

GRAYSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2004**

GRAYSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

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GRAYSON COUNTY, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2004

COMMISSIONERS' COURT

Tim McGraw
Johnny Waldrip
David Whitlock
Carol Shea
C. E. "Gene" Short

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

JUDICIAL

James R. Fry
Rayburn Nall
Ray F. Grisham
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

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 as of and for the year ended September 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Grayson County, Texas' 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 Grayson County, Texas, as of September 30, 2004, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparisons for the General Fund and major Special Revenue Funds 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 February 11, 2005, on our consideration of Grayson County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12 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 Grayson County, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, 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 statements 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.

February 11, 2005

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis

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, 2004.

FINANCIAL HIGHLIGHTS

- The assets of Grayson County exceeded its liabilities at the close of the most recent fiscal year by \$64,226,648 (*net assets*). Of this amount, \$8,192,717 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$923,420. As the County's total net assets exceed \$64 million, this change is only 1.4 percent, and is not considered significant since non-cash expenses such as depreciation amounted to \$3,920,466.
- As of the close of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of \$16,665,947, an increase of \$1,110,990 in comparison with the prior year. Of the total fund balance, \$16,536,315 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 \$6,326,283, or 28% of total general fund expenditures.
- Grayson County's total debt decreased by \$162,299 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 are 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 activities of Grayson County is the operation of an airport.

The government-wide financial statements can be found on pages 13 – 15 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 35 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, Public Health Fund, and Right-of-Way Acquisition Fund, all of which are considered to be major funds. Data from the other 31 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 statements* 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 16 – 37 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 self-funded 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 statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 34 – 36 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 38 – 61 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 62 – 102 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 \$64,226,648, at the close of the most recent fiscal year.

By far, the largest portion of Grayson County's net assets (75 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	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 21,536,513	\$ 19,907,673	\$ 165,245	\$ 180,857	\$ 21,701,758	\$ 20,088,530
Capital assets	45,093,727	47,284,257	2,788,153	2,798,980	47,881,880	50,083,237
Total assets	<u>66,630,240</u>	<u>67,191,930</u>	<u>2,953,398</u>	<u>2,979,837</u>	<u>69,583,638</u>	<u>70,171,767</u>
Long-term liabilities	3,077,566	3,352,872	22,375	22,375	3,099,941	3,375,247
Other liabilities	2,197,814	1,606,130	59,235	40,322	2,257,049	1,646,452
Total liabilities	<u>5,275,380</u>	<u>4,959,002</u>	<u>81,610</u>	<u>62,697</u>	<u>5,356,990</u>	<u>5,021,699</u>
Net assets:						
Invested in capital assets, net of related debt	42,004,414	44,057,089	2,788,153	2,798,980	44,792,567	46,856,069
Restricted	11,241,364	11,298,097	-	-	11,241,364	11,298,097
Unrestricted	<u>8,109,082</u>	<u>6,877,742</u>	<u>83,635</u>	<u>118,160</u>	<u>8,192,717</u>	<u>6,995,902</u>
Total net assets	<u>\$ 61,354,860</u>	<u>\$ 62,232,928</u>	<u>\$ 2,871,788</u>	<u>\$ 2,917,140</u>	<u>\$ 64,226,648</u>	<u>\$ 65,150,068</u>

A portion of Grayson County's net assets (17 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net asset* (\$8,192,717) 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 net assets decreased by \$923,420 (less than one percent) during the current fiscal year. While there are several contributing factors, total assets decreased, in part, because of a significant increase in the cost of providing employee health care.

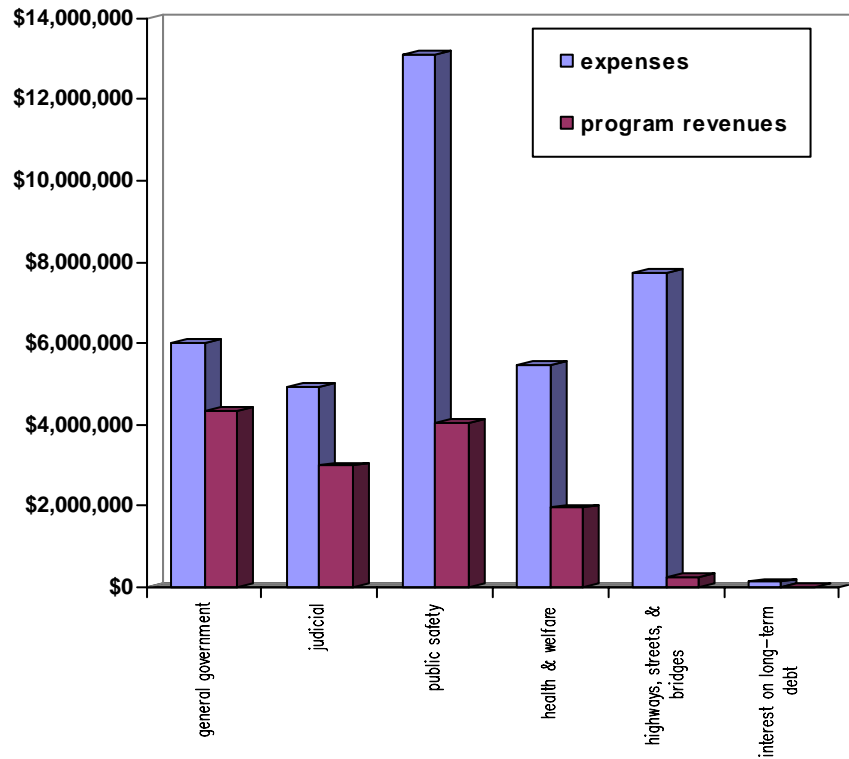
Governmental activities. Governmental activities decreased Grayson County's net assets by \$878,068. Changes in net assets are summarized as follows:

GRAYSON COUNTY'S CHANGES IN NET ASSETS

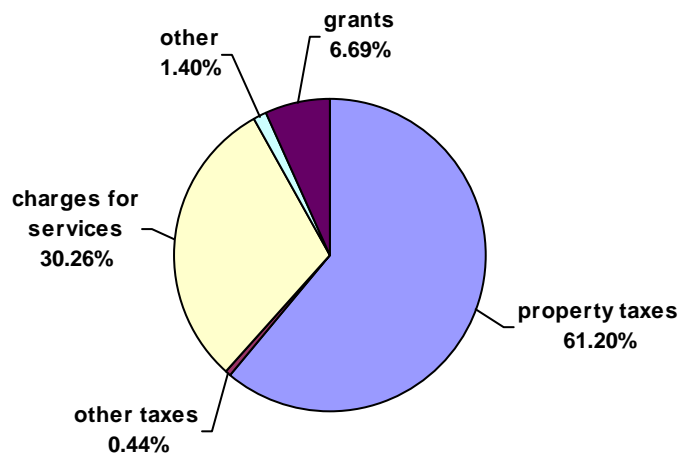
	Governmental Activities		Business-type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	\$ 11,103,472	\$ 11,730,510	\$ 607,202	\$ 597,902	\$ 11,710,674	\$ 12,328,412
Operating grants and contributions	2,455,792	2,407,440	30,168	188,718	2,485,960	2,596,158
Capital grants and contributions	154,817	-	-	-	154,817	-
General revenues:						
Property taxes	22,456,579	21,022,602	-	-	22,456,579	21,022,602
Other taxes	161,685	159,179	-	-	161,685	159,179
Taxes	<u>359,382</u>	<u>580,287</u>	<u>17,097</u>	<u>128,375</u>	<u>376,479</u>	<u>708,662</u>
Total revenues	<u>36,691,727</u>	<u>35,900,018</u>	<u>654,467</u>	<u>914,995</u>	<u>37,346,194</u>	<u>36,815,013</u>
Expenses:						
General government	5,998,855	5,350,321	-	-	5,998,855	5,350,321
Judicial	4,920,475	5,791,405	-	-	4,920,475	5,791,405
Public safety	13,099,393	11,966,992	-	-	13,099,393	11,966,992
Health and welfare	5,488,487	4,960,791	-	-	5,488,487	4,960,791
Highways and streets	7,722,154	7,166,773	-	-	7,722,154	7,166,773
Interest on long-term debt	127,838	196,369	-	-	127,838	196,369
Airport	-	-	912,412	1,108,936	912,412	1,108,936
Total expenses	<u>37,357,202</u>	<u>35,432,651</u>	<u>912,412</u>	<u>1,108,936</u>	<u>38,269,614</u>	<u>36,541,587</u>
Decrease in net assets before transfers	(665,475)	467,367	(257,945)	(193,941)	(923,420)	273,426
Transfers	(212,593)	(2,855,893)	212,593	2,855,893	-	-
Change in net assets	(878,068)	(2,388,526)	(45,352)	2,661,952	(923,420)	273,426
Net assets, beginning	62,232,928	64,621,454	2,917,140	1,233,770	65,150,068	65,855,224
Prior period adjustment	-	-	-	(978,582)	-	(978,582)
Net assets - ending	<u>\$ 61,354,860</u>	<u>\$ 62,232,928</u>	<u>\$ 2,871,788</u>	<u>\$ 2,917,140</u>	<u>\$ 64,226,648</u>	<u>\$ 65,150,068</u>

Property tax revenues accounted for approximately 61 percent of revenues for governmental activities. The next largest segment of revenues came from charges for services, which accounted for \$11,103,472, or 30 percent of total governmental revenues.

Expenses and Program Revenues – Governmental Activities



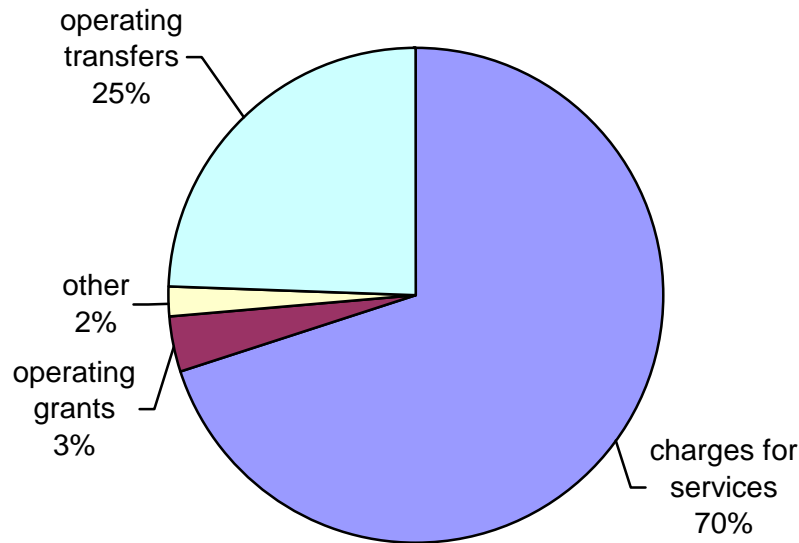
Revenues by Source – Governmental Activities



Business-type activities. Business-type activities decreased Grayson’s net assets by \$45,352, which was primarily a result depreciation recorded on assets of the airport.

The business-type activity of the County is the operation of a regional airport. Seventy percent of airport operations is funded by tenant payments for rental of industrial and aircraft facilities. Operating grants comprise another 3 percent, and transfers from the general fund to support the airport fire operations account for 25 percent (\$212,593).

Revenues by Source – Business-type Activities



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 \$16,665,947, an increase of \$1,110,990 in comparison with the prior year. Approximately 99 percent of this total amount (\$16,536,315) constitutes unrestricted fund balance, which is available for spending at the government’s discretion. 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 (\$71,630), or fund a special purpose trust (\$58,002).

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 \$6,326,283. 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, 2004, unreserved fund balance represents 25 percent of total General Fund expenditures.

The fund balance of Grayson County's General Fund increased by \$1,248,713 during the current fiscal year. The key factor in this growth comes from an increase in property taxes (current, delinquent, and penalty) of \$1,029,042, resulting from continued growth in the tax base.

The debt service fund has a total fund balance of \$71,630, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$67,765.

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 \$83,635. The total decrease in net assets for the fund was \$45,352. Airport operations and transfers from the County's General Fund (\$212,593) were able to maintain the airport fund at a constant level with last year. The most significant reason for the decrease in net assets resulted from the application of depreciation expense to the assets of the airport. Other factors concerning the finances of this fund has 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 (\$497,416 increase in appropriations), with the most significant item being \$375,000 in increases for the purchase of a new telephone system for County offices.

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, 2004, amounts to \$47,881,880 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, improvements, roads, and bridges.

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

- Purchase of several law enforcement and road maintenance vehicles;
- Technology upgrades to the County's document image capabilities, data equipment, and telephone system; and
- Additional of road mileage from upgrades and subdivision acceptance;

**GRAYSON COUNTY'S CAPITAL ASSETS
(net of depreciation)**

	Governmental Activities		Business-type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Land	\$ 1,251,581	\$ 1,251,581	\$ 2,645,500	\$ 2,645,500	\$ 3,897,081	\$ 3,897,081
Buildings	8,398,504	8,654,792	106,145	119,140	8,504,649	8,773,932
Machinery and equipment	3,985,454	3,369,394	36,508	33,340	4,021,962	3,402,734
Improvements other than buildings	9,862	13,794	-	-	9,862	13,794
Infrastructure	31,448,326	33,994,696	-	-	31,448,326	33,994,696
Total capital assets	\$ 45,093,727	\$ 47,284,257	\$ 2,788,153	\$ 2,797,980	\$ 47,881,880	\$ 50,082,237

Additional information on Grayson County's capital assets can be found in note 4 on pages 51 – 52 of this report.

Long-term debt. At the end of the current fiscal year, Grayson County had total bonded debt of \$1,260,000. The debt service payments on this amount are funded through property taxes assessed annually.

**GRAYSON COUNTY'S OUTSTANDING DEBT
GENERAL OBLIGATION BONDS**

2003 Taxable Refunding Bonds \$ 1,260,000

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

Grayson County's bonded debt consists of \$1,600,000 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 4 on pages 56 – 57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Grayson County in September 2004, is 5.8 percent, which is a decrease from a rate of 7.5 percent a year ago. This rate is comparable to the state's average unemployment rate of 6.0 percent and the national average of 5.4 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 \$6,326,283. 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 \$5,205,839 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. For 2004, the Commissioners' Court used these funds to purchase a new telephone system for the County, at a cost of approximately \$375,000. 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 \$940,444 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, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 17,042,134	\$ 162,216	\$ 17,204,350
Receivables, net of allowance for uncollectibles			
Accounts	1,115,894	3,029	1,118,923
Taxes	2,657,597	-	2,657,597
Due from other governments	619,628	-	619,628
Deferred charges	101,260	-	101,260
Capital assets:			
Land	1,251,581	2,645,500	3,897,081
Buildings	17,527,075	5,223,777	22,750,852
Improvements other than buildings	149,149	-	149,149
Equipment	12,012,664	282,717	12,295,381
Infrastructure	98,410,025	14,667,933	113,077,958
Less: accumulated depreciation	(84,256,767)	(20,031,774)	(104,288,541)
Total capital assets	45,093,727	2,788,153	47,881,880
 Total assets	66,630,240	2,953,398	69,583,638
LIABILITIES			
Accounts payable	1,864,790	51,743	1,916,533
Unearned revenue	28,915	-	28,915
Accrued interest payable	20,054	-	20,054
Customer deposits	-	7,492	7,492
Estimated liability for medical claims	284,055	-	284,055
Noncurrent liabilities:			
Due within one year	381,101	-	381,101
Due in more than one year	2,696,465	22,375	2,718,840
Total liabilities	5,275,380	81,610	5,356,990
NET ASSETS			
Invested in capital assets, net of related debt	42,004,414	2,788,153	44,792,567
Restricted for:			
Road and bridge	3,100,399	-	3,100,399
Public health	94,339	-	94,339
Special right-of-way	5,605,610	-	5,605,610
Debt service	96,080	-	96,080
Capital projects	431,212	-	431,212
Other purposes	1,913,724	-	1,913,724
Unrestricted	8,109,082	83,635	8,192,717
 Total net assets	\$ 61,354,860	\$ 2,871,788	\$ 64,226,648

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, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 5,998,855	\$ 4,265,444	\$ 67,005	\$ -
Judicial	4,920,475	2,585,473	398,370	-
Public safety	13,099,393	3,596,215	432,541	154,817
Health and welfare	5,488,487	604,069	1,341,444	-
Highways, streets, and bridges	7,722,154	52,271	216,432	-
Interest and fiscal charges	127,838	-	-	-
Total governmental activities	37,357,202	11,103,472	2,455,792	154,817
Business-type activities:				
Airport	912,412	607,202	30,168	-
Total business-type activities	912,412	607,202	30,168	-
Total primary government	\$ 38,269,614	\$ 11,710,674	\$ 2,485,960	\$ 154,817

General revenues:

- Taxes:
 - Property taxes, levied for general purposes
 - Property taxes, levied for debt service
 - Other
- Investment earnings
- Gain on sale of capital assets
- Miscellaneous
- Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning

Net assets, ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues and
Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
\$(1,666,406)	\$ -	\$(1,666,406)
(1,936,632)	-	(1,936,632)
(8,915,820)	-	(8,915,820)
(3,542,974)	-	(3,542,974)
(7,453,451)	-	(7,453,451)
<u>(127,838)</u>	<u>-</u>	<u>(127,838)</u>
<u>(23,643,121)</u>	<u>-</u>	<u>(23,643,121)</u>
<u>-</u>	<u>(275,042)</u>	<u>(275,042)</u>
<u>-</u>	<u>(275,042)</u>	<u>(275,042)</u>
<u>(23,643,121)</u>	<u>(275,042)</u>	<u>(23,918,163)</u>
22,369,224	-	22,369,224
87,355	-	87,355
161,685	-	161,685
258,975	1,046	260,021
-	2,627	2,627
100,407	13,424	113,831
<u>(212,593)</u>	<u>212,593</u>	<u>-</u>
<u>22,765,053</u>	<u>229,690</u>	<u>22,994,743</u>
(878,068)	(45,352)	(923,420)
<u>62,232,928</u>	<u>2,917,140</u>	<u>65,150,068</u>
<u>\$ 61,354,860</u>	<u>\$ 2,871,788</u>	<u>\$ 64,226,648</u>

GRAYSON COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2004

	Special Revenue		
	General	Road and Bridge	Public Health
ASSETS			
Cash and investments	\$ 6,225,735	\$ 2,408,546	\$ 263,622
Receivables (net of allowances for uncollectibles)			
Accounts	56,858	-	17,394
Taxes	1,594,248	141,974	-
Due from other funds	513,058	-	-
Due from other governments	241,433	-	173,299
Total assets	\$ 8,631,332	\$ 2,550,520	\$ 454,315
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 900,713	\$ 233,590	\$ 359,976
Deferred revenue	1,404,336	126,624	-
Due to other funds	-	-	-
Total liabilities	2,305,049	360,214	359,976
Fund balances:			
Reserved for:			
Debt service	-	-	-
Purpose of trust	-	-	-
Unreserved, reported in:			
General fund:			
Undesignated	6,326,283	-	-
Special revenue funds	-	2,190,306	94,339
Capital projects funds	-	-	-
Total fund balances	6,326,283	2,190,306	94,339
Total liabilities and fund balances	\$ 8,631,332	\$ 2,550,520	\$ 454,315

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

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

An Internal Service Fund is used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net assets.

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Net assets of governmental activities

The notes to the financial statements are an integral part of this statement.

<u>Capital Projects</u> Special Right-of- Way	Other Governmental Funds	Total Governmental Funds
\$ 5,604,046	\$ 2,539,581	\$ 17,041,530
1,564	79,634	155,450
-	25,781	1,762,003
-	-	513,058
<u>-</u>	<u>204,896</u>	<u>619,628</u>
<u>\$ 5,605,610</u>	<u>\$ 2,849,892</u>	<u>\$ 20,091,669</u>
\$ -	\$ 316,566	\$ 1,810,845
-	51,551	1,582,511
-	<u>32,366</u>	<u>32,366</u>
<u>-</u>	<u>400,483</u>	<u>3,425,722</u>
-	71,630	71,630
-	58,002	58,002
-	-	6,326,283
5,605,610	1,900,906	9,791,161
-	<u>418,871</u>	<u>418,871</u>
<u>5,605,610</u>	<u>2,449,409</u>	16,665,947
<u>\$ 5,605,610</u>	<u>\$ 2,849,892</u>	
		45,093,727
		3,405,734
		(814,188)
		<u>(2,996,360)</u>
		<u>\$ 61,354,860</u>

GRAYSON COUNTY, TEXAS

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

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2004

		Special Revenue	
	General	Road and Bridge	Public Health
REVENUES			
Property taxes	\$ 20,338,655	\$ 1,639,766	\$ -
Licenses and permits	168,175	-	-
Intergovernmental	2,325,106	144,556	1,199,844
Fees	-	2,097,492	460,768
Fees of office	2,434,751	-	-
Fines and forfeitures	127,764	1,433,924	-
Other taxes	161,685	-	-
Investment earnings	120,281	34,460	-
Miscellaneous	343,573	52,271	6,055
Total revenues	26,019,990	5,402,469	1,666,667
EXPENDITURES			
Current:			
General government	5,532,545	-	-
Judicial	4,384,778	-	-
Public safety	11,099,224	-	-
Health and welfare	1,415,511	-	3,622,338
Highways, streets and bridges	-	5,470,954	-
Capital outlay	-	-	-
Debt service:			
Principal	134,801	88,271	-
Interest and fiscal charges	36,904	11,008	-
Total expenditures	22,603,763	5,570,233	3,622,338
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,416,227	(167,764)	(1,955,671)
OTHER FINANCING SOURCES (USES)			
Proceeds from insurance settlements	73,866	2,397	-
Proceeds from capital lease	-	-	-
Proceeds from sale of capital assets	8,734	12,955	-
Transfers in	8,360	-	1,989,776
Transfers out	(2,258,474)	-	-
Total other financing sources and (uses)	(2,167,514)	15,352	1,989,776
NET CHANGE IN FUND BALANCES	1,248,713	(152,412)	34,105
FUND BALANCES, BEGINNING	5,077,570	2,342,718	60,234
FUND BALANCES, ENDING	\$ 6,326,283	\$ 2,190,306	\$ 94,339

The notes to the financial statements are an integral part of this statement.

<u>Capital Projects</u>		
<u>Special Right-of- Way</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 347,800	\$ 22,326,221
-	-	168,175
-	903,021	4,572,527
-	1,008,174	3,566,434
-	689,007	3,123,758
-	83,390	1,645,078
-	-	161,685
75,925	28,309	258,975
-	122,238	524,137
<u>75,925</u>	<u>3,181,939</u>	<u>36,346,990</u>
-	970,896	6,503,441
-	557,325	4,942,103
-	1,657,531	12,756,755
-	6,532	5,044,381
43,131	59,069	5,573,154
-	26,620	26,620
-	143,750	366,822
-	65,105	113,017
<u>43,131</u>	<u>3,486,828</u>	<u>35,326,293</u>
<u>32,794</u>	<u>(304,889)</u>	<u>1,020,697</u>
-	-	76,263
-	204,523	204,523
-	411	22,100
-	58,913	2,057,049
-	(11,168)	(2,269,642)
-	252,679	90,293
32,794	(52,210)	1,110,990
<u>5,572,816</u>	<u>2,501,619</u>	<u>15,554,957</u>
\$ <u>5,605,610</u>	\$ <u>2,449,409</u>	\$ <u>16,665,947</u>

GRAYSON COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2004

Amounts reported for governmental activities in the Statement of Activities (pages 14 - 15) are different because:

Net change in fund balances - total governmental funds (pages 18 - 19)	\$ 1,110,990
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(2,173,671)
The net effect of various miscellaneous transactions involving capital assets (i.e. , sales, trade-ins, and transfers of capital assets) is to decrease net assets.	(16,859)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	344,737
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	162,299
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	98,186
Internal Service Funds are used by management to charge the costs of certain capital assets to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(<u>403,750</u>)
Change in net assets of governmental activities (pages 14 - 15)	\$(<u> 878,068</u>)

The notes to the financial statements are an integral part of this statement.

GRAYSON COUNTY, TEXAS

GENERAL FUND

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

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property - current	\$ 19,321,053	\$ 19,321,053	\$ 19,460,541	\$ 139,488
Property - delinquent	450,000	450,000	501,328	51,328
Penalties and interest	240,000	240,000	376,786	136,786
Licenses and permits	198,500	198,500	168,175	(30,325)
Fees of office	2,247,200	2,261,130	2,434,751	173,621
Fines and forfeitures	15,000	15,000	127,764	112,764
Other taxes	152,000	152,000	161,685	9,685
Intergovernmental	1,594,400	1,621,080	2,325,106	704,026
Interest	115,000	115,000	120,281	5,281
Miscellaneous	260,000	260,500	343,573	83,073
Total revenues	<u>24,593,153</u>	<u>24,634,263</u>	<u>26,019,990</u>	<u>1,385,727</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Commissioners' court				
Personnel services	77,974	77,974	59,733	18,241
Supplies and materials	3,600	3,600	4,234	(634)
Other services and charges	119,800	119,800	25,704	94,096
Total commissioners' court	<u>201,374</u>	<u>201,374</u>	<u>89,671</u>	<u>111,703</u>
County judge				
Personnel services	131,102	131,102	124,956	6,146
Supplies and materials	2,750	2,750	2,620	130
Other services and charges	14,600	14,600	11,892	2,708
Total county judge	<u>148,452</u>	<u>148,452</u>	<u>139,468</u>	<u>8,984</u>
County clerk				
Personnel services	459,028	458,594	445,307	13,287
Supplies and materials	21,800	21,800	22,725	(925)
Other services and charges	21,600	21,600	16,289	5,311
Capital outlay	1,750	1,750	-	1,750
Total county clerk	<u>504,178</u>	<u>503,744</u>	<u>484,321</u>	<u>19,423</u>

(continued)

GRAYSON COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
Veterans service				
Personnel services	\$ 92,807	\$ 92,807	\$ 91,529	\$ 1,278
Supplies and materials	800	800	894	(94)
Other services and charges	6,100	6,100	4,973	1,127
Total veterans service	<u>99,707</u>	<u>99,707</u>	<u>97,396</u>	<u>2,311</u>
Data processing				
Personnel services	256,859	256,859	233,456	23,403
Supplies and materials	21,600	164,600	169,030	(4,430)
Other services and charges	281,100	281,100	225,205	55,895
Capital outlay	198,078	485,000	479,916	5,084
Total data processing	<u>757,637</u>	<u>1,187,559</u>	<u>1,107,607</u>	<u>79,952</u>
Planning				
Personnel services	56,891	56,891	58,497	(1,606)
Supplies and materials	1,500	1,500	1,043	457
Other services and charges	15,550	15,550	8,874	6,676
Total planning	<u>73,941</u>	<u>73,941</u>	<u>68,414</u>	<u>5,527</u>
Human resources				
Personnel services	103,340	103,340	102,671	669
Supplies and materials	3,125	3,125	3,009	116
Other services and charges	8,250	8,250	7,869	381
Total human resources	<u>114,715</u>	<u>114,715</u>	<u>113,549</u>	<u>1,166</u>
Nondepartmental				
Supplies and materials	2,500	2,500	1,427	1,073
Other services and charges	471,200	471,200	523,893	(52,693)
Total nondepartmental	<u>473,700</u>	<u>473,700</u>	<u>525,320</u>	<u>(51,620)</u>

(continued)

GRAYSON COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
County auditor				
Personnel services	\$ 284,392	\$ 284,392	\$ 283,346	\$ 1,046
Supplies and materials	6,300	6,300	6,483	(183)
Other services and charges	5,050	5,050	4,562	488
Total county auditor	<u>295,742</u>	<u>295,742</u>	<u>294,391</u>	<u>1,351</u>
County treasurer				
Personnel services	114,373	114,373	112,865	1,508
Supplies and materials	5,850	5,850	4,740	1,110
Other services and charges	39,960	39,960	24,831	15,129
Total county treasurer	<u>160,183</u>	<u>160,183</u>	<u>142,436</u>	<u>17,747</u>
County tax collector				
Personnel services	568,842	568,842	558,510	10,332
Supplies and materials	77,000	77,000	72,840	4,160
Other services and charges	366,700	366,700	365,839	861
Total county tax collector	<u>1,012,542</u>	<u>1,012,542</u>	<u>997,189</u>	<u>15,353</u>
Vehicle registration				
Personnel services	398,365	398,365	391,949	6,416
Supplies and materials	20,400	20,400	16,408	3,992
Other services and charges	9,250	9,250	7,371	1,879
Total vehicle registration	<u>428,015</u>	<u>428,015</u>	<u>415,728</u>	<u>12,287</u>
Intergovernmental				
Other services and charges	77,700	77,700	53,541	24,159
Total intergovernmental	<u>77,700</u>	<u>77,700</u>	<u>53,541</u>	<u>24,159</u>

(continued)

GRAYSON COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
Purchasing agent				
Personnel services	\$ 143,986	\$ 143,986	\$ 143,253	\$ 733
Supplies and materials	2,800	2,800	2,462	338
Other services and charges	<u>7,600</u>	<u>7,600</u>	<u>4,877</u>	<u>2,723</u>
Total purchasing agent	<u>154,386</u>	<u>154,386</u>	<u>150,592</u>	<u>3,794</u>
Courthouse - justice center				
Personnel services	123,554	136,454	131,776	4,678
Supplies and materials	76,960	76,960	85,674	(8,714)
Other services and charges	375,800	375,800	355,337	20,463
Capital outlay	<u>6,500</u>	<u>12,369</u>	<u>-</u>	<u>12,369</u>
Total courthouse - justice center	<u>582,814</u>	<u>601,583</u>	<u>572,787</u>	<u>28,796</u>
Parks department				
Supplies and materials	1,500	1,500	6,275	(4,775)
Other services and charges	42,450	42,450	46,358	(3,908)
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total parks department	<u>53,950</u>	<u>53,950</u>	<u>52,633</u>	<u>1,317</u>
Agricultural extension				
Personnel services	60,823	60,823	59,965	858
Supplies and materials	2,850	3,650	3,797	(147)
Other services and charges	<u>20,950</u>	<u>20,750</u>	<u>20,216</u>	<u>534</u>
Total agricultural extension	<u>84,623</u>	<u>85,223</u>	<u>83,978</u>	<u>1,245</u>
Home demonstration				
Personnel services	<u>66,868</u>	<u>82,622</u>	<u>78,479</u>	<u>4,143</u>
Total home demonstration	<u>66,868</u>	<u>82,622</u>	<u>78,479</u>	<u>4,143</u>

(continued)

GRAYSON COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
Elections				
Personnel services	\$ 48,600	\$ 48,600	\$ 29,078	\$ 19,522
Other services and charges	43,000	43,000	6,071	36,929
Total elections	91,600	91,600	35,149	56,451
Data center				
Personnel services	30,600	30,600	29,886	714
Other services and charges	-	-	10	(10)
Total data center	30,600	30,600	29,896	704
Total general government	5,412,727	5,877,338	5,532,545	344,793
JUDICIAL				
County courts-at-law				
Personnel services	461,910	461,910	457,328	4,582
Supplies and materials	8,200	8,200	9,727	(1,527)
Other services and charges	244,325	244,325	288,044	(43,719)
Capital outlay	150	150	-	150
Total county courts-at-law	714,585	714,585	755,099	(40,514)
District courts				
Personnel services	336,129	336,129	308,985	27,144
Supplies and materials	16,150	18,150	19,389	(1,239)
Other services and charges	779,625	779,625	711,271	68,354
Capital outlay	1,115	1,115	-	1,115
Total district courts	1,133,019	1,135,019	1,039,645	95,374

(continued)

GRAYSON COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES (Continued)				
JUDICIAL (Continued)				
District clerk				
Personnel services	\$ 458,815	\$ 458,815	\$ 457,942	\$ 873
Supplies and materials	37,500	37,500	28,674	8,826
Other services and charges	161,875	161,875	132,613	29,262
Total district clerk	<u>658,190</u>	<u>658,190</u>	<u>619,229</u>	<u>38,961</u>
Justice of the peace				
Personnel services	514,756	514,756	418,277	96,479
Supplies and materials	18,850	18,850	15,229	3,621
Other services and charges	167,870	167,870	158,263	9,607
Capital outlay	2,645	2,645	-	2,645
Total justice of the peace	<u>704,121</u>	<u>704,121</u>	<u>591,769</u>	<u>112,352</u>
Court administrator				
Personnel services	148,513	148,513	144,928	3,585
Supplies and materials	2,150	2,150	2,086	64
Other services and charges	3,850	3,850	2,873	977
Total court administrator	<u>154,513</u>	<u>154,513</u>	<u>149,887</u>	<u>4,626</u>
County attorney				
Personnel services	1,130,943	1,133,949	1,101,735	32,214
Supplies and materials	43,250	43,250	46,097	(2,847)
Other services and charges	32,050	32,050	58,258	(26,208)
Capital outlay	600	600	-	600
Total county attorney	<u>1,206,843</u>	<u>1,209,849</u>	<u>1,206,090</u>	<u>3,759</u>

(continued)

GRAYSON COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
EXPENDITURES (Continued)				
JUDICIAL (Continued)				
Court collections				
Personnel services	\$ 37,370	\$ 32,700	\$ 15,677	\$ 17,023
Supplies and materials	2,750	2,750	4,585	(1,835)
Other services and charges	<u>6,250</u>	<u>7,425</u>	<u>2,598</u>	<u>4,827</u>
Total court collections	<u>46,370</u>	<u>42,875</u>	<u>22,860</u>	<u>20,015</u>
Intergovernmental				
Other services and charges	<u>-</u>	<u>200</u>	<u>199</u>	<u>1</u>
Total intergovernmental	<u>-</u>	<u>200</u>	<u>199</u>	<u>1</u>
Total judicial	<u>4,617,641</u>	<u>4,619,352</u>	<u>4,384,778</u>	<u>234,574</u>
PUBLIC SAFETY				
Jail				
Personnel services	3,363,621	3,363,621	3,243,666	119,955
Supplies and materials	800,567	775,567	851,618	(76,051)
Other services and charges	2,592,622	2,592,622	3,292,076	(699,454)
Capital outlay	<u>-</u>	<u>25,000</u>	<u>20,568</u>	<u>4,432</u>
Total jail	<u>6,756,810</u>	<u>6,756,810</u>	<u>7,407,928</u>	<u>(651,118)</u>
Sheriff				
Personnel services	2,271,163	2,271,163	2,217,103	54,060
Supplies and materials	220,600	247,600	238,171	9,429
Other services and charges	63,600	65,030	55,545	9,485
Capital outlay	<u>166,470</u>	<u>164,484</u>	<u>157,502</u>	<u>6,982</u>
Total sheriff	<u>2,721,833</u>	<u>2,748,277</u>	<u>2,668,321</u>	<u>79,956</u>

(continued)

GRAYSON COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
PUBLIC SAFETY (Continued)				
Department of public safety				
Personnel services	\$ 35,552	\$ 35,552	\$ 35,483	\$ 69
Supplies and materials	2,550	2,550	7,614	(5,064)
Other services and charges	1,000	1,000	22	978
Capital outlay	6,000	6,000	-	6,000
Total department of public safety	<u>45,102</u>	<u>45,102</u>	<u>43,119</u>	<u>1,983</u>
Constables				
Personnel services	173,784	173,784	146,076	27,708
Supplies and materials	1,750	1,750	1,623	127
Other services and charges	18,900	18,900	13,119	5,781
Total constables	<u>194,434</u>	<u>194,434</u>	<u>160,818</u>	<u>33,616</u>
Adult probation				
Supplies and materials	830	830	815	15
Other services and charges	250	250	-	250
Total adult probation	<u>1,080</u>	<u>1,080</u>	<u>815</u>	<u>265</u>
Juvenile probation				
Personnel services	392,515	392,515	409,370	(16,855)
Supplies and materials	13,300	13,300	13,399	(99)
Other services and charges	306,000	306,000	320,611	(14,611)
Total juvenile probation	<u>711,815</u>	<u>711,815</u>	<u>743,380</u>	<u>(31,565)</u>

(continued)

GRAYSON COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES (Continued)				
PUBLIC SAFETY (Continued)				
9-1-1 coordination				
Personnel services	\$ 52,597	\$ 52,597	\$ 48,296	\$ 4,301
Supplies and materials	10,500	10,500	4,799	5,701
Other services and charges	<u>14,000</u>	<u>14,000</u>	<u>6,748</u>	<u>7,252</u>
Total 9-1-1 coordination	<u>77,097</u>	<u>77,097</u>	<u>59,843</u>	<u>17,254</u>
Intergovernmental				
Other services and charges	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total intergovernmental	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total public safety	<u>10,523,171</u>	<u>10,549,615</u>	<u>11,099,224</u>	<u>(549,609)</u>
HEALTH AND WELFARE				
Environmental				
Personnel services	83,532	85,532	81,989	3,543
Supplies and materials	2,000	2,000	3,887	(1,887)
Other services and charges	<u>8,350</u>	<u>8,350</u>	<u>7,265</u>	<u>1,085</u>
Total environmental	<u>93,882</u>	<u>95,882</u>	<u>93,141</u>	<u>2,741</u>
Litter control				
Personnel services	42,206	42,206	42,053	153
Supplies and materials	8,750	11,400	3,446	7,954
Other services and charges	<u>1,500</u>	<u>1,500</u>	<u>756</u>	<u>744</u>
Total litter control	<u>52,456</u>	<u>55,106</u>	<u>46,255</u>	<u>8,851</u>

(continued)

GRAYSON COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
EXPENDITURES (Continued)				
HEALTH AND WELFARE (Continued)				
Health department administration				
Personnel services	\$ 96,415	\$ 96,415	\$ 100,011	\$(3,596)
Supplies and materials	1,550	1,550	834	716
Other services and charges	<u>4,775</u>	<u>4,775</u>	<u>4,287</u>	<u>488</u>
Total health department administration	<u>102,740</u>	<u>102,740</u>	<u>105,132</u>	<u>(2,392)</u>
Indigent services				
Supplies and material	100	100	-	100
Other services and charges	<u>75,000</u>	<u>75,000</u>	<u>20,787</u>	<u>54,213</u>
Total indigent services	<u>75,100</u>	<u>75,100</u>	<u>20,787</u>	<u>54,313</u>
Indigent health care administration				
Personnel services	95,924	95,924	93,373	2,551
Supplies and materials	4,600	4,600	4,355	245
Other services and charges	<u>25,350</u>	<u>25,350</u>	<u>25,033</u>	<u>317</u>
Total indigent health care administration	<u>125,874</u>	<u>125,874</u>	<u>122,761</u>	<u>3,113</u>
Animal control				
Personnel services	48,270	48,270	50,895	(2,625)
Supplies and materials	7,400	7,400	4,145	3,255
Other services and charges	<u>61,500</u>	<u>61,500</u>	<u>34,340</u>	<u>27,160</u>
Total animal control	<u>117,170</u>	<u>117,170</u>	<u>89,380</u>	<u>27,790</u>
Emergency services				
Other services and charges	<u>945,000</u>	<u>945,000</u>	<u>896,055</u>	<u>48,945</u>
Total emergency services	<u>945,000</u>	<u>945,000</u>	<u>896,055</u>	<u>48,945</u>

(continued)

GRAYSON COUNTY, TEXAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
HEALTH AND WELFARE (Continued)				
Intergovernmental				
Other services and charges	\$ 42,000	\$ 42,000	\$ 42,000	\$ -
Total intergovernmental	42,000	42,000	42,000	-
 Total health and welfare	 1,554,222	 1,558,872	 1,415,511	 143,361
DEBT SERVICE				
Principal retirements	134,801	134,801	134,801	-
Interest and fiscal charges	36,904	36,904	36,904	-
Total debt service	171,705	171,705	171,705	-
 Total expenditures	 22,279,466	 22,776,882	 22,603,763	 173,119
EXCESS OF REVENUES OVER EXPENDITURES				
	2,313,687	1,857,381	3,416,227	1,558,846
OTHER FINANCING SOURCES (USES)				
Transfers in	2,294,627	2,669,627	8,360	(2,661,267)
Transfers out	(2,102,510)	(2,102,510)	(2,258,474)	(155,964)
Sale of fixed assets	10,000	10,000	8,734	(1,266)
Proceeds from insurance settlements	-	27,000	73,866	46,866
Total other financing sources and uses	202,117	604,117	(2,167,514)	(2,771,631)
NET CHANGE IN FUND BALANCES	2,515,804	2,461,498	1,248,713	(1,212,785)
FUND BALANCES, BEGINNING	5,077,570	5,077,570	5,077,570	-
FUND BALANCES, ENDING	\$ 7,593,374	\$ 7,539,068	\$ 6,326,283	\$(1,212,785)

The notes to the financial statements are an integral part of this statement.

GRAYSON COUNTY, TEXAS

ROAD AND BRIDGE

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

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Current	\$ 1,551,268	\$ 1,551,268	\$ 1,550,746	\$(522)
Delinquent	48,000	48,000	55,318	7,318
Penalties and interest	<u>24,000</u>	<u>24,000</u>	<u>33,702</u>	<u>9,702</u>
Total taxes	<u>1,623,268</u>	<u>1,623,268</u>	<u>1,639,766</u>	<u>16,498</u>
Fees of office - vehicle registration	2,080,000	2,080,000	2,097,492	17,492
Fines and forfeitures	1,148,000	1,148,000	1,433,924	285,924
Intergovernmental	100,000	100,000	144,556	44,556
Interest	52,000	52,000	34,460	(17,540)
Miscellaneous	<u>5,500</u>	<u>5,500</u>	<u>52,271</u>	<u>46,771</u>
Total revenues	<u>5,008,768</u>	<u>5,008,768</u>	<u>5,402,469</u>	<u>393,701</u>
EXPENDITURES				
Current:				
Highways, streets and bridges:				
Personnel services	2,775,589	2,775,589	2,672,679	102,910
Supplies and materials	2,442,000	2,442,000	2,282,018	159,982
Other services and charges	69,100	69,100	58,725	10,375
Capital outlay	434,000	584,000	457,532	126,468
Debt service:				
Principal retirement	88,272	88,272	88,271	1
Interest and fiscal charges	<u>11,008</u>	<u>11,008</u>	<u>11,008</u>	<u>-</u>
Total expenditures	<u>5,819,969</u>	<u>5,969,969</u>	<u>5,570,233</u>	<u>399,736</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(811,201)</u>	<u>(961,201)</u>	<u>(167,764)</u>	<u>793,437</u>
OTHER FINANCING SOURCES				
Proceeds from sale of fixed assets	10,000	10,000	12,955	2,955
Proceeds from insurance settlements	<u>-</u>	<u>-</u>	<u>2,397</u>	<u>2,397</u>
Total other financing sources	<u>10,000</u>	<u>10,000</u>	<u>15,352</u>	<u>5,352</u>
NET CHANGE IN FUND BALANCES	<u>(801,201)</u>	<u>(951,201)</u>	<u>(152,412)</u>	<u>798,789</u>
FUND BALANCES, BEGINNING	<u>2,342,718</u>	<u>2,342,718</u>	<u>2,342,718</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,541,517</u>	<u>\$ 1,391,517</u>	<u>\$ 2,190,306</u>	<u>\$ 798,789</u>

The notes to the financial statements are an integral part of this statement.

GRAYSON COUNTY, TEXAS

PUBLIC HEALTH

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

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Fees of office	\$ 386,850	\$ 386,850	\$ 460,768	\$ 73,918
Intergovernmental	1,203,842	1,203,842	1,199,844	(3,998)
Interest	-	-	-	-
Miscellaneous	<u>2,398</u>	<u>2,398</u>	<u>6,055</u>	<u>3,657</u>
Total revenues	<u>1,593,090</u>	<u>1,593,090</u>	<u>1,666,667</u>	<u>73,577</u>
EXPENDITURES				
Current:				
Health and Welfare:				
Personnel services	1,572,531	1,572,531	1,359,159	213,372
Supplies and materials	65,785	65,785	92,513	(26,728)
Other services and charges	1,817,275	1,817,275	2,162,666	(345,391)
Capital outlay	<u>18,940</u>	<u>18,940</u>	<u>8,000</u>	<u>10,940</u>
Total expenditures	<u>3,474,531</u>	<u>3,474,531</u>	<u>3,622,338</u>	<u>(147,807)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,881,441)</u>	<u>(1,881,441)</u>	<u>(1,955,671)</u>	<u>(74,230)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>2,024,723</u>	<u>2,024,723</u>	<u>1,989,776</u>	<u>(34,947)</u>
Total other financing sources	<u>2,024,723</u>	<u>2,024,723</u>	<u>1,989,776</u>	<u>(34,947)</u>
NET CHANGE IN FUND BALANCES	143,282	143,282	34,105	(109,177)
FUND BALANCES, BEGINNING	<u>60,234</u>	<u>60,234</u>	<u>60,234</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 203,516</u>	<u>\$ 203,516</u>	<u>\$ 94,339</u>	<u>\$(109,177)</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, 2004

	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Airport</u>	<u>Fund</u>
ASSETS		
Current assets:		
Cash and investments	\$ 162,216	\$ 604
Accounts receivable, net of allowances	<u>3,029</u>	<u>3,900</u>
Total current assets	<u>165,245</u>	<u>4,504</u>
Noncurrent assets:		
Capital assets:		
Land	2,645,500	-
Buildings	5,223,777	-
Machinery and equipment	282,717	-
Infrastructure	14,667,933	-
Less: accumulated depreciation	(20,031,774)	-
Total capital assets	<u>2,788,153</u>	<u>-</u>
Total noncurrent assets	<u>2,788,153</u>	<u>-</u>
Total assets	<u>2,953,398</u>	<u>4,504</u>
LIABILITIES		
Current liabilities:		
Accounts payable	51,743	53,945
Customer deposits	7,492	-
Due to other funds	-	480,692
Estimated liability for medical claims	-	284,055
Total current liabilities	<u>59,235</u>	<u>818,692</u>
Noncurrent liabilities:		
Compensated absences	<u>22,375</u>	<u>-</u>
Total noncurrent liabilities	<u>22,375</u>	<u>-</u>
Total liabilities	<u>81,610</u>	<u>818,692</u>
NET ASSETS		
Invested in capital assets, net of related debt	2,788,153	-
Unrestricted	<u>83,635</u>	<u>(814,188)</u>
Total net assets	<u>\$ 2,871,788</u>	<u>\$ (814,188)</u>

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, 2004

	<u>Business-type Activities - Enterprise Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Airport</u>	
OPERATING REVENUES		
Charges for services	\$ 579,782	\$ 2,815,547
Other	<u>27,420</u>	<u>-</u>
Total operating revenues	<u>607,202</u>	<u>2,815,547</u>
OPERATING EXPENSES		
Personnel services	410,479	-
Supplies and materials	63,963	-
Repairs and maintenance	234,452	-
Other services and charges	176,408	3,219,305
Depreciation	<u>27,110</u>	<u>-</u>
Total operating expenses	<u>912,412</u>	<u>3,219,305</u>
OPERATING LOSS	<u>(305,210)</u>	<u>(403,758)</u>
NONOPERATING REVENUES		
Interest	1,046	8
Proceeds from insurance	13,424	-
Proceeds from sale of capital assets	2,627	-
Intergovernmental revenue	<u>30,168</u>	<u>-</u>
Total nonoperating revenues	<u>47,265</u>	<u>8</u>
LOSS BEFORE TRANSFERS	<u>(257,945)</u>	<u>(403,750)</u>
TRANSFERS IN	<u>212,593</u>	<u>-</u>
CHANGES IN NET ASSETS	<u>(45,352)</u>	<u>(403,750)</u>
TOTAL NET ASSETS, BEGINNING	<u>2,917,140</u>	<u>(410,438)</u>
TOTAL NET ASSETS, ENDING	<u>\$ 2,871,788</u>	<u>\$ (814,188)</u>

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, 2004

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Airport	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 631,390	\$ 2,815,547
Cash paid to suppliers for goods and services	(410,479)	-
Cash paid to employees for services	(455,911)	(2,828,862)
Net cash used for operating activities	(235,000)	(13,315)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from insurance proceeds	13,424	-
Cash received from intergovernmental activities	30,168	-
Transfers in	212,593	-
Net cash provided by noncapital financing activities	256,185	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(16,282)	-
Disposal of capital assets	2,627	-
Net cash used for capital and related financing activities	(13,655)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on investments	1,046	8
Net cash provided by investing activities	1,046	8
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,576	(13,307)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	153,640	13,911
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 162,216	\$ 604
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$(305,210)	\$(403,758)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation	27,110	-
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	12,978	(3,900)
Due from other governments	11,210	-
Increase (decrease) in liabilities:		
Accounts payable	18,912	53,945
Due to other funds		480,692
Estimated liability for medical claims	-	(140,294)
Net cash used by operating activities	\$(235,000)	\$(13,315)

The notes to the financial statements are an integral part of this statement.

GRAYSON COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2004

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ <u>7,061,876</u>
Total assets	\$ <u><u>7,061,876</u></u>
LIABILITIES	
Due to other agencies and individuals	\$ <u>7,061,876</u>
Total liabilities	\$ <u><u>7,061,876</u></u>

The notes to the financial statements are an integral part of this statement.

GRAYSON COUNTY, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of Grayson County, Texas (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 in Note 4.

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-like activities, which rely to a significant extent on fees and charges for support.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The County reports the following major governmental funds:

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

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

The **Grayson County Public Health Fund** is 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.

The **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 major proprietary 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.

Additionally, the County reports the following fund types:

Internal Service Fund accounts for a partially self-funded 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.

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

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity

Cash and Investments (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 4 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.

(continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Receivables and Payables (Continued)

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 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
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. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported for a portion of accumulating sick leave when it is probable that the government will make termination payments.

(continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

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 an other 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.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$2,996,360 difference are as follows:

General obligation bonds	\$ 1,260,000
Less: deferred charge for issuance cost (to be amortized over life of debt)	(101,260)
Capital lease obligations	1,295,538
Accrued interest payable	20,054
Compensated absences	<u>522,028</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ <u>2,996,360</u>

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

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(2,173,671) difference are as follows:

Capital outlay	\$ 1,719,685
Depreciation expense	<u>(3,893,356)</u>
Net adjustment to reduce <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>(2,173,671)</u>

(continued)

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**
 (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$344,737 difference are as follows:

Property taxes	\$ 100,337
Property taxes - penalties and interest	30,021
Fines and fees	<u>214,379</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 344,737</u>

Another element of that reconciliation states, “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of this \$162,299 difference are as follows:

Debt issued or incurred:	
Capital lease financing	\$(204,523)
Principal repayments:	
General obligation debt	100,000
Capital lease financing	<u>266,822</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 162,299</u>

(continued)

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**
(Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$98,186 difference are as follows:

Compensated absences	\$ 113,007
Accrued interest	(3,570)
Amortization of bond issuance cost	(11,251)
Net adjustment to reduce <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ <u>98,186</u>

3. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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:

- (a) 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.
- (b) Public hearings are conducted to obtain taxpayer comments.
- (c) Prior to October 1, the budget is legally enacted.
- (d) 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.

(continued)

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

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.

Deficit Fund Equity

Deficit fund equity in individual funds at September 30, 2003, consist of the following:

Special Revenue Funds:	
Domestic Violence	\$ 1,398
County Attorney Victim's Liaison	132
Victim Assistance Program	1,759
Juvenile Prosecutor	5,694
Early Intervention and Prevention	22
Internal Service Fund:	
Insurance	814,188

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

4. DETAILED NOTES ON ALL FUNDS

Cash and Investments

Deposits

At year-end, the County's carrying amount of deposits was \$3,437,112 and the bank balance was \$5,284,243. Of the bank balance, \$244,999 was covered by federal depository insurance or by collateral held by the County's agent in the County's name. The remaining balance of \$5,039,244 was collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Cash and Investments (Continued)

Investments

The County invests excesses of cash in TexPool and other federal governmental obligations. TexPool is duly chartered and administered by the State Comptroller's office and the portfolio normally consists of United States Treasury Bills, Treasury Notes, collateralized certificates of deposits, and repurchase agreements. These investments are in pools managed by another government and cannot be specifically identified or classified as to credit risk.

Other investments of the County are federal government obligations, which include Federal Home Loan Mortgage Notes. These investments are held by BancOne Securities of Sherman in the County's name.

The County has adopted the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" ("Statement"). Those provisions require that certain investments be reported at fair value, rather than at cost or amortized cost, and that the changes in the fair value of investments be recognized as investment revenue.

In accordance with GASB Statement No. 31, the County's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Cash investments made by the County are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1** – Insured or registered, or securities held by the County or its agent in the County's name.
- Category 2** – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name.
- Category 3** – Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the County's name.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Cash and Investments (Continued)

Investments (Continued)

As of September 30, 2004, the County's investments were in the amount of \$20,829,114. Of this amount, \$11,330,715 are pooled publicly and are, therefore, not categorized by risk. TexPool and Lone Star balances are not evidenced by securities that exist in physical or book entry form and, accordingly, are not categorized by risk. However, the nature of these funds requires that they be used to purchase investments authorized by the Texas Public Funds Investment Act of 1995. The primary objective of these investment pools is to provide a safe environment for the placement of public funds in short-term, fully collateralized investments. The remaining balance of \$9,498,399 are held as U. S. Government Securities classified as Category 2.

Restricted Assets

Bank deposits and investments of \$70,704 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 \$5,604,046 in the Special Right-of-Way Fund (Capital Project Fund) are restricted to the purchase of right-of-ways. Bank deposits and investments of \$58,002 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.

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 2003 tax rate and the revenue allocated to each fund:

<u>Fund</u>	<u>Rate Per \$100</u>	<u>Current (2003) Tax Revenue Collected</u>
Permanent Improvement Bonds -		
1994 and 2003 Series (Debt Service)	\$ 0.00190	\$ 82,665
Road and Bridge Fund (Special Revenue)	0.03592	1,550,746
Permanent Improvement Fund (Capital Projects)	0.00579	251,909
General Fund	<u>0.44729</u>	<u>19,460,541</u>
Total	<u>\$ 0.49090</u>	<u>\$ 21,345,861</u>

(continued)

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

Property Tax Calendar, Collections and Delinquencies

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.

Capital Assets

Capital asset activity for the year ended September 30, 2004, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases and Reclassifications</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,251,581	\$ -	\$ -	\$ 1,251,581
Total assets not being depreciated	<u>1,251,581</u>	<u>-</u>	<u>-</u>	<u>1,251,581</u>
Capital assets, being depreciated:				
Buildings	17,527,075	-	-	17,527,075
Machinery and equipment	10,903,154	1,507,333	(397,823)	12,012,664
Improvements other than Buildings	149,149	-	-	149,149
Infrastructure	<u>98,197,673</u>	<u>212,352</u>	<u>-</u>	<u>98,410,025</u>
Total capital assets being depreciated	<u>126,777,051</u>	<u>1,719,685</u>	<u>(397,823)</u>	<u>128,098,913</u>
Less accumulated depreciation:				
Buildings	8,872,283	256,288	-	9,128,571
Machinery and equipment	7,533,760	874,414	(380,964)	8,027,210
Improvements other than buildings	135,355	3,932	-	139,287
Infrastructure	<u>64,202,977</u>	<u>2,758,722</u>	<u>-</u>	<u>66,961,699</u>
Total accumulated depreciation	<u>80,744,375</u>	<u>3,893,356</u>	<u>(380,964)</u>	<u>84,256,767</u>
Total capital assets being depreciated, net	<u>46,032,676</u>	<u>(2,173,671)</u>	<u>(16,859)</u>	<u>43,842,146</u>
Governmental activities capital assets, net	<u>\$ 47,284,257</u>	<u>\$ (2,173,671)</u>	<u>\$ (16,859)</u>	<u>\$ 45,093,727</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases and Reclassifications</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,645,500	\$ -	\$ -	\$ 2,645,500
Total assets not being depreciated	<u>2,645,500</u>	<u>-</u>	<u>-</u>	<u>2,645,500</u>
Capital assets, being depreciated:				
Buildings	5,236,217	-	(12,440)	5,223,777
Machinery and equipment	274,234	16,283	(7,800)	282,717
Infrastructure	<u>14,667,933</u>	<u>-</u>	<u>-</u>	<u>14,667,933</u>
Total capital assets being depreciated	<u>20,178,384</u>	<u>16,283</u>	<u>(20,240)</u>	<u>20,174,427</u>
Less accumulated depreciation:				
Buildings	5,117,077	12,995	(12,440)	5,117,632
Machinery and equipment	239,894	14,115	(7,800)	246,209
Infrastructure	<u>14,667,933</u>	<u>-</u>	<u>-</u>	<u>14,667,933</u>
Total accumulated depreciation	<u>20,024,904</u>	<u>27,110</u>	<u>(20,240)</u>	<u>20,031,774</u>
Total capital assets being depreciated, net	<u>153,480</u>	<u>(10,827)</u>	<u>-</u>	<u>142,653</u>
Business-type activities capital assets, net	<u>\$ 2,798,980</u>	<u>\$(10,827)</u>	<u>\$ -</u>	<u>\$ 2,788,153</u>

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

Governmental activities:	
General government	\$ 135,169
Judicial	6,354
Public safety	545,492
Health and welfare	416,512
Highways, streets and bridges	<u>2,789,829</u>
Total depreciation expense - governmental activities	<u>\$ 3,893,356</u>
Business-type activities:	
Airport	<u>\$ 27,110</u>
Total depreciation expense - business-type activities	<u>\$ 27,110</u>

(continued)

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2004, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Public health	\$ 480,692
	Nonmajor governmental funds	<u>32,366</u>
Total		<u>\$ 513,058</u>

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

Interfund transfers:

	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Public Health</u>	<u>Nonmajor Governmental</u>	<u>Airport</u>	
Transfers Out:					
General	\$ -	\$ 1,989,776	\$ 56,105	\$ 212,593	\$ 2,258,474
Nonmajor governmental	<u>8,360</u>	<u>-</u>	<u>2,808</u>	<u>-</u>	<u>11,168</u>
Total Transfers Out	<u>\$ 8,360</u>	<u>\$ 1,989,776</u>	<u>\$ 58,913</u>	<u>\$ 212,593</u>	<u>\$ 2,269,642</u>

Leasing Operations

Airport operations consist principally of leasing land and buildings. All such leases are operating leases, as defined by GAAP. Excluding renewal options, 18 of 33 leases expire during the next five fiscal years.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Leasing Operations (Continued)

Below is a summary of the cost and related accumulated depreciation of buildings used in operating leasing activity as of September 30, 2004:

Buildings	\$ 5,223,777
Less: Accumulated depreciation	(5,117,632)
Net	<u>\$ 106,145</u>

The following is a summary of minimum future rentals to be received on noncancellable operating leases in effect as of September 30, 2004:

<u>Fiscal Year</u>	
2005	\$ 272,028
2006	172,737
2007	127,995
2008	123,683
Thereafter	<u>2,176,837</u>
Total	<u>\$ 2,873,280</u>

The above summary of minimum future rentals 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).

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.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Investments in Joint Ventures (Continued)

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

Leases

Capital Leases

The County has issued various capital leases to provide funds for the the purchase of equipment. These agreements qualify as capital leases for accounting purposes (title transfer at the end of the lease) and, therefore, have been recorded at the present value of future minimum lease payments as of the date of the leases' inception.

The assets acquired through capital leases are as follows:

	<u>Asset</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
Governmental Activities Assets:			
Equipment	\$ 204,523	\$(22,584)	\$ 181,939
Total	<u>\$ 204,523</u>	<u>\$(22,584)</u>	<u>\$ 181,939</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2004, were as follows:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>
2005	\$ 276,101
2006	286,294
2007	247,224
2008	239,520
2009	202,695
2010 - 2011	<u>180,703</u>
Total minimum lease payments	1,432,537
Less: amount representing interest	<u>(136,996)</u>
Present value of minimum lease payments	<u>\$ 1,295,541</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

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:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities - refunding	1.5% - 4.9%	\$ <u>1,260,000</u>
		\$ <u><u>1,260,000</u></u>

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 105,000	\$ 52,185
2006	105,000	49,770
2007	110,000	46,778
2008	115,000	43,038
2009	120,000	38,783
2010 - 2014	<u>705,000</u>	<u>105,940</u>
Total	<u>\$ 1,260,000</u>	<u>\$ 336,494</u>

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Long-term Debt (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds	\$ 1,360,000	\$ -	\$ 100,000	\$ 1,260,000	\$ 105,000
Capital leases	1,357,837	204,523	266,822	1,295,538	276,101
Compensated absences	<u>635,035</u>	<u>127,007</u>	<u>240,014</u>	<u>522,028</u>	<u>104,406</u>
Governmental activities long-term liabilities	<u>\$ 3,352,872</u>	<u>\$ 331,530</u>	<u>\$ 606,836</u>	<u>\$ 3,077,566</u>	<u>\$ 485,507</u>
Business-type activities					
Compensated absences	\$ <u>22,375</u>	\$ <u>5,595</u>	\$ <u>5,595</u>	\$ <u>22,375</u>	\$ <u>4,699</u>
Business-type activities long-term liabilities	<u>\$ 22,375</u>	<u>\$ 5,595</u>	<u>\$ 5,595</u>	<u>\$ 22,375</u>	<u>\$ 4,699</u>

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

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.

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, 2004. The County has no leases with related parties.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Commitments and Contingencies

Litigation

The County and/or employees of the County are defendants in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Compliance

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 against compliance matters.

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 553 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.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Retirement Plan (Continued)

Plan Description (Continued)

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 11.35% for the months of the accounting year in 2004, and 10.96% for the months of the accounting year in 2003.

The deposit rate payable by the employee members for calendar year 2004 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, 2004, the annual pension cost for the TCDRS plan for its employees was \$1,659,119 and the actual contributions were \$1,659,119.

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, 2001 and December 31, 2002, the basis for determining the contribution rates for calendar years 2003 and 2002. The December 31, 2003, actuarial valuation is the most recent valuation.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Retirement Plan (Continued)

Annual Pension Cost (Continued)

Actuarial Valuation Information

Actuarial Valuation Date	12/31/01	12/31/02	12/31/03
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 ¹	8.00%	8.00%	8.00%
Projected salary increases ¹	5.5%	5.5%	5.5%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0	0

¹Includes 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>
09/30/02	\$ 1,545,234	100%	-
09/30/03	1,585,186	100%	-
09/30/04	1,659,119	100%	-

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

<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 (1) (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2001	\$ 22,536,398	\$ 29,349,541	\$ 6,813,143	76.79%	\$ 12,864,584	52.96%
2002	24,792,073	32,359,563	7,567,490	76.61%	14,018,697	53.98%
2003	27,890,110	35,123,221	7,233,112	79.41%	14,009,530	51.63%

- (1) The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.
- (2) Revised economic and demographic assumptions due to an experience review were reflected in this valuation.

(continued)

4. DETAILED NOTES ON ALL FUNDS (Continued)

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases commercial insurance to cover the foregoing risks of loss.

The County also provides medical and life insurance for its employees. The County established the Insurance Fund (an internal service fund) to account for and finance its health insurance losses. Under this program, the Insurance Fund provides coverage for up to \$50,000 for each individual, per year. The County purchases commercial insurance for claims in excess of coverage provided by the fund.

All funds of the County participate in the program and make payments to the Insurance Fund based on actuarial estimates of the amounts needed to pay prior-year and current-year claims and administrative costs, and to establish a reserve to catastrophe losses. The Insurance Fund reported net assets of \$(814,188) and claims liability of \$284,055 as of September 30, 2004. The claims liability is recorded in accordance with Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in 2004 and 2003 were as follows:

	Year Ended September 30,	
	2004	2003
Balance at Beginning of Year	\$ 424,349	\$ 562,522
Current year claims and changes in estimates	2,730,519	2,684,879
Claim payments	(2,870,813)	(2,823,052)
Balance at End of Year	\$ <u>284,055</u>	\$ <u>424,349</u>

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.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Grayson County 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.

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.

County 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.

Domestic Violence – 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.

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

County 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.

County Attorney 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 the official purposes of the County Attorney's office.

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.

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.

Grayson County 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.

Records Preservation – created by the Texas legislature during the fiscal year ended September 30, 1994, to collect funds to provide for the means to preserve official County documents in a more effective and efficient manner. The revenue for this fund is derived from fees charged by the County and District Clerks for data preservation.

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.

Victim Assistance Program – created for the purpose of providing victims of crime with information which might assist in their recovery. This fund will also provide funding the transportation of crime victims to and from the County Auditor's office, grand jury appearances, and other court related appearances, as well as providing child care assistance during such meetings through grant funds received from the criminal justice division.

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.

Court Reporter Service – created by the Texas legislature during the year ended September 30, 1995, to assist in the payment of court-reporter-related services, that may include maintaining an adequate number of court reports to provide services to the courts, obtaining court reporter transcript services, purchasing court reporter equipment, or providing any other service related to the functions of a court reporter. The funding for this fund ended during the year ended September 30, 1997.

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

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.

Gun Violence Grant – provides funding to the County Attorney’s office to assist them in hiring assistant prosecutors who will be dedicated to the prosecution of firearm-related violent crime. The Grayson County Attorney’s office has used the funds to support the salary costs of an additional prosecutor.

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. The fee was created by the 77th Legislature, effective September 1, 2001, to be discontinued August 31, 2005, by legislative intent.

COPS 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.

Juvenile Prosecutor Fund – to account for funding received from the Office of the Governor, Criminal Justice Division, for developing accountability – based sanctions for juvenile offenders and to enable juvenile courts and juvenile probation offices to be more effective and efficient in holding juvenile offenders accountable and reducing recidivism.

Grayson County 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.

Flood Control Fund – to account for funds provided by the City of Sherman and Grayson County which are used to maintain certain flood control sites throughout the County.

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.

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.

Early Intervention and Prevention – to account for the proceeds and expenditures for this grant. Funds are provided by the U. S. Department of Education through the Texas Governor’s Criminal Justice Division. The program is funded through a grant enacted by the Safe and Drug-free Schools and Communities Act Fund. Resources are to be used to fund crime prevention education activities in schools and the community.

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.

Permanent Improvement 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 FUND

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.

Lateral Road – to account for capital expenditures for road and bridge precincts from resources supplied 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, 2004

	Special Revenue			
	Grayson County Protective Services	Sheriff Drug Forfeiture	Sheriff Commissary	Domestic Violence
ASSETS				
Cash and investments	\$ 5,100	\$ 67,608	\$ 55,853	\$ -
Accounts receivable, net of allowance	-	-	3,811	-
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	12,586
	-	-	-	12,586
Total assets	\$ 5,100	\$ 67,608	\$ 59,664	\$ 12,586
LIABILITIES				
Accounts payable	\$ 1,708	\$ 2,199	\$ 2,837	\$ 19
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	13,965
	-	-	-	13,965
Total liabilities	1,708	2,199	2,837	13,984
FUND BALANCES				
Reserved for debt service	-	-	-	-
Reserved for purpose of trust	-	-	-	-
Unreserved:				
Undesignated	3,392	65,409	56,827	(1,398)
	3,392	65,409	56,827	(1,398)
Total fund balances	3,392	65,409	56,827	(1,398)
Total liabilities and fund balances	\$ 5,100	\$ 67,608	\$ 59,664	\$ 12,586

Special Revenue

<u>Juvenile Boot Camp</u>	<u>County Attorney Hot Check</u>	<u>County Attorney Drug Forfeiture</u>	<u>State Supplemental</u>	<u>Law Library</u>	<u>Grayson County Historical Commission</u>
\$ 384,415	\$ 32,359	\$ 28,888	\$ 11,621	\$ 97,911	\$ 12,829
75,420	-	-	-	403	-
-	-	-	-	-	-
<u>20,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 480,561</u>	<u>\$ 32,359</u>	<u>\$ 28,888</u>	<u>\$ 11,621</u>	<u>\$ 98,314</u>	<u>\$ 12,829</u>
\$ 14,847	\$ 7,777	\$ 1,803	\$ 11	\$ 2,394	\$ -
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>14,847</u>	<u>7,777</u>	<u>1,803</u>	<u>11</u>	<u>2,394</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>465,714</u>	<u>24,582</u>	<u>27,085</u>	<u>11,610</u>	<u>95,920</u>	<u>12,829</u>
<u>465,714</u>	<u>24,582</u>	<u>27,085</u>	<u>11,610</u>	<u>95,920</u>	<u>12,829</u>
<u>\$ 480,561</u>	<u>\$ 32,359</u>	<u>\$ 28,888</u>	<u>\$ 11,621</u>	<u>\$ 98,314</u>	<u>\$ 12,829</u>

(continued)

GRAYSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2004

	Special Revenue			
	Records Preservation	Law Enforcement Block Grant	Victim Assistance Program	Courthouse Security
ASSETS				
Cash and investments	\$ 392,692	\$ 33,777	\$ -	\$ 701,397
Accounts receivable, net of allowance	-	-	-	-
Taxes receivable	-	-	-	-
Due from other governments	-	-	7,041	-
	-	-	7,041	-
Total assets	\$ 392,692	\$ 33,777	\$ 7,041	\$ 701,397
LIABILITIES				
Accounts payable	\$ 105,673	\$ -	\$ 21	\$ 11,299
Deferred revenue	-	28,915	-	-
Due to other funds	-	-	8,779	-
	-	-	8,779	-
Total liabilities	105,673	28,915	8,800	11,299
FUND BALANCES				
Reserved for debt service	-	-	-	-
Reserved for purpose of trust	-	-	-	-
Unreserved:				
Undesignated	287,019	4,862	(1,759)	690,098
Total fund balances	287,019	4,862	(1,759)	690,098
Total liabilities and fund balances	\$ 392,692	\$ 33,777	\$ 7,041	\$ 701,397

Special Revenue

<u>Court Reporter Service</u>	<u>Federal Forfeiture</u>	<u>County Attorney Victim's Liaison</u>	<u>Gun Violence</u>	<u>Justice Court Technology</u>	<u>COPS</u>
\$ -	\$ 15,365	\$ -	\$ -	\$ 75,781	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,471</u>	<u>3,333</u>	<u>-</u>	<u>1,136</u>
<u>\$ -</u>	<u>\$ 15,365</u>	<u>\$ 3,471</u>	<u>\$ 3,333</u>	<u>\$ 75,781</u>	<u>\$ 1,136</u>
\$ -	\$ -	\$ 2	\$ 14	\$ 3,050	\$ 48
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,601</u>	<u>3,319</u>	<u>-</u>	<u>1,088</u>
<u>-</u>	<u>-</u>	<u>3,603</u>	<u>3,333</u>	<u>3,050</u>	<u>1,136</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>15,365</u>	<u>(132)</u>	<u>-</u>	<u>72,731</u>	<u>-</u>
<u>-</u>	<u>15,365</u>	<u>(132)</u>	<u>-</u>	<u>72,731</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 15,365</u>	<u>\$ 3,471</u>	<u>\$ 3,333</u>	<u>\$ 75,781</u>	<u>\$ 1,136</u>

(continued)

GRAYSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
SEPTEMBER 30, 2004

	Special Revenue			
	Juvenile Prosecutor	Grayson County Activity	Flood Control	Holiday Lights
ASSETS				
Cash and investments	\$ -	\$ 16,011	\$ -	\$ 60,989
Accounts receivable, net of allowance	-	-	-	-
Taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
	-	-	-	-
Total assets	\$ -	\$ 16,011	\$ -	\$ 60,989
LIABILITIES				
Accounts payable	\$ 5,694	\$ -	\$ -	\$ 532
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
	-	-	-	-
Total liabilities	5,694	-	-	532
FUND BALANCES				
Reserved for debt service	-	-	-	-
Reserved for purpose of trust	-	-	-	-
Unreserved:				
Undesignated	(5,694)	16,011	-	60,457
Total fund balances	(5,694)	16,011	-	60,457
Total liabilities and fund balances	\$ -	\$ 16,011	\$ -	\$ 60,989

<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>		<u>Permanent</u>	<u>Total</u>
<u>Homeland Security</u>	<u>Early Intervention and Prevention</u>	<u>Permanent Improvement Bonds</u>	<u>Permanent Improvement</u>	<u>Lateral Road</u>	<u>Texoma Succeeding Generations Trust</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 70,704	\$ 368,507	\$ 49,772	\$ 58,002	\$ 2,539,581
-	-	-	-	-	-	79,634
-	-	11,221	14,560	-	-	25,781
<u>154,817</u>	<u>1,786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,896</u>
<u>\$ 154,817</u>	<u>\$ 1,786</u>	<u>\$ 81,925</u>	<u>\$ 383,067</u>	<u>\$ 49,772</u>	<u>\$ 58,002</u>	<u>\$ 2,849,892</u>
\$ 154,817	\$ 194	\$ -	\$ 1,627	\$ -	\$ -	\$ 316,566
-	-	10,295	12,341	-	-	51,551
-	<u>1,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,366</u>
<u>154,817</u>	<u>1,808</u>	<u>10,295</u>	<u>13,968</u>	<u>-</u>	<u>-</u>	<u>400,483</u>
-	-	71,630	-	-	-	71,630
-	-	-	-	-	58,002	58,002
-	(22)	-	<u>369,099</u>	<u>49,772</u>	<u>-</u>	<u>2,319,777</u>
-	(22)	<u>71,630</u>	<u>369,099</u>	<u>49,772</u>	<u>58,002</u>	<u>2,449,409</u>
<u>\$ 154,817</u>	<u>\$ 1,786</u>	<u>\$ 81,925</u>	<u>\$ 383,067</u>	<u>\$ 49,772</u>	<u>\$ 58,002</u>	<u>\$ 2,849,892</u>

GRAYSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue			
	Grayson County Protective Services	Sheriff Drug Forfeiture	Sheriff Commissary	Domestic Violence
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	27,727	-	49,713
Fees				
Fees of office	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment earnings	24	771	762	-
Miscellaneous	-	-	35,663	-
Total revenues	<u>24</u>	<u>28,498</u>	<u>36,425</u>	<u>49,713</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Judicial	-	-	-	66,171
Public safety	-	26,229	56,147	-
Health and welfare	6,532	-	-	-
Highways, streets and bridges	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>6,532</u>	<u>26,229</u>	<u>56,147</u>	<u>66,171</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,508)</u>	<u>2,269</u>	<u>(19,722)</u>	<u>(16,458)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	6,500	-	-	15,174
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>6,500</u>	<u>-</u>	<u>-</u>	<u>15,174</u>
NET CHANGE IN FUND BALANCES	(8)	2,269	(19,722)	(1,284)
FUND BALANCES, BEGINNING	<u>3,400</u>	<u>63,140</u>	<u>76,549</u>	<u>(114)</u>
FUND BALANCES, ENDING	<u>\$ 3,392</u>	<u>\$ 65,409</u>	<u>\$ 56,827</u>	<u>\$ (1,398)</u>

Special Revenue

Juvenile Boot Camp	County Attorney Hot Check	County Attorney Drug Forfeiture	State Supplemental	Law Library	Grayson County Historical Commission
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
222,075	-	29,541	33,630	-	-
1,008,174	167,014	-	-	-	-
-	-	-	-	83,390	-
5,094	-	331	-	424	4
-	-	-	-	7,338	-
<u>1,235,343</u>	<u>167,014</u>	<u>29,872</u>	<u>33,630</u>	<u>91,152</u>	<u>4</u>
-	-	-	-	-	448
-	168,044	31,641	33,879	71,578	-
1,279,432	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	550	-	-	-	-
-	137	-	-	-	-
<u>1,279,432</u>	<u>168,731</u>	<u>31,641</u>	<u>33,879</u>	<u>71,578</u>	<u>448</u>
<u>(44,089)</u>	<u>(1,717)</u>	<u>(1,769)</u>	<u>(249)</u>	<u>19,574</u>	<u>(444)</u>
-	-	-	-	-	-
-	-	-	-	411	-
-	-	-	-	-	-
<u>(11,168)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(11,168)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>411</u>	<u>-</u>
<u>(55,257)</u>	<u>(1,717)</u>	<u>(1,769)</u>	<u>(249)</u>	<u>19,985</u>	<u>(444)</u>
<u>520,971</u>	<u>26,299</u>	<u>28,854</u>	<u>11,859</u>	<u>75,935</u>	<u>13,273</u>
<u>\$ 465,714</u>	<u>\$ 24,582</u>	<u>\$ 27,085</u>	<u>\$ 11,610</u>	<u>\$ 95,920</u>	<u>\$ 12,829</u>

(continued)

GRAYSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue			
	Records Preservation	Law Enforcement Block Grant	Victim Assistance Program	Courthouse Security
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	4,636	24,164	-
Fees	-	-	-	-
Fees of office	411,123	-	-	81,782
Fines and forfeitures	-	-	-	-
Investment earnings	3,121	154	-	7,385
Miscellaneous	-	-	-	-
Total revenues	<u>414,244</u>	<u>4,790</u>	<u>24,164</u>	<u>89,167</u>
EXPENDITURES				
Current:				
General government	496,444	-	-	11,784
Judicial	-	-	36,132	-
Public safety	-	5,150	-	-
Health and welfare	-	-	-	-
Highways, streets and bridges	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	43,200	-	-	-
Interest and fiscal charges	7,715	-	-	-
Total expenditures	<u>547,359</u>	<u>5,150</u>	<u>36,132</u>	<u>11,784</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(133,115)</u>	<u>(360)</u>	<u>(11,968)</u>	<u>77,383</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	204,523	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	1,627	9,359	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>204,523</u>	<u>1,627</u>	<u>9,359</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	71,408	1,267	(2,609)	77,383
FUND BALANCES, BEGINNING	<u>215,611</u>	<u>3,595</u>	<u>850</u>	<u>612,715</u>
FUND BALANCES, ENDING	<u>\$ 287,019</u>	<u>\$ 4,862</u>	<u>\$(1,759)</u>	<u>\$ 690,098</u>

Special Revenue

Court Reporter Service	Federal Forfeiture	County Attorney Victim's Liaison	Gun Violence	Justice Court Technology	COPS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	40,934	43,666	35,936	129,624
-	-	-	-	-	-
29,088	-	-	-	-	-
-	70	-	-	327	-
-	-	-	-	-	-
<u>29,088</u>	<u>70</u>	<u>40,934</u>	<u>43,666</u>	<u>36,263</u>	<u>129,624</u>
29,088	-	-	-	-	-
-	4,233	45,826	43,027	22,164	-
-	-	-	-	-	129,624
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>29,088</u>	<u>4,233</u>	<u>45,826</u>	<u>43,027</u>	<u>22,164</u>	<u>129,624</u>
-	(4,163)	(4,892)	639	14,099	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	8,616	11,460	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>8,616</u>	<u>11,460</u>	<u>-</u>	<u>-</u>
-	(4,163)	3,724	12,099	14,099	-
-	19,528	(3,856)	(12,099)	58,632	-
<u>\$ -</u>	<u>\$ 15,365</u>	<u>\$ (132)</u>	<u>\$ -</u>	<u>\$ 72,731</u>	<u>\$ -</u>

(continued)

GRAYSON COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue			
	Juvenile Prosecutor	Grayson County Activity	Flood Control	Holiday Lights
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	27,172	-	-	-
Fees	-	-	-	-
Fees of office	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment earnings	-	129	232	715
Miscellaneous	-	12,232	-	67,005
Total revenues	<u>27,172</u>	<u>12,361</u>	<u>232</u>	<u>67,720</u>
EXPENDITURES				
Current:				
General government	-	4,917	38,101	56,474
Judicial	34,630	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Highways, streets and bridges	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>34,630</u>	<u>4,917</u>	<u>38,101</u>	<u>56,474</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,458)</u>	<u>7,444</u>	<u>(37,869)</u>	<u>11,246</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	6,177	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>6,177</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(1,281)	7,444	(37,869)	11,246
FUND BALANCES, BEGINNING	(4,413)	<u>8,567</u>	<u>37,869</u>	<u>49,211</u>
FUND BALANCES, ENDING	<u><u>\$ (5,694)</u></u>	<u><u>\$ 16,011</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 60,457</u></u>

<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>		<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Homeland Security</u>	<u>Early Intervention and Prevention</u>	<u>Permanent Improvement Bonds</u>	<u>Permanent Improvement</u>	<u>Lateral Road</u>	<u>Texoma Succeeding Generations Trust</u>	
\$ -	\$ -	\$ 88,902	\$ 258,898	\$ -	\$ -	\$ 347,800
154,817	7,510	-	-	71,876	-	903,021
-	-	-	-	-	-	1,008,174
-	-	-	-	-	-	689,007
-	-	-	-	-	-	83,390
-	-	1,586	5,572	964	644	28,309
-	-	-	-	-	-	122,238
<u>154,817</u>	<u>7,510</u>	<u>90,488</u>	<u>264,470</u>	<u>72,840</u>	<u>644</u>	<u>3,181,939</u>
-	1,400	-	332,240	-	-	970,896
-	-	-	-	-	-	557,325
154,817	6,132	-	-	-	-	1,657,531
-	-	-	-	-	-	6,532
-	-	-	-	59,069	-	59,069
-	-	-	-	26,620	-	26,620
-	-	100,000	-	-	-	143,750
-	-	57,253	-	-	-	65,105
<u>154,817</u>	<u>7,532</u>	<u>157,253</u>	<u>332,240</u>	<u>85,689</u>	<u>-</u>	<u>3,486,828</u>
-	(22)	(66,765)	(67,770)	(12,849)	644	(304,889)
-	-	-	-	-	-	204,523
-	-	-	-	-	-	411
-	-	-	-	-	-	58,913
-	-	-	-	-	-	(11,168)
-	-	-	-	-	-	252,679
-	(22)	(66,765)	(67,770)	(12,849)	644	(52,210)
-	-	138,395	436,869	62,621	57,358	2,501,619
<u>\$ -</u>	<u>\$ (22)</u>	<u>\$ 71,630</u>	<u>\$ 369,099</u>	<u>\$ 49,772</u>	<u>\$ 58,002</u>	<u>\$ 2,449,409</u>

GRAYSON COUNTY, TEXAS

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

GRAYSON COUNTY PROTECTIVE SERVICES

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Interest	\$ <u>25</u>	\$ <u>24</u>	\$(<u>1</u>)
Total revenues	<u>25</u>	<u>24</u>	<u>(1)</u>
EXPENDITURES			
Current:			
Health and welfare:			
Supplies and materials	<u>6,500</u>	<u>6,532</u>	<u>(32)</u>
Total expenditures	<u>6,500</u>	<u>6,532</u>	<u>(32)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,475)</u>	<u>(6,508)</u>	<u>(33)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>6,500</u>	<u>6,500</u>	<u>-</u>
Total other financing sources	<u>6,500</u>	<u>6,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	25	(8)	(33)
FUND BALANCES, BEGINNING	<u>3,400</u>	<u>3,400</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 3,425</u>	<u>\$ 3,392</u>	<u>\$(33)</u>

GRAYSON COUNTY, TEXAS

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

SHERIFF DRUG FORFEITURE

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 10,000	\$ 27,727	\$ 17,727
Interest	<u>500</u>	<u>771</u>	<u>271</u>
Total revenues	<u>10,500</u>	<u>28,498</u>	<u>17,998</u>
EXPENDITURES			
Current:			
Public safety:			
Supplies and materials	20,000	26,229	(6,229)
Other services and charges	4,000	-	4,000
Capital outlay	<u>12,500</u>	<u>-</u>	<u>12,500</u>
Total expenditures	<u>36,500</u>	<u>26,229</u>	<u>10,271</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(26,000)</u>	<u>2,269</u>	<u>28,269</u>
OTHER FINANCING SOURCES (USES)			
Sale of fixed assets	<u>500</u>	<u>-</u>	<u>(500)</u>
Total other financing sources (uses)	<u>500</u>	<u>-</u>	<u>(500)</u>
NET CHANGE IN FUND BALANCES	<u>(25,500)</u>	<u>2,269</u>	<u>27,769</u>
FUND BALANCES, BEGINNING	<u>63,140</u>	<u>63,140</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 37,640</u>	<u>\$ 65,409</u>	<u>\$ 27,769</u>

GRAYSON COUNTY, TEXAS

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

SHERIFF COMMISSARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Interest	\$ 1,000	\$ 762	\$(238)
Miscellaneous	<u>35,000</u>	<u>35,663</u>	<u>663</u>
Total revenues	<u>36,000</u>	<u>36,425</u>	<u>425</u>
EXPENDITURES			
Current:			
Public safety:			
Supplies and materials	40,000	56,147	(16,147)
Capital outlay	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total expenditures	<u>48,000</u>	<u>56,147</u>	<u>(8,147)</u>
NET CHANGE IN FUND BALANCES	(12,000)	(19,722)	(7,722)
FUND BALANCES, BEGINNING	<u>76,549</u>	<u>76,549</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 64,549</u>	<u>\$ 56,827</u>	<u>\$(7,722)</u>

GRAYSON COUNTY, TEXAS

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

DOMESTIC VIOLENCE

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 48,992	\$ 49,713	\$ 721
Total revenues	<u>48,992</u>	<u>49,713</u>	<u>721</u>
EXPENDITURES			
Current:			
Judicial:			
Personnel services	60,322	66,284	(5,962)
Supplies and materials	<u>5,000</u>	<u>(113)</u>	<u>5,113</u>
Total expenditures	<u>65,322</u>	<u>66,171</u>	<u>(849)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(16,330)</u>	<u>(16,458)</u>	<u>(128)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>16,330</u>	<u>15,174</u>	<u>(1,156)</u>
Total other financing sources (uses)	<u>16,330</u>	<u>15,174</u>	<u>(1,156)</u>
NET CHANGE IN FUND BALANCES	-	(1,284)	(1,284)
FUND BALANCES, BEGINNING	<u>(114)</u>	<u>(114)</u>	<u>-</u>
FUND BALANCES, ENDING	<u><u>\$(114)</u></u>	<u><u>\$(1,398)</u></u>	<u><u>\$(1,284)</u></u>

GRAYSON COUNTY, TEXAS

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

JUVENILE BOOT CAMP FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 232,000	\$ 222,075	\$(9,925)
Fees	1,010,000	1,008,174	(1,826)
Interest	<u>2,000</u>	<u>5,094</u>	<u>3,094</u>
Total revenues	<u>1,244,000</u>	<u>1,235,343</u>	<u>(8,657)</u>
EXPENDITURES			
Current:			
Public safety:			
Personnel services	996,550	935,510	61,040
Supplies and materials	107,000	127,486	(20,486)
Other services and charges	176,650	175,379	1,271
Repairs and maintenance	15,000	16,556	(1,556)
Capital outlay	<u>65,000</u>	<u>24,501</u>	<u>40,499</u>
Total expenditures	<u>1,360,200</u>	<u>1,279,432</u>	<u>80,768</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(116,200)</u>	<u>(44,089)</u>	<u>72,111</u>
OTHER FINANCING SOURCES			
Transfers out	<u>-</u>	<u>(11,168)</u>	<u>(11,168)</u>
Total other financing sources	<u>-</u>	<u>(11,168)</u>	<u>(11,168)</u>
NET CHANGE IN FUND BALANCES	<u>(116,200)</u>	<u>(55,257)</u>	<u>60,943</u>
FUND BALANCES, BEGINNING	<u>520,971</u>	<u>520,971</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 404,771</u>	<u>\$ 465,714</u>	<u>\$ 60,943</u>

GRAYSON COUNTY, TEXAS

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

COUNTY ATTORNEY HOT CHECK FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Fees of office	\$ 135,000	\$ 167,014	\$ 32,014
Total revenues	<u>135,000</u>	<u>167,014</u>	<u>32,014</u>
EXPENDITURES			
Current:			
Judicial:			
Personnel services	134,500	148,836	(14,336)
Supplies and materials	<u>11,100</u>	<u>19,208</u>	<u>(8,108)</u>
Total judicial	<u>145,600</u>	<u>168,044</u>	<u>(22,444)</u>
Debt service:			
Principal	700	550	150
Interest and fiscal charges	<u>50</u>	<u>137</u>	<u>(87)</u>
Total expenditures	<u>146,350</u>	<u>168,731</u>	<u>(22,381)</u>
NET CHANGE IN FUND BALANCES	(11,350)	(1,717)	9,633
FUND BALANCES, BEGINNING	<u>26,299</u>	<u>26,299</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 14,949</u>	<u>\$ 24,582</u>	<u>\$ 9,633</u>

GRAYSON COUNTY, TEXAS

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

COUNTY ATTORNEY DRUG FORFEITURE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 10,000	\$ 29,541	\$ 19,541
Interest	<u>200</u>	<u>331</u>	<u>131</u>
Total revenues	<u>10,200</u>	<u>29,872</u>	<u>19,672</u>
 EXPENDITURES			
Current:			
Judicial:			
Personnel services	5,800	15,656	(9,856)
Supplies and materials	12,250	15,916	(3,666)
Other services and charges	3,000	69	2,931
Capital outlay	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>23,050</u>	<u>31,641</u>	<u>(8,591)</u>
 NET CHANGE IN FUND BALANCES	 (12,850)	 (1,769)	 11,081
 FUND BALANCES, BEGINNING	 <u>28,854</u>	 <u>28,854</u>	 <u>-</u>
 FUND BALANCES, ENDING	 <u>\$ 16,004</u>	 <u>\$ 27,085</u>	 <u>\$ 11,081</u>

GRAYSON COUNTY, TEXAS

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

STATE SUPPLEMENTAL

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 34,450	\$ 33,630	\$(820)
Total revenues	<u>34,450</u>	<u>33,630</u>	<u>(820)</u>
EXPENDITURES			
Current:			
Judicial:			
Personnel services	<u>37,200</u>	<u>33,879</u>	<u>3,321</u>
Total expenditures	<u>37,200</u>	<u>33,879</u>	<u>3,321</u>
NET CHANGE IN FUND BALANCES	(2,750)	(249)	2,501
FUND BALANCES, BEGINNING	<u>11,859</u>	<u>11,859</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 9,109</u>	<u>\$ 11,610</u>	<u>\$ 2,501</u>

GRAYSON COUNTY, TEXAS

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

LAW LIBRARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Fines and forfeitures	\$ 79,000	\$ 83,390	\$ 4,390
Interest	400	424	24
Miscellaneous	<u>1,200</u>	<u>7,338</u>	<u>6,138</u>
Total revenues	<u>80,600</u>	<u>91,152</u>	<u>10,552</u>
EXPENDITURES			
Current:			
Judicial:			
Personnel services	36,590	36,396	194
Supplies and materials	41,560	32,851	8,709
Other services and charges	<u>2,350</u>	<u>2,331</u>	<u>19</u>
Total expenditures	<u>80,500</u>	<u>71,578</u>	<u>8,922</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>100</u>	<u>19,574</u>	<u>19,474</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	<u>-</u>	<u>411</u>	<u>411</u>
Total other financing sources (uses)	<u>-</u>	<u>411</u>	<u>411</u>
NET CHANGE IN FUND BALANCES	100	19,985	19,885
FUND BALANCES, BEGINNING	<u>75,935</u>	<u>75,935</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 76,035</u>	<u>\$ 95,920</u>	<u>\$ 19,885</u>

GRAYSON COUNTY, TEXAS

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

GRAYSON COUNTY HISTORICAL COMMISSION

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Interest	\$ -	\$ 4	\$ 4
Total revenues	<u>-</u>	<u>4</u>	<u>4</u>
EXPENDITURES			
Current:			
General government:			
Supplies and materials	250	25	225
Other services and charges	<u>4,250</u>	<u>423</u>	<u>3,827</u>
Total expenditures	<u>4,500</u>	<u>448</u>	<u>4,052</u>
NET CHANGE IN FUND BALANCES	(4,500)	(444)	4,056
FUND BALANCES, BEGINNING	<u>13,273</u>	<u>13,273</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 8,773</u>	<u>\$ 12,829</u>	<u>\$ 4,056</u>

GRAYSON COUNTY, TEXAS

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

RECORDS PRESERVATION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Fees	\$ 438,000	\$ 411,123	\$(26,877)
Interest	<u>3,150</u>	<u>3,121</u>	<u>(29)</u>
Total revenues	<u>441,150</u>	<u>414,244</u>	<u>(26,906)</u>
EXPENDITURES			
Current:			
General government:			
Personnel services	11,860	6,470	5,390
Supplies and materials	36,500	569	35,931
Other services and charges	407,500	256,554	150,946
Capital outlay	51,000	232,851	(181,851)
Debt service:			
Principal	43,200	43,200	-
Interest and fiscal charges	<u>7,717</u>	<u>7,715</u>	<u>2</u>
Total expenditures	<u>557,777</u>	<u>547,359</u>	<u>10,418</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(116,627)</u>	<u>(133,115)</u>	<u>(16,488)</u>
OTHER FINANCING SOURCES			
Proceeds from capital lease	<u>232,203</u>	<u>204,523</u>	<u>(27,680)</u>
Total other financing sources	<u>232,203</u>	<u>204,523</u>	<u>(27,680)</u>
NET CHANGE IN FUND BALANCES	115,576	71,408	(44,168)
FUND BALANCES, BEGINNING	<u>214,833</u>	<u>215,611</u>	<u>778</u>
FUND BALANCES, ENDING	<u>\$ 330,409</u>	<u>\$ 287,019</u>	<u>\$(43,390)</u>

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, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Fees	\$ 33,500	\$ 4,636	\$(28,864)
Interest	<u>-</u>	<u>154</u>	<u>154</u>
Total revenues	<u>33,500</u>	<u>4,790</u>	<u>(28,710)</u>
EXPENDITURES			
Current:			
Public safety:			
Supplies and materials	<u>5,000</u>	<u>5,150</u>	<u>(150)</u>
Total expenditures	<u>5,000</u>	<u>5,150</u>	<u>(150)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>28,500</u>	<u>(360)</u>	<u>(28,860)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>1,627</u>	<u>1,627</u>	<u>-</u>
Total other financing sources	<u>1,627</u>	<u>1,627</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	30,127	1,267	(28,860)
FUND BALANCES, BEGINNING	<u>3,595</u>	<u>3,595</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 33,722</u>	<u>\$ 4,862</u>	<u>\$(28,860)</u>

GRAYSON COUNTY, TEXAS

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

VICTIM ASSISTANCE PROGRAM

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUE			
Intergovernmental	\$ 22,830	\$ 24,164	\$ 1,334
Total revenues	<u>22,830</u>	<u>24,164</u>	<u>1,334</u>
EXPENDITURES			
Current:			
Judicial:			
Personnel services	<u>28,537</u>	<u>36,132</u>	<u>(7,595)</u>
Total expenditures	<u>28,537</u>	<u>36,132</u>	<u>(7,595)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,707)</u>	<u>(11,968)</u>	<u>(6,261)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>5,707</u>	<u>9,359</u>	<u>3,652</u>
Total other financing sources	<u>5,707</u>	<u>9,359</u>	<u>3,652</u>
NET CHANGE IN FUND BALANCES	-	<u>(2,609)</u>	<u>(2,609)</u>
FUND BALANCES, BEGINNING	<u>850</u>	<u>850</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 850</u>	<u>\$(1,759)</u>	<u>\$(2,609)</u>

GRAYSON COUNTY, TEXAS

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

COURTHOUSE SECURITY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Fees	\$ 73,400	\$ 81,782	\$ 8,382
Interest	<u>10,000</u>	<u>7,385</u>	<u>(2,615)</u>
Total revenues	<u>83,400</u>	<u>89,167</u>	<u>5,767</u>
EXPENDITURES			
Current:			
General government:			
Supplies and materials	15,000	487	14,513
Capital outlay	<u>275,000</u>	<u>11,297</u>	<u>263,703</u>
Total expenditures	<u>290,000</u>	<u>11,784</u>	<u>278,216</u>
NET CHANGE IN FUND BALANCES	(206,600)	77,383	283,983
FUND BALANCES, BEGINNING	<u>612,715</u>	<u>612,715</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 406,115</u>	<u>\$ 690,098</u>	<u>\$ 283,983</u>

GRAYSON COUNTY, TEXAS

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

COURT REPORTER SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Fees	\$ 28,000	\$ 29,088	\$ 1,088
Total revenues	<u>28,000</u>	<u>29,088</u>	<u>1,088</u>
EXPENDITURES			
Current:			
General government:			
Other services and charges	<u>28,000</u>	<u>29,088</u>	(1,088)
Total expenditures	<u>28,000</u>	<u>29,088</u>	(1,088)
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GRAYSON COUNTY, TEXAS

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

FEDERAL FORFEITURE

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Interest	\$ -	\$ 70	\$ 70
Total revenues	<u>-</u>	<u>70</u>	<u>70</u>
 EXPENDITURES			
Current:			
Judicial:			
Personnel services	<u>19,500</u>	<u>4,233</u>	<u>15,267</u>
Total expenditures	<u>19,500</u>	<u>4,233</u>	<u>15,267</u>
 NET CHANGE IN FUND BALANCES	 (19,500)	 (4,163)	 15,337
 FUND BALANCES, BEGINNING	 <u>19,528</u>	 <u>19,528</u>	 <u>-</u>
 FUND BALANCES, ENDING	 <u>\$ 28</u>	 <u>\$ 15,365</u>	 <u>\$ 15,337</u>

GRAYSON COUNTY, TEXAS

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

COUNTY ATTORNEY VICTIM'S LIAISON

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 37,463	\$ 40,934	\$ 3,471
Total revenues	<u>37,463</u>	<u>40,934</u>	<u>3,471</u>
EXPENDITURES			
Current:			
Judicial:			
Personnel services	<u>46,163</u>	<u>45,826</u>	<u>337</u>
Total expenditures	<u>46,163</u>	<u>45,826</u>	<u>337</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,700)</u>	<u>(4,892)</u>	<u>3,808</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>8,700</u>	<u>8,616</u>	<u>(84)</u>
Total other financing sources (uses)	<u>8,700</u>	<u>8,616</u>	<u>(84)</u>
NET CHANGE IN FUND BALANCES	-	3,724	3,724
FUND BALANCES, BEGINNING	<u>(3,856)</u>	<u>(3,856)</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$(3,856)</u>	<u>\$(132)</u>	<u>\$ 3,724</u>

GRAYSON COUNTY, TEXAS

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

GUN VIOLENCE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 40,000	\$ 43,666	\$ 3,666
Total revenues	<u>40,000</u>	<u>43,666</u>	<u>3,666</u>
EXPENDITURES			
Current:			
Judicial:			
Personnel services	<u>53,385</u>	<u>43,027</u>	<u>10,358</u>
Total expenditures	<u>53,385</u>	<u>43,027</u>	<u>10,358</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,385)</u>	<u>639</u>	<u>14,024</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>13,385</u>	<u>11,460</u>	<u>(1,925)</u>
Total other financing sources (uses)	<u>13,385</u>	<u>11,460</u>	<u>(1,925)</u>
NET CHANGE IN FUND BALANCES	-	12,099	12,099
FUND BALANCES, BEGINNING	<u>(12,099)</u>	<u>(12,099)</u>	<u>-</u>
FUND BALANCES, ENDING	<u><u>\$(12,099)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,099</u></u>

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, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 28,000	\$ 35,936	\$ 7,936
Interest	<u>80</u>	<u>327</u>	<u>247</u>
Total revenues	<u>28,080</u>	<u>36,263</u>	<u>8,183</u>
EXPENDITURES			
Judicial:			
Supplies and materials	40,000	12,264	27,736
Other services and charges	<u>5,000</u>	<u>9,900</u>	<u>(4,900)</u>
Total expenditures	<u>45,000</u>	<u>22,164</u>	<u>22,836</u>
NET CHANGE IN FUND BALANCES	(16,920)	14,099	31,019
FUND BALANCES, BEGINNING	<u>58,632</u>	<u>58,632</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 41,712</u>	<u>\$ 72,731</u>	<u>\$ 31,019</u>

GRAYSON COUNTY, TEXAS

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

COPS

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>(Negative)</u>
REVENUES			
Intergovernmental	\$ 221,735	\$ 129,624	\$(92,111)
Total revenues	<u>221,735</u>	<u>129,624</u>	<u>(92,111)</u>
EXPENDITURES			
Public safety:			
Personnel services	44,631	34,571	10,060
Supplies and materials	68,751	32,619	36,132
Other services and charges	-	5,197	(5,197)
Capital outlay	<u>86,481</u>	<u>57,237</u>	<u>29,244</u>
Total expenditures	<u>199,863</u>	<u>129,624</u>	<u>70,239</u>
NET CHANGE IN FUND BALANCES	21,872	-	(21,872)
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 21,872</u>	<u>\$ -</u>	<u>\$(21,872)</u>

GRAYSON COUNTY, TEXAS

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

JUVENILE PROSECUTOR

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 30,311	\$ 27,172	\$(3,139)
Total revenues	<u>30,311</u>	<u>27,172</u>	<u>(3,139)</u>
EXPENDITURES			
Judicial:			
Professional fees	<u>33,680</u>	<u>34,630</u>	<u>(950)</u>
Total expenditures	<u>33,680</u>	<u>34,630</u>	<u>(950)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,369)	(7,458)	(4,089)
OTHER FINANCING SOURCES			
Transfers in	<u>6,738</u>	<u>6,177</u>	<u>(561)</u>
Total other financing sources (uses)	<u>6,738</u>	<u>6,177</u>	<u>(561)</u>
NET CHANGE IN FUND BALANCES	3,369	(1,281)	(4,650)
FUND BALANCES, BEGINNING	<u>(4,413)</u>	<u>(4,413)</u>	-
FUND BALANCES, ENDING	<u><u>\$(1,044)</u></u>	<u><u>\$(5,694)</u></u>	<u><u>\$(4,650)</u></u>

GRAYSON COUNTY, TEXAS

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

HOLIDAY LIGHTS

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Interest	\$ 500	\$ 715	\$ 215
Miscellaneous	<u>60,000</u>	<u>67,005</u>	<u>7,005</u>
Total revenues	<u>60,500</u>	<u>67,720</u>	<u>7,220</u>
EXPENDITURES			
Judicial:			
Personnel services	-	3,347	(3,347)
Supplies and materials	-	984	(984)
Other services and charges	<u>-</u>	<u>52,143</u>	<u>(52,143)</u>
Total expenditures	<u>-</u>	<u>56,474</u>	<u>56,474</u>
NET CHANGE IN FUND BALANCES	60,500	11,246	(49,254)
FUND BALANCES, BEGINNING	<u>49,211</u>	<u>49,211</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 109,711</u>	<u>\$ 60,457</u>	<u>\$(49,254)</u>

GRAYSON COUNTY, TEXAS

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

EARLY INTERVENTION AND PREVENTION

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 16,872	\$ 7,510	\$(9,362)
Total revenues	<u>16,872</u>	<u>7,510</u>	<u>(9,362)</u>
EXPENDITURES			
Judicial:			
Supplies and materials	7,450	5,985	1,465
Other services and charges	7,450	1,400	6,050
Indirect	<u>331</u>	<u>147</u>	<u>184</u>
Total expenditures	<u>15,231</u>	<u>7,532</u>	<u>7,699</u>
NET CHANGE IN FUND BALANCES	1,641	(22)	(1,663)
FUND BALANCES, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,641</u>	<u>\$(22)</u>	<u>\$(1,663)</u>

GRAYSON COUNTY, TEXAS

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

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Taxes:			
Current	\$ 82,070	\$ 82,665	\$ 595
Delinquent	7,000	3,743	(3,257)
Penalties and interest	<u>5,000</u>	<u>2,494</u>	<u>(2,506)</u>
Total taxes	94,070	88,902	(5,168)
Interest	<u>2,000</u>	<u>1,586</u>	<u>(414)</u>
Total revenues	<u>96,070</u>	<u>90,488</u>	<u>(5,582)</u>
EXPENDITURES			
Debt service:			
Principal retirement	100,000	100,000	-
Interest and fiscal charges	<u>59,255</u>	<u>57,253</u>	<u>2,002</u>
Total expenditures	<u>159,255</u>	<u>157,253</u>	<u>2,002</u>
NET CHANGE IN FUND BALANCES	(63,185)	(66,765)	(3,580)
FUND BALANCES, BEGINNING	<u>138,395</u>	<u>138,395</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 75,210</u>	<u>\$ 71,630</u>	<u>\$(3,580)</u>

GRAYSON COUNTY, TEXAS

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

PERMANENT IMPROVEMENT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes:			
Current	\$ 250,000	\$ 251,909	\$ 1,909
Delinquent	4,000	3,255	(745)
Penalties and interest	2,000	3,734	1,734
Total taxes	256,000	258,898	2,898
Interest	7,500	5,572	(1,928)
Total revenues	263,500	264,470	970
 EXPENDITURES			
Capital projects:			
Capital outlay	160,000	-	160,000
Miscellaneous	-	332,240	(332,240)
Total expenditures	160,000	332,240	(172,240)
 NET CHANGE IN FUND BALANCES			
	103,500	(67,770)	(171,270)
 FUND BALANCES, BEGINNING			
	436,869	436,869	-
 FUND BALANCES, ENDING			
	\$ 540,369	\$ 369,099	\$(171,270)

GRAYSON COUNTY, TEXAS

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

LATERAL ROAD FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental	\$ 63,000	\$ 71,876	\$ 8,876
Interest	1,500	964	(536)
Total revenues	64,500	72,840	8,340
EXPENDITURES			
Current:			
Highways, streets and bridges	95,000	59,069	35,931
Capital outlay	30,000	26,620	3,380
Total expenditures	125,000	85,689	39,311
NET CHANGE IN FUND BALANCES	(60,500)	(12,849)	47,651
FUND BALANCES, BEGINNING	62,621	62,621	-
FUND BALANCES, ENDING	\$ 2,121	\$ 49,772	\$ 47,651

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, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Interest	\$ <u>800</u>	\$ <u>644</u>	\$ <u>(156)</u>
Total revenues	<u>800</u>	<u>644</u>	<u>(156)</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	800	644	(156)
FUND BALANCES, BEGINNING	<u>57,358</u>	<u>57,358</u>	<u>-</u>
FUND BALANCES, ENDING	\$ <u><u>58,158</u></u>	\$ <u><u>58,002</u></u>	\$ <u><u>(156)</u></u>

FIDUCIARY FUNDS

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

State Court Costs and Arrest Fees – 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 and District Clerks 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 State Fees – 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 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.

Justice of the Peace – Justice of the Peace Fund maintains an account for fees, fines, cash bonds, and funds related to civil cases. Fees and fines are reportable to the County Treasurer, and a portion is disbursed by the Treasurer to the State. Cash bonds are held by the justices pending disposition of criminal cases before their courts, and funds related to civil cases are held pending court disposition.

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 STATEMENT OF FIDUCIARY NET ASSETS

SEPTEMBER 30, 2004

	Agency			
	State Court Costs and Arrest Fees	Appellate Justice System	Seized	Adult Probation Restitution
ASSETS				
Cash and investments	\$ <u>284,177</u>	\$ <u>9,485</u>	\$ <u>106,162</u>	\$ <u>343,880</u>
Total assets	\$ <u><u>284,177</u></u>	\$ <u><u>9,485</u></u>	\$ <u><u>106,162</u></u>	\$ <u><u>343,880</u></u>
LIABILITIES				
Due to other agencies and individuals	\$ <u>284,177</u>	\$ <u>9,485</u>	\$ <u>106,162</u>	\$ <u>343,880</u>
Total liabilities	\$ <u><u>284,177</u></u>	\$ <u><u>9,485</u></u>	\$ <u><u>106,162</u></u>	\$ <u><u>343,880</u></u>

Agency

<u>County Attorney Bad Check Victims</u>	<u>County Attorney Restitution</u>	<u>County Clerk Operating</u>	<u>District Clerk Operating</u>	<u>District Clerk State Fees</u>	<u>Juvenile Probation</u>
\$ <u>6,660</u>	\$ <u>1,995</u>	\$ <u>4,299</u>	\$ <u>14,600</u>	\$ <u>1,043</u>	\$ <u>3,436</u>
\$ <u>6,660</u>	\$ <u>1,995</u>	\$ <u>4,299</u>	\$ <u>14,600</u>	\$ <u>1,043</u>	\$ <u>3,436</u>
\$ <u>6,660</u>	\$ <u>1,995</u>	\$ <u>4,299</u>	\$ <u>14,600</u>	\$ <u>1,043</u>	\$ <u>3,436</u>
\$ <u>6,660</u>	\$ <u>1,995</u>	\$ <u>4,299</u>	\$ <u>14,600</u>	\$ <u>1,043</u>	\$ <u>3,436</u>

(continued)

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

SEPTEMBER 30, 2004

	<u>Agency</u>			
	<u>Tax Assessor Collector</u>	<u>Sheriff Operating</u>	<u>Sheriff Law Enforcement Operating</u>	<u>Sheriff Bonds</u>
ASSETS				
Cash and investments	\$ <u>1,490,690</u>	\$ <u>406</u>	\$ <u>10,739</u>	\$ <u>409,769</u>
Total assets	\$ <u>1,490,690</u>	\$ <u>406</u>	\$ <u>10,739</u>	\$ <u>409,769</u>
LIABILITIES				
Due to other agencies and individuals	\$ <u>1,490,690</u>	\$ <u>406</u>	\$ <u>10,739</u>	\$ <u>409,769</u>
Total liabilities	\$ <u>1,490,690</u>	\$ <u>406</u>	\$ <u>10,739</u>	\$ <u>409,769</u>

Agency

<u>County Clerk Trust</u>	<u>District Clerk Trust</u>	<u>Jail Inmate Trust</u>	<u>Sheriff Civil Trust</u>	<u>Total</u>
\$ <u>1,738,664</u>	\$ <u>2,598,155</u>	\$ <u>25,862</u>	\$ <u>11,854</u>	\$ <u>7,061,876</u>
\$ <u>1,738,664</u>	\$ <u>2,598,155</u>	\$ <u>25,862</u>	\$ <u>11,854</u>	\$ <u>7,061,876</u>
\$ <u>1,738,664</u>	\$ <u>2,598,155</u>	\$ <u>25,862</u>	\$ <u>11,854</u>	\$ <u>7,061,876</u>
\$ <u>1,738,664</u>	\$ <u>2,598,155</u>	\$ <u>25,862</u>	\$ <u>11,854</u>	\$ <u>7,061,876</u>

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>
1995	\$ 3,925,463	\$ 2,557,660	\$ 4,566,705	\$ 3,048,001	\$ 4,042,816	\$ 1,242,790	\$ 19,383,435
1996	8,129,253	2,696,118	1,903,434	2,940,041	4,308,560	1,240,551	21,217,957
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

Note: Includes General, Special Revenue and Debt Service.

GRAYSON COUNTY, TEXAS

GENERAL GOVERNMENTAL REVENUE 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>
1995	\$ 11,918,751	\$ 4,096,251	\$ 690,522	\$ 3,211,082
1996	12,591,184	4,383,769	888,768	2,949,921
1997	13,020,601	4,586,467	1,146,961	3,526,018
1998	13,791,903	5,120,444	1,267,604	4,622,265
1999	14,481,774	5,445,286	1,363,997	7,450,922
2000	15,151,836	6,176,161	1,039,428	6,032,924
2001	15,919,422	6,315,858	1,119,273	6,807,715
2002	17,951,360	6,904,145	1,297,659	5,114,549
2003	21,080,753	6,361,757	1,392,495	4,580,184
2004	22,435,197	6,858,367	1,645,078	4,500,651

Note: Includes General, Special Revenue and Debt Service.

<u>Interest Earnings</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ 439,099	\$ 380,311	\$ 20,736,016
460,274	343,354	21,617,270
512,117	330,138	23,122,302
533,744	469,059	25,805,019
539,981	530,798	29,812,758
675,455	517,952	29,593,756
557,955	528,217	31,248,440
268,629	836,658	32,373,000
274,842	488,412	34,178,443
175,870	524,137	36,139,300

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>
1995	\$ 11,849,907	\$ 11,381,639	96.0%	\$ 361,249
1996	12,549,897	12,061,680	96.1%	464,761
1997	13,033,084	12,537,100	96.2%	427,328
1998	13,729,339	13,215,538	96.3%	482,704
1999	14,496,403	13,907,896	95.9%	483,784
2000	15,046,555	14,566,378	96.8%	502,203
2001	15,896,367	15,251,618	95.9%	825,432
2002	18,260,129	17,670,599	96.8%	437,829
2003	20,629,356	19,976,419	96.8%	950,404
2004	21,980,735	21,270,651	96.8%	993,726

<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>
\$ 11,742,888	99.1%	\$ 1,212,713	10.2%
12,526,441	99.8%	1,246,224	9.9%
12,964,428	99.5%	1,206,055	9.3%
13,698,242	99.8%	1,213,952	8.8%
14,391,680	99.3%	1,211,342	8.4%
15,068,581	100.1%	1,174,679	7.8%
16,077,050	101.1%	1,269,733	8.0%
18,108,428	99.2%	1,348,562	7.4%
20,926,823	101.4%	1,586,895	7.7%
22,264,377	101.3%	1,762,003	8.0%

GRAYSON COUNTY, TEXAS

TAX RATE DISTRIBUTION (PER \$100 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
1995	0.32291	0.07145	0.00000	0.04557	0.43993
1996	0.34155	0.0602	0.00563	0.04441	0.45179
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