

POPULAR ANNUAL FINANCIAL REPORT FOR YEAR ENDED SEPTEMBER 30, 2009



GREETINGS

DEAR NACOGDOCHES COUNTY CITIZENS AND OTHER INTERESTED SHAREHOLDERS,

We proudly present Nacogdoches County's Popular Annual Financial Report (PAFR) for fiscal year ended September 30, 2009. Both the 2007 and 2008 PAFRs received the prestigious Government Finance Officers Association's Award for Outstanding Achievement.

The PAFR, while not a substitute for the Comprehensive Annual Financial Report (CAFR), presents a less technical, more user-friendly report of the county's finances as well as other important county data.

The 2009 CAFR, which this PAFR summarizes, was audited by Pattillo, Brown & Hill, LLP. It received an "Unqualified Opinion," meaning that the CAFR's statements fairly represent the financial condition of Nacogdoches County for fiscal 2009.

This report does not necessarily conform to Generally Accepted Accounting Principles (GAAP), as it does not include agency funds and certain special revenue funds. It is not issued a separate opinion; however, it does meet the GFOA standards.

The full CAFR and PAFR for 2009 are available for inspection in the County Auditor's office at 101 W. Main, Suite 140 or on the county's website, www.co.nacogdoches.tx.us. The presentation of the PAFR, CAFR, the County Budget document and the other services that we provide is in the spirit of our Vision Statement and Purpose which we have pledged to you, the citizens of Nacogdoches County.

**RESPECTFULLY SUBMITTED,
THE OFFICIALS AND EMPLOYEES
OF NACOGDOCHES COUNTY, TEXAS**

EMERGENCY SERVICES

Nacogdoches County takes preparedness seriously. Innovative training, dynamic partnerships and crisis planning have led to successful operations during the gravest emergency situations — both foretold and unplanned. The Nacogdoches County Judge serves as the official director of emergency services, with the city of Nacogdoches' emergency management coordinator serving both the city and county under the direction of the county judge.

Nacogdoches County has served as a destination for evacuees for many years prior to the formal state and federal emergency programs. In recent history, Nacogdoches County has served as a sheltering site for Hurricanes Katrina, Rita, Gustav and Ike — providing shelter, food, clothing and medical services to thousands of evacuees. Nacogdoches County is now designated as a "Sheltering Community" in the Texas Emergency Management Plan and is dedicated to sheltering regional citizens, evacuees, pets and livestock.

In 2003, Nacogdoches County became the emergency center to support operations when the Columbia Shuttle tragically came down on re-entry.

Nacogdoches County constantly reviews and updates emergency plans. These plans drive county budgets, emergency drills, employee development, community partnerships and new projects.

SIGNIFICANT EMERGENCY PROJECTS

- Secured funding and preparing to build a \$6.2 million shelter
- Received a Federal Emergency Management Grant to build a \$1.5 million Regional Emergency Operations Center
- Developing a Plan for an Interoperable Communications System to become P25 Compliant
- Combined Law Enforcement software system with the City of Nacogdoches that allows for more streamlined emergency response throughout the county
- Implementing Web EOC, the state adopted software for managing incidents
- Approved updated Federal Emergency Management Association Flood Maps for Nacogdoches County
- Added full-time and part-time 911 addressing and GIS staff
- Acquired fully-equipped Emergency Command Vehicle
- Diligently update plans and strategies to respond to emergencies and incidents

IN MEMORIAM Jack Colley, 1948–2010

*"In a disaster, the most important thing
for you to know is that you are not alone."*

– Jack Colley, Texas Emergency Management Director

Renovations completed in 2007 gave new life to the fifth Nacogdoches County Courthouse, originally built in 1960.

NACOGDOCHES COUNTY COURTHOUSE



NACOGDOCHES HISTORY

The land that is now Nacogdoches County can be traced back 12,000 years. Archeological evidence of native habitation dates as far back as 10,000 B.C., and evidence of Caddo Indian presence can be found as early as 700 B.C. Local legend states the chief of the Caddoes, standing on the banks of the Sabine River — present day boundary of Louisiana and Texas — sent his twin sons off to establish tribes; one son traveled east and one went west. After a three-day trek, the sons began new settlements named Natchitoches and Nacogdoches.

In 1716, Spain established the Nuestra Senora de Guadalupe de los Nacogdoches mission at the intersection of the oldest permanently-mapped roadway in Texas, the El Camino Real and El Calle del Norte. The Nacogdoches County Courthouse stands at this historic crossing, now known as Texas State Highway 21/Main Street and the confluence of North and South Streets. In 1779, Don Antonio Gil Y'Barbo led a group of settlers to area then designated as a pueblo or town, making Nacogdoches the first town in Texas.

When Texas was organized as a state in 1845, Nacogdoches was one of the original 23 counties. From the earliest days of territorial claims through the restoration of Texas back into the United States following the Civil War, Nacogdoches has flown nine different flags of sovereignty — Spanish, French, Mexican, The Magee-Gutierrez Republic, The Long Republic, The Fredonia Republic, The Lone Star, The Confederate and the United States, with the Spanish and United States flags reigning on two separate occasions each.

There is no other area of Texas that can rival Nacogdoches County for its historical relevance, its economic contributions, its noble and true residents and emblematic personification of "Tejas" — the Caddoan language Hasinai Indian root word for "friendship" and origin of the name "Texas."

AD VALOREM TAX RATES 2005-2009

YEAR	MAINTENANCE & OPERATING	INTEREST & SINKING	TOTAL RATE	TOTAL VALUE	TOTAL LEVY
2005	0.3216	0.0796	0.4012	\$1,492,388,201	\$8,753,000
2006	0.3373	0.0869	0.4242	\$2,268,886,501	\$9,372,000
2007	0.3553	0.0790	0.4343	\$2,485,122,505	\$11,017,000
2008	0.3619	0.0724	0.4343	\$3,517,631,907	\$13,462,600
2009	0.3659	0.0684	0.4343	\$2,883,739,860	\$12,524,082

Ad valorem tax rates are the amount of taxes paid for each \$100 of property value. Taxes would be \$434.30 on a property valued at \$100,000. Maintenance & Operating taxes are expended in the General, Road & Bridge and Jury Funds. Interest & Sinking taxes are used only to retire principal & interest on bonded debt. The total levy is the amount of taxes to be received from the calculation of Net Property. Tax values x the total tax rate per \$100 = Levy.

SCHEDULE OF INDEBTEDNESS

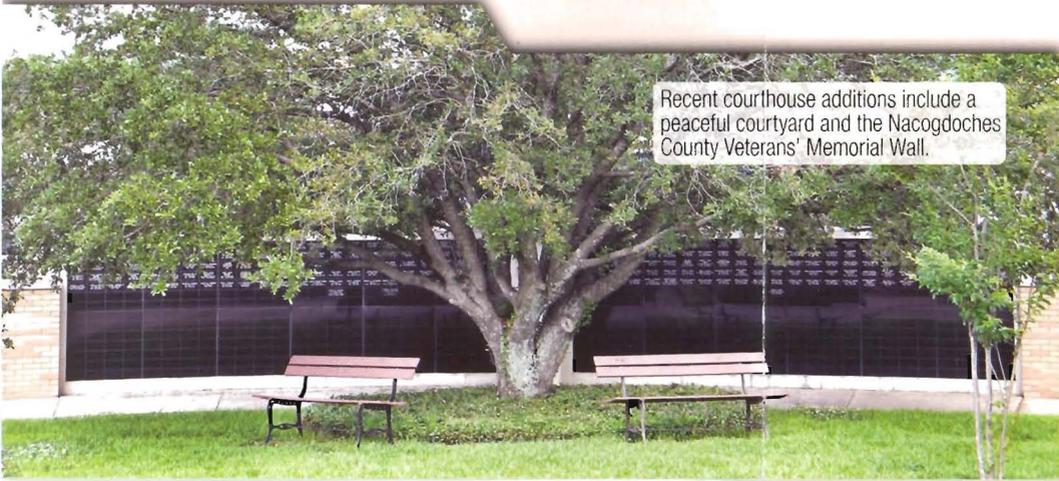
ISSUE	PRINCIPAL	INTEREST	TOTAL	MATURITY DATE	2009-2010 REQUIREMENTS
1999 BONDS	\$1,470,000	\$96,515	\$1,566,515	2012	\$575,733
2001 C.O.	\$235,000	\$10,603	\$245,603	2011	\$122,902
2004 C.O.	\$6,285,000	\$2,237,161	\$8,522,161	2024	\$349,088
2005 BONDS	\$6,145,000	\$1,150,193	\$7,295,193	2019	\$759,165
2006 C.O.	\$4,010,000	\$1,485,344	\$5,495,344	2026	\$324,253
TOTAL	\$18,145,000	\$4,979,816	\$23,124,816		\$2,131,141

Debt service as a percentage of non-capital expenditures was 11.43%, with no plans to issue additional long-term debt.

FUND BALANCES AS OF SEPTEMBER 30

YEAR	GENERAL	ROAD & BRIDGE	DEBT SERVICE	OTHER*	TOTAL
2005	\$1,888,403	\$379,130	\$65,019	\$7,398,999	\$9,731,551
2006	\$2,286,837	\$198,483	\$330,354	\$8,151,624	\$10,967,298
2007	\$3,161,724	\$467,361	\$336,257	\$5,362,888	\$9,328,230
2008	\$4,535,877	\$423,226	\$384,246	\$3,765,105	\$9,108,454
2009	\$5,189,809	\$766,547	\$578,998	\$3,257,190	\$9,792,544

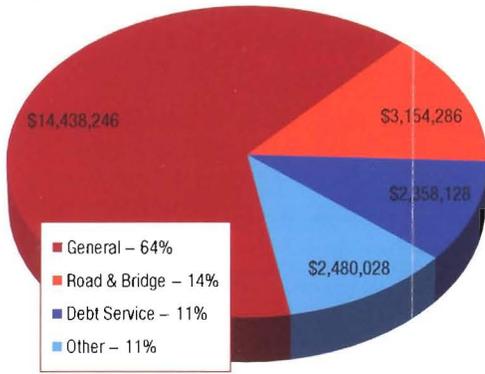
* Includes restricted fund balances for Narcotics Task Force and Certificate of Obligation Funds for capital projects.



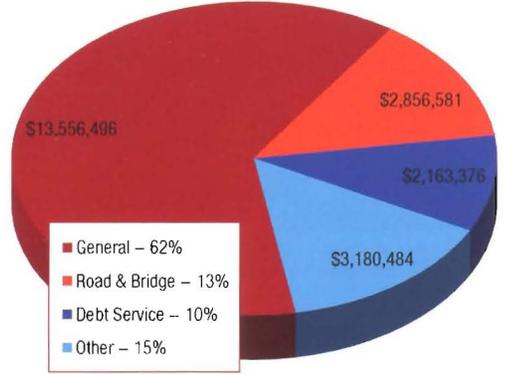
Recent courthouse additions include a peaceful courtyard and the Nacogdoches County Veterans' Memorial Wall.

REVENUES/EXPENDITURES

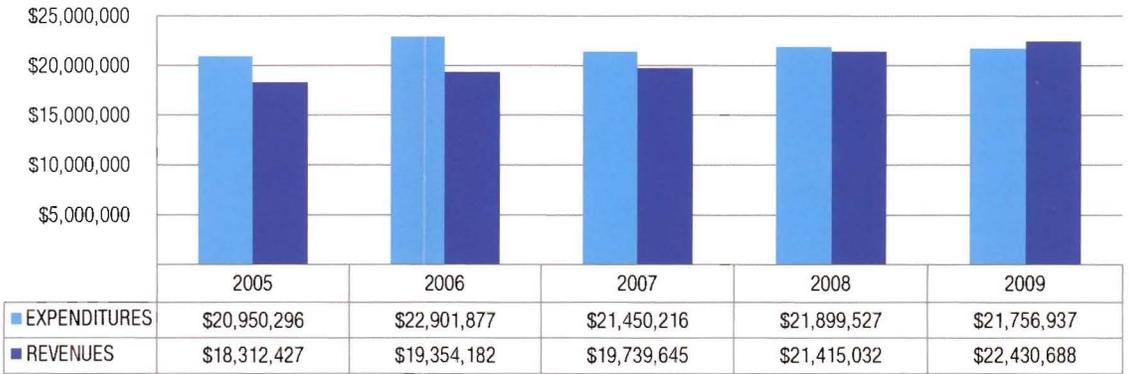
2009 TOTAL GOVERNMENT REVENUES



2009 TOTAL GOVERNMENT EXPENDITURES



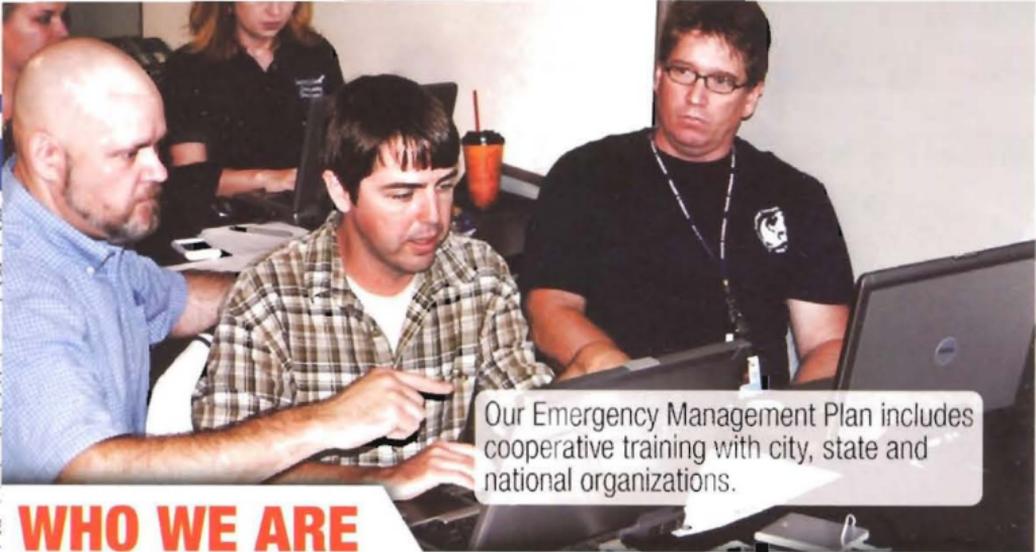
2004-2009 GOVERNMENT FUNDS



HOW WE COMPARE*

COUNTY	POPULATION (2008)	2009 TAX RATE/\$100	OIL & GAS WELLS (SEPT. 2009)	UNEMPLOYMENT (SEPT. 2009)
Nacogdoches	62,678	43.43	1,676	6.3%
Angelina	83,038	46.12	130	8.4%
Houston	22,698	38.60	511	10.5%
Jasper	34,374	53.37	286	11.6%
Newton	13,752	44.36	216	12.1%
Polk	46,144	62.77	460	10.6%
Sabine	10,062	39.14	19	17.5%
San Augustine	8,576	68.10	70	11.6%
San Jacinto	24,882	47.71	158	10.9%
Shelby	26,529	39.62	743	8.0%
Trinity	14,147	62.00	43	9.0%
Tyler	20,470	36.71	287	10.2%
				TEXAS 8.0%
				U.S. 10.0%

*Source: Deep East Texas Council of Governments Counties



Our Emergency Management Plan includes cooperative training with city, state and national organizations.

WHO WE ARE

TEXAS COUNTY GOVERNMENT

Texas county government evolved from Spanish and Mexican rule. Their system of departments and municipalities became counties. The Texas Constitution created counties as functional agents of the state, with their authority being only that specifically allowed by the state, while municipalities are freer to act unless specifically prohibited.

The County Judge and four Commissioners make up the Commissioners Court. They are the general administrative body of the county, setting the budget and levying the taxes necessary to fund it. The other elected officials and appointed officials operate fairly independently, subject only to budgetary and general policy requirements.

With the exception of County Commissioners, Justices of the Peace and Constables who are elected from each of four separate precincts, all other officials are elected county-wide. Appointed officials and appointed department heads complete the administration.

NACOGDOCHES COUNTY OFFICIALS

- County Judge
- Commissioner Pct. 1
- Commissioner Pct. 2
- Commissioner Pct. 3
- Commissioner Pct. 4
- 145th District Judge
- 420th District Judge
- County Court at Law Judge
- District Attorney
- County Attorney
- County Sheriff
- Tax Assessor-Collector
- County Treasurer
- District Clerk
- County Clerk
- Justice of the Peace Pct. 1
- Justice of the Peace Pct. 2
- Justice of the Peace Pct. 3
- Justice of the Peace Pct. 4
- Constable Pct. 1
- Constable Pct. 2
- Constable Pct. 3
- Constable Pct. 4
- County Auditor

- Joe English
- Jerry Don Williamson
- Reggie L. Cotton
- Jim Elder
- Tom Strickland
- Campbell Cox, II
- Ed Klein
- Jack Sinz
- Nicole Lostracco
- John Fleming
- Thomas Kerss
- Janie Weatherly
- Denise Baublet
- Loretta Cammack
- Carol Wilson
- Kerry Don Williamson
- Dorothy Tigner-Thompson
- LeAnn Goerner
- David Perkins
- William Sowell
- David Adams
- Roger Dudley
- Jason Bridges
- Keith Barber

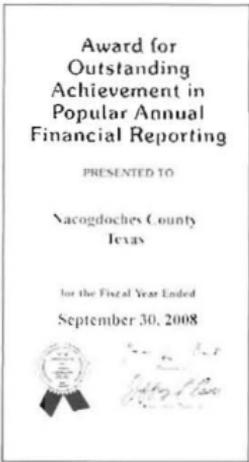
NACOGDOCHES COUNTY VISION STATEMENT

Enhancing our community through quality services in a manner with measurable outcomes.

PURPOSE

The purpose of Nacogdoches County Government is to provide service that meets or exceeds the expectations of the citizens we serve and to carry out our duties by maintaining fiscal responsibility, demonstrating accountability and fairness for all.

GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARDS (GFOA)



Nacogdoches County has received its second Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the fiscal year ended September 30, 2008. The GFOA Program recognizes those governmental entities that produce the highest quality popular annual financial reports. The PAFR must conform to the highest of professional standards — emphasizing creativity, clarity of the data and report distribution in the summary of the county's Comprehensive Annual Financial Report (CAFR).

Texas governmental entities receiving the CAFR award totaled 343 in 2008, 42 being counties. Of nine Texas entities receiving the PAFR award, only three counties, 1.2% of all Texas' 254 counties, received the PAFR award — Harris, Williamson and Nacogdoches counties. Nacogdoches County has approximately 1/4 of 1% (.0025) of Texas' total population. It is our belief that the 2009 PAFR will meet those same GFOA standards and earn the award again for 2009.

The applicant must have received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the CAFR for the previous or current year. Nacogdoches County has received the CAFR award annually from 2001 to 2008, except for 2002, as the Space Shuttle Columbia tragedy over the county pre-empted the report submission.

CONTACTS

County Judge
Joe English
101 W. Main, Suite 170
Nacogdoches, Texas 75961
Office: 936-560-7755
Fax: 936-560-7841
jenglish@co.nacogdoches.tx.us

County Auditor
Keith Barber
101 W. Main, Suite 140
Nacogdoches, Texas 75961
Office: 936-560-7761
Fax: 936-560-7702
kbarber@co.nacogdoches.tx.us

*Both the CAFR and the PAFR, as well as the 2009-2010 County Budget are on the Nacogdoches County website:
www.co.nacogdoches.tx.us*