancellable operating lease, do the notes disclose minimum future rentals in the aggregate and for each of the five succeeding fiscal years? [NCGA-S5: 27; FASB-S13: 23b; 2005 GAAFR, page 226]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.16	If the government has significant commitments (e.g., construction), do the notes disclose them? [NCGA-I6: 4j; 2005 GAAFR, page 226]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.17	Do the notes furnish information on the primary government's capital assets? [GASB-S34: 116; 2005 GAAFR, page 226]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.17a	Do the notes present all required information separately for each major class of capital assets? [GASB-S34: 116; 2005 GAAFR, page 226]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.17b	Do the notes report capital assets associated with <i>governmental activities</i> separately from capital assets associated with <i>business-type activities</i> ? [GASB-S34: 116; 2005 GAAFR, page 226]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.17c	Do the notes report nondepreciable capital assets separately from depreciable capital assets? [GASB-S34: 116; 2005 GAAFR, page 226]

Yes	No	N/A		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.17d	Do the notes present accumulated depreciation as a separate item? [APB12: 5; 2005 GAAFR, page 226]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.17e	Do the notes disclose changes in capital asset balances (including accumulated depreciation) during the period? [GASB-S34: 117b-c; 2005 GAAFR, page 226]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.17f	Do the notes disclose the amount of depreciation charged to each governmental function during the period in the government-wide statement of activities? [GASB-S34: 117d; 2005 GAAFR, page 226]

Explanation: Depreciation expense of internal service funds that are closed to *governmental activities* need *not* be allocated by function, but may be reported instead simply as a separate item in its own right.

*If a capital asset was permanently impaired during the period, the carrying value of that asset should be adjusted to reflect the impairment. The cost of restoration should not be netted against associated insurance recoveries. [GASB-S42: 16 and 21; 2005 GAAFR, pages 259-60]*

*If a loss resulted from the impairment of a capital asset and the amount of the loss is not evident on the face of the financial statements, a general description, the amount, and the classification of the loss should be disclosed. [GASB-S42: 17; 2005 GAAFR, page 227]*

*The amount and classification of insurance recoveries should be disclosed if not otherwise evident on the face of the financial statements. [GASB-S42: 21; 2005 GAAFR, page 227]*

*The carrying amount of capital assets that are idle as of the end of the fiscal period as the result of either a temporary or a permanent impairment should be disclosed. [GASB-S42: 20; 2005 GAAFR, page 227]*

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.18	Do the notes furnish information on the primary government's long-term liabilities? [GASB-S34: 119; 2005 GAAFR, page 227]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.18a	Do the notes provide all required information separately for each major class of long-term liabilities? [GASB-S34: 116; 2005 GAAFR, page 227]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.18b	Do the notes report long-term liabilities associated with <i>governmental activities</i> separately from long-term liabilities associated with <i>business-type activities</i> ? [GASB-S34: 116; 2005 GAAFR, page 227]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.18c	Do the notes report separately the portion of each long-term liability that is due within one year of the date of the statement of net assets? [GASB-S34: 119c; 2005 GAAFR, page 227]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.18d	Do the notes disclose which governmental funds typically have been used in prior years to liquidate long-term liabilities other than debt? [GASB-S34: 119d; 2005 GAAFR, page 227]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.18e	Do the notes disclose changes in long-term liability balances during the period? [GASB-S34: 119; 2005 GAAFR, page 227]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.18e1	Do the notes report these changes gross rather than net? [GASB-S34: 119b; 2005 GAAFR, page 227]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.19	Do the notes disclose any material deficit in an individual fund that is not visible on the face of the basic financial statements? [NCGA-S1: 158; 2005 GAAFR, page 227]

Yes	No	N/A	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.20 Do the notes provide information on interfund balances and transfers? [GASB-S38: 14-5; 2005 GAAFR, pages 227-8] If so:
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.20a Do the notes disclose the amounts due from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type? [GASB-S38: 14a; 2005 GAAFR, pages 227-8]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.20b Do the notes disclose the purpose of interfund balances? [GASB-S38: 14b; 2005 GAAFR, page 228]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>The government should disclose interfund balances that are not expected to be repaid within one year from the date of the financial statement.</i> [GASB-S38: 14c; 2005 GAAFR, page 228]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.20c Do the notes disclose amounts transferred from other funds by individual major fund, nonmajor governmental funds in the aggregate, nonmajor enterprise funds in the aggregate, internal service funds in the aggregate, and fiduciary fund type? [GASB-S38: 15a; 2005 GAAFR, page 228]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.20d Do the notes disclose the principal purposes of interfund transfers? [GASB-S38: 15b; 2005 GAAFR, page 228]
			<i>The notes should disclose the intended purpose and amount of significant transfers that do not occur on a routine basis or are inconsistent with the activities of the fund making the transfer.</i> [GASB-S38: 15c; 2005 GAAFR, page 228]
			<i>The notes should disclose any significant transactions between the primary government and its discretely presented component units.</i> [NCGA-I6: 5 (related party transactions); 2005 GAAFR, page 228]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.21 If the government has been the recipient of an endowment, do the notes describe the endowment? [GASB-S34: 121; 2005 GAAFR, page 228] If so:
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.21a Do the notes disclose the amounts of net appreciation on investments that are available for expenditure? [GASB-S34: 121a; 2005 GAAFR, page 228]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.21b Do the notes explain how available amounts are reflected in net assets? [GASB-S34: 121a; 2005 GAAFR, page 228]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.21c Do the notes disclose the state law governing the ability to spend net appreciation? [GASB-S34: 121b; 2005 GAAFR, page 228]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.21d Do the notes disclose the policy for authorizing and spending investment income? [GASB-S34: 121c; 2005 GAAFR, page 228]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.22 Do the notes discuss the government's risk financing activities? [GASB-S10: 77; 2005 GAAFR, pages 228-9] If so:
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.22a Do the notes describe the types of risk faced by the government? [GASB-S10: 77a; 2005 GAAFR, page 228]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.22a1 Do the notes describe how each type of risk is being handled? [GASB-S10: 77a; 2005 GAAFR, page 228]

Yes No N/A

*If there has been any significant reduction in insurance coverage from the previous year, this reduction should be disclosed by risk category. [GASB-S10: 77b; 2005 GAAFR, page 228]*

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.22b	Do the notes indicate <i>whether</i> the amount of settlements exceeded insurance coverage in each of the past three years? [GASB-S10: 77b; 2005 GAAFR, page 228]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.22c	If the government participates in a risk pool, do the notes describe the arrangement? [GASB-S10: 77c; 2005 GAAFR, page 228]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.22c1	Do the notes specifically address the rights and responsibilities of both the government and the pool? [GASB-S10: 77c; 2005 GAAFR, page 228]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.22d	If the government retains some risk of loss, do the notes mention this fact? [GASB-S10: 77d; 2005 GAAFR, page 229] If so:
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.22d1	Do the notes describe what the liability for unpaid claims represents and how it is calculated? [GASB-S30: 10; 2005 GAAFR, page 229]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.22d1a	Do the notes mention whether nonincremental claims adjustment expenses have been included as part of the liability for claims and judgments? [GASB-S30: 10; 2005 GAAFR, page 229]

*If the government exercises its option to discount claims liabilities or has entered into any structured settlements, the notes should disclose the nondiscounted carrying amount of any liabilities reported at a discounted value and the range for interest rates used for discounting. [GASB-S10: 77d(2); 2005 GAAFR, page 229]*

*If claims have been defeased through annuity contracts, this fact should be disclosed. [GASB-S10: 77d(3); 2005 GAAFR, page 229]*

*Explanation: This requirement does not apply if beneficiaries have signed an agreement releasing the government from all further obligation and the likelihood of further payments is considered to be remote.*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.22e	Do the notes provide a tabular reconciliation of the claims liability? [GASB-S10: 77d(4); 2005 GAAFR, page 229]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.22e1	Does the reconciliation distinguish 1) claims liability at the beginning of the period, 2) claims incurred during the period, 3) changes in the estimate for claims of prior periods, 4) payments on claims, 5) other, and 6) claims liability at the end of the period? [GASB-S10: 77d(4); 2005 GAAFR, page 229]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.22e2	Is this information provided for each of the two most recent fiscal periods? [GASB-S10: 77d(4); 2005 GAAFR, page 229]

*Explanation: For example, a report for the fiscal year ended December 31, 2010, would need to provide: 1) a reconciliation of the amounts reported at December 31, 2010, and December 31, 2009, and 2) a reconciliation of the amounts reported at December 31, 2009, and December 31, 2008.*

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.23	If the government sponsors a public-entity risk pool, does it either 1) refer readers to the separately issued report of the pool or 2) provide all of the note disclosures required for public-entity risk pools? [GASB-S10: 78; 2005 GAAFR, page 238]
--------------------------	--------------------------	-------------------------------------	-------	---

Yes No N/A

Explanation: In the absence of a separately issued pool report, the sponsoring government must include all of the disclosures that a pool normally is required to present within its own report. Those disclosures are as follows:

- A description of the pooling arrangement that includes the rights and responsibilities of the pool and pool participants and the number and types of entities participating;
- The basis for estimating claims liabilities;
- Information on acquisition costs;
- The face amount and carrying amount of any claims liabilities reported at present value, including the range of interest rates used to discount those liabilities;
- Statement of whether investment income is considered in determining premium deficiencies;
- Nature of excess insurance or reinsurance transactions and their significance to the pool's operations. These transactions include type of coverage and reinsurance premiums ceded, as well as estimated amounts that are recoverable from excess insurers and reinsurers *and* that reduce the liabilities as of the date of the statement of position for unpaid claims and claim adjustment expenses;
- Reconciliation of total claims liabilities for the current and prior fiscal year in the following tabular format:
  - Unpaid claims and claim adjustment expenses, beginning of year;
  - Incurred claims and claim adjustment expenses;
  - Payments;
  - Other (describe if material);
  - Unpaid claims and claim adjustment expenses, end of year.

Furthermore, if annuity contracts are purchased in the name of the claimant and the related liabilities have been removed from the statement of position, the aggregate outstanding amount of the defeased claims liabilities should be reported in the notes. This requirement does not apply, however, if annuity contract beneficiaries have signed an agreement releasing the government from further obligation and the likelihood of further payments is remote. The notes also should provide information on the nature and amount of contingent losses. This disclosure normally is required when there is at least a reasonable possibility that a loss has been incurred, but the loss does not meet the criteria for accrual (the loss is not probable and measurable).

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12.24	If property taxes are a major revenue source, do the notes provide information on the property tax calendar (i.e., lien dates, levy dates, due dates, and collection dates)? [NCGA-13: 11; 2005 GAAFR, page 229]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.25	If the government's enterprise funds encompass one or more segments, do the notes disclose the types of goods or services provided by the segment? [GASB-S34: 122a; 2005 GAAFR, page 229]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.25a	Does the government report condensed financial data for segments that are not also major funds? [GASB-S34: 122b-d; 2005 GAAFR, pages 230-1] If so:
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.25a1	Do the notes present a condensed statement of net assets for each segment? [GASB-S34: 122b; 2005 GAAFR, page 230]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.25a2	Do the notes present a condensed statement of revenues, expenses, and changes in net assets/equity for each segment? [GASB-S34: 122c; 2005 GAAFR, page 230]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.25a3	Do the notes present a condensed statement of cash flows for each segment? [GASB-S34: 122d; 2005 GAAFR, pages 230-1]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.26+	If the government has engaged in short-term debt activity during the year (e.g., anticipation notes, use of lines of credit), <i>even if no short-term debt is outstanding at the end of the fiscal period</i> , has the government discussed this fact? [GASB-S38: 12; 2005 GAAFR, page 232] If so:
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12.26a	Has the government provided a schedule of changes in short-term debt (i.e., beginning of period balance, increases, decreases, end of period balance)? [GASB-S38: 12a; 2005 GAAFR, page 232]

- 12.26b Has the government provided an explanation of the purpose for which the debt was issued? [GASB-S38: 12b; 2005 GAAFR, page 232]
- If the government has engaged in material related party transactions, the notes should disclose the terms of the transactions and the balance of related receivables not visible on the face of the basic financial statements. [NCGA-I6: 5; 2005 GAAFR, page 232]*
- 12.27 If the government participates in a joint venture, do the notes disclose this fact? [GASB-S14: 75; 2005 GAAFR, page 233] If so:
- 12.27a Do the notes describe the nature of any ongoing financial interest or responsibility resulting from participation in the joint venture? [GASB-S14: 75a(1); 2005 GAAFR, page 233]
- 12.27b Do the notes provide information on how to obtain the financial statements of the joint venture? [GASB-S14: 75a(2); 2005 GAAFR, page 233]
- 12.27c Do the notes provide information designed to allow the reader to evaluate whether the joint venture is accumulating significant financial resources or is experiencing fiscal stress that may cause an additional financial benefit to or burden on the participating government in the future? [GASB-S14: 75a(1); 2005 GAAFR, page 233]
- If the government participates in a jointly governed organization, the notes should provide any relevant information on related party transactions. [GASB-S14: 77; 2005 GAAFR, page 233]*
- 12.28 If the government undertook a refunding during the period that either defeased or redeemed the refunded debt, do the notes disclose this fact? [GASB-S7: 11-14; 2005 GAAFR, page 233]
- 12.28a Do the notes provide a brief description of the refunding transaction(s)? [GASB-S7: 11; 2005 GAAFR, page 233]
- 12.28b Do the notes disclose the aggregate difference in debt service between the refunding debt and the refunded debt? [GASB-S7: 11; 2005 GAAFR, page 233]
- 12.28c Do the notes disclose the economic gain or loss on the transaction? [GASB-S7: 11; 2005 GAAFR, page 233]
- The notes should disclose the amount of any outstanding in-substance defeased debt. [GASB-S7: 14; 2005 GAAFR, page 234]*
- 12.29 Do the notes provide information on the nature and purpose of all material amounts of *reserved fund balance* and *designated unreserved fund balance* not described on the face of the governmental fund balance sheet? [2005 GAAFR, page 234]
- If interfund balances between governmental funds and interfund balances between proprietary funds are not eliminated in a separate column in the fund financial statements, the notes should disclose that such amounts are not included in the government-wide statement of net assets. [2005 GAAFR, page 234]*
- If bond anticipation notes are classified as long-term obligations on the basis of a financing agreement, the notes should disclose the details of the arrangement, as well as the terms of any new obligation incurred or expected to be incurred as a result of the refinancing. [NCGA-I9: 12; FASB-S6: 15; 2005 GAAFR, page 235]*

*If the primary government has a component unit with a different fiscal year end, the notes should explain any resulting disparities (e.g., discrepancies between related receivable and payable amounts). [GASB-S14: 60; 2005 GAAFR, page 235]*

*If the government participated in a reverse repurchase agreement during the period, the notes should provide all of the disclosures required by GAAP. [GASB-S3: 63, 76-80, GASB-I3: 6; 2005 GAAFR, pages 235-6]*

Explanation: The notes should disclose all of the following information regarding reverse repurchase agreements:

- The relevant legal or contractual provisions;
- Reverse repurchase agreements in force at the end of the period;
- The source of legal or contractual authorization;
- Whether the maturities of the investments made with the agreements' proceeds generally are matched to the agreements' maturities, as well as the extent of such matching at the end of the fiscal period;
- Either 1) the fair value of the securities to be repurchased as of the end of the fiscal year and the terms of the agreement (for yield-type agreements) or 2) credit risk (for all other types of agreements).

The notes should disclose any losses recognized during the period due to default and any amounts recovered from prior period losses (if not visible on the face of the financial statements). The notes also should disclose any significant violation of legal or contractual provisions.

*If the government participated in a securities lending arrangement during the period, the notes should provide all of the disclosures required by GAAP. [GASB-S28: 11-15; 2005 GAAFR, page 236]*

Explanation: The notes should disclose all of the following information regarding securities lending arrangements:

- The source of legal or contractual authorization;
- The types of securities on loan;
- The types of collateral received;
- The ability to pledge or sell collateral securities without a default;
- The amount by which collateral is to exceed the amount of securities;
- The carrying amount and fair value of securities on loan;
- Whether the maturities of the investments made with cash collateral generally match the maturities of securities loans and the extent of such matching as of the end of the fiscal year;
- Credit risk or the absence of credit risk.

The notes also should disclose 1) any significant violations of legal or contractual provisions, 2) any restrictions on the amount of securities that may be lent, and 3) any losses of the period resulting from default and any recoveries of prior period loss.

*If loss indemnification is to be provided by agents, the notes should disclose this fact.*

- |       |       |   |        |   |
|-------|-------|---|--------|---|
| _____ | _____ | ✓ | 12.30  | If the government has issued special assessment debt for which it is obligated in some manner, do the notes discuss this debt? [GASB-S6: 20; 2005 GAAFR, page 236] If so: |
| _____ | _____ | ✓ | 12.30a | Do the notes disclose the nature of the government's obligation? [GASB-S6: 20; 2005 GAAFR, page 236]  |

Explanation: This disclosure should identify and describe any guarantee, reserve, or sinking fund established to cover defaults by property owners.

- |       |       |   |        |   |
|-------|-------|---|--------|---|
| _____ | _____ | ✓ | 12.30b | Do the notes disclose the amount of delinquent special assessments receivable (if not discernable on the face of the financial statements)? [GASB-S6: 20; 2005 GAAFR, page 236] |
| _____ | _____ | ✓ | 12.31  | If the government has issued special assessment debt for which it is not obligated in any manner, do the notes discuss this debt? [GASB-S6: 21; 2005 GAAFR, pages 236-7] If so: |

Yes No N/A

<input checked="" type="checkbox"/>			12.31a	Do the notes disclose the amount of the debt? [GASB-S6: 21; 2005 GAAFR, pages 236-7]
<input checked="" type="checkbox"/>			12.31b	Do the notes disclose that the government is acting only as an agent and is in no way liable for the debt? [GASB-S6: 21; 2005 GAAFR, pages 236-7]
<input checked="" type="checkbox"/>			12.32	If the government has demand bonds outstanding at the end of the fiscal period, do the notes provide all of the disclosures required by GAAP? [GASB-I1: 11; 2005 GAAFR, page 237]

Explanation: The notes should disclose all of the following information regarding demand bonds:

- The terms of any letters of credit or other liquidity facilities outstanding;
- Commitment fees to obtain the letters of credit and any amounts drawn on them outstanding as of the end of the fiscal year;
- The take-out agreement, including its expiration date, commitment fees to obtain the take-out agreement, and the terms of any new obligation incurred or expected to be incurred as a result of the take-out agreement;
- Debt service requirements to maturity that would result if the take-out agreement were exercised.

NOTE: A government that is not required to implement and has not early implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, should refer to Part 1 of the *Checklist Supplement* following section 19 for the applicable disclosure requirements.

<input checked="" type="checkbox"/>			12.33	If a government is legally responsible for closure and postclosure care costs associated with a municipal solid-waste landfill, do the notes discuss this responsibility? [GASB-S18: 17; 2005 GAAFR, page 237] If so:
<input checked="" type="checkbox"/>			12.33a	Do the notes disclose the nature and source of landfill closure and postclosure care requirements? [GASB-S18: 17a; 2005 GAAFR, page 237]
<input checked="" type="checkbox"/>			12.33b	Do the notes explain that the cost of landfill closure and postclosure care is allocated based on landfill capacity used to date? [GASB-S18: 17b; 2005 GAAFR, page 237]
<input checked="" type="checkbox"/>			12.33c	Do the notes disclose the liability for landfill closure and postclosure care costs (if not visible on the face of the basic financial statements)? [GASB-S18: 17c; 2005 GAAFR, page 237]
<input checked="" type="checkbox"/>			12.33d	Do the notes disclose the portion of the estimated total obligation for landfill closure and postclosure care costs that has not yet been recognized in the financial statements? [GASB-S18: 17c; 2005 GAAFR, page 237]
<input checked="" type="checkbox"/>			12.33e	Do the notes disclose the percentage of the landfill's total capacity that has been used to date? [GASB-S18: 17d; 2005 GAAFR, page 237]
<input checked="" type="checkbox"/>			12.33f	Do the notes disclose the estimated remaining life of the landfill in years? [GASB-S18: 17d; 2005 GAAFR, page 237]
<input checked="" type="checkbox"/>			12.33g	Do the notes state that the total current cost of landfill closure and postclosure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations? [GASB-S18: 17f; 2005 GAAFR, page 237]

*If there are financial assurance requirements, the notes should disclose how they are being met.* [GASB-S18: 17e; 2005 GAAFR, page 237]

Yes No N/A

*The notes should disclose any assets restricted for the payment of closure and postclosure care costs that are not discernable on the statement of position.*  
[GASB-S18: 17e; 2005 GAAFR, page 237]

- 12.34 If the government as an employer benefits from on-behalf payments of fringe benefits and salaries for its employees, do the notes disclose the amounts recognized during the period?  
[GASB-S24: 12; 2005 GAAFR, pages 237-8]

Explanation: An employer can benefit from payments for various types of fringe benefits. The types of such benefits include pension contributions and health and life insurance premiums. Also included in this category are certain payments from the federal government under Medicare Part D for prescription drug coverage that a state or local government employer provides to its retirees. However, not all Medicare Part D payments qualify for treatment as on-behalf payments. Generally, only those payments that are made to a multiple-employer other postemployment benefit (OPEB) plan do. Payments that an employer receives directly, such as those related to a single-employer OPEB plan, are properly reported as voluntary nonexchange transactions.

- 12.34a If on-behalf benefits take the form of contributions to a pension plan for which the employer is not legally responsible, do the notes disclose the name of the pension plan and the name of the entity that makes the contributions? [GASB-S24: 12; 2005 GAAFR, pages 237-8]

*If the government has issued conduit debt, the notes should provide all of the disclosures required by GAAP.* [GASB-I2: 3; 2005 GAAFR, page 238]

Explanation: *The disclosure should include 1) a general description of conduit debt transactions, 2) the aggregate amount of all conduit debt obligations outstanding at the end of the period, and 3) a clear indication that the issuer has no obligation for the debt beyond the resources provided by related leases or loans.*

*If the government sponsors an external investment pool, it should either 1) refer readers to the separately issued report of the pool or 2) provide all of the note disclosures required for governmental external risk pools.* [GASB-S31: 19; 2005 GAAFR, page 238]

Explanation: *In the absence of a separately issued pool report, the sponsoring government must include all of the disclosures that a pool normally is required to present within its own report. Those disclosures are as follows:*

- *Methods and assumptions used to estimate fair value;*
- *Application of the amortized cost option;*
- *An explanation of realized and unrealized gains/losses (if separate amounts are presented on the face of the financial statements or disclosed in the notes to the financial statements);*
- *Description of regulatory oversight (including whether the pool is registered with the SEC as an investment company);*
- *Frequency and purpose of fair value determinations;*
- *Method used to determine participants' shares sold and redeemed and whether that method differs from the method used to report investments;*
- *Whether legally binding guarantees of share values were provided or obtained;*
- *Extent of involuntary participation in the pool;*
- *Summary of fair value, carrying amount (if different), number of shares and principal amount, ranges of interest rates, and maturity dates for each major investment classification; and*
- *If a distinction is made among different components of investment income, the accounting policy for defining those components.*

*If the government has included any portion of interest expense as part of direct program costs of the governmental functions in the government-wide statement of activities, the notes should disclose the amount of interest expense so reported.* [GASB-S34: 46; 2005 GAAFR, page 238]

*If the government has elected not to capitalize a collection (e.g., art, historical artifacts), the notes should describe the collection and explain the reasons the government has elected not to capitalize it.* [GASB-S34: 118; 2005 GAAFR, page 239]

✓

12.35 If the government reports restricted assets, do the notes disclose the detail of restricted asset accounts (i.e., both purpose and amount) if this detail is not provided on the face of the statement of position? [NCGA-S1: 1; 2005 GAAFR, page 240]

✓

12.36 Do the notes address the detail of individual long-term debt issues? [2005 GAAFR, page 240] If so:

✓

12.36a Do the notes disclose the purpose for which debt was issued? [2005 GAAFR, page 240]

✓

12.36b Do the notes disclose the original amount of the debt? [2005 GAAFR, page 240]

✓

12.36c Do the notes disclose the type of debt (e.g., general obligation bonds, revenue bonds)? [2005 GAAFR, page 240]

*If the government has issued revenue bonds, the notes could provide a summary of related bond covenants. [2005 GAAFR, page 240]*

✓

12.36d Do the notes disclose the amounts of installments? [2005 GAAFR, page 240]

✓

12.36e Do the notes disclose the interest rate? [2005 GAAFR, page 240]

✓

12.36f Do the notes disclose the range of maturities? [2005 GAAFR, page 240]

✓

12.36g Do the notes address the applicability of federal arbitrage regulations? [2005 GAAFR, page 240]

*If the government is subject to a legal debt margin, the notes could disclose information on the legal debt limit. [2005 GAAFR, page 240]*

*If the government is authorized to issue debt that has not yet been issued, the notes could disclose this fact. [2005 GAAFR, page 240]*

*If the government reports deferred revenue on the governmental fund balance sheet, the notes could disclose the portion of this liability that represents amounts that are deferred solely because they are not yet considered to be available. [2005 GAAFR, page 240]*

✓

12.37 If the government reports either a special item or an extraordinary item, do the notes describe the underlying event? [APB30: 11; 2005 GAAFR, page 240]

✓

12.38 If the government reports a prior-period adjustment or a change in accounting principle, do the notes explain the nature of the adjustment or change? [APB20: 33, 35, and 37; 2005 GAAFR, page 240]

*If the significant components of receivables and payables (e.g., amounts related to taxpayers, other governments, vendors, customers, beneficiaries, employees) have been obscured by aggregation on the face of the financial statements, the notes should provide the missing detail. [GASB-S38: 13; 2005 GAAFR, page 239]*

*The government should disclose if significant balances of receivables are not expected to be collected within one year of the end of the fiscal period. [GASB-S38:13; 2005 GAAFR, page 239]*

*If the government incurred an obligation for termination benefits (for either voluntary or involuntary terminations) during the current period, the notes should include the required disclosures. [GASB-S47: 18-21]*

Yes No N/A

Explanation: The disclosures should include a description of the termination benefit arrangement(s). The description of the termination benefits arrangement(s) could include:

- The type of benefits provided (e.g., healthcare);
- The number of employees affected; and
- The time period over which the government expects to provide the benefits.

(The description should also be provided in subsequent periods in which employees provide services to receive benefits under an involuntary plan of termination that occurred in a prior period.)

The notes should disclose the cost of the termination benefits if not otherwise visible on the face of the financial statements.

The notes should also disclose the change in the actuarial accrued liability of a defined benefit pension or OPEB plan that results from the inclusion of termination benefits in the benefit plan.

If healthcare-related benefits are provided in an age-related termination program, the implicit rate subsidy related to benefits provided under the Consolidated Omnibus Budget Reconciliation Act (COBRA) should be reported and disclosed as a termination benefit.

If the government report liabilities for termination benefits that were incurred in the current or prior period(s), the notes should disclose the following significant items used to determine the liability: 1) methods (e.g., are amounts reported at their discounted present values) and 2) assumptions (e.g., the healthcare cost trend rate and, if applicable, the discount rate). [GASB-S47: 20]

_____	_____	✓	12.39	If the government does not report a liability for termination benefits that meet the recognition criteria because the amount is not reasonably estimable, do the notes disclose this fact? [GASB-S47: 21]
_____	_____	✓	12.40	If the government has pledged future revenues, do the notes include the required disclosures? [GASB-S48: 21]
_____	_____	✓	12.40a	Do they disclose the specific revenue pledged and the approximate amount of the pledge, if determinable?
_____	_____	✓	12.40b	Do they disclose the general purpose of the debt secured by the pledged revenue?
_____	_____	✓	12.40c	Do they disclose the term of the commitment (i.e., the period during which the revenue will not be available)?
_____	_____	✓	12.40d	Do they disclose the relationship of the pledged amount to the total for that specific revenue (e.g., the proportion of the specific revenue stream that has been pledged), if determinable?
_____	_____	✓	12.40e	Do they include a comparison of the pledged revenues recognized during the period to the principal and interest requirements for the debt directly or indirectly collateralized by those revenues?

If during the current fiscal year the government had a transaction that qualifies as a sale of future revenues, the notes should disclose: 1) the specific revenue sold, including the approximate amount, if determinable, 2) the period to which the sale applies, and 3) the relationship of the amount sold to the total for that specific revenue (e.g., the proportion of the specific revenue stream that has been sold), if determinable. [GASB-S48: 22]

✓	_____	_____	12.41	Has the government refrained from negative disclosure? [2005 GAAFR, page 241]
---	-------	-------	-------	---

Explanation: There generally is no need to disclose that a particular situation is *not* applicable to the government. There are two exceptions to this basic rule:

Yes No N/A

- Situations where GAAP specifically require the disclosure of *whether* a given set of circumstances apply to the government;
- Situations where the absence of a given set of circumstances is so unusual that the omission of a particular disclosure is likely to be viewed by financial statement users as an oversight.

## **FINANCIAL SECTION – PENSION AND OTHER POSTEMPLOYMENT BENEFIT-RELATED NOTE DISCLOSURES**

NOTE: A government that is not required to implement and has not early implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and/or GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, should refer to Part 1 of the *Checklist Supplement* following section 19 rather than answering questions 13.1 to 13.4e and 13.5a to 13.5b below.

- |   |       |       |  |
|---|-------|-------|--|
| ✓ | _____ | 13.1  | If the government participates in a defined benefit plan, do the notes provide information on the arrangement? [GASB-S27: 20-1; GASB-S45: 24-5; GASB-S50: 7-8; 2005 GAAFR, pages 221-3] If so: |
| ✓ | _____ | 13.1a | Do the notes describe the benefit plan? [GASB-S27: 20a1; GASB-S45: 24a1; 2005 GAAFR, page 221]   |
- Explanation: The different types of defined benefit plans are as follows: single-employer plans, agent multiple-employer plans, and cost-sharing multiple-employer plans.
- |   |       |        |   |
|---|-------|--------|---|
| ✓ | _____ | 13.1b  | Do the notes briefly describe the types of benefits offered and the authority for establishing and amending benefits? [GASB-S27: 20a2; GASB-S45: 24a2; 2005 GAAFR, page 221]                                    |
| ✓ | _____ | 13.1c  | Do the notes disclose whether the plan issues a separate report or is included in the report of a public employees' retirement system or another entity? [GASB-S27: 20a3; GASB-S45: 24a3; 2005 GAAFR, page 221] |
| ✓ | _____ | 13.1c1 | If a separate report is issued for a plan, do the notes disclose how to obtain a copy of the report? [GASB-S27: 20a3; GASB-S45: 24a3; 2005 GAAFR, page 221]   |
| ✓ | _____ | 13.1d  | Do the notes describe the authority for establishing and amending the funding policy? [GASB-S27: 20b1; GASB-S45: 24b1; 2005 GAAFR, page 221]  |
|   |       |        | <i>If the plan is contributory, the notes should disclose the required contribution rate(s) of active members.</i> [GASB-S27: 20b2; 2005 GAAFR, page 221]   |
| ✓ | _____ | 13.1e  | Do the notes indicate the employer's required contribution rate(s)? [GASB-S27: 20b3; GASB-S45: 24b3; 2005 GAAFR, page 221]  |

Explanation: A government that provides prescription drug coverage to retirees (i.e., OPEB benefits) and is able to obtain payments, either directly or indirectly, from the federal government under Medicare Part D should report this activity on a gross basis. Accordingly, the contribution rates or the dollar amount of required contributions of the employer government are not reduced.

- |   |       |        |  |
|---|-------|--------|--|
| ✓ | _____ | 13.1e1 | Are employer contribution rates expressed either in dollars or as a percentage of current-year payroll? [GASB-S27: 20b3; GASB-S45: 24b3; 2005 GAAFR, page 221] |
|---|-------|--------|--|

Explanation: See explanation following question 13.1e.

*If the employer participates in either a single-employer or agent multiple-employer plan and the contribution rate differs significantly from the actuarially determined annual required contribution, the notes should explain how the contribution rate is determined.* [GASB-S27: 20b3; GASB-S45: 24b3; 2005 GAAFR, page 221]

*The notes should disclose any legal or contractual maximum contribution rates.* [GASB-S45: 24b; 30c; GASB-S50: 7a; 2005 GAAFR, page 222]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_☒ 13.1f

If the government participates in a cost-sharing, multiple-employer defined benefit plan, do the notes provide information on both required and actual contributions? [GASB-S27: 20b3; GASB-S45: 24b3; GASB-TB 04-2: 2-6; 2005 GAAFR, page 221, note 136]

Explanation: This disclosure for required and actual contributions should provide information for the contractually required contributions that relate to the fiscal year being reported upon (i.e., those that relate to the pay periods within the fiscal year) regardless of when the amounts are due. For example, a government with a calendar year as its fiscal year is required to make contractually required contributions on a quarterly basis to the cost-sharing employee benefit plan within 45 days after the close of each quarter. In this case the payment for the last quarter would be part of the contractually required contributions for the calendar year even though it is not due to the cost-sharing employee benefit plan until midway through the first quarter of the subsequent period. Also, the government should not reduce the contractually required contribution for an OPEB plan by payments from the federal government under Medicare Part D.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_☒ 13.1f1

Is the current year's required contribution stated in dollars? [GASB-S27: 20b3; GASB-S45: 24b3; 2005 GAAFR, page 221, note 136]

Explanation: The government should not reduce the contractually required contribution for an OPEB plan by payments from the federal government under Medicare Part D.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_☒ 13.1f2

Are actual contributions presented as a percentage of required contributions? [GASB-S27: 20b3; GASB-S45: 24b3; 2005 GAAFR, page 221, note 136]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_☒ 13.1f3

Is all information presented both for the current year and each of the preceding two years? [GASB-S27: 20b3; GASB-S45: 24b3; 2005 GAAFR, page 221, note 136]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_☒ 13.1g

In the case of a cost-sharing multiple-employer plan, does the disclosure state how the required contribution rate is determined (e.g., by statute, contract, or on an actuarial basis) or state that the plan is financed on a pay-as-you-go basis? [GASB-S45: 24b; GASB-S50: 7b; 2005 GAAFR, page 222]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_☒ 13.2

If the government participates in either a single-employer or agent multiple-employer defined benefit plan, do the notes provide additional information? [GASB-S27: 21; GASB-S45: 25; 2005 GAAFR, pages 221-2] If so:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_☒ 13.2a

Do the notes disclose annual benefit cost? [GASB-S27: 21a; GASB-S45: 25a; 2005 GAAFR, page 221]

Explanation: The government should not reduce the annual benefit plan cost for an OPEB plan by payments from the federal government under Medicare Part D.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_☒ 13.2b

Do the notes disclose actual contributions made (in dollars)? [GASB-S27: 21a; GASB-S45: 25a; 2005 GAAFR, page 221]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_☒ 13.2c

If there is a net pension obligation (NPO) or net OPEB obligation (NOPEBO) outstanding, do the notes disclose the components of the annual benefit plan cost? [GASB-S27: 21a; GASB-S45: 25a; 2005 GAAFR, page 222]

Explanation: If an NPO or NOPEBO exists, the annual benefit cost will comprise these three components: 1) the annual required contribution (ARC), 2) interest on the NPO or NOPEBO, and 3) the actuary's adjustment of the ARC based on the existence of the NPO or NOPEBO.

<input checked="" type="checkbox"/>	13.2d	If there is an NPO or NOPEBO outstanding, do the notes disclose both 1) the increase or decrease in the NPO/NOPEBO and 2) the NPO/NOPEBO at the end of the year? [GASB-S27: 21a; GASB-S45: 25a; 2005 GAAFR, page 222]
<input checked="" type="checkbox"/>	13.2e	Do the notes disclose the annual benefit plan cost for the current year and the two preceding years? [GASB-S27: 21b; GASB-S45: 25b; 2005 GAAFR, page 222]
<input checked="" type="checkbox"/>	13.2f	Do the notes disclose the percentage of the annual benefit cost contributed for the current year and the two preceding years? [GASB-S27: 21b; GASB-S45: 25b; 2005 GAAFR, page 222]
<input checked="" type="checkbox"/>	13.2g	Do the notes disclose the NPO/NOPEBO for the current year and the two preceding years? [GASB-S27: 21b; GASB-S45: 25b; 2005 GAAFR, page 222]
<input checked="" type="checkbox"/>	13.2h	Do the notes disclose the date of the actuarial valuation? [GASB-S27: 21c; GASB-S45: 25c; 2005 GAAFR, page 222]
<input checked="" type="checkbox"/>	13.2i	Do the notes disclose the actuarial methods and significant assumptions used? [GASB-S27: 21c; GASB-S45: 25d; 2005 GAAFR, page 222]

Explanation: The disclosure of the actuarial assumptions must be in the notes to the financial statements.

<input checked="" type="checkbox"/>	13.2i1	Do the notes disclose the actuarial cost method? [GASB-S27: 21c; GASB-S45: 25d; 2005 GAAFR, page 222]
-------------------------------------	--------	---

Explanation: GAAP require the use of one of the following six actuarial cost methods: entry age, frozen entry age, attained age, frozen attained age, projected unit credit, or aggregate. The use of the unprojected unit credit method also is acceptable for plans in which benefits already accumulated for years of service are not affected by future salary levels.

<input checked="" type="checkbox"/>	13.2i2	If the aggregate method is used, do the notes state that because this method does not identify or separately amortize unfunded actuarial accrued liabilities, information about funded status and funding progress is presented using the entry age actuarial cost method for that purpose, and that the information presented is intended to serve as a surrogate for the funding progress of the plan? [GASB-S45: 25d; GASB-S50: 8b(3)(b) and 9; 2005 GAAFR, page 222]
<input checked="" type="checkbox"/>	13.2i3	Do the notes disclose the actuarial method used for valuing assets? [GASB-S27: 21c; GASB-S45: 25d; 2005 GAAFR, page 222]
<input checked="" type="checkbox"/>	13.2i4	Do the notes disclose the assumptions regarding the inflation rate, investment return, projected salary increases, and post-retirement benefit increases? [GASB-S27: 21c; GASB-S45: 25d; 2005 GAAFR, page 222]
		<i>If the assumptions (e.g., inflation rate, projected salary increases) used to determine the ARC for the current year and the information about the funded status of the plan contemplate different rates for successive years (year-based or select and ultimate rates), the rates that should be disclosed are the initial and ultimate rates. [GASB-S45: 25d(5)(c); GASB-S50: 8b(3)(a)]</i>

Yes/	No	N/A		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13.2i5	Do the notes describe the amortization method (i.e., level dollar or level percentage of projected payroll)? [GASB-S27: 21c; GASB-S45: 25d; 2005 GAAFR, page 222]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13.2i6	Do the notes disclose the amortization period? [GASB-S27: 21c; GASB-S45: 25d; 2005 GAAFR, page 222]

Explanation: If a government uses more than one amortization period, it should disclose the equivalent single amortization period (ESAP).

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13.2i7	Do the notes state whether amortization periods are open or closed? [GASB-S27: 21c; GASB-S45: 25d; 2005 GAAFR, page 222]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13.2j	For an OPEB healthcare plan, does the disclosure of actuarial assumptions include the healthcare cost trend rate? [GASB-S45: 25d; 2005 GAAFR, page 222]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<i>If different years are used for the healthcare cost trend rate, the notes should disclose both the initial and ultimate rates. [GASB-S45: 25d(5)(c); 2005 GAAFR, page 222]</i>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13.2k	For partially funded defined benefit OPEB plans, do the notes disclose the method used to determine the blended investment return assumption? [GASB-S45: 25d; 2005 GAAFR, page 223]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13.2L	If the government participates in one or more defined benefit plan(s), do the notes provide disclosures for the funded status of the plan(s) as of the most recent actuarial valuation date? [GASB-S45: 25c; GASB-S50: 8a]

Explanation: One of the following actuarial cost methods should be used: entry age, frozen entry age, attained age, frozen attained age, projected unit credit, or aggregate. If the aggregate actuarial method is used to determine the annual required contribution, the government should present this information using the entry age actuarial cost method. The requirement to present information about funded status of pension plans that use the aggregate actuarial method is effective for the first fiscal period containing information from actuarial valuations as of June 15, 2007 or later. Amortization of the total actuarial accrued liability may be calculated using either a level dollar or a level percentage of projected payroll approach. However, the maximum acceptable amortization period is 30 years.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13.2L1	If so: Do the notes disclose the actuarial valuation date?
-------------------------------------	--------------------------	--------------------------	--------	---

Explanation: The actuarial valuation for an OPEB plan should be performed:

- At least biennially for OPEB plans with a total membership of 200 or more
- At least triennially for OPEB plans with fewer than 200 total members

The actuarial valuation for a pension plan should be performed at least biennially.

Regardless of the option selected, the same date should be used for each actuarial valuation. However, a new valuation should be performed in any year in which a significant change occurred that affected the results of the prior valuation.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13.2L2	Do the notes disclose the actuarial value of assets?
-------------------------------------	--------------------------	--------------------------	--------	--

Explanation: The *actuarial* value of plan assets may differ from the *accounting* value presented on the statement of plan net assets.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13.2L3	Do the notes disclose the actuarial accrued liability?
-------------------------------------	--------------------------	--------------------------	--------	--

Yes No N/A

Explanation: The actuarial accrued liability should be calculated using the same actuarial cost method used for funding purposes except when the aggregate actuarial cost method is used. In this case the disclosure should be prepared using the entry age actuarial cost method. Further, the actuarial accrued liability should not be reduced by payments that are expected from the federal government under the provisions of Medicare Part D.

✓ 13.2L4 Do the notes disclose the total unfunded actuarial accrued liability (or funding excess)?

Explanation: UNFUNDED ACTUARIAL ACCRUED LIABILITY = ACTUARIAL ACCRUED LIABILITY - ACTUARIAL VALUE OF PLAN ASSETS. If the actuarial value of plan assets exceeds the actuarial accrued liability, this excess amount should be reported as a *funding excess*.

✓ 13.2L5 Do the notes disclose the funded ratio?

Explanation: FUNDED RATIO = ACTUARIAL VALUE OF ASSETS/ACTUARIAL ACCRUED LIABILITY [expressed as a percentage].

✓ 13.2L6 Do the notes disclose the annual covered payroll?

✓ 13.2L7 Do the notes disclose the ratio of the unfunded actuarial accrued liability to annual covered payroll?

✓ 13.2m Do the notes disclose that the required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits? [GASB-S45: 25d(2); GASB-S50:8b(1); 2005 GAAFR, page 350]

✓ 13.2n Do the notes disclose the actuarial methods and significant assumptions used? [GASB-S45: 25d; GASB-S50: 8b]

*If applicable, the notes should disclose that the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.*

✓ 13.2o If the government participates in a single-employer or agent multiple-employer OPEB plan, do the notes disclose the actuarial methods and significant assumptions used? [GASB-S45: 25d]

✓ 13.2o1 Do the notes disclose that calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point?

✓ 13.2o2 Do the notes disclose that actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future?

✓ 13.2o3 Do the notes disclose that actuarial calculations reflect a long-term perspective?

*If applicable, the notes should disclose that the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.*

Yes No N/A  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

13.2p

Does the OPEB plan qualify for and has it elected to use the alternative measurement method? [GASB-S45: 33-35]

Explanation: To qualify to use the alternative measurement approach, a defined benefit OPEB plan must have fewer than one hundred total members. While this method does not require the services of an actuary, it does include the same essential elements as those used in an actuarial valuation:

- Projection of future benefits;
- Calculation of the present value of future benefit payments;
- Allocation of the present value of future benefit payments to operations in a systematic and rational manner.

The essential difference between the alternative approach and an actuarial valuation is that financial statement preparers are allowed to use certain simplifying assumptions to project benefits.

If so, do the notes disclose:

\_\_\_\_\_

13.2p1

That the government has elected to use this method?

\_\_\_\_\_

13.2p2

The source or basis of all significant assumptions or methods used to apply the method?

\_\_\_\_\_

13.3

If the government participates in a defined contribution benefit plan, do the notes provide information on the arrangement? [GASB-S27: 27; GASB-S45: 29; 2005 GAAFR, page 223] If so:

\_\_\_\_\_

13.3a

Do the notes disclose the name of the benefit plan? [GASB-S27: 27a; GASB-S45: 31a; 2005 GAAFR, page 223]

\_\_\_\_\_

13.3b

Do the notes disclose the entity that administers the benefit plan? [GASB-S27: 27a; GASB-S45: 31a; 2005 GAAFR, page 223]

\_\_\_\_\_

13.3c

Do the notes identify the arrangement as a defined contribution benefit plan? [GASB-S27: 27a; GASB-S45: 31a; 2005 GAAFR, page 223]

\_\_\_\_\_

13.3d

Do the notes briefly describe the plan's provisions? [GASB-S27: 27b; GASB-S45: 31b; 2005 GAAFR, page 223]

\_\_\_\_\_

13.3e

Do the notes disclose the authority for establishing or amending the plan's provisions? [GASB-S27: 27b; GASB-S45: 31b; 2005 GAAFR, page 223]

\_\_\_\_\_

13.3f

Do the notes disclose contribution amounts (either in dollars or as a percentage of salary) for the employer, participating employees, and other contributors? [GASB-S27: 27c; GASB-S45: 31c; 2005 GAAFR, page 223]

\_\_\_\_\_

13.3g

Do the notes disclose the authority for establishing or amending contribution requirements? [GASB-S27: 27c; GASB-S45: 31c; 2005 GAAFR, page 223]

\_\_\_\_\_

13.3h

Do the notes disclose contributions actually made by the employer and plan members? [GASB-S27: 27d; GASB-S45: 31d; 2005 GAAFR, page 223]

*If the government participates in an insured benefit plan, the notes should 1) describe the plan, 2) state that the responsibility for making payments to employees has effectively been transferred to the insurer, 3) indicate whether the employer has guaranteed benefits in the event of default by the insurer, 4) disclose the amount of current-year benefit cost, and 5) disclose contributions or premiums actually paid. [GASB-S27: 23; GASB-S45: 28; 2005 GAAFR, pages 223-4]*

*If the government is legally responsible for paying benefits on behalf of the employees of another entity, the notes should provide the same information required for a benefit plan provided to the government's own employees. [GASB-S27: 28; GASB-S45: 32; 2005 GAAFR, page 224]*

- \_\_\_\_\_ ✓ 13.4 If the government sponsors a defined benefit plan that is reported as a pension (and other employee benefit) trust fund and the plan issues a separate report, do the notes provide abbreviated disclosures concerning the plan? [GASB-S25: 32; GASB-S43: 30; 2005 GAAFR, page 234] If so:
- \_\_\_\_\_ ✓ 13.4a Do the notes disclose how to obtain a copy of the benefit plan report? [GASB-S25: 32; GASB-S43: 30; 2005 GAAFR, page 234]
- \_\_\_\_\_ ✓ 13.4b Do the notes identify the type of plan? [GASB-S25: 32a1; GASB-S43: 30a1; 2005 GAAFR, page 234]

Explanation: The different types of defined benefit plans are as follows: single-employer plans, agent multiple-employer plans, and cost-sharing multiple-employer plans.

- \_\_\_\_\_ ✓ 13.4c Do the notes disclose the number of participating employers and other contributing entities? [GASB-S25: 32a1; GASB-S43: 30a1; 2005 GAAFR, page 234]
- \_\_\_\_\_ ✓ 13.4d Do the notes disclose the basis of accounting used? [GASB-S25: 32b; GASB-S43: 30b; 2005 GAAFR, page 234]

Explanation: This disclosure should specify when contributions, benefits, and refunds are recognized in the statement of changes in fiduciary net assets.

- \_\_\_\_\_ ✓ 13.4e Do the notes disclose the method used to determine the fair value of investments? [GASB-S25: 32b; GASB-S43: 30b; GASB-S50: 4a; 2005 GAAFR, page 234]

*If the fair value is based on other than quoted market prices, the notes should disclose the methods and significant assumptions used to estimate the fair value of investments. [GASB-S25: 32 and 41; GASB-S31: 15; GASB-S43: 30b(2) and 42; GASB-S50: 5; 2005 GAAFR, page 334]*

*If there are any long-term contracts for contributions outstanding, the notes should disclose the terms of the contracts and the amount outstanding as of the plan's reporting date. [GASB-S25: 32c4; GASB-S43: 30c4; 2005 GAAFR, page 234]*

- \_\_\_\_\_ ✓ 13.5 If the government sponsors a defined benefit plan reported as a pension (and other employee benefit) trust fund, and that benefit plan does *not* issue a separate report, do the notes provide additional information? [GASB-S25: 32; GASB-S34: 106; GASB-S43:30; 2005 GAAFR, page 224]
- \_\_\_\_\_ ✓ 13.5a Do the notes include financial statements for each individual benefit plan if the combining statements that provide this information are not within the scope of the audit? [GASB-S34: 106; 2005 GAAFR, page 224]

Explanation: If the independent auditor only takes *in relation to* responsibility for the combining and individual fund statements, then the financial statements for each individual benefit plan should be included within the notes so that data for each benefit plan is included within the scope of the audit.

- \_\_\_\_\_ ✓ 13.5b Do the notes include all disclosures required of stand-alone benefit plans? [GASB-S25: 32; GASB-S27:20, note 15; GASB-S43:30; Q&A 5.32.2; 2005 GAAFR, page 235]

Explanation: The disclosure requirements for benefit plans in the absence of a separately issued report (which should be merged with the sponsoring government's employer disclosures to avoid duplication) are as follows:

- Plan description
  - Type of plan and the number of participating employers and other contributors
  - Classes of employees covered and current membership, including the number of retirees and others currently receiving benefits, terminated employees entitled to receive benefits in the future, and current active plan members (*A plan should disclose if the plan is closed to new entrants*)
  - A brief description of benefit provisions and the authority for establishing or amending those provisions
- Summary of significant accounting policies
  - Basis of accounting
  - Method used to determine the fair value of investments
- Contributions and reserves
  - Authority for establishing or amending the obligation to make contributions
  - How contributions are determined and how administrative costs are financed
  - Required contribution rates for active members of the plan
  - Terms of long-term contracts for contributions and the amount outstanding as of the plan's reporting date
  - Balances in legally required reserves or designations as of the plan's reporting date (reserves result from the actions of outside parties, while designations result from actions of the plan's own governing body); also, the purpose and funded status of each reserve or designation
  - Legal or contractual maximum contribution rate
- Funding information
  - The data from the schedule of funding progress for the current year
    - The date of the actuarial valuation
  - That the schedule of funding progress, located following the notes, provides multi-year trend data to help determine whether net plans assets are increasing or decreasing over time
  - The actuarial cost method (i.e., entry age, frozen entry age, attained age, frozen attained age, projected unit credit, or aggregate) [The use of the unprojected unit credit method also is acceptable for plans in which benefits already accumulated for years of service are not affected by future salary levels]
  - If the aggregate method is used, a statement that this method does not separately amortize unfunded actuarial accrued liabilities
  - The actuarial method used for valuing assets
  - The assumptions regarding the inflation rate, investment return, projected salary increases, and post-retirement benefit increases
  - The amortization method (i.e., level dollar or level percentage of payroll)
  - The amortization period (if more than one period is used, the equivalent single amortization period should be disclosed)
  - Whether the amortization period is open or closed
  - That benefits are projected based on benefit levels and cost-sharing arrangements as of the date of the valuation and do not explicitly reflect the potential effects of legal or contractual funding limitations

### ***FINANCIAL SECTION – RSI***

- ✓ \_\_\_\_\_ 14.1\* Is all RSI, other than MD&A, located immediately following the notes to the financial statements? [GASB-S34: 6c; 2005 GAAFR, page 296]

Explanation: When the government sponsors a public-entity risk pool that issues a separate report, the RSI mandated for the pool should be presented in the statistical section of the CAFR rather than immediately following the notes to the financial statements.

- ✓ \_\_\_\_\_ 14.2\* If the government does not present budgetary comparisons as basic governmental fund financial statements, does the RSI present these comparisons? [GASB-S34: 130, note 53; 2005 GAAFR, page 296]

- ✓ \_\_\_\_\_ 14.2a Is the budgetary comparison titled a *schedule* rather than a *statement*?

[GASB-S34: 130, note 53; 2005 GAAFR, page 296]

☒ ☐ ☐ 14.2b\* Does the schedule include a separate column for the general fund and each annually budgeted major special revenue fund (or if there is a significant perspective difference, a column or columns consistent with the fund, organization, or program structure that the government uses for its legally adopted budget)? [GASB-S34: 130; GASB-S41: 3; 2005 GAAFR, page 296]

Explanation: If perspective differences between the basis of budgeting and GAAP are so significant that it is impossible to present meaningful budgetary comparisons based on the fund structure used for GAAP reporting, then the budgetary comparison schedule should be based on the fund, organization, or program structure that the government uses for its legally adopted budget. Generally, the government should present such budgetary comparison schedules for the activities that it reports in the general fund and major special revenue funds.

☒ ☐ ☐ 14.2c\* Has the government refrained from presenting budgetary comparisons for debt service funds, capital projects funds, permanent funds, major special revenue funds without annual budgets, and nonmajor special revenue funds? [2005 GAAFR, page 296]

☒ ☐ ☐ 14.2d\* Does the budgetary schedule present the original budget? [GASB-S34: 130; 2005 GAAFR, page 296]

Explanation: GAAP define *original budget* as "the first complete appropriated budget." Amounts automatically carried over from one budget to the next – such as encumbrances that are subject to automatic re-appropriation – should be included as part of the original budget. Likewise, the original budget should be adjusted to reflect reserves, transfers, allocations, and supplemental appropriations that occur prior to the start of the fiscal year.

☒ ☐ ☐ 14.2e\* Does the budgetary schedule present the final amended budget? [GASB-S34: 130; 2005 GAAFR, page 296]

Explanation: The *final amended budget* should reflect the ultimate appropriation authority for the period, even if, as sometimes permitted by law, some or all of the amendments occur after the close of the fiscal period.

☒ ☐ ☐ 14.2f\* Does the budgetary schedule present actual data using the basis of budgeting? [GASB-S34: 130; 2005 GAAFR, page 182]

☒ ☐ ☐ 14.2g Has the government presented one or more variance columns? [GASB-S34: 130; 2005 GAAFR, page 296]

☒ ☐ ☐ 14.2g1 Has the government refrained from captioning variance columns as *favorable* or *unfavorable*? [2005 GAAFR, page 296]

☒ ☐ ☐ 14.2h Do the notes to RSI either 1) disclose the basis of budgeting, if different from GAAP, or 2) state that GAAP serve as the basis of budgeting? [2005 GAAFR, pages 205-6]

☐ ☐ ☒ 14.2i If the basis of budgeting differs from GAAP, is a reconciliation provided in the notes to RSI (if not presented on the face of the schedule)? [NCGA-I10: 25; 2005 GAAFR, pages 205-6]

☐ ☐ ☒ 14.2i1 Is the reconciliation between GAAP and the basis of budgeting sufficiently detailed? [NCGA-I10: 25; 2005 GAAFR, page 206]

Explanation: GAAP describe four categories of budget-versus-actual differences: basis differences, timing differences, perspective differences, and entity differences. These categories provide the *minimum level of detail* required by GAAP. That is, if a fund had items from each of these categories, the reconciliation would need to present *at least* four reconciling amounts.

Yes No N/A

*The notes to RSI should disclose excesses of expenditures over appropriations in the general fund and annually budgeted major special revenue funds.*  
[GASB-S34: 131; GASB-S37: 19; 2005 GAAFR, pages 205-6]

- |                                     |                          |                                     |       |  |
|-------------------------------------|--------------------------|-------------------------------------|-------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | 14.3* | If the government uses the modified approach for one or more networks or subsystems of infrastructure assets, is information on these networks and subsystems provided as RSI? [GASB-S34: 132-3; 2005 GAAFR, pages 297-8]                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 14.3a | Does RSI provide information on the assessed condition of all infrastructure assets accounted for using the modified approach for at least the three most recently completed condition assessments? [GASB-S34: 132a; 2005 GAAFR, page 297] |

Explanation: Trend information is only required as it becomes available.

- |                          |                          |                                     |       |   |
|--------------------------|--------------------------|-------------------------------------|-------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 14.3b | Does RSI disclose the government's estimate for each of the past five years of the amount needed to maintain or preserve infrastructure assets at the condition level established by the government? [GASB-S34: 132b; 2005 GAAFR, page 297] |
|--------------------------|--------------------------|-------------------------------------|-------|---|

Explanation: See explanation for 14.3a.

- |                          |                          |                                     |       |  |
|--------------------------|--------------------------|-------------------------------------|-------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 14.3c | Does RSI disclose the actual amounts expended on maintenance and preservation of infrastructure assets for each of the past five years? [GASB-S34: 132b; 2005 GAAFR, page 297] |
|--------------------------|--------------------------|-------------------------------------|-------|--|

Explanation: See explanation for 14.3a.

- |                          |                          |                                     |        |   |
|--------------------------|--------------------------|-------------------------------------|--------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 14.3d  | Do notes accompany RSI? [GASB-S34: 133; 2005 GAAFR, pages 297-8] If so:   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 14.3d1 | Do notes to RSI disclose the basis for the condition measurement and the measurement scale used to assess and report condition? [GASB-S34: 133a; 2005 GAAFR, pages 297-8] |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | 14.3d2 | Do notes to RSI disclose the condition level at which the government intends to preserve its infrastructure assets? [GASB-S34: 133b; 2005 GAAFR, pages 297-8]             |

*The notes to RSI should disclose factors that significantly affect trends in the information reported in the required schedules.* [GASB-S34: 133c; 2005 GAAFR, page 298]

*If there is a change in the condition level at which the government intends to preserve infrastructure assets, the notes to RSI should estimate the effect of the change on the estimated annual amount in the current period to maintain and preserve those assets.* [GASB-S34: 133c; 2005 GAAFR, page 298]

NOTE: A government that is not required to implement and has not early implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and/or GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, should refer to Part 1 of the *Checklist Supplement* following section 19 rather than answering questions 14.4 to 14.6.

- |                                     |                          |                          |       |  |
|-------------------------------------|--------------------------|--------------------------|-------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 14.4* | If the government either sponsors a single-employer defined benefit plan or participates in an agent multiple-employer defined benefit plan, does RSI provide trend information on funding progress for the last three actuarial valuations? [GASB-S25: 34, 37; GASB-S43: 35; GASB-S50: 9; 2005 GAAFR, page 282] |
|-------------------------------------|--------------------------|--------------------------|-------|--|

Yes No N/A

Explanation: When the aggregate method is used for funding purposes, a schedule of funding progress must be presented using the entry age actuarial cost method. The requirement to present information about funded status of pension plans that use the aggregate actuarial method is effective for the first fiscal period containing information from actuarial valuations as of June 15, 2007, or later. Also, for OPEB plans, the actuarial accrued liability should not be reduced by payments that are expected from the federal government under the provisions of Medicare Part D.

☒ 14.4a Does the schedule disclose the actuarial valuation date? [GASB-S25: 37; 2005 GAAFR, page 335]

Explanation: In the case of defined benefit pension plans, the actuarial valuation should be performed at least biennially and should generally be performed the same date each year or biennium. A new valuation should be performed if significant changes have occurred since the previous valuation.

In the case of defined benefit OPEB plans the actuarial valuation should be performed:

- At least biennially for plans with a total membership of 200 or more;
- At least triennially for plans with fewer than 200 total members.

Regardless of the option selected, the same date should generally be used for each actuarial valuation. As with pension plans, a new valuation should be performed in any year in which a significant change occurred that affected the results of the prior valuation.

☒ 14.4b Does the schedule disclose the actuarial value of plan assets? [GASB-S25: 37; 2005 GAAFR, page 335]

☒ 14.4c Does the schedule disclose the actuarial accrued liability? [GASB-S25: 37; 2005 GAAFR, page 335]

Explanation: When a plan presents the schedule of funding progress, the actuarial accrued liability should be calculated using the same actuarial cost method used for funding purposes. When the aggregate actuarial cost is used for funding purposes, the schedule should be prepared using the entry age actuarial cost method.

☒ 14.4d Does the schedule disclose the total unfunded actuarial accrued liability? [GASB-S25: 37; 2005 GAAFR, page 335]

Explanation: UNFUNDED ACTUARIAL ACCRUED LIABILITY = ACTUARIAL ACCRUED LIABILITY - ACTUARIAL VALUE OF PLAN ASSETS. If the actuarial value of plan assets exceeds the actuarial accrued liability, this excess amount should be reported as a *funding excess*.

☒ 14.4e Does the schedule disclose the funded ratio? [GASB-S25: 37; 2005 GAAFR, page 335]

Explanation: FUNDED RATIO = ACTUARIAL VALUE OF ASSETS/ACTUARIAL ACCRUED LIABILITY [expressed as a percentage].

☒ 14.4f Does the schedule disclose annual covered payroll? [GASB-S25: 37; 2005 GAAFR, page 335]

☒ 14.4g Does the schedule disclose the ratio of the total unfunded actuarial accrued liability to annual covered payroll? [GASB-S25: 37; 2005 GAAFR, page 335]

*If the government includes a pension (and other employee benefits) trust fund and the schedule of funding progress does not provide data for each of the past six periods, the notes to RSI should indicate how users may obtain a copy of the plan's separately issued report. [GASB-S25: 34; 2005 GAAFR, page 296]*

Yes No N/A

Explanation: If a separate report is not issued and referenced, a full six years of trend data on employer contributions is required, as follows:

- Annual required contributions (in dollars) based on the parameters set by GAAP;
- Percentage of annual required contributions recognized as contributions from employers in the plan's statement of changes in plan net assets.

_____	_____	✓	14.5*	If the government sponsors a single-employer defined benefit plan, does RSI either present a schedule of employer contributions or indicate how users may obtain a copy of the benefit plan's separately issued report? [GASB-S25: 34; 2005 GAAFR, page 299]
_____	_____	✓	14.6	If the cost-sharing plan in which an employer participates does not issue and make publicly available a stand-alone plan financial report and the plan is not included in the financial report of another entity, does the cost-sharing employer present schedules of funding progress and employer contributions for the plan? [GASB-S45: 27; GASB-S50: 10] If so:
_____	_____	✓	14.6a	Do the notes disclose that the information presented relates to the cost-sharing plan as a whole and that the government is only one participating employer in the plan? [GASB-S45: 27; GASB-S50: 10]
_____	_____	✓	14.6b	Do the notes provide information helpful for understanding the scale of the information presented relative to the employer? [GASB-S45: 27; GASB-S50: 10]
_____	_____	✓	14.7*	If the government sponsors a public-entity risk pool, does the RSI present ten years of data on revenues and claims development (unless the notes contain a reference to a separately issued report)? [GASB-S30: 7, note a; 2005 GAAFR, page 299]

Explanation: The specific contents of RSI for risk pools are as follows:

- A table displaying:
  1. Premium and investment revenues (past 10 fiscal years), presented as follows:
    - gross amounts earned
    - amounts ceded (for example, reinsurance)
    - net revenues
  2. Unallocated claim adjustment expenses and other costs (past 10 fiscal years)
  3. Incurred claims and allocated claim adjustment expenses as originally reported (past 10 fiscal years), presented as follows:
    - gross amounts incurred
    - amounts ceded (for example, reinsurance)
    - net incurred
  4. Cumulative payments related to item no. 3 at the end of each policy year
  5. Re-estimated ceded losses and expenses
  6. Re-estimated net incurred claims and claim adjustment expenses at the end of each year
  7. The change between nos. 3 and 6
- Reconciliation of claims liabilities by type of contract, including an analysis of changes in liabilities for claims and claim adjustment expenses of the current fiscal year and the prior year, in the same tabular format prescribed for the note disclosure reconciliation described earlier

Information for risk pools that are included as part of a combined general government reporting entity but do not issue separate financial reports should present the required supplementary information after the notes to the reporting entity's financial statements. However, if the reporting entity issues a comprehensive annual financial report, the required supplementary information for the risk pool may be presented as statistical information.

_____	_____	✓	14.8	Has the government refrained from including information as required supplementary information that the authoritative accounting literature does not designate as such? [2005 GAAFR, page 330]
-------	-------	---	------	---

## FINANCIAL SECTION – COMBINING AND INDIVIDUAL FUND INFORMATION AND OTHER SUPPLEMENTARY INFORMATION

✓ \_\_\_\_\_ 15.1\* Does the financial section include a combining statement to support every column in the basic fund financial statements that aggregates data from more than one fund? [GASB-S34: 281; 2005 GAAFR, pages 299-300]

Explanation: A government with the full complement of fund types could have up to seven sets of combining fund financial statements, as follows:

- Combining statements – nonmajor governmental funds
- Combining statements – nonmajor enterprise funds
- Combining statements – internal service funds
- Combining statements – private-purpose trust funds
- Combining statements – pension (and other employee benefit) trust funds
- Combining statements – investment trust funds
- Combining statements – agency funds

✓ \_\_\_\_\_ 15.1a Do the combining statements provide information on each individual fund included? [2005 GAAFR, pages 299-300]

✓ \_\_\_\_\_ 15.1b Do the combining statements for governmental funds identify individual funds by fund type? [2005 GAAFR, page 301]

✓ \_\_\_\_\_ 15.1c\* Do the combining statements for pension (and other employee benefit) trust funds report separate columns for each individual plan? [GASB-S25: 15; 2005 GAAFR, page 24]

Explanation: GAAP require that each separate plan be treated as a separate fund in its own right, even if administered by a single public employee retirement system. If the notes do *not* refer to a separately issued benefit plan report providing the needed information, then information on separate plans must be included *within the notes to the financial statements*.

\_\_\_\_\_ ✓ 15.1d Has the government refrained from reporting healthcare benefits for retirees in the same fund as pension benefits? [Q&A 8.5.1, 8.5.4, and 8.5.5]

Explanation: Even if the participants make a single contribution to the plan and the plan's ability to provide healthcare benefits is conditioned on its ability to maintain sound funding of the pension benefits, the government should separately report the defined benefit pension plan and the OPEB plan.

If a defined benefit pension plan administers a postemployment healthcare plan that is funded by "excess investment earnings" (investment earnings for a particular year in excess of the long-term investment earnings assumption used for actuarial valuation purposes), the school district should report the arrangement described as two plans—a defined benefit pension plan and a postemployment healthcare (OPEB) plan.

\_\_\_\_\_ ✓ 15.1e\* Do the combining statements for investment trust funds report separate columns for each individual governmental external investment pool? [GASB-S31: 18; 2005 GAAFR, page 25]

\_\_\_\_\_ ✓ 15.1e1 If an entity uses investment trust funds to report both governmental external investment pools and individual investment accounts, are separate columns reported for each? [GASB-S31: 20; 2005 GAAFR, page 25]

\_\_\_\_\_ ✓ 15.1f\* Does each combining statement include a total column? [2005 GAAFR, page 590-1 (example)]

Yes	No	N/A		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15.1f1	Are the amounts reported in the total column easily traceable to the corresponding column in the basic fund financial statements?
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	15.2*	Does the financial section include combining statements for individual discretely presented component units that are <i>not</i> reported as either 1) a separate column in the government-wide financial statements or 2) a separate column in a component unit combining statement included within the basic financial statements? [2005 GAAFR, pages 299-300]

Explanation: The presentation of *condensed* financial statements for major discretely presented component units in the notes to the financial statements does *not* eliminate the need to present fully detailed combining statements for those same units.

<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	15.2a	Do the combining statements provide information on each individual component unit included?
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	15.2b	Do the combining statements include a total column?
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	15.2b1	Are the amounts reported in the total column easily traceable to the corresponding column in the basic financial statements?
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	15.3	If a discretely presented component unit does not issue a separate report, is all of the fund information normally required by GAAP provided in the financial section of the primary government's comprehensive annual financial report? [GASB-S14: 50; 2005 GAAFR, page 303]

Explanation: That is, all required basic financial statements must be provided for 1) each major governmental fund, 2) each major enterprise fund, 3) nonmajor governmental funds in the aggregate, 4) nonmajor enterprise funds in the aggregate, 5) the internal service fund type, and 6) each of the fiduciary fund types.

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15.4	Are combining statements organized into subsections on the basis of fund category (i.e., governmental funds) and fund type (i.e., nonmajor enterprise funds, internal service funds, and each fiduciary fund type)? [2005 GAAFR, page 303]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15.4a	Is each subsection separated by a divider page? [2005 GAAFR, page 303]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15.4a1	If the nature and purpose of each individual fund is not clear from its name, does the divider page provide the needed information? [2005 GAAFR, page 303]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15.5	If individual fund financial statements are presented, are they located in the subsection to which they relate? [2005 GAAFR, page 303]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15.5a	Are they placed behind the combining financial statements? [2005 GAAFR, page 303]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15.5b	Are they sequenced in the same order as the related columns in the combining financial statements? [2005 GAAFR, page 303]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	15.6*	If the financial reporting entity includes blended component units, has the government treated each of the nonmajor funds of the blended component units as a separate fund of the primary government in the combining statements? [2005 GAAFR, page 301]
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	15.7*	If the financial reporting entity includes blended component units, has the government reclassified the general fund of the component units as special revenue funds? [GASB-S14: 54; 2005 GAAFR, page 65]

Yes ☒ No ☐ N/A ☐

- 15.8 If individual fund financial statements are presented, do they provide additional information not already contained in the combining financial statements? [2005 GAAFR, page 301]

Explanation: There is no reason to provide individual fund financial presentations unless these additional presentations furnish information not otherwise already available in the basic financial statements and the combining financial statements.

- 15.9\*+ If the budgetary comparisons included within the basic financial statements or RSI for the general fund and annually budgeted major special revenue funds do *not* demonstrate compliance at the legal level of budgetary control, does the governmental fund subsection of the financial section provide budgetary comparison schedules that do achieve this objective? [NCGA-S1: 9c; NCGA-I10: 14; 2005 GAAFR, page 302]

Explanation: The *legal level of budgetary control* is the lowest level at which a government's management may not reallocate resources without special approval. In certain extreme cases, the legal level of budgetary control may be so detailed that it is not practical to demonstrate compliance within the comprehensive annual financial report (CAFR) itself. In such cases, a separate budgetary report may be issued to demonstrate compliance at the legal level of budgetary control, provided the CAFR contains a reference to the existence of this separately issued report. This reference to a separately issued budgetary report, however, does *not* eliminate the need to present budgetary comparisons within the CAFR for all individual governmental funds with legally adopted annual budgets. Rather, the level of detail needed for the individual fund budgetary comparisons need not exceed the level associated with the basic financial statements (that is, expenditures by function).

- 15.10\*+ Does the governmental fund subsection of the financial section provide budgetary comparison schedules that demonstrate compliance at the legal level of budgetary control for all other governmental funds with legally adopted annual budgets? [NCGA-S1: 9c; NCGA-I10: 14; 2005 GAAFR, page 302]

Explanation: See explanation for 15.9.

- 15.11\* Do all budgetary schedules present information using the budgetary basis of accounting? [2005 GAAFR, page 182]

- 15.12 If the government reports agency funds, does the fiduciary fund subsection of the financial section include a statement of changes in assets and liabilities for each individual agency fund in either an individual fund or combining statement format? [NCGA-S1: 143; 2005 GAAFR, page 197]

**[SECTIONS 16 AND 17 HAVE BEEN OMITTED FROM THIS CHECKLIST]**

## STATISTICAL SECTION

- 18.1\* Does the report include a statistical section? [NCGA-S1: 138-139] If so:

- 18.1a Does the statistical section separately present net assets of governmental activities, business-type activities, and the total primary government by the three individual components of net assets (i.e., invested in capital assets, net of related debt; restricted; and unrestricted)? [GASB-S44: 9; 2005 GAAFR, page 305]

- 18.1b Does the statistical section separately present the changes in net assets of governmental activities, business-type activities, and the total primary government? [GASB-S44: 10-11; 2005 GAAFR, page 305] If so:

- 18.1b1 Are expenses reported by function, program, or identifiable activity?

- 18.1b2 Are program revenues reported by category (i.e., charges for services, operating grants and contributions, and capital grants and contributions)?

Yes	No	N/A		
✓			18.1b2a	Are the most significant charges for services revenues presented by function, program, or identifiable activity?
✓			18.1b3	Does the table present total net (expense) revenue?
✓			18.1b4	Does the table present general revenues and other changes in net assets by type?
✓			18.1b5	Does the table present the total change in net assets?
✓			18.1c	Does the statistical section separately present information on the fund balances for the general fund and all other governmental funds in the aggregate? [GASB-S44: 12; 2005 GAAFR, page 306] If so:
✓			18.1c1	Does the table separately present reserved and unreserved fund balance?
✓			18.1c1a	Is the aggregate unreserved fund balance of all governmental funds other than the general fund reported by fund type?
✓			18.1d	Does the statistical section present the changes in fund balances for total governmental funds? [GASB-S44: 12; 2005 GAAFR, page 306] If so:
✓			18.1d1	Are revenues reported by source?
✓			18.1d2	Are expenditures reported by function?
✓			18.1d2a	Are debt service principal and interest expenditures shown separately?
✓			18.1d2b	Is a ratio of total debt service expenditures to noncapital expenditures presented?

Explanation: The amount of noncapital expenditures of governmental funds excludes the expenditures that are reported as capital assets on the accrual basis (i.e., in the government-wide financial statements). The total amount of noncapital expenditures excludes not only those amounts that are reported in governmental funds as a separate capital outlay line item, but also the amounts that are included within functional expenditure categories. Conversely, "capital outlay" for items that do not meet the capitalization threshold should be included as noncapital expenditures.

✓			18.1d3	Does the table include other financing sources and uses and other changes in fund balance by type?
✓			18.1d4	Does the table present the total change in fund balances?
✓			18.1e	Does the statistical section present information for the major components of the revenue base of the government's most significant source of own-source revenue? [GASB-S44: 14-15; Q&A 9.12.4, 9.13.4, 9.13.7, and 9.15.3; 2005 GAAFR, page 306]

Explanation: At a minimum, the government must present information for its most significant own-source revenue. The largest own-source revenue could be a tax in the governmental activities or a charge for service in the business-type activities if the revenues in the business-type activities provide a subsidy for general governmental activities. If a government has a second own-source revenue that is nearly as significant as the first, it should also consider presenting revenue capacity information for that second revenue source. For example, if a city is funded nearly equally by property taxes and sales taxes, it should consider presenting information for both own-source revenues rather just the one judged to be most significant.

✓			18.1e1	Does the table present the direct rate applied to the revenue base?
---	--	--	--------	---

Yes No N/A

☒ ☐ ☐ 18.1e2

If information is provided for a property tax, does the table present the assessed value by major component (e.g., residential, commercial) and the total estimated actual value of taxable property?

☐ ☐ ☒ 18.1e3

If the government does not include the estimated actual value of property, is there an explanation on the face of the table why that is the case?

Explanation: In cases where there is not a reasonable connection between the method used to assess property and the estimated actual value of the property, this latter information need not be presented. For example, assessed value may be based on the original purchase price of a piece of property with no adjustment (or minimal adjustments) to that amount until that same property is again sold.

☒ ☐ ☐ 18.1f

Does the statistical section present each individual direct rate applied to the revenue base for the government's most significant own-source revenue and the total of those rates, as well as the rates of overlapping governments that are applied to that same revenue base? [GASB-S44: 16; 2005 GAAFR, page 306]

Explanation: Generally, governments are overlapping if their geographic areas coincide at least in part. Regional governments are encouraged, but not required, to present revenue rate information for their overlapping governments. State governments need not consider the presentation of this information at all.

☒ ☐ ☐ 18.1f1

If a property tax is presented, are the direct rates those that relate to the taxes payable by taxpayers for the same year?

*When a government has a restriction on its ability to raise its direct rates, that limitation should be disclosed on the face of the table of direct and overlapping revenue rates. [GASB-S44: 16]*

☒ ☐ ☐ 18.1g

Does the statistical section present information about the payors or remitters, as appropriate, for the government's largest own-source revenue? [GASB-S44: 19-21; Q&A 9.22.1 and 9.22.3; 2005 GAAFR, page 306]

Explanation: When legal prohibitions do not allow for the presentation of information by individual payors or remitters (e.g., individual state income tax payors), governments should present alternative information. For example, rather than including individual state income tax payors, a government could present a schedule that shows the amount of personal income taxes by income level for the two necessary periods.

☒ ☐ ☐ 18.1g1

Does the table include the amount of the revenue base attributable to each or the actual taxes levied on each and the percentage of each amount relative to the total revenue base or the total taxes levied?

☒ ☐ ☐ 18.1g2

Does the table include the ten largest payors or remitters unless fewer are required to reach 50 percent of the total revenue base or total taxes levied?

☒ ☐ ☐ 18.1g3

Is the information presented for the current fiscal period and the fiscal period ended nine years prior?

☒ ☐ ☐ 18.1h

Does the statistical section present information for the government's property taxes? [GASB-S44: 21; 2005 GAAFR, page 307] If so:

☒ ☐ ☐ 18.1h1

Is the amount of property taxes levied for each period presented?

☒ ☐ ☐ 18.1h2

Does the table include the amount of the levy collected prior to the end of the period for which it is levied and the percentage that those collections represent of the total levy?

Yes	No	N/A		
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1h3	Does the table include the amount of collections in subsequent periods, the total amount of the levy collected to date, and the percentage of the total levy collected to date?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1i	If the government is subject to a legal debt limit, does the statistical section present the calculation of the government's legal debt margin for the current year? [GASB-S44: 29; 2005 GAAFR, page 308] If so, does the statistical section present each of the following items for the last 10 years:
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1i1	The debt limit amount?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1i2	Total net debt applicable to the limit?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1i3	The legal debt margin amount?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1i4	A ratio of either 1) the legal debt margin to the debt limit or 2) the total net debt applicable to the debt limit itself?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1j	Does the statistical section separately present by type the outstanding debt of governmental activities and business-type activities, as well as include the total outstanding debt for the primary government? [GASB-S44: 23-26; Q&A 9.24.1, 9.24.2, 9.26.1, 9.27.1, and 9.27.2; 2005 GAAFR, page 307] If so:
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1j1	Does the statistical table include the ratio of total outstanding debt to personal income?

Explanation: If personal income information is not available for the government, another appropriate economic base should be used to calculate the amount. One example of an alternative is the estimated actual value of taxable property. Only debt, and not all long-term liabilities, should be included in the calculation of the ratio of total outstanding debt to personal income and in the ratio of total outstanding debt per capita. [Q&A 9.24.1]

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1j2	Does the statistical table include total personal income if not already presented with other demographic information?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1j3	Does the statistical table include the amount of total outstanding debt per capita?

Explanation: In certain cases population is not an appropriate denominator to use for the calculation of the per capita amount of outstanding debt. In those cases a more relevant alternative should be used for the calculation. A public utility, for instance, could use the number of customers or rate payers rather than population. Only debt, and not all long-term liabilities, should be included in the calculation of the ratio of total outstanding debt to personal income and in the ratio of total outstanding debt per capita. [Q&A 9.24.1]

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1k	Does the statistical section present data on net bonded debt that will be repaid by general government resources? [GASB-S44: 25-26; Q&A 9.28.2; 2005 GAAFR, page 307]
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1k1	Are amounts for each type of outstanding debt separately presented along with the total of all debt outstanding?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1k2	If the government has accumulated resources that are restricted for the repayment of outstanding debt <i>principal</i> , are those amounts separately presented and deducted from the total outstanding debt to arrive at the amount of net general bonded debt?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	18.1k3	Is a ratio of general bonded debt or net general bonded debt (when it is presented) to estimated actual value of taxable property included?

Yes No N/A

Explanation: When property taxes will not provide the resources for the repayment of the debt, an appropriate alternative base should be used for the calculation.

☒ 18.1k4 Is general bonded debt or net general bonded debt (when it is presented) per capita included?

Explanation: In certain cases population is not an appropriate denominator to use for the calculation of the per capita amount for total general bonded debt outstanding. In those cases a more relevant alternative should be used for the calculation. A public utility, for instance, could use the number of customers or rate payers rather than population.

☒ 18.1L Does the statistical section present information about direct and overlapping debt for governmental activities? [GASB-S44: 27-28; 2005 GAAFR, page 308]

Explanation: Generally, governments are overlapping if their geographic areas coincide at least in part. County and regional governments are encouraged, but not required, to present revenue rate information for their overlapping governments. State governments need not consider the presentation of this information at all.

If so, does the statistical table include each of the following for the current year:

☒ 18.1L1 The total for each type of outstanding debt?

☒ 18.1L2 The percentage of overlap between the reporting government and the overlapping governments?

Explanation: The calculation of the percentage of overlap should be done using an appropriate base. When a property tax will provide the resources for the debt repayment, the relevant base would be the value of property. If another revenue base will be the source of resources for the repayment of the debt, the use of that base for the calculation would be more appropriate. If information about the relevant revenue base is unavailable or the resources for the debt repayment won't be derived from a specific revenue base, an alternative, such as population or personal income, should be used for the calculation.

☒ 18.1L3 An explanation of the method used to determine the percentage of overlap for each type of debt?

☒ 18.1L4 The amount of overlapping debt (i.e., the overlap percentage times the outstanding debt)?

☒ 18.1L5 The total of all overlapping debt amounts?

☒ 18.1L6 The total direct debt of the reporting government?

☒ 18.1L7 The total amount of direct and overlapping debt?

☒ 18.1m Does the statistical section include coverage information for non-general obligation debt that is secured by a pledged revenue stream? [GASB-S44: 30; 2005 GAAFR, pages 308-9] If so, does the statistical table include all of the following:

☒ 18.1m1 Separate information for each type of debt outstanding?

☒ 18.1m2 The gross amount of pledged revenues and, if applicable, the amount of net available revenues after subtracting the specific operating expenses?

☒ 18.1m3 The amount of debt service principal and interest requirements?

☒ 18.1m4 The coverage ratio (i.e., net available revenue divided by the total debt service requirements)?

☒ 18.1m5 A description of the nature of the revenue pledged for each type of debt?

Yes No N/A

18.1n Does the statistical section present demographic and economic indicators?  
[GASB-S44: 32-33; 2005 GAAFR, page 309]

Explanation: Governments should strive to present current data and other data specific to the government. Accordingly, a special-purpose government should consider other alternatives if population, total personal income, per capita personal income, and unemployment rate are not particularly relevant.

If so, are the following items included:

<input checked="" type="checkbox"/>	18.1n1	Population?
<input checked="" type="checkbox"/>	18.1n2	Total personal income (if not presented with the ratios of outstanding debt)?
<input checked="" type="checkbox"/>	18.1n3	Per capita personal income?
<input checked="" type="checkbox"/>	18.1n4	The unemployment rate?
<input checked="" type="checkbox"/>	18.1o	Does the statistical section provide information about the principal employers in the government's jurisdiction? [GASB-S44: 34; Q&A 9.34.1; 2005 GAAFR, page 309] If so:
<input checked="" type="checkbox"/>	18.1o1	Are the total employees and the percentage of total employment that each listed employer represents presented?
<input checked="" type="checkbox"/>	18.1o2	Are the ten largest employers presented unless fewer are required to reach 50 percent of total employment?
<input checked="" type="checkbox"/>	18.1o3	Is the information presented for the current fiscal period and the fiscal period ended nine years prior? <i>prior year</i>
<input checked="" type="checkbox"/>	18.1p	Does the statistical section provide operating information for the government? [GASB-S44: 35-38; 2005 GAAFR, page 309] If so, are the following types of information presented:
<input checked="" type="checkbox"/>	18.1p1	The number of the government's employees by function or identifiable activity, as applicable?

Explanation: Alternative categorizations can be used if they are more meaningful or more obtainable than information by function, program, or identifiable activity.

<input checked="" type="checkbox"/>	18.1p2	Indicators of the level of demand for services by function or identifiable activity, as applicable?
-------------------------------------	--------	---

Explanation: It is not necessary for governments to begin collecting information to present in this category. Instead, governments should choose relevant items from information which is already available. The government should select items that it believes provide an indication of the demand for and the volume of services it provides to its citizens. Examples of information that could be presented for police activity include crime rates, arrests, and 911 responses.

<input checked="" type="checkbox"/>	18.1p3	Available information about the volume, usage, or nature of the government's capital assets by function or identifiable activity, as applicable?
<input checked="" type="checkbox"/>	18.1q	Does the statistical section discuss the methods used to produce the information it contains, as well as any significant assumptions that were made in the preparation of the information? [GASB-S44: 41; 2005 GAAFR, page 310]

Yes No N/A

Explanation: In the case of a government that presents revenue capacity information about a property tax, this discussion could include the frequency of property assessments, an explanation of how estimated actual value is determined, and how that latter amount relates to assessed value (e.g., property is assessed at 50% of estimated actual value).

☒ 18.1r Does the statistical section include appropriate analytical and educational explanations? [GASB-S44: 42; Q&A 9.47.1; 2005 GAAFR, page 310]

Explanation: Any narrative provided should serve to enhance the understandability of the data included in the statistical section. Preparers must exercise professional judgment to determine whether and to what extent such discussion should be included. Generally, the following four types of information are appropriate in the statistical section:

- Explanations of the objectives of statistical section information in general and the five categories of statistical section information, as well as individual schedules of information.
- Explanations of basic concepts that may be unfamiliar to financial report users.
- Explanations that identify relationships among the information in various statistical section schedules, as well as between the statistical section and information in other sections of the financial report.
- Explanations of atypical trends and anomalous data that the financial report users would not otherwise understand. Such trends and data may result from infrequent incidents, changes in underlying assumptions or accounting methods, organizational restructuring, major policy changes, or other events.

☒ 18.1s Do the amounts reported in the statistical tables agree with related amounts reported in the financial section?

☒ 18.1t Has the government indicated the source of all non-accounting data presented in the statistical section?

☒ 18.1u If the government has presented less than ten years of data on a statistical table that normally requires ten years of data, is the reason for this exception disclosed?

### ***OTHER CONSIDERATIONS***

☒ 19.1 Is the report free of inconsistencies? (If not, please specify.)

☒ 19.2\* If the government participated in the Certificate of Achievement for Excellence in Financial Reporting Program in the immediately preceding fiscal year, has the government adequately remedied or otherwise responded to the comments and suggestions generated by the previous review? (If not, please specify.)

## CHECKLIST SUPPLEMENT

# **PART 1: OTHER POSTEMPLOYMENT BENEFIT PLAN REPORTING GUIDANCE BEFORE GASB STATEMENTS NO. 43 AND 45**

A government that is not required to implement and has not early implemented GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, should use the following guidance for reporting its benefit plans. GASB Statement No. 43 is effective for fiscal periods beginning after December 15, 2007, for governments that were phase 3 for the implementation of SGAS 34.

A government that is not required to implement and has not early implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, should use the following guidance for reporting its benefit plans. GASB Statement No. 45 is effective for fiscal periods beginning after December 15, 2007, for governments that were phase 2 for the implementation of SGAS 34; and for fiscal periods beginning after December 15, 2008, for governments that were phase 3 for the implementation of SGAS 34.

\_\_\_\_\_ If the government pays for other postemployment benefits (OPEB) for employees, either in whole or in part, do the notes discuss these benefits? [GASB-S12: 10] If so:

\_\_\_\_\_ Do the notes describe 1) the types of benefits provided, 2) the employee groups covered, 3) eligibility requirements, 4) employer and participant obligations to contribute, 5) statutory, contractual, or other authority under which OPEB provisions and obligations to contribute are established, and 6) the accounting and financing policies followed? [GASB-S12: 10a-c]

\_\_\_\_\_ If OPEB are advance-funded on an actuarial basis, do the notes disclose 1) the actuarial cost method, 2) significant actuarial assumptions used to determine funding requirements, 3) the method used to value plan assets, 4) the number of active plan participants, 5) the employer's actuarially required and actual contributions for the period (net of participant contributions), 6) the amount of net assets available for OPEB, and 7) the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB? [GASB-S12: 10d(2)]

\_\_\_\_\_ If OPEB are not advance-funded on an actuarial basis, do the notes 1) either disclose the amount of OPEB expenditures/expenses recognized during the period by the employer (net of participant contributions) or state that a reasonable approximation of the amount cannot be made, 2) disclose the number of participants currently eligible to receive benefits, and 3) disclose net assets available for future benefits (if advance-funded, but not on an actuarial basis)? [GASB-S12: 10d(1)]

*The notes should disclose any significant matters that affect the comparability of the required disclosures with those for the previous period. [GASB-S12: 10e]*

*Employers have the option of accounting for healthcare OPEB in the same manner as defined benefit pension plans. If they elect this option, they should provide the disclosures normally used for defined benefit pension plans instead of the disclosures just described. [GASB-S27: 24]*

\_\_\_\_\_ If the government participates in a defined benefit pension plan, do the notes provide information on the arrangement? [GASB-S27: 20-1; 2005 GAAFR, pages 221-2] If so:

\_\_\_\_\_ Do the notes describe the pension plan? [GASB-S27: 20a1; 2005 GAAFR, page 221]

**ANDERSON CONCRETE**  
**COMMERCIAL AND RESIDENTIAL**  
**CARL ANDERSON**  
**440 CR 206**  
**CARTHAGE, TX 75633**  
**903-693-4722**

JOB # \_\_\_\_\_

DATE 6-15-11

Panola County Court House

☒ Quotation

☐ Billing Statement

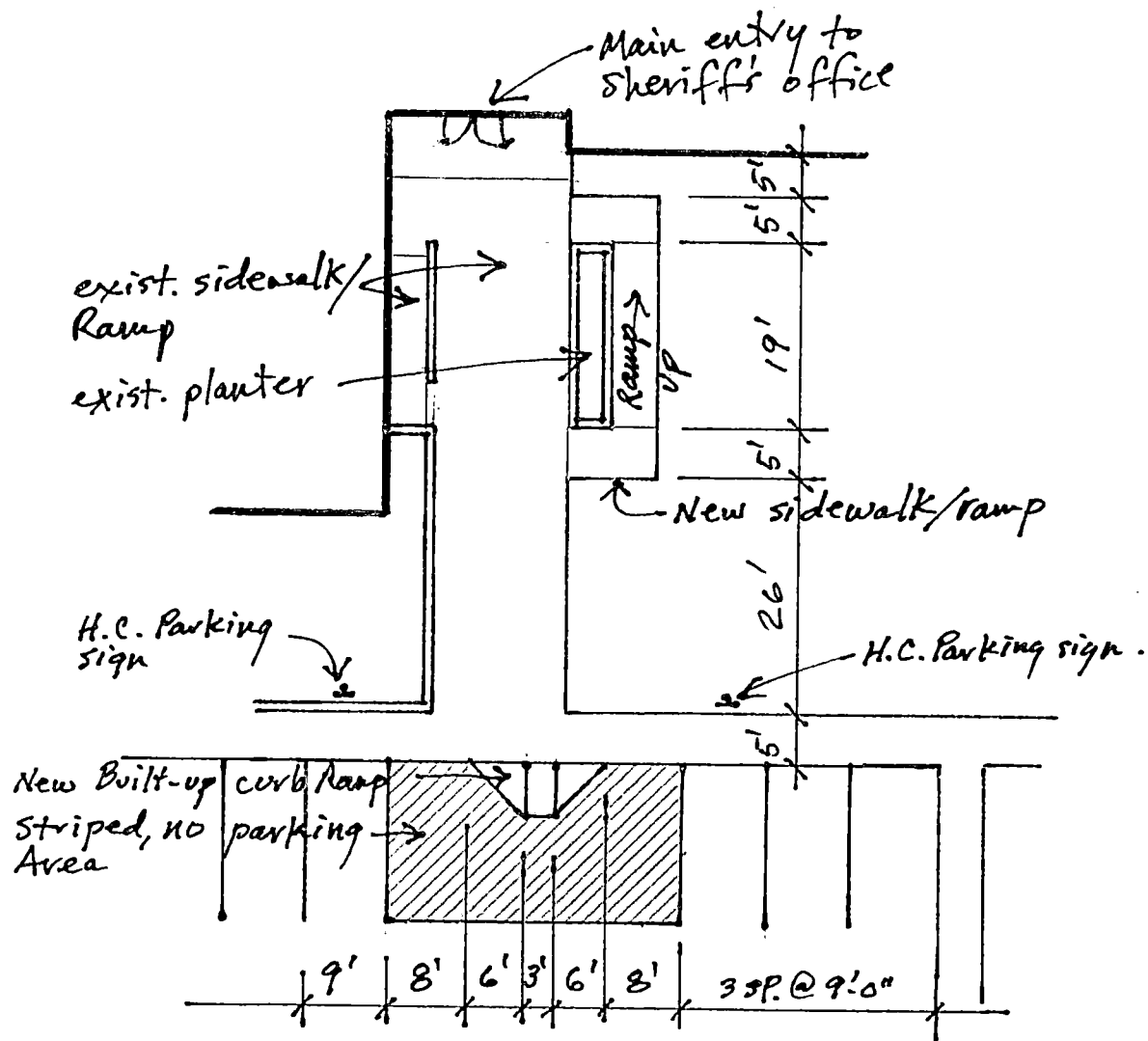
Saw cut old concrete  
Jackhammer old concrete  
set up and repour  
new wheeler Chair Ramp.  
Set up new wheeler  
Chair Ramp and pour  
new concrete slab on  
East side of Planter box  
5x33.

slabs to be 4" thick  
with 10<sup>5</sup> wire mesh.

Anderson Concrete to  
supply all materials  
tools and labor.

Thank You!

\$ 2,700<sup>00</sup>



Panola County Sheriff's office - Revised H.C. Parking  
 1" = 20'-0"

Hilliard Funeral Home  
386 North Maple Street • Van, TX 75790  
Phone 903-963-8831

**FUNERAL HOME PURCHASE AGREEMENT**

Name of Deceased Bryan Aills Last Address \_\_\_\_\_ Date of Death June 3, 2011  
Charge to Panola County Telephone \_\_\_\_\_ Date of Service June 3, 2011  
Address 110 South Sycamore Room 216 A Carthage, TX 75633

Charges are only for those items that you have selected or that are required. If we are required by law or by cemetery or by crematory to use any items, we will explain the reasons in writing below. If you selected a funeral that may require embalming, such as a funeral with viewing, you may have to pay for embalming. You do not have to pay for embalming you did not approve if you selected arrangements such as a direct cremation or immediate burial. If we charged for embalming, we will explain why below.

**SERVICES SELECTED****1. Professional Services:**

Cremation Min. Services \$ 400.00

**2. Facilities, Equipment & Staff:****3. Transportation:**

Transfer of Remains to Funeral Home \$ 225.00  
(within 50 miles)

**TOTAL OF SERVICES SELECTED** \$ 400.00

**MERCHANDISE SELECTED**

Casket Alternative Container of \$ 40.00  
fiberboard (cremation only).

**TOTAL OF MERCHANDISE SELECTED** \$ 40.00

**WARRANTIES:** The only warranties, expressed or implied, granted in connection with goods sold with this funeral contract are the express written warranties, if any, extended by the manufacturers thereof. No other warranties and no warranties of merchantability or fitness for a particular purpose are extended by seller.

I agree that any monies assigned above shall be paid to you within 60 days of the date of this contract. Upon giving me at least five (5) days prior written notice that any monies due under the assignment(s) described above have not been paid to you as promised, you can require that any such unpaid amount(s) previously credited to my account be paid by me at once.

Charges are made only for those items that are used. If the type of funeral selected requires extra items, we will explain in writing on this contract. In the event I wish to complain or question any area of your service, I may contact you at my convenience. If any complaints cannot be resolved, I may also contact the Texas Funeral Service Commission, P.O. Box 12217, Austin, Texas 78711. Telephone Number: (888) 667-4881, Fax Number: (512) 479-5064.

**TERMS:** The unpaid balance set out above will be due and payable on the due date set out above. A FINANCE CHARGE of 1.50% per month (ANNUAL PERCENTAGE RATE 18.00%) will be added to all past due amounts not paid on or before the due date set out above. If this agreement is placed in the hands of an attorney and/or agency for collection, I (we) agree to pay reasonable attorney's fees and/or collection costs.

By his/her signature, buyer(s) in addition to authorizing seller to conduct the funeral, perform the services, furnish the materials and incur the charges specified within the agreement, on the terms and conditions set forth, acknowledges that prior to the execution of this agreement, a printed or typewritten list of retail price of the funeral services and funeral merchandise offered by seller was made available to buyer(s).

Executed: 20 June, 2011

**ACCEPTANCE** This funeral establishment agrees to provide all services, merchandise and cash advances indicated on this Statement.

By \_\_\_\_\_

**SPECIAL CHARGES**

Direct Cremation Without Wood Urn \$ 0.00

**CASH ADVANCES**

We charge for our services in obtaining cash advance items

Cremation Fee \$ 200.00

**TOTAL OF CASH ADVANCES** \$ 200.00

**SUMMARY OF CHARGES**

Total Funeral Home Services \$ 625.00

Total Merchandise \$ 40.00

Total Special Services \$ 0.00

State Sales Tax (if applicable) \$ 0.00

Total Cash Advances \$ 200.00

**TOTAL OF ALL CHARGES** \$ 865.00

**METHOD OF PAYMENT**

Package Discount (\$ 40.00)

Discounted for payment through indigent fund of (\$ 325.00)

Panola County

**Total Payments & Adjustments** (\$ 365.00)

**UNPAID BALANCE** \$ 500.00

**UNPAID BALANCE DUE BY** June 3, 2011

**DISCLOSURES**

Reason for Embalming

Requested by Family

If any law, cemetery or crematory requirements have required the purchase of any items listed, the law or requirement is explained below.

Requested by Family

X \_\_\_\_\_  
Buyer

X \_\_\_\_\_  
Co-Buyer

Plan Document

# Plan Documents for Governmental Employers

457 Governmental Plan Document



**Nationwide®**  
Retirement Solutions

a Nationwide Financial® company

Panola County  
(Name of Employer)

**DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES**

**457 GOVERNMENTAL PLAN AND TRUST**

Document provided as a courtesy of:



**Nationwide<sup>®</sup>**  
**Retirement Solutions**

*On Your Side<sup>™</sup>*

## 457 GOVERNMENTAL PLAN AND TRUST

The Employer adopts this 457 Governmental Plan and Trust. The Plan is intended to be an "eligible deferred compensation plan" as defined in Code §457(b) of the Internal Revenue Code of 1986 ("Eligible 457 Plan"). The Plan consists of the provisions set forth in this plan document and is applicable to the Employer and each Employee who elects to participate in the Plan. If the Employer adopts this Plan as a restated Plan in substitution for, and in amendment of, an existing plan, the provisions of this Plan, as a restated Plan, apply solely to an Employee on or after the execution of this Plan. The Plan is effective as to each Employee upon the date he/she becomes a Participant by entering into and filing with the Employer or the Administrative Services Provider a Participation Agreement or an Acknowledgement Form/Card.

ARTICLE I  
DEFINITIONS

1.01 **"Account"** means the separate Account(s) which the Administrative Services Provider or the Trustee maintains under the Plan for a Participant's Deferred Compensation. The Administrative Services Provider or Trustee may establish separate Accounts for multiple Beneficiaries of a Participant to facilitate required minimum distributions under Section 4.03 based on each Beneficiary's life expectancy.

1.02 **"Accounting Date"** means the last day of the Plan Year.

1.03 **"Acknowledgement Form/Card"** means the application to the Administrative Services Provider to participate in the Plan when the Plan is a Social Security replacement plan.

1.04 **"Administrative Services Provider"** means Nationwide Retirement Solutions, Inc. which acts as the third party administrative services provider appointed by the Employer to carry out nondiscretionary administrative functions for the Plan.

1.05 **"Beneficiary"** means a person who the Plan or a Participant designates and who is or may become entitled to a Participant's Account upon the Participant's death. A Beneficiary who becomes entitled to a benefit under the Plan remains a Beneficiary under the Plan until the Beneficiary has received full distribution of his/her Plan benefit. A Beneficiary's right to (and the Administrative Services Provider's or a Trustee's duty to provide to the Beneficiary) information or data concerning the Plan does not arise until the Beneficiary first becomes entitled to receive a benefit under the Plan.

1.06 **"Code"** means the Internal Revenue Code of 1986, as amended.

1.07 **"Compensation"** for purposes of allocating Deferral Contributions means the employee's wages, salaries, fees for professional services, and other amounts received without regard to whether or not an amount is paid in cash for personal services actually rendered in the course of employment with the Employer, to the extent that the amounts are includible in gross income (or to the extent amount would have been received and includible in gross income but for an election under Code §§ 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), and 457(b), including an election to defer Compensation under Article III. See Section 1.16 as to Compensation for an Independent Contractor. Compensation also includes any amount that the Internal Revenue Service in published guidance declares to constitute compensation for purposes of an Eligible 457 Plan.

(A) **Elective Contributions.** Compensation under Section 1.07 includes Elective Contributions. "Elective Contributions" are amounts excludible from the Employee's gross income under Code §§125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 403(b), 408(p) or 457, and contributed by the Employer, at the Employee's election, to a cafeteria plan, a qualified transportation fringe benefit plan, a 401(k) arrangement, a SARSEP, a tax-sheltered annuity, a SIMPLE plan or a Code § 457 plan.

(B) **Differential wage payments.** For years beginning after December 31, 2008, (i) an individual receiving a differential wage payment, as defined by Code § 3401(h)(2), shall be treated as an employee of the employer making the payment; (ii) the differential wage payment shall be treated as compensation; and (iii) the plan will not be treated as failing to meet the requirements of any provision described in Code §414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

1.08 **"Deferral Contributions"** means Salary Reduction Contributions, Nonelective Contributions and Matching Contributions. The Employer or the Administrative Services Provider (if applicable) in applying the Code § 457(b) limit will take into account Deferral Contributions in the Taxable Year in which deferred. The Employer or Administrative Services Provider (if applicable) in determining the amount of a Participant's Deferral Contributions disregards the net income, gain and loss attributable to Deferral Contributions.

1.09 **"Deferred Compensation"** means as to a Participant the amount of Deferral Contributions,

## 457 Governmental Plan and Trust

Rollover Contributions and Transfers adjusted for allocable net income, gain or loss, in the Participant's Account.

1.10 **"Effective Date"** of this Plan is the date indicated on the execution line unless the Code, Treasury regulations, or other applicable guidance provides otherwise.

1.11 **"Employee"** means an individual who provides services for the Employer, as a common law employee of the Employer. See Section 1.16 regarding potential treatment of an Independent Contractor as an Employee.

1.12 **"Employer"** means an employer who adopts this Plan by executing the Plan.

1.13 **"Employer Contribution"** means Nonelective Contributions or Matching Contributions.

1.14 **"Excess Deferrals"** means Deferral Contributions to an Eligible 457 Plan for a Participant that exceed the Taxable Year maximum limitation of Code §§457(b) and (e)(18).

1.15 **"Includible Compensation"** means, for the Employee's Taxable Year, the Employee's total Compensation within the meaning of Code § 415(c)(3) paid to an Employee for services rendered to the Employer. Includible Compensation includes Deferral Contributions under the Plan, compensation deferred under any other plan described in Code §457, and any amount excludible from the Employee's gross income under Code §§401(k), 403(b), 125 or 132(f)(4) or any other amount excludible from the Employee's gross income for Federal income tax purposes. The Employer will determine Includible Compensation without regard to community property laws.

1.16 **"Independent Contractor"** means any individual who performs service for the Employer and who the Employer does not treat as an Employee or a Leased Employee. The Employer may permit Independent Contractors to participate in the Plan. To the extent that the Employer permits Independent Contractor participation, references to Employee in the Plan include Independent Contractors and Compensation means the amounts the Employer pays to the Independent Contractor for services.

1.17 **"Leased Employee"** means an Employee within the meaning of Code § 414(n).

1.18 **"Matching Contribution"** means an Employer fixed or discretionary contribution made or forfeiture allocated on account of Salary Reduction Contributions. The Employer may provide for matching contributions.

1.19 **"Nonelective Contribution"** means an Employer fixed or discretionary contribution not made as a result of a Participation Agreement and which is not a Matching Contribution. The Employer may provide for nonelective contributions.

1.20 **"Normal Retirement Age"** means the age designated by the Participant unless the Employer designates in writing a Normal Retirement Age. The Normal Retirement Age designated by the Participant or Employer shall be no earlier than age 65 or the age at which Participants have the right to retire and receive, under the basic defined benefit pension plan of the Employer (or a money purchase plan in which the Participant also participates if the Participant is not eligible to participate in a defined benefit plan), immediate retirement benefits without actuarial or similar reduction because of retirement before some later specified age. The Normal Retirement Age also shall not exceed age 70½.

*Special Rule for Eligible Plans of Qualified Police or Firefighters.* A Participant who is a qualified police officer or firefighter as defined under Code §415(b)(2)(H)(ii)(I) may designate a Normal Retirement Age between age 40 and age 70 ½.

1.21 **"Participant"** is an Employee who elects to participate in the Plan in accordance with the provisions of Section 2.01 or an individual who has previously deferred Compensation under the Plan by a Participation Agreement and has not received a complete distribution of his/her Account.

1.22 **"Participation Agreement"** means the agreement to enroll and participate in the Plan that is completed by the Participant and provided to the Administrative Services Provider. The Participation Agreement is the agreement, by which the Employer reduces the Participant's Compensation for contribution to the Participant's Account.

1.23 **"Plan"** means the 457 plan established or continued by the Employer in the form of this Plan and (if applicable) Trust Agreement. All section references within the Plan are Plan section references unless the context clearly indicates otherwise.

1.24 **"Plan Entry Date"** means the date on which an Employee completes and files a Participation Agreement with the Administrative Services Provider.

1.25 **"Plan Year"** means the calendar year.

1.26 **"Rollover Contribution"** means the amount of cash or property which an eligible retirement plan described in Code §402(c)(8)(B) distributes to an eligible Employee or to a Participant in an eligible rollover distribution under Code §402(c)(4) and which the eligible Employee or Participant transfers directly or indirectly to an

## 457 Governmental Plan and Trust

Eligible 457 Plan. A Rollover Contribution includes net income, gain or loss attributable to the Rollover Contribution. A Rollover Contribution excludes after-tax Employee contributions, as adjusted for net income, gain or loss.

1.27 **"Salary Reduction Contribution"** means a contribution the Employer makes to the Plan pursuant to a Participation Agreement.

1.28 **"Service"** means any period of time the Employee is in the employ of the Employer. In the case of an Independent Contractor, Service means any period of time the Independent Contractor performs services for the Employer on an independent contractor basis. An Employee or Independent Contractor terminates Service upon incurring a Severance from Employment.

(A) **Qualified Military Service.** Service includes any qualified military service the Plan must credit for contributions and benefits in order to satisfy the crediting of Service requirements of Code §414(u). A Participant whose employment is interrupted by qualified military service under Code §414(u) or who is on a leave of absence for qualified military service under Code §414(u) may elect to make additional Salary Reduction Contributions upon resumption of employment with the Employer equal to the maximum Deferral Contributions that the Participant could have elected during that period if the Participant's employment with the Employer had continued (at the same level of Compensation) without the interruption of leave, reduced by the Deferral Contributions, if any, actually made for the Participant during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave). The Employer shall make appropriate make-up Nonelective Contributions and Matching Contributions for such a Participant as required under Code §414(u). The Plan shall apply limitations of Article III to all Deferral Contributions under this paragraph with respect to the year to which the Deferral Contribution relates.

(B) **"Continuous Service"** means Service with the Employer during which the Employee does not incur a Severance from Employment.

(C) **"Severance from Employment."**

(1) **Employee.** An Employee has a Severance from Employment when the Employee ceases to be an Employee of the Employer. A Participant does not incur a Severance from Employment if, in connection with a change in employment, the Participant's new employer continues or assumes sponsorship of the Plan or accepts a Transfer of Plan assets as to the Participant.

(2) **Independent Contractor.** An Independent Contractor has a Severance from Employment when the contract(s) under which the Independent Contractor performs services for the Employer expires (or otherwise terminates), unless the Employer anticipates a renewal of the contractual relationship or the Independent Contractor becoming an Employee. The Employer anticipates renewal if it intends to contract for the services provided under the expired contract and neither the Employer nor the Independent Contractor has eliminated the Independent Contractor as a potential provider of such services under the new contract. Further, the Employer intends to contract for services conditioned only upon the Employer's need for the services provided under the expired contract or the Employer's availability of funds. Notwithstanding the preceding provisions of this Section 1.28, the Administrative Services Provider will consider an Independent Contractor to have incurred a Severance from Employment: (a) if the Administrative Services Provider or Trustee will not pay any Deferred Compensation to an Independent Contractor who is a Participant before a date which is at least twelve months after the expiration of the Independent Contractor's contract (or the last to expire of such contracts) to render Services to the Employer; and (b) if before the applicable twelve-month payment date, the Independent Contractor performs Service as an Independent Contractor or as an Employee, the Administrative Services Provider or Trustee will not pay to the Independent Contractor his/her Deferred Compensation on the applicable date.

(3) **Uniformed Services.** for purposes of distributions to an individual in the uniformed services, such individual will be treated as incurring a Severance from Employment during any period the individual is performing service in the uniformed services described in Code § 3401(h)(2)(A). However, the plan will not distribute the benefit to such an individual without that individual's consent, so long as the individual is receiving differential wage payments.

If an individual elects to receive a distribution under this provision, the individual may not make an elective deferral or employee contribution during the 6-month period beginning on the date of the distribution.

1.29 **"State"** means (a) one of the 50 states of the United States or the District of Columbia, or (b) a political subdivision of a State, or any agency or instrumentality of a State or its political subdivision. A State does not include the federal government or any agency or instrumentality thereof.

1.30 **"Taxable Year"** means the calendar year or other taxable year of a Participant.

## 457 Governmental Plan and Trust

1.31 **"Transfer"** means a transfer of Eligible 457 Plan assets to another Eligible 457 Plan which is not a Rollover Contribution and which is made in accordance with Section 9.03.

1.32 **"Trust"** means the Trust created under the adopting Employer's Plan. The Trust created and established under the adopting Employer's Plan is a separate Trust, independent of the trust of any other Employer adopting this Eligible 457 Plan and is subject to Article VIII.

1.33 **"Trustee"** means the person or persons designated by the Employer to serve in the position of Trustee.

## ARTICLE II PARTICIPATION IN PLAN

2.01 **ELIGIBILITY.** Each Employee becomes a Participant in the Plan as soon as he/she completes and files a Participation Agreement. If this Plan is a restated Plan, each Employee who was a Participant in the Plan on the day before the Effective Date continues as a Participant in the Plan.

2.02 **PARTICIPATION UPON RE-EMPLOYMENT.** A Participant who incurs a Severance from Employment will re-enter the Plan as a Participant on the date of his/her re-employment.

2.03 **SPECIAL ELIGIBILITY PROVISIONS FOR PARTICIPANTS IN A PLAN USED AS A SOCIAL SECURITY REPLACEMENT PLAN.** Notwithstanding any provision to the contrary, the provisions of this Section 2.03 will apply if the Employer elects in a written agreement with the Administrative Services Provider to use the Plan as a Social Security replacement plan. If the Plan is used as a Social Security replacement plan, the provisions of Sections 4.05(a) and 5.03 will not apply.

**(A) Eligibility to participate for new Employees.** A new Employee shall, as a condition of employment participate in the Plan sign and file with the Administrative Services Provider an Acknowledgement Form/Card and thereby consenting to a reduction of salary by the amount of the Deferral Contribution specified in the Acknowledgement Form/Card. Contributions to the Participant's Account must equal at least 7.5% of the Participant's Compensation, or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. 31.3121(b)(7)-2, and the reduction in the Participant's salary shall begin immediately thereafter.

**(B) Eligibility to participate for current Employees.** An Employee who is newly eligible to participate in the Plan shall, prior to becoming eligible to participate in the Plan, sign and file with

the Administrative Services Provider an Acknowledgement Form/Card and thereby consent to a reduction of salary by the amount of the Deferral Contribution specified in the Acknowledgement Form/Card. Allocations to the Participant's Account must equal at least 7.5% of the Participant's Compensation or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. §31.3121(b)(7)-2, and the reduction in the Participant's salary shall begin no earlier than the first pay period commencing during the first month after the date on which the Acknowledgement Form/Card is filed with the Administrative Services Provider.

**(C) Takeover Plans.** If the Plan is a restated Plan, an Employee who participated in the predecessor plan shall become a Participant in the Plan upon the Employer's execution of the enabling documents for this Plan. Allocations to each such Participant's Account must equal at least 7.5% of the Participant's Compensation, or such other minimum amount as shall be required for the Plan to be considered a retirement system under Code §3121(b)(7)(F) and Treas. Reg. §31.3121(b)(7)-2, and the reduction in the Participant's salary shall begin immediately thereafter.

## ARTICLE III DEFERRAL CONTRIBUTIONS/LIMITATIONS

### 3.01 AMOUNT.

**(A) Contribution Formula.** For each Plan Year, the Employer will contribute to the Plan the amount of Deferral Contributions the Employee elects to defer under the Plan.

**(B) Return of Contributions.** The Employer contributes to this Plan on the condition its contribution is not due to a mistake of fact. If any Participant Salary Reduction Contribution is due to a mistake of fact, the Employer or the Trustee upon written request from the Employer will return the Participant's contribution, within one year after payment of the contribution.

The Trustee may require the Employer to furnish it whatever evidence the Trustee deems necessary to enable the Trustee to confirm the amount the Employer has requested be returned is properly returnable.

**(C) Time of Payment of Contribution.** An Employer will deposit Salary Reduction Contributions to the Trust within a period that is not longer than is reasonable for the administration of Participant Accounts. Neither the Administrative Services Provider nor the Trustee is responsible for the delay of deposits of Salary Reduction Contributions caused by the Employer.

**3.02 SALARY REDUCTION CONTRIBUTIONS.** The Plan does not apply any limitations on Salary Reduction Contributions other than the limitations applicable under the Code.

**(A) Deferral from Sick, Vacation and Back Pay.** Participants may make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay.

**(B) Application to Leave of Absence and Disability.** The Participation Agreement will continue to apply during the Participant's leave of absence or the Participant's disability (as the Employer shall establish), if the Participant has Compensation other than imputed compensation or disability benefits.

**(C) Post-severance deferrals limited to Post-Severance Compensation.** Deferral Contributions are permitted from an amount received following Severance from Employment only if the amount is Post-Severance Compensation.

**Post-Severance Compensation defined.** Post-Severance Compensation includes the amounts described in (1) and (2) below, paid after a Participant's Severance from Employment with the Employer, but only to the extent such amounts are paid by the later of 2½ months after Severance from Employment or the end of the calendar year that includes the date of such Severance from Employment.

**(1) Regular pay.** Post-Severance Compensation includes regular pay after Severance of Employment if: (i) the payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments; and (ii) the payment would have been paid to the Participant prior to a Severance from Employment if the Participant had continued in employment with the Employer.

**(2) Leave cashouts.** Post-Severance Compensation includes leave cashouts if those amounts would have been included in the definition of Compensation if they were paid prior to the Participant's Severance from Employment, and the amounts are payment for unused accrued bona fide sick, vacation, or other leave, but only if the Participant would have been able to use the leave if employment had continued.

**(3) Salary continuation payments for military service Participants.** Post-Severance Compensation includes payments to an individual who does not currently perform services for the Employer by

reason of Qualified Military Service (as described in Code §414(u)(1)) to the extent those payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering Qualified Military Service.

**Limitation on Post-Severance Compensation.** Any payment of Compensation paid after Severance of Employment that is not described in Section 3.02(C)(1) or 3.02(C)(2) is not Post-Severance Compensation, even if payment is made by the later of 2½ months after Severance from Employment or by the end of the calendar year that includes the date of such Severance of Employment.

**3.03 NORMAL LIMITATION.** Except as provided in Sections 3.04 and 3.05, a Participant's maximum Deferral Contributions (excluding Rollover Contributions and Transfers) under this Plan for a Taxable Year may not exceed the lesser of:

(a) The applicable dollar amount as specified under Code §457(e)(15) (or, beginning January 1, 2006) such larger amount as the Commissioner of the Internal Revenue may prescribe), or

(b) 100% of the Participant's Includible Compensation for the Taxable Year.

**3.04 NORMAL RETIREMENT AGE CATCH-UP CONTRIBUTION.** For one or more of the Participant's last three Taxable Years ending before the Taxable Year in which the Participant attains Normal Retirement Age, the Participant's maximum Deferral Contributions may not exceed the lesser of:

(a) Twice the dollar amount under Section 3.03 normal limitation, or (b) the underutilized limitation.

**(A) Underutilized Limitation.** A Participant's underutilized limitation is equal to the sum of: (i) the normal limitation for the Taxable Year, and (ii) the normal limitation for each of the prior Taxable Years of the Participant commencing after 1978 during which the Participant was eligible to participate in the Plan and the Participant's Deferral Contributions were subject to the normal limitation or any other Code § 457(b) limit, less the amount of Deferral Contributions for each such prior Taxable Year, excluding age 50 catch-up contributions.

**(B) Multiple 457 Plans.** If the Employer maintains more than one Eligible 457 Plan, the Plans may not permit any Participant to have more than one Normal Retirement Age under the Plans.

**(C) Pre-2002 Coordination.** In determining a Participant's underutilized limitation, the

## 457 Governmental Plan and Trust

coordination rule in effect under now repealed Code §457(c)(2) applies. Additionally, the normal limitation for pre-2002 Taxable Years is applied in accordance with Code § 457(b)(2) as then in effect.

**3.05 AGE 50 CATCH-UP CONTRIBUTION.** All Employees who are eligible to make Salary Reduction Contributions under this Plan and who have attained age 50 before the close of the Taxable Year are eligible to make age 50 catch-up contributions for that Taxable Year in accordance with, and subject to the limitations of, Code § 414(v). Such catch-up contributions are not taken into account for purposes of the provisions of the plan implementing the required limitations of Code § 457. If, for a Taxable Year, an Employee makes a catch-up contribution under Section 3.04, the Employee is not eligible to make age 50 catch-up contributions under this Section 3.05. A catch-up eligible Participant in each Taxable Year is entitled to the greater of the amount determined under Section 3.04 or Section 3.05 catch-up amount plus the Section 3.03 normal limitation.

**3.06 CONTRIBUTION ALLOCATION.** The Administrative Services Provider will allocate to each Participant's Account his/her Deferral Contributions.

**3.07 ALLOCATION CONDITIONS.** The Plan does not impose any allocation conditions.

**3.08 ROLLOVER CONTRIBUTIONS.** The Plan permits Rollover Contributions.

**(A) Operational Administration.** The Employer, operationally and on a nondiscriminatory basis, may elect to permit or not to permit Rollover Contributions to this Plan or may elect to limit an eligible Employee's right or a Participant's right to make a Rollover Contribution. If the Employer permits Rollover Contributions, any Participant (or as applicable, any eligible Employee), with the Employer's written consent and after filing with the Trustee the form prescribed by the Administrative Services Provider, may make a Rollover Contribution to the Trust. Before accepting a Rollover Contribution, the Trustee may require a Participant (or eligible Employee) to furnish satisfactory evidence the proposed transfer is in fact a "Rollover Contribution" which the Code permits an employee to make to an eligible retirement plan. The Trustee, in its sole discretion, may decline to accept a Rollover Contribution of property which could: (1) generate unrelated business taxable income; (2) create difficulty or undue expense in storage, safekeeping or valuation; or (3) create other practical problems for the Trust.

**(B) Pre-Participation Rollover.** If an eligible Employee makes a Rollover Contribution to the Trust prior to satisfying the Plan's eligibility conditions,

the Administrative Services Provider and Trustee must treat the Employee as a limited Participant (as described in Rev. Rul. 96-48 or in any successor ruling). If a limited Participant has a Severance from Employment prior to becoming a Participant in the Plan, the Trustee will distribute his/her Rollover Contributions Account to the limited Participant in accordance with Article IV.

**(C) Separate Accounting.** If an Employer permits Rollover Contributions, the Administrative Services Provider must account separately for: (1) amounts rolled into this Plan from an eligible retirement plan (other than from another Eligible 457 plan); and (2) amounts rolled into this Plan from another Eligible 457 Plan. The Administrative Services Provider for purposes of ordering any subsequent distribution from this Plan may designate a distribution from a Participant's Rollover Contributions as coming first from either of (1) or (2) above if the Participant has both types of Rollover Contribution Accounts.

**3.09 DISTRIBUTION OF EXCESS DEFERRALS.** In the event that a Participant has Excess Deferrals, the Plan will distribute to the Participant the Excess Deferrals and allocable net income, gain or loss, in accordance with this Section 3.09.

The Administrative Services Provider will distribute Excess Deferrals from an Eligible 457 Plan as soon as is reasonably practicable following the Administrative Services Provider's or Employer's determination of the amount of the Excess Deferral.

**(A) Plan Aggregation.** If the Employer maintains more than one Eligible 457 Plan, the Employer must aggregate all such Plans in determining whether any Participant has Excess Deferrals.

**(B) Individual Limitation.** If a Participant participates in another Eligible 457 Plan maintained by a different employer, and the Participant has Excess Deferrals, the Administrative Services Provider may, but is not required, to correct the Excess Deferrals by making a corrective distribution from this Plan.

**3.10 DOLLAR LIMITS.** The table below shows the applicable dollar amounts described in paragraph 3.03(a) and limitations on age 50 catch-up contributions described in Section 3.05. These amounts are adjusted after 2006 for changes in the cost-of-living to the extent permitted in Code § 415(d).

## 457 Governmental Plan and Trust

Year	Applicable Dollar Amount	Age 50+ Catch-up Contribution Limitation
2002	\$11,000	\$1,000
2003	\$12,000	\$2,000
2004	\$13,000	\$3,000
2005	\$14,000	\$4,000
2006	\$15,000	\$5,000

#### ARTICLE IV TIME AND METHOD OF PAYMENT OF BENEFITS

##### 4.01 DISTRIBUTION

**RESTRICTIONS.** Except as the Plan provides otherwise, the Administrative Services Provider or Trustee may not distribute to a Participant his/her Account prior to the Participant's Severance from Employment, or such other event for which federal legislation is enacted or regulatory relief granted permitting the Plan to make distributions to qualifying Participants.

**(A) Distribution of Rollover Contributions.** To the extent the Employer permits Rollover Contributions (but not Transfers) to this Plan, a Participant may receive a distribution of such Rollover Contributions without regard to the restrictions found in this Section 4.01.

**4.02 TIME AND METHOD OF PAYMENT OF ACCOUNT.** The Administrative Services Provider, or Trustee at the direction of the Administrative Services Provider, will distribute to a Participant who has incurred a Severance from Employment the Participant's Account under one or any combination of payment methods elected by the Participant. The Participant may elect one of the following methods of payment: (1) lump sum payment, (2) partial lump sum payment, (3) installment, or (4) an annuity. In no event will the Administrative Services Provider direct (or direct the Trustee to commence) distribution, nor will the Participant elect to have distribution commence, later than the Participant's required beginning date, or under a method that does not satisfy Section 4.03.

Subject to any restrictions imposed by the Participant's investment providers and the Administrative Services Provider, the Participant: (1) may elect to commence distribution no earlier than is administratively practical following Severance from Employment; (2) may elect to postpone distribution of his/her Account to any fixed or determinable date including, but not beyond, the Participant's required beginning date; and (3) may elect the method of payment. A Participant may elect the timing and method of payment of his/her Account no later than 30 days before the date the Participant first would be

eligible to commence payment of the Participant's Account. The Administrative Services Provider must furnish to the Participant a form for the Participant to elect the time and a method of payment.

**4.03 REQUIRED MINIMUM DISTRIBUTIONS.** The Administrative Services Provider may not distribute nor direct the Trustee to distribute the Participant's Account, nor may the Participant elect any distribution his/her Account, under a method of payment which, as of the required beginning date, does not satisfy the minimum distribution requirements of Code § 401(a)(9) or which is not consistent with applicable Treasury regulations.

##### **(A) General Rules.**

(1) **Precedence.** The requirements of this Section 4.03 will take precedence over any inconsistent provisions of the Plan.

(2) **Requirements of Treasury Regulations Incorporated.** All distributions required under this Section 4.03 will be determined and made in accordance with the Treasury regulations under Code § 401(a)(9).

##### **(B) Time and Manner of Distribution**

(1) **Required Beginning Date.** The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(2) **Death of Participant Before Distribution Begins.** If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) **Spouse Designated Beneficiary.** If the Participant's surviving spouse is the Participant's sole designated Beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant dies, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.

(b) **Non-Spouse Designated Beneficiary.** If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then, distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(c) **No Designated Beneficiary.** If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) Death of Spouse. If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 4.03(B)(2) other than Section 4.03(B)(2)(a), will apply as if the surviving spouse were the Participant.

For purposes of this Section 4.03(B) and Section 4.03(D), unless Section 4.03(B)(2)(d) applies, distributions are considered to begin on the Participant's required beginning date. If Section 4.03(B)(2)(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a), the date distributions are considered to begin is the date distributions actually commence.

(3) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections 4.03(C) and 4.03(D). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 4.01(a)(9) of the Code and the Treasury regulations.

**(C) Required Minimum Distributions during Participant's Lifetime.**

(1) Amount of Required Minimum Distribution for Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(a) ULT. The quotient obtained by dividing the Participant's account balance by the number in the Uniform Life Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's attained age as of the Participant's birthday in the distribution calendar year; or

(b) Younger Spouse. If the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Treas. Reg. §1.401(a)(9)-9, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

(2) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this Section 4.03(C) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

**(D) Required Minimum Distributions after Participant's Death.**

**(1) Death On or After Distributions Begin.**

(a) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for the distribution calendar year of the Participant's death is obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant. The Participant's remaining life expectancy is calculated using the attained age of the Participant as of the Participant's birthday in the calendar year of death. For each distribution calendar year after the year of the Participant's death, the minimum amount that will be distributed is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary.

(b) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the calendar year after the calendar year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the calendar year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the attained age of the Participant as of the Participant's birthday in the calendar year of death, reduced by one for each subsequent calendar year.

**(2) Death before Date Distributions Begin.**

(a) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Section 4.03(D)(1).

(b) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the

Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(c) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 4.03(B)(2)(a), this Section 4.03(D)(2) will apply as if the surviving spouse were the Participant.

**(E) Definitions**

(1) **Designated Beneficiary.** The individual who is designated as the Beneficiary under the Plan and is the designated beneficiary under Code §401(a)(9) and Treas. Reg. §1.401(a)(9)-1, Q&A-4.

(2) **Distribution calendar year.** A distribution calendar year means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which the distributions are required to begin under Section 4.03(B)(2). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

(3) **Life expectancy.** Life expectancy as computed by use of the Single Life Table in Treas. Reg. §1.401(a)(9)-9.

(4) **Participant's account balance.** The account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any Rollover Contributions or Transfers to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(5) **Required beginning date.** A Participant's required beginning date is the April 1 of the calendar year following the later of: (1) the calendar year in which the Participant attains age 70½, or (2) the calendar year in which the Participant retires or such other date under Code § 401(a)(9) by which required minimum distributions must commence.

(F) **General 2009 waiver.** The requirements of Code § 401(a)(9) and the provisions of the Plan relating thereto, will not apply for the distribution calendar year 2009.

(1) **Special rule regarding waiver period.** For purposes of Code § 401(a)(9) and the provisions of the Plan relating thereto: (a) the required beginning date with respect to any individual will be determined without regard to this Article IV for purposes of applying Code § 401(a)(9) for distribution calendar years other than 2009; and (b) if the 5-year rule of Code § 401(a)(9)(B)(ii) applies, the 5-year period described therein shall be determined without regard to calendar year 2009.

(2) **Eligible rollover distributions.** If all or any portion of a distribution during 2009 is treated as an eligible rollover distribution but would not be so treated if the minimum distribution requirements under Code § 401(a)(9) had applied during 2009, then the Plan will not treat such distribution as an eligible rollover distribution for purposes of the direct rollover rules of Code § 401(a)(31), the notice requirements of Code §402(f), or the 20% withholding requirement of Code §3405(c).

(3) **Participant may elect.** The Plan will permit an affected Participant to elect whether to receive his/her RMD distribution for 2009. If the Participant fails to notify the Administrative Services Provider of his/her waiver, the Plan will distribute the 2009 RMD to the Participant.

4.04 DEATH BENEFITS. Upon the death of the Participant, the Administrative Services Provider must pay or direct the Trustee to pay the Participant's Account in accordance with Section 4.03. Subject to Section 4.03, a Beneficiary may elect the timing and method of payment in the same manner as a Participant may elect under Section 4.02, if such elections apply.

In the case of a death occurring on or after January 1, 2007, if a participant dies while performing qualified military service (as defined in Code § 414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the participant had resumed and then terminated employment on account of death.

**4.05 DISTRIBUTIONS PRIOR TO SEVERANCE FROM EMPLOYMENT.** Notwithstanding the Section 4.01 distribution restrictions, the Plan permits the following in-service distributions in accordance with this Section.

**(A) Unforeseeable Emergency.** In the event of a Participant's unforeseeable emergency, the Administrative Services Provider may make a distribution to a Participant who has not incurred a Severance from Employment.

An unforeseeable emergency is a severe financial hardship of a Participant or Beneficiary resulting from: (1) illness or accident of the Participant, the Participant's Beneficiary, or the Participant's spouse or dependent (as defined in Code § 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code § 152(b)(1), (b)(2), and (d)(1)(B)); (2) loss of the Participant's or Beneficiary's property due to casualty; (3) the need to pay for the funeral expenses of the Participant's spouse or dependent (as defined in Code § 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code § 152(b)(1), (b)(2), and (d)(1)(B)); or (4) other similar extraordinary and unforeseeable circumstances arising from events beyond the Participant's or Beneficiary's control. The Administrative Services Provider will not pay the Participant or the Beneficiary more than the amount reasonably necessary to satisfy the emergency need, which may include amounts necessary to pay taxes or penalties on the distribution. The Administrative Services Provider will not make payment to the extent the Participant or Beneficiary may relieve the financial hardship by cessation of deferrals under the Plan, through insurance or other reimbursement, or by liquidation of the individual's assets to the extent such liquidation would not cause severe financial hardship.

The Participant's Beneficiary is a person who a Participant designates as a "primary beneficiary" and who is or may become entitled to a Participant's Plan account upon the Participant's death.

A Participant's unforeseeable emergency event includes a severe financial hardship of the participant's primary Beneficiary under the Plan, that would constitute an emergency event if it occurred with respect to the participant's spouse or dependent as defined under Code § 152.

**(B) De minimis distribution.** A Participant may elect to receive a distribution of his/her Account where: (1) the Participant's Account (disregarding Rollover Contributions) does not exceed \$5,000 (or such other amount as does not exceed the Code § 411(a)(11)(A) dollar amount); (2) the Participant has not made or received an allocation of any Deferral Contributions under the Plan during the two-year period ending on the date of distribution; and (3) the

Participant has not received a prior distribution under this Section 4.05(B).

**(C) Distribution of Rollover Contributions.** A Participant may request and receive distribution of his/her Account attributable to Rollover Contributions (but not to Transfers) before the Participant has a distributable event under Section 4.01.

**4.06 DISTRIBUTIONS UNDER QUALIFIED DOMESTIC RELATIONS ORDERS (QDROs).** Notwithstanding any other provision of this Plan, the QDRO provisions will apply. The Administrative Services Provider (and any Trustee) must comply with the terms of a QDRO, as defined in Code § 414(p), which is issued with respect to the Plan.

**(A) Time and Method of Payment.** This Plan specifically permits distribution to an alternate payee under a QDRO at any time, notwithstanding any contrary Plan provision and irrespective of whether the Participant has attained his/her earliest retirement age (as defined under Code § 414(p)) under the Plan. Nothing in this Section 4.06 gives a Participant a right to receive distribution at a time the Plan otherwise does not permit nor authorizes the alternate payee to receive a form of payment the Plan does not permit.

**(B) QDRO Procedures.** Upon receiving a domestic relations order, the Administrative Services Provider promptly will notify the Participant and any alternate payee named in the order, in writing, of the receipt of the order and the Plan's procedures for determining the qualified status of the order. Within a reasonable period of time after receiving the domestic relations order, the Administrative Services Provider must determine the qualified status of the order and must notify the Participant and each alternate payee, in writing, of the Administrative Services Provider's determination. The Administrative Services Provider must provide notice under this paragraph by mailing to the individual's address specified in the domestic relations order.

**(C) Accounting.** If any portion of the Participant's Account Balance is payable under the domestic relations order during the period the Administrative Services Provider is making its determination of the qualified status of the domestic relations order, the Administrative Services Provider may maintain a separate accounting of the amounts payable. If the Administrative Services Provider determines the order is a QDRO within 18 months of the date amounts first are payable following receipt of the domestic relations order, the Administrative Services Provider will distribute or will direct the Trustee to distribute the payable amounts in accordance with the QDRO. If the Administrative Services Provider does not make its determination of the qualified status of the order within the 18-month determination period,

the Administrative Services Provider will distribute or will direct the Trustee to distribute the payable amounts in the manner the Plan would distribute if the order did not exist and will apply the order prospectively if the Administrative Services Provider later determines the order is a QDRO.

To the extent it is not inconsistent with the provisions of the QDRO, the Administrative Services Provider may segregate or may direct the Trustee to segregate the QDRO amount in a segregated investment account. The Administrative Services Provider or Trustee will make any payments or distributions required under this Section 4.06 by separate benefit checks or other separate distribution to the alternate payee(s).

**(D) Permissible QDROs.** A domestic relations order that otherwise satisfies the requirements for a qualified domestic relations order ("QDRO") will not fail to be a QDRO: (i) solely because the order is issued after, or revises, another domestic relations order or QDRO; or (ii) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the participant's death.

#### 4.07 DIRECT ROLLOVER OF ELIGIBLE ROLLOVER DISTRIBUTIONS – GOVERNMENTAL PLAN.

**(A) Participant Election.** A Participant (including for this purpose, a former Employee) may elect, at the time and in the manner the Administrative Services Provider prescribes, to have any portion of his/her eligible rollover distribution from the Plan paid directly to an eligible retirement plan specified by the Participant in a direct rollover election. For purposes of this election, a "Participant" includes as to their respective interests, a Participant's surviving spouse and the Participant's spouse or former spouse who is an alternate payee under a QDRO.

**(B) Rollover and Withholding Notice.** At least 30 days and not more than 180 days prior to the Trustee's distribution of an eligible rollover distribution, the Administrative Services Provider must provide a written notice (including a summary notice as permitted under applicable Treasury regulations) explaining to the distributee the rollover option, the applicability of mandatory 20% federal withholding to any amount not directly rolled over, and the recipient's right to roll over within 60 days after the date of receipt of the distribution ("rollover notice").

**(C) Non-spouse Beneficiary rollover right.** A non-spouse Beneficiary who is a "designated beneficiary" under Code § 401(a)(9)(E) and the regulations thereunder, by a direct trustee-to-trustee transfer ("direct rollover"), may roll over all or any portion of his/her distribution to an individual retirement account the Beneficiary establishes for purposes of

receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an eligible rollover distribution.

#### **(1) Certain requirements not applicable.**

Although a non-spouse Beneficiary may roll over directly a distribution, commencing with distributions after December 31, 2009, the distribution will be subject to the direct rollover requirements of Code § 401(a)(31) (including the automatic rollover provisions of Code § 401(a)(31)(B)), the notice requirements of Code § 402(f) and the mandatory withholding requirements of Code § 3405(c). If a non-spouse Beneficiary receives a distribution from the Plan, the distribution is not eligible for a "60-day" rollover.

**(2) Trust Beneficiary.** If the participant's named Beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated beneficiary within the meaning of Code § 401(a)(9)(E).

**(3) Required minimum distributions not eligible for rollover.** A non-spouse Beneficiary may not roll over an amount which is a required minimum distribution, as determined under applicable Treasury regulations and other Revenue Service guidance. If the participant dies before his/her required beginning date and the non-spouse Beneficiary rolls over to an IRA the maximum amount eligible for rollover, the Beneficiary may elect to use either the 5-year rule or the life expectancy rule, pursuant to Treas. Reg. § 1.401(a)(9)-3, A-4(c), in determining the required minimum distributions from the IRA that receives the non-spouse Beneficiary's distribution.

**(D) Definitions.** The following definitions apply to this Section:

**(1) Eligible rollover distribution.** An eligible rollover distribution is any distribution of all or any portion of a Participant's Account, except an eligible rollover distribution does not include: (a) any distribution which is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the Participant and the Participant's designated Beneficiary, or for a specified period of ten years or more; (b) any Code § 401(a)(9) required minimum distribution; (c) any unforeseeable emergency distribution; and (d) any distribution which otherwise would be an eligible rollover distribution, but where the total distributions to the Participant during that calendar year are reasonably expected to be less than \$200.

**(2) Eligible retirement plan.** An eligible retirement plan is an individual retirement account

## 457 Governmental Plan and Trust

described in Code § 408(a), an individual retirement annuity described in Code § 408(b), an annuity plan described in Code § 403(a), a qualified plan described in Code § 401(a), an annuity contract (or custodial agreement) described in Code § 403(b), or an eligible deferred compensation plan described in Code § 457(b) and maintained by an Employer described in Code § 457(e)(1)(A), which accepts the Participant's, the Participant's spouse or alternate payee's eligible rollover distribution. For distributions made after December 31, 2007, a Participant or Beneficiary may elect to roll over directly an eligible rollover distribution to a Roth IRA described in Code § 408A(b).

(3) **Direct rollover.** A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

(4) **Mandatory distribution.** The Administrative Services Provider is directed to make a mandatory distribution, which is an eligible rollover distribution, without the Participant's consent provided that the Participant's Account is less than \$1,000. A distribution to a Beneficiary is not a mandatory distribution.

(5) **401(a)(31)(B) Effective Date.** The § 401(a)(31)(B) Effective Date is the date of the close of the first regular legislative session of the legislative body with the authority to amend the Plan that begins on or after January 1, 2006.

**4.08 ELECTION TO DEDUCT FROM DISTRIBUTION.** For distributions in taxable years beginning after December 31, 2006, an Eligible Retired Public Safety Officer may elect annually for that taxable year to have the Plan deduct an amount from a distribution which the Eligible Retired Public Safety Officer otherwise would receive and include in income. The plan will pay such deducted amounts directly to the provider as described in Section 4.08(A).

(A) **Direct payment.** The Plan will pay directly to the provider of the accident or health insurance plan or qualified long-term care insurance contract the amounts the Eligible Retired Public Safety Officer has elected to have deducted from the distribution. Such amounts may not exceed the lesser of \$3,000 or the amount the Participant paid for such taxable year for qualified healthcare premiums, and which otherwise complies with Code § 402(l).

**(B) Definitions.**

(1) **Eligible retired public safety officer.** An "Eligible Retired Public Safety Officer" is an individual who, by reason of disability or attainment of normal retirement age, has experienced a Severance from Employment as a Public Safety Officer with the Employer.

(2) **Public safety officer.** A "Public Safety Officer" has the same meaning as in § 1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. § 3796b(9)(A)).

(3) **Qualified health insurance premiums.** The term "qualified health insurance premiums" means premiums for coverage for the Eligible Retired Public Safety Officer, his/her spouse, and dependents, by an accident or health plan or qualified long-term care insurance contract (as defined in Code § 7702B(b)).

**ARTICLE V  
ADMINISTRATIVE SERVICES PROVIDER -  
DUTIES**

5.01 **TERM / VACANCY.** The Administrative Services Provider will serve until his/her successor is appointed. In case the Employer has not appointed a successor Administrative Services Provider, the Employer will exercise any and all duties of the Administrative Services Provider pending the filling of the vacancy.

5.02 **DUTIES.** The Administrative Services Provider will have the following duties:

- (a) To create administrative forms necessary for the proper and efficient administration of the Plan provided the forms are not inconsistent with the terms of the Plan;
- (b) To enforce the terms of the Plan and its procedures, including this document and such other documents related to the Plan's operation;
- (c) To make, at the direction of the Participant or Beneficiary or pursuant to Section 4.07(D)(4), distributions of an Account;
- (d) To review in accordance with the Plan's procedures respecting a claim for (or denial of a claim for) a benefit under the Plan;
- (e) To furnish the Employer with information which the Employer may require for tax or other purposes;
- (f) To make distributions on account of unforeseeable emergency in accordance with the Plan's procedures;
- (g) To accept Deferral Contributions, Employer Contributions, and Rollover Contributions;
- (h) To accept Transfers;

## 457 Governmental Plan and Trust

(i) To accept Participant or, in the case of a deceased Participant, Beneficiary direction of investment;

(j) To comply with any reporting and disclosure rules applicable to the Plan;

(k) To make loans to Participants if elected by the Employer;

(l) To appoint agents to act for and in performing its third party administrative services to the Plan; and

(m) To undertake any other action the Administrative Services Provider deems reasonable or necessary to provide third party administrative services to the Plan.

**5.03 LOANS TO PARTICIPANTS.** The Employer may elect to permit the Administrative Services Provider and/or Trustee to make Plan loans to Participants by executing a participant loan program document with the Administrative Services Provider. Any loan by the Plan to a Participant shall be made in compliance with Code § 72(p). If Plan loans are permitted, the Administrative Services Provider, with the approval and direction of the Employer, may establish, amend or terminate from time to time, nondiscriminatory administrative procedures for administering loans. Such loan procedures must be a written document and must include: (1) the procedure for applying for a loan; (2) the criteria for approving or denying a loan; (3) the limitations, if any, on the types and amounts of loans available; and (4) the events constituting default and the steps the Plan will take to preserve Plan assets in the event of default. Any administrative procedures adopted under this Section 5.03 shall be construed as part of the Plan.

**5.04 INDIVIDUAL ACCOUNTS / RECORDS.** The Administrative Services Provider will maintain a separate Account in the name of each Participant to reflect the value of the Participant's Deferred Compensation under the Plan.

**5.05 VALUE OF PARTICIPANT'S ACCOUNT.** The value of each Participant's Account consists of his/her accumulated Deferred Compensation, as of the most recent Accounting Date or any later date as the Administrative Services Provider may determine.

**5.06 ALLOCATION OF NET INCOME, GAIN OR LOSS.** As of each Accounting Date (and each other valuation date determined under Section 5.04), the Administrative Services Provider will adjust Accounts to reflect net income, gain or loss, if any, since the last Accounting Date or Account valuation. The Administrative Services Provider will continue to allocate net income, gain and loss to a Participant's

Account subject to an installment distribution, until the Account is fully distributed.

**5.07 ACCOUNT CHARGED** The Administrative Services Provider will charge all distributions made to a Participant or to his/her Beneficiary, or transferred under Section 9.03 from his/her Account, against the Account of the Participant when made.

**5.08 PARTICIPANT DIRECTION OF INVESTMENT.** Subject to the terms and conditions required by the Administrative Services Provider and the Trustee, if any, a Participant will have the right to direct the investment or re-investment of the assets comprising the Participant's Account. The Administrative Services Provider will account separately for the Participant-directed Accounts. The Participant's right to direct investment does not give the Participant any vested interest or secured or preferred position with respect to assets over which he/she has investment responsibility.

**5.09 VESTING / SUBSTANTIAL RISK OF FORFEITURE.** Each Participant's Account will be immediately 100% vested.

**5.10 PRESERVATION OF ELIGIBLE PLAN STATUS.** The Employer may take any such necessary and appropriate action to preserve the status of the Plan as an Eligible 457 Plan.

**5.11 LIMITED LIABILITY.** The Employer will not be liable to pay plan benefits to a Participant in excess of the value of the Participant's Account as the Administrative Services Provider determines in accordance with the Plan terms. The Employer, the Administrative Services Provider, or the Trustee will not be liable for losses arising from depreciation or shrinkage in the value of any investments acquired under this Plan.

**5.12 LOST PARTICIPANTS.** If the Administrative Services Provider is unable to locate any Participant or Beneficiary whose Account becomes distributable (a "lost Participant"), the Administrative Services Provider will apply the provisions of this Section 5.12.

**(A) Attempt to Locate.** The Administrative Services Provider will attempt to locate a lost Participant and may use one or more of the following methods: (1) provide a distribution notice to the lost Participant at his/her last known address by certified or registered mail; (2) use the IRS letter forwarding program under Rev. Proc. 94-22; (3) use a commercial locator service, the internet or other general search method; (4) use the Social Security Administration or PBGC search program; or (5) use such other methods as the Administrative Services Provider believes prudent.

## 457 Governmental Plan and Trust

**(B) Failure to Locate.** If a lost Participant is not located after 6 months following the date the Administrative Services Provider first attempts to locate the lost Participant using one or more of the methods described in Section 5.12(A), the Administrative Services Provider may employ the unclaimed property processes of the state of the lost Participant's last known address. Neither the Administrative Services Provider nor the Trustee shall be responsible for restoring the Account (including potential gains) if a lost Participant whose Account was deposited with a state later makes a claim for his/her Account.

**(C) Nonexclusivity and Uniformity.** The provisions of this Section 5.12 are intended to provide permissible but not exclusive means for the Administrative Services Provider to administer the Accounts of lost Participants. The Administrative Services Provider may utilize any other reasonable method to locate lost Participants and to administer the Accounts of lost Participants, including such methods as the Revenue Service or other regulatory agency may in the future specify. The Administrative Services Provider will apply Section 5.12 in a reasonable manner, but may in determining a specific course of action as to a particular Account, reasonably take into account differing circumstances such as the amount of a lost Participant's Account, the expense in attempting to locate a lost Participant, the Administrative Services Provider's ability to establish and the expense of establishing a rollover IRA, and other factors. The Administrative Services Provider may charge to the Account of a lost Participant the reasonable expenses incurred under this Section 5.12 and which are associated with the lost Participant's Account.

**5.13 PLAN CORRECTION.** The Administrative Services Provider, as directed by the Employer, may undertake such correction of Plan errors as the Employer deems necessary, including but not limited to correction to maintain the Plan's status as an "eligible deferred compensation plan" under the Code.

## ARTICLE VI PARTICIPANT ADMINISTRATIVE PROVISIONS

**6.01 BENEFICIARY DESIGNATION.** A Participant from time to time may designate, in writing, any person(s) (including a trust or other entity), contingently or successively, to whom the Administrative Services Provider or Trustee will pay the Participant's Account (including any life insurance proceeds payable to the Participant's Account) in the event of death. A Participant also may designate the method of payment of his/her Account. The Administrative Services Provider will prescribe the form for the Participant's written designation of Beneficiary and, upon the Participant's

filing the form with the Administrative Services Provider, the form revokes all designations filed prior to that date by the same Participant. Provided the Administrative Services Provider has been provided reasonable notice thereof, a divorce decree, or a decree of legal separation, revokes the Participant's designation, if any, of his/her spouse as his/her Beneficiary under the Plan unless: (a) the decree or a QDRO provides otherwise; or (b) the Participant has re-designated his/her former spouse as Beneficiary following the date of the divorce decree, or other decree of legal separation. The foregoing revocation provision (if applicable) applies only with respect to a Participant whose divorce or legal separation becomes effective on or following the date the Employer executes the Plan.

### 6.02 NO BENEFICIARY DESIGNATION.

If a Participant fails to name a Beneficiary in accordance with Section 6.01, or if the Beneficiary named by a Participant predeceases the Participant, then the Administrative Services Provider will pay the Participant's remaining Account to the Participant's estate.

If the Beneficiary survives the Participant, but dies prior to distribution of the Participant's entire Account, the Trustee will pay the remaining Account to the Beneficiary's estate unless: (1) the Participant's Beneficiary designation provides otherwise; or (2) the Beneficiary has properly designated a Beneficiary. A Beneficiary only may designate a Beneficiary for the Participant's Account Balance remaining at the Beneficiary's death, and the Beneficiary's designation otherwise complies with the Plan terms. The Administrative Services Provider will direct a Trustee if applicable as to the method and to whom the Trustee will make payment under this Section 6.02.

### 6.03 PARTICIPATION AGREEMENT.

**(A) General.** A Participant must elect to make Salary Reduction Contributions on a Participation Agreement form the Administrative Services Provider provides for this purpose. The Participation Agreement must be consistent with the procedures of the Administrative Services Provider. The Participation Agreement may impose such other terms and limitations as the Employer or Administrative Services Provider may determine.

**(B) Election Timing.** A Participation Agreement may not take effect earlier than the first day of the calendar month following the date the Participant executes the Participation Agreement and as to Compensation paid or made available in such calendar month. However, if an Employee is eligible to become a Participant during the Employee's calendar month of hire, the Employee may execute a Participation Agreement on or before the date he/she

becomes an Employee, effective for the month in which he/she becomes an Employee.

**(C) Sick, Vacation and Back Pay.** If the Employer adopts a policy that permits Participants to make Salary Reduction Contributions from accumulated sick pay, from accumulated vacation pay or from back pay, a Participant who will incur a Severance from Employment may execute a Participation Agreement before such amounts are paid or made available provided: (i) such amounts are paid or made available before the Participant incurs the Severance; and (ii) the Participant is an Employee in that month.

**(D) Modification of Participation Agreement.** A Participation Agreement remains in effect until a Participant modifies it or ceases to be eligible to participate in the Plan. A Participant may modify his/her Participation Agreement by executing a new Participation Agreement. Any modification will become effective no earlier than the beginning of the calendar month commencing after the date the Participant executes the new Participation Agreement. Filing a new Participation Agreement will revoke all Participation Agreements filed prior to that date. The Employer or Administrative Services Provider may restrict the Participant's right to modify his/her Participation Agreement in any Taxable Year.

**6.04 PERSONAL DATA TO ADMINISTRATIVE SERVICES PROVIDER.** Each Participant and each Beneficiary of a deceased Participant must furnish to the Administrative Services Provider such evidence, data or information as the Administrative Services Provider considers necessary or desirable for the purpose of administering the Plan. The provisions of this Plan are effective for the benefit of each Participant upon the condition precedent that each Participant will furnish promptly full, true and complete evidence, data and information when requested by the Administrative Services Provider, provided the Administrative Services Provider advises each Participant of the effect of his failure to comply with its request.

**6.05 ADDRESS FOR NOTIFICATION.** Each Participant and each Beneficiary of a deceased Participant must file with the Administrative Services Provider from time to time, in writing, his/her address and any change of address. Any communication, statement or notice addressed to a Participant, or Beneficiary, at his/her last address filed with the Administrative Services Provider, or as shown on the records of the Employer, binds the Participant, or Beneficiary, for all purposes of this Plan.

**6.06 PARTICIPANT OR BENEFICIARY INCAPACITATED.** If evidence is submitted to the Administrative Services Provider which supports an opinion that a Participant or Beneficiary entitled to a

Plan distribution is not able to care for his/her affairs because of a mental condition, a physical condition, or by reason of age, the Administrative Services Provider or the Trustee may make the distribution to the Participant's or Beneficiary's guardian, conservator, trustee, custodian (including under a Uniform Transfers or Gifts to Minors Act) or to his/her attorney-in-fact or to other legal representative upon furnishing evidence of such status satisfactory to the Administrative Services Provider and to the Trustee. The Administrative Services Provider and the Trustee do not have any liability with respect to payments so made and neither the Administrative Services Provider nor the Trustee has any duty to make inquiry as to the competence of any person entitled to receive payments under the Plan.

## ARTICLE VII MISCELLANEOUS

**7.01 NO ASSIGNMENT OR ALIENATION.** A Participant or Beneficiary does not have the right to commute, sell, assign, pledge, transfer or otherwise convey or encumber the right to receive any payments under the Plan or Trust and the Administrative Services Provider and the Trustee will not recognize any such anticipation, assignment, or alienation. The payments and the rights under this Plan are non-assignable and nontransferable. Subject to Section 8.15, a Participant's or Beneficiary's interest in the Trust is not subject to attachment, garnishment, levy, execution or other legal or equitable process.

**7.02 EFFECT ON OTHER PLANS.** This Plan does not affect benefits under any other retirement, pension, or benefit plan or system established for the benefit of the Employer's Employees, and participation under this Plan does not affect benefits receivable under any such plan or system, except to the extent provided in such plan or system.

**7.03 WORD USAGE.** Words used in the masculine will apply to the feminine where applicable, and wherever the context of the Plan dictates, the plural will be read as the singular and the singular as the plural.

**7.04 STATE LAW.** The laws of the state of the Employer's principal place of business will determine all questions arising with respect to the provisions of this Prototype Plan, except to the extent Federal law supersedes State law.

**7.05 EMPLOYMENT NOT GUARANTEED.** Nothing contained in this Plan, or any modification or amendment to the Plan, or in the creation of any Account, or the payment of any benefit, gives any Employee, Participant or Beneficiary any right to continue employment, any legal or equitable right against the Employer, the

## 457 Governmental Plan and Trust

Administrative Services Provider, the Trustee, any other Employee of the Employer, or any agents thereof except as expressly provided by the Plan.

**7.06 NOTICE, DESIGNATION, ELECTION, CONSENT AND WAIVER.** All notices under the Plan and all Participant or Beneficiary designations, elections, consents or waivers must be in writing and made in a form acceptable to the Administrative Services Provider. To the extent permitted by Treasury regulations or other applicable guidance, any Plan notice, election, consent or waiver may be transmitted electronically. Any person entitled to notice under the Plan may waive the notice or shorten the notice period except as otherwise required by the Code.

**7.07 LIMITATIONS ON TRANSFERS AND EXCHANGES.** The Employer and the Administrative Services Provider may adopt procedures to govern Participant elections and directions concerning a Participant's, Beneficiary's, or Alternate Payee's investment specifications and may impose limitations on transfers and exchanges from one investment option with the Plan to another. These procedures shall be in addition to any established by investment providers to the Plan. The Employer and the Administrative Services Provider may decline to implement any investment instructions for a Participant, Beneficiary, or Alternate Payee where either deems appropriate.

**7.08 EMPLOYER RESPONSIBILITY FOR DISTRIBUTION OF PLAN RELATED INFORMATION.** The Employer will distribute all Plan related amendments, restated plan documents, and deferred compensation plan tax related documentation to the Administrative Service Providers when there are multiple Administrative Service Providers of the Plan.

**7.09 USE OF PLAN ASSETS THAT ARE NOT ATTRIBUTABLE TO AN ACCOUNT.** If the Plan receives money that is not attributable to an Account, then the Employer will direct the Administrative Services Provider as to the use of these amounts. Examples include, but are not limited to, money received by the Plan as part of a settlement, litigation award or fee reimbursement. The Employer may use these amounts to offset Plan expenses or may allocate these amounts to Participants or as it deems appropriate

## ARTICLE VIII TRUST PROVISIONS

**8.01 APPLICATION.** The provisions of this Article VIII apply only if the Employer has not elected to substitute another trust, custodial accounts or annuity contracts in lieu of the Trust established under this Article VIII.

**8.02 ACCEPTANCE / HOLDING.** The Trustee accepts the Trust created under the Plan and agrees to perform the duties and obligations imposed. The Trustee must hold in trust under this Article VIII, all Deferred Compensation until paid in accordance with the Plan terms.

**8.03 RECEIPT OF CONTRIBUTIONS.** The Trustee is accountable to the Employer for the funds contributed to it by the Employer or the Administrative Services Provider, but the Trustee does not have any duty to see that the contributions received comply with the provisions of the Plan.

**8.04 FULL INVESTMENT POWERS.** The Trustee is authorized and empowered, but not by way of limitation, to exercise and perform the following duties:

(a) To invest any part or all of the Trust in any common or preferred stocks, open-end or closed-end mutual funds, put and call options traded on a national exchange, United States retirement plan bonds, corporate bonds, debentures, convertible debentures, commercial paper, U. S. Treasury bills, U. S. Treasury notes and other direct or indirect obligations of the United States Government or its agencies, improved or unimproved real estate situated in the United States, limited partnerships, insurance contracts of any type, mortgages, notes or other property of any kind, real or personal, and to buy or sell options on common stock on a nationally recognized options exchange with or without holding the underlying common stock, as a prudent person would do under like circumstances. Any investment made or retained by the Trustee in good faith will be proper but must be of a kind constituting a diversification considered by law suitable for trust investments;

(b) To retain in cash so much of the Trust as it may deem advisable to satisfy liquidity needs of the Plan and to deposit any cash held in the Trust in a bank account at reasonable interest;

(c) To invest, if the Trustee is a bank or similar financial institution supervised by the United States or by a State, in any type of deposit of the Trustee (or a bank related to the Trustee within the meaning of Code §414(b)) at a reasonable rate of interest or in a common trust fund as described in Code §584, or in a collective investment fund, the provisions of which the Trust incorporates by this reference, which the Trustee (or its affiliate, as defined in Code §1504) maintains exclusively for the collective investment of money contributed by the bank (or its affiliate) in its capacity as Trustee and which conforms to the rules of the Comptroller of the Currency;

(d) To manage, sell, contract to sell, grant options to purchase, convey, exchange, transfer, abandon, improve, repair, insure, lease for any term even though commencing in the future or extending beyond the term of the Trust, and otherwise deal with all property, real or personal, in such manner, for such considerations and on such terms and conditions as the Trustee decides;

(e) To credit and distribute the Trust as directed by the Administrative Services Provider of the Plan. The Trustee will not be obliged to inquire as to whether any payee or distributee is entitled to any payment or whether the distribution is proper or within the terms of the Plan, or as to the manner of making any payment or distribution. The Trustee will be accountable only to the Administrative Services Provider for any payment or distribution made by it in good faith on the order or direction of the Administrative Services Provider;

(f) To borrow money, to assume indebtedness, extend mortgages and encumber by mortgage or pledge;

(g) To compromise, contest, arbitrate or abandon claims and demands;

(h) To have with respect to the Trust all of the rights of an individual owner, including the power to exercise any and all voting rights associated with Trust assets, to give proxies, to participate in any voting trusts, mergers, consolidations or liquidations, to tender shares and to exercise or sell stock subscriptions or conversion rights;

(i) To lease for oil, gas and other mineral purposes and to create mineral severances by grant or reservation; to pool or unitize interest in oil, gas and other minerals; and to enter into operating agreements and to execute division and transfer orders;

(j) To hold any securities or other property in the name of the Trustee or its nominee, with depositories or agent depositories or in another form as it may deem best, with or without disclosing the trust relationship;

(k) To perform any and all other acts in its judgment necessary or appropriate for the proper and advantageous management, investment and distribution of the Trust;

(l) To retain any funds or property subject to any dispute without liability for the payment of interest, and to decline to make payment or delivery of the funds or property until a court of competent jurisdiction makes a final adjudication;

(m) To file all tax returns required of the Trustee;

(n) To furnish to the Employer and the Administrative Services Provider an annual statement of account showing the condition of the Trust and all investments, receipts, disbursements and other transactions effected by the Trustee during the Plan Year covered by the statement and also stating the assets of the Trust held at the end of the Plan Year, which accounts will be conclusive on all persons, including the Employer and the Administrative Services Provider, except as to any act or transaction concerning which the Employer or the Administrative Services Provider files with the Trustee written exceptions or objections within 90 days after the receipt of the accounts; and

(o) To begin, maintain or defend any litigation necessary in connection with the administration of the Trust, except that the Trustee will not be obliged or required to do so unless

**8.05 RECORDS AND STATEMENTS.** The records of the Trustee pertaining to the Trust will be open to the inspection of the Employer at all reasonable times and may be audited from time to time by any person or persons as the Employer may specify in writing. The Trustee will furnish the Administrative Services Provider whatever information relating to the Trust the Administrative Services Provider considers necessary.

**8.06 FEES AND EXPENSES FROM FUND.** The Trustee will receive reasonable annual compensation in accordance with its fee schedule as published from time to time. The Trustee will pay from the Trust all fees and expenses the Trustee reasonably incurs in its administration of the Trust, unless the Employer pays the fees and expenses.

**8.07 PROFESSIONAL AGENTS.** The Trustee may employ and pay from the Trust reasonable compensation to agents, attorneys, accountants and other persons to advise the Trustee as in its opinion may be necessary. The Trustee may delegate to any agent, attorney, accountant or other person selected by it any non-Trustee power or duty vested in it by the Trust, and the Trustee may act or refrain from acting on the advice or opinion of any agent, attorney, accountant or other person so selected.

**8.08 DISTRIBUTION OF CASH OR PROPERTY.** The Trustee may make distribution under the Plan in cash or property, or partly in each, at its fair market value as determined by the Trustee.

**8.09 RESIGNATION AND REMOVAL.** The Trustee or the Custodian may resign its position by giving written notice to the Employer and to the Administrative Services Provider. The Trustee's notice must specify the effective date of the Trustee's resignation, which date must be at least 30 days

## 457 Governmental Plan and Trust

following the date of the Trustee's notice, unless the Employer consents in writing to shorter notice.

The Employer may remove a Trustee or a Custodian by giving written notice to the affected party. The Employer's notice must specify the effective date of removal which date must be at least 30 days following the date of the Employer's notice, except where the Employer reasonably determines a shorter notice period or immediate removal is necessary to protect Plan assets.

#### 8.10 SUCCESSOR TRUSTEE.

**(A) Appointment.** In the event of the resignation or the removal of a Trustee, where no other Trustee continues to service, the Employer must appoint a successor Trustee if it intends to continue the Plan. If two or more persons hold the position of Trustee, in the event of the removal of one such person, during any period the selection of a replacement is pending, or during any period such person is unable to serve for any reason, the remaining person or persons will act as the Trustee. If the Employer fails to appoint a successor Trustee as of the effective date of the Trustee resignation or removal and no other Trustee remains, the Trustee will treat the Employer as having appointed itself as Trustee and as having filed the Employer's acceptance of appointment as successor Trustee with the former Trustee.

**(B) Automatic Successor.** Any corporation which succeeds to the trust business of the Trustee, or results from any merger or consolidation to which the Trustee is a party, or is the transferee of substantially all the Trustee's assets, will be the successor to the Trustee under this Trust. The successor Trustee will possess all rights, duties and powers under this Trust as if the successor Trustee were the original Trustee. Neither the Trustee nor the successor Trustee need provide notice to any interested person of any transaction resulting in a successor Trustee. The successor Trustee need not file or execute any additional instrument or perform any additional act to become successor Trustee.

8.11 VALUATION OF TRUST. The Trustee will value the Trust as of each Accounting Date to determine the fair market value of the Trust assets. The Trustee will value the Trust on such other date(s) the Administrative Services Provider may direct.

8.12 PARTICIPANT DIRECTION OF INVESTMENT. Consistent with the Administrative Services Provider's policy adopted under Section 5.02(i), the Trustee may consent in writing to permit Participants in the Plan to direct the investment to the Trust assets. The Administrative Services Provider will advise the Trustee of the portion of the Trust credited to each Participant's Account under the Plan, and subject to such Participant direction. As a condition of Participant direction, the Trustee may

impose such conditions, limitations and other provisions as the Trustee may deem appropriate and as are consistent with the Administrative Services Provider's policy. The Trustee will report to the Administrative Services Provider the net income, gain or losses incurred by each Participant directed Account separately from the net income, gain or losses incurred by the general Trust during the Trust Year.

8.13 THIRD PARTY RELIANCE. No person dealing with the Trustee will be obliged to see to the proper application of any money paid or property delivered to the Trustee, or to inquire whether the Trustee has acted pursuant to any of the terms of the Trust. Each person dealing with the Trustee may act upon any notice, request or representation in writing by the Trustee, or by the Trustee's duly authorized agent, and will not be liable to any person whomsoever in so doing. The certificate of the Trustee that it is acting in accordance with the Trust will be conclusive in favor of any person relying on the certificate.

8.14 INVALIDITY OF ANY TRUST PROVISION. If any clause or provision of this Article VIII proves to be or is adjudged to be invalid or void for any reason, such void or invalid clause or provision will not affect any of the other provisions of this Article VIII and the balance of the Trust provisions will remain operative.

8.15 EXCLUSIVE BENEFIT. The Trustee will hold all the assets of the Trust for the exclusive benefit of the Participants and their Beneficiaries and neither the Employer nor the Trustee will use or divert any part of the corpus or income of the Trust for purposes other than the exclusive benefit of the Participants and Beneficiaries of the Plan. The Employer will not have any right to the assets held by the Trustee and the Trust assets will not be subject to the claims of the Employer's creditors or, except as provided in Section 4.06, of the creditors of any Participant or Beneficiary. No Participant or Beneficiary shall have any right to sell, assign, transfer or otherwise convey his/her Account or any interest in his/her Deferred Compensation. Notwithstanding the foregoing, the Administrative Services Provider may pay from a Participant's or Beneficiary's Account the amount the Administrative Services Provider finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary. The Trust created under the Employer's Plan is irrevocable and its assets will not inure to the benefit of the Employer.

8.16 SUBSTITUTION OF CUSTODIAL ACCOUNT OR ANNUITY CONTRACT. The

Employer may elect to use one or more custodial accounts or annuity contracts in lieu of or in addition to the Trust established in this Article VIII. Any such custodial account or annuity contract must satisfy the requirements of Code §457(g)(3) and applicable Treasury regulations.

**8.17 GROUP TRUST AUTHORITY.** Notwithstanding any contrary provision in this Plan, the Trustee may, unless restricted in writing by the Administrative Services Provider, transfer assets of the plan to a group trust that is operated or maintained exclusively for the commingling and collective investment of monies provided that the funds in the group trust consist exclusively of trust assets held under plans qualified under Code section 401(a), individual retirement accounts that are exempt under Code section 408(e), and eligible governmental plans that meets the requirements of Code section 457(b). For this purpose, a trust includes a custodial account that is treated as a trust under Code section 401(f) or under Code section 457(g)(3). For purposes of valuation, the value of the interest maintained by the Plan in such group trust shall be the fair market value of the portion of the group trust held for Plan, determined in accordance with generally recognized valuation procedures.

## **ARTICLE IX AMENDMENT, TERMINATION, TRANSFERS**

**9.01 AMENDMENT BY EMPLOYER / SPONSOR.** The Employer has the right at any time and from time to time:

(a) To amend this Plan and Trust Agreement in any manner it deems necessary or advisable in order to continue the status of this Plan as an Eligible 457 Plan; and

(b) To amend this Plan and Trust Agreement in any other manner, including deletion, substitution or modification of any Plan or Trust.

The Employer must make all amendments in writing. The Employer may amend the Plan by addenda, by separate amendment, or by restatement of the Plan. Each amendment must state the date to which it is either retroactively or prospectively effective. The Employer also may not make any amendment that affects the rights, duties or responsibilities of the Trustee or the Administrative Services Provider without the written consent of the affected Trustee or the Administrative Services Provider.

The Employer will accept amendments from the Administrative Services Provider (including adoption of a substitute Plan and Trust) without being required to re-execute the Plan, provided that the

amendments are necessary to continue the Plan as an Eligible 457 Plan.

**9.02 TERMINATION / FREEZING OF PLAN.** The Employer has the right, at any time, to terminate this Plan or to cease (freeze) further Deferral Contributions to the Plan. Upon termination or freezing of the Plan, the provisions of the Plan (other than provisions permitting continued Deferral Contributions) remain operative until distribution of all Accounts. Upon Plan termination, the Administrative Services Provider or Trustee shall distribute to Participants and Beneficiaries all Deferred Compensation as soon as is reasonably practicable following termination.

**9.03 TRANSFERS.** The Plan: (a) may accept a Transfer of a Participant's Account in another employer's Eligible 457 Plan; or (b) may Transfer a Participant's (or Beneficiary's) Account in this Plan to the another employer's Eligible 457 Plan. The other plan involved in the Transfer must provide for Transfers. The Participant or Beneficiary, after the Transfer will have Deferred Compensation in the recipient plan at least equal to his/her Deferred Compensation in the transferring plan immediately before the Transfer. Any Transfer also must comply with applicable Treasury regulations, and in particular Treas. Reg. §§1.457-10(b)(2) as to post-severance transfers between Eligible 457 Plans; 1.457-10(b)(3) as to transfers of all assets between Eligible 457 Plans; and 1.457-10(b)(4) as to transfers between Eligible 457 Plans of the same Employer. The Administrative Services Provider will credit any Transfer accepted under this Section 9.03 to the Participant's Account and will treat the transferred amount as a Deferral Contribution for all purposes of this Plan except such Transfer will not be treated as a Deferral Contribution subject to the limitations of Article III. The Plan's Transfer of any Participant's or Beneficiary's Account under this Section 9.03 completely discharges the Employer, the Administrative Services Provider, the Trustee and the Plan from any liability to the Participant or Beneficiary for any Plan benefits.

**9.04 PURCHASE OF PERMISSIVE SERVICE CREDIT.** A Participant, prior to otherwise incurring a distributable event under Article IV, may direct the Trustee to transfer (as of January 1, 2002, or later) all or a portion of his/her Account to a governmental defined benefit plan (under Code §414(d)) for: (a) the purchase of permissive service credit (under Code §415(n)(3)(A)) under such plan, or (b) the repayment of contributions and earnings previously refunded with respect to a forfeiture of service credited under the plan (or under another governmental plan within the same State) to which Code §415 does not apply by reason of Code §415(k)(3).

IN WITNESS WHEREOF, the undersigned has executed this Plan and Trust to become effective the 27 day of June, 2011 for the:

\_\_\_\_\_  
(Plan Name)

By:

David L. Anderson  
(signature)

David L. Anderson  
(printed name)

County Judge  
(title/role)

Mar 17 11 02:56p

Panola Co Treasurer

903 693 4125

p.1

**Nationwide®  
Retirement Solutions**

a Nationwide Financial® company

## Plan Sponsor Signature Page

My signature below represents that I have the authority of my Employer to act on behalf of the plan. I acknowledge receipt of a copy of the Certificate of Participation and Disclosure Document (Certificate). I understand that the Certificate replaces prior versions. I have read and understand the Certificate and will contact my Nationwide representative if I have any questions or concerns. In addition, my Employer's plan makes the following selections:

**Plan Document** — My Employer's plan has formally adopted the Plan Document, effective January 1, 2011, and directs Nationwide to administer in accordance with its terms. I understand that the Plan Document provides that Nationwide may propose future amendments to this plan and outlines a process by which my Employer may file objections. I acknowledge that any future amendments to this Plan Document, to which my Employer has not objected, will be deemed adopted with my consent and at my direction. I certify that the signature will apply to all plan(s) listed below.

*If your Employer does not wish to adopt the Plan Document, please check the box below. A Nationwide representative will contact you to obtain additional information regarding the plan document applicable to your Employer's plan.*

☐ I do NOT wish to adopt the Plan Document.

David L. Anderson  
Name of authorized signer

3-15-11  
Date

David L. Anderson  
Printed name of signer

Panola County  
Entity Name

0025281001  
Entity #

RETURN THIS PAGE VIA FAX WITH YOUR SIGNATURE TO  
NATIONWIDE AT 1-877-677-4329.

Or, please send this self-addressed signature page via mail.



6/7/2011

**Panola County Sheriff's Office**  
**ATTN; Sherry Jones**  
**314 West Wellington**  
**Carthage, TX, 75633**  
**(903) 693-0359**

Dear Ms. Jones;

Thank you for allowing Lattice Incorporated to make the following offer for your facility's Inmate Telephone Services. We recognize your need for an Inmate Telephone Provider that ensures high quality service while maintaining competitive rates and maximizing the County's profit. Lattice offers you the finest combination of quality equipment, service, and reliability.

Formerly Science Dynamics, Lattice Incorporated has been in business for 27 years developing inmate calling solutions, and providing quality service, to the inmate pay phone industry. Our depth of experience, our operational efficiencies, and our focus on service allow Lattice Incorporated to offer a commission rate of **63.0%** to Panola County which is paid on all completed calls from the facility on our equipment without raising your existing call rates.

We are very proud to offer you the very best of our inmate telephone solutions. Our NEXUS web based calling platform is the latest technology available to the industry. I am sure that you have been presented a volume of solutions with a variety of customer service solutions over the past 10 years. Lattice incorporated has learned from the industry and has gleaned the very best customer service solution for the customer. Our **"INTOUCH"** inmate assistance hotline is a unique service in the industry whereby the inmates may call directly into our 24 hour call center to resolve telephone related issues. Your staff will save valuable time typically consumed dealing with inmate kites. The inmate will receive an immediate resolution to their complaint. Lattice customer service will resolve the situation and facilitate the connection of the inmate and the called party often immediately. This increases revenue for the County and lowers customer complaints.

This cutting-edge system has been equipped with the latest in investigative, technical, and administrative monitoring features to offer a full scope of inmate calling applications. We are very confident that the Nexus ITS will prove to be extremely beneficial to Panola County from all administrative, investigative, and financial vantage points.

All information contained on the Nexus ITS is accessible from any PC connected to the internet via Lattice's web based facility manager that is securely protected with a username and password. The County will also have access to Lattice's customer and technical support staff 24-hours a day, 365 days a year through our designated customer toll free numbers and/or point-of-contact personnel. The Legacy team strongly believes that the values and strengths of the Nexus ITS will prove to be uniquely matched with the specific needs of the Panola County Sheriff's Office.

The following summarizes the guaranteed services Lattice would like to offer Panola County in order to address your most vital inmate calling needs:

## **Customer Service**

Providing superior Inmate telephone service begins and ends with customer service. Even the most advanced technology is no substitute for the help and guidance a live person can provide. Lattice's 24 hour inmate call center maintains the shortest hold times in the industry and uses no automated intervention to ensure facility personnel as well as inmates' friends and families can always reach a qualified operator for help.

- English and Spanish
- InTouch Inmate Assistance Hotline Using Live Operators
- Prepaid Collect
- Debit Card
- PIN Debit
- 24X7X365
- Shortest Industry Hold Times
- 100% Domestically Operated
- Web Based Payments
- Visa, MasterCard & Money Orders accepted

## **Nexus Inmate Telephone System**

The Lattice Nexus Inmate telephone system has evolved over 27 years into the industry's most advanced, feature rich, digital telephone switching platform.

Our fourth generation of ITS, the Nexus delivers state of the art Inmate Call control in the most efficient method resulting in the highest commissions possible.

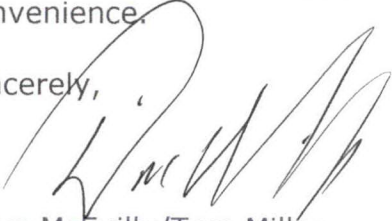
- Patented 3-Way Call Detection
- Digital Recording and Live Monitoring
- Hot number alerts and stream to cell phone/investigator phone

- Recordings Backed Up at in our secure data center
- Web Base Graphical User Interface – Secure access from anywhere
- Multiple Facility Economy of Scale
- JMS/Commissary Integration
- PIN Number Generation
- VMX Inmate Voice Mail
- Integration of Google Mapping to Dialed Numbers
- Identity Verification Biometrics
- Industry leading Inmate Call Control features
- Real Time Validation and fraud controls
- Visitation Phone Monitoring and Recording
- Recording of Customer Service Calls

Visit [www.scidyn.com](http://www.scidyn.com) for complete information on calling system and technology

Please feel free to contact me with any questions you might have regarding our solution. I would be happy to schedule a live demo of our system at your convenience.

Sincerely,



Dave McEvelly/Tom Miller

Lattice Incorporated

Phone: (214) 543-1631

E-mail: DMcevilly@latticeincorporated.com

*All correspondence is privileged and confidential between Lattice Incorporated employees and their prospective clients. This or any information pertaining to the bid/solicitation process should not be viewed or shared with any personnel not affiliated with this prospective government agency.*

Pro Account —  
Plan Sponsor  
Agreement

# Nationwide Investment Advisors, LLC

Pro Account —  
Plan Sponsor Agreement



**Nationwide®**  
**Retirement Solutions**

a Nationwide Financial® company

SEC File Number: 801-52664  
As of: September 10, 2010

Nationwide Investment Advisors, LLC  
Nationwide ProAccount®  
For Nationwide Retirement Solutions  
ADV Part II Summary Brochure

Nationwide Investment Advisors, LLC  
One Nationwide Plaza  
Mail Code 1-12-101  
Columbus, Ohio 43215

This brochure provides clients with information about Nationwide Investment Advisors, LLC (NIA) and Nationwide ProAccount® that should be considered before becoming a client of NIA. This information has not been approved or verified by any governmental authority.

## Table of Contents

	<u>Page</u>
Description of Nationwide ProAccount®	3
Electing Nationwide ProAccount <sup>SM</sup>	3
Wilshire Associates Incorporated	4
Investment Limitations	4
Nationwide Endorsement Relationships	5
Nationwide ProAccount® Fees and Expenses	6
Custody	7
Terminating Participation in Nationwide ProAccount®	7
Nationwide ProAccount® Risks	8
NIA Investment Process	8
Investment Committee Membership	9
Code of Ethics	11

**Description of Nationwide ProAccount®**

Nationwide Investment Advisors, LLC ("NIA"), a SEC registered investment adviser, offers a discretionary managed account service called Nationwide ProAccount® to retirement plan participants who desire professional guidance in managing their self-directed deferred compensation plan assets. Nationwide ProAccount offers individualized investment advice using an investment process developed and maintained by an Independent Financial Expert ("IFE"), which is designed to address the investment objectives of retirement plan participants. Nationwide ProAccount is offered to participants in governmental deferred compensation plans that utilize retirement services and products offered through Nationwide Retirement Solutions, Inc. ("NRS") and its affiliates (collectively, the "NRS Retirement Program"). NIA is a wholly owned subsidiary of Nationwide Life Insurance Company and is an affiliate of the NRS Retirement Program and of Nationwide Investment Services Corporation, a broker-dealer that serves as general distributor of the variable insurance products offered through the NRS Retirement Program.

This document provides information about Nationwide ProAccount as required by Part II of Form ADV. Retirement plan sponsors and plan participants who are considering or who sign up for Nationwide ProAccount are provided this document in order to ensure compliance with the Investment Advisers Act of 1940, as amended.

**Electing Nationwide ProAccount**

Retirement plan participants who enroll in Nationwide ProAccount are hereinafter referred to as "ProAccount Clients."

Plan sponsors of retirement plans participating in the NRS Retirement Program that desire to make Nationwide ProAccount available to their participants must approve NIA as an authorized provider of investment advice to the plan in accordance with the plan's investment policy and applicable plan documents. A participant seeking to become a ProAccount Client will enter into an investment advisory agreement with NIA and complete a questionnaire developed by the IFE to help identify his or her risk tolerance, investment horizon, retirement objectives and financial situation, as well as to indicate any reasonable restrictions the participant may wish to place on the management of his or her retirement plan account assets. After NIA has accepted the participant as a ProAccount Client, the IFE will develop an investment portfolio based on the ProAccount Client's information, and NIA will exercise discretionary authority to allocate and rebalance the ProAccount Client's assets in accordance with the IFE's portfolio. NIA's investment discretion over ProAccount Client assets is limited to implementing the IFE's investment advice, which NIA does not have authority to modify.

In conjunction with the Nationwide ProAccount service, NIA will contact each ProAccount Client at least annually to determine whether there are any changes to the ProAccount Client's personal or financial situation that may affect the management of his or her retirement plan account. Additionally, ProAccount Clients are responsible for notifying NIA upon the occurrence of any material change that could affect the manner in which their Nationwide ProAccount® assets are invested.

### **Wilshire Associates Incorporated as IFE**

NIA has hired Wilshire Associates Incorporated ("Wilshire") to be the IFE to Nationwide ProAccount. As IFE, Wilshire develops and maintains investment portfolios based on certain investment options available through the plan. In its evaluation of available investment options, Wilshire takes into account the range of asset fees associated with the NRS Retirement Program, but does not consider the specific asset fees charged to each retirement plan.

Wilshire has sole control and discretion over the development and ongoing maintenance of the Nationwide ProAccount portfolios, including periodic rebalancing and changes to asset allocation and fund selection. Wilshire's investment process is designed to take into account the evolving investment needs of retirement plan participants over time, as well as varying tolerances for risk. Each Nationwide ProAccount portfolio will undergo a progression of asset allocation changes over the course of a participant's investment time horizon and in accordance with his or her risk profile (conservative, moderate or aggressive) as identified via the Nationwide ProAccount questionnaire. Wilshire assesses the Nationwide ProAccount portfolios at least quarterly to determine if reallocation or rebalancing is needed. More frequent reallocation or rebalancing may occur as determined by Wilshire.

NIA is responsible for the selection of Wilshire as IFE and the periodic monitoring of its services. NIA may terminate Wilshire and engage the services of a suitable replacement IFE for Nationwide ProAccount (where permitted by law) without notice to affected plan sponsors or ProAccount Clients. However, NIA will notify plan sponsors of any proposed fee changes that may result if Wilshire is replaced.

Wilshire provides its services directly to NIA and does not have a contract with the plan or the ProAccount Client. All fees and expenses charged by Wilshire for its services will be paid by NIA. NIA is solely responsible for implementing the Nationwide ProAccount portfolios in each ProAccount Client's retirement plan account.

### **Investment Limitations**

In its development of portfolios for retirement plan participants, the IFE does not consider self-directed brokerage accounts, individual stocks, guaranteed certificate funds, collective investment funds, Nationwide fixed contracts, or employer-directed monies,

which may otherwise be available through a ProAccount Client's plan or the NRS Retirement Program. There may be additional limitations on the types of investment options the IFE may consider in connection with the offering of Nationwide ProAccount to governmental plans that participate in standard retirement programs offered through Membership Associations. Please see below for additional information regarding these arrangements.

ProAccount Clients must allocate their entire self-directed retirement plan account balance to Nationwide ProAccount®. Once enrolled in the service, ProAccount Clients can no longer make investment allocation changes to their retirement plan accounts. However, they will continue to retain full inquiry access and may still request and be approved for loans (as applicable) and take applicable distributions.

Through its implementation of investment advice generated by an IFE, NIA may provide investment advice or take action that differs from advice given, or the timing and nature of action taken, with respect to other clients' accounts in other programs offered by NIA. NIA does not have any duty, responsibility or liability for retirement plan assets that are not part of the ProAccount Client's retirement plan account being managed through Nationwide ProAccount.

NIA does not take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in the accounts of ProAccount Clients.

#### **Nationwide Endorsement Relationships**

NRS and Nationwide Life Insurance Company (collectively, "Nationwide") have endorsement relationships with the following industry groups or sponsoring organizations ("Membership Organization"):

**National Association of Counties** – A national organization that represents county governments in the United States.

**United States Conference of Mayors** – The official nonpartisan organization of cities with populations of 30,000 or more.

**International Association of Fire Fighters – Financial Corporation** – A for-profit corporation whose only shareholder is the International Association of Fire Fighters, which represents more than 295,000 professional fire fighters and paramedics.

Nationwide makes payments to Membership Organizations, which are representing the interests of all their members generally in these relationships. Nationwide's payments are in exchange for the Membership Organizations' endorsement of Nationwide's products and services available for retirement plans. Payments to Membership Organizations are not affected by whether a member elects the Nationwide ProAccount

option for its retirement plan. Moreover, NIA is not a party to these endorsement relationships, and Membership Organizations are not engaged by NIA to solicit retirement plan participants as clients for Nationwide ProAccount. Members of these organizations may select Nationwide's products and services if they decide to establish and maintain a retirement plan for their employees, or may select another provider. More information about the endorsement relationships may be found online at [www.nrsforu.com](http://www.nrsforu.com).

### **Nationwide ProAccount Fees and Expenses**

**ProAccount Fee** - ProAccount Clients are charged a maximum annual fee of up to 1.00% of their Nationwide ProAccount assets ("ProAccount Fee"), according to the pricing grid set forth in the applicable Nationwide ProAccount Participant Agreement between NIA and each ProAccount Client. The ProAccount Fee is calculated daily based on the market value of Nationwide ProAccount assets and payable quarterly in arrears. The ProAccount Fee is subject to change, and is in addition to any trustee, custodial or service fees that the retirement plan or participant may incur through the NRS Retirement Program. The ProAccount Fee is negotiable, and NIA may offer certain plans discounted ProAccount Fees or other promotional pricing.

Certain investment options offered through the NRS Retirement Program, including investment options selected by the IFE through Nationwide ProAccount, may charge redemption fees or impose trade restrictions. ProAccount Clients are responsible for the payment of all applicable redemption fees. ProAccount Clients should consult the applicable fund prospectuses or related materials provided by their plans for additional information on trade restrictions and redemption fees.

To the extent permitted by applicable law or regulation, affiliates of NIA may receive the following types of payments from mutual funds selected by the IFE for inclusion in Nationwide ProAccount® portfolios.

- Rule 12b-1 fees, which are deducted from mutual fund assets;
- Sub-transfer agent fees or fees pursuant to administrative service plans adopted by the mutual fund, which may be deducted from mutual fund assets; and
- Payments by a mutual fund's adviser or sub adviser (or its affiliates). Such payments may be derived, in whole or in part, from the advisory fee that is deducted from mutual fund assets and reflected in the mutual fund charges.

The IFE may select mutual funds that are affiliated with Nationwide, in which case certain NIA affiliates also receive compensation from the mutual funds for investment advisory, administrative, transfer agency, distribution, and/or other services. Accordingly, the Nationwide companies may receive more revenue with respect to affiliated mutual funds than unaffiliated mutual funds.

Under Nationwide ProAccount, the IFE is solely responsible for selecting the mutual funds included in the portfolios. The IFE's fees for services provided under Nationwide ProAccount are not related to the mutual funds it selects or otherwise influenced by the revenue NIA or its affiliates may receive from such mutual funds.

**Compensation to Nationwide Representatives** – Retirement Specialists of NRS that offer Nationwide ProAccount to retirement plan participants are registered as investment adviser representatives of NIA ("NIA Representatives"). NIA Representatives are compensated for offering Nationwide ProAccount and enrolling participants who have selected the service. Compensation may include a base salary and incentives based on the amount of assets under management in Nationwide ProAccount.

**Payments by NIA to Service Providers** - NIA and/or its affiliates may compensate affiliated and/or unaffiliated third parties for administrative services provided in support of Nationwide ProAccount. Registered Investment Advisors Services, Inc., an affiliate of NIA, receives compensation for providing technology services that facilitate the management of participant accounts through the NRS Retirement Program.

### **Custody**

Nationwide ProAccount assets are held in custody by the applicable custodian to the NRS Retirement Program, which may include affiliates of NIA. The custodian is authorized to deduct any and all ProAccount Fees, when due, from a ProAccount Client's retirement plan account and to remit the appropriate fees to NIA as investment adviser. The custodian may charge a separate custody fee in addition to the Nationwide ProAccount Fee.

ProAccount Clients receive quarterly account statements from the custodian as part of the NRS Retirement Program. Quarterly custodial statements reflect the deduction of ProAccount Fees. In addition, NIA sends quarterly fee notifications to each ProAccount Client.

Except to the extent that ProAccount Fees may be automatically deducted from a ProAccount Client's retirement plan account and paid directly to NIA, NIA will not have custody or possession of, or a proprietary interest in, any ProAccount Client's retirement plan account assets.

### **Terminating Participation in Nationwide ProAccount**

ProAccount Clients may terminate their participation in Nationwide ProAccount with reasonable advance written notice to NIA. NIA is entitled to any outstanding fees due at the time of the termination of the investment advisory relationship. Participation in Nationwide ProAccount® will automatically terminate upon the plan's termination of its relationship with Nationwide ProAccount or the NRS Retirement Program.

**Nationwide ProAccount Risks**

NIA provides investment management services for other clients and will continue to do so. NIA and its personnel and affiliated companies may give advice or take action in performing duties for other clients, or for their own accounts that differs from advice given to or action taken for ProAccount Clients.

Investments in a ProAccount Client's retirement plan account involve risk and may not always be profitable. Investment return and principal will fluctuate with market conditions and a ProAccount Client may lose money. Past performance of investments is no guarantee of future results. The analysis and advice provided by Wilshire and delivered by NIA depends on a number of factors, including the information provided by a ProAccount Client, various assumptions and estimates and other considerations. As a result, the advice developed and recommendations provided are not guarantees that a ProAccount Client will achieve his or her retirement goals or anticipated performance.

Any investment advice a ProAccount Client receives is for his or her personal benefit and not for the benefit of any other person. The investment advice is only for the assets within a ProAccount Client's retirement plan account and is not applicable to any other assets owned.

To the extent permitted by applicable law or regulation, NIA and/or its affiliated companies may receive compensation from, or in connection with, mutual funds selected by Wilshire for inclusion in Nationwide ProAccount portfolios. In addition, Wilshire may select certain mutual funds for which NIA or an investment advisory affiliate of NIA acts as investment adviser. Wilshire's fees for services provided under Nationwide ProAccount are not related to the mutual funds Wilshire selects for the Nationwide ProAccount portfolios or otherwise influenced by the revenue NIA or its affiliates may receive from such mutual funds.

**NIA Investment Process**

NIA's Asset Strategies Team (the "Team") is responsible for managing the relationship with Wilshire. NIA's Investment Committee is responsible for overseeing the activities of the Team including its ongoing monitoring of the services provided by Wilshire in developing and maintaining the Nationwide ProAccount portfolios. The Investment Committee meets at least quarterly and will review all aspects of the Nationwide ProAccount portfolios.

### **Investment Committee Membership**

The following individuals are members of the Investment Committee:

#### **Lynnett K. Berger, Chairperson**

Born: 10/25/65

Education: Raboud Universiteit, 1987, B.A., MA Economics and Public/Private Business Administration, 1990

Business Background:

Senior Vice President-Chief Investment Officer and Manager, Nationwide Investment Advisors, LLC, 6/2009 – Present

Chief Investment Officer, Nationwide Funds Group, 6/2009 – Present

Director of Economic and Risk Analysis Lab, M&T Bank, 2007 – 2009

Chief Operating Officer, MTB Investment Advisors, 2003-2007

Senior Product Management, MTB Investment Advisors, 2000-2003

#### **Michael S. Spangler**

Born: 3/26/66

Education: Elizabethtown College, 1988, BS, Lehigh University, 1993, MBA

Business Background:

President and Manager, Nationwide Investment Advisors, LLC, 6/2009 – Present

President, Nationwide Funds Group, 6/2008 – Present

Senior Vice President, Nationwide Financial Services, Inc., Nationwide Life and Annuity Insurance Company and Nationwide Life Insurance Company, June 2008 – Present

Managing Director, Morgan Stanley Investment, 2007-2008

Executive Director, Morgan Stanley Investment, 2004-2006

President, Touchstone Investments, 2004-2004

Vice President, Touchstone Investments, 2002-2004

#### **Stephen T. Grugeon**

Born: 10/26/50

Education: University of Baltimore, BS Accounting, 1976

Business Background:

Executive Vice President – Chief Operating Officer and Manager, Nationwide Investment Advisors, LLC, 6/2009 – Present

Executive Vice President and Chief Operating Officer, Nationwide Funds Group, 5/2007 – Present

Executive Vice President, NWD Investments, 2006-2007

Vice President, NWD Investments, 2003-2006

Chief Operating Officer, Corviant Corporation, 1999-2003

#### **Thomas R. Hickey, Jr.**

DOB: 9/18/52

Education: Amherst College, BA, 1974, Suffolk University Law School, JD, 1979

Business Background:

Vice President and Head of Asset Strategies, Nationwide Funds Group, 2009 – Present  
 Vice President, Product Management, Nationwide Funds Group, 2001-2009  
 Head of Variable Annuity Plans, Vanguard Group, 1999 – 2000  
 Vice President, Equity Operations, Guardian Life Insurance Company 1984 – 1999

**Timothy M. Rooney**

DOB: 12/9/65

Education: Baruch College, BBA, 1988, New York University, MBS, 1994

Business Background:

Associate Vice President, Nationwide Funds Group, Product Management, 9/2009 – Present

Vice President Strategic Initiatives, Sun America Retirement Markets, 2005-2009

Director Strategic Initiatives, Pacific Life, 1998-2005

**Michael M. Russo**

Born: 8/3/68

Education: Hofstra University International Business, BBA, 1990, Hofstra University, Certificate in Banking 1996, Pace University International Business, MBA 2001

Business Background:

Associate Vice President, Management Strategy, Nationwide Funds Group, 9/2009 - Present

Vice President, Senior Product Research Analyst, Bank of New York Mellon, 2007-2009

Vice President, Manager of Investment Analytics, Bank of New York Mellon, 2004-2007

**Peter R. Salvator**

Born: 10/25/64

Education: The Ohio State University, 1991, B.S., Business Administration, Accounting

Business Background:

Associate Vice President, Managed Accounts, Retirement Plans, Nationwide Financial 5/2009-Present

President, Nationwide Investment Advisors, LLC, 3/2008 – 6/2009

Sales Director – Nationwide Financial, 2/2002 – 5/2009

Vice President – Fidelity Investments Institutional Services, Co., 2/1999 – 01/2002

Associate Vice President – Guardian Life Insurance, 6/1994 – 1/1999

**Harold C. Schafer**

Born: 8/23/63

Education: The Ohio State University, B.S. Mathematics, 1986

Business Background:

Associate Vice President, Business Development, Nationwide Financial, 8/2005 – Present

Associate Vice President, Business Development, Advisory Services Program, 7/2003 – Present

Product Officer, Business Development, Advisory Services Program, 6/2002 – Present

**Steven C. Toole**

Born: 10/10/63

Education: The Ohio State University, B.S., Marketing

Business Background:

Vice President, Business Development, Nationwide Retirement Solutions, 2006 – Present

Case Management Director, Nationwide Retirement Solutions, 1999 – 2006

Sales Support, Division Manager, Nationwide Retirement Solutions, 1997-1999

**Code of Ethics**

Effective August 31, 2004, the Securities and Exchange Commission (“SEC”) adopted Rule 204A-1. The rule requires SEC registered investment advisers to adopt and implement a Code of Ethics (“Code”) no later than February 1, 2005. Effective January 26, 2005, NIA adopted a Code setting forth standards of conduct expected of its Supervised Persons and Access Persons, as defined in the Code. NIA is committed to reflect the highest standards of professional conduct, ethical behavior and personal integrity.

All Supervised Persons must:

- place the interests of NIA’s clients first at all times and uphold the duties of care, honesty and loyalty
- avoid and disclose any actual or potential conflict of interest with the interests of NIA’s clients, which may arise where NIA or any of its Supervised Persons has reason to favor the interests of any other person or business over the best interest of any client
- conduct all personal securities transactions, including those involving Reportable Securities (as defined in the Code) in a manner consistent with the Code
- maintain the confidentiality of all non-public, sensitive and/or client-related information in accordance with the Code
- adhere to the fundamental standard that they will not take inappropriate advantage of their positions of trust and responsibility
- comply with all applicable Federal Securities Laws

All potential violations of the Code will be reported to the CCO of NIA and may result in appropriate disciplinary actions.

All clients of NIA may request a copy of NIA’s Code by sending a written request to:

Nationwide Investment Advisors, LLC  
One Nationwide Plaza, Mail Code 1-12-103  
Columbus, Ohio 43215  
Attn: Investment Adviser Code of Ethics

**Nationwide Investment Advisors, LLC  
Nationwide ProAccount - Plan Sponsor Agreement**

**Plan:** Panola County (the "Plan")

**Plan Sponsor:** \_\_\_\_\_ (the "Plan Sponsor")

The foregoing Plan Sponsor has entered into an administrative agreement whereby Nationwide Retirement Solutions ("NRS") provides administrative and recordkeeping services to the Plan. On behalf of the Plan, the Plan Sponsor desires to appoint Nationwide Investment Advisors, LLC ("NIA"), an Ohio limited liability company, registered as an investment adviser with the Securities and Exchange Commission under the Investment Adviser's Act of 1940 ("Advisers Act") and an affiliate of NRS, as an authorized provider of investment advisory services to participants in the Plan ("Plan Participants") who desire professional guidance in managing their self-directed accounts within the Plan ("Accounts"). NIA's ProAccount program (the "Advice Program") offers individualized investment advice using an investment process developed and maintained by an independent financial expert ("IFE") selected and retained by NIA.

WHEREAS, on behalf of the Plan, the Plan Sponsor hereby approves NIA as an authorized provider of investment advisory services through the Advice Program to those Plan Participants who choose to have their Accounts managed by NIA (collectively, the "Plan's Account");

WHEREAS, the Plan Sponsor hereby authorizes each such Plan Participant's self-direction of their own Account, subject to guidelines imposed by the Plan, and authorizes each Plan Participant to enter into an investment advisory agreement directly with NIA for the management of their account;

WHEREAS, the Plan Sponsor acknowledges that such advisory services are permitted under the documents establishing the Plan ("Plan Documents") and that the investments and investment strategies proposed by NIA through the Advice Program are consistent with the Investment Policy of the Plan; and

WHEREAS, Plan Sponsor acknowledges that NIA and NRS are affiliates and that NRS will provide to NIA certain administrative services in support of the Advice Program;

NOW, THEREFORE, in consideration of the foregoing and the promises, covenants and mutual agreements set forth herein, the adequacy of which is hereby mutually acknowledged, NIA and the Plan Sponsor, each intending to be legally bound, hereby do agree as follows:

**I. APPOINTMENT OF INVESTMENT ADVISOR**

The Plan Sponsor hereby appoints NIA to exercise discretionary authority to allocate and reallocate Plan Participant Accounts in the manner described in Section II below and NIA hereby accepts this appointment, subject to the terms and conditions of this Agreement. NIA's authority under this Agreement will remain in effect until changed or terminated pursuant to the termination provisions described in this Agreement.

## II. ADVICE PROGRAM DESCRIPTION

The Advice Program is a discretionary managed account service offered by NIA for retirement plan participants who desire professional guidance in managing their self-directed retirement plan account. The Advice Program offers individualized investment advice using an investment process developed and maintained by an IFE.

Under the Advice Program, the IFE develops and maintains managed account portfolios ("Portfolios") based on the investment options available in the Plan that are common to the standard investment menus available through the National Association of Counties ("NACo"), the United States Conference of Mayors ("USCM") and the International Association of Fire Fighters ("IAFF") deferred compensation programs ("Advice Program Investments"), which may represent a subset of the overall investment options available through the Plan's Group Flexible Purchase Payment Deferred Variable and Fixed Annuity Contract(s) offered by Nationwide Life Insurance Company ("Nationwide Retirement Program"). The complete listing of Advice Program Investments is found in the Advice Program enrollment materials. In its evaluation of Advice Program Investments for inclusion in the Portfolios, the IFE takes into account the maximum range of asset fees associated with the Nationwide Retirement Program, but does not consider the specific asset fees charged by the Nationwide Retirement Program to the Plan. In addition, the Plan may offer investment options other than Advice Program Investments, including, but not limited to, individual stocks, employer stock, guaranteed certificate funds, and collective investment funds (collectively, "Non-Advice Program Investments"), which will not be considered by the IFE in the development of Portfolios.

In order for Plan Accounts to be eligible for management under the Advice Program, they must be invested in mutual funds or variable insurance sub-accounts at the time the Plan Participant enrolls in the Advice Program. Plan Sponsor hereby acknowledges that any employer-directed assets, restricted assets (including assets invested in the Nationwide Fixed Contract), or assets held in self-directed brokerage accounts are not eligible for the Advice Program and will remain invested in their current manner until further action is taken by the Plan Participant or the Plan.

The IFE is not a party to this Agreement, and there is no contractual relationship between the Plan and the IFE. All fees and expenses charged by the IFE for its services will be paid by NIA. The advice provided to Plan Participants under the Advice Program is limited to the independent advice provided based on the Portfolios created by the IFE, which NIA cannot modify. By signing this Agreement, you agree that NIA has discretion to terminate its relationship with the IFE at any time, without notice to you, and engage the services of a suitable replacement.

By allowing the Advice Program to be offered to the Plan, you are naming NIA as an authorized provider of investment advisory services to those Plan Participants who choose to have their accounts managed by NIA.

## III. OBLIGATIONS AND REPRESENTATIONS OF THE PLAN SPONSOR

The Plan Sponsor agrees to notify NIA of any change to the Plan Documents that affects NIA's rights or duties to the Plan or Plan Participants, and acknowledges that such change will bind NIA, as the case may be, only when NIA agrees to it in writing. Plan Sponsor hereby approves

all forms that NIA has developed for use by Plan Participants with respect to the solicitation and enrollment of such participants into the Advice Program.

The Plan Sponsor represents that (1) NIA's investment advisory services are permitted under the Plan Documents; (2) the Plan Sponsor has the authority to enter into this Agreement on behalf of the Plan; and (3) the Plan is operated, and NIA's appointment is, in compliance with all applicable federal and state laws, rules and regulations.

#### IV. OBLIGATIONS AND REPRESENTATIONS OF NIA

NIA agrees that in performing any of its duties and obligations hereunder, NIA will act in conformity with all terms and provisions of the agreements entered into between NIA and the Plan Participants and any instructions given pursuant thereto or otherwise, and will conform to and comply with the requirements of the Advisers Act and all other applicable federal and state laws, rules and regulations, as each may be amended from time to time.

NIA represents that it is registered as an investment adviser under the Advisers Act or under applicable state law in each state in which it is providing investment advisory services or is otherwise required to be registered and/or notice filed, and each of its representatives are properly registered, licensed and/or qualified to act as such under all applicable federal and state securities statutes and regulations.

NIA does not have any duty, responsibility or liability for Plan assets that are not part of the Plan's Account that NIA manages through the Advice Program. NIA will not be providing investment advice regarding, or have fiduciary responsibility for, the selection and monitoring of investment options available in the Plan.

NIA shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in the Advice Program.

#### V. ADVICE PROGRAM FEES

In consideration of services rendered to Plan Participants, the Plan Sponsor hereby approves, subject to specific approval by each Plan Participant electing to have their Accounts managed by NIA, a participant level Advice Program fee ("Advice Program Fee") as outlined in the following schedule:

Account Balance	Annual Program Fee
The first \$99,999.99	1.00%
The next \$150,000	0.90%
The next \$150,000	0.75%
The next \$100,000	0.60%
Assets of \$500,000 and above	0.50%

The Advice Program Fee is in addition to any trustee, custodial, asset, service, administrative or transactional fees that the Plan Participants or the Plan may incur through the Nationwide

Retirement Program. The Advice Program Fee shall be calculated daily based on the Participant's daily balance and the calculated Advice Program Fee withdrawn quarterly in accordance with each Plan Participant's investment advisory agreement with NIA. The Plan Sponsor hereby consents to the withdrawal of the Advice Program Fee from the applicable Plan Participant Accounts and agrees that it will use its best efforts to facilitate payment of such Advice Program Fee. If this Agreement ends before the end of the applicable calendar quarter, then a pro-rata share of the Advice Program Fee will be withdrawn from the Plan's Account.

To the extent permitted by applicable law or regulation, affiliates of NIA may receive payments from, or in connection with, investment options selected by the IFE which are included in the Portfolios. In addition, the IFE may select certain investment options for which NIA or an investment advisory affiliate acts as investment adviser. The IFE's fees for services provided under the Advice Program are not related to the investment options the IFE selects for the Portfolios or otherwise influenced by the payments NIA or its affiliates may receive from such investment options.

Certain Advice Program Investments may charge a redemption fee or impose a trade restriction on certain transactions. Redemption fees vary in amount and application from investment option to investment option. It is possible that transactions initiated by NIA under the Advice Program may result in the imposition of redemption fees or trade restrictions on one or more investment options held in Plan Participant Accounts. Any redemption fees will be deducted from the Plan Participant's Advice Program Account balance. For further information on redemption fees or trade restrictions, including whether they will be applicable to any of the investment options within your Plan, please consult the individual fund prospectus or other investment option disclosure material.

## **VI. INDEMNIFICATION, LIMITATION OF LIABILITY, AND RISK ACKNOWLEDGMENT**

Each party agrees to hold harmless, defend and indemnify the other party (including its directors, officers, employees, affiliates and agents) from and against any and all claims, liabilities, losses, costs, damages or expenses (including, without limitation, cost of litigation and reasonable attorneys' fees) (collectively, "Losses") arising out of or attributable to the indemnifying party's (i) willful misconduct, bad faith, criminal activity, or gross negligence, (ii) material breach of this Agreement or the material inaccuracy of any representation or warranty provided hereunder, or (iii) violation of any law to which such party is subject.

Plan Sponsor, on behalf of the Plan, agrees to hold harmless, defend and indemnify NIA (including its directors, officers, employees, affiliates and agents) from and against any and all Losses arising out of or attributable to NIA's following directions or carrying out instructions, or using obsolete, inaccurate or incomplete information, given or furnished by the Plan or its agents.

A party that seeks indemnification under this Section VI must promptly give the indemnifying party written notice of any legal action. But a delay in notice does not relieve an indemnifying party of any liability to an indemnified party, except to the extent the indemnifying party shows that the delay prejudiced the defense of the action. The indemnifying party may participate in

the defense at any time or it may assume the defense by giving notice to the other party. After assuming the defense, the indemnifying party: must select an attorney that is satisfactory to the other party; is not liable to the other party for any later attorney's fees or for any other later expenses that the other party incurs, except for reasonable investigation costs; must not compromise or settle the action without the other party's consent (but the other party must not unreasonably withhold its consent); and is not liable for any compromise or settlement made without its consent. If the indemnifying party fails to participate in or assume the defense within 15 days after receiving notice of the action, the indemnifying party is bound by any determination made in the action or by any compromise or settlement made by the other party

Federal and state securities laws impose liabilities in certain circumstances on persons who act in good faith, and nothing in this Agreement waives or limits any rights either party has under those laws.

### **Risk Acknowledgment**

NIA uses reasonable care, consistent with industry practice, in providing advisory services through the Advice Program. Investments within the Plan, as all investments in securities, involve risk and will not always be profitable. Investment return and principal will fluctuate with market conditions, and Plan Participant Accounts may lose money. Past performance of investments is no guarantee of future results. The analysis and advice provided by the IFE and delivered by NIA depends upon a number of factors, including the information you or the Plan Participants may provide, various assumptions and estimates, and other considerations. As a result, the advice developed and the recommendations provided are not guarantees that Plan Participants will achieve their retirement goals or anticipated performance. The investment advice provided under this Agreement relates only to the Plan Participant Accounts and will not apply to any other assets a Plan Participant may own.

## **VII. CONFIDENTIALITY**

Each party agrees that it will not, without the prior written consent of the other party, at any time during the term of this Agreement or any time thereafter, except as may be required by competent legal authority or as necessary to facilitate the implementation of services hereunder, use or disclose to any person, firm or other legal entity, including any affiliate or other representative of the party, any confidential records, secrets or information related to the other party (collectively, "Confidential Information"). Confidential Information shall include, without limitation, information about the other party's products and services, customer lists, customer or client information, Plan and Plan Participant information, and all other proprietary information used by the party in its business. The parties acknowledge and agree that all Confidential Information that it has acquired, or may acquire, was received, or will be received in confidence. Each party will exercise utmost diligence to protect and guard such Confidential Information.

The Plan Sponsor (1) acknowledges that it is authorized to provide Confidential Information, including but not limited to Plan Participant information, to NIA for the operation of the Advice Program, and the provision of such information does not violate any Plan or company provisions

or policies; and (2) authorizes the sharing of Plan Participant information among NIA and its affiliates as necessary for the operation of the Advice Program.

#### **VIII. TERM OF AGREEMENT**

This Agreement shall become effective upon acceptance by NIA, or its designated agent, upon review and receipt in its principal place of business, and such acceptance may be evidenced by internal records maintained by NIA or its designated agent. This Agreement shall continue until terminated by either party upon at least 30 days' advance written notice to the other. This Agreement will terminate immediately if the Plan terminates its participation in the Nationwide Retirement Program. In the event NIA terminates its relationship with the current IFE and has not designated a successor IFE, this Agreement shall automatically terminate upon written notice from NIA. The Plan Sponsor understands that upon termination of this Agreement, the Plan's Account will remain invested in the Advice Program Investments last allocated by NIA until such time as Plan Participants make changes to their individual Accounts.

#### **IX. MISCELLANEOUS**

##### **Notices**

All notices required to be delivered under this Agreement will be delivered in person or by U.S. first class mail, overnight courier, or facsimile (with a paper copy provided via the U.S. mail), in each case prepaid, to NIA at the address provided below and to the Plan Sponsor at the address provided on the signature page of this Agreement (or to such other addresses as the parties may specify to one another in writing):

Nationwide Investment Advisors, LLC  
5100 Rings Road, Mail Stop RR1-06-C5  
Columbus, Ohio 43017-1522  
Attention: ProAccount  
Phone: 888/540-2896  
Fax: 614/435-5419

Notices will be deemed given upon dispatch.

##### **Form ADV**

The Plan Sponsor acknowledges having received and read NIA's Form ADV, Part II or brochure containing such information ("Form ADV") and Privacy Policy upon entering into this Agreement. The Form ADV is a disclosure document that summarizes the investment advisory services provided by an investment adviser registered with the SEC and/or the states. The Form ADV contains additional information about the Advice Program.

**Entire Agreement; Amendment**

This Agreement constitutes the entire agreement between the parties hereto with respect to the obligations arising hereunder and supersedes and cancels any prior agreements, representations, warranties or communications, whether oral or written, among the parties hereto relating to the subject matter hereof. This Agreement may be amended by NIA upon 30 days' prior written notice to the Plan Sponsor and may be amended immediately upon notice to the extent required to satisfy federal or state regulatory requirements.

**Headings**

All Section headings in this Agreement are for convenience of reference only and do not form part of this Agreement. Section headings will not, in any way, affect the meaning or interpretation of this Agreement.

**Waiver**

No delay by either party in requiring performance by the other shall affect the right of such party to require performance; no waiver by either party of any breach shall be construed as a waiver of any subsequent breach or as a waiver of the provision itself or any other provision.

**Survival**

All terms and provisions of this Agreement, including without limitation: "Indemnification, Limitation of Liability, and Risk Acknowledgment," "Confidentiality," and Miscellaneous" which should by their nature survive the termination of this Agreement, shall so survive the termination of this Agreement.

**Assignment**

Neither party may assign this Agreement (within the meaning of the Advisers Act) or assign any of the rights or delegate any of the duties or obligations of this Agreement without the other party's prior consent. Any assignment in violation of this provision shall be void and of no force or effect.

**Force Majeure**

Neither party shall be liable for failure to perform if the failure results from a cause beyond its control, including, without limitation, fire, electrical, mechanical, or equipment breakdowns, delays by third party providers and/or communications carriers, civil disturbances or disorders, terrorist acts, strikes, acts of government authority or new governmental restrictions, or acts of God.

**Severability**

Should any provision of this Agreement be held invalid or unenforceable by any court, arbitrator, statute, rule or otherwise, the remaining provisions of this Agreement will not be affected thereby and will continue in full force and effect to the fullest extent practicable.

**Governing Law**

This Agreement and its enforcement will be governed by and construed in accordance with the laws of the State of Ohio, without regard to the conflicts of law provisions or principles.

Nothing herein will be construed in any manner inconsistent with the Advisers Act or any rule or order of the Securities and Exchange Commission, as applicable.

**IN WITNESS WHEREOF**, the Plan Sponsor, on behalf of the Plan, has executed this Agreement as of the date set forth below.

Plan: Panola County

By: (signature) David L. Anderson Title: County Judge

Print Name: David L. Anderson

Plan Address: 110 S. Sycamore, Room 212, Carthage, Tx 75633

Plan Contact/Telephone: Gloria Portman 903-693-0329

Date: 6-27-11

**ACCEPTED BY NIA:**

**Nationwide Investment Advisors, LLC**

By: \_\_\_\_\_ Title: \_\_\_\_\_

Print Name: \_\_\_\_\_ Date: \_\_\_\_\_

# Nationwide® Privacy Statement

## Thank you for choosing Nationwide®

Our privacy statement explains how we collect, use, share, and protect your personal information. So just how do we protect your privacy? In a nutshell, we respect your right to privacy and promise to treat your personal information responsibly. It's as simple as that. Here's how.

## Confidentiality and security

We follow all data security laws. We protect your information by using physical, technical, and procedural safeguards. We limit access to your information to those who need it to do their jobs. Our business partners are legally bound to use your information for permissible purposes.

## Collecting and using your personal information

We collect information about you when you ask about or buy one of our products or services. The information comes from your application, business transactions with us, publicly available sources, and consumer reports. Please know that we only use that information to sell, service, or market products to you.

We may collect the following types of information:

- Name, address, and Social Security number
- Assets and income
- Property address and value
- Account and policy information
- Consumer report information
- Family member and beneficiary information
- Public information

## Sharing your information for business purposes

We share your information with other Nationwide companies and business partners. When you buy a product, we may share your personal information for everyday business purposes. Some examples include mailing your statements or processing transactions that you request. You cannot opt out of these. We also share your information with your agent or producer. They use your personal information to manage your policy or account. We may also share your personal information as federal and state law requires.

## Sharing your information for marketing purposes

We don't sell your information for marketing purposes. We have chosen not to share your personal information with anyone except to service your product. So there's no reason for you to opt out. If we change our policy, we'll tell you and give you the opportunity to opt out before we share your information.

## Using your medical information

We sometimes collect medical information. We may use this medical information for a product or service you're interested in, to pay a claim, or to provide a service. We may share this medical information for these business purposes if required or permitted by law. But we won't use it for marketing purposes unless you give us permission.



**Nationwide®**  
*On Your Side*

### **Accessing your information**

You can always ask us for a copy of your personal information. Please call us at one of the phone numbers listed below to access your personal information or for questions about our privacy policy. We have a process that allows you to review your information and for your protection, we will verify your identity first. We can only give access to information that we control. We don't charge a fee for giving you a copy of your information now, but we may charge a small fee in the future.

Individual Annuities and Life and Health Operations 1-866-223-0303  
TTY/TTD services 1-800-238-3035  
Nationwide Investment Advisors, LLC 614-249-5948

You can change your personal information at [MyNationwide.com](http://MyNationwide.com) or by calling your agent or producer. But we can't update information that other companies provide to us. So you'll need to contact these other companies to change and correct your information.

### **A parting word ...**

These are our privacy practices. They apply to all current, joint, and former clients of Nationwide Financial and the affiliates and subsidiaries that offer life insurance, banking services, and investments. This includes the following companies:

Nationwide Life Insurance Company  
Nationwide Life and Annuity Insurance Company  
Nationwide Retirement Solutions, Inc.  
NFS Distributors, Inc.  
Pension Associates, Inc.  
Nationwide Investment Services Corporation  
Nationwide Investment Advisors, LLC  
Nationwide Financial Institution Distributors Agency, Inc.  
Nationwide Retirement Solutions, Inc. of Arizona  
Nationwide Retirement Solutions, Inc. of Ohio  
Nationwide Retirement Solutions, Inc. of Texas  
Nationwide Retirement Solutions Insurance Agency, Inc.  
Nationwide Bank

**ROTH CONTRIBUTION AMENDMENT  
TO THE DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES  
457 GOVERNMENTAL PLAN AND TRUST**



**PREAMBLE**

1.1 Adoption and effective date of amendment. The Employer adopts this Amendment to reflect Code Section 402A, as amended by the Small Business Jobs Act of 2010 ("SBJA"). This Amendment is intended as good faith compliance with the requirements of Code Section 402A and guidance issued thereunder, and this Amendment shall be interpreted in a manner consistent with such guidance. This Amendment shall be effective as of the date selected below.

1.2 Eligible governmental 457 plan. The Employer is an eligible employer as defined in Code §457(e)(1)(A).

1.3 Supersession of inconsistent provisions. This Amendment shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.

**ARTICLE II**

**ADOPTION AGREEMENT ELECTIONS**

2.1 Effective Date. Designated Roth Contributions are permitted under the Plan as of the date this Amendment is executed below, which is no earlier than January 1, 2011.

2.2 Unforeseeable emergency. If the Plan permits distributions of Elective Deferrals on account of an unforeseeable emergency, Designated Roth Contributions may be withdrawn on account of an unforeseeable emergency subject to the same qualifications that apply to Pre-tax Elective Deferrals.

**ARTICLE III**

**DESIGNATED ROTH CONTRIBUTIONS**

3.1 Designated Roth Contributions are permitted. The Plan's definitions and terms shall be amended as follows to allow for Designated Roth Contributions as of the Effective Date. Designated Roth Contributions shall be treated in the same manner as Deferral Contributions for all Plan purposes except as provided in Article II of this amendment. The Employer may, in operation, implement deferral election procedures provided such procedures are communicated to Participants and permit Participants to modify their elections at least once each Plan Year.

3.2 Deferral Contributions. The Plan's definition of Deferral Contributions at Section 1.08 is deleted and replaced as follows: "Deferral Contributions" means Salary Reduction Contributions, Nonelective Contributions, Matching Contributions and Designated Roth Contributions. The Employer or the Administrative Services Provider (if applicable) in applying the Code § 457(b) limit will take into account Deferral Contributions in the Taxable Year in which contributed. The Employer or Administrative Services Provider (if applicable) in determining the amount of a Participant's Deferral Contributions disregards the net income, gain and loss attributable to Deferral Contributions.



3.3 Salary Reduction Contributions. The Plan's definition of Salary Reduction Contributions at Section 1.27 is deleted and replaced as follows: "Salary Reduction Contributions" means a Participant's Elective Deferrals which are not includible in the Participant's gross income at the time deferred and have been irrevocably designated as Salary Reduction Contributions by the Participant in his or her deferral election. A Participant's Salary Reduction Contributions will be separately accounted for, as will net income, gain or loss, attributable to those Salary Reduction Contributions. All Deferral Contributions prior to this amendment are Salary Reduction Contributions.

3.4 Designated Roth Contributions. "Designated Roth Contributions" means a Participant's Deferral Contributions that are includible in the Participant's gross income at the time deferred and have been irrevocably designated as Designated Roth Contributions by the Participant in his or her deferral election. A Participant's Designated Roth Contributions will be separately accounted for, as will gains and losses attributable to those Designated Roth Contributions. However, forfeitures may not be allocated to such account. The Plan must also maintain a record of a Participant's investment in the contract (i.e., designated Roth contributions that have not been distributed) and the year in which the Participant first made a Designated Roth Contribution.

3.5 Distribution Rule. Withdrawals (including, but not limited to, withdrawals on account of an unforeseeable emergency) from Participant's accounts may be directed by the Participant from either Salary Reduction Contributions, Designated Roth Contributions or pro rata from Salary Reduction Contributions and Designated Roth Contributions.

3.6 Corrective distributions attributable to Designated Roth Contributions. For any Plan Year in which a Participant may make both Designated Roth Contributions and Salary Reduction Contributions, the corrective distribution from the Participant's accounts will be taken pro rata from a Participant's Salary Reduction Contributions and Designated Roth Contributions. Furthermore, such procedure may permit the Participant to elect which type of Deferral Contributions shall be distributed first.

3.7 Loans. If Participant loans are permitted under the Plan, the loan policy or program is amended to provide the ability by a Participant to borrow from, or use as security, a Participant's Designated Roth Contribution account. Additionally, the loan policy or program is modified to provide that, with respect to the default of a loan which is attributable to Salary Reduction Contributions and Designated Roth Contributions, such default will be attributed to the Participant's Salary Reduction Contribution and Designated Roth Contribution accounts on a pro rata basis.

3.8 Rollovers. A direct rollover of a distribution from Designated Roth Contributions shall only be made to a Plan which includes Designated Roth Contributions as described in Code Section 402A(e)(1) or to a Roth IRA as described in Code Section 408A, and only to the extent the rollover is permitted under the rules of Code Section 402(c).

3.8.1 The Plan shall accept a rollover contribution of Designated Roth Contributions only if it is a direct rollover from another Plan which permits Designated Roth Contributions as described in Code Section 402A(e)(1) and only to the extent the rollover is permitted under the rules of Code Section 402(c). The Employer, operationally and on a uniform and nondiscriminatory basis, may decide whether to accept any such rollovers.



3.8.2 The Plan shall not provide for a direct rollover (including an automatic rollover) for distributions from a Participant's Designated Roth Contribution account if the amount of the distributions that are eligible rollover distributions are reasonably expected to total less than \$200 during a year. In addition, any distribution from a Participant's Designated Roth Contributions are not taken into account in determining whether distributions from a Participant's other accounts are reasonably expected to total less than \$200 during a year. Furthermore, the Plan will treat a Participant's Designated Roth Contribution account and the Participant's other accounts as held under two separate plans for purposes of applying the automatic rollover rules. However, eligible rollover distributions of a Participant's Designated Roth Contributions are taken into account in determining whether the total amount of the Participant's account balances under the Plan exceed the Plan's limits for purposes of mandatory distributions from the Plan.

3.9 Operational Compliance. The Plan and the Administrative Services Provider will administer Designated Roth Contributions in good faith with applicable regulations or other binding authority not reflected in this amendment. Any applicable regulations or other binding authority shall supersede any contrary provisions of this Amendment.

This Amendment has been executed and effective this 27 day of June, 2011.

By:   
Signature

Title: County Judge

Name of Plan: Panola County

Plan Number: 0025281001

**Fact Sheet and Signature Page  
Roth 457(b) Amendment**

The Small Business Jobs Act of 2010 permits governmental 457(b) plans to adopt provisions to establish Roth elective deferral accounts and accept after-tax contributions. To offer a Roth 457(b) account option, you must modify your payroll process to uniquely identify Roth payroll contributions.

Offering a Roth account within your 457(b) plan allows participants to make after-tax contributions and potentially benefit from tax-free withdrawals.

**Your participants may want to consider a Roth 457(b) plan if they:**

- Expect to be in a higher tax bracket upon retirement
- Want to take advantage of potentially tax-free withdrawals
- Are unable to contribute to a Roth IRA because of their income level

**Sign and return this self-mailing sheet to offer your participants the potentially tax-free benefits of a Roth 457(b) provision.**

**Sign and Return by July 15, 2011**

*My signature below represents that I have the authority of my Employer to act on behalf of the plan. I acknowledge receipt of a copy of the Roth 457(b) Amendment. I have read and understand the document and will contact my Nationwide representative if I have any questions or concerns. My Employer's plan makes the following selections:*

☒ Yes, I adopt the Roth 457(b) Amendment and agree to modify the payroll process to identify Roth payroll contributions.

Plan name: PANOLA COUNTY

Plan #: 0025281001

Print name: David L. Anderson

Signature: David L. Anderson

Date: 6-27-11

00000771

**ADDITIONAL PRODUCTS AND SERVICES  
PLAN SPONSOR AUTHORIZATION AGREEMENT**

**Note:** Please review this Agreement carefully. Nationwide Retirement Solutions provides your participants with education and services related to deferred compensation/defined contribution plans. NRS recognizes that your participants often need education and guidance during key transitions such as during a job change or when preparing to retire. A new offering through affiliated companies of NRS offers your participants additional support during these transitions. This Agreement authorizes our affiliates to offer additional products and services outside of your plan to participants.

This Plan Sponsor Authorization Agreement ("Agreement") by and among Nationwide Retirement Solutions, Inc. ("NRS"), Nationwide Securities, LLC ("NSLLC"), Nationwide Bank of which the Nationwide Trust Company is a division (the "Bank"), Nationwide Fund Distributors LLC ("NFD") (collectively referred to herein as "Nationwide") and the above-mentioned Plan Sponsor (the "Plan Sponsor") is effective on the date that the last of the parties to this Agreement signs and executes below. The Plan Sponsor hereby acknowledges and agrees that Nationwide is authorized to make available to Participants additional products and services provided by our affiliates.

**1. Definitions.**

The following terms shall have the definitions set forth below:

1.1. "In-Plan Products and Services" means the education, retirement plan administration services, and retirement plan products that are provided by or through NRS and its affiliated companies under a separate agreement with the Plan Sponsor.

1.2. "Additional Products and Services" means the financial products and services outside of the Plan access to which this Agreement authorizes Nationwide to provide, and as described in Section 2 of this Agreement. Such products and services are outside of the Plan and are in addition to the In-Plan Products and Services currently being provided by and through NRS.

1.3. "Participants" means employees who participate or who are eligible to participate in the Plan.

1.4. "Plan" means the deferred compensation or defined contribution plans sponsored by the above-mentioned Plan Sponsor.



Additional Products and  
Services  
Plan Sponsor Authorization  
Agreement  
Page 2

## **2. Additional Products and Services.**

2.1 NSLLC Products. The Plan Sponsor hereby authorizes NSLLC to make available to Plan Participants, on a non-exclusive basis, any and all insurance and financial products that NSLLC and its affiliated general agency are duly licensed, registered and authorized to sell (collectively the "NSLLC Products"). NSLLC reserves the right to amend its product offering at any time without notice. The NSLLC Products may be purchased through NSLLC registered representatives ("RRs") who are available to address Plan Participants' investment needs outside the Plan, including IRA rollover solutions. IRA rollover accounts ("NSLLC IRA Rollover Accounts") may be funded with eligible rollover distributions from the Plan or other eligible retirement plans. For those Plan Participants who indicate an interest in purchasing a Bank Product, NSLLC RRs may refer them to a customer call center operated by the Bank (the "Bank Call Center").

2.2 Financial Assessments. In conjunction with its offering of the NSLLC Products, NSLLC may offer financial assessments that are designed to better enable Plan Participants to make informed investment decisions, including whether to remain in the Plan. Such assessments are designed to help Plan Participants understand their needs for financial protection, wealth accumulation, and income solutions outside of the Plan, and are available at no additional cost to the Plan or Plan Participants.

2.3 NSLLC Investment Advisory Services. The Plan Sponsor hereby authorizes NSLLC to make available to Plan Participants, on a non-exclusive basis, the investment advisory services ("NSLLC Advisory Services") that it provides to all of its investment advisory services customers. The NSLLC Advisory Services shall be provided for assets held outside the Plan by properly registered NSLLC personnel in their capacity as investment advisory representatives ("IARs") of NSLLC.

2.4 Bank Products. The Plan Sponsor hereby authorizes the Bank to make available to Plan Participants, on a non-exclusive basis, any and all banking products the Bank is authorized to sell (collectively the "Bank Products"). The Bank reserves the right to amend its product offering at any time without notice. Included among the Bank Products are IRA rollover accounts ("Bank IRA Rollover Accounts"). The Bank Rollover Accounts may be funded with eligible rollover distributions from the Plan or other eligible retirement plans. All self-directed Bank Product transactions by Plan Participants shall be subject to the provisions of Section 3 of this Agreement. The Bank reserves the right to decline any account application or to terminate any account, in its sole discretion.



Additional Products and  
Services  
Plan Sponsor Authorization  
Agreement  
Page 3

**2.5 Additional Products and Services.** The Plan Sponsor hereby authorizes and acknowledges that Nationwide may make available to Plan Participants additional products and services not contemplated by this Agreement at a later date. Such products and services may include, without limitation, (i) shares of Nationwide Mutual Funds that are made available directly from NFD to self-directed Plan Participants without assistance of an investment professional (the "Funds"); and (ii) such other products and services Nationwide may make available in the future (the "Future Products and Services"). The Plan Sponsor hereby authorizes Nationwide to make available shares of the Funds to Plan Participants at a time of Nationwide's choosing. All self-directed transactions in Fund shares shall be subject to the provisions of Section 3 of this Agreement. NFD reserves the right to decline any order to purchase Fund shares at its discretion. Additionally, for Future Products and Services, the Plan Sponsor hereby agrees that Nationwide may make available such Future Products and Services to Plan Participants by providing the Plan Sponsor 30 days advance notice of the availability of the Future Products and Services. If the Plan Sponsor objects to making available such Future Products and Services within 30 days after the date of Nationwide's notification mailing, then those Future Products and Services will not be made available.

**2.6 Nationwide Retirement Solutions, Inc.** The products and services described in this Section 2 are completely separate and distinct from the retirement plan administration services or retirement plan products that are provided by or through NRS. The Additional Products and Services authorized by this Agreement are not offered or sold by NRS and are not recommended by the Plan Sponsor.

### **3. Self-Directed Purchases and Rollovers; Product Recommendations.**

**3.1 Self-Directed Purchases and Rollovers.** Subject to Section 3.2, the parties acknowledge and agree that, for any transactions which are self-directed by Plan Participants, Plan Participants shall be solely responsible for all orders and instructions placed for their accounts. Such responsibility includes, without limitation, determining the appropriateness and suitability of any trade, deposit transaction, rollover transaction, investment, investment strategy or investment risk associated with such transactions. Nationwide agrees to provide to Plan Participants disclosure of information concerning the limited liability of the Plan Sponsor and of Nationwide with respect to self-directed investments.

**3.2 Product Recommendations.** For those Plan Participants who indicate an interest in receiving assistance from NSLLC, NSLLC RRs are hereby authorized to make product recommendations with respect to the NSLLC Products and provide investment advice related thereto based upon suitability determinations that are made in accordance with applicable laws, rules, regulations and NSLLC policies. No Bank, NFD, Fund or NRS personnel (including but not limited to employees, agents, associates and service vendors) are authorized to make product recommendations or provide investment advice to Plan Participants with respect to the products and services referenced herein. The Bank Call Center



Additional Products and  
Services  
Plan Sponsor Authorization  
Agreement  
Page 4

personnel referenced in Section 2 shall be permitted to (i) distribute the materials referenced in Section 4 below, (ii) direct Plan Participants to NSLLC, when and as appropriate, and (iii) provide general information about available products and services, but may not engage in any securities-related advice or services, any insurance-related advice or services or any other activities requiring a securities registration or an insurance license.

#### **4. Advertising and Sales Literature.**

Nationwide may make available to Plan Participants marketing materials that describe the products and services that are made available under the terms of this Agreement. The Plan Sponsor shall have no authority to make any representations, other than those contained in printed marketing materials furnished by Nationwide, concerning any of the products or services referenced in this Agreement, nor shall it have any authority to create or distribute any marketing materials relating to such products or services without the prior written approval of Nationwide. Marketing materials created by Nationwide may be disseminated to Plan Participants by use of any methods, including but not limited to: (i) by direct mail, (ii) by electronic media, (iii) by NRS customer services representatives, (iv) by designated Plan Sponsor personnel, or (v) by other plan service providers. Except as otherwise permitted herein or agreed upon by the parties, such advertisements and marketing materials may not be used without permission.

#### **5. Compensation.**

**5.1 No Compensation Paid by Plan Sponsor.** Nationwide will not receive compensation from the Plan Sponsor for the provision of Additional Products and Services to Plan Participants pursuant to this Agreement.

**5.2 Compensation to Nationwide.** In the event Plan Participants purchase the products or services described in Section 2 herein, Nationwide may be compensated in various ways, which are consistent with industry practice for firms engaged in the sale of financial products and services. Such compensation may include, without limitation, (i) income generated from the sale of products, (ii) investment advisory fees, (iii) asset-based and other fees in connection with the offering, management, maintenance and administration of a product or service; and (iv) asset-based, spread based, and other fees in connection with the offering, management, maintenance and administration of bank products.



Additional Products and  
Services  
Plan Sponsor Authorization  
Agreement  
Page 5

5.3 Compensation to Nationwide Representatives. Nationwide representatives, including NSLLC's RRs, will not receive sales commissions for transactions involving the sale of products or services described in Section 2. Compensation paid to representatives may include a salary and an incentive opportunity based on productivity.

## **6. Term and Termination.**

6.1 Term. This Agreement shall commence as of the date of execution of this Agreement by all the parties, and shall remain in effect until it is terminated as provided in paragraph 5.2 herein.

6.2 Termination. Any party to this Agreement may terminate the Agreement at any time, without penalty, upon the provision of sixty (60) days' advance written notice to the other parties. The provisions of this Section 6 shall survive any termination of this Agreement and shall remain in effect notwithstanding any such termination. The parties acknowledge and agree that Plan Participants who become NSLLC customers, Bank customers or Nationwide Mutual Fund shareholders shall remain as such notwithstanding the termination of this Agreement. The parties further acknowledge and agree that NSLLC shall be permitted to keep appointments that were made with Plan Participants prior to such termination and shall process applications for the purchase of NSLLC Products or NSLLC Investment Advisory Services that are submitted prior to such termination. In the event the plan administration agreement between NRS and the Plan Sponsor is terminated, the parties may nevertheless desire to continue operating under the terms and conditions of this Agreement.

## **7. Representations and Warranties.**

Nationwide represents and warrants that it will comply with all applicable laws, rules and regulations in connection with the offer and sale of products and services pursuant to this Agreement.

## **8. Access to Information; Confidentiality.**

NSLLC and its affiliated general agency shall have access to Plan Participant account information for the sole purpose of gathering pertinent information about Plan Participants in order to offer the NSLLC Products and provide the NSLLC Advisory Services described in this Agreement. NSLLC agrees to maintain information received from another Nationwide party pursuant to this Section 8 in strict confidence and in a manner designed to safeguard such information against unauthorized access, use or disclosure in accordance with all applicable state and federal laws, rules and regulations.



Additional Products and  
Services  
Plan Sponsor Authorization  
Agreement  
Page 6

**9. Otherwise Permitted Use of Information and Data.**

The Plan Sponsor recognizes and acknowledges the necessity for Nationwide to provide and share data with third-party subcontractors of Nationwide to assist with the provision of Additional Services under this Agreement. Notwithstanding any other Section of this Agreement, this Agreement shall not restrict Nationwide from sharing Plan and Plan Participant data and information with third-party subcontractors for any lawful purpose to develop, analyze, market and deliver the Additional Services. Nationwide agrees to enter agreements which are necessary and proper to safeguard any Plan or Plan Participant data and information exchanged with the third-party subcontractor.

**10. Complete Agreement.**

This Agreement constitutes the entire agreement of the parties with respect to the subject matter of this Agreement, and there are no other oral or written agreements or understandings with respect to the subject matter of this Agreement that are not fully expressed herein. To the extent any separate agreement to which Nationwide or the Plan Sponsor is a party contains provisions that are inconsistent with the terms of this Agreement (including, but not limited to, those relating to the solicitation of Plan Participants and the sharing of Plan Participant information), the terms of this Agreement shall be controlling.

**11. Counterparts.**

This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

**12. Indemnification.**

As consideration for the authorization provided herein, Nationwide agrees to indemnify and hold harmless the Plan Sponsor and its elected or appointed officials, board members, officers, administrators, agents and employees from and against all losses, claims, demands, damages, liability, suits or other legal actions, judgments and decrees, attorneys' fees, costs and expenses of any kind or nature whatsoever, on account of claims arising directly or indirectly from errors and/or omissions in the provision of products and services described in this Agreement.



Additional Products and  
Services  
Plan Sponsor Authorization  
Agreement  
Page 7

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above.

Nationwide Retirement Solutions, Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Nationwide Securities, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

Nationwide Bank

By: \_\_\_\_\_

Title: \_\_\_\_\_

Nationwide Fund Distributors LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

Agreed to and Accepted this \_\_\_\_\_ day of \_\_\_\_\_, 2011

Plan Sponsor

By:   
Signature

Title: County Judge

Name of Plan: Panola County

Plan Number: 0025281001



## Fact Sheet and Signature Page

### Additional Products and Services Plan Sponsor Authorization Agreement

Nationwide Retirement Solutions (NRS) provides your participants with education and services related to their deferred compensation plan. Participants often need guidance during key transitions, such as when changing jobs or preparing to retire. A new offering through companies affiliated with NRS provides participants with additional support during these transitions. The enclosed agreement authorizes our affiliates to offer participants additional products and services related to assets outside the plan.

**NRS is able to bring these new products and services to your participants through our affiliates:**

- Nationwide Securities, LLC
- Nationwide Bank
- Nationwide Fund Distributors, LLC

**By signing below, participants will have access to the following products and services being offered by our affiliates:**

- Licensed financial representatives offering a financial needs assessment to identify products and services that are designed to help plan participants achieve their retirement goals.
- Supplemental education and guidance on the retirement options available to them, including the benefits of staying in the plan.
- An array of investment options to meet their needs. These options include a range of mutual funds from multiple fund families — including Nationwide Funds — as well as Nationwide annuities, Nationwide life insurance products and solutions from Nationwide Bank.

**Help your participants receive the assistance they need at key transitions by signing below. Please note NRS and its affiliates may provide marketing materials to your plan participants to describe the products and services that are available when you sign this Agreement.**



**Sign and Return by July 15, 2011**

*My signature below represents that I have the authority to act on behalf of the plan. I acknowledge receipt of a copy of the Additional Products and Services Plan Sponsor Authorization Agreement. I have read and understand the document and will contact my Nationwide representative if I have any questions or concerns. As a representative of the plan, with authority to act on its behalf, I make the following selection:*

☒ Yes, I agree and accept the terms of the Additional Products and Services Plan Sponsor Authorization Agreement.

Print name:

David L. Anderson

Plan name: PANOLA COUNTY

Signature:

David L. Anderson

Plan #: 0025281001

Date: 6-27-11

00000771

Please sign and return this sheet to permit NRS affiliates to offer transition support services.

PNM-2013AO (05/11)  
For Plan Sponsor Use Only



## INMATE TELEPHONE SERVICE AGREEMENT

This Agreement is made and entered into by and between Lattice Incorporated ("Lattice"), a Delaware corporation, and the "Panola County Sheriff's Office" ("Customer") with a principal place of business at for the provision of inmate telephone service (Telephones) and ancillary inmate communications (equipment) as defined herein ("Agreement"). For purposes of clarity, inmate telephones will be referred to as "Telephones" in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants made herein, the parties agree as follows:

1. **TERM.** This Agreement is effective on the latest signature date ("Effective Date"), and shall continue in effect for a period of Three (3) years ("Initial Term") from the Effective Date. Upon completion of the Initial Term, this Agreement shall be automatically renewed for successive period of Two (2) years under the same terms and conditions, unless terminated by either party upon ninety (90) days advance written notice prior to the end of the Initial term or the current renewal period.

### 2. SCOPE OF AGREEMENT

2.1. In consideration of compensation provided herein, Customer grants to Lattice exclusive right to install and maintain Telephones within its building or on its private property ("Location") during the term of this Agreement. Lattice reserves the right to establish rates for telephone services. This Agreement applies to all Telephone(s) currently installed ("existing") and to all future installations ("new").

2.2. This Agreement includes all other premises, whether now existing (if a competing provider has a contract and equipment at such premises, this clause applies at the earliest termination opportunity) or subsequently acquired, under the control of Customer within Lattice's service areas. Customer will advise Lattice in writing, of newly opened, acquired, or available premises, promptly, so Lattice can evaluate installation of its Telephones at these premises.

2.3 In consideration of the compensation paid to Customer under this Agreement, Customer expressly waives carrier selection rights, where applicable, and Lattice expressly reserves the right to select and/or contract for the local, intraLATA and interLATA carrier selections for the telephones subject to this Agreement and intended for placement at Customer locations.

### 3. RESPONSIBILITY OF LATTICE

Lattice agrees to:

- 3.1. Install Telephones at locations mutually agreed upon by both parties.
- 3.2. Jointly determine with Customer the appropriate number of Telephones to be installed at each location.
- 3.3. Service and repair Telephones provided by Lattice at Lattice's expense, except as otherwise agreed upon herein.
- 3.4. Comply with the Americans with Disabilities Act (ADA) as it relates to the Lattice - provided equipment.



- 3.5. Provide an **annual review** of revenue performance, facility service needs, expansion requirements will be assessed and discussed and appropriate mutually agreed to adjustment in County site provider compensation will be provided and determined during the contract period.
- 3.6. Provide visitation monitoring, recording, and storage of all recording for use by designated County personnel at no charge to the County for the duration of the agreement.

#### 4. **RESPONSIBILITY OF CUSTOMER**

Customer agrees to:

- 4.1. Provide adequate space for Telephones and easy accessibility for use during the normal operating hours of Customer. In the event Customer is not the owner of the premises, Customer shall, where necessary, obtain permission from the building owner or owner's agent for the placement of Lattice's Telephones, and shall be responsible for any fees for use of required riser cable and electric power.
- 4.2. Maintain the area around the Telephones and ensure safe and ready access to the users of the Telephones and to Lattice.
- 4.3. Allow Lattice access to perform maintenance during the established hours of accessibility jointly agreed to by Customer and Lattice, except when access must be denied to ensure the safety of Lattice service personnel and/or to maintain institutional control.
- 4.4. Customer agrees to allow Lattice access to and use of house cable and inside wire at no cost, in order to install and provide telephone service. Any new house cable or inside wire required during the contract term will be at the sole expense of the Customer, unless otherwise negotiated with Lattice. Light fiber is not defined as house cable or inside wire. Any expense incurred as a result of the expected use of light fiber will be at the sole expense of the Customer unless otherwise negotiated with Lattice.
- 4.5. Any relocation, expansion, addition, or deletion of Telephones and equipment, for reasons other than safety, resulting in extraordinary expense and expected to be paid for by Lattice, must be agreed to by Lattice in advance of the cost being incurred or alternatively, the cost be paid by Customer.
- 4.6. Exercise reasonable care to prevent the loss through theft and any damage to the Telephones from any source.
- 4.7. Customer may, at its option, purchase and provide enclosures at their own expense for Telephones. In the event Customer elects to provide enclosures, Customer shall be responsible for installation and maintenance of said enclosures.
- 4.8. Customer warrants that it has the authority to enter into this Inmate Telephone Service Agreement with Lattice. Customer further warrants that the Telephones as mentioned in Schedule A, attached hereto and incorporated herein by this reference, are on property owned by the Customer or if Customer is not the owner of the premises, Customer has obtained permission from the building owner or owner's agent to enter into this Agreement.

THE FABRIC OF SECURE COMMUNICATIONS



5. **OWNERSHIP.** Lattice is and shall remain the owner of the Telephones provided by Lattice whether or not physically attached to real estate.

6. **FURTHER LOCATIONS AND TELEPHONES.** The parties may add location(s) and Telephone(s) to this Agreement, but additions will not be made without the express agreement of the parties. Additions may be evidenced by a written memorandum between the parties, but Lattice's business office records, unless clearly erroneous, will be binding on the parties. Additions will not change the initial or any renewal terms or the expiration date of this Agreement.

7. **COMMISSION.** Lattice agrees to pay Customer a commission in accordance with Schedule B, attached hereto and incorporated herein by this reference. Payment shall be in the form of commission checks made payable to Customer.

8. **REMOVAL OF TELEPHONES.** Lattice reserves the right, at its sole discretion, to remove any or all Telephones, in the event that placement at Customer location(s) is not economically viable. Lattice shall provide Customer thirty (30) days written notice of its election to remove any or all Telephones. If Lattice removes Telephones under this paragraph, Customer shall not be liable for termination charges for the Telephones removed. Customer shall be entitled to receive any commissions earned before the Lattice removal of such Telephones.

9. **LIMITATION OF LIABILITY.** In the event of a service interruption caused by Lattice, Lattice liability shall be limited to the use of reasonable diligence under the circumstances, for restoration of service. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR INCIDENTAL, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, INCLUDING LOST STATION REVENUES, LOSS OF PROFITS OR OTHER COMMERCIAL OR ECONOMIC LOSS ARISING OUT OF THE PERFORMANCE OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION NEGLIGENT PERFORMANCE OR FAILURE TO PERFORM, EXCEPT AS SET FORTH UNDER THE TERMINATION LIABILITY PROVISION HEREIN.

10. **EXCUSED PERFORMANCE.** Customer shall not be subject to Termination Liability if the cause of removal is directly related to the cessation of Customer's business operations. Neither party shall be held liable for any delay or failure in performance of any part of this Agreement caused by circumstances beyond the reasonable control of the party affected, including, but not limited to, acts of the elements or natural disasters, strikes, power failures, civil or military emergencies or acts of legislative, judicial or other civil authorities.

11. **DEFAULT.** If either party fails to perform its obligations under this Agreement, failure shall constitute default and, in such event, written notice shall be given to provide an opportunity to remedy such default. Should the defaulting party fail to remedy such default within 10 days from date of such notice, the non-defaulting party shall have the right, in addition to all other rights and remedies available at law or in equity, to terminate this Agreement in whole or in part.

12. **ADVERTISING/PUBLICITY.** Customer may not make any disclosure to any other person or any public announcement regarding this Agreement or any relation between Lattice (and/or any of its affiliate's) names, marks, codes, drawings, or specifications without Lattice's prior written consent, unless required by law.

Lattice shall have the right to terminate this Agreement and any other agreements between the parties if Customer violates this provision.

13. **INSURANCE.** At all times during the term of this Agreement, Lattice and its subcontractors shall maintain in effect the following types and amounts of Insurance:

- i. Employers' Liability Insurance - \$5,000,000 per incident and \$1,000,000 per person.



- ii. Commercial General Liability Insurance with Bodily Injury Liability and Property Damage Liability Combined Single Limit
  - \$5,000,000 per incident and
  - \$1,000,000 per person.
- iii. Commercial Automobile Liability as follows: Combined Bodily Injury and Property Damage Single Limit - \$5,000,000 combined single limit for each incident and \$1,000,000 per person.
- iv. Workers' Compensation – Lattice shall comply with all Workers' Compensation requirements in the states in which Lattice will provide services to Space Provider under this agreement.

14. **INDEMNIFICATION.** It is agreed by and between the parties that it is the responsibility of Customer to maintain the area around the Telephones and to maintain enclosures if provided by Customer. Customer specifically agrees to defend and indemnify Lattice from any claims that may result from Customer's failure to properly maintain the area or enclosure except to the extent that such failure is due to the sole negligence or willful acts of Lattice's employees or agents. Lattice agrees to defend and indemnify Customer from any claims that result from Lattice's failure to properly maintain or service Telephones, except to the extent that such claim results from the sole negligence or willful acts of Customer's employees or agents.

15. **NOTICES.** Any notices or other communications to be given under this Agreement shall be sent to the following persons:

**FOR CUSTOMER:**

ATTN:

**FOR LATTICE:**

ATTN: Terry Whiteside  
Lattice Incorporated  
7150 N. Park Drive  
Suite 500  
Pennsauken, NJ 08109

16. **REGULATORY.** The parties acknowledge that underlying telecommunications services may be provided by regulated telecommunications providers and, where applicable, provider tariffs, catalogs and price lists may apply.

17. **LAWFULNESS OF AGREEMENT.** The parties acknowledge that this Agreement is subject to applicable federal, state, and local laws, rules, regulations, court orders, and governmental agency orders governing the provision of inmate telecommunications services.

18. **NONWAIVER.** The failure of either party to enforce strict performance of any provision of this Agreement shall not be construed as a waiver of its right to assert or rely upon such provision or any other provision of this Agreement.

19. **GOVERNING LAW.** This Agreement shall be interpreted, construed and enforced in all aspects in accordance with the laws of the State in which the inmate telephone service is provided.

20. **SUCCESSORS AND ASSIGNS.** This Agreement shall be fully binding upon, inure to the benefit of and be enforceable by each party, their successors and assigns. No assignment of any

THE FABRIC OF SECURE COMMUNICATIONS



right or interest in this Agreement (whether by contract, operation of law or otherwise) shall release or relieve either party of any of its obligations or liabilities under this Agreement.

21. **ASSIGNMENT.** Neither party shall assign its rights nor delegate its duties under this Agreement without the prior written consent of the other party; except, either party may assign this Agreement to a parent, subsidiary or affiliated company by providing thirty (30) days written notice to the other party.

22. **AMENDMENTS AND MODIFICATIONS.** Amendments and modifications to this Agreement, except for additions or deletions of Telephones as described above, must be in writing and signed by an authorized representative of each Party.

23. **SEVERABILITY.** In the event that a court, governmental agency, or regulatory body with proper jurisdiction determines that this Agreement or a provision of this Agreement is unlawful, this Agreement, or that provision of the Agreement to the extent it is unlawful, shall terminate. If a provision of this Agreement is terminated but the parties can legally, commercially and practicably continue without the terminated provision, the remainder of this Agreement shall continue in effect.

24. **ENTIRE AGREEMENT.** This Agreement, including all schedules, amendments and exhibits, constitutes the entire Agreement between the parties and supersedes all prior agreements and oral or written representations with respect to the subject matter hereto.

Customer

Panola County  
David H. Anderson  
 Signature

Signature

David H. Anderson  
 Name Printed/Typed

Name Printed/Typed

Title

County Judge

Date:

6-27-11

Federal Tax ID Number:

75-6001106

Lattice Incorporated

Signature

[Signature]  
 Name Printed/Typed

Name Printed/Typed

Dave McEvilly

Title

Regional Director

Date:

6-16-2011



**SCHEDULE A  
COMMISSION SCHEDULE  
FOR**

Lattice agrees to pay Customer compensation for Inmate Telephone Service based upon (63%) percent of revenue on all completed calls.

Commission checks are to be mailed to the following address:

Panola County Sheriff's Office  
314 West Wellington  
Carthage, TX, 75633  
(903) 693-0359