

GRAYSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2014**

GRAYSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2014

**Page
Number**

INTRODUCTORY SECTION

Principal Officials	i
Organization Chart.....	ii

FINANCIAL SECTION

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

GRAYSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2014

	<u>Page Number</u>
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Net Position – Proprietary Funds.....	23
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	24
Statement of Cash Flows – Proprietary Funds.....	25 – 26
Statement of Fiduciary Net Position	27
Notes to Financial Statements.....	28 – 49
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	50
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge Fund.....	51
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – State Highway 289 Bonds	52
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Right-of-Way Acquisition.....	53
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Permanent Improvements.....	54
Notes to Required Supplementary Information	55
Schedule of Funding Progress for Employee Retirement System.....	56
Schedule of Funding Progress for Other Post-Employment Benefits	57

GRAYSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2014

**Page
Number**

Combining Statements:

Nonmajor Governmental Funds

Combining Balance Sheet.....	58 – 66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	67 – 75

Fiduciary Funds

Combining Statement of Fiduciary Net Position.....	76 – 77
--	---------

FEDERAL AWARDS SECTION

Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	78 – 79
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	80 – 81
Schedule of Expenditures of Federal and State Awards.....	82 – 84
Notes to Schedule of Expenditures of Federal and State Awards	85
Schedule of Findings and Questioned Costs.....	86
Summary Schedule of Prior Audit Findings.....	87

THIS PAGE LEFT BLANK INTENTIONALLY

INTRODUCTORY SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

GRAYSON COUNTY, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2014

COMMISSIONERS' COURT

Bill Magers	County Judge
Jeff Whitmire	Commissioner, Precinct #1
David Whitlock	Commissioner, Precinct #2
Phyllis James	Commissioner, Precinct #3
Bart Lawrence	Commissioner, Precinct #4

JUDICIAL

Brian Gary	Judge, 397th District Court
James P. Fallon	Judge, 15th District Court
Rayburn Nall	Judge, 59th District Court
James Henderson	Judge, County Court-at-Law #1
Carol Siebman	Judge, County Court-at-Law #2

LAW ENFORCEMENT

Keith Gary	County Sheriff
Joseph D. Brown	District Attorney
Alan Brown	Chief Adult Probation Officer
Bill Bristow*	Chief Juvenile Probation Officer

FINANCIAL ADMINISTRATION

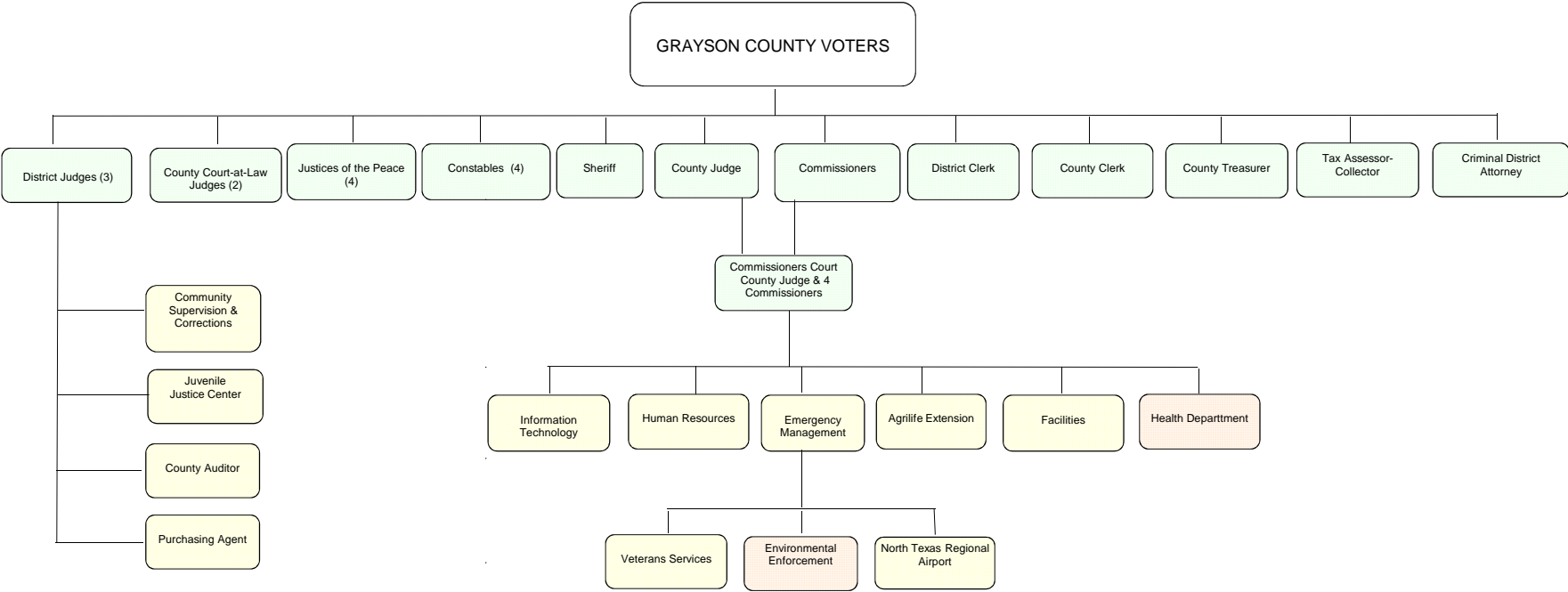
J. Richey Rivers*	County Auditor
Gayla Hawkins	County Treasurer
Bruce Stidham	Tax Assessor/Collector

RECORDING OFFICIALS

Kelly Ashmore	District Clerk
Wilma Bush	County Clerk

* Designates appointed officials. All others listed are elected officials.

GRAYSON COUNTY ORGANIZATION CHART



FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Commissioners' Court
Grayson County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grayson County, Texas, as of and for the year ended September 30, 2014 and the related notes to the financial statements, which collectively comprise the Grayson County, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grayson County, Texas, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information the Schedule of Funding Progress for Employee Retirement System, and the Schedule of Funding Progress for Other Post-Employment Benefits, on pages 4–13 and 50–57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grayson County, Texas' basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, the State of Texas Uniform Grant Management Standards, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2015, on our consideration of the Grayson County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grayson County, Texas' internal control over financial reporting and compliance.

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

Waco, Texas
June 4, 2015

THIS PAGE LEFT BLANK INTENTIONALLY

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of Grayson County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2014.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Grayson County exceeded its liabilities at the close of the most recent fiscal year by \$81.5 million (net position).
- The County's total net position decreased by \$4.8 million.
- As of the close of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of \$29.0 million, an increase of \$0.5 million in comparison with the prior year. Of the total fund balance, \$12.6 million is available for spending at the government's discretion unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14.3 million, or 42% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to Grayson County's basic financial statements. The County's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector business. The analysis of the County's overall financial condition and operations begins on page 14. Its primary purpose is to show whether the County is better or worse off as a result of the year's activities.

The *Statement of Net Position* presents information on all of the County's assets, deferred outflows/inflows of resources, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is changing.

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected fines and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, judicial and legal, highways and streets, and health and welfare. The business-type activity of the County is the operation of an airport.

The government-wide financial statements can be found on pages 14 – 16 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Grayson County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 49 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, Road and Bridge Fund, State Highway 289 Bonds Fund, the Right-of-Way Acquisition Fund, and the Permanent Improvements Fund, all of which are considered to be major funds. Data from the other 44 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 its major funds. Budgetary comparison schedules have been provided for the General Fund and major Special Revenue Funds to demonstrate compliance with this budget.

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

- **Proprietary funds** – Grayson County maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Grayson County uses an Enterprise Fund to account for its airport operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the airport operation. The basic proprietary fund financial statements can be found on pages 23 – 26 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements on pages 28 – 49 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 50 – 57 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities by \$81.5 million as of September 30, 2014, a decrease of \$4.8 million as compared with the previous fiscal year.

By far, the largest portion of Grayson County's net position (\$51.4 million or 63% percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. Grayson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Grayson County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GRAYSON COUNTY'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 101,686,987	\$ 105,814,622	\$ 324,249	\$ 777,558	\$ 102,011,236	\$ 106,592,180
Capital assets	<u>33,467,399</u>	<u>33,823,540</u>	<u>17,926,276</u>	<u>18,007,185</u>	<u>51,393,675</u>	<u>51,830,725</u>
Total assets	<u>135,154,386</u>	<u>139,638,162</u>	<u>18,250,525</u>	<u>18,784,743</u>	<u>153,404,911</u>	<u>158,422,905</u>
Deferred outflows of resources	<u>3,677,883</u>	<u>4,137,619</u>	<u>-</u>	<u>-</u>	<u>3,677,883</u>	<u>4,137,619</u>
Current liabilities	9,891,841	7,718,491	63,831	229,536	9,955,672	7,948,027
Long-term liabilities	<u>65,558,332</u>	<u>63,481,803</u>	<u>98,442</u>	<u>75,893</u>	<u>65,656,774</u>	<u>63,557,696</u>
Total liabilities	<u>75,450,173</u>	<u>71,200,294</u>	<u>162,273</u>	<u>305,429</u>	<u>75,612,446</u>	<u>71,505,723</u>
Net position:						
Net investment in capital assets	33,467,399	33,823,540	17,926,276	18,007,185	51,393,675	51,830,725
Restricted	16,158,463	15,484,347	-	-	16,158,463	15,484,347
Unrestricted	<u>13,756,234</u>	<u>19,129,981</u>	<u>161,976</u>	<u>472,129</u>	<u>13,918,210</u>	<u>19,602,110</u>
Total net position	<u>\$ 63,382,096</u>	<u>\$ 68,437,868</u>	<u>\$ 18,088,252</u>	<u>\$ 18,479,314</u>	<u>\$ 81,470,348</u>	<u>\$ 86,917,182</u>

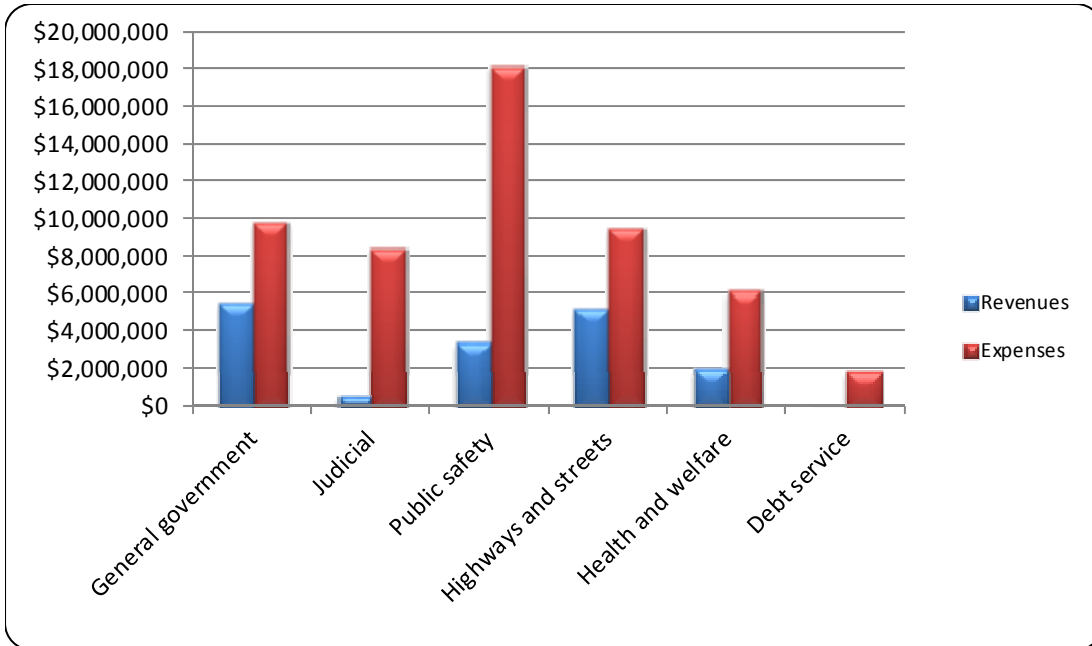
The County's expenses exceeded revenues by \$4.8 million during the current fiscal year. Changes in net position are summarized as follows:

GRAYSON COUNTY, TEXAS' CHANGES IN NET POSITION

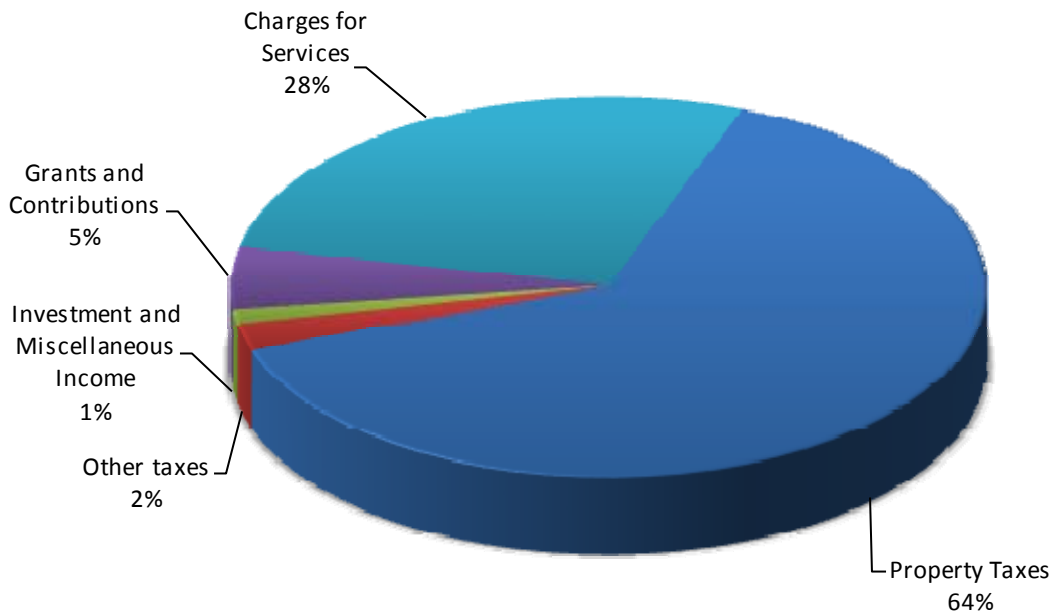
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 14,041,929	\$ 12,855,173	\$ 969,328	\$ 932,167	\$ 15,011,257	\$ 13,787,340
Operating grants and contributions	2,677,996	2,458,987	48,140	50,884	2,726,136	2,509,871
General revenues:						
Property taxes	32,492,965	31,834,136	-	-	32,492,965	31,834,136
Other taxes	669,049	656,872	-	-	669,049	656,872
Miscellaneous	874,122	469,896	294,524	67,247	1,168,646	537,143
Investment earnings	113,538	121,765	816	2,121	114,354	123,886
Gain (loss) on sale of capital assets	-	96,815	-	-	-	96,815
Insurance proceeds	34,334	-	171,375	518,306	205,709	518,306
Total revenues	<u>50,903,933</u>	<u>48,493,644</u>	<u>1,484,183</u>	<u>1,570,725</u>	<u>52,388,116</u>	<u>50,064,369</u>
Expenses:						
General government	9,834,139	8,673,852	-	-	9,834,139	8,673,852
Judicial	8,409,121	7,980,691	-	-	8,409,121	7,980,691
Elections	478,018	236,021	-	-	478,018	236,021
Public safety	18,257,253	17,200,937	-	-	18,257,253	17,200,937
Health and welfare	9,515,449	9,556,145	-	-	9,515,449	9,556,145
Highways and streets	6,114,232	5,968,889	-	-	6,114,232	5,968,889
Culture and recreation	124,582	119,325	-	-	124,582	119,325
Conservation and development	230,384	670,663	-	-	230,384	670,663
Interest on long-term debt	1,864,603	2,286,911	-	-	1,864,603	2,286,911
Intergovernmental	430,353	126,353	-	-	430,353	126,353
Airport	-	-	1,975,245	1,600,248	1,975,245	1,600,248
Total expenses	<u>55,258,134</u>	<u>52,819,787</u>	<u>1,975,245</u>	<u>1,600,248</u>	<u>57,233,379</u>	<u>54,420,035</u>
Increases in net position before transfers						
	(4,354,201)	(4,326,143)	(491,062)	(29,523)	(4,845,263)	(4,355,666)
Transfers						
	(100,000)	(750,000)	100,000	750,000	-	-
Change in net position						
	(4,454,201)	(5,076,143)	(391,062)	720,477	(4,845,263)	(4,355,666)
Net position, beginning						
	<u>68,437,868</u>	<u>43,106,160</u>	<u>18,479,314</u>	<u>17,966,617</u>	<u>86,917,182</u>	<u>61,072,777</u>
Prior period adjustment						
	(601,571)	30,407,851	-	(207,780)	(601,571)	30,200,071
Net position, ending						
	<u>\$ 63,382,096</u>	<u>\$ 68,437,868</u>	<u>\$ 18,088,252</u>	<u>\$ 18,479,314</u>	<u>\$ 81,470,348</u>	<u>\$ 86,917,182</u>

Property tax revenues accounted for approximately 64% percent of revenues for governmental activities. The next largest segment of revenues came from charges for services, which accounted for 28% percent of total governmental revenues, with grants and contributions accounting for approximately 5% percent of total governmental revenues.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities

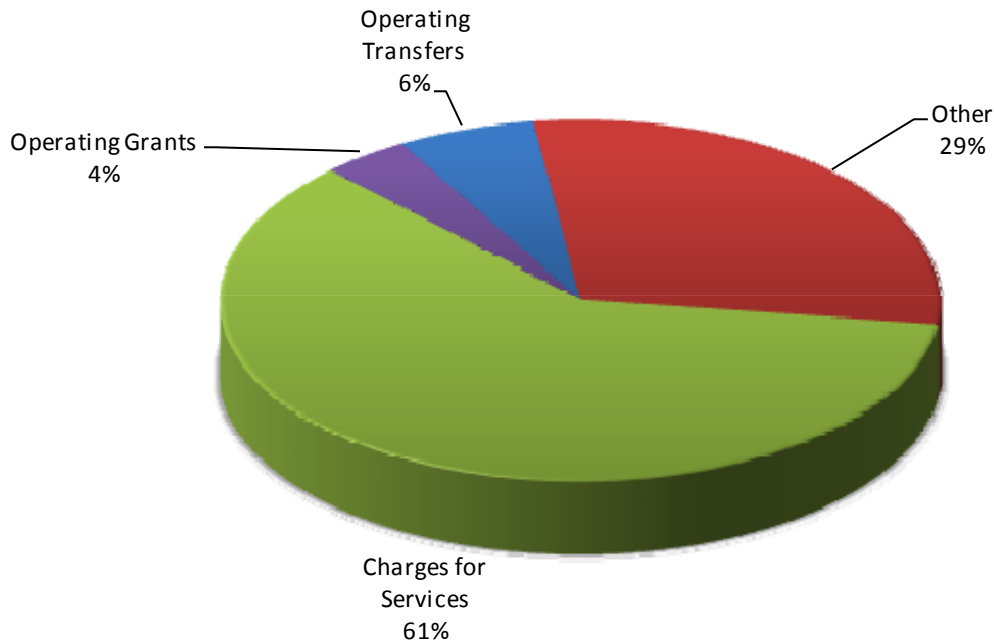


Government Activities

The County’s total governmental net position decreased by \$4.5 in comparison with the prior fiscal year’s decrease of \$5.1 million. The total cost of all governmental activities this year was \$55.3 million, an increase of -5% over the prior fiscal year. The amount that our taxpayers paid for these activities through property taxes was \$32.5 million or 59% of total governmental expenses. The next largest segment of revenues came from charges for services, which accounted for \$14.0 million or 25% of total governmental expenses.

Business-type Activities

The business-type activity of the County is the operations of a regional airport. Approximately 61% of airport revenue is generated by tenant payments for rental of industrial and aircraft facilities. Operating grants comprise another 3%, and transfers from the General Fund account for 6% of revenues.



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Grayson County uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus on Grayson 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 the end of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of \$29.0 million, an increase of approximately \$0.5 million in comparison with the prior year. Approximately 44% percent of this total amount (\$12.6 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately \$6.7 million is restricted for construction and other purposes. The remainder of fund balance is restricted to indicate that it is not available for new spending because it is restricted to pay nonspendable items (\$178 thousand), road and bridge expenditures (\$5.1 million), special revenue expenditures (\$3.1 million) or fund a special purpose trust (\$70 thousand).

The General Fund is the chief operating fund of Grayson County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$14.3 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. At September 30, 2014, unassigned fund balance represents 42% of the total General Fund expenditures.

The fund balance of the County's General Fund increased by \$1.5 million during the current fiscal year. The increase resulted primarily from cost control in departmental budgets and increased revenue collection.

Grayson County maintains four road and bridge budgetary funds that are combined for financial statement reporting purposes. Each of the four funds is segregated for each of the four road and bridge precincts. The combined fund balance at September 30, 2014, is \$4.8 million, which is fully restricted for road construction purposes. The road and bridge precinct fund balances increased by approximately \$933,000 during the fiscal year 2014.

Proprietary Funds

Grayson County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Airport at the end of the year amounted to \$161,976. The total decrease in net position for the fund was \$391,062. Airport operations and transfers from the County's General Fund totaled \$100 thousand. Other factors concerning the finances of this fund have already been addressed in the discussion of Grayson County's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were insignificant, representing a net increase of only \$13 thousand increase in appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Grayson County's investment in capital assets as of September 30, 2014, amounts to \$51.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, and bridges.

Major capital asset events during the current fiscal year included the following:

- Upgrades to County roads.
- Facility improvements and additions at the airport.

GRAYSON COUNTY'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,371,954	\$ 1,371,954	\$ 2,600,238	\$ 2,600,238	\$ 3,972,192	\$ 3,972,192
Infrastructure	13,987,536	15,358,587	13,233,266	13,709,585	27,220,802	29,068,172
Buildings	11,646,809	12,136,486	1,961,783	140,458	13,608,592	12,276,944
Improvements other than buildings	146,910	245,836	6,640	9,079	153,550	254,915
Machinery and equipment	4,460,587	4,706,577	124,349	143,160	4,584,936	4,849,737
Construction in progress	1,853,603	4,100	-	1,890,597	1,853,603	1,894,697
Total capital assets	<u>\$ 33,467,399</u>	<u>\$ 33,823,540</u>	<u>\$ 17,926,276</u>	<u>\$ 18,493,117</u>	<u>\$ 51,393,675</u>	<u>\$ 52,316,657</u>

Additional information regarding the County's capital assets can be found in Note III on pages 40 – 41 of this report.

Long-term Debt

At the end of the current fiscal year, Grayson County had total bonded debt of \$50.7 million. A small portion of the debt service payments on this amount are funded through property taxes assessed annually. The larger portion of the debt payable will be funded using pass-through toll payments to be received from the Texas Department of Transportation (TxDOT) in connection with an agreement between TxDOT and the County to reimburse the County for debt incurred for Highway 289 expansion and upgrade costs.

GRAYSON COUNTY'S OUTSTANDING DEBT AT YEAR-END

	Governmental Activities	
	2014	2013
Pass-through Toll Revenue Bonds payable	\$ 50,675,000	\$ 53,890,000
Premium on Pass-through Toll Bonds	4,675,043	5,163,616
Compensated absences payable	1,084,406	886,202
Net OPEB obligation	<u>13,228,558</u>	<u>11,144,993</u>
	<u>\$ 69,663,007</u>	<u>\$ 71,084,811</u>

In 2007, Grayson County issued \$63,725,000 of Pass-through Toll Revenue and Limited Tax Bonds. Proceeds from this bond issue will be used to finance expansion of and improvements to State Highway 289 within the County, as well as pay for part of the costs of issuance of the bonds. In 2012 and 2013, a portion of the debt was refunded to take advantage of favorable interest rates. At September 30, 2014, the total remaining debt was \$50,675,000.

Additional information on Grayson County's long-term debt can be found in Note III on pages 43 – 44 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Grayson County on September 30, 2014, is 4.7 percent, which is less than the rate of 6.4 percent a year ago. This rate is comparable to the state's average unemployment rate of 4.9 percent, but lower than the national average of 5.7 percent.
- Inflationary trends in the region compare favorably to national indices.

- The continued growth northward from the Dallas area will continue to put demands on all aspects of County government.
- Grayson County is anticipating an expanding of the tax base in 2015, with indications that the tax base will continue to grow.
- During the current fiscal year, unassigned fund balance in the General Fund increased to \$14.3 million.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Grayson County Auditor, 100 West Houston Street, Sherman, Texas 75090.

**BASIC
FINANCIAL STATEMENTS**

THIS PAGE LEFT BLANK INTENTIONALLY

GRAYSON COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 30,699,840	\$ 288,113	\$ 30,987,953
Receivables (net of allowance for uncollectibles)	4,874,810	45	4,874,855
Intergovernmental receivable	65,934,675	-	65,934,675
Prepaid items	177,662	36,091	213,753
Capital assets:			
Land	1,371,954	2,600,238	3,972,192
Infrastructure	100,629,618	29,447,530	130,077,148
Buildings	27,346,104	6,186,486	33,532,590
Improvements other than buildings	873,539	24,389	897,928
Machinery and equipment	18,834,785	326,147	19,160,932
Accumulated depreciation	(117,442,204)	(20,658,514)	(138,100,718)
Construction in progress	1,853,603	-	1,853,603
Total assets	<u>135,154,386</u>	<u>18,250,525</u>	<u>153,404,911</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	<u>3,677,883</u>	-	<u>3,677,883</u>
Total deferred outflows of resources	<u>3,677,883</u>	<u>-</u>	<u>3,677,883</u>
LIABILITIES			
Accounts payable	2,074,403	48,410	2,122,813
Intergovernmental payable	2,101,486	-	2,101,486
Accrued interest payable	481,368	-	481,368
Accrued wages payable	1,054,909	9,458	1,064,367
Unearned revenue	75,000	3,139	78,139
Noncurrent liabilities:			
Due within one year	4,104,675	2,824	4,107,499
Due in more than one year	65,558,332	98,442	65,656,774
Total liabilities	<u>75,450,173</u>	<u>162,273</u>	<u>75,612,446</u>
NET POSITION			
Net investment in capital assets	33,467,399	17,926,276	51,393,675
Restricted for:			
Debt service	81,314	-	81,314
Capital projects	6,687,587	-	6,687,587
Road and bridge	5,253,769	-	5,253,769
Public health	1,128,680	-	1,128,680
Juvenile services	779,646	-	779,646
Election administration	13,431	-	13,431
Emergency management	42,967	-	42,967
Records management	765,549	-	765,549
Court security and technology	264,015	-	264,015
Tax assessor-collector operations	106,320	-	106,320
Law enforcement	230,408	-	230,408
Inmate welfare	181,867	-	181,867
Court management	254,325	-	254,325
Purpose of trust	69,621	-	69,621
Other	298,964	-	298,964
Unrestricted	<u>13,756,234</u>	<u>161,976</u>	<u>13,918,210</u>
Total net position	<u>\$ 63,382,096</u>	<u>\$ 18,088,252</u>	<u>\$ 81,470,348</u>

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

GRAYSON COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 9,834,139	\$ 4,198,091	\$ 1,330,880	\$ -
Judicial	8,409,121	321,227	245,802	-
Elections	478,018	-	83,605	-
Public safety	18,257,253	2,950,629	447,869	-
Highways and streets	9,515,449	4,810,166	377,716	-
Health and welfare	6,114,232	1,761,816	192,124	-
Culture and recreation	124,582	-	-	-
Conservation and development	230,384	-	-	-
Bond interest	1,864,603	-	-	-
Intergovernmental	430,353	-	-	-
Total governmental activities	<u>55,258,134</u>	<u>14,041,929</u>	<u>2,677,996</u>	<u>-</u>
Business-type activities:				
Grayson County Airport	<u>1,975,245</u>	<u>969,328</u>	<u>48,140</u>	<u>-</u>
Total business-type activities	<u>1,975,245</u>	<u>969,328</u>	<u>48,140</u>	<u>-</u>
Total primary government	<u>\$ 57,233,379</u>	<u>\$ 15,011,257</u>	<u>\$ 2,726,136</u>	<u>\$ -</u>

General revenues:

- Taxes:
 - Property taxes, levied for general purposes
 - Property taxes, levied for debt service
 - Other taxes
 - Penalty and interest
 - Miscellaneous revenue
 - Investment earnings
- Insurance proceeds
- Transfers
 - Total general revenues and transfers
 - Change in net position
 - Net position - beginning
 - Prior period adjustment
 - Net position- beginning, as restated
 - Net position - ending

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

Net (Expense) Revenue and Changes in Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$(4,305,168)	\$ -	\$(4,305,168)
(7,842,092)	-	(7,842,092)
(394,413)	-	(394,413)
(14,858,755)	-	(14,858,755)
(4,327,567)	-	(4,327,567)
(4,160,292)	-	(4,160,292)
(124,582)	-	(124,582)
(230,384)	-	(230,384)
(1,864,603)	-	(1,864,603)
(430,353)	-	(430,353)
<u>(38,538,209)</u>	<u>-</u>	<u>(38,538,209)</u>
-	(957,777)	(957,777)
-	(957,777)	(957,777)
<u>\$(38,538,209)</u>	<u>\$(957,777)</u>	<u>\$(39,495,986)</u>
\$ 32,388,543	\$ -	\$ 32,388,543
104,422	-	104,422
224,400	-	224,400
444,649	-	444,649
874,122	294,524	1,168,646
113,538	816	114,354
34,334	171,375	205,709
<u>(100,000)</u>	<u>100,000</u>	<u>-</u>
<u>34,084,008</u>	<u>566,715</u>	<u>34,650,723</u>
(4,454,201)	(391,062)	(4,845,263)
<u>68,437,868</u>	<u>18,479,314</u>	<u>86,917,182</u>
<u>(601,571)</u>	<u>-</u>	<u>(601,571)</u>
<u>67,836,297</u>	<u>18,479,314</u>	<u>86,315,611</u>
<u>\$ 63,382,096</u>	<u>\$ 18,088,252</u>	<u>\$ 81,470,348</u>

GRAYSON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2014

	General	Road and Bridge	State Highway 289 Bonds
ASSETS			
Cash and investments	\$ 13,635,615	\$ 5,160,936	\$ 70,404
Taxes receivable	1,825,721	184,304	15,163
Receivables (net of allowances for uncollectibles)	437,821	5,109	-
Intergovernmental receivables	1,789,648	378,250	63,379,500
Due from other funds	96,514	-	-
Prepaid items	172,797	-	-
Total assets	17,958,116	5,728,599	63,465,067
LIABILITIES			
Accounts payable	490,247	539,488	1,250
Accrued wages payable	775,366	113,593	-
Intergovernmental payable	468,549	-	-
Due to other funds	-	-	-
Unearned revenue	-	75,000	-
Total liabilities	1,734,162	728,081	1,250
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	1,713,094	173,192	-
Unavailable revenue-TXDOT revenue	-	-	63,394,358
Total deferred inflows of resources	1,713,094	173,192	63,394,358
Fund balances:			
Nonspendable:			
Prepaid items	172,797	-	-
Restricted for:			
Public health	-	-	-
Juvenile services	2,077	-	-
Election administration	-	-	-
Emergency management	-	-	-
Records management	-	-	-
Holiday lights	-	-	-
Court security and technology	-	-	-
Tax accessor-collector operations	-	-	-
Historical commission	-	-	-
District attorney operations	-	-	-
Law library	-	-	-
Law enforcement	-	-	-
Inmate welfare	-	-	-
Court management	-	-	-
Road and bridge	-	4,827,326	-
Debt service	-	-	69,459
Capital projects	-	-	-
Purpose of trust	-	-	-
Other	-	-	-
Unassigned:	14,335,986	-	-
Total fund balances	14,510,860	4,827,326	69,459
Total liabilities, fund balances, and deferred inflows of resources	\$ 17,958,116	\$ 5,728,599	\$ 63,465,067

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

<u>Right-of-Way Acquisition</u>	<u>Permanent Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
\$ 5,391,868	\$ 1,562,656	\$ 4,878,361	\$ 30,699,840
-	6,581	-	2,031,769
-	-	290,912	733,842
-	-	387,277	65,934,675
-	-	-	96,514
-	-	4,865	177,662
<u>5,391,868</u>	<u>1,569,237</u>	<u>5,561,415</u>	<u>99,674,302</u>
-	271,169	772,249	2,074,403
-	-	165,950	1,054,909
-	-	1,632,937	2,101,486
-	-	96,514	96,514
-	-	-	75,000
<u>-</u>	<u>271,169</u>	<u>2,667,650</u>	<u>5,402,312</u>
-	6,185	-	1,892,471
-	-	-	63,394,358
<u>-</u>	<u>6,185</u>	<u>-</u>	<u>65,286,829</u>
-	-	4,865	177,662
-	-	1,128,680	1,128,680
-	-	777,569	779,646
-	-	13,431	13,431
-	-	42,967	42,967
-	-	765,549	765,549
-	-	124,943	124,943
-	-	264,015	264,015
-	-	106,320	106,320
-	-	12,091	12,091
-	-	69,623	69,623
-	-	9,146	9,146
-	-	230,408	230,408
-	-	181,867	181,867
-	-	254,325	254,325
-	-	318,999	5,146,325
-	-	-	69,459
5,391,868	1,291,883	-	6,683,751
-	-	69,621	69,621
-	-	220,195	220,195
<u>-</u>	<u>-</u>	<u>(1,700,849)</u>	<u>12,635,137</u>
<u>5,391,868</u>	<u>1,291,883</u>	<u>2,893,765</u>	<u>28,985,161</u>
<u>\$ 5,391,868</u>	<u>\$ 1,569,237</u>	<u>\$ 5,561,415</u>	<u>\$ 99,674,302</u>

THIS PAGE LEFT BLANK INTENTIONALLY

GRAYSON COUNTY, TEXAS

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

AS OF SEPTEMBER 30, 2014

Total fund balances - governmental funds balance sheet	\$ 28,985,161
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,467,399
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	67,396,028
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(<u>66,466,492</u>)
Net position of governmental activities	\$ <u><u>63,382,096</u></u>

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

GRAYSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General	Road and Bridge	State Highway 289 Bonds
REVENUES			
Taxes:			
Property	\$ 29,810,499	\$ 2,890,216	\$ 2,265
Other	224,400	-	-
Penalty and interest on taxes	402,866	39,236	1,073
Licenses and permits	243,331	-	-
Intergovernmental revenue and grants	945,874	532,564	5,281,625
Charges for services	2,403,737	1,324,530	-
Fines and fees	-	1,574,220	-
Forfeits	49,183	-	-
Vehicle registration fees	1,289,799	1,682,560	-
Investment earnings	62,874	16,871	1,924
Contributions and donations from private sources	-	1,000	-
Other revenue	684,487	2,780	250
Total revenues	36,117,050	8,063,977	5,287,137
EXPENDITURES			
Current:			
General government	7,434,960	-	-
Judicial	7,437,793	-	-
Elections	466,736	-	-
Public safety	13,513,156	-	-
Highways and streets	-	6,880,302	-
Health and welfare	4,034,672	-	-
Culture and recreation	124,582	-	-
Conservation and development	205,457	-	-
Debt service:			
Principal	-	-	3,215,000
Interest	-	-	2,010,931
Capital outlay	477,354	307,008	-
Intergovernmental	430,353	-	-
Total expenditures	34,125,063	7,187,310	5,225,931
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,991,987	876,667	61,206
OTHER FINANCING SOURCES (USES)			
Sale of real and personal property	-	57,278	-
Proceeds from insurance	-	-	-
Transfers in	262,695	-	-
Transfers out	(758,953)	-	-
Total other financing sources and uses	(496,258)	57,278	-
NET CHANGE IN FUND BALANCES	1,495,729	933,945	61,206
FUND BALANCES, BEGINNING	13,015,131	3,893,381	8,253
FUND BALANCES, ENDING	\$ 14,510,860	\$ 4,827,326	\$ 69,459

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

Right-of-Way Acquisition	Permanent Improvements	Other Governmental Funds	Total Governmental
\$ -	\$ 103,230	\$ -	\$ 32,806,210
-	-	-	224,400
-	1,474	-	444,649
-	-	571,416	814,747
-	-	2,014,372	8,774,435
-	-	3,895,889	7,624,156
-	-	65,913	1,640,133
-	-	127,437	176,620
-	-	-	2,972,359
16,010	4,036	11,818	113,533
-	-	215,399	216,399
34,186	-	321	722,024
<u>50,196</u>	<u>108,740</u>	<u>6,902,565</u>	<u>56,529,665</u>
-	34,004	1,255,992	8,724,956
-	-	591,584	8,029,377
-	-	11,282	478,018
-	-	3,045,108	16,558,264
4,358	-	-	6,884,660
-	-	1,869,687	5,904,359
-	-	-	124,582
-	15,542	-	220,999
-	-	-	3,215,000
-	-	-	2,010,931
-	750,790	1,947,226	3,482,378
-	-	-	430,353
<u>4,358</u>	<u>800,336</u>	<u>8,720,879</u>	<u>56,063,877</u>
<u>45,838</u>	<u>(691,596)</u>	<u>(1,818,314)</u>	<u>465,788</u>
-	-	25,046	82,324
-	34,334	-	34,334
-	625,869	1,766,022	2,654,586
-	-	(1,995,632)	(2,754,585)
-	<u>660,203</u>	<u>(204,564)</u>	<u>16,659</u>
45,838	(31,393)	(2,022,878)	482,447
<u>5,346,030</u>	<u>1,323,276</u>	<u>4,916,643</u>	<u>28,502,714</u>
<u>\$ 5,391,868</u>	<u>\$ 1,291,883</u>	<u>\$ 2,893,765</u>	<u>\$ 28,985,161</u>

THIS PAGE LEFT BLANK INTENTIONALLY

GRAYSON COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Net change in fund balances - total governmental funds \$ 482,447

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

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. This is the amount by which depreciation expense exceeded capital outlays in the current period. (251,537)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (5,660,066)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position. (104,604)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 3,243,837

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 the governmental funds. (2,164,278)

Change in net position of governmental activities \$(4,454,201)

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

THIS PAGE LEFT BLANK INTENTIONALLY

GRAYSON COUNTY, TEXAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS

SEPTEMBER 30, 2014

	<u>Grayson County Airport</u>
ASSETS	
Current assets:	
Cash and investments	\$ 288,113
Other receivables	45
Prepaid expenses	<u>36,091</u>
Total current assets	<u>324,249</u>
Noncurrent assets:	
Capital assets:	
Land	2,600,238
Infrastructure	29,447,530
Buildings	6,186,486
Improvements other than buildings	24,389
Machinery and equipment	326,147
Accumulated depreciation	<u>(20,658,514)</u>
Total noncurrent assets	<u>17,926,276</u>
Total assets	<u>18,250,525</u>
LIABILITIES	
Current liabilities:	
Accounts payable	48,410
Accrued wages payable	9,458
Security deposits payable	3,139
Compensated absences	2,824
Noncurrent liabilities:	
Compensated absences	8,471
Net OPEB obligation	<u>89,971</u>
Total liabilities	<u>162,273</u>
NET POSITION	
Net investment in capital assets	17,926,276
Unrestricted	<u>161,976</u>
Total net position	<u>\$ 18,088,252</u>

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

GRAYSON COUNTY, TEXAS

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

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Grayson County Airport</u>
OPERATING REVENUES	
Grant funding	\$ 48,140
Charges for services	44,273
Rents and royalties	925,055
Other revenue	<u>294,524</u>
Total operating revenues	<u>1,311,992</u>
OPERATING EXPENSES	
Salaries, wages and benefits	292,570
Purchased professional and technical services	357,483
Purchased property services	96,466
Other operating expenses	643,088
Depreciation	<u>585,638</u>
Total operating expenses	<u>1,975,245</u>
OPERATING LOSS	<u>(663,253)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	816
Insurance recovery	<u>171,375</u>
Total nonoperating revenues (expenses)	<u>172,191</u>
NET INCOME BEFORE TRANSFERS	(491,062)
TRANSFER IN	<u>100,000</u>
CHANGE IN NET POSITION	(391,062)
TOTAL NET POSITION, BEGINNING	<u>18,479,314</u>
TOTAL NET POSITION, ENDING	<u>\$ 18,088,252</u>

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

GRAYSON COUNTY, TEXAS

**STATEMENT OF CASHFLOWS
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Grayson County Airport
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from user charges	\$ 1,311,992
Cash payments to employees for services	(277,800)
Cash payments for other operating expenses	(1,261,038)
Net cash used by operating activities	<u>(226,846)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash paid from other funds	217,635
Operating transfers in	100,000
Insurance proceeds	<u>171,375</u>
Net cash provided by noncapital financing activities	<u>489,010</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition on capital assets	<u>(504,729)</u>
Net cash used by capital and related financing activities	<u>(504,729)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	<u>816</u>
Net cash provided by investing activities	<u>816</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(241,749)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>529,862</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 288,113</u>

THIS PAGE LEFT BLANK INTENTIONALLY

GRAYSON COUNTY, TEXAS

**STATEMENT OF CASHFLOWS
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Grayson County Airport</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$(663,253)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	585,638
Assets and liabilities:	
Decrease (increase) in prepaid expenses	(6,075)
Increase (decrease) in accounts payable	(157,926)
Increase (decrease) in accrued wages payable	(257)
Increase (decrease) in security deposits payable	8
Increase (decrease) in noncurrent liabilities	14,078
Increase (decrease) in compensated absences	<u>941</u>
Net used by operating activities	<u><u>\$(226,846)</u></u>
Noncash investing, capital, and financing activities:	
Contributions of capital assets	<u>-</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

GRAYSON COUNTY, TEXAS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

SEPTEMBER 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>6,048,847</u>
Total assets	\$ <u>6,048,847</u>
LIABILITIES	
Due to other agencies and individuals	\$ <u>6,048,847</u>
Total liabilities	\$ <u>6,048,847</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

GRAYSON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Grayson County, Texas (the “County”), have been prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. These notes to the financial statements are an integral part of the basic financial statements of the County. The following is a discussion of the more significant accounting policies utilized by the County.

A. Reporting Entity

GASB Statement No. 14, “*The Financial Reporting Entity*,” establishes criteria that should be considered and evaluated along with other judgmental factors before a decision is made to include one governmental unit with another governmental unit for the purpose of issuing basic financial statements. The five criteria considered were 1) financial accountability, 2) appointment of a voting majority, 3) imposition of will, 4) financial benefit to or a burden on a primary government, and 5) financial accountability as a result of fiscal dependency.

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision on whether or not to include a potential component unit in the reporting entity was made by applying the criteria set forth in the preceding paragraph.

The County is a partner in a joint venture with various local governmental units. These governments have formed the Juvenile Detention Center of Grayson, Cooke, and Fannin Counties, which provides residential services for juveniles of any county. This joint venture does not meet the criteria stated above for inclusion in the County’s financial statements and has no equity interest to require its inclusion as an investment in the County’s financial statements per guidance established by GASB No. 14. Details of this investment are discussed in Note IV-G.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of position and the statement of changes in net position) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and service charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements because they cannot be used for the County's operations. Major individual governmental funds and the major individual Enterprise Fund are reported as separate columns in the fund financial statements.

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County 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 service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Road and Bridge Fund** is used to account for the operation, construction and maintenance of roads and bridges. Financing is provided by a special annual property tax levy to the extent miscellaneous revenue (principally fines and fees of office) are not sufficient to provide such financing. The County is divided into four precincts; each precinct is provided with a separate budget administered by the County Commissioner elected from such precinct.

State Highway 289 Bonds Fund – The function of this fund is to accumulate monies for payment of obligations related to the issuance of debt for the costs of upgrading Highway 289. Monies received through the Toll Revenue Agreement with Texas Department of Transportation are legally restricted to servicing this debt until the bond issue is retired.

Right-of-Way Acquisition Fund – This fund is used to account for the cost of acquiring state right-of-way.

Improvements Fund – This fund is used to account for the cost of improvements to buildings and sidewalks, etc. Financing is provided by tax assessments.

Additionally, the County reports the following proprietary fund:

Enterprise Funds account for the operation of the North Texas Regional Airport. All activities necessary to provide for the Airport's services are accounted for in this fund, including, but not limited to, administration, operations, and maintenance.

Additionally, the County reports the following fund types:

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, and other governments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Cash and Investments

Cash includes amounts in demand deposit and savings accounts, as well as short-term investments with a maturity date within three months of the date acquired by the County.

The County is legally permitted to purchase as investments or collateralize deposits with the following types of instruments: (1) obligations of the United States or its agencies; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having an investment quality rating of A; (5) certificates of deposit issued by state or national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or secured by obligations described in (1) through (4) above; and (6) fully collateralized direct repurchase agreements.

2. *Inventories*

Inventories of supplies on hand have not been recorded. Such supplies are not considered material and have been expensed when purchased.

3. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles.

Property taxes are levied prior to October 1 of each year and become delinquent on the subsequent February 1. Delinquent real property taxes are expected to be collected, as these delinquent amounts are a lien against the related property until paid. These amounts are classified as noncurrent and are reflected on the balance sheets of the related funds. A corresponding balance is reflected as deferred revenue as these amounts are not available spendable resources.

Collections of the current year's levy are reported as current revenue if received by September 30 (within 8 months of the January 31 due date). Collections received thereafter are reported as delinquent tax revenue.

4. *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 assets' lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	20 - 50
Improvements	5 - 50
Equipment	5 - 20
Infrastructure	35 - 125

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

6. *Compensated Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accrued sick pay benefits are lost upon termination. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

7. *Long-term Obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources for the governmental fund types.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as another financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as expenditures. For proprietary fund types, bond premiums and discounts, as well as issuance costs, are charged to current operations rather than being deferred and amortized due to the relatively immaterial effect on the basic financial statements taken as a whole.

8. *Fund Balance Classification*

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by court resolution of the Commissioners' Court, the County's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Commissioners' Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Auditor.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned.

9. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. (Net investment in capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.) Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Position

Page 19 provides the reconciliation between the *fund balance* for *total governmental funds* on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains, “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$33,467,339 are as follows:

Land	\$	1,371,954
Construction in progress		1,853,603
Infrastructure		100,629,618
Less: Accumulated depreciation-infrastructure		(86,642,082)
Buildings		27,346,104
Less: Accumulated depreciation-buildings		(15,699,295)
Improvements other than buildings		873,539
Less: Accumulated depreciation-improvements other than buildings		(726,629)
Machinery and equipment		18,834,785
Less: Accumulated depreciation-machinery and equipment		<u>(14,374,198)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	<u>33,467,399</u>

Another element of that reconciliation explains, “Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.” The details of this \$67,396,028 difference are as follows:

TxDOT receivable	\$	63,379,500
Penalty and interest receivable		1,175,739
Property tax receivable		1,907,329
Court fines receivable		<u>933,460</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	<u>67,396,028</u>

Another element of that reconciliation explains, “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this (\$66,466,492) difference are as follows:

Bonds, notes, and capital leases	\$(50,675,000)
Deferred charge on refunding	3,677,883
Accrued interest payable	(481,368)
Compensated absences	(1,084,406)
Net OPEB obligation	(13,228,558)
Bond premium	<u>(4,675,043)</u>
 Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 \$(<u>66,466,492</u>)

B. Explanation of Certain Differences Between the Governmental Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balance – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Government funds reported 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 \$(251,537) difference are as follows:

Capital outlay	\$ 3,807,193
Depreciation expense	<u>(4,058,730)</u>
 Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 \$(<u>251,537</u>)

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$(5,660,066) difference are as follows:

Property tax revenue	\$(313,245)
Court fines	(65,196)
TxDOT revenue	<u>(5,281,625)</u>
 Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	 \$(<u>5,660,066</u>)

Another element of that reconciliation states, “The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net position.” The details of this (\$104,604) difference are as follows:

Capital assets proceeds	\$(104,604)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$(104,604)</u>

Another element of that reconciliation states that, “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items where debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$3,243,837 difference are as follows:

Principal repayments	\$ 3,215,000
Amortized bond premium	<u>28,837</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 3,243,837</u>

Another element of that reconciliation states, “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.” The details of this (\$2,164,278) difference are as follows:

Compensated absences	\$(198,204)
Accrued interest	117,491
Increase in net OPEB obligation	<u>(2,083,565)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$(2,164,278)</u>

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Legal and Contractual Provisions Governing Deposits and Investments

The funds of the County must be deposited and invested under the terms of a depository contract, contents of which are set out in the *Depository Contract Law*. The depository bank places approved pledged securities for safekeeping and trust with the County’s agent bank in an amount sufficient to protect County funds, on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance.

At September 30, 2014, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was:

U. S. Treasury Securities	\$ 9,431,000
Bank of Texas	5,762,251
Landmark Bank	19,337,873
Landmark Bank - CDARS	2,500,000
LOGIC	<u>5,675</u>
 Total	 <u>\$ 37,036,799</u>

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

Local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Local government investment pools use amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool.

TexPool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Texas Comptroller of Public Accounts is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. TexPool uses amortized costs to report net position and share prices since that amount approximates fair value.

LOGIC operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, to the extent such rule is applicable to their operations. Accordingly, it uses that amortized cost method permitted by SEC Rule 2a-7 to report net position and share prices since that amount approximates fair value. The investment activities of LOGIC are administered by Patterson & Associates and SW Capital Corporation. There is no regulatory oversight by the State of Texas over LOGIC.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the County has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Cash Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's investment policy requires that all County funds be collateralized or insured consistent with federal and state law and the current bank depository contract through either FDIC insurance coverage or with obligations of the United States or its agencies and instrumentalities. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2014, were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk – Investments: This is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form; thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of September 30, 2014, TexPool's investment credit quality rating was AAAM and LOGIC's investment credit quality rating was Aaa/MRI+ as rated by Standard & Poor's.

B. Property Taxes

Property subject to taxation consists of real property and certain personal property situated in the County. Certain properties of religious, educational and charitable organizations, including the federal government and the State of Texas, are exempt from taxation. Additionally, there are other exemptions, in arriving at the total assessed valuation of property subject to County taxation. The valuations are subject to countywide revaluation every year. The effective tax rate is computed based upon the previous year's total assessed valuation.

Portions of the adopted tax rate are assessed and designated for specific purposes. These designated tax revenues are deposited into funds created for the accumulation and disbursement of these revenues. The following schedule details the components of the 2013 tax rate allocated to each fund:

	Rate Per \$100	Current (2013) Tax Revenue Collected
	<u> </u>	<u> </u>
Permanent Improvement Bonds - 2007 Series (debt service)	\$ -	\$ -
Road and bridge fund (special revenue)	0.043240	2,844,412
Permanent improvement fund (capital projects)	0.001544	101,567
General fund	<u>0.446116</u>	<u>29,346,359</u>
	<u>\$ 0.490900</u>	<u>\$ 32,292,338</u>

Ad valorem taxes are levied prior to October 1 and are due and payable from October 1 of the year in which levied until January 31 of the following year without interest or penalty. Taxes become delinquent February 1 of each year and are subject to simple interest of 12% per annum, plus a 6% penalty for the first calendar month such taxes are delinquent, plus an additional 2 percent each month thereafter not to exceed 12%.

Taxes on real property attach as an enforceable lien as of January 1 and are a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. Delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title to the property. Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes become delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid.

C. Capital Assets

Capital assets activity for the year ended September 30, 2014, are as follows:

Primary Government

	Beginning Balance	Additions	Retirements/ Reclassifications	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 1,371,954	\$ -	\$ -	\$ -	\$ 1,371,954
Construction in progress	4,100	1,853,603	(4,100)	-	1,853,603
Total assets not being depreciated	<u>1,376,054</u>	<u>1,853,603</u>	<u>(4,100)</u>	-	<u>3,225,557</u>
Capital assets, being depreciated:					
Infrastructure	100,417,086	532,538	(320,006)	-	100,629,618
Buildings	26,921,065	425,039	-	-	27,346,104
Improvements other than buildings	873,539	-	-	-	873,539
Machinery and equipment	18,458,013	996,013	(619,241)	-	18,834,785
Total capital assets being depreciated	<u>146,669,703</u>	<u>1,953,590</u>	<u>(939,247)</u>	-	<u>147,684,046</u>
Less accumulated depreciation:					
Infrastructure	85,058,499	1,903,589	(320,006)	-	86,642,082
Buildings	14,784,579	914,716	-	-	15,699,295
Improvements other than buildings	627,703	49,463	49,463	-	726,629
Machinery and equipment	13,751,436	1,190,962	(568,200)	-	14,374,198
Total accumulated depreciation	<u>114,222,217</u>	<u>4,058,730</u>	<u>(838,743)</u>	-	<u>117,442,204</u>
Total capital assets being depreciated, net	<u>32,447,486</u>	<u>(2,105,140)</u>	<u>(100,504)</u>	-	<u>30,241,842</u>
Governmental activities capital assets, net	<u>\$ 33,823,540</u>	<u>\$(251,537)</u>	<u>\$(104,604)</u>	-	<u>\$ 33,467,399</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 2,600,238	\$ -	\$ -	\$ -	\$ 2,600,238
Construction in progress	1,404,665	218,142	(1,622,807)	-	-
Total assets not being depreciated	<u>4,004,903</u>	<u>218,142</u>	<u>(1,622,807)</u>	-	<u>2,600,238</u>
Capital assets, being depreciated:					
Infrastructure	29,447,530	-	-	-	29,447,530
Buildings	4,508,592	1,909,394	(231,500)	-	6,186,486
Improvements other than buildings	24,389	-	-	-	24,389
Machinery and equipment	334,017	-	(7,870)	-	326,147
Total capital assets being depreciated	<u>34,314,528</u>	<u>1,909,394</u>	<u>(239,370)</u>	-	<u>35,984,552</u>
Less accumulated depreciation:					
Infrastructure	15,737,945	476,320	-	-	16,214,265
Buildings	4,368,134	88,068	(231,500)	-	4,224,702
Improvements other than buildings	15,310	2,439	-	-	17,749
Machinery and equipment	190,857	18,811	(7,870)	-	201,798
Total accumulated depreciation	<u>20,312,246</u>	<u>585,638</u>	<u>(239,370)</u>	-	<u>20,658,514</u>
Total capital assets being depreciated, net	<u>14,002,282</u>	<u>1,323,756</u>	<u>-</u>	<u>-</u>	<u>15,326,038</u>
Business-type activities capital assets, net	<u>\$ 18,007,185</u>	<u>\$ 1,541,898</u>	<u>\$(1,622,807)</u>	<u>\$ -</u>	<u>\$ 17,926,276</u>

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

Governmental activities:	
General government	\$ 800,648
Judicial	32,483
Public safety	830,745
Health and welfare	31,550
Highways and streets	<u>2,363,304</u>
Total depreciation expense - governmental activities	<u>\$ 4,058,730</u>

D. Interfund Receivables, Payables and Transfers

Interfund balances during the year ended September 30, 2014, consisted of the following amounts:

<u>Due from</u>	<u>Amount</u>	<u>Due to</u>
Nonmajor	\$ 96,514	General

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers during the year ended September 30, 2014, consisted of the following amounts:

<u>Transfer from</u>	<u>Amount</u>	<u>Transfer to</u>	<u>Explanation</u>
General fund	\$ 100,000	Airport fund	Supplement fund resources
General fund	625,869	Permanent Improvements	Supplement fund resources
General fund	295,779	Nonmajor funds	Supplement fund resources
Nonmajor funds	<u>1,732,937</u>	Nonmajor funds	Supplement fund resources
	<u>\$ 2,754,585</u>		

E. Leasing Operations

Airport operations consist principally of leasing land and buildings. All such leases are operating leases, as defined by GAAP. Excluding renewal options, 8 of 44 leases expire during the next 5 fiscal years.

Below is a summary of the cost and related accumulated depreciation of buildings used in operating leases activity as of September 30, 2014:

Buildings	\$ 6,186,486
Less: accumulated depreciation	<u>(4,224,702)</u>
Net	<u>\$ 1,961,784</u>

The following is a summary of minimum future rentals to be received on non-cancellable operating leases in effect as of September 30, 2014. The summary does not include amounts attributable to potential future increases in rental payments due to increases in the consumer price index, renewal options or unit revenue (fuel flowage).

Year Ending September 30,	Lease Obligation
2015	\$ 476,678
2016	375,273
2017	338,764
2018	336,049
2019	336,562
2020-2024	1,570,731
2025-2029	1,212,955
2030-2034	778,681
2035-2039	167,597
2040-2044	104,558
2045-2046	4,928
Total	<u>\$ 5,702,776</u>

F. Investments in Joint Venture

The Cooke, Fannin, and Grayson County Juvenile Detention Center (Detention Center) was established under an interlocal agreement between the three participating counties (Participants) dated July 13, 1983. The Center provides probation, detention and diagnostic services for juveniles under the jurisdiction of the Participants and is available to other entities on a fee basis. The Detention Center is managed by a board of directors, which is composed of seven members, three appointed by the Commissioners of Grayson County, and two members each appointed by the Commissioners of Cooke and Fannin Counties, respectively. The Detention Center was constructed with grant funds and amounts contributed by the three Participants. Grayson County has been recognized as the administrative entity for financial activities and personnel support and benefits by contract dated October 31, 1983. All costs associated with the Detention Center after applicable charges and grants are shared by the Participants and are allocated as follows: Cooke, 20%; Fannin, 20%; and Grayson, 60%. The County has an ongoing financial responsibility because the Detention Center’s continued existence depends upon the continual funding by its members. The Detention Center does not have stock and the members do not have an explicit, measurable right to the net resources of the Detention Center; therefore, no equity interest exists.

Complete financial statements of the individual joint venture can be obtained from its administrative office as follows: Cooke, Fannin and Grayson County, Juvenile Detention Center, 86 Dyess Street, Denison, Texas 75020.

G. Long-term Debt

Pass-through Toll Revenue and Limited Tax Bonds

On February 1, 2007, Grayson County issued \$63,725,000 of Pass-through Toll Revenue and Limited Tax Bonds, Series 2007 (the “Bonds”). The Bonds were issued pursuant to the authority granted to the County by Chapter 1479, Texas Government Code, as amended; and the “Order Authorizing the Issuance of Grayson County, Texas Pass-through Toll Revenue and Limited Tax Bonds, Series 2007” adopted by the Commissioners’ Court on January 22, 2007, (the “Order”). The Order authorizes the issuance of the Bonds payable in whole or in part from payments (the “Payments”) received by the County pursuant to a Pass-through Toll Agreement effective as of November 17, 2006, (the “Agreement”) between the County and the Texas Department of Transportation (the “Department”), an agency of the State of Texas charged with administering state and federal funds for highway construction and maintenance.

Proceeds from the sale of the Bonds were used for (i) designing, developing, financing, constructing, extending, expanding or improving a non-toll project or facility for State Highway 289, a part of the state highway system located in the County, (ii) capitalizing a portion of the interest on the Bonds, and (iii) paying the costs of issuing the Bonds.

Annual debt service requirements to maturity for the Pass-through Revenue and Limited Tax Bonds, Series 2007, 2012, and 2013 are as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 3,345,000	\$ 1,879,731	\$ 5,224,731
2016	3,480,000	1,743,232	5,223,232
2017	3,585,000	1,644,503	5,229,503
2018	3,760,000	1,558,975	5,318,975
2019	3,875,000	1,444,450	5,319,450
2020-2024	22,220,000	4,495,988	26,715,988
2025-2026	<u>10,410,000</u>	<u>340,575</u>	<u>10,750,575</u>
Total	<u>\$ 50,675,000</u>	<u>\$ 13,107,454</u>	<u>\$ 63,782,454</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2014, is as follows:

Description	Balance 09/30/13	Additions	Retirements	Refunded	Balance 09/30/14	Due within One year
Governmental activities:						
Pass-through toll revenue and limited tax refunding bonds, Series 2012	\$ 20,260,000	\$ -	\$ -	\$ -	\$ 20,260,000	\$ -
Pass-through toll revenue and limited tax bonds, Series 2007	10,040,000	-	3,215,000	-	6,825,000	3,345,000
Pass-through toll revenue and limited tax refunding bonds, Series 2013	23,590,000	-	-	-	23,590,000	-
Premium on pass-through toll revenue and limited tax bonds	5,163,616	-	488,573	-	4,675,043	488,573
Compensated absences	886,202	1,118,109	919,905	-	1,084,406	271,102
Net OPEB obligation	11,144,993	2,083,565	-	-	13,228,558	-
Governmental activities long-term liabilities	<u>\$ 71,084,811</u>	<u>\$ 3,201,674</u>	<u>\$ 4,623,478</u>	<u>\$ -</u>	<u>\$ 69,663,007</u>	<u>\$ 4,104,675</u>
Business-type activities:						
Compensated absences	\$ 10,354	\$ 10,460	\$ 9,519	\$ -	\$ 11,295	\$ 2,824
Net OPEB obligation	75,893	14,078	-	-	89,971	-
Business-type activities long-term liabilities	<u>\$ 86,247</u>	<u>\$ 24,538</u>	<u>\$ 9,519</u>	<u>\$ -</u>	<u>\$ 101,266</u>	<u>\$ 2,824</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

I. Disaggregation of Receivables and Payables

Receivables on the fund financial statements at September 30, 2014, are as follows:

	General	Road and Bridge	State Highway 289 Bonds	Permanent Improvements	Other Governmental	Airport	Total Receivables
Receivables:							
Property taxes	\$ 1,825,721	\$ 184,304	\$ 15,163	\$ 6,581	\$ -	\$ -	\$ 2,031,769
Accounts	437,821	5,109	-	-	290,912	45	733,887
Intergovernmental	<u>1,789,648</u>	<u>378,250</u>	<u>63,379,500</u>	<u>-</u>	<u>387,277</u>	<u>-</u>	<u>65,934,675</u>
Gross receivable	4,053,190	567,663	63,394,663	6,581	678,189	45	68,700,331
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,053,190</u>	<u>\$ 567,663</u>	<u>\$ 63,394,663</u>	<u>\$ 6,581</u>	<u>\$ 678,189</u>	<u>\$ 45</u>	<u>\$ 68,700,331</u>

J. Federal Arbitrage

General obligation bonds are subject to the provisions of the Internal Revenue Code of 1986 related to arbitrage and interest income tax regulations under those provisions.

K. Operating Leases

The County is committed under various non-cancellable leases for building and office space. These leases are considered for accounting purposes to be operating leases. None of the leases contain renewal or purchase options or escalation clauses. None of the properties under the operating leases are subleased by the County as of September 30, 2014. The County has no leases with related parties.

IV. OTHER INFORMATION

A. Commitments and Contingencies

The County is in compliance with all terms of bond indenture agreements, all contracts, and federal, state and local laws and regulations. The various federal and state financial awards and contracts in which the County participates are subject to program compliance audits. The audits of these programs have not yet been accepted by the granting agencies. The amount, if any, which may be disallowed, cannot be determined at this time, although the County expects such amounts, if any, to not be material. Accordingly, no liabilities have been accrued as a contingency related to compliance matters.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

B. Retirement Plan

Plan Description

Grayson County, Texas provides retirement, disability, and death benefits for all of its fulltime 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 656 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

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

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

Funding Policy

The employer has elected the annually determined contribution rate (ADCR) 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 employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 13.33% for the months of the accounting year in 2013, and 9.69% for the months of the accounting year in 2014.

The deposit rate payable by the employee members is the 7%, for the months of accounting year in 2013 and 4.0% for the months of accounting year in 2014, as adopted by the governing body of the employer.

Annual Pension Cost

For the employer's accounting year ended September 30, 2014, the annual pension cost for the TCDRS plan for its employees was \$2,463,130 and the actual contributions were \$2,463,130. 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 valuations as of December 31, 2011 and December 31, 2012, the basis for determining the contribution rates for calendar years 2014 and 2015. The December 31, 2013, actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actual Valuation Date	12/031/11	12/031/12	12/031/13
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	20	20	20
Asset valuation method	SAF: 10-yr smoothed value, ESF: fund value	SAF: 10-yr smoothed value, ESF: fund value	SAF: 5-yr smoothed value, ESF: fund value
Actuarial Assumptions:			
Investment return*	8.0%	8.0%	8.0%
Projected salary increases	5.4%	5.4%	4.9%
Inflation	3.5%	3.5%	3.0%
Cost-of-living adjustments	0.0%	0.0%	0.0%

* Includes inflation at the stated rate

**Trend Information for the
Retirement Plan for the Employees of Grayson County**

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/12	\$ 2,592,507	100%	\$ -
09/30/13	2,812,242	100%	-
09/30/14	2,463,130	100%	-

The funded status of December 31, 2013, the most recent actuarial study, is presented as follows:

Year	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AA) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (1) (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2013	\$ 58,149,723	\$70,393,792	\$12,244,069	82.6%	\$22,060,675	55.5%

C. Risk Management

The County provides medical and life insurance for its employees through Texas Association of counties. The County pays \$755 per month per participating employee for this coverage. The total cost to the County for providing medical and life insurance benefits for its employees for the year ended September 30, 2014, was \$4,125,709.

D. Post-Retirement Benefits

The County provides certain health care benefits through a single-employer defined benefit OPEB plan. Regular, fulltime employees are eligible to participate in the County's health care plan as a retiree at a rate that is subsidized by the County. The retiree pays from 30% to 70% of the premium, depending on the plan in which they participate. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 30 years of service or at age 60 with 8 years of service. Spouses and dependents of retirees are also eligible. Currently, the County has 429 active employees and 91 retirees eligible to participate in the plan.

When a regular, fulltime employee retires they are eligible to continue to participate in the County's group health insurance plan. Members who terminate employment prior to retirement are not eligible for retiree health care benefits.

Retirees are eligible for health care until they become Medicare eligible. The retiree pays full Medicare premiums. The County's coverage continues as a secondary health care plan.

Retirees who decide to opt-out for the health care plan are not eligible to opt back in when coverage from another entity ceases.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The County's annual OPEB cost for the current year and the related information is listed below:

Annual Required Contribution (ARC)	\$ 2,723,401
Interest on Net OPEB Obligation	504,940
Adjustment to the ARC	<u>(467,822)</u>
Annual OPEB Cost	2,760,519
Employer Contributions with Interest	<u>(662,876)</u>
Increase (Decrease) in Net OPEB Obligation	2,097,643
Net OPEB Obligation, beginning of year	<u>11,220,886</u>
 Net OPEB Obligation, end of year	 <u>\$ 13,318,529</u>

Expenses for post-retirement health care benefits are funded on a pay-as-you-go basis.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year (4.5% discount rate, and level percent of pay amortization).

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed	Net OPEB Obligation
09/30/12	\$ 2,650,979	\$ 1,488,990	56%	\$ 9,121,938
09/30/13	2,733,561	634,613	23%	11,220,886
09/30/14	2,760,519	662,876	24%	13,318,529

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (AAL) (UAAL)	Funded Ratio	Covered Payroll
12/31/2010	\$ -	\$ 29,498,486	\$ 29,498,486	- %	\$ 18,307,492
12/31/2011	-	23,117,736	23,117,736	- %	18,213,046
12/31/2013	-	23,242,500	23,242,500	- %	19,351,693

The projection of future payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. 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, consistent with the long-term perspective of the calculations.

The actuarial methods and significant assumptions used are as follows:

Actuarial Valuation Date	12/31/2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level percent of payroll
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.5%
Payroll Growth Rate	3%
Projected Salary Increases	3.75% to 7.75%
General Inflation Rate	3%
Healthcare cost trend rate	7.50%
The number of active members is assumed to remain constant in the future	

E. Change in Accounting Principle

As a result of implementing GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County's beginning net position for the governmental activities decreased by \$601,571. This decrease is a result from no longer deferring and amortizing bond issuance costs.

F. Deficit Fund Equity

The Star Family Drug Court, Citizen Corps Program, State Homeland Security, Metropolitan Planning Organization and the Detention Center Renovation had deficit fund balance equities of \$3,999, \$7,439, \$5,908, \$57,692, and \$1,632,937 respectively as of September 30, 2014. The deficits in these funds will be made up through revenues being greater than expenditures in FY 2015.

**REQUIRED
SUPPLEMENTARY INFORMATION**

THIS PAGE LEFT BLANK INTENTIONALLY

GRAYSON COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Property	\$ 29,387,895	\$ 29,625,000	\$ 29,810,499	\$ 185,499
Other	160,000	180,000	224,400	44,400
Penalty and interest on taxes	425,000	425,000	402,866	(22,134)
Licenses and permits	181,500	225,126	243,331	18,205
Intergovernmental revenue and grants	853,378	954,078	945,874	(8,204)
Charges for services	2,488,700	2,488,700	2,403,737	(84,963)
Forfeits	25,000	25,000	49,183	24,183
Vehicle registration fees	950,000	950,000	1,289,799	339,799
Investment earnings	68,030	68,030	62,874	(5,156)
Other revenue	164,800	697,630	684,487	(13,143)
Total revenues	<u>34,704,303</u>	<u>35,638,564</u>	<u>36,117,050</u>	<u>478,486</u>
EXPENDITURES				
Current:				
General government	7,640,083	7,697,575	7,434,960	262,615
Judicial	7,416,133	7,496,209	7,437,793	58,416
Elections	439,361	432,249	466,736	(34,487)
Public safety	13,847,929	13,905,775	13,513,156	392,619
Health and welfare	4,020,365	4,011,699	4,034,672	(22,973)
Culture and recreation	137,733	137,445	124,582	12,863
Conservation and development	231,616	228,870	205,457	23,413
Capital outlay	723,727	559,997	477,354	82,643
Intergovernmental	130,900	130,900	430,353	(299,453)
Total expenditures	<u>34,587,847</u>	<u>34,600,719</u>	<u>34,125,063</u>	<u>475,656</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	116,456	1,037,845	1,991,987	954,142
OTHER FINANCING SOURCES (USES)				
Transfers in	262,695	262,695	262,695	-
Transfers out	(463,645)	(989,514)	(758,953)	230,561
Total other financing sources (uses)	<u>(200,950)</u>	<u>(726,819)</u>	<u>(496,258)</u>	<u>230,561</u>
NET CHANGE IN FUND BALANCES	(84,494)	311,026	1,495,729	1,184,703
FUND BALANCES, BEGINNING	<u>13,015,131</u>	<u>13,015,131</u>	<u>13,015,131</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 12,930,637</u>	<u>\$ 13,326,157</u>	<u>\$ 14,510,860</u>	<u>\$ 1,184,703</u>

GRAYSON COUNTY, TEXAS

ROAD AND BRIDGE FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Property	\$ 2,840,000	\$ 2,840,000	\$ 2,890,216	\$ 50,216
Penalty and interest on taxes	36,000	40,000	39,236	(764)
Intergovernmental revenue and grants	186,000	702,856	532,564	(170,292)
Charges for services	100,000	1,064,802	1,324,530	259,728
Fines	1,600,000	1,600,000	1,574,220	(25,780)
Vehicle registration fees	1,640,000	1,640,000	1,682,560	42,560
Investment earnings	12,000	12,000	16,871	4,871
Contributions and donations from private sources	-	1,000	1,000	-
Other revenue	5,000	6,000	2,780	(3,220)
Total revenues	<u>6,419,000</u>	<u>7,906,658</u>	<u>8,063,977</u>	<u>157,319</u>
EXPENDITURES				
Current:				
Highways and streets	7,126,963	7,268,394	6,880,302	388,092
Capital outlay	435,000	435,000	307,008	127,992
Total expenditures	<u>7,561,963</u>	<u>7,703,394</u>	<u>7,187,310</u>	<u>516,084</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,142,963)</u>	<u>203,264</u>	<u>876,667</u>	<u>673,403</u>
OTHER FINANCING SOURCES (USES)				
Sale of real and personal property	-	-	57,278	57,278
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>57,278</u>	<u>57,278</u>
NET CHANGE IN FUND BALANCES	<u>(1,142,963)</u>	<u>203,264</u>	<u>933,945</u>	<u>730,681</u>
FUND BALANCES, BEGINNING	<u>3,893,381</u>	<u>3,893,381</u>	<u>3,893,381</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 2,750,418</u>	<u>\$ 4,096,645</u>	<u>\$ 4,827,326</u>	<u>\$ 730,681</u>

GRAYSON COUNTY, TEXAS

STATE HIGHWAY 289 BONDS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Property	\$ 5,000	\$ 5,000	\$ 2,265	\$(2,735)
Penalty and interest	3,000	3,000	1,073	(1,927)
Intergovernmental revenue	5,281,625	5,281,625	5,281,625	-
Investment earnings	1,000	1,000	1,924	924
Other revenue	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</u>
Total revenues	<u>5,290,625</u>	<u>5,290,625</u>	<u>5,287,137</u>	<u>(3,488)</u>
EXPENDITURES				
Current:				
General government	3,000	3,000	-	3,000
Debt service:				
Principal	3,215,000	3,215,000	3,215,000	-
Interest	<u>2,010,932</u>	<u>2,010,932</u>	<u>2,010,931</u>	<u>1</u>
Total expenditures	<u>5,228,932</u>	<u>5,228,932</u>	<u>5,225,931</u>	<u>3,001</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	61,693	61,693	61,206	(487)
FUND BALANCES, BEGINNING	<u>8,253</u>	<u>8,253</u>	<u>8,253</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 69,946</u>	<u>\$ 69,946</u>	<u>\$ 69,459</u>	<u>\$(487)</u>

GRAYSON COUNTY, TEXAS

RIGHT-OF-WAY ACQUISITION

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment earnings	\$ 18,000	\$ 18,000	\$ 16,010	\$ 1,990
Other revenue	-	-	34,186	(34,186)
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>50,196</u>	<u>(32,196)</u>
EXPENDITURES				
Current:				
Highways and streets	<u>2,050,000</u>	<u>2,050,000</u>	<u>4,358</u>	<u>2,045,642</u>
Total expenditures	<u>2,050,000</u>	<u>2,050,000</u>	<u>4,358</u>	<u>2,045,642</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(2,032,000)</u>	<u>(2,032,000)</u>	<u>45,838</u>	<u>2,077,838</u>
NET CHANGE IN FUND BALANCES	<u>(2,032,000)</u>	<u>(2,032,000)</u>	<u>45,838</u>	<u>2,077,838</u>
FUND BALANCES, BEGINNING	<u>5,346,030</u>	<u>5,346,030</u>	<u>5,346,030</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3,314,030</u>	<u>\$ 3,314,030</u>	<u>\$ 5,391,868</u>	<u>\$ 2,077,838</u>

GRAYSON COUNTY, TEXAS

PERMANENT IMPROVEMENTS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes:				
Property	\$ 101,000	\$ 101,000	\$ 103,230	\$ 2,230
Other	1,000	1,000	1,474	474
Investment earnings	<u>5,000</u>	<u>5,000</u>	<u>4,036</u>	<u>(964)</u>
Total revenues	<u>107,000</u>	<u>107,000</u>	<u>108,740</u>	<u>1,740</u>
EXPENDITURES				
Current:				
General government	171,400	171,400	34,004	137,396
Conservation and development	-	-	15,542	
Capital outlay	<u>1,215,000</u>	<u>1,215,000</u>	<u>750,790</u>	<u>464,210</u>
Total expenditures	<u>1,386,400</u>	<u>1,386,400</u>	<u>800,336</u>	<u>586,064</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,279,400)</u>	<u>(1,279,400)</u>	<u>(691,596)</u>	<u>587,804</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from insurance	-	-	34,334	34,334
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>625,869</u>	<u>525,869</u>
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>660,203</u>	<u>560,203</u>
NET CHANGE IN FUND BALANCES	<u>(1,179,400)</u>	<u>(1,179,400)</u>	<u>(31,393)</u>	<u>1,148,007</u>
FUND BALANCES, BEGINNING	<u>1,323,276</u>	<u>1,323,276</u>	<u>1,323,276</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 143,876</u>	<u>\$ 143,876</u>	<u>\$ 1,291,883</u>	<u>\$ 1,148,007</u>

THIS PAGE LEFT BLANK INTENTIONALLY

GRAYSON COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014

A. BUDGETARY INFORMATION

The County adopts annual appropriated budgets for the General Fund, some Special Revenue Funds and the Debt Service Fund on the modified accrual basis of accounting. Project length budgets are adopted for Capital Projects Funds and amended on an annual basis to reflect the uncompleted portion of the projects.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- During July, the County Judge submits to the Commissioners' Court a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Each fund is budgeted on an annual basis with no carryovers into the next year. If a fund has a balance at the end of the year, the balance is included in the computation of available cash for next year's budget.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to October 1, the budget is legally enacted.
- The County Auditor is required to monitor the expenditures of the various funds. The budget is controlled on a departmental object class basis. Expenditures can be reallocated within a departmental object class at any time by Commissioners' Court order, but the budget must be formally amended to allow the original level of budgeted expenditures within a fund to be exceeded. All amendments to the budget must be approved by the Commissioners' Court.

The Commissioners' Court approves budget amendments proposed by the County Judge throughout and subsequent to the fiscal year. These amendments are routinely approved and the current year budgetary data presented includes all approved budget amendments. Budgetary amendments are integrated after the fiscal year-end due to the normal year-end closing procedures and adjustments which are discovered during that period. Budget amendments are necessary at that time to comply with Chapter 111, Local Government Code of the State of Texas, which states that funds may be spent only for items or categories of items that are included in the adopted budget. The County has chosen to adopt the budget at the department object class level, since this allows budgetary control, but is still meaningful to the Commissioners' Court and the citizens of the County. All annual appropriations lapse at the end of each fiscal year, in accordance with state law.

GRAYSON COUNTY, TEXAS

SCHEDULE OF FUNDING PROGRESS FOR EMPLOYEE RETIREMENT SYSTEM

SEPTEMBER 30, 2014

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/11	\$ 51,761,233	\$ 65,953,062	\$ 14,191,829	78.48%	\$ 20,727,826	68.47%
12/31/12	53,823,443	66,648,534	12,825,091	80.76%	20,765,343	61.76%
12/31/13	58,149,723	70,393,792	12,244,069	82.61%	22,060,675	55.50%

GRAYSON COUNTY, TEXAS

SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS

SEPTEMBER 30, 2014

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
09/30/12	\$ 2,650,979	\$ 1,488,990	56%	\$ 9,121,938
09/30/13	2,733,561	634,613	23%	11,220,886
09/30/14	2,760,519	662,876	24%	13,318,529

* The employer contribution for fiscal year ending September 30, 2012 includes historical implicit subsidies not reflected in prior years.

THIS PAGE LEFT BLANK INTENTIONALLY

COMBINING STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Public Health Fund – This fund is used to account for programs operated by the Grayson County Health Department, including grant-funded programs through the Texas Department of State Health Services. Programs include: Family Planning, Wellness, Preventive Health Block Grant, Women, Infants and Children (WIC), Environmental Health, Tuberculosis Control, Public Health Preparedness, Indigent Health Services, Immunization Grant, and Susan Komen grants.

Juvenile Boot Camp Fund – This fund accounts for the revenues and expenditures incurred in the operation of the Juvenile Boot Camp.

Holiday Lights Fund – The startup funding for this program was provided by local granting agencies to establish a holiday lights display at Loy Park. Annually, the event is held from Thanksgiving until New Year's, with donations being accepted to continue and improve the displays.

Tax Assessor-Collector Special Inventory Tax Fund – This fund accounts for interest earned in the operation of the special inventory function of the Tax Assessor-Collector's office. Tax code specifies that the collector shall retain any interest generated by the escrow account to defray the cost of administration of the prepayment procedure established by this section.

Courthouse Security Fund – This fund was created by the Texas legislature during the year ended September 30, 1994, for the purpose of providing security services in the form of additional security personnel, additional equipment designed to prevent unauthorized entrance to the premises, or equipment designed to detect possession of unlawful weapons on the premises. The revenue for this fund will be derived from fees assessed to individuals convicted of misdemeanor or felony criminal charges in either County or district courts.

Justice Court Building Security Fund – This fund is to account for fees collected by the district, County and justice courts for the purpose of providing security services to County buildings housing a justice court.

Justice Court Technology Fund – This fund is to account for the receipt of fees of office collected by the Justices of the Peace, which are restricted to the enhancement of technology and computer services in the justice courts.

Help America Vote Act Fund (HAVA) – This fund is to account for voter education, election worker education, updating or acquiring voting systems in accordance with the Federal Help America Vote Act of 2002.

County Clerk Records Management Fund – This fund was created by the Texas legislature to collect funds to provide for the means to preserve and archive official County documents, vital statistics and other records in a more effective and efficient manner. The revenue for these funds is derived from fees charged by the County for data preservation.

County Clerk Records Archive Fund – This fund was created by the Texas legislature to collect funds to provide for the means to preserve and archive official County documents, vital statistics and other records in a more effective and efficient manner. The revenue for these funds is derived from fees charged by the County Clerk for data preservation.

County Clerk Vital Statistics Fund – This fund was created by the Texas legislature to collect funds to provide for the means to preserve and archive official County documents, vital statistics and other records in a more effective and efficient manner. The revenue for these funds is derived from fees charged by the County and District Clerks for data preservation.

District Clerk Records Management Fund – This fund was created by the Texas legislature to collect funds to provide for the means to preserve and archive official County documents, vital statistics and other records in a more effective and efficient manner. The revenue for these funds is derived from fees charged by the County for data preservation.

County Records Management Fund – This fund was created by the Texas legislature to collect funds to provide for the means to preserve and archive official County documents, vital statistics and other records in a more effective and efficient manner. The revenue for these funds is derived from fees charged by the County and District Clerks for data preservation.

Historical Commission Fund – This fund accounts for receipts received from Grayson County and other donations. Expenditures are for historical activities in Grayson County. Historical markers are the prime activities.

Court Reporter Services Fund – This fund accounts for the payment of court reporter-related services that may include maintaining an adequate number of court reporters to provide services to the courts, obtaining court reporter transcript services, purchasing court reporter equipment, or providing other services related to the functions of a court reporter.

Drug Court Fees Fund – This fund accounts for fees received to support the Drug Court program. Fees received are to be used for incentive awards to participants in the state funded program.

Star Recovery Court Fund – This fund tracks funds from the Department of Justice to develop and implement treatment, testing to integrate substance abuse treatment, testing sanctions and incentives in a judicially supervised court setting.

Star Family Drug Court Fund – This is a state grant program used for the purpose of providing group and outpatient substance abuse treatment services to offenders and family members who can benefit from such a program.

District Attorney Hot Check Fund – This fund accounts for fees collected by the County Attorney under the “Hot Check” statute. Expenditures from this fund shall be at the sole discretion of the County Attorney and may be used only to defray the salaries and expenses of the prosecutor’s office.

District Attorney Forfeiture Fund – This fund accounts for receipts of forfeited properties, as enabled by House Bill 65 of the 71st Texas legislature, which amended Chapter 59 in the Code of Criminal Procedure. Resources may be used for the official purposes of the County Attorney’s office.

Law Library Fund – This fund accounts for the receipt of library fees of office collected by the County Clerk and the District Clerk, which are restricted to payment of the cost of maintaining the County law library.

District Attorney State Supplemental Fund – This fund was established under the provisions of government Code Section 46.004, which states, “Each state prosecutor is entitled to receive not less than \$22,500 a year from the state to be used by the prosecutor to help defray the salaries and expenses of the office. That money may not be used to supplement the prosecutor’s salary.” The funds received by the Grayson County Attorney’s office is primarily used to pay the costs of prosecutors and support staff.

Criminal Justice Division Domestic Violence Grant Fund – This fund accounts for the proceeds and expenditures for this grant resources are to be used to fund a domestic violence investigator to work with local police agencies in training their officers in the proper investigation and treatment of domestic violence incidents.

County Attorney Victim’s Coordinator Grant Fund – This fund accounts for federal funding provided through the State Attorney General’s office. The grant award is to hire staff to assist victims of crime with the legal process, and in receiving compensation for expenses incurred in recovering from criminal activity.

Law Enforcement Block Grant Fund – This fund accounts for the proceeds and expenditures for this grant. Funds are provided by the U. S. Department of Justice. The Local Law Enforcement Block Grants Program was authorized by the Omnibus Fiscal Year 1997 Appropriations Act, Public Law 104-208 for the purpose of providing units of local government with funds to underwrite projects to reduce crime and improve public safety.

Sheriff Drug Forfeiture Fund – This fund is used to account for receipts of forfeited properties, as enabled by House Bill 65 of the 71st Texas Legislature, which amended Chapter 59 in the Code of Criminal Procedure. Resources may be used for law enforcement purposes.

Jail Commissary Fund – This fund accounts for cash receipts received for jail commissary proceeds. Expenditures are restricted to benefits for the County jail at the sole discretion of the County Sheriff.

Juvenile Case Manager Fees Fund – This fund is to account for fees collected to finance the salary and benefits of a juvenile case manager employed to provide services in cases involving juvenile offenders.

Interlocal Emergency Management Fund – This fund is to support inter-jurisdictional emergency management and disaster relief services between the County of Grayson and the Cities of Denison and Sherman, Texas, including without limitation, planning, recovery, public education and information, citizen preparedness, training, organizational development and operational support.

Citizens Corps Program – These federal funds from the Department of Homeland Security, which the County of Grayson received as a subgrantee from the Texas Department of Public Safety, were awarded to support activities to strengthen Grayson County citizen preparedness planning and capabilities, including without limitation, activities of the Grayson County Community Emergency Response Team.

State Homeland Security – These federal funds from the Department of Homeland Security, which the County of Grayson received as a subgrantee from the Texas Department of Public Safety, were awarded to support activities to expand and enhance emergency management plans, organization, equipment, training, exercise and evaluation of capabilities in response to CBRNE events as directed by the Office of Emergency Management and in coordination with the Texas Division of Emergency Management and the National Priorities as set out in the National Preparedness Guidelines published by the DHS.

County and District Court Technology Fund – This fund is to account for the receipt of fees of office collected by the County and District Clerks, which are restricted to the purchase and maintenance of technological enhancements, and continuing education for County court, statutory County court, or district court judges and clerks regarding technological enhancements for those courts. This fee was established by the 81st Legislature, effective September 1, 2009.

Law Enforcement Education Fund – This fund is used to account for funds provided by the state to peace officers to be used for continuing education purposes.

Time Payment Fee Fund – This fund is used to account for revenue generated by local fees that are used to promote efficiencies in those County departments that accept payments of fines.

Probate Education Fee Fund – This fund is used to account for fees collected on civil cases that are designated for use in the education of County employees who perform the probate function.

CSCD Bond Supervision Fund – This fund is used to account for revenues paid by defendants in cases prior to court hearings. The fees will be used to operate a program of monitoring defendants who have been charged, but whose cases are not yet adjudicated.

Election Services Contracts Fund – The Texas Election Code requires that fees earned for the purposes of administering elections for political parties or other public entities be accounted for separately. The funds can be used to reimburse the County for costs incurred in administering these elections and to defray expenses of the county election officer's office in connection with election-related duties. The secretary of state prescribes regulations for the use of any surplus in this fund.

Metropolitan Planning Organization Fund – In 2012, the County became the fiscal agent for the Metropolitan Planning Organization, serving Grayson County. The funding received is federal, originating with the U.S. Department of Transportation, Federal Transit Administration. The County's responsibility is to process payroll, provide accounts payable support, and submit quarterly reimbursement requests.

Supplemental Guardianship Fund – This fund is used to account for fees paid in original probate actions. The fee is to be used to provide compensation for court-appointed guardian ad litem or of court-appointed attorney ad litem and to fund local guardianship programs that provide guardians for indigent incapacitated persons who do not have family members suitable and willing to serve as guardians.

CAPITAL PROJECTS FUND

The *Capital Projects Fund* accounts for all resources used for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Lateral Road Fund – This fund is used to account for capital expenditures for road and bridge precincts from resources provided by the State of Texas for that purpose.

Detention Center Renovation – This fund is used to finance the Post Adjudication Construction fund for the detention center renovation

Post-Adjudication Construction – This fund is used to capture costs associated with the renovation of the detention center.

PERMANENT FUND

Texoma Succeeding Generations Trust Fund – This fund is used to account for the assets of this trust held by the County as trustee for the benefit of the citizens of the County. The principal and accumulated earnings are to be retained by the trustee for 150 years (until 2112), at which time the accumulated monies are to be used to purchase or construct a facility within the County to be used for the cultural benefit of the citizens.

GRAYSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Special Revenue				
	Public Health	Juvenile Boot Camp	Holiday Lights	Tax A/C S-I-T Penalty	Courthouse Security
ASSETS					
Cash and investments	\$ 985,308	\$ 652,145	\$ 123,218	\$ 105,820	\$ 151,211
Receivables (net of allowance for uncollectibles)	24,054	249,996	-	500	-
Intergovernmental receivables	233,275	10,952	4,800	-	-
Prepaid expenses	-	4,865	-	-	-
Total assets	<u>\$ 1,242,637</u>	<u>\$ 917,958</u>	<u>\$ 128,018</u>	<u>\$ 106,320</u>	<u>\$ 151,211</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 63,434	\$ 38,908	\$ 3,075	\$ -	\$ 7,863
Accrued wages payable	50,523	96,616	-	-	-
Intergovernmental payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>113,957</u>	<u>135,524</u>	<u>3,075</u>	<u>-</u>	<u>7,863</u>
Fund balances:					
Nonspendable:					
Prepaid items	-	4,865	-	-	-
Restricted for:					
Public health	1,128,680	-	-	-	-
Juvenile services	-	777,569	-	-	-
Election administration	-	-	-	-	-
Emergency management	-	-	-	-	-
Records management	-	-	-	-	-
Holiday lights	-	-	124,943	-	-
Court security and technology	-	-	-	-	143,348
Tax assessor-collector operations	-	-	-	106,320	-
Historical commission	-	-	-	-	-
District attorney operations	-	-	-	-	-
Law library	-	-	-	-	-
Law enforcement	-	-	-	-	-
Inmate welfare	-	-	-	-	-
Court management	-	-	-	-	-
Road and bridge	-	-	-	-	-
Purpose of trust	-	-	-	-	-
Other	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>1,128,680</u>	<u>782,434</u>	<u>124,943</u>	<u>106,320</u>	<u>143,348</u>
Total liabilities and fund balances	<u>\$ 1,242,637</u>	<u>\$ 917,958</u>	<u>\$ 128,018</u>	<u>\$ 106,320</u>	<u>\$ 151,211</u>

Special Revenue

Justice Court Building Security	Justice Court Technology	HAVA Funding	County Clerk Records Management	County Clerk Records Archive	County Clerk Vital Statistics	District Clerk Records Management
\$ 36,043	\$ 81,593	\$ 13,431	\$ 301,170	\$ 233,325	\$ 10,125	\$ 18,028
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 36,043</u>	<u>\$ 81,593</u>	<u>\$ 13,431</u>	<u>\$ 301,170</u>	<u>\$ 233,325</u>	<u>\$ 10,125</u>	<u>\$ 18,028</u>
\$ -	\$ -	\$ -	\$ 3,553	\$ 186,066	\$ -	\$ 24
-	-	-	545	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,098</u>	<u>186,066</u>	<u>-</u>	<u>24</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	13,431	-	-	-	-
-	-	-	-	-	-	-
-	-	-	297,072	47,259	10,125	18,004
-	-	-	-	-	-	-
36,043	81,593	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>36,043</u>	<u>81,593</u>	<u>13,431</u>	<u>297,072</u>	<u>47,259</u>	<u>10,125</u>	<u>18,004</u>
<u>\$ 36,043</u>	<u>\$ 81,593</u>	<u>\$ 13,431</u>	<u>\$ 301,170</u>	<u>\$ 233,325</u>	<u>\$ 10,125</u>	<u>\$ 18,028</u>

GRAYSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2014

	Special Revenue			
	County Records Management	Historical Commission	Court Reporter Service	Drug Court Fees
ASSETS				
Cash and investments	\$ 393,460	\$ 12,091	\$ -	\$ 119,750
Receivables (net of allowance for uncollectibles)	-	-	-	-
Intergovernmental receivables	-	-	-	-
Prepaid expenses	-	-	-	-
	-	-	-	-
Total assets	\$ 393,460	\$ 12,091	\$ -	\$ 119,750
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 371	\$ -	\$ -	\$ 737
Accrued wages payable	-	-	-	-
Intergovernmental payable	-	-	-	-
Due to other funds	-	-	-	-
	-	-	-	-
Total liabilities	371	-	-	737
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Public health	-	-	-	-
Juvenile services	-	-	-	-
Election administration	-	-	-	-
Emergency management	-	-	-	-
Records management	393,089	-	-	-
Holiday lights	-	-	-	-
Court security and technology	-	-	-	-
Tax assessor-collector operations	-	-	-	-
Historical commission	-	12,091	-	-
District attorney operations	-	-	-	-
Law library	-	-	-	-
Law enforcement	-	-	-	-
Inmate welfare	-	-	-	-
Court management	-	-	-	119,013
Road and bridge	-	-	-	-
Purpose of trust	-	-	-	-
Other	-	-	-	-
Unassigned	-	-	-	-
	-	-	-	-
Total fund balances	393,089	12,091	-	119,013
Total liabilities and fund balances	\$ 393,460	\$ 12,091	\$ -	\$ 119,750

Special Revenue

Star Recovery Drug Court	Star Family Drug Court	District Attorney Hot Check	District Attorney Forfeiture	Law Library	District Attorney State Supplement	CJD Domestic Violence Grant
\$ -	\$ -	\$ 12,684	\$ 57,048	\$ 11,731	\$ 2,347	\$ -
-	-	2,143	-	204	-	-
30,978	3,191	-	-	-	-	5,199
-	-	-	-	-	-	-
<u>\$ 30,978</u>	<u>\$ 3,191</u>	<u>\$ 14,827</u>	<u>\$ 57,048</u>	<u>\$ 11,935</u>	<u>\$ 2,347</u>	<u>\$ 5,199</u>
\$ 4,827	\$ 3,999	\$ -	\$ 2,012	\$ 785	\$ -	\$ -
2,353	-	756	949	2,004	882	2,118
-	-	-	-	-	-	-
23,798	3,191	-	-	-	-	2,243
<u>30,978</u>	<u>7,190</u>	<u>756</u>	<u>2,961</u>	<u>2,789</u>	<u>882</u>	<u>4,361</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	14,071	54,087	-	1,465	-
-	-	-	-	9,146	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(3,999)	-	-	-	-	838
-	(3,999)	14,071	54,087	9,146	1,465	838
<u>\$ 30,978</u>	<u>\$ 3,191</u>	<u>\$ 14,827</u>	<u>\$ 57,048</u>	<u>\$ 11,935</u>	<u>\$ 2,347</u>	<u>\$ 5,199</u>

GRAYSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue			
	OAG Victim Coordinator Grant	Law Enforcement Block Grant	Sheriff Forfeiture	Jail Commissary
ASSETS				
Cash and investments	\$ -	\$ -	\$ 202,075	\$ 171,153
Receivables (net of allowance for uncollectibles)	-	-	-	14,015
Intergovernmental receivables	6,665	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 6,665</u>	<u>\$ -</u>	<u>\$ 202,075</u>	<u>\$ 185,168</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 23,154	\$ 3,301
Accrued wages payable	1,754	-	-	-
Intergovernmental payable	-	-	-	-
Due to other funds	4,257	-	-	-
Total liabilities	<u>6,011</u>	<u>-</u>	<u>23,154</u>	<u>3,301</u>
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Public health	-	-	-	-
Juvenile services	-	-	-	-
Election administration	-	-	-	-
Emergency management	-	-	-	-
Records management	-	-	-	-
Holiday lights	-	-	-	-
Court security and technology	-	-	-	-
Tax assessor-collector operations	-	-	-	-
Historical commission	-	-	-	-
District attorney operations	-	-	-	-
Law library	-	-	-	-
Law enforcement	-	-	178,921	-
Inmate welfare	-	-	-	181,867
Court management	-	-	-	-
Road and bridge	-	-	-	-
Purpose of trust	-	-	-	-
Other	-	-	-	-
Unassigned	654	-	-	-
Total fund balances	<u>654</u>	<u>-</u>	<u>178,921</u>	<u>181,867</u>
Total liabilities and fund balances	<u>\$ 6,665</u>	<u>\$ -</u>	<u>\$ 202,075</u>	<u>\$ 185,168</u>

Special Revenue

Juvenile Case Manager Fees	Interlocal Emergency Management	Citizen Corps Program	State Homeland Security	County and District Court Technology	Law Enforcement Education
\$ 5,634	\$ 49,476	\$ -	\$ -	\$ 3,031	\$ 51,961
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,634</u>	<u>49,476</u>	<u>-</u>	<u>-</u>	<u>3,031</u>	<u>51,961</u>
\$ -	\$ 6,509	\$ -	\$ -	\$ -	\$ 474
-	-	-	-	-	-
-	-	-	-	-	-
-	-	7,439	5,908	-	-
<u>-</u>	<u>6,509</u>	<u>7,439</u>	<u>5,908</u>	<u>-</u>	<u>474</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	42,967	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,031	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	51,487
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,634	-	(7,439)	(5,908)	-	-
<u>5,634</u>	<u>42,967</u>	<u>(7,439)</u>	<u>(5,908)</u>	<u>3,031</u>	<u>51,487</u>
<u>\$ 5,634</u>	<u>\$ 49,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,031</u>	<u>\$ 51,961</u>

GRAYSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Special Revenue			
	Time Payment Fee	Probate Education Fee	CSCD Bond Supervision	Elections Services Contracts
ASSETS				
Cash and investments	\$ 36,222	\$ 4,251	\$ 72,282	\$ 220,195
Receivables (net of allowance for uncollectibles)	-	-	-	-
Intergovernmental receivables	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 36,222	\$ 4,251	\$ 72,282	\$ 220,195
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 723	\$ 9,000	\$ -
Accrued wages payable	-	-	1,380	-
Intergovernmental payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	723	10,380	-
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Public health	-	-	-	-
Juvenile services	-	-	-	-
Election administration	-	-	-	-
Emergency management	-	-	-	-
Records management	-	-	-	-
Holiday lights	-	-	-	-
Court security and technology	-	-	-	-
Tax assessor-collector operations	-	-	-	-
Historical commission	-	-	-	-
District attorney operations	-	-	-	-
Law library	-	-	-	-
Law enforcement	-	-	-	-
Inmate welfare	-	-	-	-
Court management	36,222	3,528	61,902	-
Road and bridge	-	-	-	-
Purpose of trust	-	-	-	-
Other	-	-	-	220,195
Unassigned	-	-	-	-
Total fund balances	36,222	3,528	61,902	220,195
Total liabilities and fund balances	\$ 36,222	\$ 4,251	\$ 72,282	\$ 220,195

Special Revenue			Capital Projects			
Metropolitan Planning Organization	Supplemental Guardianship	Total Nonmajor Special Revenue Funds	Lateral Road	Detention Center Renovation	Post- Adjudication Construction	Total Nonmajor Capital Projects Funds
\$ -	\$ 33,660	\$ 4,170,468	\$ 318,999	\$ -	\$ 319,273	\$ 638,272
-	-	290,912	-	-	-	-
92,217	-	387,277	-	-	-	-
-	-	4,865	-	-	-	-
<u>\$ 92,217</u>	<u>\$ 33,660</u>	<u>\$ 4,853,522</u>	<u>\$ 318,999</u>	<u>\$ -</u>	<u>\$ 319,273</u>	<u>\$ 638,272</u>
\$ 94,161	\$ -	\$ 452,976	\$ -	\$ -	319,273	\$ 319,273
6,070	-	165,950	-	-	-	-
-	-	-	-	1,632,937	-	1,632,937
49,678	-	96,514	-	-	-	-
<u>149,909</u>	<u>-</u>	<u>715,440</u>	<u>-</u>	<u>1,632,937</u>	<u>319,273</u>	<u>1,952,210</u>
-	-	4,865	-	-	-	-
-	-	1,128,680	-	-	-	-
-	-	777,569	-	-	-	-
-	-	13,431	-	-	-	-
-	-	42,967	-	-	-	-
-	-	765,549	-	-	-	-
-	-	124,943	-	-	-	-
-	-	264,015	-	-	-	-
-	-	106,320	-	-	-	-
-	-	12,091	-	-	-	-
-	-	69,623	-	-	-	-
-	-	9,146	-	-	-	-
-	-	230,408	-	-	-	-
-	-	181,867	-	-	-	-
-	33,660	254,325	-	-	-	-
-	-	-	318,999	-	-	318,999
-	-	-	-	-	-	-
-	-	220,195	-	-	-	-
<u>(57,692)</u>	<u>-</u>	<u>(67,912)</u>	<u>-</u>	<u>(1,632,937)</u>	<u>-</u>	<u>(1,632,937)</u>
<u>(57,692)</u>	<u>33,660</u>	<u>4,138,082</u>	<u>318,999</u>	<u>(1,632,937)</u>	<u>-</u>	<u>(1,313,938)</u>
<u>\$ 92,217</u>	<u>\$ 33,660</u>	<u>\$ 4,853,522</u>	<u>\$ 318,999</u>	<u>\$ -</u>	<u>\$ 319,273</u>	<u>\$ 638,272</u>

THIS PAGE LEFT BLANK INTENTIONALLY

GRAYSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Permanent Fund	Total Nonmajor Governmental Funds
	Texoma Succeeding Generations	
ASSETS		
Cash and investments	\$ 69,621	\$ 4,878,361
Receivables (net of allowance for uncollectibles)	-	290,912
Intergovernmental receivables	-	387,277
Prepaid expenses	-	4,865
Total assets	\$ 69,621	\$ 5,561,415
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 772,249
Accrued wages payable	-	165,950
Intergovernmental payable	-	1,632,937
Due to other funds	-	96,514
Total liabilities	-	2,667,650
Fund balances:		
Nonspendable:		
Prepaid items	-	4,865
Restricted for:		
Public health	-	1,128,680
Juvenile services	-	777,569
Election administration	-	13,431
Emergency management	-	42,967
Records management	-	765,549
Holiday lights	-	124,943
Court security and technology	-	264,015
Tax assessor-collector operations	-	106,320
Historical commission	-	12,091
District attorney operations	-	69,623
Law library	-	9,146
Law enforcement	-	230,408
Inmate welfare	-	181,867
Court management	-	254,325
Road and bridge	-	318,999
Purpose of trust	69,621	69,621
Other	-	220,195
Unassigned	-	(1,700,849)
Total fund balances	69,621	2,893,765
Total liabilities and fund balances	\$ 69,621	\$ 5,561,415

GRAYSON COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue				
	Public Health	Juvenile Boot Camp	Holiday Lights	Tax A/C S-I-T Penalty	Courthouse Security
REVENUES					
Licenses and permits	\$ 571,416	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	930,440	156,662	-	-	-
Charges for services	260,125	2,814,221	-	-	58,757
Fines and fees	-	-	-	11,198	-
Forfeits	-	-	-	-	-
Investment earnings	3,060	1,219	365	324	568
Contributions and donations from private sources	109,399	-	105,917	-	-
Other	-	-	-	-	170
Total revenues	<u>1,874,440</u>	<u>2,972,102</u>	<u>106,282</u>	<u>11,522</u>	<u>59,495</u>
EXPENDITURES					
Current:					
General government	-	-	61,611	3,740	132,186
Judicial	-	-	-	-	-
Elections	-	-	-	-	-
Public safety	-	2,683,186	-	-	-
Health and welfare	1,869,687	-	-	-	-
Capital outlay	24,805	-	33,690	30,150	-
Total expenditures	<u>1,894,492</u>	<u>2,683,186</u>	<u>95,301</u>	<u>33,890</u>	<u>132,186</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(20,052)</u>	<u>288,916</u>	<u>10,981</u>	<u>(22,368)</u>	<u>(72,691)</u>
OTHER FINANCING SOURCES (USES)					
Sale of real and personal property	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	<u>(362,695)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(362,695)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(382,747)</u>	<u>288,916</u>	<u>10,981</u>	<u>(22,368)</u>	<u>(72,691)</u>
FUND BALANCE, BEGINNING	<u>1,511,427</u>	<u>493,518</u>	<u>113,962</u>	<u>128,688</u>	<u>216,039</u>
FUND BALANCE, ENDING	<u>\$ 1,128,680</u>	<u>\$ 782,434</u>	<u>\$ 124,943</u>	<u>\$ 106,320</u>	<u>\$ 143,348</u>

Special Revenue

Justice Court Building Security	Justice Court Technology	HAVA Funding	County Clerk Records Management	County Clerk Records Archive	County Clerk Vital Statistics	District Clerk Records Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	5,105	-	-	-	-
4,311	17,260	-	128,791	116,240	8,656	25,192
-	-	-	-	-	-	-
-	-	-	-	-	-	-
108	241	43	765	548	19	229
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,419</u>	<u>17,501</u>	<u>5,148</u>	<u>129,556</u>	<u>116,788</u>	<u>8,675</u>	<u>25,421</u>
-	-	-	48,162	250,729	1,472	91,413
3,255	27,643	-	-	-	-	-
-	-	6,763	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,255</u>	<u>27,643</u>	<u>6,763</u>	<u>48,162</u>	<u>250,729</u>	<u>1,472</u>	<u>91,413</u>
<u>1,164</u>	<u>(10,142)</u>	<u>(1,615)</u>	<u>81,394</u>	<u>(133,941)</u>	<u>7,203</u>	<u>(65,992)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,164</u>	<u>(10,142)</u>	<u>(1,615)</u>	<u>81,394</u>	<u>(133,941)</u>	<u>7,203</u>	<u>(65,992)</u>
<u>34,879</u>	<u>91,735</u>	<u>15,046</u>	<u>215,678</u>	<u>181,200</u>	<u>2,922</u>	<u>83,996</u>
<u>\$ 36,043</u>	<u>\$ 81,593</u>	<u>\$ 13,431</u>	<u>\$ 297,072</u>	<u>\$ 47,259</u>	<u>\$ 10,125</u>	<u>\$ 18,004</u>

GRAYSON COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue			
	County Records Management	Historical Commission	Court Reporter Service	Drug Court Fees
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	-	-	-	-
Charges for services	103,459	-	-	29,415
Fines	-	-	22,455	-
Forfeits	-	-	-	-
Investment earnings	1,214	36	-	323
Contributions and donations from private sources	-	-	-	-
Other	-	-	-	-
Total revenues	104,673	36	22,455	29,738
EXPENDITURES				
Current:				
General government	232,624	100	-	-
Judicial	-	-	22,455	6,588
Elections	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	232,624	100	22,455	6,588
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(127,951)	(64)	-	23,150
OTHER FINANCING SOURCES (USES)				
Sale of real and personal property	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	(127,951)	(64)	-	23,150
FUND BALANCE, BEGINNING	521,040	12,155	-	95,863
FUND BALANCE, ENDING	\$ 393,089	\$ 12,091	\$ -	\$ 119,013

Special Revenue

Star Recovery Drug Court	Star Family Drug Court	District Attorney Hot Check	District Attorney Forfeiture	Law Library	District Attorney State Supplement	CJD Domestic Violence Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
119,645	34,242	-	-	-	22,500	32,267
-	-	-	-	84,121	-	-
-	-	30,636	-	-	-	-
-	-	-	80,644	-	-	-
-	-	-	150	40	-	-
-	-	-	-	83	-	-
-	-	-	-	1	-	-
<u>119,645</u>	<u>34,242</u>	<u>30,636</u>	<u>80,794</u>	<u>84,245</u>	<u>22,500</u>	<u>32,267</u>
-	-	-	-	-	-	-
119,645	38,241	22,108	78,872	91,727	22,986	64,513
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>119,645</u>	<u>38,241</u>	<u>22,108</u>	<u>78,872</u>	<u>91,727</u>	<u>22,986</u>	<u>64,513</u>
<u>-</u>	<u>(3,999)</u>	<u>8,528</u>	<u>1,922</u>	<u>(7,482)</u>	<u>(486)</u>	<u>(32,246)</u>
-	-	451	2,417	-	-	-
-	-	-	-	-	-	33,084
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>451</u>	<u>2,417</u>	<u>-</u>	<u>-</u>	<u>33,084</u>
-	(3,999)	8,979	4,339	(7,482)	(486)	838
-	-	5,092	49,748	16,628	1,951	-
<u>\$ -</u>	<u>\$(3,999)</u>	<u>\$ 14,071</u>	<u>\$ 54,087</u>	<u>\$ 9,146</u>	<u>\$ 1,465</u>	<u>\$ 838</u>

GRAYSON COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue			
	OAG Victim Coordinator Grant	Law Enforcement Block Grant	Sheriff Forfeiture	Jail Commissary
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	37,065	4,224	-	-
Charges for services	-	-	-	89,615
Fines	-	-	-	-
Forfeits	-	-	46,793	-
Investment earnings	-	-	485	466
Contributions and donations from private sources	-	-	-	-
Other	-	-	-	-
Total revenues	37,065	4,224	47,278	90,081
EXPENDITURES				
Current:				
General government	-	-	-	-
Judicial	42,211	-	-	-
Elections	-	-	-	-
Public safety	-	4,224	49,485	55,757
Health and welfare	-	-	-	-
Capital outlay	-	-	1,565	-
Total expenditures	42,211	4,224	51,050	55,757
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,146)	-	(3,772)	34,324
OTHER FINANCING SOURCES (USES)				
Sale of real and personal property	-	-	22,178	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	22,178	-
NET CHANGE IN FUND BALANCE	(5,146)	-	18,406	34,324
FUND BALANCE, BEGINNING	5,800	-	160,515	147,543
FUND BALANCE, ENDING	\$ 654	\$ -	\$ 178,921	\$ 181,867

Special Revenue

Juvenile Case Manager Fees	Interlocal Emergency Management	Citizen Corps Program	State Homeland Security	County and District Court Technology	Law Enforcement Education
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	185,337	-	90,805	-	10,842
-	-	-	-	9,602	-
1,624	-	-	-	-	-
-	-	-	-	-	-
14	-	-	-	25	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,638</u>	<u>185,337</u>	<u>-</u>	<u>90,805</u>	<u>9,627</u>	<u>10,842</u>
-	-	7,439	6,009	-	-
-	-	-	-	16,511	-
-	-	-	-	-	-
-	192,558	-	-	-	3,437
-	-	-	-	-	-
-	-	-	90,704	-	-
<u>-</u>	<u>192,558</u>	<u>7,439</u>	<u>96,713</u>	<u>16,511</u>	<u>3,437</u>
<u>1,638</u>	<u>(7,221)</u>	<u>(7,439)</u>	<u>(5,908)</u>	<u>(6,884)</u>	<u>7,405</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,638	(7,221)	(7,439)	(5,908)	(6,884)	7,405
<u>3,996</u>	<u>50,188</u>	<u>-</u>	<u>-</u>	<u>9,915</u>	<u>44,082</u>
<u>\$ 5,634</u>	<u>\$ 42,967</u>	<u>\$(7,439)</u>	<u>\$(5,908)</u>	<u>\$ 3,031</u>	<u>\$ 51,487</u>

GRAYSON COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Special Revenue			
	Time Payment Fee	Probate Education Fee	CSCD Bond Supervision	Elections Services Contracts
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	6,138	-	-	16,285
Charges for services	-	-	55,316	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment earnings	-	-	225	-
Contributions and donations from private sources	-	-	-	-
Other	-	-	150	-
Total revenues	6,138	-	55,691	16,285
EXPENDITURES				
Current:				
General government	-	-	-	-
Judicial	19,450	2,366	-	-
Elections	-	-	-	4,519
Public safety	-	-	56,461	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	19,450	2,366	56,461	4,519
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,312)	(2,366)	(770)	11,766
OTHER FINANCING SOURCES (USES)				
Sale of real and personal property	-	-	-	-
Transfers in	-	-	-	100,000
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	100,000
NET CHANGE IN FUND BALANCE	(13,312)	(2,366)	(770)	111,766
FUND BALANCE, BEGINNING	49,534	5,894	62,672	108,429
FUND BALANCE, ENDING	\$ 36,222	\$ 3,528	\$ 61,902	\$ 220,195

Special Revenue			Capital Projects			
Metropolitan Planning Organization	Supplemental Guardianship	Total Nonmajor Special Revenue Funds	Lateral Road	Detention Center Renovation	Post- Adjudication Construction	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ 571,416	\$ -	\$ -	\$ -	\$ -
362,815	-	2,014,372	-	-	-	-
-	17,800	3,822,881	73,008	-	-	73,008
-	-	65,913	-	-	-	-
-	-	127,437	-	-	-	-
-	-	10,467	1,144	-	-	1,144
-	-	215,399	-	-	-	-
-	-	321	-	-	-	-
<u>362,815</u>	<u>17,800</u>	<u>6,828,206</u>	<u>74,152</u>	<u>-</u>	<u>-</u>	<u>74,152</u>
420,507	-	1,255,992	-	-	-	-
-	13,013	591,584	-	-	-	-
-	-	11,282	-	-	-	-
-	-	3,045,108	-	-	-	-
-	-	1,869,687	-	-	-	-
-	-	180,914	133,374	-	1,632,938	1,766,312
<u>420,507</u>	<u>13,013</u>	<u>6,954,567</u>	<u>133,374</u>	<u>-</u>	<u>1,632,938</u>	<u>1,766,312</u>
(57,692)	4,787	(126,361)	(59,222)	-	(1,632,938)	(1,692,160)
-	-	25,046	-	-	-	-
-	-	133,084	-	-	1,632,938	1,632,938
-	-	(362,695)	-	(1,632,937)	-	(1,632,937)
-	-	(204,565)	-	(1,632,937)	1,632,938	(1,632,937)
(57,692)	4,787	(330,926)	(59,222)	(1,632,937)	-	(1,692,159)
-	28,873	4,469,008	378,221	-	-	378,221
<u>\$(57,692)</u>	<u>\$ 33,660</u>	<u>\$ 4,138,082</u>	<u>\$ 318,999</u>	<u>\$(1,632,937)</u>	<u>\$ -</u>	<u>\$(1,313,938)</u>

GRAYSON COUNTY, TEXAS

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

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Permanent Fund	Total Nonmajor Governmental Funds
	Texoma Succeeding Generations	
REVENUES		
Licenses and permits	\$ -	\$ 571,416
Intergovernmental revenue and grants	-	2,014,372
Charges for services	-	3,895,889
Fines	-	65,913
Forfeits	-	127,437
Investment earnings	207	11,818
Contributions and donations from private sources	-	215,399
Other	-	321
Total revenues	207	6,902,565
EXPENDITURES		
Current:		
General government	-	1,255,992
Judicial	-	591,584
Elections	-	11,282
Public safety	-	3,045,108
Health and welfare	-	1,869,687
Capital outlay	-	1,947,226
Total expenditures	-	8,720,879
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	207	(1,818,314)
OTHER FINANCING SOURCES (USES)		
Sale of real and personal property	-	25,046
Transfers in	-	1,766,022
Transfers out	-	(1,995,632)
Total other financing sources (uses)	-	(1,837,502)
NET CHANGE IN FUND BALANCE	207	(2,022,878)
FUND BALANCE, BEGINNING	69,414	4,916,643
FUND BALANCE, ENDING	\$ 69,621	\$ 2,893,765

FIDUCIARY FUNDS

Agency Funds are used to account for the assets held by the County as an agent for individuals, private organizations, and other governments.

State Court Costs and Arrest Fees Fund – This fund accounts for collections of the various court costs and arrest fees, as established by the State of Texas. Funds collected are remitted to the state on a quarterly basis. The County is generally allowed to retain 10 percent of the funds collected as a service fee and all interest earned on the funds.

Appellate Justice System Fund – This fund accounts for the collections of this court cost. Funds collected are to be used to assist the Court of Appeals in the administration of the judicial appellate process.

Seized Funds – This fund accounts for collections that are held in trust until awarded by the courts and remitted to the appropriate state, county or individual.

Adult Probation Restitution Fund – This departmental fund is used by the Adult Probation Department to account for collections from probationers for restitution and related interest. All such collections are subsequently remitted to the appropriate person or entity.

District Attorney Bad Check Trust Fund – This fund accounts for collections by the District Attorney for restitution on bad checks. Collections are subsequently remitted to the appropriate person or entity.

Tax Assessor-Collector Fund – This fund accounts for the collections of various taxes for other governments and Grayson County. The County is allowed to retain a percentage of taxes collected for other governments as a collection fee.

Sheriff Bonds Fund – This fund accounts for cash bonds collected by the Sheriff. Cash bonds are held in trust for criminal cases recorded by the County and District Clerk, pending court-ordered disbursement.

County Clerk Trust Fund – This trust fund accounts for funds held by the County Clerk in non-interest bearing accounts or investments for civil cases before the County Court or County Court-at-Law. Disbursements are made upon court order.

District Clerk Trust Fund – This trust fund accounts for funds held by the District Clerk in non-interest bearing accounts and investments for civil cases before the District Courts. Disbursements are made upon court order.

Jail Inmate Trust Fund – This fund accounts for funds held by the Sheriff for inmates of the jail. The funds are held until the inmate is released or transferred. The inmates' commissary or applicable medical purchases are deducted from the inmate account prior to release, and paid to the appropriate vendor.

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2014

	State Court Costs and Arrest Fees	Appellate Justice System	Seized Funds	Adult Probation Restitution	District Attorney Bad Check Trust
ASSETS					
Cash and investments	\$ <u>305,150</u>	\$ <u>8,711</u>	\$ <u>30,656</u>	\$ <u>7,166</u>	\$ <u>37,637</u>
Total assets	\$ <u>305,150</u>	\$ <u>8,711</u>	\$ <u>30,656</u>	\$ <u>7,166</u>	\$ <u>37,637</u>
LIABILITIES					
Due to other agencies and individuals	\$ <u>305,150</u>	\$ <u>8,711</u>	\$ <u>30,656</u>	\$ <u>7,166</u>	\$ <u>37,637</u>
Total liabilities and fund balances	\$ <u>305,150</u>	\$ <u>8,711</u>	\$ <u>30,656</u>	\$ <u>7,166</u>	\$ <u>37,637</u>

<u>Tax Assessor Collector</u>	<u>Sheriff Bonds</u>	<u>County Clerk Trust</u>	<u>District Clerk Trust</u>	<u>Jail Inmate Trust</u>	<u>Totals</u>
\$ <u>1,918,489</u>	\$ <u>285,665</u>	\$ <u>579,240</u>	\$ <u>2,829,319</u>	\$ <u>46,814</u>	\$ <u>6,048,847</u>
\$ <u>1,918,489</u>	\$ <u>285,665</u>	\$ <u>579,240</u>	\$ <u>2,829,319</u>	\$ <u>46,814</u>	\$ <u>6,048,847</u>
\$ <u>1,918,489</u>	\$ <u>285,665</u>	\$ <u>579,240</u>	\$ <u>2,829,319</u>	\$ <u>46,814</u>	\$ <u>6,048,847</u>
\$ <u>1,918,489</u>	\$ <u>285,665</u>	\$ <u>579,240</u>	\$ <u>2,829,319</u>	\$ <u>46,814</u>	\$ <u>6,048,847</u>

THIS PAGE LEFT BLANK INTENTIONALLY

FEDERAL AWARDS SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grayson County, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Grayson County, Texas' basic financial statements, and have issued our report thereon dated June 4, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grayson County, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grayson County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Grayson County, Texas' internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Waco, Texas
June 4, 2015



P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE OF TEXAS
UNIFORM GRANT MANAGEMENT STANDARDS**

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

Report on Compliance for Each Major Federal Program

We have audited Grayson County, Texas' ("the County"), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement and the State of Texas Uniform Grant Management Standards* that could have a direct and material effect on each of the County's major federal and state programs for the year ended September 30, 2014. The County's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, the State of Texas Uniform Grant Management Standards, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, OMB Circular A-133, and the State of Texas Uniform Grant Management Standards 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 major federal and state programs has occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the County, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's, internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state programs and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas Uniform Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the State of Texas Uniform Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas
June 4, 2015

GRAYSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
FEDERAL AWARDS			
<u>U. S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Department of Agriculture:			
National School Lunch Program	10.555	75-J6011	\$ <u>156,662</u>
Total Passed through the Texas Department of Agriculture			<u>156,662</u>
Passed through Texas Department of State Health Services:			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	2014-045052	<u>650,207</u>
Total Passed through Texas Department of State Health Services			<u>650,207</u>
Total U. S. Department of Agriculture			<u>806,869</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Passed through Office of the Attorney General:			
Victim Coordinator and Liaison Grant	16.576	1014265	<u>37,065</u>
Total Passed through Office of the Attorney General			<u>37,065</u>
Passed through Office of the Governor, Criminal Justice Division:			
Violence Against Women Act - ARRA	16.588	1344916	30,126
Violence Against Women Act - ARRA	16.588	1344917	2,141
Edward Byrne Memorial Justice Assistant Grant	16.738	1804208	4,224
Edward Byrne Memorial Justice Assistance Grant - County STAR Recovery Court Program	16.738	1804209	119,645
Edward Bryne Memorial Justice Assitance Grant - County Family Drug Court Program	16.738	1867807	<u>34,242</u>
Total Passed through Office of the Governor, Criminal Justice Division			<u>190,378</u>
Direct Programs:			
State Criminal Alien Assistance Program	16.606	2014-H1175-TX-AP	<u>11,000</u>
Total Direct Programs			<u>11,000</u>
Total U. S. Department of Justice			<u>238,443</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION</u>			
Passed through Texas Department of Transportation:			
Airport Improvement Program	20.106	M1401DENSEN	48,140
Highway Planning and Construction	20.205	FTA-Section 5303	30,000
Highway Planning and Construction	20.205	50-12XF0020	<u>323,316</u>
Total Passed through Texas Department of Transportation			<u>401,456</u>
Total U. S. Department of Transportation			<u>401,456</u>

GRAYSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Texas Department of State Health Services:			
Project Grants and Cooperative Agreements			
for Tuberculosis Control Programs	93.116	2014-001427	21,589
Centers for Disease Control and Prevention - Investigation and			
Technical Assistance OOPHP/Bioterrorism	93.069	2014-001118	94,954
Medicaid - Title XIX - Medical Assistance Program	93.778	-	14,233
Preventive Health and Health Services Block Grant	93.991	2014-001040	<u>21,584</u>
Total Passed through Texas Department of State Health Services			<u>152,360</u>
Passed through Texas Department of Family and Protective Services:			
Title IV-E - Foster Care	93.658	23940190	<u>3,464</u>
Total Passed through Texas Department of Family and			
Protective Services			<u>3,464</u>
Total U. S. Department of Health and Human Services			<u>155,824</u>
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through the Texas Department of Public Safety:			
Division of Emergency Management:			
Emergency Management Performance Grant	97.042	08-GA-48181-08	90,805
Emergency Management Performance Grant	97.042	10TX-EMPG-0147	<u>36,809</u>
Total Passed through Texas Department of Public Safety:			
Division of Emergency Management			<u>127,614</u>
Total U. S. Department of Homeland Security			<u>127,614</u>
Total Federal Expenditures			<u>\$ 1,730,206</u>

GRAYSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

State Grantor/ Grant Description	Pass-through Grantor's Number	State Expenditures
STATE AWARDS		
<u>TEXAS TASK FORCE ON INDIGENT DEFENSE</u>		
Indigent Defense Formula Grant		\$ 164,779
Total Texas Task Force on Indigent Defense		<u>164,779</u>
TEXAS DEPARTMENT OF STATE HEALTH SERVICES		
Potentially Preventable Hospitalizations		<u>88,777</u>
Total Texas Department of State Health Services		<u>88,777</u>
TEXAS DEPARTMENT OF TRANSPORTATION		
County Energy Transportation Reinvestment Zones		<u>376,716</u>
Total Texas Department of Transportation		<u>376,716</u>
Total State Expenditures		<u><u>\$ 630,272</u></u>

GRAYSON COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2014

1. GENERAL

The Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal awards programs of Grayson County, Texas. The County's reporting entity is defined in Note 1 of the financial statements. Federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies, are included on the Schedule of Expenditures of Federal and State Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the financial statements.

GRAYSON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? None

Federal and State Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 and the State of Texas Uniform Grant Management Standards None

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster:
#10.557	Special Supplemental Nutrition Program for Women, Infants and Children
#20.205	Highway Planning and Construction
State	State County Energy Transportation Reinvestment Zones

Dollar threshold used to distinguish between type A and type B federal programs \$300,000

Dollar threshold used to distinguish between type A and type B state programs \$300,000

Auditee qualified as low-risk auditee for federal single audit? Yes

Auditee qualified as low-risk audience for state single audit? No

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal and State Awards

None

GRAYSON COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

None