

GRAYSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2006**

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ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

**GRAYSON COUNTY, TEXAS
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2006**

COMMISSIONERS' COURT

Tim McGraw
Johnny Waldrip
David Whitlock
Jackie Crisp
C. E. "Gene" Short

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

JUDICIAL

James P. Fallon
Rayburn Nall
Laurine Blake
James Henderson
Carol Siebman

Judge, 15th District Court
Judge, 59th District Court
Judge, 336th District Court
Judge, County Court-at-Law
Judge, County Court-at-Law

LAW ENFORCEMENT

Keith Gary
Joseph D. Brown
Denis Cowhig*
Bill Bristow*

County Sheriff
County Attorney
Adult Probation Officer
Juvenile Probation Officer

FINANCIAL ADMINISTRATION

J. Richey Rivers*
Virginia Hughes
John Ramsey

County Auditor
County Treasurer
Tax Assessor/Collector

RECORDING OFFICIALS

Cynthia A. Mathis-Spencer
Wilma Blackshear-Bush

District Clerk
County Clerk

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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

1300 S. University Dr.
Suite 308
Fort Worth, Texas
76107-5737

Phone 817-338-1115
Fax 817-338-1163

www.sga-cpas.com

CERTIFIED
PUBLIC
ACCOUNTANTS
&
BUSINESS
ADVISORS

To the Honorable Commissioners' Court
Grayson County, Texas

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 (the "County") as of and for the year ended September 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the County, as of September 30, 2006, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2007, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the required supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Stovall, Grandey & Allen, LLP

STOVALL, GRANDEY & ALLEN, LLP
Fort Worth, Texas
April 26, 2007

GRAYSON COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

As management of Grayson County, Texas, we offer readers of Grayson County's financial statements this narrative overview and analysis of the financial activities of Grayson County, Texas for the fiscal year ended September 30, 2006.

FINANCIAL HIGHLIGHTS

- The assets of Grayson County exceeded its liabilities at the close of the most recent fiscal year by \$65,676,132 (net assets). Of this amount, \$16,458,775 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$773,719. Income exceeded expenses by \$712,735 and a prior period adjustment increased net assets an additional \$60,984. As the County's total net assets exceed \$65 million, this change is approximately 1%, and is not considered significant since non-cash expenses such as depreciation amounted to \$3,920,756.
- As of the close of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of \$19.2 million, an increase of \$1.6 million in comparison with the prior year. Of the total fund balance, \$12.8 million is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$9.3 million, or 37% of total General Fund expenditures.
- Grayson County's total debt decreased by \$391,294 during the fiscal year. The key factor was the continued repayment of bonded indebtedness and capital leases.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Grayson County's basic financial statements. Grayson County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Grayson County's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of Grayson 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 Grayson County include general government, public safety, judicial and legal, highways and streets, and health and welfare. The business-type activity of Grayson County is the operation of an airport.

The government-wide financial statements can be found on pages 1-3 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. Grayson 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 long-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Grayson County maintains 44 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road and Bridge Fund, and Right-of-Way Acquisition Fund, all of which are considered to be major funds. Data from the other 41 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining schedules elsewhere in this report.

Grayson County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 4-9 of this report.

Proprietary Funds - Grayson County maintains two different types of proprietary funds. 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 operation. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among Grayson County's various functions. Grayson County uses an Internal Service Fund to account for its employee health insurance program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

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. Individual fund data for the Internal Service Fund is provided in the form of combining schedules elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 10-12 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-36 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other information. The combining schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund schedules can be found beginning on page 50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. In the case of Grayson County, assets exceeded liabilities by \$65.6 million, at the close of the most recent fiscal year.

By far, the largest portion of Grayson County's net assets (65 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 is 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 ASSETS

| | Governmental Activities | | Business-type Activities | | Totals | |
|---|--------------------------------|----------------------|---------------------------------|---------------------|----------------------|----------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Current and other assets | \$ 24,586,235 | \$ 22,601,847 | \$ 641,211 | \$ 276,468 | \$ 25,227,446 | \$ 22,878,315 |
| Capital assets | 41,845,932 | 43,423,496 | 2,814,418 | 2,775,539 | 44,660,350 | 46,199,035 |
| Total assets | <u>66,432,167</u> | <u>66,025,343</u> | <u>3,455,629</u> | <u>3,052,007</u> | <u>69,887,796</u> | <u>69,077,350</u> |
| Other liabilities | 2,152,748 | 1,909,188 | 162,096 | 39,125 | 2,314,844 | 1,948,313 |
| Long-term liabilities | 1,878,775 | 2,208,724 | 18,045 | 17,900 | 1,896,820 | 2,226,624 |
| Total liabilities | <u>4,031,523</u> | <u>4,117,912</u> | <u>180,141</u> | <u>57,025</u> | <u>4,211,664</u> | <u>4,174,937</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 40,013,243 | 40,929,054 | 2,814,418 | 2,775,538 | 42,827,661 | 43,704,592 |
| Restricted | 6,389,696 | 7,482,140 | - | - | 6,389,696 | 7,482,140 |
| Unrestricted | 15,997,705 | 13,496,237 | 461,070 | 219,444 | 16,458,775 | 13,715,681 |
| Total net assets | <u>\$ 62,400,644</u> | <u>\$ 61,907,431</u> | <u>\$ 3,275,488</u> | <u>\$ 2,994,982</u> | <u>\$ 65,676,132</u> | <u>\$ 64,902,413</u> |

A portion of Grayson County's governmental net assets (10 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net asset (\$16 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Grayson County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

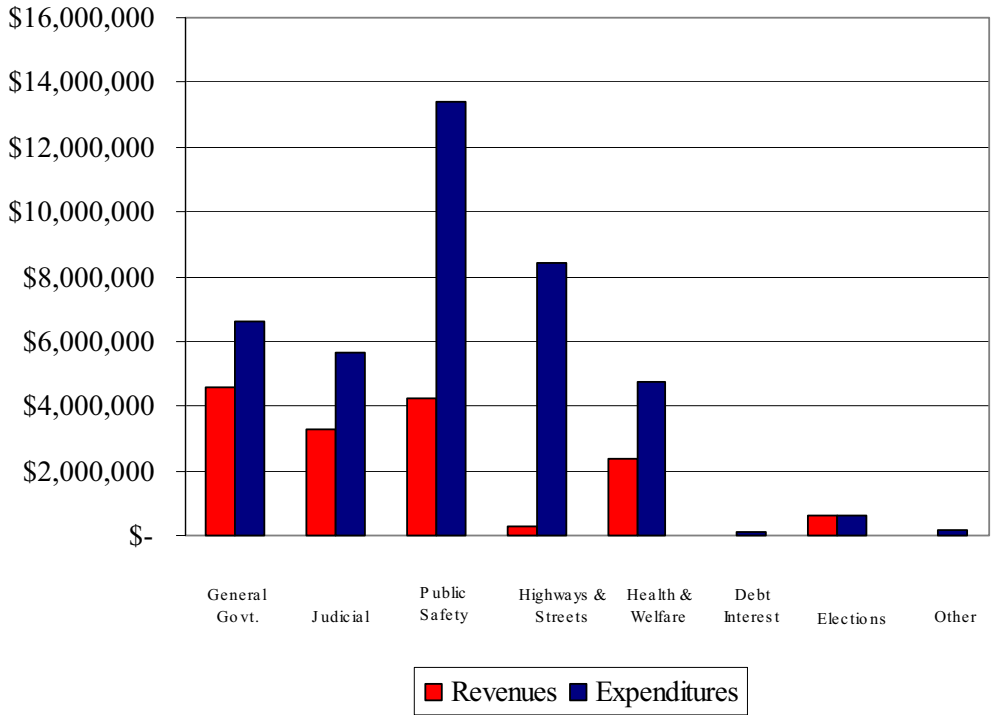
The County's revenues exceeded expenses by \$712,735 during the current fiscal year. Changes in net assets are summarized as follows:

GRAYSON COUNTY'S CHANGES IN NET ASSETS

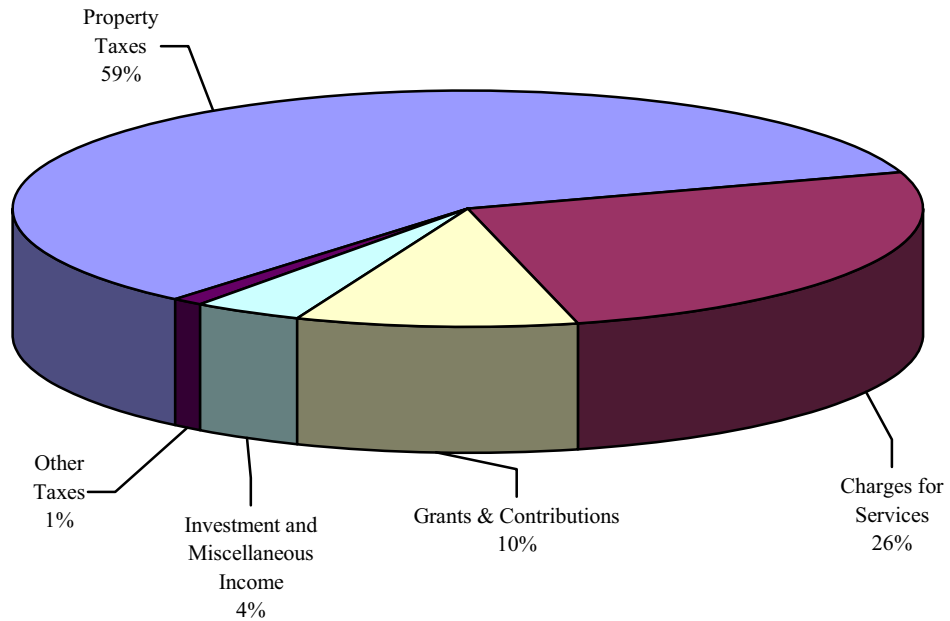
| | Governmental Activities | | Business-type Activities | | Totals | |
|--|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 11,365,883 | \$ 11,085,429 | \$ 754,043 | \$ 672,472 | \$ 12,119,926 | \$ 11,757,901 |
| Operating grants and contributions | 4,459,343 | 3,698,538 | 30,674 | 65,726 | 4,490,017 | 3,764,264 |
| General revenues: | | | | | | |
| Property taxes | 25,422,887 | 23,395,465 | - | - | 25,422,887 | 23,395,465 |
| Other taxes | 624,543 | 474,650 | - | - | 624,543 | 474,650 |
| Miscellaneous revenue | 9,045 | 42,351 | - | 108,282 | 9,045 | 150,633 |
| Investment earnings | 1,139,200 | 574,021 | 9,148 | 3,371 | 1,148,348 | 577,392 |
| Gain on sale of assets | 5,410 | 59,214 | 1,181 | - | 6,591 | 59,214 |
| Insurance proceeds | - | 17,151 | 192,096 | - | 192,096 | 17,151 |
| Total revenues | <u>43,026,311</u> | <u>39,346,819</u> | <u>987,142</u> | <u>849,851</u> | <u>44,013,453</u> | <u>40,196,670</u> |
| Expenses: | | | | | | |
| General government | 6,513,294 | 6,604,091 | - | - | 6,513,294 | 6,604,091 |
| Judicial | 6,212,162 | 5,638,614 | - | - | 6,212,162 | 5,638,614 |
| Elections | 650,530 | - | - | - | 650,530 | - |
| Public safety | 13,472,646 | 13,396,242 | - | - | 13,472,646 | 13,396,242 |
| Health and welfare | 4,804,530 | 4,730,788 | - | - | 4,804,530 | 4,730,788 |
| Highways and streets | 10,411,116 | 8,427,785 | - | - | 10,411,116 | 8,427,785 |
| Interest on long-term debt | 94,542 | 106,299 | - | - | 94,542 | 106,299 |
| Culture and recreation | 59 | - | - | - | 59 | - |
| Fiscal fees | 300 | - | - | - | 300 | - |
| Intergovernmental | 108,290 | - | - | - | 108,290 | - |
| Airport | - | - | 1,033,249 | 887,545 | 1,033,249 | 887,545 |
| | <u>42,267,469</u> | <u>38,903,819</u> | <u>1,033,249</u> | <u>887,545</u> | <u>43,300,718</u> | <u>39,791,364</u> |
| Increase (decrease) in net assets before transfers | 758,842 | 443,000 | (46,107) | (37,694) | 712,735 | 405,306 |
| Transfers In (Out) | (326,613) | (160,888) | 326,613 | 160,888 | - | - |
| Change in net assets | 432,229 | 282,112 | 280,506 | 123,194 | 712,735 | 405,306 |
| Net assets, beginning | 61,907,431 | 61,354,860 | 2,994,982 | 2,871,788 | 64,902,413 | 64,226,648 |
| Prior period adjustment | 60,984 | 270,459 | - | - | 60,984 | 270,459 |
| Net assets, ending | <u>\$ 62,400,644</u> | <u>\$ 61,907,431</u> | <u>\$ 3,275,488</u> | <u>\$ 2,994,982</u> | <u>\$ 65,676,132</u> | <u>\$ 64,902,413</u> |

Property tax revenues accounted for approximately 59 percent of revenues for governmental activities. The next largest segment of revenues came from charges for services, which accounted for 26 percent of total governmental revenues, with grants and contributions accounting for approximately 10 percent of total governmental revenues.

Expenses and Program Revenues – Governmental Activities



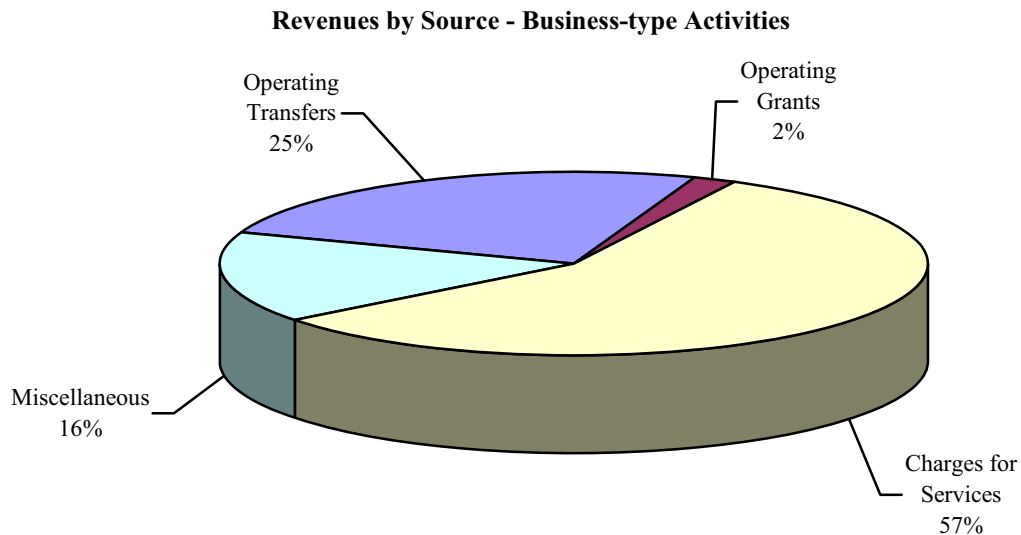
Revenues by Source – Governmental Activities



Business-type activities

Business-type activities increased Grayson's net assets by \$280 thousand, which was primarily a result of increases in operating revenues.

The business-type activity of the County is the operation of a regional airport. Approximately 57 percent of airport operations is funded by tenant payments for rental of industrial and aircraft facilities. Operating grants comprise another 7 percent, and transfers from the General Fund to support the airport fire operations account for 25 percent of revenues.



Financial Analysis of Grayson County's Funds

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

Governmental Funds

The focus of 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 Grayson 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 \$19.2 million, an increase of approximately \$1.6 million in comparison with the prior year. Approximately 49 percent of this total amount (\$9.4 million) constitutes unrestricted fund balance, which is available for spending at the government's discretion. Approximately \$3.4 million is unreserved but designated for construction and other purposes. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has committed to pay debt service (\$62 thousand), road and bridge expenditures (\$2.4 million), capital project expenditures (\$3.9 million) or fund a special purpose trust (\$62 thousand).

The General Fund is the chief operating fund of Grayson County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$9.4 million. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. At September 30, 2006, unreserved fund balance represents 37 percent of total General Fund expenditures.

The fund balance of Grayson County's General Fund increased by \$2.2 million during the current fiscal year. The key factor in this growth comes from increased property tax collections (current, delinquent, and penalties) resulting from continued growth in the tax base.

The debt service fund has a total fund balance of \$62 thousand, all of which is reserved for the payment of debt service. The increase in fund balance during the current year in the debt service fund was \$26 thousand.

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 assets of the Airport at the end of the year amounted to \$3.3 million. The total increase in net assets for the fund was \$280 thousand. Airport operations and transfers from the County's General Fund (\$327 thousand) resulted in this increase. 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 significant (\$528 thousand increase in appropriations), with the most significant items being increases in judicial expenses of \$355 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Grayson County's investment in capital assets for its governmental and business-type activities as of September 30, 2006, amounts to \$44.7 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:

- Purchase of several law enforcement and road maintenance vehicles;
- Computer and telephone equipment in various departments; and
- Upgrades of County roads.

Grayson County's Capital Assets (net of depreciation)

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Totals</u> | |
|-----------------------------------|--------------------------------|----------------------|---------------------------------|---------------------|----------------------|----------------------|
| | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> | <u>2006</u> | <u>2005</u> |
| Land | \$ 1,261,581 | \$ 1,251,581 | \$ 2,645,500 | \$ 2,645,500 | \$ 3,907,081 | \$ 3,897,081 |
| Infrastructure | 27,614,010 | 29,609,574 | - | - | 27,614,010 | 29,609,574 |
| Buildings | 7,979,386 | 8,142,216 | 82,399 | 94,141 | 8,061,785 | 8,236,357 |
| Improvements other than buildings | 310,770 | 260,788 | - | - | 310,770 | 260,788 |
| Machinery and equipment | 3,968,450 | 4,060,833 | 86,519 | 35,897 | 4,054,969 | 4,096,730 |
| Construction in progress | 711,735 | 98,504 | - | - | 711,735 | 98,504 |
| Total Capital Assets | <u>\$ 41,845,932</u> | <u>\$ 43,423,496</u> | <u>\$ 2,814,418</u> | <u>\$ 2,775,538</u> | <u>\$ 44,660,350</u> | <u>\$ 46,199,034</u> |

Additional information on Grayson County's capital assets can be found in Note IV on pages 26 and 27 of this report.

Long-term Debt

At the end of the current fiscal year, Grayson County had total bonded debt of \$1.1 million. The debt service payments on this amount are funded through property taxes assessed annually. Additionally, the County was liable for capital lease payments in the amount of \$782 thousand which is backed by the full faith and credit of the government.

Grayson County's Outstanding Debt

| | Governmental Activities | |
|--------------------------------|-------------------------|---------------------|
| | 2006 | 2005 |
| Bonds Payable | \$ 1,050,000 | \$ 1,155,000 |
| Capital Leases Payable | 782,689 | 1,068,983 |
| Total Bonds and Leases Payable | <u>\$ 1,832,689</u> | <u>\$ 2,223,983</u> |

Grayson County's total indebtedness decreased during the current fiscal year due to annual debt payments made as scheduled.

Grayson County's bonded debt consists of \$1.6 million of taxable permanent improvement bonds issued in 1994 to finance the addition to the existing jail. The original bond issue was payable over a 20 year period, but was not callable until after the first 10 years of the bonds had been paid (2004). Because there has been a considerable drop in interest rates, refinancing the callable portion of the bonds was done during fiscal year 2003, resulting in a significant drop in rates, and savings to the taxpayer.

Additional information on Grayson County's long-term debt can be found in Note IV on pages 30-32 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Grayson County in September 2006 is 4.6 percent, which is a decrease from a rate of 5.0 percent a year ago. This rate is comparable to the state's average unemployment rate of 4.7 percent and the national average of 4.4 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.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$9,353,364. For accounting and budgeting purposes, the Commissioners' Court has separated the General Fund into three separate, and identifiable funds. Daily operations of the County are paid from the primary fund, which comprises \$8,477,361 of the available fund balance. A separate fund represents funds that are derived from the difference of the revenue generated from housing federal inmates in the County jail, and the cost to house Grayson County inmates in other contracted locations. At September 30, this represented \$180,000. Due to the uncertain nature of these funds, they are to be used for large, one-time purchases, rather than to fund ongoing operations. A third portion of the General Fund comes from the State of Texas' settlement of a lawsuit against the tobacco industry. The Commissioners' Court has set these funds aside to fund the ongoing operations of the Health Department, as far as costs are not covered by state or federal grants, and user charges. At September 30, this amount represented \$696,003 of the fund balance. For reporting purposes, these amounts are all combined into a single amount.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Grayson 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

GRAYSON COUNTY, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006

| | Primary Government | | |
|---|----------------------------|--------------------------------|----------------------|
| | Governmental Activities | Business Type Activities | Total |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ (388,384) | \$ 177,408 | \$ (210,976) |
| Investments - Current | 20,078,068 | 254,607 | 20,332,675 |
| Receivables (net of allowance for uncollectibles) | 4,615,414 | 208,696 | 4,824,110 |
| Due from Others | 198,858 | - | 198,858 |
| Prepaid Items | 3,521 | 500 | 4,021 |
| Capitalized Debt Issuance Costs | 78,758 | - | 78,758 |
| Capital Assets: | | | |
| Land | 1,261,581 | 2,645,500 | 3,907,081 |
| Infrastructure, net | 98,930,621 | 14,667,933 | 113,598,554 |
| Buildings, net | 17,620,793 | 5,143,147 | 22,763,940 |
| Improvements other than Buildings, net | 474,575 | - | 474,575 |
| Machinery and Equipment, net | 13,287,443 | 384,502 | 13,671,945 |
| Accumulated Depreciation | (90,440,816) | (20,026,664) | (110,467,480) |
| Construction in Progress | 711,735 | - | 711,735 |
| Total Assets | <u>66,432,167</u> | <u>3,455,629</u> | <u>69,887,796</u> |
| LIABILITIES | | | |
| Accounts Payable | 1,541,647 | 162,096 | 1,703,743 |
| Compensated Absences - Due Within One Year | 100,828 | - | 100,828 |
| Accrued Interest Payable | 16,014 | - | 16,014 |
| Deferred Revenues | 137,034 | - | 137,034 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 357,225 | - | 357,225 |
| Due in More Than One Year | 1,878,775 | 18,045 | 1,896,820 |
| Total Liabilities | <u>4,031,523</u> | <u>180,141</u> | <u>4,211,664</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 40,013,243 | 2,814,418 | 42,827,661 |
| Restricted for: | | | |
| Restricted for Debt Service | 61,863 | - | 61,863 |
| Restricted for Road & Bridge | 2,374,026 | - | 2,374,026 |
| Restricted for Capital Projects | 3,891,440 | - | 3,891,440 |
| Restricted for Purpose of Trust | 62,367 | - | 62,367 |
| Unrestricted Net Assets | 15,997,705 | 461,070 | 16,458,775 |
| Total Net Assets | <u>\$ 62,400,644</u> | <u>\$ 3,275,488</u> | <u>\$ 65,676,132</u> |

The notes to the Financial Statements are an integral part of this statement.

GRAYSON COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | Program Revenues | | |
|---------------------------------|-------------------------|--|--------------|
| Expenses | Charges for Services | Operating Grants and Contributions | |
| Primary Government: | | | |
| GOVERNMENTAL ACTIVITIES: | | | |
| General Government | \$ 6,513,294 | \$ 4,559,939 | \$ 170,423 |
| Judicial | 6,212,162 | 3,017,036 | 444,990 |
| Elections | 650,530 | - | 635,952 |
| Public Safety | 13,472,646 | 2,719,961 | 836,055 |
| Highways and Streets | 10,411,116 | 265,946 | 905,754 |
| Health & Welfare | 4,804,530 | 803,001 | 1,466,169 |
| Culture and Recreation | 59 | - | - |
| Bond Interest | 94,542 | - | - |
| Fiscal Fees | 300 | - | - |
| Intergovernmental | 108,290 | - | - |
| Total Governmental Activities: | 42,267,469 | 11,365,883 | 4,459,343 |
| BUSINESS-TYPE ACTIVITIES: | | | |
| Grayson County Airport | 1,033,249 | 754,043 | 30,674 |
| Total Business-Type Activities: | 1,033,249 | 754,043 | 30,674 |
| TOTAL PRIMARY GOVERNMENT: | \$ 43,300,718 | \$ 12,119,926 | \$ 4,490,017 |

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Other Taxes

Penalty and Interest

Miscellaneous Revenue

Investment Earnings

Gain on Sale of Fixed Assets

Insurance Proceeds

Transfers In (Out)

Total General Revenues, Special Items, and Transfers

Change in Net Assets

Net Assets--Beginning

Prior Period Adjustment

Net Assets--Ending

The notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

| Primary Government | | |
|----------------------------|-----------------------------|----------------|
| Governmental Activities | Business-type Activities | Total |
| \$ (1,782,932) | \$ - | \$ (1,782,932) |
| (2,750,136) | - | (2,750,136) |
| (14,578) | - | (14,578) |
| (9,916,630) | - | (9,916,630) |
| (9,239,416) | - | (9,239,416) |
| (2,535,360) | - | (2,535,360) |
| (59) | - | (59) |
| (94,542) | - | (94,542) |
| (300) | - | (300) |
| (108,290) | - | (108,290) |
| (26,442,243) | - | (26,442,243) |
| - | (248,532) | (248,532) |
| - | (248,532) | (248,532) |
| (26,442,243) | (248,532) | (26,690,775) |
| 25,252,399 | - | 25,252,399 |
| 170,488 | - | 170,488 |
| 173,142 | - | 173,142 |
| 451,401 | - | 451,401 |
| 9,045 | - | 9,045 |
| 1,139,200 | 9,148 | 1,148,348 |
| 5,410 | 1,181 | 6,591 |
| - | 192,096 | 192,096 |
| (326,613) | 326,613 | - |
| 26,874,472 | 529,038 | 27,403,510 |
| 432,229 | 280,506 | 712,735 |
| 61,907,431 | 2,994,982 | 64,902,413 |
| 60,984 | - | 60,984 |
| \$ 62,400,644 | \$ 3,275,488 | \$ 65,676,132 |

GRAYSON COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006

| | General Fund | Road & Bridge Fund | Right of Way Acquisition Fund |
|---|----------------------|--------------------------|-------------------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ - | \$ 256,403 | \$ 1,361 |
| Investments - Current | 11,022,277 | 2,285,397 | 4,171,681 |
| Interest Receivable - investments | 52,192 | 5,475 | 9,426 |
| Taxes Receivable | 1,692,705 | 126,841 | - |
| Receivables (net of allowance for uncollectibles) | 308,753 | 2,024 | - |
| Intergovernmental Receivables | - | - | - |
| Due from Others | 198,858 | - | - |
| Prepaid Items | 3,341 | - | - |
| Total Assets | <u>\$ 13,278,126</u> | <u>\$ 2,676,140</u> | <u>\$ 4,182,468</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Deficit Cash | \$ 1,566,318 | \$ - | \$ - |
| Accounts Payable | 669,474 | 185,468 | 291,028 |
| Retainage Payable | - | - | - |
| Due to Others | - | - | - |
| Deferred Revenues | 1,688,970 | 116,646 | - |
| Total Liabilities | <u>3,924,762</u> | <u>302,114</u> | <u>291,028</u> |
| Fund Balances: | | | |
| Reserved For: | | | |
| Debt Service | - | - | - |
| Road & Bridge | - | 2,374,026 | - |
| Capital Projects | - | - | 3,891,440 |
| Purpose of Trust | - | - | - |
| Unreserved Designated For: | | | |
| Specific Purpose | - | - | - |
| Capital Projects | - | - | - |
| Unreserved and Undesignated: | | | |
| Reported in the General Fund | 9,353,364 | - | - |
| Total Fund Balances | <u>9,353,364</u> | <u>2,374,026</u> | <u>3,891,440</u> |
| Total Liabilities and Fund Balances | <u>\$ 13,278,126</u> | <u>\$ 2,676,140</u> | <u>\$ 4,182,468</u> |

The notes to the Financial Statements are an integral part of this statement.

| Other Funds | Total Governmental Funds |
|---------------------|--------------------------------|
| \$ 1,170,520 | \$ 1,428,284 |
| 2,597,889 | 20,077,244 |
| 8,762 | 75,855 |
| 31,659 | 1,851,205 |
| 35,082 | 345,859 |
| 463,583 | 463,583 |
| - | 198,858 |
| 180 | 3,521 |
| <u>\$ 4,307,675</u> | <u>\$ 24,444,409</u> |
| | |
| \$ 245,626 | \$ 1,811,944 |
| 344,877 | 1,490,847 |
| 12,072 | 12,072 |
| 38,728 | 38,728 |
| 28,589 | 1,834,205 |
| <u>669,892</u> | <u>5,187,796</u> |
| | |
| 61,863 | 61,863 |
| - | 2,374,026 |
| - | 3,891,440 |
| 62,367 | 62,367 |
| | |
| 2,641,470 | 2,641,470 |
| 872,083 | 872,083 |
| - | 9,353,364 |
| <u>3,637,783</u> | <u>19,256,613</u> |
| | |
| <u>\$ 4,307,675</u> | <u>\$ 24,444,409</u> |

GRAYSON COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006

| | | |
|--|-----------|-------------------|
| Total Fund Balances - Governmental Funds | \$ | 19,256,613 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$130,465,232 and the accumulated depreciation was \$87,041,736. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets. | | 40,729,468 |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2006 capital outlays and debt principal payments is to increase net assets. | | 2,675,342 |
| The 2006 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets. | | (3,920,756) |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets. | | 3,659,977 |
| Net Assets of Governmental Activities | \$ | 62,400,644 |

The notes to the Financial Statements are an integral part of this statement.

GRAYSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | General Fund | Road & Bridge Fund | Right of Way Acquisition Fund |
|--|---------------------|--------------------------|-------------------------------------|
| REVENUES: | | | |
| Taxes: | | | |
| Property Taxes | \$ 23,284,318 | \$ 1,659,891 | \$ - |
| Other Taxes | 173,142 | - | - |
| Penalty and Interest on Taxes | 390,803 | 29,035 | - |
| Vehicle Registration | 143,853 | 2,058,944 | - |
| Intergovernmental Revenue and Grants | 1,368,630 | 102,736 | 731,336 |
| Charges for Services | 3,185,559 | - | - |
| Fines and Forfeitures | 110,059 | 1,757,481 | - |
| Investment Earnings | 662,591 | 144,313 | 201,309 |
| Contributions & Donations from Private Sources | - | - | - |
| Other Revenue | 288,488 | 302,941 | - |
| Total Revenues | 29,607,443 | 6,055,341 | 932,645 |
| EXPENDITURES: | | | |
| Current: | | | |
| General Government | 6,113,977 | - | - |
| Judicial | 5,770,715 | - | - |
| Elections | - | - | - |
| Public Safety | 11,741,881 | - | - |
| Highways and Streets | - | 5,695,921 | 2,319,610 |
| Health and Welfare | 1,497,078 | - | - |
| Culture and Recreation | - | - | - |
| Debt Service: | | | |
| Debt Principal | 145,019 | 94,894 | - |
| Debt Interest | 26,685 | 4,385 | - |
| Miscellaneous Fees | - | - | - |
| Intergovernmental: | | | |
| Intergovernmental | 108,290 | - | - |
| Total Expenditures | 25,403,645 | 5,795,200 | 2,319,610 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 4,203,798 | 260,141 | (1,386,965) |
| OTHER FINANCING SOURCES (USES): | | | |
| Sale of Real and Personal Property | - | 6,000 | - |
| Transfers In | - | - | - |
| Transfers Out (Use) | (1,969,532) | - | - |
| Total Other Financing Sources (Uses) | (1,969,532) | 6,000 | - |
| Net Change in Fund Balances | 2,234,266 | 266,141 | (1,386,965) |
| Fund Balance - October 1 (Beginning) | 7,119,098 | 2,107,885 | 5,278,405 |
| Fund Balance - September 30 (Ending) | \$ 9,353,364 | \$ 2,374,026 | \$ 3,891,440 |

The notes to the Financial Statements are an integral part of this statement.

| Other Funds | Total Governmental Funds |
|---------------------|--------------------------------|
| \$ 432,055 | \$ 25,376,264 |
| - | 173,142 |
| 6,443 | 426,281 |
| - | 2,202,797 |
| 3,131,462 | 5,334,164 |
| 2,399,252 | 5,584,811 |
| 139,360 | 2,006,900 |
| 130,987 | 1,139,200 |
| 80,743 | 80,743 |
| 47,802 | 639,231 |
| <u>6,368,104</u> | <u>42,963,533</u> |
| 953,308 | 7,067,285 |
| 426,706 | 6,197,421 |
| 650,530 | 650,530 |
| 1,923,586 | 13,665,467 |
| 19,781 | 8,035,312 |
| 3,239,488 | 4,736,566 |
| 59 | 59 |
| 151,382 | 391,295 |
| 54,303 | 85,373 |
| 300 | 300 |
| - | 108,290 |
| <u>7,419,443</u> | <u>40,937,898</u> |
| <u>(1,051,339)</u> | <u>2,025,635</u> |
| 1,250 | 7,250 |
| 1,703,915 | 1,703,915 |
| <u>(118,128)</u> | <u>(2,087,660)</u> |
| <u>1,587,037</u> | <u>(376,495)</u> |
| 535,698 | 1,649,140 |
| <u>3,102,085</u> | <u>17,607,473</u> |
| <u>\$ 3,637,783</u> | <u>\$ 19,256,613</u> |

GRAYSON COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | | |
|--|-----------|----------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ | 1,649,140 |
| | | |
| The County uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income of these internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net assets. | | 16,237 |
| | | |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2006 capital outlays and debt principal payments is to increase net assets. | | 2,675,342 |
| | | |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets. | | (3,920,756) |
| | | |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets. | | 12,266 |
| | | |
| Change in Net Assets of Governmental Activities | <u>\$</u> | <u>432,229</u> |

The notes to the Financial Statements are an integral part of this statement.

GRAYSON COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2006

| | Business-Type Activities - | Governmental Activities - |
|--|-------------------------------|------------------------------|
| | Grayson County Airport | Internal Service Fund |
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 177,408 | \$ (4,724) |
| Investments - Current | 254,607 | 824 |
| Interest Receivable - Investments | 628 | - |
| Accounts Receivable | 208,068 | 3,900 |
| Prepaid Items | 500 | - |
| Total Current Assets | 641,211 | - |
| Noncurrent Assets: | | |
| Capital Assets: | | |
| Land | 2,645,500 | - |
| Infrastructure | 14,667,933 | - |
| Buildings | 5,143,147 | - |
| Machinery and Equipment | 384,502 | - |
| Accumulated Depreciation - Capital Assets | (20,026,664) | - |
| Total Noncurrent Assets | 2,814,418 | - |
| Total Assets | 3,455,629 | - |
| LIABILITIES | | |
| Current Liabilities: | | |
| Due to Others | 146,034 | - |
| Security Deposits | 11,551 | - |
| Compensated Absences Payable | 4,511 | - |
| Total Current Liabilities | 162,096 | - |
| NonCurrent Liabilities: | | |
| Compensated Absences - Due in One Year | 18,045 | - |
| Total Noncurrent Liabilities | 18,045 | - |
| Total Liabilities | 180,141 | - |
| NET ASSETS | | |
| Investments in Capital Assets, Net of Debt | 2,814,418 | - |
| Unrestricted Net Assets | 461,070 | - |
| Total Net Assets | \$ 3,275,488 | \$ - |

The notes to the Financial Statements are an integral part of this statement.

GRAYSON COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | Business-Type Activities - Grayson County Airport | Governmental Activities - Internal Service Fund |
|---|---|--|
| OPERATING REVENUES: | | |
| Charges for Services | \$ 42,899 | \$ - |
| Rents and Royalties | 665,325 | - |
| Contributions & Donations from Private Source | 30,674 | - |
| Other Revenue | 45,819 | - |
| Total Operating Revenues | 784,717 | - |
| OPERATING EXPENSES: | | |
| Depreciation | 21,131 | - |
| Salaries & Wages | 285,306 | - |
| Employee Benefits | 142,896 | 41,223 |
| Purchased Professional & Technical Services | 46,756 | - |
| Purchased Property Services | 435,187 | - |
| Other Operating Expenses | 85,204 | - |
| Supplies | 16,769 | - |
| Total Operating Expenses | 1,033,249 | 41,223 |
| Operating Income (Loss) | (248,532) | (41,223) |
| NON-OPERATING REVENUES (EXPENSES): | | |
| Transfers In | - | 57,132 |
| Gain on Sale of Property | 1,181 | - |
| Investment Earnings | 9,148 | 328 |
| Insurance Recovery | 192,096 | - |
| Total Non-operating Revenue (Expenses) | 202,425 | 57,460 |
| Income Before Transfers | (46,107) | 16,237 |
| Non-Operating Transfer In | 326,613 | - |
| Change in Net Assets | 280,506 | 16,237 |
| Total Net Assets - October 1 (Beginning) | 2,994,982 | (16,237) |
| Total Net Assets - September 30 (Ending) | \$ 3,275,488 | \$ - |

The notes to the Financial Statements are an integral part of this statement.

GRAYSON COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | Business-Type Activities | Governmental Activities - |
|---|------------------------------|------------------------------|
| | Grayson County Airport | Internal Service Fund |
| <u>Cash Flows from Operating Activities:</u> | | |
| Cash Received from User Charges | \$ 571,777 | \$ - |
| Cash Received Contributions | 30,674 | - |
| Cash Payments to Employees for Services | (428,021) | - |
| Cash Payments for Insurance Claims | - | (42,002) |
| Cash Payments for Suppliers | (16,769) | - |
| Cash Payments for Other Operating Expenses | (408,989) | - |
| Net Cash Provided by (Used for) Operating Activities | <u>(251,328)</u> | <u>(42,002)</u> |
| <u>Cash Flows from Non-Capital Financing Activities:</u> | | |
| Operating Transfer In | 326,613 | 57,132 |
| Insurance Proceeds | 192,096 | - |
| Net Cash Provided by Non-Capital Financing Activities | <u>518,709</u> | <u>57,132</u> |
| <u>Cash Flows from Capital & Related Financing Activities:</u> | | |
| Acquisition of Capital Assets | (60,011) | - |
| Gain on Sale of Assets | 1,181 | - |
| Net Cash Provided by (Used for) Capital & Related Financing Activities | <u>(58,830)</u> | <u>-</u> |
| <u>Cash Flows from Investing Activities:</u> | | |
| Interest and Dividends on Investments | 8,520 | 328 |
| Net Increase in Cash and Cash Equivalents | 217,071 | 15,458 |
| Cash and Cash Equivalents at Beginning of the Year: | 214,944 | (19,358) |
| Cash and Cash Equivalents at the End of the Year: | <u>\$ 432,015</u> | <u>\$ (3,900)</u> |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u> | | |
| Operating Income (Loss): | \$ (248,532) | \$ (41,223) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities: | | |
| Depreciation | 21,131 | - |
| Effect of Increases and Decreases in Current Assets and Liabilities: | | |
| Decrease (increase) in Receivables | (182,431) | - |
| Decrease (increase) in Due from Other Funds | 35,888 | - |
| Decrease (increase) in Prepaid Expenses | (500) | - |
| Increase (decrease) in Accounts Payable | 122,770 | (779) |
| Increase (decrease) in Deferred Revenue | (3,894) | - |
| Increase (decrease) in Compensated Absences | 181 | - |
| Increase (decrease) in Other Liabilities | 4,059 | - |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ (251,328)</u> | <u>\$ (42,002)</u> |

The notes to the Financial Statements are an integral part of this statement.

GRAYSON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2006

| | Agency Funds |
|---------------------------|---------------------|
| <hr/> | |
| ASSETS | |
| Cash and Cash Equivalents | \$ 7,403,866 |
| Investments - Current | 142,615 |
| Total Assets | <u>\$ 7,546,481</u> |
| LIABILITIES | |
| Due to Others | \$ 7,546,481 |
| Total Liabilities | <u>\$ 7,546,481</u> |

The accompanying notes are an integral part of this statement.

GRAYSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 which should be considered and evaluated along with other judgmental factors before a decision is made to include one governmental unit with another governmental unit for the purpose of issuing basic financial statements. The five criteria considered were (1) financial accountability, (2) appointment of a voting majority, (3) imposition of will, (4) financial benefit to or a burden on a primary government, and (5) financial accountability as a result of fiscal dependency.

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

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 net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been generally removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-like activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 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 revenue are reported instead as general revenue.

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 can not 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.

GRAYSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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:

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.

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.

Special Right-of-Way Fund accounts for the cost of acquiring state right-of-way. The financing is provided by a special property tax levied in prior years and interest on investments.

The County reports the following proprietary funds:

Enterprise Fund – The Airport Fund accounts for the operation of the Grayson County 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.

GRAYSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION, continued

Internal Service Fund accounts for a program of employee health and life insurance. A professional insurance administration firm is retained to process employee claims and provide reinsurance for excess individual and group claims. This fund is funded by charges to other funds and to employees for extended benefits, at their option.

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-like activities and Enterprise Funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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 and Internal Service Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund and Internal Service 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 AND NET ASSETS

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.

GRAYSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. ASSETS, LIABILITIES AND NET ASSETS, continued

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.

Inventories

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." 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. See Note IV for details of the property tax calendar. 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 June 30 (within nine months of the October 1 due date). Collections received thereafter are reported as delinquent tax revenue.

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.

**GRAYSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. ASSETS, LIABILITIES AND NET ASSETS, continued

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 (streets and drainage) | 35-125 |

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.

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 assets.

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.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

Net assets represent the difference between assets and liabilities. (Net assets invested in capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.) Net assets 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.

GRAYSON COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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 ASSETS

Page 6 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

| <u>Capital Assets at the Beginning of the Year</u> | <u>Historic Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Value at the Beginning of the Year</u> | <u>Adjustment to Net Assets</u> |
|--|--------------------------|-------------------------------------|---|-------------------------------------|
| Non-depreciable Assets | | | | |
| Land | \$ 1,251,581 | \$ - | \$ 1,251,581 | \$ |
| Construction in Progress | 98,504 | - | 98,504 | |
| Total Non-depreciable Assets | <u>1,350,085</u> | <u>-</u> | <u>1,350,085</u> | |
| Depreciable Assets | | | | |
| Infrastructure | 98,622,377 | 69,012,803 | 29,609,574 | |
| Buildings | 17,527,075 | 9,384,859 | 8,142,216 | |
| Improvements | 403,298 | 142,510 | 260,788 | |
| Machinery and Equipment | 12,562,397 | 8,501,564 | 4,060,833 | |
| Total Depreciable Assets | <u>129,115,147</u> | <u>87,041,736</u> | <u>42,073,411</u> | |
| Total Capital Assets | <u>\$130,465,232</u> | <u>\$ 87,041,736</u> | <u>\$ 43,423,496</u> | |
| Net Adjustment to Net Assets | | | | 43,423,496 |
| | | | <u>Payable at the Beginning of the Year</u> | |
| Long-term Liabilities at the Beginning of the year | | | | |
| Bonds Payable | | | \$ 1,155,000 | |
| Capital Leases Payable | | | 1,068,983 | |
| Compensated Absences | | | 470,045 | |
| | | | <u>\$ 2,694,028</u> | |
| Change in Net Assets | | | | <u>(2,694,028)</u> |
| Net Adjustment to Net Assets | | | | <u>\$ 40,729,468</u> |

**GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,
continued**

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Pages 6 and 9 provide reconciliations between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

| | <u>Amount</u> | <u>Adjustments to Changes in Net Assets</u> | <u>Adjustments to Net Assets</u> |
|------------------------------------|---------------------|---|--------------------------------------|
| <u>Current Year Capital Outlay</u> | | | |
| Land | \$ 10,000 | \$ | \$ |
| Infrastructure | 628,250 | | |
| Buildings | 93,718 | | |
| Improvements Other than Buildings | 95,091 | | |
| Machinery and Equipment | 843,758 | | |
| Construction in Progress | <u>613,231</u> | | |
| Total Capital Outlay | <u>\$ 2,284,048</u> | 2,284,048 | 2,284,048 |
| <u>Debt Principal Payments</u> | | | |
| Bond Principal | \$ 105,000 | | |
| Capital Lease Principal | <u>286,294</u> | | |
| Total Principal Payments | <u>\$ 391,294</u> | <u>391,294</u> | <u>391,294</u> |
| Total Adjustment to Net Assets | | <u>\$ 2,675,342</u> | <u>\$ 2,675,342</u> |

**GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS,
continued**

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES, continued

Another element of the reconciliations on Pages 6 and 7 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

| | <u>Amount</u> | <u>Adjustments to Changes in Net Assets</u> | <u>Adjustments to Net Assets</u> |
|---|---------------|---|--|
| <u>Adjustments to Revenue and Deferred Revenue</u> | | | |
| Taxes collected from prior year levies | \$ 675,835 | \$ (675,835) | \$ - |
| Uncollected taxes (assumed collectible) from current year levy | 764,088 | 764,088 | 764,088 |
| Uncollected taxes (assumed collectible) from prior year levy | 933,083 | - | 933,083 |
| Adjustments to prior year estimate of collectible taxes | 41,630 | (41,630) | - |
| Subtotal | | <u>46,623</u> | <u>1,697,171</u> |
| <u>Adjustments to Expenses and Liabilities</u> | | | |
| Record beginning balance for accrued interest payable | 18,097 | - | (18,097) |
| Record adjustment to accrued interest | 2,083 | 2,083 | 2,083 |
| Record current year change in compensated absences payable | 34,094 | (34,094) | (34,094) |
| Record beginning balance of debt issuance costs | 90,009 | - | 90,009 |
| Record amortization of debt issuance costs | 11,251 | (11,251) | (11,251) |
| Subtotal | | <u>(43,262)</u> | <u>28,650</u> |
| <u>Adjustments to Revenue and Receivables</u> | | | |
| Record beginning balance for fee office receivables, net | 906,092 | - | 906,092 |
| Decrease fee office receivable, net | 14,375 | (14,375) | (14,375) |
| Record beginning balance for penalties and interest receivable, net | 958,175 | - | 958,175 |
| Increase in penalties and interest receivable, net | 25,120 | 25,120 | 25,120 |
| Subtotal | | <u>10,745</u> | <u>1,875,012</u> |

**GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES, continued

| Reclassifications | <u>Amount</u> | <u>Adjustments to Changes in Net Assets</u> | <u>Adjustments to Net Assets</u> |
|--|---------------|---|--|
| Reclassify Proceeds from Sale of Capital Assets | \$ 7,250 | \$ (7,250) | \$ (7,250) |
| Record Gain on Assets Sold | 5,410 | 5,410 | 5,410 |
| Subtotal | | <u>(1,840)</u> | <u>(1,840)</u> |
| <u>Prior Period Adjustments</u> | | | |
| Increase in machinery and equipment | 60,831 | - | 60,831 |
| Decrease accumulated depreciation on machinery and equipment | 153 | - | 153 |
| Subtotal | | <u>-</u> | <u>60,984</u> |
| Total Adjustments to Net Assets | | <u>\$ 12,266</u> | <u>\$ 3,659,977</u> |

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND EQUITY

Deficit fund equity in individual funds at September 30, 2006, consists of the following:

| | |
|---|-------------------|
| Help America Vote Act Fund | \$ 14,213 |
| Drug Court Fund | 6,875 |
| Star Family Drug Court | 280 |
| Holiday Lights Fund | 182,919 |
| CJD Domestic Violence Fund | 6,416 |
| County Attorney Victim's Liaison Grant Fund | 3,923 |
| Homeland Security Grant Fund | 762 |
| Total Deficits | <u>\$ 215,388</u> |

The deficit fund equity is expected to be recovered through future contributions and revenue.

**GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS 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 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, 2006, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$(409,623) and the bank balance was \$1,047,410.

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 staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (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.

The County's investments at September 30, 2006 were as follows:

| | <u>Book Value</u> | <u>Fair Value</u> |
|--|----------------------|----------------------|
| Texas Local Government Investment Pool | \$ 13,095,827 | \$ 13,095,827 |
| LOGIC | 5,096 | 5,096 |
| FHLB Bonds | 1,499,776 | 1,499,328 |
| U.S. Treasury Notes | <u>5,477,369</u> | <u>5,611,447</u> |
| Total Investments | <u>\$ 20,078,068</u> | <u>\$ 20,211,698</u> |

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 assets 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.

GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, continued

A. DEPOSITS AND INVESTMENTS, continued

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 assets 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 assets 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 does address the following risks:

Custodial Credit Risk – 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, 2006 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. The County's securities are all in securities backed by the United States of America and are not exposed to custodial credit risk.

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, 2006, 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. RESTRICTED ASSETS

Bank deposits and investments of \$61,863 in the Debt Service Funds are restricted by law for the retirement of outstanding bonded debt and capital lease liability and interest. Deposits and investments of \$3,891,440 in the Special Right-of-Way Fund (Capital Project Fund) are restricted to the purchase of right-of-ways. Bank deposits and investments of \$62,367 in the Texoma Succeeding Generations Trust (Permanent Fund) are restricted for the purchase or construction of a building to be used for the cultural benefit of the citizens of the County.

**GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, continued

C. 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 County-wide 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 revenue are deposited into funds created for the accumulation and disbursement of these revenue. The following schedule details the components of the 2005 tax rate and the revenue allocated to each fund:

| <u>Fund</u> | <u>Rate Per \$100</u> | <u>Current (2005) Tax Revenue Collected</u> |
|---|---------------------------|---|
| Permanent Improvement Bonds -1994 and 2003 Series (Debt Service) | \$ 0.00338 | \$ 170,262 |
| Road and Bridge Fund (Special Revenue) | 0.03204 | 1,615,318 |
| Permanent Improvement Fund (Capital Projects) | 0.00501 | 252,419 |
| General Fund | 0.45047 | 22,704,878 |
| Total | <u>\$ 0.49090</u> | <u>\$ 24,742,877</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 twelve percent (12%) per annum, plus a six percent (6%) penalty for the first calendar month such taxes are delinquent, plus an additional two percent (2%) each month thereafter not to exceed twelve percent (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 with the exception of homestead property belonging to persons 65 years of age or older. 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.

GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, continued

D. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2006, was as follows:

Governmental Activities

| | Balance 10/1/2005 | Additions | Retirements | Prior Period Adjustment | Balance 9/30/2006 |
|--|----------------------|-----------------------|-------------------|----------------------------|----------------------|
| Non-depreciable Assets: | | | | | |
| Land | \$ 1,251,581 | \$ 10,000 | \$ - | \$ - | \$ 1,261,581 |
| Construction in Progress | 98,504 | 613,231 | - | - | 711,735 |
| Total Non-depreciable Assets | <u>1,350,085</u> | <u>623,231</u> | <u>-</u> | <u>-</u> | <u>1,973,316</u> |
| Depreciable Assets: | | | | | |
| Infrastructure | 98,622,377 | 628,250 | 320,006 | - | 98,930,621 |
| Buildings | 17,527,075 | 93,718 | - | - | 17,620,793 |
| Improvements Other than Buildings | 403,298 | 95,091 | 23,814 | - | 474,575 |
| Machinery and Equipment | <u>12,562,397</u> | <u>843,758</u> | <u>179,543</u> | <u>60,831</u> | <u>13,287,443</u> |
| Total Depreciable Assets | <u>129,115,147</u> | <u>1,660,817</u> | <u>523,363</u> | <u>60,831</u> | <u>130,313,432</u> |
| Totals at Historic Cost | <u>130,465,232</u> | <u>2,284,048</u> | <u>523,363</u> | <u>60,831</u> | <u>132,286,748</u> |
| Accumulated Depreciation: | | | | | |
| Infrastructure | 69,012,803 | 2,623,814 | 320,006 | - | 71,316,611 |
| Buildings | 9,384,859 | 256,548 | - | - | 9,641,407 |
| Improvements Other than Buildings | 142,510 | 45,109 | 23,814 | - | 163,805 |
| Machinery and Equipment | <u>8,501,564</u> | <u>995,285</u> | <u>177,703</u> | <u>(153)</u> | <u>9,318,993</u> |
| Total Accumulated Depreciation | <u>87,041,736</u> | <u>3,920,756</u> | <u>521,523</u> | <u>(153)</u> | <u>90,440,816</u> |
| Total Depreciated Capital Assets, Net | <u>42,073,441</u> | <u>(2,259,939)</u> | <u>(1,840)</u> | <u>60,984</u> | <u>39,811,632</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 43,423,496</u> | <u>\$ (1,636,708)</u> | <u>\$ (1,840)</u> | <u>\$ 60,984</u> | <u>\$ 41,845,932</u> |

A prior period adjustment was necessary to correct beginning balances for machinery and equipment and the related depreciation.

**GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, continued

D. CAPITAL ASSETS, continued

Business-type Activities

| | Balance 10/1/2005 | Additions | Retirements | Balance 9/30/2006 |
|--|----------------------|------------------|---------------|----------------------|
| Non-depreciable Assets: | | | | |
| Land | \$ 2,645,500 | \$ - | \$ - | \$ 2,645,500 |
| Total Non-depreciable Assets | <u>2,645,500</u> | <u>-</u> | <u>-</u> | <u>2,645,500</u> |
| Depreciable Assets: | | | | |
| Infrastructure | 14,667,933 | - | - | 14,667,933 |
| Buildings | 5,164,647 | - | 21,500 | 5,143,147 |
| Machinery and Equipment | 324,491 | 60,011 | - | 384,502 |
| Total Depreciable Assets | <u>20,157,071</u> | <u>60,011</u> | <u>21,500</u> | <u>20,195,582</u> |
| Totals at Historic Cost | <u>22,802,571</u> | <u>60,011</u> | <u>21,500</u> | <u>22,841,082</u> |
| Accumulated Depreciation: | | | | |
| Infrastructure | 14,667,933 | - | - | 14,667,933 |
| Buildings | 5,070,507 | 11,741 | 21,500 | 5,060,748 |
| Machinery and Equipment | 288,593 | 9,390 | - | 297,983 |
| Total Accumulated Depreciation | <u>20,027,033</u> | <u>21,131</u> | <u>21,500</u> | <u>20,026,664</u> |
| Total Assets Being Depreciated, Net | <u>130,039</u> | <u>38,880</u> | <u>-</u> | <u>168,919</u> |
| Business-type Activities Capital Assets, Net | <u>\$ 2,775,538</u> | <u>\$ 38,880</u> | <u>\$ -</u> | <u>\$ 2,814,418</u> |

Depreciation expense was charged to functions/programs of the governmental and business-type activities as follows:

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 255,422 |
| Judicial | 18,581 |
| Public safety | 419,642 |
| Health and welfare | 64,828 |
| Highways and streets | <u>3,162,283</u> |
| Total depreciation expense – governmental activities | <u>\$ 3,920,756</u> |
| Business-type activities: | |
| Airport | <u>21,131</u> |
| Total depreciation expense – business-type activities | <u>\$ 21,131</u> |

**GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, continued

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The County had no interfund balances as of September 30, 2006.

Interfund transfers during the year ended September 30, 2006 consisted of the following amounts:

| <u>Transfer From</u> | <u>Amount</u> | <u>Transfer To</u> | <u>Explanation</u> |
|----------------------|---------------------|-----------------------|---------------------------|
| General Fund | \$ 326,613 | Airport Fund | Supplement Fund Resources |
| General Fund | 1,566,613 | Public Health Fund | Supplement Fund Resources |
| General Fund | 19,174 | Non-Major Funds | Supplement Fund Resources |
| General Fund | 57,132 | Internal Service Fund | Eliminate Fund Deficit |
| Non-Major Funds | <u>118,128</u> | Non-Major Funds | Supplement Fund Resources |
| | <u>\$ 2,087,660</u> | | |

F. LEASING OPERATIONS

Airport operations consist principally of leasing land and buildings. All such leases are operating leases, as defined by GAAP. Excluding renewal options, 4 of 31 leases expire during the next five fiscal years.

Below is a summary of the cost and related accumulated depreciation of buildings used in operating leasing activity as of September 30, 2006:

| | |
|--------------------------------|--------------------|
| Buildings | \$ 5,143,147 |
| Less: Accumulated depreciation | <u>(5,060,747)</u> |
| Net | <u>\$ 82,400</u> |

The following is a summary of minimum future rentals to be received on non-cancellable operating leases in effect as of September 30, 2006. 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).

| <u>Fiscal Year</u> | <u>Amount</u> |
|--------------------|---------------------|
| 2007 | \$ 340,106 |
| 2008 | 339,633 |
| 2009 | 339,633 |
| 2010 | 339,048 |
| 2011 | 318,936 |
| 2012-2016 | 1,206,445 |
| 2017-2021 | 628,532 |
| 2022-2026 | 610,919 |
| 2027-2031 | 335,233 |
| 2032-2036 | 152,454 |
| 2037-2041 | 84,362 |
| Thereafter | <u>6,390</u> |
| Total | <u>\$ 4,701,690</u> |

**GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, continued

G. INVESTMENTS IN JOINT VENTURES

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 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
9501 Dyess Street
Denison, Texas 75020

**GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, continued

H. CAPITAL LEASES

During the year ended September 30, 2002, the County entered into a lease agreement with Banc One Leasing Corporation for heavy machinery. The lease meets the criteria of a capital lease, and \$450,000 was recorded as an addition to County's fixed assets to record the assets acquired. Commitments under the capital lease agreement require semi-annual payments of \$49,639 including interest at 3.65%.

During the year ended September 30, 2003, the County entered into a lease agreement with Banc One Leasing Corporation for electrical service equipment. The lease meets the criteria of a capital lease, and \$1,129,211 was recorded as an addition to the County's fixed assets to record the asset acquired. Commitments under the capital lease agreement require quarterly payments of \$41,737 including interest at 3.67%.

During the year ended September 30, 2004, the County entered into a capital lease agreement with Banc One Leasing Corporation for computer network equipment. The lease meets the criteria of a capital lease, and \$232,203 was recorded as an addition to the County's capital assets to record the assets acquired. Commitments under the capital lease agreement require quarterly payments of \$12,729 including interest at 3.57%.

Debt service requirements are as follows:

| <u>Year Ending September 30</u> | <u>Total Principal</u> | <u>Total Interest</u> | <u>Total Requirements</u> |
|-------------------------------------|----------------------------|---------------------------|-------------------------------|
| 2007 | \$ 247,225 | \$ 25,035 | \$ 272,260 |
| 2008 | 205,810 | 16,809 | 222,619 |
| 2009 | 161,816 | 9,888 | 171,704 |
| 2010 | 167,838 | 3,867 | 171,705 |
| Total | <u>\$ 782,689</u> | <u>\$ 55,599</u> | <u>\$ 838,288</u> |

**GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, continued

I. LONG-TERM DEBT

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenue. The original amount of general obligation bonds issued in prior years was \$2,920,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

| Purpose | Interest Rates | Amount |
|-------------------------------------|----------------|--------------|
| Governmental activities - refunding | 1.5%-4.9% | \$ 1,050,000 |

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

| Year Ending September 30, | Governmental Activities | | Total Requirements |
|------------------------------|-------------------------|------------|-----------------------|
| | Principal | Interest | |
| 2007 | \$ 110,000 | \$ 46,778 | \$ 156,778 |
| 2008 | 115,000 | 43,038 | 158,038 |
| 2009 | 120,000 | 38,783 | 158,783 |
| 2010 | 130,000 | 33,803 | 163,803 |
| 2011 | 135,000 | 28,083 | 163,083 |
| 2012-2014 | 440,000 | 44,053 | 484,053 |
| Total | \$ 1,050,000 | \$ 234,538 | \$ 1,284,538 |

**GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, continued

I. LONG-TERM DEBT, continued

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2006, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|------------------|-------------------|---------------------|------------------------|
| Governmental activities | | | | | |
| General obligation bonds | \$ 1,155,000 | \$ - | \$ 105,000 | \$ 1,050,000 | \$ 110,000 |
| Capital leases | 1,068,983 | - | 286,294 | 782,689 | 247,225 |
| Compensated absences | 470,045 | 94,009 | 59,915 | 504,139 | 100,828 |
| Governmental activities long-term liabilities | <u>\$ 2,694,028</u> | <u>\$ 94,009</u> | <u>\$ 451,209</u> | <u>\$ 2,336,828</u> | <u>\$ 458,053</u> |
| Business-type activities | | | | | |
| Compensated absences | \$ 22,375 | \$ 4,054 | \$ 3,873 | \$ 22,556 | \$ 4,511 |
| Business-type activities long-term liabilities | <u>\$ 22,375</u> | <u>\$ 4,054</u> | <u>\$ 3,873</u> | <u>\$ 22,556</u> | <u>\$ 4,511</u> |

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

J. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables on the fund financial statements at September 30, 2006, were as follows:

| | Property Taxes | Intergovern- mental Receivable | Interest Receivable | Other | Total Receivables |
|---|---------------------|--------------------------------------|------------------------|-------------------|----------------------|
| Governmental Activities | | | | | |
| General Fund | \$ 1,692,705 | \$ - | \$ 52,192 | \$ 507,611 | \$ 2,252,508 |
| Road and Bridge Fund | 126,841 | - | 5,475 | 2,024 | 134,340 |
| Right-of-Way Acquisition Fund | - | - | 9,426 | - | 9,426 |
| Non-major Governmental Funds | 31,659 | 463,583 | 8,762 | 35,082 | 539,086 |
| Total – Governmental Activities | <u>\$ 1,851,205</u> | <u>\$ 463,583</u> | <u>\$ 75,855</u> | <u>\$ 544,717</u> | <u>\$ 2,935,360</u> |
| Amounts not scheduled for collection during the subsequent year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, continued

J. DISAGGREGATION OF RECEIVABLES AND PAYABLES, continued

Receivables on the government wide statement of net assets at September 30, 2006 were as follows:

| Category | Receivable | (Allowance) | Net |
|-----------------------------|---------------------|-----------------------|---------------------|
| Property Taxes | \$ 1,851,205 | \$ - | \$ 1,851,205 |
| Penalty & Interest on Taxes | 983,295 | - | 983,295 |
| Fee Office | 3,570,640 | (2,678,923) | 891,717 |
| Interest | 75,855 | - | 75,855 |
| Other | 1,022,038 | - | 1,022,038 |
| Total | <u>\$ 7,503,033</u> | <u>\$ (2,678,923)</u> | <u>\$ 4,824,110</u> |

Payables on the fund financial statements at September 30, 2006, were as follows:

| | Deficit Cash | Accounts Payable | Retainage Payable | Due to Others | Total |
|--|---------------------|---------------------|----------------------|------------------|---------------------|
| Governmental Activities | | | | | |
| General Fund | \$ 1,566,318 | \$ 669,474 | \$ - | \$ - | \$ 2,235,792 |
| Road and Bridge Fund | - | 185,468 | - | - | 185,468 |
| Right-of-Way Acquisition Fund | - | 291,028 | - | - | 291,028 |
| Non-major Governmental Funds | 245,626 | 344,877 | 12,072 | 38,728 | 641,303 |
| Total – Governmental Activities | <u>\$ 1,811,944</u> | <u>\$ 1,490,847</u> | <u>\$ 12,072</u> | <u>\$ 38,728</u> | <u>\$ 3,353,591</u> |
| Amounts not scheduled for payment during the subsequent year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

K. 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.

L. OPERATING LEASES

The County is committed under various noncancellable 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, 2006. The County has no leases with related parties.

M. 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.

GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, continued

N. RETIREMENT PLAN

Plan Description

Grayson County, Texas provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 575 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 10.88% for the months of the accounting year in 2006, and 10.98% for the months of the accounting year in 2005.

The deposit rate payable by the employee members for calendar year 2006 is the rate of 7%, as adopted by the governing body of the employer.

Annual Pension Cost

For the employer's accounting year ended September 30, 2006, the annual pension cost for the TCDRS plan for its employees was \$1,623,136 and the actual contributions were \$1,623,136. 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, 2003 and December 31, 2004, the basis for determining the contribution rates for calendar years 2005 and 2004. The December 31, 2005, actuarial valuation is the most recent valuation.

**GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, continued

N. RETIREMENT PLAN, continued

Actuarial Valuation Information

| | | | |
|-------------------------------|---|---|---|
| Actuarial Valuation Date | 12/31/03 | 12/31/04 | 12/31/05 |
| Actuarial cost method | entry age | entry age | entry age |
| Amortization method | level percentage of payroll, open | level percentage of payroll, open | level percentage of payroll, open |
| Amortization period in years | 20 | 20 | 20 |
| Asset valuation method | long-term appreciation for adjustment | long-term appreciation for adjustment | long-term appreciation for adjustment |
| Actuarial Assumptions: | | | |
| Investment return' | 8.0% | 8.0% | 8.0% |
| Projected salary increases' | 5.5% | 5.5% | 5.5% |
| Inflation | 3.5% | 3.5% | 3.5% |
| 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> |
|-----------------------------------|--|--|-----------------------------------|
| 09/30/04 | \$ 1,659,119 | 100% | - |
| 09/30/05 | 1,712,432 | 100% | - |
| 09/30/06 | 1,623,136 | 100% | - |

**GRAYSON COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS, continued

O. RISK MANAGEMENT

The County provides medical and life insurance for its employees through Texas Association of Counties. All activities associated with providing these benefits are accounted for through an internal service fund. 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 ending September 30, 2006 was \$3,554,337.

P. POST-RETIREMENT BENEFITS

The County does not provide any health care and life insurance benefits or any other benefits to its retired employees. Certain health care and life insurance benefits are available to retired employees through the County's insurance plan at the retiree's expense.

Q. PRIOR PERIOD ADJUSTMENTS

The following prior period adjustments were made to the government-wide financial statements:

The beginning balances of machinery and equipment and related depreciation were corrected.

| | |
|--|------------------|
| Increase Machinery and Equipment | 60,831 |
| Decrease Accumulated Depreciation, Machinery and Equipment | <u>153</u> |
| Net increase in net assets | <u>\$ 60,984</u> |

R. SUBSEQUENT EVENT

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 are being 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.

REQUIRED SUPPLEMENTARY INFORMATION

GRAYSON COUNTY, TEXAS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM TREND DATA
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN
FOR THE EMPLOYEES OF THE COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

| <u>Year</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL) (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Annual Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u> |
|-------------|--|--|--|-----------------------------------|---|--|
| 2003 | \$ 27,890,110 | \$ 35,123,222 | \$ 7,233,112 | 79.41% | \$ 14,009,530 | 51.63% |
| 2004 | 29,770,293 | 37,310,876 | 7,540,583 | 79.79% | 14,604,641 | 51.63% |
| 2005 | 33,378,754 | 41,111,354 | 7,732,600 | 81.19% | 15,386,627 | 50.26% |

**GRAYSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

| | Budgeted Amounts | | Actual | Variance |
|-----------------------------|-------------------|-------------------|-------------------------|--|
| | Original | Final | Amounts (GAAP Basis) | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property - current | \$ 22,488,902 | \$ 22,488,902 | \$ 22,704,878 | \$ 215,976 |
| Property - delinquent | 450,000 | 450,000 | 579,440 | 129,440 |
| Penalties and interest | 325,000 | 325,000 | 390,803 | 65,803 |
| Licenses and permits | 156,200 | 156,200 | 143,853 | (12,347) |
| Fees of office | 2,409,400 | 2,409,400 | 3,185,559 | 776,159 |
| Fines and forfeitures | 50,000 | 50,000 | 110,059 | 60,059 |
| Other taxes | 160,000 | 160,000 | 173,142 | 13,142 |
| Intergovernmental | 1,179,708 | 1,179,708 | 1,368,630 | 188,922 |
| Interest | 240,000 | 240,000 | 662,591 | 422,591 |
| Miscellaneous | 327,500 | 327,500 | 288,488 | (39,012) |
| Total revenues | <u>27,786,710</u> | <u>27,786,710</u> | <u>29,607,443</u> | <u>1,820,733</u> |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | | | | |
| Commissioners' Court | | | | |
| Personnel services | 163,790 | 161,455 | 155,100 | 6,355 |
| Supplies and materials | 5,100 | 5,100 | 1,961 | 3,139 |
| Other services and charges | 88,300 | 88,300 | 72,949 | 15,351 |
| Total commissioners' court | <u>257,190</u> | <u>254,855</u> | <u>230,010</u> | <u>24,845</u> |
| County Judge | | | | |
| Personnel services | 145,832 | 145,832 | 153,172 | (7,340) |
| Supplies and materials | 2,750 | 2,750 | 1,385 | 1,365 |
| Other services and charges | 15,100 | 15,100 | 9,982 | 5,118 |
| Total county judge | <u>163,682</u> | <u>163,682</u> | <u>164,539</u> | <u>(857)</u> |
| County Clerk | | | | |
| Personnel services | 530,880 | 530,880 | 516,828 | 14,052 |
| Supplies and materials | 23,600 | 23,600 | 20,240 | 3,360 |
| Other services and charges | 17,700 | 17,700 | 17,239 | 461 |
| Total county clerk | <u>572,180</u> | <u>572,180</u> | <u>554,308</u> | <u>17,872</u> |

The accompanying notes are an integral part of this statement.

**GRAYSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006, continued**

| | Budgeted Amounts | | Actual Amounts (GAAP Basis) | Variance Final Budget - Positive (Negative) |
|--------------------------------------|------------------|----------------|-----------------------------------|--|
| | Original | Final | | |
| EXPENDITURES, continued | | | | |
| GENERAL GOVERNMENT, continued | | | | |
| Veterans Service | | | | |
| Personnel services | \$ 104,376 | \$ 99,549 | \$ 100,236 | \$ (687) |
| Supplies and materials | 800 | 800 | 501 | 299 |
| Other services and charges | 5,550 | 5,550 | 5,549 | 1 |
| Total veterans service | <u>110,726</u> | <u>105,899</u> | <u>106,286</u> | <u>(387)</u> |
| Data Processing | | | | |
| Personnel services | 281,293 | 281,293 | 279,742 | 1,551 |
| Supplies and materials | 154,012 | 154,012 | 140,400 | 13,612 |
| Other services and charges | 289,526 | 336,526 | 306,184 | 30,342 |
| Capital outlay | 183,500 | 183,500 | 339,968 | (156,468) |
| Total data processing | <u>908,331</u> | <u>955,331</u> | <u>1,066,294</u> | <u>(110,963)</u> |
| Planning | | | | |
| Personnel services | 64,414 | 64,414 | 63,814 | 600 |
| Supplies and materials | 1,500 | 1,500 | 1,627 | (127) |
| Other services and charges | 15,550 | 15,550 | 7,823 | 7,727 |
| Total planning | <u>81,464</u> | <u>81,464</u> | <u>73,263</u> | <u>8,201</u> |
| Human Resources | | | | |
| Personnel services | 115,920 | 115,920 | 117,061 | (1,141) |
| Supplies and materials | 3,125 | 3,375 | 3,154 | 221 |
| Other services and charges | 8,250 | 8,000 | 7,113 | 887 |
| Total human resources | <u>127,295</u> | <u>127,295</u> | <u>127,328</u> | <u>(33)</u> |
| Non-departmental | | | | |
| Supplies and materials | 2,500 | 6,200 | 32,568 | (26,368) |
| Other services and charges | 891,700 | 891,700 | 899,481 | (7,781) |
| Total non-departmental | <u>894,200</u> | <u>897,900</u> | <u>932,049</u> | <u>(34,149)</u> |
| County Auditor | | | | |
| Personnel services | 323,564 | 325,899 | 323,638 | 2,261 |
| Other services and charges | 7,300 | 7,300 | 8,209 | (909) |
| Capital Outlay | 5,400 | 5,400 | 5,641 | (241) |
| Total county auditor | <u>336,264</u> | <u>338,599</u> | <u>337,487</u> | <u>1,112</u> |

The accompanying notes are an integral part of this statement.

GRAYSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006, continued

| | Budgeted Amounts | | Actual | Variance |
|--------------------------------------|------------------|----------------|-------------------------|--|
| | Original | Final | Amounts (GAAP Basis) | Final Budget - Positive (Negative) |
| EXPENDITURES, continued | | | | |
| GENERAL GOVERNMENT, continued | | | | |
| County Treasurer | | | | |
| Personnel services | 129,895 | 129,895 | 128,514 | 1,381 |
| Supplies and materials | 6,650 | 6,650 | 6,061 | 589 |
| Other services and charges | 23,960 | 23,960 | 9,081 | 14,879 |
| Total county treasurer | <u>160,505</u> | <u>160,505</u> | <u>143,656</u> | <u>16,849</u> |
| County Tax Collector | | | | |
| Personnel services | 653,901 | 653,901 | 635,351 | 18,550 |
| Supplies and materials | 70,500 | 70,500 | 71,029 | (529) |
| Other services and charges | 43,800 | 43,800 | 41,613 | 2,187 |
| Total county tax collector | <u>768,201</u> | <u>768,201</u> | <u>747,992</u> | <u>20,209</u> |
| Vehicle Registration | | | | |
| Personnel services | 450,727 | 450,727 | 438,543 | 12,184 |
| Supplies and materials | 23,600 | 23,600 | 18,535 | 5,065 |
| Other services and charges | 9,500 | 9,500 | 6,630 | 2,870 |
| Total vehicle registration | <u>483,827</u> | <u>483,827</u> | <u>463,708</u> | <u>20,119</u> |
| Purchasing Agent | | | | |
| Personnel services | 163,360 | 163,360 | 162,848 | 512 |
| Supplies and materials | 2,600 | 2,600 | 1,365 | 1,235 |
| Other services and charges | 7,250 | 7,250 | 5,839 | 1,411 |
| Total purchasing agent | <u>173,210</u> | <u>173,210</u> | <u>170,053</u> | <u>3,157</u> |
| Courthouse - Justice Center | | | | |
| Personnel services | 275,453 | 275,453 | 257,066 | 18,387 |
| Supplies and materials | 79,500 | 79,500 | 72,031 | 7,469 |
| Other services and charges | 378,600 | 378,600 | 375,109 | 3,491 |
| Capital outlay | 34,900 | 34,900 | 23,946 | 10,954 |
| Total courthouse - justice center | <u>768,453</u> | <u>768,453</u> | <u>728,152</u> | <u>40,301</u> |
| Parks Department | | | | |
| Supplies and materials | 1,500 | 1,500 | 282 | 1,218 |
| Other services and charges | 35,950 | 35,950 | 35,406 | 544 |
| Capital outlay | 1,000 | 1,000 | - | 1,000 |
| Total parks department | <u>38,450</u> | <u>38,450</u> | <u>35,688</u> | <u>2,762</u> |

The accompanying notes are an integral part of this statement.

**GRAYSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006, continued**

| | Budgeted Amounts | | Actual Amounts (GAAP Basis) | Variance |
|--------------------------------------|------------------|------------------|-----------------------------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| EXPENDITURES, continued | | | | |
| GENERAL GOVERNMENT, continued | | | | |
| Agricultural Extension | | | | |
| Personnel services | 119,153 | 119,153 | 102,295 | 16,858 |
| Supplies and materials | 2,850 | 2,850 | 2,214 | 636 |
| Other services and charges | 20,950 | 20,950 | 19,794 | 1,156 |
| Total agricultural extension | <u>142,953</u> | <u>142,953</u> | <u>124,303</u> | <u>18,650</u> |
| Elections | | | | |
| Personnel services | 48,600 | 48,600 | 14,345 | 34,255 |
| Other services and charges | 45,000 | 45,000 | 42,593 | 2,407 |
| Capital outlay | - | 52,800 | 51,921 | 879 |
| Total elections | <u>93,600</u> | <u>146,400</u> | <u>108,860</u> | <u>37,540</u> |
| Total General Government | <u>6,080,531</u> | <u>6,179,204</u> | <u>6,113,976</u> | <u>65,228</u> |
| JUDICIAL | | | | |
| County Courts-at-Law | | | | |
| Personnel services | 552,345 | 552,345 | 549,243 | 3,102 |
| Supplies and materials | 9,100 | 9,100 | 11,537 | (2,437) |
| Other services and charges | 357,600 | 357,600 | 253,856 | 103,744 |
| Total County Courts-at-Law | <u>919,045</u> | <u>919,045</u> | <u>814,636</u> | <u>104,409</u> |
| District Courts | | | | |
| Personnel services | 536,138 | 536,138 | 497,279 | 38,859 |
| Supplies and materials | 22,650 | 22,650 | 23,094 | (444) |
| Other services and charges | 956,600 | 956,600 | 1,077,871 | (121,271) |
| Capital outlay | 1,500 | 1,500 | - | 1,500 |
| Total district courts | <u>1,516,888</u> | <u>1,516,888</u> | <u>1,598,243</u> | <u>(81,355)</u> |
| District Clerk | | | | |
| Personnel services | 527,963 | 527,963 | 527,290 | 673 |
| Supplies and materials | 59,100 | 59,100 | 63,133 | (4,033) |
| Other services and charges | 160,700 | 160,700 | 258,567 | (97,867) |
| Capital outlay | - | - | 465 | (465) |
| Total district clerk | <u>747,763</u> | <u>747,763</u> | <u>849,455</u> | <u>(101,692)</u> |

The accompanying notes are an integral part of this statement.

GRAYSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006, continued

| | Budgeted Amounts | | Actual Amounts (GAAP Basis) | Variance Final Budget - Positive (Negative) |
|--------------------------------|------------------|------------------|-----------------------------------|--|
| | Original | Final | | |
| EXPENDITURES, continued | | | | |
| JUDICIAL, continued | | | | |
| Justice of the Peace | | | | |
| Personnel services | 515,321 | 517,421 | 514,796 | 2,625 |
| Supplies and materials | 17,250 | 16,150 | 14,414 | 1,736 |
| Other services and charges | 138,250 | 137,250 | 155,282 | (18,032) |
| Total justice of the peace | <u>670,821</u> | <u>670,821</u> | <u>684,492</u> | <u>(13,671)</u> |
| Court Administrator | | | | |
| Personnel services | - | - | 82 | (82) |
| Total court administrator | <u>-</u> | <u>-</u> | <u>82</u> | <u>(82)</u> |
| County Attorney | | | | |
| Personnel services | 1,471,293 | 1,471,293 | 1,432,681 | 38,612 |
| Supplies and materials | 49,800 | 49,800 | 49,846 | (46) |
| Other services and charges | 127,150 | 127,150 | 64,840 | 62,310 |
| Total county attorney | <u>1,648,243</u> | <u>1,648,243</u> | <u>1,547,367</u> | <u>100,876</u> |
| Contract Prosecution | | | | |
| Personnel services | - | 17,280 | 380 | 16,900 |
| Supplies and materials | - | 8,000 | - | 8,000 |
| Other services and charges | - | 201,144 | 152,395 | 48,749 |
| Total contract prosecution | <u>-</u> | <u>226,424</u> | <u>152,775</u> | <u>73,649</u> |
| Court Collections | | | | |
| Personnel services | 86,386 | 115,188 | 108,388 | 6,800 |
| Supplies and materials | 6,250 | 5,750 | 12,739 | (6,989) |
| Other services and charges | 3,300 | 3,800 | 2,537 | 1,263 |
| Total court collections | <u>95,936</u> | <u>124,738</u> | <u>123,664</u> | <u>1,074</u> |
| Total Judicial | <u>5,598,696</u> | <u>5,853,922</u> | <u>5,770,714</u> | <u>83,208</u> |

The accompanying notes are an integral part of this statement.

GRAYSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006, continued

| | Budgeted Amounts | | Actual | Variance |
|------------------------------------|------------------|------------------|-------------------------|--|
| | Original | Final | Amounts (GAAP Basis) | Final Budget - Positive (Negative) |
| EXPENDITURES, continued | | | | |
| PUBLIC SAFETY | | | | |
| Jail | | | | |
| Personnel services | 4,159,841 | 4,159,841 | 3,891,232 | 268,609 |
| Supplies and materials | 873,073 | 673,073 | 816,474 | (143,401) |
| Other services and charges | 1,426,386 | 1,420,336 | 1,906,504 | (486,168) |
| Capital outlay | 191,648 | 215,698 | 185,288 | 30,410 |
| Total jail | <u>6,650,948</u> | <u>6,468,948</u> | <u>6,799,498</u> | <u>(330,550)</u> |
| Jail Inmate Care | | | | |
| Personnel services | 529,972 | 581,820 | 483,403 | 98,417 |
| Supplies and materials | - | 31,000 | 18,349 | 12,651 |
| Other services and charges | - | 150,500 | 256,827 | (106,327) |
| Total jail inmate care | <u>529,972</u> | <u>763,320</u> | <u>758,579</u> | <u>4,741</u> |
| Sheriff | | | | |
| Personnel services | 2,685,345 | 2,685,345 | 2,495,528 | 189,817 |
| Supplies and materials | 212,500 | 215,415 | 268,449 | (53,034) |
| Other services and charges | 94,812 | 94,812 | 74,052 | 20,760 |
| Capital outlay | 142,296 | 142,296 | 134,862 | 7,434 |
| Total sheriff | <u>3,134,953</u> | <u>3,137,868</u> | <u>2,972,891</u> | <u>164,977</u> |
| Department of Public Safety | | | | |
| Personnel services | 42,878 | 42,878 | 42,693 | 185 |
| Supplies and materials | 8,550 | 8,550 | 9,903 | (1,353) |
| Other services and charges | 1,000 | 1,000 | - | 1,000 |
| Capital outlay | 8,500 | 8,500 | - | 8,500 |
| Total department of public safety | <u>60,928</u> | <u>60,928</u> | <u>52,596</u> | <u>8,332</u> |
| Constables | | | | |
| Personnel services | 203,732 | 203,732 | 202,527 | 1,205 |
| Supplies and materials | 18,850 | 18,850 | 13,265 | 5,585 |
| Other services and charges | 2,000 | 2,000 | 1,293 | 707 |
| Total constables | <u>224,582</u> | <u>224,582</u> | <u>217,086</u> | <u>7,496</u> |
| Adult Probation | | | | |
| Supplies and materials | 830 | 830 | 193 | 637 |
| Other services and charges | 250 | 250 | - | 250 |
| Total adult probation | <u>1,080</u> | <u>1,080</u> | <u>193</u> | <u>887</u> |

The accompanying notes are an integral part of this statement.

GRAYSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006, continued

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------|-------------------|-------------------------|--|
| | Original | Final | Amounts (GAAP Basis) | Final Budget - Positive (Negative) |
| EXPENDITURES, continued | | | | |
| PUBLIC SAFETY, continued | | | | |
| Juvenile Probation | | | | |
| Personnel services | 516,917 | 516,917 | 484,052 | 32,865 |
| Supplies and materials | 18,500 | 18,500 | 14,379 | 4,121 |
| Other services and charges | 362,000 | 362,000 | 379,195 | (17,195) |
| Total juvenile probation | <u>897,417</u> | <u>897,417</u> | <u>877,626</u> | <u>19,791</u> |
| 9-1-1 Coordination | | | | |
| Personnel services | 48,089 | 48,089 | 48,031 | 58 |
| Supplies and materials | 4,500 | 4,500 | 4,764 | (264) |
| Other services and charges | 12,600 | 17,427 | 10,617 | 6,810 |
| Total 9-1-1 coordination | <u>65,189</u> | <u>70,016</u> | <u>63,412</u> | <u>6,604</u> |
| Total Public Safety | <u>11,565,069</u> | <u>11,624,159</u> | <u>11,741,881</u> | <u>(117,722)</u> |
| HEALTH AND WELFARE | | | | |
| Environmental | | | | |
| Personnel services | 103,772 | 103,772 | 102,832 | 940 |
| Supplies and materials | 4,500 | 4,500 | 2,603 | 1,897 |
| Other services and charges | 8,950 | 8,950 | 8,690 | 260 |
| Total environmental | <u>117,222</u> | <u>117,222</u> | <u>114,125</u> | <u>3,097</u> |
| Litter Control | | | | |
| Personnel services | 48,176 | 48,176 | 47,720 | 456 |
| Supplies and materials | 8,250 | 8,250 | 2,137 | 6,113 |
| Other services and charges | 1,700 | 1,700 | 842 | 858 |
| Total litter control | <u>58,126</u> | <u>58,126</u> | <u>50,699</u> | <u>7,427</u> |
| Health Department Administration | | | | |
| Personnel services | 108,948 | 108,948 | 94,913 | 14,035 |
| Supplies and materials | 700 | 700 | 1,107 | (407) |
| Other services and charges | 5,575 | 5,575 | 4,181 | 1,394 |
| Total health department administration | <u>115,223</u> | <u>115,223</u> | <u>100,201</u> | <u>15,022</u> |

The accompanying notes are an integral part of this statement.

**GRAYSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006, continued**

| | Budgeted Amounts | | Actual Amounts (GAAP Basis) | Variance Final Budget - Positive (Negative) |
|--|------------------|------------------|-----------------------------------|--|
| | Original | Final | | |
| EXPENDITURES, continued | | | | |
| HEALTH AND WELFARE, continued | | | | |
| Indigent Services | | | | |
| Supplies and materials | 100 | 100 | - | 100 |
| Other services and charges | 20,000 | 20,000 | 27,852 | (7,852) |
| Total indigent services | <u>20,100</u> | <u>20,100</u> | <u>27,852</u> | <u>(7,752)</u> |
| Indigent Health Care Administration | | | | |
| Personnel services | 109,354 | 109,354 | 102,687 | 6,667 |
| Supplies and materials | 4,200 | 4,200 | 3,493 | 707 |
| Other services and charges | 27,150 | 27,150 | 26,195 | 955 |
| Total indigent health care administration | <u>140,704</u> | <u>140,704</u> | <u>132,375</u> | <u>8,329</u> |
| Animal Control | | | | |
| Personnel services | 59,502 | 59,502 | 52,765 | 6,737 |
| Supplies and materials | 11,100 | 11,100 | 4,698 | 6,402 |
| Other services and charges | 41,500 | 41,500 | 32,573 | 8,927 |
| Total animal control | <u>112,102</u> | <u>112,102</u> | <u>90,036</u> | <u>22,066</u> |
| Emergency Services | | | | |
| Other services and charges | 989,400 | 1,004,400 | 981,790 | 22,610 |
| Total emergency services | <u>989,400</u> | <u>1,004,400</u> | <u>981,790</u> | <u>22,610</u> |
| Total Health and Welfare | <u>1,552,877</u> | <u>1,567,877</u> | <u>1,497,078</u> | <u>70,798</u> |
| INTERGOVERNMENTAL | | | | |
| Other services and charges | 114,825 | 114,825 | 108,292 | 6,533 |
| Total Intergovernmental | <u>114,825</u> | <u>114,825</u> | <u>108,292</u> | <u>6,533</u> |

The accompanying notes are an integral part of this statement.

**GRAYSON COUNTY, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006, continued**

| | Budgeted Amounts | | Actual Amounts (GAAP Basis) | Variance Final Budget - Positive (Negative) |
|---|----------------------------|----------------------------|-----------------------------------|--|
| | Original | Final | | |
| EXPENDITURES, continued | | | | |
| DEBT SERVICE | | | | |
| Debt principal | 145,019 | 145,019 | 145,019 | - |
| Debt interest | 26,686 | 26,686 | 26,685 | 1 |
| Total debt service | <u>171,705</u> | <u>171,705</u> | <u>171,704</u> | <u>1</u> |
| Total General Fund | <u>25,083,703</u> | <u>25,511,692</u> | <u>25,403,645</u> | <u>108,046</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>2,703,007</u> | <u>2,275,018</u> | <u>4,203,798</u> | <u>1,928,779</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of fixed assets | - | 10,000 | - | (10,000) |
| Transfers out (use) | <u>(2,272,643)</u> | <u>(2,581,138)</u> | <u>(1,969,532)</u> | <u>611,606</u> |
| Total Other Financing Sources (Uses) | <u>(2,272,643)</u> | <u>(2,571,138)</u> | <u>(1,969,532)</u> | <u>601,606</u> |
| NET CHANGE IN FUND BALANCES | 430,364 | (296,120) | 2,234,266 | 2,530,386 |
| FUND BALANCES, BEGINNING | <u>7,119,098</u> | <u>7,119,098</u> | <u>7,119,098</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ 7,549,462</u></u> | <u><u>\$ 6,822,978</u></u> | <u><u>\$ 9,353,364</u></u> | <u><u>\$ 2,530,386</u></u> |

The accompanying notes are an integral part of this statement.

**GRAYSON COUNTY, TEXAS
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

| | Budgeted Amounts | | Actual Amounts (GAAP Basis) | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|-----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Current | \$ 1,600,000 | \$ 1,600,000 | \$ 1,615,318 | \$ 15,318 |
| Delinquent | 28,000 | 28,000 | 44,573 | 16,573 |
| Penalties and interest | 32,000 | 32,000 | 29,035 | (2,965) |
| Total taxes | <u>1,660,000</u> | <u>1,660,000</u> | <u>1,688,926</u> | <u>28,926</u> |
| Fees of office - vehicle registration | 2,080,000 | 2,080,000 | 2,058,944 | (21,056) |
| Charges for Service | 1,512,000 | 1,512,000 | 1,757,481 | 245,481 |
| Intergovernmental | 152,000 | 185,816 | 102,736 | (83,080) |
| Interest | 47,000 | 47,000 | 144,313 | 97,313 |
| Miscellaneous | 122,000 | 122,000 | 302,941 | 180,941 |
| Total revenues | <u>5,573,000</u> | <u>5,606,816</u> | <u>6,055,341</u> | <u>448,525</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Highways, streets and bridges: | | | | |
| Personnel services | 3,113,550 | 3,113,550 | 3,005,470 | 108,080 |
| Supplies and materials | 2,448,525 | 2,472,371 | 2,458,665 | 13,706 |
| Other services and charges | 88,700 | 97,154 | 68,035 | 29,119 |
| Capital outlay | 301,500 | 309,954 | 163,752 | 146,202 |
| Debt service: | | | | |
| Principal retirement | 94,895 | 94,895 | 94,894 | 1 |
| Interest and fiscal charges | 4,386 | 4,386 | 4,385 | 1 |
| Total expenditures | <u>6,051,556</u> | <u>6,092,310</u> | <u>5,795,200</u> | <u>297,110</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(478,556)</u> | <u>(485,494)</u> | <u>260,141</u> | <u>745,635</u> |
| OTHER FINANCING SOURCES | | | | |
| Proceeds from sale of fixed assets | 6,000 | 23,392 | 6,000 | (17,392) |
| Total other financing sources | <u>6,000</u> | <u>23,392</u> | <u>6,000</u> | <u>(17,392)</u> |
| NET CHANGE IN FUND BALANCES | (472,556) | (462,102) | 266,141 | 728,243 |
| FUND BALANCES, BEGINNING | <u>2,107,885</u> | <u>2,107,885</u> | <u>2,107,885</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 1,647,329</u> | <u>\$ 1,692,567</u> | <u>\$ 2,374,026</u> | <u>\$ 681,459</u> |

The accompanying notes are an integral part of this statement.

**GRAYSON COUNTY, TEXAS
RIGHT-OF-WAY ACQUISITION FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

| | Budgeted Amounts | | Actual Amounts (GAAP Basis) | Variance with Final Budget Positive (Negative) |
|------------------------------------|---------------------|---------------------|-----------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 730,000 | \$ 730,000 | \$ 731,336 | \$ 1,336 |
| Investment earnings | 85,000 | 85,000 | 201,309 | 116,309 |
| Total revenues | <u>815,000</u> | <u>815,000</u> | <u>932,645</u> | <u>117,645</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Highways and Streets: | | | | |
| Professional fees | 1,000,000 | 1,000,000 | 757,394 | 242,606 |
| Operating expenditures | 20,000 | 20,000 | 208 | 19,792 |
| Right-of-way purchases | 1,700,000 | 1,700,000 | 1,562,008 | 137,992 |
| Total expenditures | <u>2,720,000</u> | <u>2,720,000</u> | <u>2,319,610</u> | <u>400,390</u> |
| NET CHANGE IN FUND BALANCES | (1,905,000) | (1,905,000) | (1,386,965) | 518,035 |
| FUND BALANCES, BEGINNING | <u>5,278,405</u> | <u>5,278,405</u> | <u>5,278,405</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 3,373,405</u> | <u>\$ 3,373,405</u> | <u>\$ 3,891,440</u> | <u>\$ 518,035</u> |

The accompanying notes are an integral part of this statement.

**GRAYSON COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2006**

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 April, 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.

B. EXPENDITURES IN EXCESS OF APPROPRIATIONS

Two departments in the General Fund exceeded the budget by more than 10%. Details of those amounts are as follows:

| Department | Amended Budget | Actual Amounts | Dollar Variance | Percent Variance |
|-----------------|-------------------|-------------------|--------------------|---------------------|
| Data Processing | \$ 955,331 | \$ 1,066,294 | \$ (110,963) | 11.62% |
| District Clerk | 747,763 | 849,455 | (101,692) | 13.60% |

COMBINING AND INDIVIDUAL FUND SCHEDULES

**GRAYSON COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006**

SPECIAL REVENUE FUNDS

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

Justice Court Building Security Fund – 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.

Star Family Drug Court Fund – 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.

Drug Court Fund – to track 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.

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 Years, with donations being accepted to continue and improve the displays.

Drug Court Donations Fund – To account for donations received to support the Drug Court program. Donations received are to be used for incentive awards to participants in the state-funded program.

Courthouse Security – 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.

Tax Assessor-Collector Special Inventory Tax Fund – to account 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.

Justice Court Technology Fund – 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) – to account for funds received 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 – 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.

County Clerk Records Archive – 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.

**GRAYSON COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006**

SPECIAL REVENUE FUNDS, continued

County Clerk Vital Statistics – 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 – 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.

County Records Preservation – 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 – to account for receipts received from Grayson County and other donations. Expenditures are for historical activities in Grayson County. Historical markers are the prime activities.

Child Protective Services – to account for the proceeds received from County funds and other collections that are designated for this program, which provides substitute care and other child care expenses for abused or neglected children.

Court Reporter Services – to account 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.

District Attorney Hot Check – to account 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 – 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 the official purposes of the County Attorney's office.

Law Library – to account 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 – 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 – to account 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.

**GRAYSON COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006**

SPECIAL REVENUE FUNDS, continued

County Attorney Victim's Liaison Grant – to account 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 – to account 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.

COPS Meth Grant – to account for federal funding provided through the Community Oriented Policing Services grant which is used to implement and operate program to address methamphetamine problems in the County.

Homeland Security – to account for funds received from the Federal Office of Domestic Preparedness, and administered by the Texas Engineering Extension Service. The funds are used to purchase communications equipment that will help local officials adequately respond to terrorist activity.

Victim Information and Notification Everyday (VINE) – to track funds received to deliver crime victim services by providing information, resources and funding to crime victims.

Sheriff Drug Forfeiture – 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.

Sheriff Commissary – to account 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.

Federal Forfeiture – to account for funds provided through a Federal Equitable Sharing Agreement to be used for law enforcement purposes.

Public Health Fund – used to account for all financial resources of the Grayson County Health Department. Funding is provided by federal and state grants and contracts, fees, County funds and the Oliver Dewey Mayor Foundation and the Lenore Rainey Trust Fund for use in the following programs: Infants and Child Care, Community Health, and Bio-terrorism Preparedness.

Juvenile Boot Camp – used to account for the revenue and expenditures incurred in the operation of the juvenile boot camp.

Title IV-E Federal Funds – to account for the spending of federal funds received for administrative expenses incurred in the provision of foster care for juveniles.

Juvenile Probation Fees – to account for amounts collected by the Juvenile Probation Department from probationers for probation fees and restitution.

Juvenile Case Manager Fees – 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.

**GRAYSON COUNTY, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006**

SPECIAL REVENUE FUNDS, continued

Grayson County Employee Activity Fund - to account for funds received from courthouse vending revenues. Funds received are used to support activities directed at improving employee morale, including an annual awards and recognition event.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and principal and interest payments on capital lease obligations.

2003 Refunding Bonds - 1994 and 2003 Series - The function of this fund is to accumulate monies for payment of general obligation and taxable permanent improvement bonds, which are serial bonds due in annual installments. Property taxes levied in excess of actual requirements are legally restricted to servicing this debt until the bond issue is retired. These funds may also account for bonds refinanced through defeasance of previously issued bonds.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major facilities other than those financed by proprietary funds and trust funds.

Permanent Improvement - to account for the cost of improvements to buildings and sidewalks, etc. Financing is provided by tax assessments.

Juvenile Detention Center Renovations – to account for the cost of improvements to the juvenile detention center building.

Lateral Road - to account for capital expenditures for road and bridge precincts from resources provided by the State of Texas for that purpose.

PERMANENT FUND

Texoma Succeeding Generations Trust - 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, 2006

| | Justice Court Building Security | Star Family Drug Court | Drug Court | Holiday Lights |
|---|---------------------------------------|------------------------------|-----------------|-------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 5,320 | \$ - | \$ - | \$ 2,615 |
| Investments - Current | - | - | - | 29,798 |
| Interest Receivable - investments | - | - | - | - |
| Taxes Receivable | - | - | - | - |
| Receivables (net of allowance for uncollectibles) | - | - | - | - |
| Intergovernmental Receivables | - | - | 9,360 | - |
| Prepaid Items | - | - | - | - |
| Total Assets | <u>\$ 5,320</u> | <u>\$ -</u> | <u>\$ 9,360</u> | <u>\$ 32,413</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Deficit Cash | \$ - | \$ 280 | \$ 16,235 | \$ - |
| Accounts Payable | - | - | - | 215,332 |
| Retainage Payable | - | - | - | - |
| Due to Others | - | - | - | - |
| Deferred Revenues | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>280</u> | <u>16,235</u> | <u>215,332</u> |
| Fund Balances: | | | | |
| Reserved For: | | | | |
| Debt Service | - | - | - | - |
| Purpose of Trust | - | - | - | - |
| Unreserved Designated For: | | | | |
| Specific Purpose | 5,320 | (280) | (6,875) | (182,919) |
| Capital Projects | - | - | - | - |
| Total Fund Balances | <u>5,320</u> | <u>(280)</u> | <u>(6,875)</u> | <u>(182,919)</u> |
| Total Liabilities and Fund Balances | <u>\$ 5,320</u> | <u>\$ -</u> | <u>\$ 9,360</u> | <u>\$ 32,413</u> |

| Drug Court Donations | Courthouse Security | Tax A/C S-I-T Penalty | Justice Court Technology | HAVA Funding | County Clerk Records Management | County Clerk Records Archive | County Clerk Vital Statistics |
|----------------------|---------------------|-----------------------|--------------------------|-----------------|---------------------------------|------------------------------|-------------------------------|
| \$ 3,797 | \$ 7,023 | \$ 71,050 | \$ 83,172 | \$ - | \$ 14,559 | \$ 143,440 | \$ 21,320 |
| - | 540,773 | - | 25,135 | - | 261,268 | 75,317 | - |
| - | 3,027 | - | 314 | - | 1,514 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 757 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 3,797</u> | <u>\$ 550,823</u> | <u>\$ 71,050</u> | <u>\$ 108,621</u> | <u>\$ -</u> | <u>\$ 277,341</u> | <u>\$ 219,514</u> | <u>\$ 21,320</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 13,586 | \$ - | \$ - | \$ - |
| 69 | 42 | - | 3,943 | 627 | 5,789 | - | 6 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>69</u> | <u>42</u> | <u>-</u> | <u>3,943</u> | <u>14,213</u> | <u>5,789</u> | <u>-</u> | <u>6</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 3,728 | 550,781 | 71,050 | 104,678 | (14,213) | 271,552 | 219,514 | 21,314 |
| - | - | - | - | - | - | - | - |
| <u>3,728</u> | <u>550,781</u> | <u>71,050</u> | <u>104,678</u> | <u>(14,213)</u> | <u>271,552</u> | <u>219,514</u> | <u>21,314</u> |
| <u>\$ 3,797</u> | <u>\$ 550,823</u> | <u>\$ 71,050</u> | <u>\$ 108,621</u> | <u>\$ -</u> | <u>\$ 277,341</u> | <u>\$ 219,514</u> | <u>\$ 21,320</u> |

GRAYSON COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2006

| | District Clerk Records Management | County Records Preservation | Historical Commission | Child Protective Services |
|---|---|-----------------------------------|--------------------------|---------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 24 | \$ - | \$ 1,862 | \$ 253 |
| Investments - Current | - | 115,021 | 10,892 | - |
| Interest Receivable - investments | - | - | - | - |
| Taxes Receivable | - | - | - | - |
| Receivables (net of allowance for uncollectibles) | - | - | - | - |
| Intergovernmental Receivables | - | - | - | - |
| Prepaid Items | - | - | - | - |
| Total Assets | <u>\$ 24</u> | <u>\$ 115,021</u> | <u>\$ 12,754</u> | <u>\$ 253</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Deficit Cash | \$ - | \$ 20 | \$ - | \$ - |
| Accounts Payable | 24 | - | - | 251 |
| Retainage Payable | - | - | - | - |
| Due to Others | - | - | - | - |
| Deferred Revenues | - | - | - | - |
| Total Liabilities | <u>24</u> | <u>20</u> | <u>-</u> | <u>251</u> |
| Fund Balances: | | | | |
| Reserved For: | | | | |
| Debt Service | - | - | - | - |
| Purpose of Trust | - | - | - | - |
| Unreserved Designated For: | | | | |
| Specific Purpose | - | 115,001 | 12,754 | 2 |
| Capital Projects | - | - | - | - |
| Total Fund Balances | <u>-</u> | <u>115,001</u> | <u>12,754</u> | <u>2</u> |
| Total Liabilities and Fund Balances | <u>\$ 24</u> | <u>\$ 115,021</u> | <u>\$ 12,754</u> | <u>\$ 253</u> |

| Court Reporter Services | District Attorney Hot Check | District Attorney Forfeiture | Law Library | District Atty. State Supplemental | CJD Domestic Violence Grant | OAG Victim Coordinator Grant | Law Enforcement Block Grant |
|-------------------------|-----------------------------|------------------------------|------------------|-----------------------------------|-----------------------------|------------------------------|-----------------------------|
| \$ - | \$ 1,486 | \$ 982 | \$ 60,084 | \$ 13,414 | \$ - | \$ - | \$ 9,067 |
| - | 35,936 | 4,895 | 15,081 | - | - | - | - |
| - | - | - | 189 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 9,308 | 4,856 | 47 | - | - | - | - |
| - | - | - | - | - | 14,985 | 4,450 | - |
| - | - | - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ 46,730</u> | <u>\$ 10,733</u> | <u>\$ 75,401</u> | <u>\$ 13,414</u> | <u>\$ 14,985</u> | <u>\$ 4,450</u> | <u>\$ 9,067</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 21,369 | \$ 8,352 | \$ - |
| - | 4,048 | 336 | 4,622 | 14 | 32 | 21 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 4,048 | 336 | 4,622 | 14 | 21,401 | 8,373 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 42,682 | 10,397 | 70,779 | 13,400 | (6,416) | (3,923) | 9,067 |
| - | - | - | - | - | - | - | - |
| - | 42,682 | 10,397 | 70,779 | 13,400 | (6,416) | (3,923) | 9,067 |
| <u>\$ -</u> | <u>\$ 46,730</u> | <u>\$ 10,733</u> | <u>\$ 75,401</u> | <u>\$ 13,414</u> | <u>\$ 14,985</u> | <u>\$ 4,450</u> | <u>\$ 9,067</u> |

GRAYSON COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2006

| | COPS Meth Grant | Homeland Security | VINE Grant | Sheriff Forfeiture |
|---|-----------------------|----------------------|---------------|-----------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 11 | \$ - | \$ 54 | \$ 22,025 |
| Investments - Current | - | - | - | 120,196 |
| Interest Receivable - investments | - | - | - | 189 |
| Taxes Receivable | - | - | - | - |
| Receivables (net of allowance for uncollectibles) | - | - | - | - |
| Intergovernmental Receivables | - | 185,022 | - | - |
| Prepaid Items | - | - | - | - |
| Total Assets | <u>\$ 11</u> | <u>\$ 185,022</u> | <u>\$ 54</u> | <u>\$ 142,410</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Deficit Cash | \$ - | \$ 185,784 | \$ - | \$ - |
| Accounts Payable | - | - | - | 4,659 |
| Retainage Payable | - | - | - | - |
| Due to Others | - | - | - | - |
| Deferred Revenues | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>185,784</u> | <u>-</u> | <u>4,659</u> |
| Fund Balances: | | | | |
| Reserved For: | | | | |
| Debt Service | - | - | - | - |
| Purpose of Trust | - | - | - | - |
| Unreserved Designated For: | | | | |
| Specific Purpose | 11 | (762) | 54 | 137,751 |
| Capital Projects | - | - | - | - |
| Total Fund Balances | <u>11</u> | <u>(762)</u> | <u>54</u> | <u>137,751</u> |
| Total Liabilities and Fund Balances | <u>\$ 11</u> | <u>\$ 185,022</u> | <u>\$ 54</u> | <u>\$ 142,410</u> |

| Jail Commissary | Federal Forfeiture | Public Health Fund | Juvenile Boot Camp | Title IV-E Federal Funds | Juvenile Probation Fees | Juvenile Case Manager Fee Fund | Employee Activity |
|--------------------|-----------------------|--------------------------|--------------------------|--------------------------------|-------------------------------|--------------------------------------|----------------------|
| \$ 560 | \$ 16,129 | \$ 536,393 | \$ (94,536) | \$ 141,133 | \$ 20,970 | \$ 21,239 | \$ 1,801 |
| 52,695 | - | - | 319,146 | - | - | - | 9,476 |
| - | - | - | 502 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 10,165 | - | 8,210 | - | - | - | - | 1,739 |
| - | - | 84,922 | 134,322 | 30,522 | - | - | - |
| - | - | 180 | - | - | - | - | - |
| <u>\$ 63,420</u> | <u>\$ 16,129</u> | <u>\$ 629,705</u> | <u>\$ 359,434</u> | <u>\$ 171,655</u> | <u>\$ 20,970</u> | <u>\$ 21,239</u> | <u>\$ 13,016</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3,835 | - | 18,994 | 30,010 | 4,578 | - | - | 2,400 |
| - | - | - | - | - | - | - | - |
| - | - | 38,728 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>3,835</u> | <u>-</u> | <u>57,722</u> | <u>30,010</u> | <u>4,578</u> | <u>-</u> | <u>-</u> | <u>2,400</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 59,585 | 16,129 | 571,983 | 329,424 | 167,077 | 20,970 | 21,239 | 10,616 |
| - | - | - | - | - | - | - | - |
| <u>59,585</u> | <u>16,129</u> | <u>571,983</u> | <u>329,424</u> | <u>167,077</u> | <u>20,970</u> | <u>21,239</u> | <u>10,616</u> |
| <u>\$ 63,420</u> | <u>\$ 16,129</u> | <u>\$ 629,705</u> | <u>\$ 359,434</u> | <u>\$ 171,655</u> | <u>\$ 20,970</u> | <u>\$ 21,239</u> | <u>\$ 13,016</u> |

GRAYSON COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2006

| | Total Nonmajor Special Revenue Funds | 2003 Refunding Bonds | Permanent Improvement Fund | Juvenile Detention Ctr Renovations |
|---|---|----------------------------|----------------------------------|--|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 1,105,247 | \$ 1,230 | \$ 2,538 | \$ 56,884 |
| Investments - Current | 1,615,629 | 59,880 | 734,681 | - |
| Interest Receivable - investments | 5,735 | - | 3,027 | - |
| Taxes Receivable | - | 9,843 | 21,816 | - |
| Receivables (net of allowance for uncollectibles) | 35,082 | - | - | - |
| Intergovernmental Receivables | 463,583 | - | - | - |
| Prepaid Items | 180 | - | - | - |
| Total Assets | <u>\$ 3,225,456</u> | <u>\$ 70,953</u> | <u>\$ 762,062</u> | <u>\$ 56,884</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Deficit Cash | \$ 245,626 | \$ - | \$ - | \$ - |
| Accounts Payable | 299,632 | - | 433 | 44,812 |
| Retainage Payable | - | - | - | 12,072 |
| Due to Others | 38,728 | - | - | - |
| Deferred Revenues | - | 9,090 | 19,499 | - |
| Total Liabilities | <u>583,986</u> | <u>9,090</u> | <u>19,932</u> | <u>56,884</u> |
| Fund Balances: | | | | |
| Reserved For: | | | | |
| Debt Service | - | 61,863 | - | - |
| Purpose of Trust | - | - | - | - |
| Unreserved Designated For: | | | | |
| Specific Purpose | 2,641,470 | - | - | - |
| Capital Projects | - | - | 742,130 | - |
| Total Fund Balances | <u>2,641,470</u> | <u>61,863</u> | <u>742,130</u> | <u>-</u> |
| Total Liabilities and Fund Balances | <u>\$ 3,225,456</u> | <u>\$ 70,953</u> | <u>\$ 762,062</u> | <u>\$ 56,884</u> |

| Lateral Road | Texoma Succeeding Generations | Total Nonmajor Governmental Funds |
|-------------------|-------------------------------|-----------------------------------|
| \$ 3,784 | \$ 837 | \$ 1,170,520 |
| 126,169 | 61,530 | 2,597,889 |
| - | - | 8,762 |
| - | - | 31,659 |
| - | - | 35,082 |
| - | - | 463,583 |
| - | - | 180 |
| <u>\$ 129,953</u> | <u>\$ 62,367</u> | <u>\$ 4,307,675</u> |
| | | |
| \$ - | \$ - | \$ 245,626 |
| - | - | 344,877 |
| - | - | 12,072 |
| - | - | 38,728 |
| - | - | 28,589 |
| <u>-</u> | <u>-</u> | <u>669,892</u> |
| | | |
| - | - | 61,863 |
| - | 62,367 | 62,367 |
| | | |
| - | - | 2,641,470 |
| 129,953 | - | 872,083 |
| <u>129,953</u> | <u>62,367</u> | <u>3,637,783</u> |
| | | |
| <u>\$ 129,953</u> | <u>\$ 62,367</u> | <u>\$ 4,307,675</u> |

GRAYSON COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | Justice Court Building Security | Star Family Drug Court | Drug Court | Holiday Lights |
|---|---------------------------------------|------------------------------|-------------------|---------------------|
| REVENUES: | | | | |
| Taxes: | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ - |
| Penalty and Interest on Taxes | - | - | - | - |
| Intergovernmental Revenue and Grants | - | - | 104,283 | - |
| Charges for Services | 5,270 | - | - | - |
| Fines and Forfeitures | - | - | - | - |
| Investment Earnings | 50 | - | - | 2,737 |
| Contributions & Donations from Private Sources | - | - | - | 66,893 |
| Other Revenue | - | - | - | - |
| Total Revenues | <u>5,320</u> | <u>-</u> | <u>104,283</u> | <u>69,630</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | - | - | - | 317,453 |
| Judicial | - | 280 | 111,158 | - |
| Elections | - | - | - | - |
| Public Safety | - | - | - | - |
| Highways and Streets | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Debt Service: | | | | |
| Debt Principal | - | - | - | - |
| Debt Interest | - | - | - | - |
| Miscellaneous Fees | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>280</u> | <u>111,158</u> | <u>317,453</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>5,320</u> | <u>(280)</u> | <u>(6,875)</u> | <u>(247,823)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sale of Real and Personal Property | - | - | - | - |
| Transfers In | - | - | - | - |
| Transfers Out (Use) | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | 5,320 | (280) | (6,875) | (247,823) |
| Fund Balance - October 1 (Beginning) | <u>-</u> | <u>-</u> | <u>-</u> | <u>64,904</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 5,320</u> | <u>\$ (280)</u> | <u>\$ (6,875)</u> | <u>\$ (182,919)</u> |

| Drug Court Donations | Courthouse Security | Tax A/C S-I-T Penalty | Justice Court Technology | HAVA Funding | County Clerk Records Management | County Clerk Records Archive | County Clerk Vital Statistics |
|----------------------|---------------------|-----------------------|--------------------------|--------------------|---------------------------------|------------------------------|-------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 635,952 | - | 153,000 | - |
| - | 81,243 | 20,855 | 36,931 | 365 | 164,987 | - | 10,956 |
| - | - | - | - | - | - | - | - |
| 63 | 23,392 | 1,742 | 3,495 | - | 11,077 | 6,115 | 617 |
| 3,825 | - | - | - | - | - | - | - |
| - | 245 | - | - | - | - | - | - |
| <u>3,888</u> | <u>104,880</u> | <u>22,597</u> | <u>40,426</u> | <u>636,317</u> | <u>176,064</u> | <u>159,115</u> | <u>11,573</u> |
| - | 89,028 | 1,572 | - | - | 95,310 | 86,941 | 5,229 |
| 721 | - | - | 22,185 | - | - | - | - |
| - | - | - | - | 650,530 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 34,045 | - | - |
| - | - | - | - | - | 3,327 | - | - |
| - | - | - | - | - | - | - | - |
| <u>721</u> | <u>89,028</u> | <u>1,572</u> | <u>22,185</u> | <u>650,530</u> | <u>132,682</u> | <u>86,941</u> | <u>5,229</u> |
| <u>3,167</u> | <u>15,852</u> | <u>21,025</u> | <u>18,241</u> | <u>(14,213)</u> | <u>43,382</u> | <u>72,174</u> | <u>6,344</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>3,167</u> | <u>15,852</u> | <u>21,025</u> | <u>18,241</u> | <u>(14,213)</u> | <u>43,382</u> | <u>72,174</u> | <u>6,344</u> |
| <u>561</u> | <u>534,929</u> | <u>50,025</u> | <u>86,437</u> | <u>-</u> | <u>228,170</u> | <u>147,340</u> | <u>14,970</u> |
| <u>\$ 3,728</u> | <u>\$ 550,781</u> | <u>\$ 71,050</u> | <u>\$ 104,678</u> | <u>\$ (14,213)</u> | <u>\$ 271,552</u> | <u>\$ 219,514</u> | <u>\$ 21,314</u> |

GRAYSON COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | District Clerk Records Management | County Records Preservation | Historical Commission | Child Protective Services |
|---|---|-----------------------------------|--------------------------|---------------------------------|
| REVENUES: | | | | |
| Taxes: | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ - |
| Penalty and Interest on Taxes | - | - | - | - |
| Intergovernmental Revenue and Grants | - | - | - | - |
| Charges for Services | 7,568 | 69,317 | - | - |
| Fines and Forfeitures | - | - | - | - |
| Investment Earnings | - | 3,531 | - | 94 |
| Contributions & Donations from Private Sources | - | - | - | - |
| Other Revenue | - | 23,952 | - | - |
| Total Revenues | <u>7,568</u> | <u>96,800</u> | <u>-</u> | <u>94</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | 282 | 744 | - | - |
| Judicial | - | - | - | - |
| Elections | - | - | - | - |
| Public Safety | - | - | - | - |
| Highways and Streets | - | - | - | - |
| Health and Welfare | - | - | - | 7,376 |
| Culture and Recreation | - | - | 59 | - |
| Debt Service: | | | | |
| Debt Principal | 12,337 | - | - | - |
| Debt Interest | 1,206 | - | - | - |
| Miscellaneous Fees | - | - | - | - |
| Total Expenditures | <u>13,825</u> | <u>744</u> | <u>59</u> | <u>7,376</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(6,257)</u> | <u>96,056</u> | <u>(59)</u> | <u>(7,282)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sale of Real and Personal Property | - | - | - | - |
| Transfers In | 6,257 | - | - | 6,500 |
| Transfers Out (Use) | - | (6,257) | - | - |
| Total Other Financing Sources (Uses) | <u>6,257</u> | <u>(6,257)</u> | <u>-</u> | <u>6,500</u> |
| Net Change in Fund Balance | - | 89,799 | (59) | (782) |
| Fund Balance - October 1 (Beginning) | <u>-</u> | <u>25,202</u> | <u>12,813</u> | <u>784</u> |
| Fund Balance - September 30 (Ending) | <u>\$ -</u> | <u>\$ 115,001</u> | <u>\$ 12,754</u> | <u>\$ 2</u> |

| Court Reporter Services | District Attorney Hot Check | District Attorney Forfeiture | Law Library | District Atty. State Supplemental | CJD Domestic Violence Grant | OAG Victim Coordinator Grant | Law Enforcement Block Grant |
|-------------------------|-----------------------------|------------------------------|------------------|-----------------------------------|-----------------------------|------------------------------|-----------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 35,714 | 61,003 | 35,092 | 8,140 |
| 29,655 | 137,018 | - | 83,545 | - | - | - | - |
| - | - | 44,626 | - | - | - | - | - |
| - | - | 748 | 2,863 | - | - | - | 289 |
| - | - | - | 10,025 | - | - | - | - |
| - | - | - | 1,195 | - | - | - | - |
| <u>29,655</u> | <u>137,018</u> | <u>45,374</u> | <u>97,628</u> | <u>35,714</u> | <u>61,003</u> | <u>35,092</u> | <u>8,429</u> |
| - | 130,496 | 56,570 | - | - | - | - | - |
| 29,655 | - | - | 113,504 | 30,095 | 80,093 | 39,015 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>29,655</u> | <u>130,496</u> | <u>56,570</u> | <u>113,504</u> | <u>30,095</u> | <u>80,093</u> | <u>39,015</u> | <u>-</u> |
| - | 6,522 | (11,196) | (15,876) | 5,619 | (19,090) | (3,923) | 8,429 |
| - | - | 1,250 | - | - | - | - | - |
| - | - | - | - | - | 12,674 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 1,250 | - | - | 12,674 | - | - |
| - | 6,522 | (9,946) | (15,876) | 5,619 | (6,416) | (3,923) | 8,429 |
| - | 36,160 | 20,343 | 86,655 | 7,781 | - | - | 638 |
| <u>\$ -</u> | <u>\$ 42,682</u> | <u>\$ 10,397</u> | <u>\$ 70,779</u> | <u>\$ 13,400</u> | <u>\$ (6,416)</u> | <u>\$ (3,923)</u> | <u>\$ 9,067</u> |

GRAYSON COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | COPS Meth Grant | Homeland Security | VINE Grant | Sheriff Forfeiture |
|---|-----------------------|----------------------|---------------|-----------------------|
| REVENUES: | | | | |
| Taxes: | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ - |
| Penalty and Interest on Taxes | - | - | - | - |
| Intergovernmental Revenue and Grants | 46,789 | 202,226 | 25,880 | - |
| Charges for Services | - | - | - | - |
| Fines and Forfeitures | - | - | - | 94,734 |
| Investment Earnings | 5 | - | - | 5,037 |
| Contributions & Donations from Private Sources | - | - | - | - |
| Other Revenue | - | - | - | 4,822 |
| Total Revenues | <u>46,794</u> | <u>202,226</u> | <u>25,880</u> | <u>104,593</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | - | - | - | - |
| Judicial | - | - | - | - |
| Elections | - | - | - | - |
| Public Safety | 47,415 | 202,988 | 25,880 | 29,913 |
| Highways and Streets | - | - | - | - |
| Health and Welfare | - | - | - | - |
| Culture and Recreation | - | - | - | - |
| Debt Service: | | | | |
| Debt Principal | - | - | - | - |
| Debt Interest | - | - | - | - |
| Miscellaneous Fees | - | - | - | - |
| Total Expenditures | <u>47,415</u> | <u>202,988</u> | <u>25,880</u> | <u>29,913</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(621)</u> | <u>(762)</u> | <u>-</u> | <u>74,680</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sale of Real and Personal Property | - | - | - | - |
| Transfers In | - | - | - | - |
| Transfers Out (Use) | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | (621) | (762) | - | 74,680 |
| Fund Balance - October 1 (Beginning) | <u>632</u> | <u>-</u> | <u>54</u> | <u>63,071</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 11</u> | <u>\$ (762)</u> | <u>\$ 54</u> | <u>\$ 137,751</u> |

| Jail Commissary | Federal Forfeiture | Public Health Fund | Juvenile Boot Camp | Title IV-E Federal Funds | Juvenile Probation Fees | Juvenile Case Manager Fee Fund | Employee Activity |
|--------------------|-----------------------|--------------------------|--------------------------|--------------------------------|-------------------------------|--------------------------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | 1,230,330 | 265,184 | 96,420 | 14,767 | - | - |
| 55,260 | - | 693,397 | 981,804 | - | - | 21,081 | - |
| - | - | - | - | - | - | - | - |
| 2,309 | 528 | - | 13,572 | 4,136 | 405 | 158 | 492 |
| - | - | 6,698 | - | - | - | - | - |
| - | - | - | 234 | - | - | - | 10,656 |
| <u>57,569</u> | <u>528</u> | <u>1,930,425</u> | <u>1,260,794</u> | <u>100,556</u> | <u>15,172</u> | <u>21,239</u> | <u>11,148</u> |
| - | - | - | - | - | - | - | 14,945 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 49,671 | - | - | 1,284,819 | 26,029 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 3,232,112 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>49,671</u> | <u>-</u> | <u>3,232,112</u> | <u>1,284,819</u> | <u>26,029</u> | <u>-</u> | <u>-</u> | <u>14,945</u> |
| <u>7,898</u> | <u>528</u> | <u>(1,301,687)</u> | <u>(24,025)</u> | <u>74,527</u> | <u>15,172</u> | <u>21,239</u> | <u>(3,797)</u> |
| - | - | - | - | - | - | - | - |
| - | - | 1,566,613 | - | - | - | - | - |
| - | - | - | (111,871) | - | - | - | - |
| - | - | <u>1,566,613</u> | <u>(111,871)</u> | - | - | - | - |
| 7,898 | 528 | 264,926 | (135,896) | 74,527 | 15,172 | 21,239 | (3,797) |
| <u>51,687</u> | <u>15,601</u> | <u>307,057</u> | <u>465,320</u> | <u>92,550</u> | <u>5,798</u> | <u>-</u> | <u>14,413</u> |
| <u>\$ 59,585</u> | <u>\$ 16,129</u> | <u>\$ 571,983</u> | <u>\$ 329,424</u> | <u>\$ 167,077</u> | <u>\$ 20,970</u> | <u>\$ 21,239</u> | <u>\$ 10,616</u> |

GRAYSON COUNTY, TEXAS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | Nonmajor Special Revenue Funds | 2003 Refunding Bonds | Permanent Improvement Fund | Juvenile Detention Ctr Renovations |
|--|--------------------------------------|----------------------------|----------------------------------|--|
| REVENUES: | | | | |
| Taxes: | | | | |
| Property Taxes | \$ - | \$ 173,404 | \$ 258,651 | \$ - |
| Penalty and Interest on Taxes | - | 2,599 | 3,844 | - |
| Intergovernmental Revenue and Grants | 2,914,780 | - | - | 145,000 |
| Charges for Services | 2,399,252 | - | - | - |
| Fines and Forfeitures | 139,360 | - | - | - |
| Investment Earnings | 83,455 | 4,638 | 34,106 | - |
| Contributions & Donations from Private Sources | 80,743 | - | - | - |
| Other Revenue | 47,802 | - | - | - |
| Total Revenues | <u>5,665,392</u> | <u>180,641</u> | <u>296,601</u> | <u>145,000</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | 798,570 | - | 154,738 | - |
| Judicial | 426,706 | - | - | - |
| Elections | 650,530 | - | - | - |
| Public Safety | 1,666,715 | - | - | 256,871 |
| Highways and Streets | - | - | - | - |
| Health and Welfare | 3,239,488 | - | - | - |
| Culture and Recreation | 59 | - | - | - |
| Debt Service: | | | | |
| Debt Principal | 46,382 | 105,000 | - | - |
| Debt Interest | 4,533 | 49,770 | - | - |
| Miscellaneous Fees | - | 300 | - | - |
| Total Expenditures | <u>6,832,983</u> | <u>155,070</u> | <u>154,738</u> | <u>256,871</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(1,167,591)</u> | <u>25,571</u> | <u>141,863</u> | <u>(111,871)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sale of Real and Personal Property | 1,250 | - | - | - |
| Transfers In | 1,592,044 | - | - | 111,871 |
| Transfers Out (Use) | (118,128) | - | - | - |
| Total Other Financing Sources (Uses) | <u>1,475,166</u> | <u>-</u> | <u>-</u> | <u>111,871</u> |
| Net Change in Fund Balance | 307,575 | 25,571 | 141,863 | - |
| Fund Balance - October 1 (Beginning) | <u>2,333,895</u> | <u>36,292</u> | <u>600,267</u> | <u>-</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 2,641,470</u> | <u>\$ 61,863</u> | <u>\$ 742,130</u> | <u>\$ -</u> |

| Lateral Road | Texoma Succeeding Generations | Total Nonmajor Governmental Funds |
|-------------------|-------------------------------------|--|
| \$ - | \$ - | \$ 432,055 |
| - | - | 6,443 |
| 71,682 | - | 3,131,462 |
| - | - | 2,399,252 |
| - | - | 139,360 |
| 5,979 | 2,809 | 130,987 |
| - | - | 80,743 |
| - | - | 47,802 |
| <u>77,661</u> | <u>2,809</u> | <u>6,368,104</u> |
| - | - | 953,308 |
| - | - | 426,706 |
| - | - | 650,530 |
| - | - | 1,923,586 |
| 19,781 | - | 19,781 |
| - | - | 3,239,488 |
| - | - | 59 |
| - | - | 151,382 |
| - | - | 54,303 |
| - | - | 300 |
| <u>19,781</u> | <u>-</u> | <u>7,419,443</u> |
| <u>57,880</u> | <u>2,809</u> | <u>(1,051,339)</u> |
| - | - | 1,250 |
| - | - | 1,703,915 |
| - | - | (118,128) |
| <u>-</u> | <u>-</u> | <u>1,587,037</u> |
| 57,880 | 2,809 | 535,698 |
| <u>72,073</u> | <u>59,558</u> | <u>3,102,085</u> |
| <u>\$ 129,953</u> | <u>\$ 62,367</u> | <u>\$ 3,637,783</u> |

GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOLIDAY LIGHTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|------------------|--|---|
| REVENUES | | | |
| Miscellaneous | \$ 56,500 | \$ 69,630 | \$ 13,130 |
| Total revenues | <u>56,500</u> | <u>69,630</u> | <u>13,130</u> |
| EXPENDITURES | | | |
| General government: | | | |
| Personnel services | - | 6,452 | (6,452) |
| Supplies and materials | 65,943 | 70,534 | (4,591) |
| Capital Outlay | - | 240,467 | (240,467) |
| Total expenditures | <u>65,943</u> | <u>317,453</u> | <u>(251,510)</u> |
| NET CHANGE IN FUND BALANCES | (9,443) | (247,823) | (238,380) |
| FUND BALANCES, BEGINNING | <u>64,904</u> | <u>64,904</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 55,461</u> | <u>\$ (182,919)</u> | <u>\$ (238,380)</u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DRUG COURT DONATIONS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|----------------------|--|---|
| REVENUES | | | |
| Donations | \$ 200 | \$ 3,825 | \$ 3,625 |
| Miscellaneous | 5 | 63 | 58 |
| Total revenues | <u>205</u> | <u>3,888</u> | <u>3,683</u> |
| EXPENDITURES | | | |
| Judicial: | | | |
| Supplies | <u>205</u> | <u>721</u> | <u>(516)</u> |
| Total expenditures | <u>205</u> | <u>721</u> | <u>(516)</u> |
| NET CHANGE IN FUND BALANCES | - | 3,167 | 3,167 |
| FUND BALANCES, BEGINNING | <u>561</u> | <u>561</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ 561</u></u> | <u><u>\$ 3,728</u></u> | <u><u>\$ 3,167</u></u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DRUG COURT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|----------------|--|---|
| REVENUES | | | |
| Intergovernmental | \$ 104,283 | \$ 104,283 | \$ - |
| Total revenues | <u>104,283</u> | <u>104,283</u> | <u>-</u> |
| EXPENDITURES | | | |
| Judicial: | | | |
| Personnel | 37,750 | 41,075 | (3,325) |
| Supplies | 878 | - | 878 |
| Other | 65,655 | 70,083 | (4,428) |
| Total expenditures | <u>104,283</u> | <u>111,158</u> | <u>(6,875)</u> |
| NET CHANGE IN FUND BALANCES | - | (6,875) | (6,875) |
| FUND BALANCES, BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ -</u> | <u>\$ (6,875)</u> | <u>\$ (6,875)</u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
STAR FAMILY DRUG COURT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|--------------------|--|---|
| REVENUES | | | |
| Donations | \$ - | \$ - | \$ - |
| Miscellaneous | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | |
| Judicial: | | | |
| Operating expenditures | - | 280 | (280) |
| Total expenditures | <u>-</u> | <u>280</u> | <u>(280)</u> |
| NET CHANGE IN FUND BALANCES | - | (280) | (280) |
| FUND BALANCES, BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ -</u></u> | <u><u>\$ (280)</u></u> | <u><u>\$ (280)</u></u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JUSTICE COURT BUILDING SECURITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|--------------------|--|---|
| REVENUES | | | |
| Charges for services | \$ - | \$ 5,270 | \$ 5,270 |
| Interest | - | 50 | 50 |
| Total revenues | <u>-</u> | <u>5,320</u> | <u>5,320</u> |
| EXPENDITURES | | | |
| Judicial: | | | |
| Operating expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | - | 5,320 | 5,320 |
| FUND BALANCES, BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ -</u></u> | <u><u>\$ 5,320</u></u> | <u><u>\$ 5,320</u></u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COURTHOUSE SECURITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|--------------------------|--|---|
| REVENUES | | | |
| Fees | \$ 73,400 | \$ 81,243 | \$ 7,843 |
| Interest | 10,000 | 23,392 | 13,392 |
| Miscellaneous | - | 245 | 245 |
| Total revenues | <u>83,400</u> | <u>104,880</u> | <u>21,480</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government: | | | |
| Supplies and materials | 15,000 | 505 | 14,495 |
| Capital outlay | 175,000 | 88,523 | 86,477 |
| Total expenditures | <u>190,000</u> | <u>89,028</u> | <u>100,972</u> |
| NET CHANGE IN FUND BALANCES | (106,600) | 15,852 | 122,452 |
| FUND BALANCES, BEGINNING | <u>534,929</u> | <u>534,929</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ 428,329</u></u> | <u><u>\$ 550,781</u></u> | <u><u>\$ 122,452</u></u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TAX ASSESSOR/COLLECTOR S-I-T PENALTY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-----------------|--|---|
| REVENUES | | | |
| Fees | \$ 7,500 | \$ 20,855 | \$ 13,355 |
| Interest | 500 | 1,742 | 1,242 |
| Total revenues | <u>8,000</u> | <u>22,597</u> | <u>14,597</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Financial administration | | | |
| Operating expenditures | 50,000 | 1,572 | 48,428 |
| Total expenditures | <u>50,000</u> | <u>1,572</u> | <u>48,428</u> |
| NET CHANGE IN FUND BALANCES | (42,000) | 21,025 | 63,025 |
| FUND BALANCES, BEGINNING | <u>50,025</u> | <u>50,025</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 8,025</u> | <u>\$ 71,050</u> | <u>\$ 63,025</u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JUSTICE COURT TECHNOLOGY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|------------------|--|---|
| REVENUES | | | |
| Fees | \$ 26,500 | \$ 37,931 | \$ 11,431 |
| Miscellaneous | 150 | 3,495 | 3,345 |
| Total revenues | <u>26,650</u> | <u>41,426</u> | <u>14,776</u> |
| EXPENDITURES | | | |
| Judicial: | | | |
| Supplies and materials | 30,000 | 22,185 | 7,815 |
| Capital outlay | 15,000 | - | 15,000 |
| Total expenditures | <u>45,000</u> | <u>22,185</u> | <u>22,815</u> |
| NET CHANGE IN FUND BALANCES | (18,350) | 19,241 | 37,591 |
| FUND BALANCES, BEGINNING | <u>86,437</u> | <u>86,437</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 68,087</u> | <u>\$ 105,678</u> | <u>\$ 37,591</u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HELP AMERICA VOTE ACT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|------------------------|--|---|
| REVENUES | | | |
| Intergovernmental | \$ 822,866 | \$ 635,952 | \$ (186,914) |
| Charges for services | - | 365 | 365 |
| Total revenues | <u>822,866</u> | <u>636,317</u> | <u>(186,549)</u> |
| EXPENDITURES | | | |
| Elections | | | |
| Operating expenditures | <u>820,731</u> | <u>650,530</u> | <u>170,201</u> |
| Total expenditures | <u>820,731</u> | <u>650,530</u> | <u>170,201</u> |
| NET CHANGE IN FUND BALANCES | 2,135 | (14,213) | (16,348) |
| FUND BALANCES, BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ 2,135</u></u> | <u><u>\$ (14,213)</u></u> | <u><u>\$ (16,348)</u></u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COUNTY CLERK RECORDS MANAGEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|--------------------------|--|---|
| REVENUES | | | |
| Fees | \$ 160,000 | \$ 164,987 | \$ 4,987 |
| Miscellaneous | 2,000 | 11,077 | 9,077 |
| Total revenues | <u>162,000</u> | <u>176,064</u> | <u>14,064</u> |
| EXPENDITURES | | | |
| General Government | | | |
| Personnel services | 12,050 | 9,327 | 2,723 |
| Supplies and materials | - | 1,261 | (1,261) |
| Operating expenditures | 212,500 | 77,520 | 134,980 |
| Capital outlay | 7,200 | 7,202 | (2) |
| Debt service principal | 33,744 | 34,045 | (301) |
| Debt service interest | 3,629 | 3,327 | 302 |
| Total expenditures | <u>269,123</u> | <u>132,682</u> | <u>136,441</u> |
| NET CHANGE IN FUND BALANCES | (107,123) | 43,382 | 150,505 |
| FUND BALANCES, BEGINNING | <u>228,170</u> | <u>228,170</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ 121,047</u></u> | <u><u>\$ 271,552</u></u> | <u><u>\$ 150,505</u></u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COUNTY CLERK RECORDS ARCHIVE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|--------------------------|--|---|
| REVENUES | | | |
| Fees | \$ 144,000 | \$ 153,000 | \$ 9,000 |
| Interest | 1,000 | 6,115 | 5,115 |
| Total revenues | <u>145,000</u> | <u>159,115</u> | <u>14,115</u> |
| EXPENDITURES | | | |
| General Government | | | |
| Operating expenditures | <u>140,000</u> | <u>86,941</u> | <u>53,059</u> |
| Total expenditures | <u>140,000</u> | <u>86,941</u> | <u>53,059</u> |
| NET CHANGE IN FUND BALANCES | 5,000 | 72,174 | 67,174 |
| FUND BALANCES, BEGINNING | <u>147,340</u> | <u>147,340</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ 152,340</u></u> | <u><u>\$ 219,514</u></u> | <u><u>\$ 67,174</u></u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COUNTY CLERK VITAL STATISTICS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2005

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-------------------------|--|---|
| REVENUES | | | |
| Fees | \$ 12,000 | \$ 10,956 | \$ (1,044) |
| Miscellaneous | 20 | 617 | 597 |
| Total revenues | <u>12,020</u> | <u>11,573</u> | <u>(447)</u> |
| EXPENDITURES | | | |
| General Government | | | |
| Personnel services | 6,310 | 4,986 | 1,324 |
| Supplies and materials | 1,500 | - | 1,500 |
| Operating expenditures | 5,250 | 243 | 5,007 |
| Total expenditures | <u>13,060</u> | <u>5,229</u> | <u>7,831</u> |
| NET CHANGE IN FUND BALANCES | (1,040) | 6,344 | 7,384 |
| FUND BALANCES, BEGINNING | <u>14,970</u> | <u>14,970</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ 13,930</u></u> | <u><u>\$ 21,314</u></u> | <u><u>\$ 7,384</u></u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISTRICT ATTORNEY HOT CHECK FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-------------------|--|---|
| REVENUES | | | |
| Fees | \$ 150,000 | \$ 137,018 | \$ (12,982) |
| Total revenues | <u>150,000</u> | <u>137,018</u> | <u>(12,982)</u> |
| EXPENDITURES | | | |
| General Government | | | |
| Personnel services | 39,600 | 118,229 | (78,629) |
| Supplies and materials | 13,750 | 5,317 | 8,433 |
| Operating expenditures | <u>2,000</u> | <u>6,950</u> | <u>(4,950)</u> |
| Total expenditures | <u>55,350</u> | <u>130,496</u> | <u>(75,146)</u> |
| NET CHANGE IN FUND BALANCES | 94,650 | 6,522 | (88,128) |
| FUND BALANCES, BEGINNING | <u>36,160</u> | <u>36,160</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 130,810</u> | <u>\$ 42,682</u> | <u>\$ (88,128)</u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISTRICT ATTORNEY FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|------------------|--|---|
| REVENUES | | | |
| Fees | \$ 53,000 | \$ 44,626 | \$ (8,374) |
| Miscellaneous | 850 | 748 | (102) |
| Total revenues | <u>53,850</u> | <u>45,374</u> | <u>(8,476)</u> |
| EXPENDITURES | | | |
| General Government | | | |
| Personnel services | 39,600 | 32,713 | 6,887 |
| Supplies and materials | 12,250 | 16,357 | (4,107) |
| Operating expenditures | 2,000 | 1,749 | 251 |
| Capital | - | 5,750 | (5,750) |
| Total expenditures | <u>53,850</u> | <u>56,570</u> | <u>(2,720)</u> |
| NET CHANGE IN FUND BALANCES | - | (11,196) | (11,196) |
| OTHER FINANCING SOURCES | | | |
| Proceeds from sale of fixed assets | - | 1,250 | 1,250 |
| Total other financing sources | <u>-</u> | <u>1,250</u> | <u>1,250</u> |
| FUND BALANCES, BEGINNING | <u>20,343</u> | <u>20,343</u> | - |
| FUND BALANCES, ENDING | <u>\$ 20,343</u> | <u>\$ 10,397</u> | <u>\$ (9,946)</u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISTRICT CLERK RECORDS MANAGEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|--|------------------|--|---|
| REVENUES | | | |
| Charges for services | \$ 6,000 | \$ 7,568 | \$ 1,568 |
| Total revenues | <u>6,000</u> | <u>7,568</u> | <u>1,568</u> |
| EXPENDITURES | | | |
| General Government | | | |
| Operating expenditures | 8,300 | 282 | 8,018 |
| Debt service principal | 12,338 | 12,337 | 1 |
| Debt service interest | 1,206 | 1,206 | - |
| Total expenditures | <u>21,844</u> | <u>13,825</u> | <u>8,019</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (15,844) | (6,257) | 9,587 |
| OTHER FINANCING SOURCES | | | |
| Transfers in | 29,119 | 6,257 | (22,862) |
| Total other financing sources | <u>29,119</u> | <u>6,257</u> | <u>(22,862)</u> |
| NET CHANGE IN FUND BALANCE | 13,275 | - | (13,275) |
| FUND BALANCES, BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 13,275</u> | <u>\$ -</u> | <u>\$ (13,275)</u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COUNTY RECORDS PRESERVATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|--|-------------------------|--|---|
| REVENUES | | | |
| Charges for services | \$ 64,500 | \$ 69,317 | \$ 4,817 |
| Miscellaneous | 25 | 27,483 | 27,458 |
| Total revenues | <u>64,525</u> | <u>96,800</u> | <u>32,275</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government: | | | |
| Operating expenditures | 10,000 | 744 | 9,256 |
| Total expenditures | <u>10,000</u> | <u>744</u> | <u>9,256</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>54,525</u> | <u>96,056</u> | <u>23,019</u> |
| OTHER FINANCING USES | | | |
| Operating transfer out | (29,119) | (6,257) | 22,862 |
| Total other financing sources | <u>(29,119)</u> | <u>(6,257)</u> | <u>22,862</u> |
| NET CHANGE IN FUND BALANCES | 25,406 | 89,799 | 45,881 |
| FUND BALANCES, BEGINNING | <u>25,202</u> | <u>25,202</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ 50,608</u></u> | <u><u>\$ 115,001</u></u> | <u><u>\$ 45,881</u></u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HISTORICAL COMMISSION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-----------------|--|---|
| REVENUES | | | |
| Interest | \$ - | \$ - | \$ - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Culture and recreation | | | |
| Operating expenditures | 4,500 | 59 | 4,441 |
| Total expenditures | <u>4,500</u> | <u>59</u> | <u>4,441</u> |
| NET CHANGE IN FUND BALANCES | (4,500) | (59) | 4,441 |
| FUND BALANCES, BEGINNING | <u>12,813</u> | <u>12,813</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 8,313</u> | <u>\$ 12,754</u> | <u>\$ 4,441</u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CHILD PROTECTIVE SERVICES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|--|----------------|--|---|
| REVENUES | | | |
| Interest | \$ 25 | \$ 94 | \$ 69 |
| Total revenues | <u>25</u> | <u>94</u> | <u>69</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Health and welfare: | | | |
| Other | 6,500 | 7,376 | (876) |
| Total expenditures | <u>6,500</u> | <u>7,376</u> | <u>(876)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(6,475)</u> | <u>(7,282)</u> | <u>(807)</u> |
| OTHER FINANCING SOURCES | | | |
| Transfers in | 6,500 | 6,500 | - |
| Total other financing sources | <u>6,500</u> | <u>6,500</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 25 | (782) | (807) |
| FUND BALANCES, BEGINNING | <u>784</u> | <u>784</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 809</u> | <u>\$ 2</u> | <u>\$ (807)</u> |

See Independent Auditor's Report

GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COURT REPORTER SERVICES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | Budget | Actual Amounts (GAAP Basis) | Variance Positive (Negative) |
|------------------------------------|-----------|-----------------------------------|------------------------------------|
| REVENUES | | | |
| Fees | \$ 26,000 | \$ 29,655 | \$ 3,655 |
| Total revenues | 26,000 | 29,655 | 3,655 |
| EXPENDITURES | | | |
| Current: | | | |
| General government: | | | |
| Other services and charges | 26,000 | 29,655 | (3,655) |
| Total expenditures | 26,000 | 29,655 | (3,655) |
| NET CHANGE IN FUND BALANCES | - | - | - |
| FUND BALANCES, BEGINNING | - | - | - |
| FUND BALANCES, ENDING | \$ - | \$ - | \$ - |

See Independent Auditor's Report

GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LAW LIBRARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|------------------|--|---|
| REVENUES | | | |
| Fines and fees | \$ 76,000 | \$ 83,545 | \$ 7,545 |
| Miscellaneous | 13,200 | 14,083 | 883 |
| Total revenues | <u>89,200</u> | <u>97,628</u> | <u>8,428</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Judicial: | | | |
| Personnel services | 42,348 | 42,297 | 51 |
| Supplies and materials | 71,000 | 69,253 | 1,747 |
| Other services and charges | 2,675 | 1,954 | 721 |
| Total expenditures | <u>116,023</u> | <u>113,504</u> | <u>2,519</u> |
| NET CHANGE IN FUND BALANCES | (26,823) | (15,876) | 10,947 |
| FUND BALANCES, BEGINNING | <u>86,655</u> | <u>86,655</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 59,832</u> | <u>\$ 70,779</u> | <u>\$ 10,947</u> |

See Independent Auditor's Report

GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISTRICT ATTORNEY STATE SUPPLEMENTAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-------------------------|--|---|
| REVENUES | | | |
| Intergovernmental | \$ 35,000 | \$ 35,714 | \$ 714 |
| Total revenues | <u>35,000</u> | <u>35,714</u> | <u>714</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Judicial: | | | |
| Personnel services | - | 30,095 | (30,095) |
| Total expenditures | <u>-</u> | <u>30,095</u> | <u>(30,095)</u> |
| NET CHANGE IN FUND BALANCES | 35,000 | 5,619 | (29,381) |
| FUND BALANCES, BEGINNING | <u>7,781</u> | <u>7,781</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ 42,781</u></u> | <u><u>\$ 13,400</u></u> | <u><u>\$ (29,381)</u></u> |

See Independent Auditor's Report

GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CJD DOMESTIC VIOLENCE GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | Budget | Actual Amounts (GAAP Basis) | Variance Positive (Negative) |
|--|-----------|-----------------------------------|------------------------------------|
| REVENUES | | | |
| Intergovernmental | \$ 69,720 | \$ 61,003 | \$ (8,717) |
| Total revenues | 69,720 | 61,003 | (8,717) |
| EXPENDITURES | | | |
| Current: | | | |
| Judicial: | | | |
| Personnel services | 69,720 | 77,343 | (7,623) |
| Other operating expenditures | - | 2,750 | (2,750) |
| Total expenditures | 69,720 | 80,093 | (10,373) |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | - | (19,090) | (19,090) |
| OTHER FINANCING SOURCES | | | |
| Transfer in | 8,400 | 12,674 | 4,274 |
| Total other financing (uses) | 8,400 | 12,674 | 4,274 |
| NET CHANGE IN FUND BALANCES | 8,400 | (6,416) | (14,816) |
| FUND BALANCES, BEGINNING | - | - | - |
| FUND BALANCES, ENDING | \$ 8,400 | \$ (6,416) | \$ (14,816) |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COUNTY ATTORNEY VICTIM'S LIAISON GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|--|--------------------|--|---|
| REVENUES | | | |
| Intergovernmental | \$ 39,000 | \$ 35,092 | \$ (3,908) |
| Total revenues | <u>39,000</u> | <u>35,092</u> | <u>(3,908)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Judicial: | | | |
| Personnel services | 39,000 | 39,015 | (15) |
| Total expenditures | <u>39,000</u> | <u>39,015</u> | <u>(15)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>-</u> | <u>(3,923)</u> | <u>(3,923)</u> |
| NET CHANGE IN FUND BALANCES | - | (3,923) | (3,923) |
| FUND BALANCES, BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ -</u></u> | <u><u>\$ (3,923)</u></u> | <u><u>\$ (3,923)</u></u> |

See Independent Auditor's Report

GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LAW ENFORCEMENT BLOCK GRANT
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|---------------------------------|---------------|--|---|
| REVENUES | | | |
| Intergovernmental | \$ - | \$ 8,140 | \$ 8,140 |
| Interest | - | 289 | 289 |
| Total revenues | <u>-</u> | <u>8,429</u> | <u>8,429</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety: | | | |
| Supplies and materials | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| CHANGE IN FUND BALANCES | - | 8,429 | 8,429 |
| FUND BALANCES, BEGINNING | <u>638</u> | <u>638</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 638</u> | <u>\$ 9,067</u> | <u>\$ 8,429</u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COPS METH GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-------------------|--|---|
| REVENUES | | | |
| Intergovernmental | \$ 45,000 | \$ 46,789 | \$ 1,789 |
| Interest | - | 5 | 5 |
| Total revenues | <u>45,000</u> | <u>46,794</u> | <u>1,794</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety: | | | |
| Supplies | 14,000 | 14,415 | |
| Capital expenditures | 33,000 | 33,000 | - |
| Total expenditures | <u>47,000</u> | <u>47,415</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (2,000) | (621) | 1,794 |
| FUND BALANCES, BEGINNING | <u>632</u> | <u>632</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ (1,368)</u> | <u>\$ 11</u> | <u>\$ 1,794</u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOMELAND SECURITY GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-----------------|--|---|
| REVENUES | | | |
| Intergovernmental | \$ 200,000 | \$ 202,226 | \$ 2,226 |
| Total revenues | <u>200,000</u> | <u>202,226</u> | <u>2,226</u> |
| EXPENDITURES | | | |
| Public safety: | | | |
| Equipment | 198,645 | 202,988 | (4,343) |
| Total expenditures | <u>198,645</u> | <u>202,988</u> | <u>(4,343)</u> |
| NET CHANGE IN FUND BALANCES | 1,355 | (762) | (2,117) |
| FUND BALANCES, BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 1,355</u> | <u>\$ (762)</u> | <u>\$ (2,117)</u> |

See Independent Auditor's Report

GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
VINE GRANT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|------------------------|--|---|
| REVENUES | | | |
| Intergovernmental | \$ 25,000 | \$ 25,880 | \$ 880 |
| Total revenues | <u>25,000</u> | <u>25,880</u> | <u>880</u> |
| EXPENDITURES | | | |
| Public safety: | | | |
| Operating expenditures | <u>25,880</u> | <u>25,880</u> | <u>-</u> |
| Total expenditures | <u>25,880</u> | <u>25,880</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (880) | - | 880 |
| FUND BALANCES, BEGINNING | <u>54</u> | <u>54</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ (826)</u></u> | <u><u>\$ 54</u></u> | <u><u>\$ 880</u></u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SHERIFF DRUG FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|------------------|--|---|
| REVENUES | | | |
| Intergovernmental | \$ 10,672 | \$ - | \$ (10,672) |
| Forfeitures | 10,000 | 94,734 | 84,734 |
| Interest | 500 | 5,037 | 4,537 |
| Miscellaneous | 500 | 4,822 | 4,322 |
| Total revenues | <u>21,672</u> | <u>104,593</u> | <u>82,921</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety: | | | |
| Operating expenditures | 29,000 | 16,913 | 12,087 |
| Capital expenditures | 12,500 | 13,000 | (500) |
| Total expenditures | <u>41,500</u> | <u>29,913</u> | <u>11,587</u> |
| NET CHANGE IN FUND BALANCES | (19,828) | 74,680 | 94,508 |
| FUND BALANCES, BEGINNING | <u>63,071</u> | <u>63,071</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 43,243</u> | <u>\$ 137,751</u> | <u>\$ 94,508</u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COUNTY SHERIFF COMMISSARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|------------------|--|---|
| REVENUES | | | |
| Charges for services | \$ 40,000 | \$ 55,260 | \$ 15,260 |
| Interest | 700 | 2,309 | 1,609 |
| Total revenues | <u>40,700</u> | <u>57,569</u> | <u>16,869</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety: | | | |
| Operating expenditures | 41,000 | 49,671 | (8,671) |
| Capital outlay | 7,000 | - | 7,000 |
| Total expenditures | <u>48,000</u> | <u>49,671</u> | <u>(1,671)</u> |
| NET CHANGE IN FUND BALANCES | (7,300) | 7,898 | 15,198 |
| FUND BALANCES, BEGINNING | <u>51,687</u> | <u>51,687</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 44,387</u> | <u>\$ 59,585</u> | <u>\$ 15,198</u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FEDERAL FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|------------------|--|---|
| REVENUES | | | |
| Interest | \$ - | \$ 528 | \$ 528 |
| Total revenues | <u>-</u> | <u>528</u> | <u>528</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Judicial: | | | |
| Personnel services | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | - | 528 | 528 |
| FUND BALANCES, BEGINNING | <u>15,601</u> | <u>15,601</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 15,601</u> | <u>\$ 16,129</u> | <u>\$ 528</u> |

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GRAYSON COUNTY, TEXAS

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

PUBLIC HEALTH FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|--------------------|--|---|
| REVENUES | | | |
| Fees | \$ 574,850 | \$ 693,397 | \$ 118,547 |
| Intergovernmental | 1,255,827 | 1,230,330 | (25,497) |
| Miscellaneous | <u>6,000</u> | <u>6,698</u> | <u>698</u> |
| Total revenues | <u>1,836,677</u> | <u>1,930,425</u> | <u>93,748</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Health and Welfare: | | | |
| Personnel services | 1,615,428 | 1,537,685 | 77,743 |
| Supplies and materials | 273,796 | 259,085 | 14,711 |
| Other services and charges | 2,145,342 | 1,435,342 | 710,000 |
| Capital outlay | <u>13,000</u> | <u>-</u> | <u>13,000</u> |
| Total expenditures | <u>4,047,566</u> | <u>3,232,112</u> | <u>815,454</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(2,210,889)</u> | <u>(1,301,687)</u> | <u>909,202</u> |
| OTHER FINANCING SOURCES | | | |
| Transfers in | <u>2,239,625</u> | <u>1,566,613</u> | <u>(673,012)</u> |
| Total other financing sources | <u>2,239,625</u> | <u>1,566,613</u> | <u>(673,012)</u> |
| NET CHANGE IN FUND BALANCES | 28,736 | 264,926 | 236,190 |
| FUND BALANCES, BEGINNING | <u>307,057</u> | <u>307,057</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 335,793</u> | <u>\$ 571,983</u> | <u>\$ 236,190</u> |

The accompanying notes are an integral part of this statement.

GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JUVENILE BOOT CAMP FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|--|-------------------|--|---|
| REVENUES | | | |
| Intergovernmental | \$ 222,000 | \$ 329,394 | \$ 107,394 |
| Fees | 1,010,000 | 917,594 | (92,406) |
| Miscellaneous | 1,000 | 13,806 | 12,806 |
| Total revenues | <u>1,233,000</u> | <u>1,260,794</u> | <u>27,794</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public Safety: | | | |
| Personnel services | 1,051,951 | 958,587 | 93,364 |
| Supplies and materials | 98,300 | 135,664 | (37,364) |
| Operating expenditures | 210,650 | 190,568 | 20,082 |
| Capital expenditures | 100,000 | - | 100,000 |
| Total expenditures | <u>1,460,901</u> | <u>1,284,819</u> | <u>176,082</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (227,901) | (24,025) | 203,876 |
| OTHER FINANCING USES | | | |
| Transfer out | (245,000) | (111,871) | 133,129 |
| NET CHANGE IN FUND BALANCES | (472,901) | (135,896) | 337,005 |
| FUND BALANCES, BEGINNING | <u>465,320</u> | <u>465,320</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ (7,581)</u> | <u>\$ 329,424</u> | <u>\$ 337,005</u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TITLE IV-E FEDERAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-------------------------|--|---|
| REVENUES | | | |
| Intergovernmental | \$ 75,500 | \$ 96,420 | \$ 20,920 |
| Interest | 4,000 | 4,136 | 136 |
| Total revenues | <u>79,500</u> | <u>100,556</u> | <u>21,056</u> |
| EXPENDITURES | | | |
| Public Safety | | | |
| Personnel services | 32,000 | 18,600 | 13,400 |
| Supplies and materials | 2,500 | 4,181 | (1,681) |
| Operating expenditures | - | 3,248 | (3,248) |
| Capital outlay | 41,000 | - | 41,000 |
| Total expenditures | <u>75,500</u> | <u>26,029</u> | <u>49,471</u> |
| NET CHANGE IN FUND BALANCES | 4,000 | 74,527 | 70,527 |
| FUND BALANCES, BEGINNING | <u>92,550</u> | <u>92,550</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ 96,550</u></u> | <u><u>\$ 167,077</u></u> | <u><u>\$ 70,527</u></u> |

See Independent Auditor's Report

GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JUVENILE PROBATION FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-------------------------|--|---|
| REVENUES | | | |
| Charges for services | \$ 14,000 | \$ 14,767 | \$ 767 |
| Interest | - | 405 | 405 |
| Total revenues | <u>14,000</u> | <u>15,172</u> | <u>1,172</u> |
| EXPENDITURES | | | |
| Public Safety | | | |
| Operating expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 14,000 | 15,172 | 1,172 |
| FUND BALANCES, BEGINNING | <u>5,798</u> | <u>5,798</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ 19,798</u></u> | <u><u>\$ 20,970</u></u> | <u><u>\$ 1,172</u></u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JUVENILE CASE MANAGER FEES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-------------------------|--|---|
| REVENUES | | | |
| Charges for services | \$ 20,000 | \$ 21,081 | \$ 1,081 |
| Interest | - | 158 | 158 |
| Total revenues | <u>20,000</u> | <u>21,239</u> | <u>1,239</u> |
| EXPENDITURES | | | |
| Public Safety | | | |
| Operating expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 20,000 | 21,239 | 1,239 |
| FUND BALANCES, BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ 20,000</u></u> | <u><u>\$ 21,239</u></u> | <u><u>\$ 1,239</u></u> |

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GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
2003 REFUNDING BONDS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|------------------|--|---|
| REVENUES | | | |
| Taxes: | | | |
| Current | \$ 125,712 | \$ 170,262 | \$ 44,550 |
| Delinquent | 7,000 | 3,142 | (3,858) |
| Penalties and interest | 5,000 | 2,599 | (2,401) |
| Total taxes | <u>137,712</u> | <u>176,003</u> | <u>38,291</u> |
| | | | |
| Interest | <u>2,000</u> | <u>4,638</u> | <u>2,638</u> |
| Total revenues | <u>139,712</u> | <u>180,641</u> | <u>40,929</u> |
| | | | |
| EXPENDITURES | | | |
| Debt service: | | | |
| Principal retirement | 105,000 | 105,000 | - |
| Interest and fiscal charges | 50,770 | 50,070 | 700 |
| Total expenditures | <u>155,770</u> | <u>155,070</u> | <u>700</u> |
| | | | |
| NET CHANGE IN FUND BALANCES | (16,058) | 25,571 | 41,629 |
| | | | |
| FUND BALANCES, BEGINNING | <u>36,292</u> | <u>36,292</u> | <u>-</u> |
| | | | |
| FUND BALANCES, ENDING | <u>\$ 20,234</u> | <u>\$ 61,863</u> | <u>\$ 41,629</u> |

See Independent Auditor's Report

GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PERMANENT IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-------------------|--|---|
| REVENUES | | | |
| Taxes: | | | |
| Current | \$ 250,000 | \$ 252,419 | \$ 2,419 |
| Delinquent | 4,000 | 6,232 | 2,232 |
| Penalties and interest | 3,500 | 3,844 | 344 |
| Total taxes | <u>257,500</u> | <u>262,495</u> | <u>4,995</u> |
| | | | |
| Interest | <u>5,000</u> | <u>34,106</u> | <u>29,106</u> |
| Total revenues | <u>262,500</u> | <u>296,601</u> | <u>34,101</u> |
| | | | |
| EXPENDITURES | | | |
| Capital projects: | | | |
| Operating expenditures | <u>435,000</u> | <u>154,738</u> | <u>280,262</u> |
| Total expenditures | <u>435,000</u> | <u>154,738</u> | <u>280,262</u> |
| | | | |
| NET CHANGE IN FUND BALANCES | (172,500) | 141,863 | 314,363 |
| | | | |
| FUND BALANCES, BEGINNING | <u>600,267</u> | <u>600,267</u> | <u>-</u> |
| | | | |
| FUND BALANCES, ENDING | <u>\$ 427,767</u> | <u>\$ 742,130</u> | <u>\$ 314,363</u> |

See Independent Auditor's Report

GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JUVENILE DETENTION CENTER RENOVATIONS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|--|------------------|--|---|
| REVENUES | | | |
| Intergovernmental | \$ 145,000 | \$ 145,000 | \$ - |
| Total revenues | <u>145,000</u> | <u>145,000</u> | <u>-</u> |
| EXPENDITURES | | | |
| Judicial: | | | |
| Capital outlay | <u>290,000</u> | <u>256,871</u> | <u>33,129</u> |
| Total expenditures | <u>290,000</u> | <u>256,871</u> | <u>33,129</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(145,000)</u> | <u>(111,871)</u> | <u>33,129</u> |
| OTHER FINANCING SOURCES | | | |
| Transfers in | <u>145,000</u> | <u>111,871</u> | <u>(33,129)</u> |
| Total other financing sources (uses) | <u>145,000</u> | <u>111,871</u> | <u>(33,129)</u> |
| NET CHANGE IN FUND BALANCES | - | - | - |
| FUND BALANCES, BEGINNING | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See Independent Auditor's Report

GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LATERAL ROAD FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-------------------------|--|---|
| REVENUES | | | |
| Intergovernmental | \$ 72,000 | \$ 71,682 | \$ (318) |
| Interest | 1,000 | 5,979 | 4,979 |
| Total taxes | <u>73,000</u> | <u>77,661</u> | <u>4,661</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Highways and streets | | | |
| Operating expenditures | 76,000 | 19,781 | 56,219 |
| Total expenditures | <u>76,000</u> | <u>19,781</u> | <u>56,219</u> |
| NET CHANGE IN FUND BALANCES | (3,000) | 57,880 | 60,880 |
| FUND BALANCES, BEGINNING | <u>72,073</u> | <u>72,073</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u><u>\$ 69,073</u></u> | <u><u>\$ 129,953</u></u> | <u><u>\$ 60,880</u></u> |

See Independent Auditor's Report

GRAYSON COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TEXOMA SUCCEEDING GENERATIONS TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | <u>Budget</u> | <u>Actual Amounts (GAAP Basis)</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|------------------|--|---|
| REVENUES | | | |
| Interest | \$ 800 | \$ 2,809 | \$ 2,009 |
| Total taxes | <u>800</u> | <u>2,809</u> | <u>2,009</u> |
| EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 800 | 2,809 | 2,009 |
| FUND BALANCES, BEGINNING | <u>59,558</u> | <u>59,558</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 60,358</u> | <u>\$ 62,367</u> | <u>\$ 2,009</u> |

See Independent Auditor's Report

FIDUCIARY FUNDS

**GRAYSON COUNTY, TEXAS
FIDUCIARY FUNDS
SEPTEMBER 30, 2006**

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 - To account 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 ten percent of the funds collected as a service fee and all interest earned on the funds.

Appellate Justice System - To account 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 - Collections that are held in trust until awarded by the courts and remitted to the appropriate state, county, or individual.

Adult Probation Restitution - This is a departmental fund used by the Adult Probation Department to account for collections from probationers for fines, probation fees, court costs, probationer support and restitution. All such collections are subsequently remitted to the appropriate individual, County official or County fund.

County Attorney Bad Check Victims - Collections by the County Attorney for hot checks are accounted for in the County Attorney Bad Check Victims account. Collections are subsequently remitted to the appropriate person or entity.

County Attorney Restitution - This fund accounts for monies paid by defendants in crimes that require restitution to defendants. As the funds are paid to the County Attorney's office, they are remitted to victims immediately.

County Clerk Operating - These funds are held by the Clerks and payable to the State for fees collected and paid by the County and District Clerks related to Texas Government Code 25.005, and corresponding to salary adoption for the County Court-at-Law Judge.

District Clerk Operating - The monies in this trust fund represent funds paid to the District Clerk by the State Comptroller. The money is held in this fund pending an examination to determine their appropriate use.

Juvenile Probation - This is a departmental fund used by the Juvenile Probation Department to account for collections from probationers for probation fees and restitution. All such collections are subsequently remitted to the appropriate individual, County official or County fund.

Tax Assessor Collector - To account 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 Law Enforcement Operating - The Sheriff Operating Fund accounts for fee collections by the Sheriff Department, which are reportable to the County Treasurer.

Sheriff Bonds - This fund is to account for bond money collected by the Sheriff. Bond money is held in trust for felony cases recorded by the District Clerk pending court-ordered disbursement.

**GRAYSON COUNTY, TEXAS
FIDUCIARY FUNDS
SEPTEMBER 30, 2006**

County Clerk Trust - Maintained by the County Clerk, this fund accounts for trust money held in non-interest bearing accounts or investments, for civil cases before the County Court or County Court-at-Law. Disbursements are made upon disposition of the cases by court order.

District Clerk Trust - This trust fund maintained by the District Clerk accounts for cash and investments held pending disposition of civil cases before the District Courts.

Jail Inmate Trust - This account is money held by the Sheriff for inmates of the jail. The funds are held until the inmate is released or transferred.

Sheriff Civil Trust Fund - This trust fund, maintained by the Sheriff, is held for the benefit of certain individuals after disposition of the related civil case and until monies can be properly claimed.

GRAYSON COUNTY, TEXAS
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | Agency | | | |
|---------------------------------------|--|--------------------------------|-------------------|-----------------------------------|
| | State Court Costs and Arrest Fees | Appellate Justice System | Seized | Adult Probation Restitution |
| ASSETS | | | | |
| Cash and investments | \$ 306,582 | \$ 9,006 | \$ 181,904 | \$ 238,918 |
| Total assets | <u>\$ 306,582</u> | <u>\$ 9,006</u> | <u>\$ 181,904</u> | <u>\$ 238,918</u> |
| LIABILITIES | | | | |
| Due to other agencies and individuals | \$ 306,582 | \$ 9,006 | \$ 181,904 | \$ 238,918 |
| Total liabilities | <u>\$ 306,582</u> | <u>\$ 9,006</u> | <u>\$ 181,904</u> | <u>\$ 238,918</u> |

Agency

| District Attorney Bad Check Trust | Tax Assessor Collector | Sheriff Law Enforcement Operating | Sheriff Bonds | County Clerk Trust | District Clerk Trust |
|--|------------------------------|---|--------------------------|----------------------------|----------------------------|
| <u>\$ 16,255</u> | <u>\$ 1,756,462</u> | <u>\$ 4,058</u> | <u>\$ 345,923</u> | <u>\$ 1,965,005</u> | <u>\$ 2,666,813</u> |
| <u><u>\$ 16,255</u></u> | <u><u>\$ 1,756,462</u></u> | <u><u>\$ 4,058</u></u> | <u><u>\$ 345,923</u></u> | <u><u>\$ 1,965,005</u></u> | <u><u>\$ 2,666,813</u></u> |
| <u>\$ 16,255</u> | <u>\$ 1,756,462</u> | <u>\$ 4,058</u> | <u>\$ 345,923</u> | <u>\$ 1,965,005</u> | <u>\$ 2,666,813</u> |
| <u><u>\$ 16,255</u></u> | <u><u>\$ 1,756,462</u></u> | <u><u>\$ 4,058</u></u> | <u><u>\$ 345,923</u></u> | <u><u>\$ 1,965,005</u></u> | <u><u>\$ 2,666,813</u></u> |

GRAYSON COUNTY, TEXAS
COMBINING SCHEDULE OF FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

| | Agency | |
|---------------------------------------|-------------------------|--------------|
| | Jail Inmate Trust | Total |
| ASSETS | | |
| Cash and investments | \$ 55,555 | \$ 7,546,481 |
| Total assets | \$ 55,555 | \$ 7,546,481 |
| LIABILITIES | | |
| Due to other agencies and individuals | \$ 55,555 | \$ 7,546,481 |
| Total liabilities | \$ 55,555 | \$ 7,546,481 |

OTHER INFORMATION REQUIRED BY GAO



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

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CERTIFIED
PUBLIC
ACCOUNTANTS
&
BUSINESS
ADVISORS

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

We have audited the financial statements of Grayson County, Texas (the "County") as of and for the year ended September 30, 2006, and have issued our report thereon dated April 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

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

Stovall, Grandey & Allen, LLP

STOVALL, GRANDEY & ALLEN, LLP
Fort Worth, Texas
April 26, 2007

STATISTICAL SECTION

GRAYSON COUNTY, TEXAS
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

| <u>Fiscal Year</u> | <u>General Government</u> | <u>Judicial</u> | <u>Public Safety</u> | <u>Health and Welfare</u> | <u>Highways, Streets and Bridges</u> | <u>Debt Service</u> | <u>Total</u> |
|--------------------|---------------------------|-----------------|----------------------|---------------------------|--------------------------------------|---------------------|--------------|
| 1997 | 4,637,140 | 2,997,327 | 6,320,356 | 3,293,694 | 4,323,913 | 1,258,908 | 22,831,338 |
| 1998 | 4,681,101 | 3,167,432 | 7,689,910 | 3,475,207 | 4,872,234 | 1,258,479 | 25,144,363 |
| 1999 | 5,185,431 | 3,371,320 | 9,984,101 | 3,675,695 | 4,933,664 | 1,260,796 | 28,411,007 |
| 2000 | 6,590,810 | 3,894,727 | 10,499,538 | 3,876,889 | 5,019,371 | 1,126,192 | 31,007,527 |
| 2001 | 6,026,952 | 4,011,963 | 10,865,778 | 4,327,724 | 5,185,881 | 298,350 | 30,716,648 |
| 2002 | 6,334,028 | 4,643,861 | 12,083,252 | 4,158,651 | 5,650,180 | 373,127 | 33,243,099 |
| 2003 | 5,339,394 | 4,236,298 | 10,047,110 | 4,944,094 | 5,016,150 | 504,798 | 30,087,844 |
| 2004 | 6,171,201 | 4,942,103 | 12,756,755 | 5,044,381 | 5,470,954 | 479,839 | 34,865,233 |
| 2005 | 6,168,474 | 5,957,159 | 13,570,199 | 4,748,252 | 6,083,552 | 479,416 | 37,007,052 |
| 2006 | 7,671,426 | 6,197,421 | 13,408,596 | 4,736,566 | 5,695,921 | 476,968 | 38,186,898 |

Note: Includes General, Special Revenue and Debt Service.

GRAYSON COUNTY, TEXAS
GENERAL GOVERNMENTAL REVENUES BY SOURCES
LAST TEN FISCAL YEARS

| <u>Fiscal Year</u> | <u>Taxes</u> | <u>Fees and Licenses</u> | <u>Fines and Forfeitures</u> | <u>Inter-Governmental</u> | <u>Interest Earnings</u> | <u>Miscellaneous</u> | <u>Total</u> |
|--------------------|--------------|--------------------------|------------------------------|---------------------------|--------------------------|----------------------|--------------|
| 1997 | 13,020,601 | 4,586,467 | 1,146,961 | 3,526,018 | 512,117 | 330,138 | 23,122,302 |
| 1998 | 13,791,903 | 5,120,444 | 1,267,604 | 4,622,265 | 533,744 | 469,059 | 25,805,019 |
| 1999 | 14,481,774 | 5,445,286 | 1,363,997 | 7,450,922 | 539,981 | 530,798 | 29,812,758 |
| 2000 | 15,151,836 | 6,176,161 | 1,039,428 | 6,032,924 | 675,455 | 517,952 | 29,593,756 |
| 2001 | 15,919,422 | 6,315,858 | 1,119,273 | 6,807,715 | 557,955 | 528,217 | 31,248,440 |
| 2002 | 17,951,360 | 6,904,145 | 1,297,659 | 5,114,549 | 268,629 | 836,658 | 32,373,000 |
| 2003 | 21,080,753 | 6,361,757 | 1,392,495 | 4,580,184 | 274,842 | 488,412 | 34,178,443 |
| 2004 | 22,435,197 | 6,858,367 | 1,645,078 | 4,500,651 | 175,870 | 524,137 | 36,139,300 |
| 2005 | 23,516,456 | 7,207,627 | 1,692,259 | 5,296,102 | 574,021 | 512,497 | 38,798,962 |
| 2006 | 25,713,192 | 7,702,317 | 2,006,900 | 4,386,146 | 897,648 | 719,974 | 41,426,177 |

Note: Includes General, Special Revenue and Debt Service.

GRAYSON COUNTY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

| <u>Fiscal Year</u> | <u>Total Tax Levy</u> | <u>Current Tax Collections</u> | <u>Percent of Current Taxes Collected</u> | <u>Delinquent Tax Collections</u> | <u>Total Tax Collections</u> | <u>Ratio of Total Tax Collections to Tax Levy</u> | <u>Outstanding Delinquent Taxes</u> | <u>Ratio of Delinquent Taxes to Total Tax Levy</u> |
|--------------------|-----------------------|--------------------------------|---|-----------------------------------|------------------------------|---|-------------------------------------|--|
| 1997 | 13,033,084 | 12,537,100 | 96.2% | 427,328 | 12,964,428 | 99.5% | 1,206,055 | 9.3% |
| 1998 | 13,729,339 | 13,215,538 | 96.3% | 482,704 | 13,698,242 | 99.8% | 1,213,952 | 8.8% |
| 1999 | 14,496,403 | 13,907,896 | 95.9% | 483,784 | 14,391,680 | 99.3% | 1,211,342 | 8.4% |
| 2000 | 15,046,555 | 14,566,378 | 96.8% | 502,203 | 15,068,581 | 100.1% | 1,174,679 | 7.8% |
| 2001 | 15,896,367 | 15,251,618 | 95.9% | 825,432 | 16,077,050 | 101.1% | 1,269,733 | 8.0% |
| 2002 | 18,260,129 | 17,670,599 | 96.8% | 437,829 | 18,108,428 | 99.2% | 1,348,562 | 7.4% |
| 2003 | 20,629,356 | 19,976,419 | 96.8% | 950,404 | 20,926,823 | 101.4% | 1,586,895 | 7.7% |
| 2004 | 21,980,735 | 21,270,651 | 96.8% | 993,726 | 22,264,377 | 101.3% | 1,762,003 | 8.0% |
| 2005 | 23,389,378 | 22,682,745 | 97.0% | 672,030 | 23,354,775 | 99.9% | 1,805,209 | 7.7% |
| 2006 | 25,466,285 | 24,702,136 | 97.0% | 675,835 | 25,377,971 | 99.7% | 1,877,520 | 7.4% |

GRAYSON COUNTY, TEXAS
TAX RATE DISTRIBUTION
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

| Fiscal Year | General | Special Revenue | Capital Projects | Debt Service | Total |
|----------------|---------|--------------------|---------------------|-----------------|---------|
| 1997 | 0.36441 | 0.04064 | 0.00544 | 0.04130 | 0.45179 |
| 1998 | 0.36271 | 0.04256 | 0.00515 | 0.04137 | 0.45179 |
| 1999 | 0.36486 | 0.03876 | 0.00484 | 0.03915 | 0.44761 |
| 2000 | 0.37898 | 0.03736 | 0.00467 | 0.02778 | 0.44879 |
| 2001 | 0.37839 | 0.05152 | 0.00429 | 0.00464 | 0.43884 |
| 2002 | 0.41577 | 0.04510 | 0.00403 | 0.00410 | 0.46900 |
| 2003 | 0.45362 | 0.03360 | 0.00000 | 0.00368 | 0.49090 |
| 2004 | 0.44729 | 0.03592 | 0.00579 | 0.00190 | 0.49090 |
| 2005 | 0.44882 | 0.03200 | 0.00761 | 0.00247 | 0.49090 |
| 2006 | 0.45047 | 0.03204 | 0.00501 | 0.00338 | 0.49090 |