

**GRAYSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2009**

**GRAYSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

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# **INTRODUCTORY SECTION**

# GRAYSON COUNTY, TEXAS

## PRINCIPAL OFFICIALS

SEPTEMBER 30, 2009

### COMMISSIONERS' COURT

Drew Bynum	County Judge
Johnny Waldrip	Commissioner, Precinct #1
David Whitlock	Commissioner, Precinct #2
Jackie Crisp	Commissioner, Precinct #3
C. E. "Gene" Short	Commissioner, Precinct #4

### JUDICIAL

Brian Gary	Judge 397th District Court
James P. Fallon	Judge, 15th District Court
Rayburn Nall	Judge, 59th District Court
Laurine Blake	Judge, 336th District Court
James Henderson	Judge, County Court-at-Law
Carol Siebman	Judge, County Court-at-Law

### LAW ENFORCEMENT

Keith Gary	County Sheriff
Joseph D. Brown	County Attorney
Jason Kirk*	Adult Probation Officer
Bill Bristow*	Juvenile Probation Officer

### FINANCIAL ADMINISTRATION

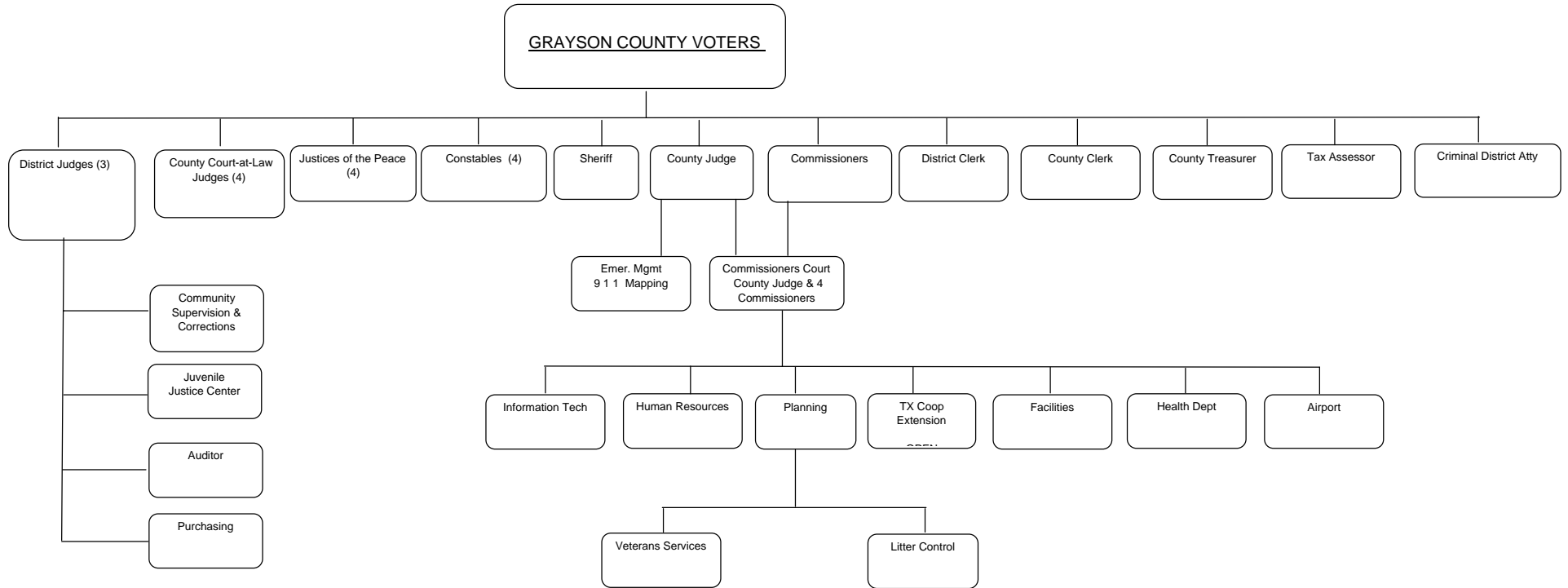
J. Richey Rivers*	County Auditor
Virginia Hughes	County Treasurer
John Ramsey	Tax Assessor/Collector

### RECORDING OFFICIALS

Tracy Powers	District Clerk
Wilma Bush	County Clerk

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

# GRAYSON COUNTY ORGANIZATION CHART



# **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' 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 (the "County") as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2009, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of 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.

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 and combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the basic financial statements of the County. The combining statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied by us in the audit of the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

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

May 26, 2010

**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of Grayson County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2009.

### FINANCIAL HIGHLIGHTS

- The assets of Grayson County exceeded its liabilities at the close of the most recent fiscal year by \$64 million (net assets).
- The County's total net assets decreased by \$2.4 million.
- As of the close of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of \$43.3 million, a decrease of \$21.0 million in comparison with the prior year. Of this decrease, \$18.4 million was the result of investing bond proceeds earned in prior years in the completion of the State Highway 289 project. Of the total fund balance, \$10.2 million is available for spending at the government's discretion (unreserved, undesignated fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$10.2 million, or 38% of total General Fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to private-sector business. The analysis of the County's overall financial condition and operations begins on page 5. Its primary purpose is to show whether the County is better or worse off as a result of the year's activities.

The *Statement of Net Assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the 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 the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, judicial and legal, highways and streets, and health and welfare. The business-type activity of the County is the operation of an airport.

The government-wide financial statements can be found on pages 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. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Grayson County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The County maintains 48 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Road and Bridge Fund, and Highway 289 Completion Fund, all of which are considered to be major funds. Data from the other 45 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its major funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 – 21 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the airport operation. The basic proprietary fund financial statements can be found on pages 22 – 25 of this report.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements on pages 27 – 52 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 53 – 57 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 the County, assets exceeded liabilities by \$64.1 million as of September 30, 2009, a decrease of \$2.4 million as compared with the previous fiscal year.

By far, the largest portion of Grayson County’s net assets (\$43.8 million or 68% percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. Grayson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Grayson County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### GRAYSON COUNTY’S NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 92,134,872	\$ 95,607,568	\$ 672,230	\$ 426,321	\$ 92,807,102	\$ 96,033,889
Capital assets	<u>34,962,405</u>	<u>36,276,776</u>	<u>9,902,698</u>	<u>6,355,749</u>	<u>44,865,103</u>	<u>42,632,525</u>
Total assets	<u>127,097,277</u>	<u>131,884,344</u>	<u>10,574,928</u>	<u>6,782,070</u>	<u>137,672,205</u>	<u>138,666,414</u>
Current liabilities	5,343,165	6,167,163	331,205	87,297	5,674,370	6,254,460
Long-term liabilities	<u>67,889,415</u>	<u>66,170,053</u>	<u>51,586</u>	<u>-</u>	<u>67,941,001</u>	<u>66,170,053</u>
Total liabilities	<u>73,232,580</u>	<u>72,337,216</u>	<u>382,791</u>	<u>87,297</u>	<u>73,615,371</u>	<u>72,424,513</u>
Net assets:						
Invested in capital assets, net of related debt	33,871,478	34,890,851	9,902,698	6,355,749	43,774,176	41,246,600
Restricted	28,798,173	47,992,927	-	-	28,798,173	47,992,927
Unrestricted	<u>( 8,804,954)</u>	<u>( 23,336,650)</u>	<u>289,439</u>	<u>339,024</u>	<u>( 8,515,515)</u>	<u>( 22,997,626)</u>
Total net assets	<u>\$ 53,864,697</u>	<u>\$ 59,547,128</u>	<u>\$ 10,192,137</u>	<u>\$ 6,694,773</u>	<u>\$ 64,056,834</u>	<u>\$ 66,241,901</u>

The County's expenses exceeded revenues by \$2.4 million during the current fiscal year. Changes in net assets are summarized as follows:

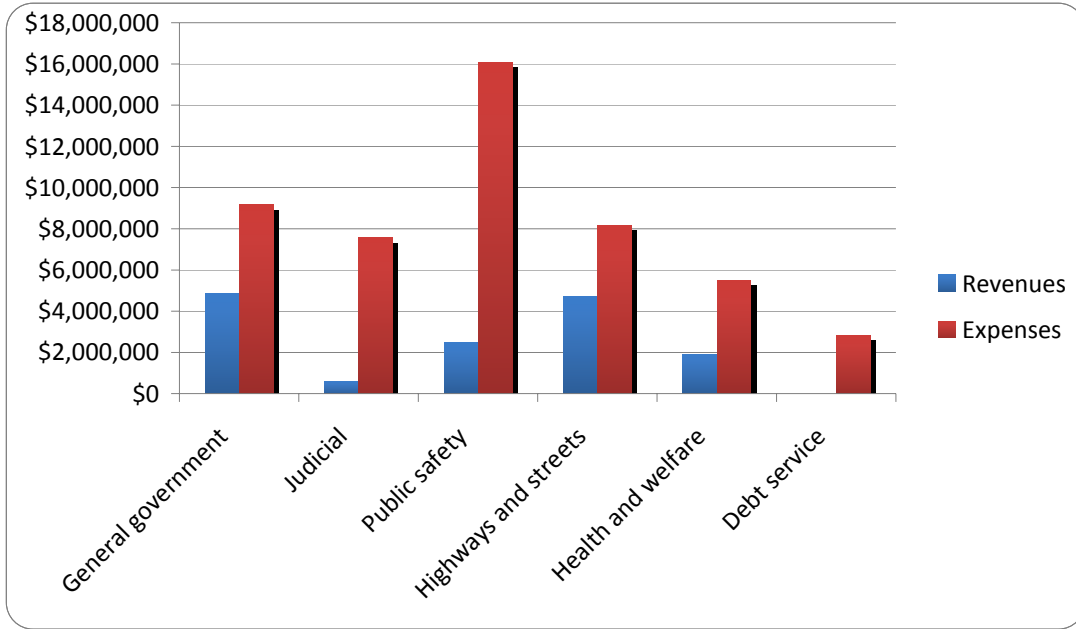
### GRAYSON COUNTY, TEXAS' CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 11,377,543	\$ 11,889,822	\$ 708,487	\$ 854,664	\$ 12,086,030	\$ 12,744,486
Operating grants and contributions	3,235,452	3,042,130	2,977,030	3,444,304	6,212,482	6,486,434
General revenues:						
Property taxes	29,164,929	27,378,363	-	-	29,164,929	27,378,363
Other taxes	449,711	412,935	-	-	449,711	412,935
Miscellaneous	584,914	582,586	12,598	44,894	597,512	627,480
Investment earnings	806,282	2,762,449	5,529	7,412	811,811	2,769,861
Gain (loss) on sale of capital assets	33,054	93,829	-	-	33,054	93,829
Insurance proceeds	-	-	153,990	4,556	153,990	4,556
Total revenues	<u>45,651,885</u>	<u>46,162,114</u>	<u>3,857,634</u>	<u>4,355,830</u>	<u>49,509,519</u>	<u>50,517,944</u>
<b>Expenses:</b>						
General government	9,166,176	7,610,107	-	-	9,166,176	7,610,107
Judicial	7,560,493	7,270,718	-	-	7,560,493	7,270,718
Elections	-	989	-	-	-	989
Public safety	16,082,654	14,808,088	-	-	16,082,654	14,808,088
Health and welfare	8,184,083	4,960,747	-	-	8,184,083	4,960,747
Highways and streets	5,522,356	8,549,164	-	-	5,522,356	8,549,164
Culture and recreation	129,457	158,725	-	-	129,457	158,725
Conservation and development	683,936	172,756	-	-	683,936	172,756
Interest on long-term debt	2,846,683	2,841,079	-	-	2,846,683	2,841,079
Fiscal fees	300	300	-	-	300	300
Intergovernmental	128,628	120,065	-	-	128,628	120,065
Airport	-	-	1,560,270	1,705,008	1,560,270	1,705,008
Total expenses	<u>50,304,766</u>	<u>46,492,738</u>	<u>1,560,270</u>	<u>1,705,008</u>	<u>51,865,036</u>	<u>48,197,746</u>
<b>Increases in net assets before transfers</b>						
	( 4,652,881)	( 330,624)	2,297,364	2,650,822	( 2,355,517)	2,320,198
<b>Transfers</b>						
	( 1,200,000)	( 716,978)	1,200,000	716,978	-	-
<b>Change in net assets</b>						
	( 5,852,881)	( 1,047,602)	3,497,364	3,367,800	( 2,355,517)	2,320,198
<b>Net assets, beginning</b>						
	59,547,128	60,915,024	6,694,773	3,326,973	66,241,901	64,241,997
<b>Prior period adjustment</b>						
	170,450	( 320,294)	-	-	170,450	( 320,294)
<b>Net assets, ending</b>						
	<u>\$ 53,864,697</u>	<u>\$ 59,547,128</u>	<u>\$ 10,192,137</u>	<u>\$ 6,694,773</u>	<u>\$ 64,056,834</u>	<u>\$ 66,241,901</u>

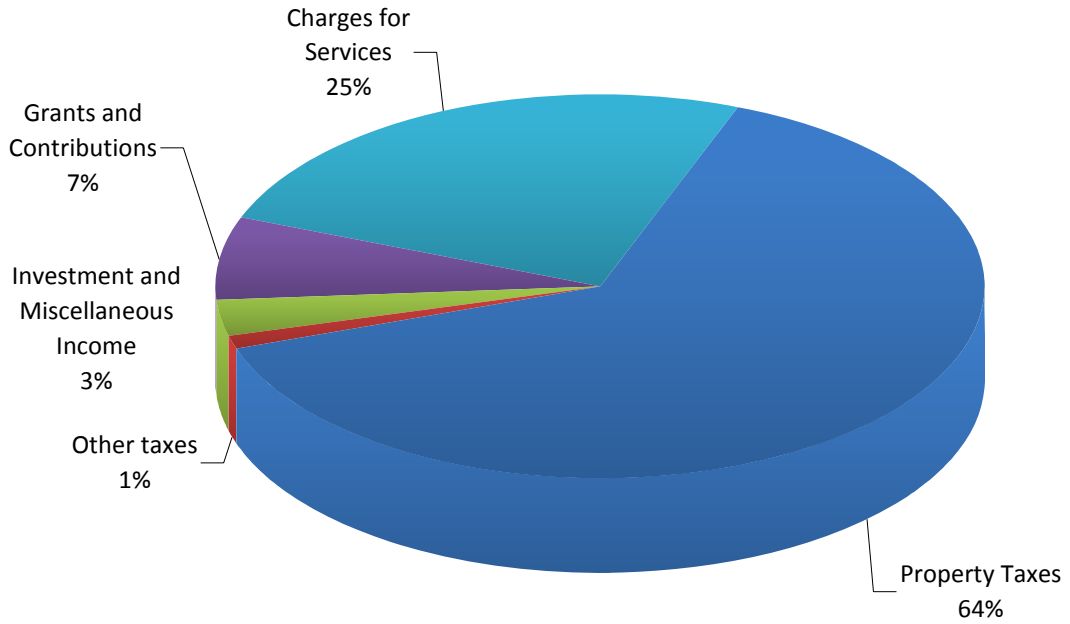
Property tax revenues accounted for approximately 64% percent of revenues for governmental activities. The next largest segment of revenues came from charges for services, which accounted for 25% percent of total governmental revenues, with grants and contributions accounting for approximately 7% percent of total governmental revenues.



## Expenses and Program Revenues – Governmental Activities



## Revenues by Source – Governmental Activities

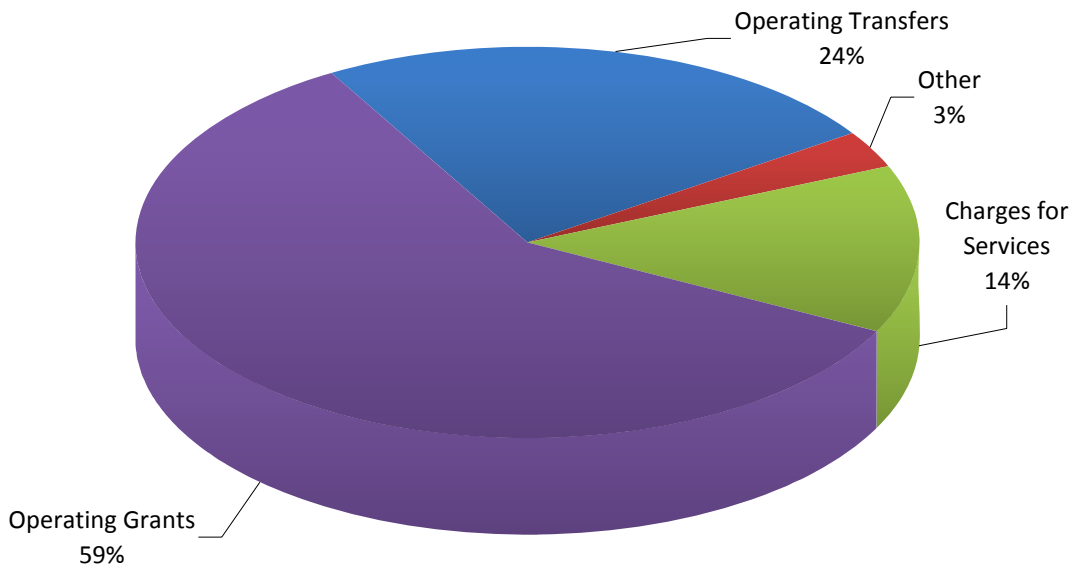


## Government Activities

The County's total net assets decreased by \$2.4 million in comparison with the prior fiscal year's decrease of \$2.3 thousand. The total cost of all governmental activities this year was \$50.3 million, an increase of 8% over the prior fiscal year. The amount that our taxpayers paid for these activities through property taxes was \$29.2 million or 58% of total governmental expenditures. The next largest segment of revenues came from charges for services, which accounted for \$11.4 million or 23% of total governmental expenditures.

## Business-type Activities

The business-type activity of the County is the operations of a regional airport. Approximately 14 percent of airport operations is funded by tenant payments for rental of industrial and aircraft facilities. Operating grants comprise another 59 percent, and transfers from the General Fund to support the airport fire operations account for 24 percent of revenues.



## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

### Governmental Funds

The focus on Grayson County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of \$43.3 million, a decrease of approximately \$21 million in comparison with the prior year. This large decrease was the result of proceeds from a bond issue which have begun to be spent to complete a highway construction project. Approximately 24 percent of this total amount (\$10.2 million) constitutes unrestricted fund balance, which is available for spending at the government's discretion. Approximately \$4.4 million is unreserved but designated for construction and other purposes. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has committed to pay debt service (\$833 million), road and bridge expenditures (\$4.7 million), capital project expenditures (\$23.0 million) or fund a special purpose trust (\$69 thousand).

The General Fund is the chief operating fund of Grayson County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$10.2 million. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. At September 30, 2009, unreserved fund balance represents 38% of the total General Fund expenditures.

The fund balance of the County's General Fund decreased by \$938 thousand during the current fiscal year. The key factors in this growth comes from increased property tax collections (current, delinquent, and penalties) resulting from continued growth in the tax base, and increases in charges for services and intergovernmental grants.

Debt Service Fund balances totaled \$833 million, all of which is reserved for the payment of debt service. The decrease in fund balance during the current year in the Debt Service Funds was \$2.4 million. This decrease resulted from initial interest payments using proceeds from bonds issued in the prior year.

### **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 \$10.2 million. The total increase in net assets for the fund was \$3.5 million. Airport operations and transfers from the County's General Fund (\$1.2 thousand) resulted in this increase. Other factors concerning the finances of this fund have already been addressed in the discussion of Grayson County's business-type activities.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget were insignificant (\$733 thousand decrease in appropriations), with the most significant item being decreases in general government capital expenditures.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

Grayson County's investment in capital assets as of September 30, 2009, amounts to \$44.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, and bridges.

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

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

### GRAYSON COUNTY'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,363,954	\$ 1,363,954	\$ 2,600,238	\$ 2,600,238	\$ 3,964,192	\$ 3,964,192
Infrastructure	\$ 21,854,421	23,673,508	21,122	23,607	21,875,543	23,697,115
Buildings	\$ 5,697,306	6,204,407	364,896	308,077	6,062,202	6,512,484
Improvements other than buildings	504,510	511,377	18,835	13,878	523,345	525,255
Machinery and equipment	3,706,825	3,907,769	170,904	196,160	3,877,729	4,103,929
Construction in progress	1,835,389	615,761	6,726,703	3,213,789	8,562,092	3,829,550
Total capital assets	\$ 34,962,405	\$ 36,276,776	\$ 9,902,698	\$ 6,355,749	\$ 44,865,103	\$ 42,632,525

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

### Long-term Debt

At the end of the current fiscal year, Grayson County had total bonded debt of \$64.4 million. A portion of the debt service payments on this amount are funded through property taxes assessed annually. The larger portion of the debt payable will be funded using pass-through toll payments to be received from the Texas Department of Transportation (TxDOT) in connection with an agreement between TxDOT and the County to reimburse the County for debt incurred for Highway 289 expansion and upgrade costs. Additionally, the County is liable for capital lease payments (\$386 thousand) which are backed by the full faith and credit of the government.

### GRAYSON COUNTY'S OUTSTANDING DEBT AT YEAR-END

	Governmental Activities	
	2009	2008
Pass-through Toll Revenue Bonds payable	\$ 63,725,000	\$ 63,725,000
Premium on Pass-through Toll Bonds	342,797	362,962
General Obligation Bonds payable	705,000	825,000
Capital leases payable	385,927	560,925
Compensated absences payable	711,382	696,166
Net OPEB obligation	2,493,300	-
	\$ 68,363,406	\$ 66,170,053

In 2007, Grayson County issued \$63,725,000 of Pass-through Toll Revenue and Limited Tax Bonds. Proceeds from this bond issue will be used to finance expansion of and improvements to State Highway 289 within the County, as well as pay for part of the costs of issuance of the bonds.

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

Additional information on Grayson County's long-term debt can be found in Note III on pages 44 – 46 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The unemployment rate for Grayson County on September 30, 2009, is 8.5 percent, which is an increase from a rate of 5.3 percent a year ago. This rate is comparable to the state's average unemployment rate of 8.1 percent, but lower than the national average of 9.5 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 \$11,241,425. For accounting and budgeting purposes, the Commissioners' Court has separated the General Fund into two separate and identifiable funds. Daily operations of the County are paid from the primary fund (General Fund), which comprises \$10,216,081 of the available fund balance. A second portion of the General Fund comes from the State of Texas' settlement of a lawsuit against the tobacco industry (Tobacco Settlement Fund). 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, 2009, this amount represented \$1,025,344 of the fund balance. For reporting purposes, these amounts are combined into a single amount.

## **REQUESTS FOR INFORMATION**

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

**BASIC  
FINANCIAL STATEMENTS**

# GRAYSON COUNTY, TEXAS

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2009

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and investments	\$ 46,060,084	\$ 503,320	\$ 46,563,404
Receivables (net of allowance for uncollectibles)	4,030,707	148,020	4,178,727
Intergovernmental receivable	639,606	-	639,606
Prepaid items	92,977	20,890	113,867
Capitalized debt issuance costs	751,384	-	751,384
Investment in Highway 289	40,560,114	-	40,560,114
Capital assets:			
Land	1,363,954	2,600,238	3,964,192
Infrastructure	99,567,677	14,692,783	114,260,460
Buildings	17,799,148	5,485,732	23,284,880
Improvements other than buildings	873,539	24,389	897,928
Machinery and equipment	14,151,619	550,490	14,702,109
Accumulated depreciation	(100,628,921)	( 20,177,637)	( 120,806,558)
Construction in progress	1,835,389	6,726,703	8,562,092
Total assets	<u>127,097,277</u>	<u>10,574,928</u>	<u>137,672,205</u>
<b>LIABILITIES</b>			
Accounts payable	3,470,444	331,205	3,801,649
Intergovernmental payable	651,842	-	651,842
Accrued interest payable	696,360	-	696,360
Unearned revenue	50,528	-	50,528
Noncurrent liabilities:			
Due within one year	473,991	-	473,991
Due in more than one year	67,889,415	51,586	67,941,001
Total liabilities	<u>73,232,580</u>	<u>382,791</u>	<u>73,615,371</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	33,871,478	9,902,698	43,774,176
Restricted for:			
Debt service	843,753	-	843,753
Capital projects	23,062,307	-	23,062,307
Road and bridge	4,823,608	-	4,823,608
Purpose of trust	68,505	-	68,505
Unrestricted	( 8,804,954)	289,439	( 8,515,515)
Total net assets	<u>\$ 53,864,697</u>	<u>\$ 10,192,137</u>	<u>\$ 64,056,834</u>

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

# GRAYSON COUNTY, TEXAS

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
<b>Primary government</b>			
Governmental activities:			
General government	\$ 9,166,176	\$ 3,281,811	\$ 1,586,207
Judicial	7,560,493	259,571	322,422
Elections	-	-	3,086
Public safety	16,082,654	2,005,857	489,329
Highways and streets	8,184,083	4,338,982	403,526
Health and welfare	5,522,356	1,491,322	430,882
Culture and recreation	129,457	-	-
Conservation and development	683,936	-	-
Bond interest	2,846,683	-	-
Miscellaneous fees	300	-	-
Intergovernmental	128,628	-	-
Total governmental activities	50,304,766	11,377,543	3,235,452
Business-type activities:			
Grayson County Airport	1,560,270	708,487	2,977,030
Total business-type activities	1,560,270	708,487	2,977,030
Total primary government	\$ 51,865,036	\$ 12,086,030	\$ 6,212,482

**General revenues:**

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Other taxes

Penalty and interest

Miscellaneous revenue

Investment earnings

Gain on sale of fixed assets

Insurance recovery

Transfers

Total general revenues, special items and transfers

Change in net assets

Net assets - beginning

Prior period adjustment

Net assets- beginning, as restated

Net assets - ending

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



Net (Expense) Revenue and Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
\$( 4,298,158)	\$ -	\$( 4,298,158)
( 6,978,500)	-	( 6,978,500)
3,086	-	3,086
( 13,587,468)	-	( 13,587,468)
( 3,441,575)	-	( 3,441,575)
( 3,600,152)	-	( 3,600,152)
( 129,457)	-	( 129,457)
( 683,936)	-	( 683,936)
( 2,846,683)	-	( 2,846,683)
( 300)	-	( 300)
<u>( 128,628)</u>	<u>-</u>	<u>( 128,628)</u>
<u>( 35,691,771)</u>	<u>-</u>	<u>( 35,691,771)</u>
-	2,125,247	2,125,247
-	<u>2,125,247</u>	<u>2,125,247</u>
<u>( 35,691,771)</u>	<u>2,125,247</u>	<u>( 33,566,524)</u>
28,589,657	-	28,589,657
575,272	-	575,272
194,817	-	194,817
254,894	-	254,894
584,914	12,598	597,512
806,282	5,529	811,811
33,054	-	33,054
-	153,990	153,990
<u>( 1,200,000)</u>	<u>1,200,000</u>	<u>-</u>
<u>29,838,890</u>	<u>1,372,117</u>	<u>31,211,007</u>
( 5,852,881)	3,497,364	( 2,355,517)
59,547,128	6,694,773	66,241,901
<u>170,450</u>	<u>-</u>	<u>170,450</u>
<u>59,717,578</u>	<u>6,694,773</u>	<u>66,412,351</u>
<u>\$ 53,864,697</u>	<u>\$ 10,192,137</u>	<u>\$ 64,056,834</u>

**GRAYSON COUNTY, TEXAS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**AS OF SEPTEMBER 30, 2009**

	<u>General</u>	<u>Road and Bridge</u>	<u>Highway 289 Completion</u>
<b>ASSETS</b>			
Cash and investments	\$ 10,662,696	\$ 4,851,749	\$ 25,092,459
Taxes receivable	1,964,998	178,300	-
Receivables (net of allowances for uncollectibles)	231,754	29,990	-
Intergovernmental receivables	206,997	51,563	-
Due from other funds	100,783	-	-
Prepaid items	<u>87,507</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>13,254,735</u>	\$ <u>5,111,602</u>	\$ <u>25,092,459</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 472,231	\$ 237,466	\$ 2,059,213
Intergovernmental payable	650,088	-	-
Due to other funds	-	-	-
Deferred revenue	<u>1,829,120</u>	<u>215,580</u>	<u>-</u>
Total liabilities	<u>2,951,439</u>	<u>453,046</u>	<u>2,059,213</u>
Fund balances:			
Reserved for:			
Prepaid items	87,507	-	-
Debt service	-	-	-
Capital projects	-	-	23,033,246
Road and bridge	-	4,658,556	-
Purpose of trust	-	-	-
Unreserved, designated in:			
Specific purpose	-	-	-
Special revenue fund	-	-	-
Unreserved and undesignated:			
Reported in the general fund	<u>10,215,789</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>10,303,296</u>	<u>4,658,556</u>	<u>23,033,246</u>
Total liabilities and fund balances	\$ <u>13,254,735</u>	\$ <u>5,111,602</u>	\$ <u>25,092,459</u>

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

Other Governmental Funds	Total Governmental
\$ 5,453,180	\$ 46,060,084
33,806	2,177,104
301,321	563,065
381,046	639,606
-	100,783
<u>5,470</u>	<u>92,977</u>
<u>\$ 6,174,823</u>	<u>\$ 49,633,619</u>
\$ 701,534	\$ 3,470,444
1,754	651,842
100,783	100,783
<u>31,028</u>	<u>2,075,728</u>
<u>835,099</u>	<u>6,298,797</u>
5,470	92,977
832,718	832,718
9,068	23,042,314
-	4,658,556
68,505	68,505
3,232,100	3,232,100
1,191,863	1,191,863
-	<u>10,215,789</u>
<u>5,339,724</u>	<u>43,334,822</u>
<u>\$ 6,174,823</u>	<u>\$ 49,633,619</u>

## GRAYSON COUNTY, TEXAS

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

AS OF SEPTEMBER 30, 2009

Total fund balances - governmental funds balance sheet	\$ 43,334,822
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 governmental funds. At the beginning of the year, the cost of these assets was \$133,631,437, and the accumulated depreciation was \$97,354,661. In addition, long-term liabilities, including bonds and leases payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.	( 29,893,277)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2008 capital outlays and debt principal payments is to increase net assets.	2,862,135
The 2009 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	( 4,011,737)
The 2009 other post employment benefit expense increases noncurrent liabilities. The net effect of the current year's OPEB expense is to decrease net assets	( 2,493,300)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying capital lease proceeds as an increase in debt payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets.	<u>44,066,054</u>
Net assets of governmental activities	<u>\$ 53,864,697</u>

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

**GRAYSON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	General	Road and Bridge	Highway 289 Completion
<b>REVENUES</b>			
Taxes:			
Property	\$ 25,721,401	\$ 2,645,028	\$ -
Other	194,817	-	-
Penalty and interest on taxes	413,633	40,020	-
Licenses and permits	117,449	-	-
Intergovernmental revenue and grants	1,519,536	403,526	-
Charges for services	2,280,143	2,434,638	-
Fines	22,933	-	-
Forfeits	-	-	-
Vehicle registration fees	569,176	1,832,636	-
Investment earnings	223,491	56,557	440,676
Contributions and donations from private sources	-	-	-
Other revenue	<u>345,893</u>	<u>2,078</u>	<u>-</u>
Total revenues	<u>31,408,472</u>	<u>7,414,483</u>	<u>440,676</u>
<b>EXPENDITURES</b>			
Current:			
General government	6,300,105	-	-
Judicial	6,436,784	-	-
Public safety	11,228,405	-	-
Highways and streets	-	5,984,799	-
Health and welfare	1,410,989	-	-
Culture and recreation	129,457	-	-
Conservation and development	193,406	-	-
Debt service:			
Principal	161,816	13,182	-
Interest	9,888	8,958	-
Miscellaneous fees	-	-	-
Capital outlay	978,462	536,891	18,864,750
Intergovernmental	<u>128,628</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>26,977,940</u>	<u>6,543,830</u>	<u>18,864,750</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>4,430,532</u>	<u>870,653</u>	<u>( 18,424,074)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of real and personal property	-	49,463	-
Transfers in	-	-	-
Transfers out	<u>( 5,368,661)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>( 5,368,661)</u>	<u>49,463</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 938,129)	920,116	( 18,424,074)
<b>FUND BALANCES, BEGINNING</b>	<u>11,241,425</u>	<u>3,738,440</u>	<u>41,457,320</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 10,303,296</u>	<u>\$ 4,658,556</u>	<u>\$ 23,033,246</u>

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

Other Governmental Funds	Total Governmental
\$ 575,556	\$ 28,941,985
-	194,817
8,542	462,195
299,988	417,437
1,903,288	3,826,350
2,868,084	7,582,865
37,187	60,120
45,054	45,054
-	2,401,812
85,558	806,282
211,476	211,476
<u>286,335</u>	<u>634,306</u>
<u>6,321,068</u>	<u>45,584,699</u>
1,932,940	8,233,045
689,398	7,126,182
3,187,253	14,415,658
30,562	6,015,361
3,823,095	5,234,084
-	129,457
-	193,406
120,000	294,998
2,790,420	2,809,266
300	300
513,493	20,893,596
-	<u>128,628</u>
<u>13,087,461</u>	<u>65,473,981</u>
<u>( 6,766,393)</u>	<u>( 19,889,282)</u>
23,812	73,275
4,782,537	4,782,537
<u>( 613,876)</u>	<u>( 5,982,537)</u>
<u>4,192,473</u>	<u>( 1,126,725)</u>
( 2,573,920)	( 21,016,007)
<u>7,913,644</u>	<u>64,350,829</u>
<u>\$ 5,339,724</u>	<u>\$ 43,334,822</u>

## GRAYSON COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2009

Net change in fund balances - total governmental funds \$( 21,016,007)

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

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2008 capital outlays and debt principal payments is to increase net assets. 2,862,135

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets. ( 4,011,737)

Other post employment benefit expense is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets. ( 2,493,300)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets. 18,806,028

Change in net assets of governmental activities \$( 5,852,881)

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

**GRAYSON COUNTY, TEXAS**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

**SEPTEMBER 30, 2009**

	<u>Grayson County Airport</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 503,320
Other receivables	148,020
Prepaid expenses	<u>20,890</u>
Total current assets	<u>672,230</u>
Noncurrent assets:	
Capital assets:	
Land	2,600,238
Infrastructure	14,692,783
Buildings	5,485,732
Improvements other than buildings	24,389
Machinery and equipment	550,490
Construction in progress	6,726,703
Accumulated depreciation	<u>( 20,177,637)</u>
Total noncurrent assets	<u>9,902,698</u>
Total assets	<u>10,574,928</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	300,104
Security deposits payable	3,083
Compensated absences	28,018
Noncurrent liabilities:	
Net OPEB obligation	<u>51,586</u>
Total liabilities	<u>382,791</u>
<b>NET ASSETS</b>	
Unrestricted net assets	<u>10,192,137</u>
Total net assets	<u>\$ 10,192,137</u>

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



**GRAYSON COUNTY, TEXAS**

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

**ENTERPRISE FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Grayson County Airport</u>
<b>OPERATING REVENUES</b>	
Grant funding	\$ 2,977,030
Charges for services	45,404
Rents and royalties	663,083
Other revenue	<u>12,598</u>
Total operating revenues	<u>3,698,115</u>
<b>OPERATING EXPENSES</b>	
Salaries, wages and benefits	590,672
Purchased professional and technical services	60,168
Purchased property services	158,022
Other operating expenses	691,843
Depreciation	<u>59,565</u>
Total operating expenses	<u>1,560,270</u>
<b>OPERATING GAIN</b>	<u>2,137,845</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	5,529
Insurance recovery	<u>153,990</u>
Total nonoperating revenues (expenses)	<u>159,519</u>
<b>NET GAIN BEFORE TRANSFERS</b>	2,297,364
<b>NONOPERATING TRANSFER IN</b>	<u>1,200,000</u>
<b>CHANGE IN NET ASSETS</b>	3,497,364
<b>TOTAL NET ASSETS, BEGINNING</b>	<u>6,694,773</u>
<b>TOTAL NET ASSETS, ENDING</b>	<u>\$ 10,192,137</u>

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

**GRAYSON COUNTY, TEXAS**

**STATEMENT OF CASHFLOWS  
PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Grayson County Airport</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from user charges	\$ 3,708,508
Cash payments to employees for services	( 537,085)
Cash payments for other operating expenses	( 689,016)
Net cash provided by operating activities	<u>2,482,407</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash paid from other funds	( 148,020)
Insurance proceeds	<u>153,990</u>
Net cash provided by noncapital financing activities	<u>5,970</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition on capital assets	( 2,406,514)
Net cash used by capital and related financing activities	<u>( 2,406,514)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends on investments	<u>5,529</u>
Net cash provided by investing activities	<u>5,529</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	87,392
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>415,928</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 503,320</u>

(continued)

**GRAYSON COUNTY, TEXAS**  
**STATEMENT OF CASHFLOWS**  
**PROPRIETARY FUNDS**  
**(Continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Grayson  
County  
Airport

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating gain	\$ 2,137,845
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	59,565
Assets and liabilities:	
Decrease (increase) in receivables	10,393
Decrease (increase) in prepaid expenses	( 20,890)
Increase (decrease) in accounts payable	241,907
Increase (decrease) in noncurrent liabilities	51,586
Increase (decrease) in compensated absences	<u>2,001</u>
Net cash provided by operating activities	<u>\$ 2,482,407</u>

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

**GRAYSON COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2009**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,874,689
Investments - current	<u>2,463,246</u>
Total assets	<u>\$ 6,337,935</u>
<b>LIABILITIES</b>	
Due to other agencies and individuals	<u>\$ 6,337,935</u>
Total liabilities	<u>\$ 6,337,935</u>

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

# GRAYSON COUNTY, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

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

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

(continued)

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **B. Government-wide and Fund Financial Statements**

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

(continued)

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

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

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

The County reports the following major governmental funds:

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

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

The **Highway 289 Completion Fund** accounts for the cost of designing, developing, constructing, extending, expanding or improving State Highway 289, a part of the state highway system located in the County. The financing is provided by a bond issue payable in whole or in part from payments received by the County pursuant to a Pass-through Toll Agreement between the County and the Texas Department of Transportation.

Additionally, the County reports the following proprietary fund:

**Enterprise Funds** account 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:

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

(continued)

## **I. 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-type 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 are charges to customers for sales and services. Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

### **D. Assets, Liabilities and Net Assets or Equity**

#### ***1. Cash and Investments***

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

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

**(continued)**



## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

#### **2. *Inventories***

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

#### **3. *Receivables and Payables***

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

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

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

Collections of the current year's levy are reported as current revenue if received by June 30 (within 9 months of the October 1 due date). Collections received thereafter are reported as delinquent tax revenue.

#### **4. *Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

**(continued)**

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

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

**4. *Capital Assets* (Continued)**

Property, plant and equipment are 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	35 - 125

**5. *Compensated Absences***

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

**6. *Long-term Obligations***

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

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

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

**7. *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.

**(continued)**

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

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

**8. *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

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

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

Page 18 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

**(continued)**

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

<u>Capital Assets at the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Adjustments to Net Assets</u>
Non-depreciable assets:				
Land	\$ 1,363,954	\$ -	\$ 1,363,954	\$ -
Construction in progress	615,761	-	615,761	
Total non-depreciable assets	<u>1,979,715</u>	<u>-</u>	<u>1,979,715</u>	
Depreciable assets:				
Infrastructure	99,355,325	75,681,817	23,673,508	
Buildings	17,742,326	11,537,919	6,204,407	
Improvements	800,136	288,759	511,377	
Machinery and equipment	<u>13,753,935</u>	<u>9,846,166</u>	<u>3,907,769</u>	
Total depreciable assets	<u>131,651,722</u>	<u>97,354,661</u>	<u>34,297,061</u>	
Total assets at historical cost	<u>\$ 133,631,437</u>	<u>\$ 97,354,661</u>	<u>\$ 36,276,776</u>	<u>36,276,776</u>
Subtotal				36,276,776
<u>Long-term Liabilities at the Beginning of the Year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds payable			\$ 64,912,962	
Capital leases payable			560,925	
Compensated absences			<u>696,166</u>	
			<u>\$ 66,170,053</u>	
Change in net assets				( 66,170,053)
Net adjustment to net assets				<u>\$ ( 29,893,277)</u>

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

Page 21 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the changes in net assets. The details of this adjustment are as follows:

(continued)

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

(Continued)

Current Year Capital Outlay	Amount	Adjustments to Changes in Net Assets	Adjustments to Net Assets
Building	\$ 56,822	\$ -	\$ -
Infrastructure	532,358	-	-
Improvements other than buildings	73,403	-	-
Machinery and equipment	855,376	-	-
Construction in progress	<u>1,049,178</u>	-	-
Total capital outlay	\$ <u>2,567,137</u>	2,567,137	2,567,137
<u>Debt Principal Payments</u>			
Bond principal	\$ 120,000	-	-
Capital lease principal	<u>174,998</u>	-	-
Total principal payments	\$ <u>294,998</u>	<u>294,998</u>	<u>294,998</u>
Total adjustment to net assets		\$ <u>2,862,135</u>	\$ <u>2,862,135</u>

Another element of the reconciliation on page 21 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

Adjustments to Revenue and Deferred Revenue	Amount	Adjustments to Changes in Net Assets	Adjustments to Net Assets
Taxes collected from prior year levies	\$ 661,303	\$( 661,303)	\$ -
Uncollected taxes (assumed collectible) from current year levy	875,783	875,783	875,783
Uncollected taxes (assumed collectible) from prior year levy	1,149,417	-	1,149,417
Adjustments to prior year estimates of collectible taxes	8,464	<u>8,464</u>	<u>-</u>
Subtotal		<u>222,944</u>	<u>2,025,200</u>
<u>Adjustments to Expenses and Liabilities</u>			
Record beginning balance for accrued interest payable	689,927	-	( 689,927)
Record increase in accrued interest payable	6,433	( 6,433)	( 6,433)
Record increase in compensated absences payable	15,216	( 15,216)	( 15,216)
Record beginning balance for Highway 289 investment	21,695,364	-	21,695,364
Reclassify Highway 289 capital outlay to investment in Highway 289	18,864,750	18,864,750	18,864,750
Record beginning balance of debt issuance cost	802,533	-	802,533
Record amortization of debt issuance costs	51,149	( 51,149)	( 51,149)
Record amortization of bond premium	20,165	<u>20,165</u>	<u>20,165</u>
Subtotal		<u>18,812,117</u>	<u>40,620,087</u>

(continued)

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Adjustments to Revenue and Receivables	Amount	Adjustments to Changes in Net Assets	Adjustments to Net Assets
Record beginning balance for fee office receivables, net	\$ 453	\$ -	\$ 868,453
Increase fee office receivable, net	18,489	18,489	18,489
Record beginning balance for penalties and interest receivable, net	610,897	-	610,897
Decrease in penalties and interest receivable, net	207,301	( 207,301)	( 207,301)
Subtotal		( 188,812)	1,290,538
Reclassifications			
Reclassify proceeds from sale of capital assets	73,275	( 73,275)	( 73,275)
Record gain on assets retired	33,054	33,054	33,054
Subtotal		( 40,221)	( 40,221)
Prior Period Adjustments			
Increase in construction in progress	170,450	-	170,450
Subtotal		-	170,450
Total adjustments to net assets		\$ 18,806,028	\$ 44,066,054

## III. DETAILED NOTES ON ALL FUNDS

### A. Cash and Investments

#### Legal and Contractual Provisions Governing Deposits and Investments

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

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### A. Cash and Investments (Continued)

##### **Legal and Contractual Provisions Governing Deposits and Investments** (Continued)

At September 30, 2009, the carrying amount of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was:

U. S. Treasury Securities	\$ 17,317,355
Bank of Texas	1,036,991
Texas Local Government Investment Pool	28,925,574
LOGIC	<u>5,624</u>
Total	\$ <u>47,285,544</u>

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

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

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

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

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### A. Cash and Investments (Continued)

##### **Policies Governing Deposits and Investments**

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

***Custodial Credit Risk – Cash Deposits:*** This is the risk that in the event of bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires that all County funds be collateralized or insured consistent with federal and state law and the current bank depository contract through either FDIC insurance coverage or with obligations of the United States or its agencies and instrumentalities. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2009, were covered by depository insurance or by pledged collateral held by the County’s agent bank in the County’s name.

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

***Other Credit Risk:*** There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of September 30, 2009, TexPool’s investment credit quality rating was AAAM and LOGiC’s investment credit quality rating was Aaa/MRI+ as rated by Standard & Poor’s.

#### B. Restricted Assets

Bank deposits and investments of \$830,484 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 \$13,068 in the Special Right-of-Way Fund and \$25,092,459 in the Highway 289 Completion Fund (Capital Projects Funds) are restricted to the purchase of right-of-ways and highway construction. Bank deposits and investments of \$68,505 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.

(continued)



### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### C. Property Taxes

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

Portions of the adopted tax rate are assessed and designated for specific purposes. These designated tax revenues are deposited into funds created for the accumulation and disbursement of these revenues. The following schedule details the components of the 2008 tax rate allocated to each fund:

	Rate Per \$100	Current (2008) Tax Revenue Collected
Permanent Improvement Bonds -		
2007 Series (debt service)	\$ 0.005177	\$ 302,751
2003 Series (debt service)	0.002886	170,188
Road and bridge fund (special revenue)	0.044936	2,645,028
Permanent improvement fund (capital projects)	0.001728	102,617
General fund	<u>0.436173</u>	<u>25,721,401</u>
	<u>\$ 0.490900</u>	<u>\$ 28,941,985</u>

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

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

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### D. Capital Assets

Capital assets activity for the year ended September 30, 2009, are as follows:

##### Primary Government

	Beginning Balance	Additions	Retirements/ Reclassifications	Prior Period Adjustments	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,363,954	\$ -	\$ -	\$ -	\$ 1,363,954
Construction in progress	<u>615,761</u>	<u>1,049,178</u>	<u>-</u>	<u>170,450</u>	<u>1,835,389</u>
Total assets not being depreciated	<u>1,979,715</u>	<u>1,049,178</u>	<u>-</u>	<u>170,450</u>	<u>3,199,343</u>
Capital assets, being depreciated:					
Infrastructure	99,355,325	532,358	( 320,006)	-	99,567,677
Buildings	17,742,326	56,822	-	-	17,799,148
Improvements other than buildings	800,136	73,403	-	-	873,539
Machinery and equipment	<u>13,753,935</u>	<u>855,376</u>	<u>( 457,692)</u>	<u>-</u>	<u>14,151,619</u>
Total capital assets being depreciated	<u>131,651,722</u>	<u>1,517,959</u>	<u>( 777,698)</u>	<u>-</u>	<u>132,391,983</u>
Less accumulated depreciation:					
Infrastructure	75,681,817	2,351,445	( 320,006)	-	77,713,256
Buildings	11,537,919	563,923	-	-	12,101,842
Improvements other than buildings	288,759	80,270	-	-	369,029
Machinery and equipment	<u>9,846,166</u>	<u>1,016,099</u>	<u>( 417,471)</u>	<u>-</u>	<u>10,444,794</u>
Total accumulated depreciation	<u>97,354,661</u>	<u>4,011,737</u>	<u>( 737,477)</u>	<u>-</u>	<u>100,628,921</u>
Total capital assets being depreciated, net	<u>34,297,061</u>	<u>( 2,493,778)</u>	<u>( 40,221)</u>	<u>-</u>	<u>31,763,062</u>
Governmental activities capital assets, net	<u>\$ 36,276,776</u>	<u>\$( 1,444,600)</u>	<u>\$( 40,221)</u>	<u>\$ 170,450</u>	<u>\$ 34,962,405</u>

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### D. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,600,238	\$ -	\$ -	\$ 2,600,238
Construction in progress	<u>3,213,789</u>	<u>3,512,914</u>	<u>-</u>	<u>6,726,703</u>
Total assets not being depreciated	<u>5,814,027</u>	<u>3,512,914</u>	<u>-</u>	<u>9,326,941</u>
Capital assets, being depreciated:				
Infrastructure	14,692,783	-	-	14,692,783
Buildings	5,399,467	86,265	-	5,485,732
Improvements other than buildings	17,054	7,335	-	24,389
Machinery and equipment	<u>550,490</u>	<u>-</u>	<u>-</u>	<u>550,490</u>
Total capital assets being depreciated	<u>20,659,794</u>	<u>93,600</u>	<u>-</u>	<u>20,753,394</u>
Less accumulated depreciation:				
Infrastructure	14,669,176	2,485	-	14,671,661
Buildings	5,091,390	29,446	-	5,120,836
Improvements other than buildings	3,176	2,378	-	5,554
Machinery and equipment	<u>354,330</u>	<u>25,256</u>	<u>-</u>	<u>379,586</u>
Total accumulated depreciation	<u>20,118,072</u>	<u>59,565</u>	<u>-</u>	<u>20,177,637</u>
Total capital assets being depreciated, net	<u>541,722</u>	<u>34,035</u>	<u>-</u>	<u>575,757</u>
Business-type activities capital assets, net	<u>\$ 6,355,749</u>	<u>\$ 3,546,949</u>	<u>\$ -</u>	<u>\$ 9,902,698</u>

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

Governmental activities:	
General government	\$ 631,530
Judicial	44,554
Public safety	491,992
Health and welfare	24,613
Conservation	467,603
Highways and streets	<u>2,351,445</u>
Total depreciation expense - governmental activities	<u>\$ 4,011,737</u>

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### E. Interfund Receivables, Payables and Transfers

Interfund balances during the year ended September 30, 2009, consisted of the following amounts:

<u>Due from</u>	<u>Amount</u>	<u>Due to</u>
Nonmajor	\$ 100,783	General

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

Interfund transfers during the year ended September 30, 2009, consisted of the following amounts:

<u>Transfer from</u>	<u>Amount</u>	<u>Transfer to</u>	<u>Explanation</u>
General fund	\$ 1,200,000	Airport fund	Supplement fund resources
General fund	4,168,661	Nonmajor funds	Supplement fund resources
Nonmajor funds	<u>613,876</u>	Nonmajor funds	Supplement fund resources
	\$ <u>5,982,537</u>		

#### F. Leasing Operations

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

Below is a summary of the cost and related accumulated depreciation of buildings used in operating leases activity as of September 30, 2009:

Buildings	\$ 5,485,732
Less: accumulated depreciation	<u>( 5,120,836)</u>
Net	\$ <u>364,896</u>

The following is a summary of minimum future rentals to be received on non-cancellable operating leases in effect as of September 30, 2009. The summary does not include amounts attributable to potential future increases in rental payments due to increases in the consumer price index, renewal options or unit revenue (fuel flowage).

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### F. Leasing Operations (Continued)

Year Ending September 30,	Lease Obligation
2010	\$ 593,978
2011	593,783
2012	545,451
2013	548,127
2014	526,146
2015-2019	1,914,551
2020-2024	1,659,729
2025-2029	1,387,664
2030-2034	637,202
2035-2039	155,605
2040-2044	105,258
Thereafter	<u>17,177</u>
Total	<u>\$ 8,684,671</u>

#### G. Investments in Joint Venture

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

Complete financial statements of the individual joint venture can be obtained from its administrative office as follows: Cooke, Fannin and Grayson County, Juvenile Detention Center, 9501 Dyess Street, Denison, Texas 75020.

(continued)

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

**H. Capital Leases**

During the year ended September 30, 2003, the County entered into a lease agreement with Banc One Leasing Corporation for electrical service equipment. The lease meets the criteria of a capital lease, and \$1,129,211 was recorded as an addition to the County's fixed assets to record the asset acquired. Commitments under the capital lease agreement require quarterly payments of \$42,926, including interest at 3.6%.

During the year ended September 30, 2009, the County entered into a lease agreement with Caterpillar Financial Services Corporation for a motor grader. The lease meets the criteria of a capital lease, and \$235,350 was recorded as an addition to the County's capital assets to record the asset acquired. Commitments under the capital lease agreement require quarterly payments of \$5,535, including interest at 4.0%.

Debt service requirements are as follows:

<u>Year Ending September 30,</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Requirements</u>
2010	\$ 181,280	\$ 12,430	\$ 193,710
2011	28,384	8,012	36,396
2012	<u>176,263</u>	<u>5,669</u>	<u>181,932</u>
Total	<u>\$ 385,927</u>	<u>\$ 26,111</u>	<u>\$ 412,038</u>

**I. Long-term Debt**

**General Obligation Bonds**

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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%	\$ 705,000

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### I. Long-term Debt (Continued)

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

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2010	\$ 130,000	\$ 33,803	\$ 163,803
2011	135,000	28,083	163,083
2012	140,000	21,603	161,603
2013	<u>300,000</u>	<u>22,451</u>	<u>322,451</u>
Total	<u>\$ 705,000</u>	<u>\$ 105,940</u>	<u>\$ 810,940</u>

#### **Pass-through Toll Revenue and Limited Tax Bonds**

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

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

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

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2010	\$ -	\$ 2,751,638	\$ 2,751,638
2011	2,850,000	2,694,638	5,544,638
2012	2,965,000	2,578,338	5,543,338
2013	3,090,000	2,457,238	5,547,238
2014	3,215,000	2,331,138	5,546,138
2015-2019	18,165,000	9,557,563	27,722,563
2020-2024	22,820,000	4,910,894	27,730,894
2025-2026	<u>10,620,000</u>	<u>469,659</u>	<u>11,089,659</u>
Total	<u>\$ 63,725,000</u>	<u>\$ 27,751,106</u>	<u>\$ 91,476,106</u>

(continued)

### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### I. Long-term Debt (Continued)

##### Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2009, is as follows:

Description	Balance 09/30/08	Additions	Retirements	Balance 09/30/09	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 825,000	\$ -	\$ 120,000	\$ 705,000	\$ 130,000
Pass-through toll revenue and limited tax bonds	63,725,000	-	-	63,725,000	-
Premium on pass-through toll revenue and limited tax bonds	362,962	-	20,165	342,797	20,165
Capital leases	560,925	-	174,998	385,927	181,550
Compensated absences	696,166	139,233	124,017	711,382	142,276
Net OPEB obligation	-	2,493,300	-	2,493,300	-
Governmental activities long-term liabilities	<u>\$ 66,170,053</u>	<u>\$ 2,632,533</u>	<u>\$ 439,180</u>	<u>\$ 68,363,406</u>	<u>\$ 473,991</u>
Business-type activities:					
Compensated absences	\$ 26,017	\$ 5,203	\$ 3,202	\$ 28,018	\$ 5,771
Net OPEB obligation	-	51,586	-	51,586	-
Business-type activities long-term liabilities	<u>\$ 26,017</u>	<u>\$ 56,789</u>	<u>\$ 3,202</u>	<u>\$ 79,604</u>	<u>\$ 5,771</u>

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

#### J. Disaggregation of Receivables and Payables

Receivables on the fund financial statements at September 30, 2009, are as follows:

	Property Taxes	Intergovernmental Receivable	Other	Total Receivables
Governmental activities:				
General fund	\$ 1,964,998	\$ 206,997	\$ 231,754	\$ 2,403,749
Road and bridge fund	178,300	51,563	29,990	259,853
Nonmajor governmental funds	<u>33,806</u>	<u>381,046</u>	<u>301,321</u>	<u>716,173</u>
Total governmental activities	<u>\$ 2,177,104</u>	<u>\$ 639,606</u>	<u>\$ 563,065</u>	<u>\$ 3,379,775</u>

(continued)



### III. DETAILED NOTES ON ALL FUNDS (Continued)

#### J. Disaggregation of Receivables and Payables (Continued)

Receivables on the government-wide statement of net assets at September 30, 2009, are as follows:

<u>Category</u>	<u>Receivable</u>	<u>(Allowance)</u>	<u>Net</u>
Governmental activities:			
Property taxes	\$ 2,177,104	\$ -	\$ 2,177,104
Penalty and interest on taxes	403,596	-	403,596
Intergovernmental receivable	639,606	-	639,606
Fee office	3,725,373	( 2,838,431)	886,942
Other	<u>563,065</u>	<u>-</u>	<u>563,065</u>
Total	<u>\$ 7,508,744</u>	<u>\$( 2,838,431)</u>	<u>\$ 4,670,313</u>

Payables on the fund financial statements at September 30, 2009, are as follows:

	<u>Accounts Payable</u>	<u>Intergovernmental Payable</u>	<u>Total</u>
Governmental activities:			
General fund	\$ 472,231	\$ 650,088	\$ 1,122,319
Road and bridge fund	237,466	-	237,466
Highway 289 Completion fund	2,059,213	-	2,059,213
Nonmajor governmental funds	<u>701,534</u>	<u>1,754</u>	<u>703,288</u>
Total governmental activities	<u>\$ 3,470,444</u>	<u>\$ 651,842</u>	<u>\$ 4,122,286</u>

#### K. Federal Arbitrage

General obligation bonds are subject to the provisions of the Internal Revenue Code of 19896 related to arbitrage and interest income tax regulations under those provisions.

#### L. Operating Leases

The County is committed under various non-cancellable leases for building and office space. These leases are considered for accounting purposes to be operating leases. None of the leases contain renewal or purchase options or escalation clauses. None of the properties under the operating leases are subleased by the County as of September 30, 2009. The County has no leases with related parties.

(continued)

## **IV. OTHER INFORMATION**

### **A. Commitments and Contingencies**

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

### **B. Retirement Plan**

#### **Plan Description**

Grayson County, Texas provides retirement, disability, and death benefits for all of its fulltime employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 586 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

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

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

**(continued)**

#### IV. OTHER INFORMATION (Continued)

##### B. Retirement Plan (Continued)

###### 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 12.20% for the months of the accounting year in 2009, and 12.69% for the months of the accounting year in 2008.

The deposit rate payable by the employee members for calendar year 2009 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, 2009, the annual pension cost for the TCDRS plan for its employees was \$2,455,438 and the actual contributions were \$2,455,438. 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, 2006 and December 31, 2007, the basis for determining the contribution rates for calendar years 2009 and 2008. The December 31, 2008, actuarial valuation is the most recent valuation.

###### Actuarial Valuation Information

Actual Valuation Date	12/031/06	12/031/07	12/031/08
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period in years	15	15	20
Asset valuation method	SAF: 10-yr. smoothed value, ESF: fund value	SAF: 10-yr smoothed value, ESF: fund value	SAF: 10-yr smoothed value, ESF: fund value
Actuarial Assumptions:			
Investment return*	8.0%	8.0%	8.0%
Projected salary increases	5.3%	5.3%	5.3%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0.0%	0.0%	0.0%

\* Includes inflation at the stated rate

(continued)

**IV. OTHER INFORMATION (Continued)**

**B. Retirement Plan (Continued)**

**Funding Policy (Continued)**

**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>
09/30/07	\$ 1,837,416	100%	\$ -
09/30/08	2,158,285	100%	-
09/30/09	2,455,438	100%	-

**C. Risk Management**

The County provides medical and life insurance for its employees through Texas Association of counties. The County pays \$755 per month per participating employee for this coverage. The total cost to the County for providing medical and life insurance benefits for its employees for the year ended September 30, 2009, was \$2,869,788.

**D. Post-Retirement Benefits**

The County provides certain health care benefits through a single-employer defined benefit OPEB plan. Regular, full-time employees are eligible to participate in the County's health care plan as a retiree at their own expense. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 30 years of service or at age 60 with 8 years of service. Spouses and dependents of retirees are also eligible. Currently, the County has 529 active employees and 61 retirees eligible to participate in the plan.

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

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

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

(continued)

**IV. OTHER INFORMATION (Continued)**

**D. Post-Retirement Benefits (Continued)**

**Annual OPEB Cost and Net OPEB Obligation**

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

Annual Required Contribution (ARC)	\$ 2,711,312
Interest on Net OPEB Obligation	-
Adjustment to the ARC	-
Annual OPEB Cost	<u>2,711,312</u>
Employer Contributions with Interest	( 166,426)
Increase (Decrease) in Net OPEB Obligation	2,544,886
Net OPEB Obligation, beginning of year	<u>-</u>
Net OPEB Obligation, end of year	<u>\$ 2,544,886</u>

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

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

Fiscal Year Ended	Annual Required Contribution	Employer Contribution	Percentage Contributed	Net OPEB Obligation
09/30/09	\$ 2,711,312	\$ 166,426	6%	\$ 2,544,886

**Funding Status and Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (AAL) (UAAL)	Funded Ratio	Covered Payroll
09/30/08	\$ -	\$ 24,162,294	\$ 24,162,294	- %	\$ -

This is the year of implementation for GASB Statement No.45 for the County. Accordingly, the two previous years of funding status and funding progress are not available.

(continued)

**IV. OTHER INFORMATION (Continued)**

**D. Post-Retirement Benefits (Continued)**

**An Annual OPEB Cost and Net OPEB Obligation (Continued)**

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

**Actuarial Methods and Assumptions**

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial methods and significant assumptions used are as follows:

Actuarial Valuation Date	09/30/2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level percent of payroll
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.5%
Payroll Growth Rate	3%
Projected Salary Increases	3.75% to 7.75%
General Inflation Rate	3%
Healthcare cost trend rate	10%
The number of active members is assumed to remain constant in the future	

**E. Prior Period Adjustment**

In the current year, the County determined work performed on construction in progress projects in the prior year should have been classified as capital assets instead of expense in the prior year; therefore, capital assets were understated by \$170,450. As a result, beginning net assets were restated as \$59,717,578.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**GRAYSON COUNTY, TEXAS**

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

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

<u>Year</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2006	\$ 38,124,658	\$ 47,718,430	\$ 9,593,772	79.90%	\$ 16,639,295	57.66%
2007	40,902,246	50,112,616	9,210,370	81.62%	18,240,266	50.49%
2008	40,764,022	53,409,107	12,645,085	76.32%	19,227,176	65.77%



# GRAYSON COUNTY, TEXAS

## GENERAL FUND

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Taxes:				
Property	\$ 25,786,801	\$ 25,786,801	\$ 25,721,401	\$( 65,400)
Other	188,000	188,000	194,817	6,817
Penalty and interest on taxes	390,000	390,000	413,633	23,633
Licenses and permits	112,000	112,000	117,449	5,449
Intergovernmental revenue and grants	1,300,009	1,300,009	1,519,536	219,527
Charges for services	2,609,000	2,609,000	2,280,143	( 328,857)
Fines	25,000	25,000	22,933	( 2,067)
Vehicle registration fees	575,000	575,000	569,176	( 5,824)
Investment earnings	535,000	535,000	223,491	( 311,509)
Other revenue	<u>254,000</u>	<u>254,000</u>	<u>345,893</u>	<u>91,893</u>
Total revenues	<u>31,774,810</u>	<u>31,774,810</u>	<u>31,408,472</u>	<u>( 366,338)</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,020,400	7,020,400	6,300,105	720,295
Judicial	6,858,032	6,858,032	6,436,784	421,248
Public safety	12,037,409	12,037,409	11,228,405	809,004
Health and welfare	1,485,105	1,485,105	1,410,989	74,116
Culture and recreation	173,872	173,872	129,457	44,415
Conservation and development	222,156	222,156	193,406	28,750
Debt service:				
Principal	161,817	161,817	161,816	1
Interest	9,889	9,889	9,888	1
Capital outlay	1,659,159	926,311	978,462	( 52,151)
Intergovernmental	<u>131,965</u>	<u>131,965</u>	<u>128,628</u>	<u>3,337</u>
Total expenditures	<u>29,759,804</u>	<u>29,026,956</u>	<u>26,977,940</u>	<u>2,049,016</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	2,015,006	2,747,854	4,430,532	1,682,678
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>( 5,394,661)</u>	<u>( 5,394,661)</u>	<u>( 5,368,661)</u>	<u>26,000</u>
Total other financing sources (uses)	<u>( 5,394,661)</u>	<u>( 5,394,661)</u>	<u>( 5,368,661)</u>	<u>26,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 3,379,655)	( 2,646,807)	( 938,129)	1,708,678
<b>FUND BALANCES, BEGINNING</b>	<u>11,241,425</u>	<u>11,241,425</u>	<u>11,241,425</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 7,861,770</u>	<u>\$ 8,594,618</u>	<u>\$ 10,303,296</u>	<u>\$ 1,708,678</u>

**GRAYSON COUNTY, TEXAS**

**ROAD AND BRIDGE FUND**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes:				
Property	\$ 2,640,000	\$ 2,640,000	\$ 2,645,028	\$ 5,028
Penalty and interest on taxes	30,000	30,000	40,020	10,020
Intergovernmental revenue and grants	-	-	403,526	403,526
Charges for services	1,940,000	1,940,000	2,434,638	494,638
Vehicle registration fees	1,920,000	1,920,000	1,832,636	( 87,364)
Investment earnings	103,000	103,000	56,557	( 46,443)
Other revenue	4,000	4,000	2,078	( 1,922)
Total revenues	<u>6,637,000</u>	<u>6,637,000</u>	<u>7,414,483</u>	<u>777,483</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	6,589,656	6,589,656	5,984,799	604,857
Debt service:				
Principal	13,048	13,048	13,182	( 134)
Interest	9,093	9,093	8,958	135
Capital outlay	590,000	826,000	536,891	289,109
Total expenditures	<u>7,201,797</u>	<u>7,437,797</u>	<u>6,543,830</u>	<u>893,967</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 564,797)	( 800,797)	870,653	1,671,450
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of real and personal property	2,000	2,000	49,463	47,463
Proceeds from capital leases	-	-	-	-
Total other financing sources (uses)	<u>2,000</u>	<u>2,000</u>	<u>49,463</u>	<u>47,463</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 562,797)	( 798,797)	920,116	1,718,913
<b>FUND BALANCES, BEGINNING</b>	<u>3,738,440</u>	<u>3,738,440</u>	<u>3,738,440</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 3,175,643</u>	<u>\$ 2,939,643</u>	<u>\$ 4,658,556</u>	<u>\$ 1,718,913</u>

**GRAYSON COUNTY, TEXAS**

**HIGHWAY 289 COMPLETION**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Investment earnings	\$ 352,600	\$ 352,600	\$ 440,676	\$ 88,076
Total revenues	<u>352,600</u>	<u>352,600</u>	<u>440,676</u>	<u>88,076</u>
<b>EXPENDITURES</b>				
Current:				
Capital outlay	<u>32,690,000</u>	<u>32,690,000</u>	<u>18,864,750</u>	<u>13,825,250</u>
Total expenditures	<u>32,690,000</u>	<u>32,690,000</u>	<u>18,864,750</u>	<u>13,825,250</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 32,337,400)	( 32,337,400)	( 18,424,074)	13,913,326
<b>FUND BALANCES, BEGINNING</b>	<u>41,457,320</u>	<u>41,457,320</u>	<u>41,457,320</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	\$ <u>9,119,920</u>	\$ <u>9,119,920</u>	\$ <u>23,033,246</u>	\$ <u>13,913,326</u>

# GRAYSON COUNTY, TEXAS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2009

### A. BUDGETARY INFORMATION

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

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

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

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

# **COMBINING STATEMENTS**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

***Grayson County Employee Activity Fund*** – This fund is used 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

***Federal Forfeiture Fund*** – This fund accounts for funds provided through a Federal Equitable Sharing Agreement to be used for law enforcement purposes.

***Title IV-E Federal Funds*** – This fund accounts for the spending of federal funds received for administrative expenses incurred in the provision of foster care for juveniles.

***Juvenile Probation Fees Fund*** – This fund accounts for amounts collected by the Juvenile Probation Department from probationers for probation fees and restitution.

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

## **DEBT SERVICE FUND**

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

*2003 Refunding Bonds Fund – 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.

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

## **CAPITAL PROJECTS FUND**

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

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

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

*Right-of-Way Acquisition Fund* – This fund is used to account 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.

## **PERMANENT FUND**

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

**GRAYSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	Special Revenue			
	Public Health	Juvenile Boot Camp	Employee Activity	Holiday Lights
<b>ASSETS</b>				
Cash and investments	\$ 740,935	\$ 558,367	\$ 4,795	\$ 31,401
Taxes receivable	-	-	-	-
Receivables (net of allowance for uncollectibles)	6,070	283,182	1,282	-
Intergovernmental receivables	126,902	73,271	-	-
Prepaid expenses	-	3,116	-	-
Total assets	\$ 873,907	\$ 917,936	\$ 6,077	\$ 31,401
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 256,304	\$ 120,076	\$ 202	\$ 2,216
Intergovernmental payable	1,754	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	258,058	120,076	202	2,216
Fund balances:				
Reserved for:				
Prepaid items	-	3,116	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Purpose of trust	-	-	-	-
Unreserved, designated for:				
Specific purpose	615,849	794,744	5,875	29,185
Capital projects	-	-	-	-
Total fund balances	615,849	797,860	5,875	29,185
Total liabilities and fund balances	\$ 873,907	\$ 917,936	\$ 6,077	\$ 31,401

Special Revenue

<u>Tax A/C S-1-T Penalty</u>	<u>Courthouse Security</u>	<u>Justice Court Building Security</u>	<u>Justice Court Technology</u>	<u>HAVA Funding</u>	<u>County Clerk Records Management</u>	<u>County Clerk Records Archive</u>	<u>County Clerk Vital Statistics</u>
\$ 116,310	\$ 508,444	\$ 27,935	\$ 70,973	\$ 4,362	\$ 253,861	\$ 201,240	\$ 6,647
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 116,310</u>	<u>\$ 508,444</u>	<u>\$ 27,935</u>	<u>\$ 70,973</u>	<u>\$ 4,362</u>	<u>\$ 253,861</u>	<u>\$ 201,240</u>	<u>\$ 6,647</u>
\$ -	\$ 9,863	\$ -	\$ 569	\$ -	\$ 11,650	\$ 144,942	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>9,863</u>	<u>-</u>	<u>569</u>	<u>-</u>	<u>11,650</u>	<u>144,942</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
116,310	498,581	27,935	70,404	4,362	242,211	56,298	6,647
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>116,310</u>	<u>498,581</u>	<u>27,935</u>	<u>70,404</u>	<u>4,362</u>	<u>242,211</u>	<u>56,298</u>	<u>6,647</u>
<u>\$ 116,310</u>	<u>\$ 508,444</u>	<u>\$ 27,935</u>	<u>\$ 70,973</u>	<u>\$ 4,362</u>	<u>\$ 253,861</u>	<u>\$ 201,240</u>	<u>\$ 6,647</u>

(continued)

**GRAYSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**  
**SEPTEMBER 30, 2009**

	Special Revenue			
	District Clerk Records Management	County Records Management	Historical Commission	Child Protective Services
<b>ASSETS</b>				
Cash and investments	\$ 3,107	\$ 211,564	\$ 13,789	\$ -
Taxes receivable	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	-
Intergovernmental receivables	-	-	-	-
Prepaid expenses	-	-	-	-
	-	-	-	-
Total assets	\$ 3,107	\$ 211,564	\$ 13,789	\$ -
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 3,107	\$ 1,783	\$ -	\$ -
Intergovernmental payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
	-	-	-	-
Total liabilities	3,107	1,783	-	-
Fund balances:				
Reserved for:				
Prepaid items	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Purpose of trust	-	-	-	-
Unreserved, designated for:				
Specific purpose	-	209,781	13,789	-
Capital projects	-	-	-	-
	-	-	-	-
Total fund balances	-	209,781	13,789	-
Total liabilities and fund balances	\$ 3,107	\$ 211,564	\$ 13,789	\$ -

Special Revenue

Court Reporter Service	Drug Court Donations	Star Recovery Drug Court	Star Family Drug Court	District Attorney Hot Check	District Attorney Forfeiture	Law Library	District Attorney State Supplement
\$ -	\$ 36,112	\$ -	\$ -	\$ 3,145	\$ 9,881	\$ 18,720	\$ 12,202
-	-	-	-	-	-	-	-
-	-	-	-	5,635	-	74	-
-	-	19,052	10,649	-	4,069	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 36,112</u>	<u>\$ 19,052</u>	<u>\$ 10,649</u>	<u>\$ 8,780</u>	<u>\$ 13,950</u>	<u>\$ 18,794</u>	<u>\$ 12,202</u>
\$ -	\$ 190	\$ 664	\$ 99	\$ -	\$ 7,376	\$ 1,492	\$ -
-	-	-	-	-	-	-	-
-	-	18,671	12,090	-	-	-	-
-	-	-	-	-	-	-	-
-	190	19,335	12,189	-	7,376	1,492	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	35,922	( 283)	( 1,540)	8,780	6,574	17,302	12,202
-	-	-	-	-	-	-	-
<u>-</u>	<u>35,922</u>	<u>( 283)</u>	<u>( 1,540)</u>	<u>8,780</u>	<u>6,574</u>	<u>17,302</u>	<u>12,202</u>
<u>\$ -</u>	<u>\$ 36,112</u>	<u>\$ 19,052</u>	<u>\$ 10,649</u>	<u>\$ 8,780</u>	<u>\$ 13,950</u>	<u>\$ 18,794</u>	<u>\$ 12,202</u>

(continued)

**GRAYSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**  
**SEPTEMBER 30, 2009**

	Special Revenue			
	CJD	OAG Victim Coordinator Grant	Law Enforcement Block Grant	Homeland Security
	Domestic Violence Grant			
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 14,807	\$ -
Taxes receivable	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	-
Intergovernmental receivables	4,627	-	-	-
Prepaid expenses	-	-	-	-
	-	-	-	-
Total assets	\$ 4,627	\$ -	\$ 14,807	\$ -
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Intergovernmental payable	-	-	-	-
Due to other funds	4,859	3,953	-	-
Deferred revenue	-	-	-	-
	-	-	-	-
Total liabilities	4,859	3,953	-	-
Fund balances:				
Reserved for:				
Prepaid items	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Purpose of trust	-	-	-	-
Unreserved, designated for:				
Specific purpose	( 232)	( 3,953)	14,807	-
Capital projects	-	-	-	-
	-	-	-	-
Total fund balances	( 232)	( 3,953)	14,807	-
Total liabilities and fund balances	\$ 4,627	\$ -	\$ 14,807	\$ -

Special Revenue

<u>VINE Grant</u>	<u>Sheriff Forfeiture</u>	<u>Jail Commissary</u>	<u>Federal Forfeiture</u>	<u>Title IV-E Federal Funds</u>	<u>Juvenile Probation Fees</u>	<u>Juvenile Case Manager Fees</u>	<u>Interlocal Emergency Management</u>
\$ -	\$ 176,732	\$ 116,179	\$ 3,812	\$ -	\$ 47,762	\$ 71,679	\$ 36,078
-	-	-	-	-	-	-	-
-	-	5,078	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,354</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 176,732</u>	<u>\$ 121,257</u>	<u>\$ 3,812</u>	<u>\$ -</u>	<u>\$ 50,116</u>	<u>\$ 71,679</u>	<u>\$ 36,078</u>
\$ -	\$ 429	\$ 2,825	\$ 751	\$ -	\$ 2,765	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>429</u>	<u>2,825</u>	<u>751</u>	<u>-</u>	<u>2,765</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	2,354	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	176,303	118,432	3,061	-	44,997	71,679	36,078
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>176,303</u>	<u>118,432</u>	<u>3,061</u>	<u>-</u>	<u>47,351</u>	<u>71,679</u>	<u>36,078</u>
<u>\$ -</u>	<u>\$ 176,732</u>	<u>\$ 121,257</u>	<u>\$ 3,812</u>	<u>\$ -</u>	<u>\$ 50,116</u>	<u>\$ 71,679</u>	<u>\$ 36,078</u>

(continued)



**GRAYSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**(Continued)**  
**SEPTEMBER 30, 2009**

	Special Revenue			Total
	Hazard Mitigation Grant	Citizen Corps Program	State Homeland Security	Nonmajor Special Revenue Funds
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ 3,300,839
Taxes receivable	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	301,321
Intergovernmental receivables	33,484	3,870	105,122	381,046
Prepaid expenses	-	-	-	5,470
	<u>33,484</u>	<u>3,870</u>	<u>105,122</u>	<u>3,988,676</u>
Total assets	\$ <u>33,484</u>	\$ <u>3,870</u>	\$ <u>105,122</u>	\$ <u>3,988,676</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 19,000	\$ -	\$ 62,266	\$ 648,569
Intergovernmental payable	-	-	-	1,754
Due to other funds	14,484	3,870	42,856	100,783
Deferred revenue	-	-	-	-
	<u>33,484</u>	<u>3,870</u>	<u>105,122</u>	<u>751,106</u>
Fund balances:				
Reserved for:				
Prepaid items	-	-	-	5,470
Debt service	-	-	-	-
Capital projects	-	-	-	-
Purpose of trust	-	-	-	-
Unreserved, designated for:				
Specific purpose	-	-	-	3,232,100
Capital projects	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,237,570</u>
Total fund balances	-	-	-	3,237,570
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,237,570</u>
Total liabilities and fund balances	\$ <u>33,484</u>	\$ <u>3,870</u>	\$ <u>105,122</u>	\$ <u>3,988,676</u>

Debt Service							
2003 Refunding Bonds	State Highway 289 Bonds	Total Nonmajor Debt Service Funds	Permanent Improvement	Lateral Road	Right-of-Way Acquisition	Texoma Succeeding Generations	Total Nonmajor Governmental Funds
\$ 62,803	\$ 767,681	\$ 830,484	\$ 950,853	\$ 289,431	\$ 13,068	\$ 68,505	\$ 5,453,180
11,897	13,708	25,605	8,201	-	-	-	33,806
-	-	-	-	-	-	-	301,321
-	-	-	-	-	-	-	381,046
-	-	-	-	-	-	-	5,470
<u>\$ 74,700</u>	<u>\$ 781,389</u>	<u>\$ 856,089</u>	<u>\$ 959,054</u>	<u>\$ 289,431</u>	<u>\$ 13,068</u>	<u>\$ 68,505</u>	<u>\$ 6,174,823</u>
\$ -	\$ -	\$ -	\$ 29,935	\$ 19,030	\$ 4,000	\$ -	\$ 701,534
-	-	-	-	-	-	-	1,754
-	-	-	-	-	-	-	100,783
11,035	12,336	23,371	7,657	-	-	-	31,028
<u>11,035</u>	<u>12,336</u>	<u>23,371</u>	<u>37,592</u>	<u>19,030</u>	<u>4,000</u>	<u>-</u>	<u>835,099</u>
-	-	-	-	-	-	-	5,470
63,665	769,053	832,718	-	-	-	-	832,718
-	-	-	-	-	9,068	-	9,068
-	-	-	-	-	-	68,505	68,505
-	-	-	-	-	-	-	3,232,100
-	-	-	921,462	270,401	-	-	1,191,863
<u>63,665</u>	<u>769,053</u>	<u>832,718</u>	<u>921,462</u>	<u>270,401</u>	<u>9,068</u>	<u>68,505</u>	<u>5,339,724</u>
<u>\$ 74,700</u>	<u>\$ 781,389</u>	<u>\$ 856,089</u>	<u>\$ 959,054</u>	<u>\$ 289,431</u>	<u>\$ 13,068</u>	<u>\$ 68,505</u>	<u>\$ 6,174,823</u>

## GRAYSON COUNTY, TEXAS

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

#### NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Special Revenue			
	Public Health	Juvenile Boot Camp	Employee Activity	Holiday Lights
<b>REVENUES</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Penalty and interest on taxes	-	-	-	-
Licenses and permits	299,988	-	-	-
Intergovernmental revenue and grants	1,108,548	270,951	-	-
Charges for services	388,845	1,925,618	-	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment earnings	2,076	4,024	94	394
Contributions and donations from private sources	128,702	-	-	62,801
Other	-	49,228	10,369	-
Total revenues	1,928,159	2,249,821	10,463	63,195
<b>EXPENDITURES</b>				
Current:				
General government	-	-	16,280	54,534
Judicial	-	-	-	-
Public safety	-	1,921,377	-	-
Highways and streets	-	-	-	-
Health and welfare	3,816,173	-	-	-
Capital outlay	-	167,989	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Miscellaneous fees	-	-	-	-
Total expenditures	3,816,173	2,089,366	16,280	54,534
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 1,888,014)	160,455	( 5,817)	8,661
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of real and personal property	-	-	-	-
Transfers in	2,050,171	613,876	-	-
Transfers out	-	( 325,000)	-	-
Total other financing sources (uses)	2,050,171	288,876	-	-
<b>NET CHANGE IN FUND BALANCE</b>	162,157	449,331	( 5,817)	8,661
<b>FUND BALANCE, BEGINNING</b>	453,692	348,529	11,692	20,524
<b>FUND BALANCE, ENDING</b>	\$ 615,849	\$ 797,860	\$ 5,875	\$ 29,185

Special Revenue

Tax A/C S-1-T Penalty	Courthouse Security	Justice Court Building Security	Justice Court Technology	HAVA Funding	County Clerk Records Management	County Clerk Records Archive	County Clerk Vital Statistics
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,086	-	-	-
-	65,207	6,327	26,522	-	133,545	-	9,766
5,018	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,400	6,850	294	1,572	26	2,856	3,273	144
-	-	-	-	-	-	-	-
-	315	-	-	-	-	120,600	-
<u>6,418</u>	<u>72,372</u>	<u>6,621</u>	<u>28,094</u>	<u>3,112</u>	<u>136,401</u>	<u>123,873</u>	<u>9,910</u>
-	136,840	-	-	-	94,869	573,876	28,657
-	-	-	23,353	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	13,543	-	69,872	-	12,118	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>150,383</u>	<u>-</u>	<u>93,225</u>	<u>-</u>	<u>106,987</u>	<u>573,876</u>	<u>28,657</u>
<u>6,418</u>	<u>( 78,011)</u>	<u>6,621</u>	<u>( 65,131)</u>	<u>3,112</u>	<u>29,414</u>	<u>( 450,003)</u>	<u>( 18,747)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6,418	( 78,011)	6,621	( 65,131)	3,112	29,414	( 450,003)	( 18,747)
<u>109,892</u>	<u>576,592</u>	<u>21,314</u>	<u>135,535</u>	<u>1,250</u>	<u>212,797</u>	<u>506,301</u>	<u>25,394</u>
<u>\$ 116,310</u>	<u>\$ 498,581</u>	<u>\$ 27,935</u>	<u>\$ 70,404</u>	<u>\$ 4,362</u>	<u>\$ 242,211</u>	<u>\$ 56,298</u>	<u>\$ 6,647</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, 2009**

	Special Revenue			
	District Clerk Records Management	County Records Management	Historical Commission	Child Protective Services
<b>REVENUES</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Penalty and interest on taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenue and grants	-	-	-	-
Charges for services	13,346	65,179	-	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment earnings	-	2,192	170	-
Contributions and donations from private sources	-	-	-	-
Other	-	-	-	-
Total revenues	13,346	67,371	170	-
<b>EXPENDITURES</b>				
Current:				
General government	967,403	11,360	16	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	6,922
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Miscellaneous fees	-	-	-	-
Total expenditures	967,403	11,360	16	6,922
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 954,057)	56,011	154	( 6,922)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of real and personal property	-	-	-	-
Transfers in	954,057	-	-	6,500
Transfers out	-	-	-	-
Total other financing sources (uses)	954,057	-	-	6,500
<b>NET CHANGE IN FUND BALANCE</b>	-	56,011	154	( 422)
<b>FUND BALANCE, BEGINNING</b>	-	153,770	13,635	422
<b>FUND BALANCE, ENDING</b>	\$ -	\$ 209,781	\$ 13,789	\$ -

Special Revenue

Court Reporter Service	Drug Court Donations	Star Recovery Drug Court	Star Family Drug Court	District Attorney Hot Check	District Attorney Forfeiture	Law Library	District Attorney State Supplement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	124,318	49,818	-	-	-	36,534
-	17,586	-	-	-	-	79,330	-
-	-	-	-	-	-	-	-
-	-	-	-	-	29,920	-	-
-	282	-	-	-	396	260	-
-	5,179	-	-	-	-	94	-
<u>27,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,752</u>	<u>-</u>	<u>11</u>	<u>-</u>
<u>27,060</u>	<u>23,047</u>	<u>124,318</u>	<u>49,818</u>	<u>78,752</u>	<u>30,316</u>	<u>79,695</u>	<u>36,534</u>
-	-	-	-	-	-	-	-
27,060	1,997	124,601	51,358	75,100	66,343	96,331	41,584
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>27,060</u>	<u>1,997</u>	<u>124,601</u>	<u>51,358</u>	<u>75,100</u>	<u>66,343</u>	<u>96,331</u>	<u>41,584</u>
<u>-</u>	<u>21,050</u>	<u>( 283)</u>	<u>( 1,540)</u>	<u>3,652</u>	<u>( 36,027)</u>	<u>( 16,636)</u>	<u>( 5,050)</u>
-	-	-	-	-	4,389	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,389</u>	<u>-</u>	<u>-</u>
-	21,050	( 283)	( 1,540)	3,652	( 31,638)	( 16,636)	( 5,050)
-	14,872	-	-	5,128	38,212	33,938	17,252
<u>\$ -</u>	<u>\$ 35,922</u>	<u>\$ ( 283)</u>	<u>\$ ( 1,540)</u>	<u>\$ 8,780</u>	<u>\$ 6,574</u>	<u>\$ 17,302</u>	<u>\$ 12,202</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, 2009**

	Special Revenue			
	CJD Domestic Violence Grant	OAG Victim Coordinator Grant	Law Enforcement Block Grant	Homeland Security
<b>REVENUES</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Penalty and interest on taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenue and grants	55,850	31,935	-	9,664
Charges for services	-	-	-	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment earnings	-	-	183	-
Contributions and donations from private sources	14,700	-	-	-
Other	-	-	-	-
Total revenues	<u>70,550</u>	<u>31,935</u>	<u>183</u>	<u>9,664</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Judicial	74,382	47,292	-	-
Public safety	-	-	-	9,664
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Miscellaneous fees	-	-	-	-
Total expenditures	<u>74,382</u>	<u>47,292</u>	<u>-</u>	<u>9,664</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 3,832)</u>	<u>( 15,357)</u>	<u>183</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of real and personal property	-	-	-	-
Transfers in	3,600	11,404	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>3,600</u>	<u>11,404</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 232)</u>	<u>( 3,953)</u>	<u>183</u>	<u>-</u>
<b>FUND BALANCE, BEGINNING</b>	<u>-</u>	<u>-</u>	<u>14,624</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$( 232)</u>	<u>\$( 3,953)</u>	<u>\$ 14,807</u>	<u>\$ -</u>

Special Revenue

<u>VINE Grant</u>	<u>Sheriff Forfeiture</u>	<u>Jail Commissary</u>	<u>Federal Forfeiture</u>	<u>Title IV-E Federal Funds</u>	<u>Juvenile Probation Fees</u>	<u>Juvenile Case Manager Fees</u>	<u>Interlocal Emergency Management</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30,108	-	-	-	-	-	-	40,000
-	-	65,105	-	-	-	-	-
-	-	-	-	-	-	32,169	-
-	15,134	-	-	-	-	-	-
-	2,615	1,216	87	2,413	5,976	1,087	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>30,108</u>	<u>17,749</u>	<u>66,321</u>	<u>87</u>	<u>2,413</u>	<u>5,976</u>	<u>33,256</u>	<u>40,000</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	59,997	-
30,108	13,365	47,356	4,500	21,923	1,081,554	-	3,922
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	70,450	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>30,108</u>	<u>83,815</u>	<u>47,356</u>	<u>4,500</u>	<u>21,923</u>	<u>1,081,554</u>	<u>59,997</u>	<u>3,922</u>
-	( 66,066)	18,965	( 4,413)	( 19,510)	( 1,075,578)	( 26,741)	36,078
-	19,423	-	-	-	-	-	-
-	-	-	-	-	1,122,929	-	-
-	-	-	-	( 241,525)	( 47,351)	-	-
-	19,423	-	-	( 241,525)	1,075,578	-	-
-	( 46,643)	18,965	( 4,413)	( 261,035)	-	( 26,741)	36,078
-	222,946	99,467	7,474	261,035	47,351	98,420	-
<u>\$ -</u>	<u>\$ 176,303</u>	<u>\$ 118,432</u>	<u>\$ 3,061</u>	<u>\$ -</u>	<u>\$ 47,351</u>	<u>\$ 71,679</u>	<u>\$ 36,078</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, 2009

	Special Revenue			Total Nonmajor Special Revenue Funds
	Hazard Mitigation Grant	Citizen Corps Program	State Homeland Security	
<b>REVENUES</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Penalty and interest on taxes	-	-	-	-
Licenses and permits	-	-	-	299,988
Intergovernmental revenue and grants	33,484	3,870	105,122	1,903,288
Charges for services	-	-	-	2,796,376
Fines	-	-	-	37,187
Forfeits	-	-	-	45,054
Investment earnings	-	-	-	39,880
Contributions and donations from private sources	-	-	-	211,476
Other	-	-	-	286,335
Total revenues	33,484	3,870	105,122	5,619,584
<b>EXPENDITURES</b>				
Current:				
General government	-	3,870	-	1,887,705
Judicial	-	-	-	689,398
Public safety	53,484	-	-	3,187,253
Highways and streets	-	-	-	-
Health and welfare	-	-	-	3,823,095
Capital outlay	-	-	105,122	439,094
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Miscellaneous fees	-	-	-	-
Total expenditures	53,484	3,870	105,122	10,026,545
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 20,000)	-	-	( 4,406,961)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of real and personal property	-	-	-	23,812
Transfers in	20,000	-	-	4,782,537
Transfers out	-	-	-	( 613,876)
Total other financing sources (uses)	20,000	-	-	4,192,473
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	( 214,488)
<b>FUND BALANCE, BEGINNING</b>	-	-	-	3,452,058
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ -	\$ 3,237,570

Debt Service							
2003 Refunding Bonds	State Highway 289 Bonds	Total Nonmajor Debt Service Funds	Permanent Improvement	Lateral Road	Right-of-Way Acquisition	Texoma Succeeding Generations	Total Nonmajor Governmental Funds
\$ 170,188	\$ 302,751	\$ 472,939	\$ 102,617	\$ -	\$ -	\$ -	\$ 575,556
2,770	3,661	6,431	2,111	-	-	-	8,542
-	-	-	-	-	-	-	299,988
-	-	-	-	-	-	-	1,903,288
-	-	-	-	71,708	-	-	2,868,084
-	-	-	-	-	-	-	37,187
-	-	-	-	-	-	-	45,054
1,139	28,170	29,309	11,723	3,583	219	844	85,558
-	-	-	-	-	-	-	211,476
-	-	-	-	-	-	-	286,335
<u>174,097</u>	<u>334,582</u>	<u>508,679</u>	<u>116,451</u>	<u>75,291</u>	<u>219</u>	<u>844</u>	<u>6,321,068</u>
-	1,900	1,900	43,335	-	-	-	1,932,940
-	-	-	-	-	-	-	689,398
-	-	-	-	-	-	-	3,187,253
-	-	-	-	30,562	-	-	30,562
-	-	-	-	-	-	-	3,823,095
-	-	-	74,399	-	-	-	513,493
120,000	-	120,000	-	-	-	-	120,000
38,783	2,751,637	2,790,420	-	-	-	-	2,790,420
300	-	300	-	-	-	-	300
<u>159,083</u>	<u>2,753,537</u>	<u>2,912,620</u>	<u>117,734</u>	<u>30,562</u>	<u>-</u>	<u>-</u>	<u>13,087,461</u>
<u>15,014</u>	<u>( 2,418,955)</u>	<u>( 2,403,941)</u>	<u>( 1,283)</u>	<u>44,729</u>	<u>219</u>	<u>844</u>	<u>( 6,766,393)</u>
-	-	-	-	-	-	-	23,812
-	-	-	-	-	-	-	4,782,537
-	-	-	-	-	-	-	( 613,876)
-	-	-	-	-	-	-	4,192,473
15,014	( 2,418,955)	( 2,403,941)	( 1,283)	44,729	219	844	( 2,573,920)
<u>48,651</u>	<u>3,188,008</u>	<u>3,236,659</u>	<u>922,745</u>	<u>225,672</u>	<u>8,849</u>	<u>67,661</u>	<u>7,913,644</u>
<u>\$ 63,665</u>	<u>\$ 769,053</u>	<u>\$ 832,718</u>	<u>\$ 921,462</u>	<u>\$ 270,401</u>	<u>\$ 9,068</u>	<u>\$ 68,505</u>	<u>\$ 5,339,724</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 Fund* – This fund accounts for collections of the various court costs and arrest fees, as established by the State of Texas. Funds collected are remitted to the state on a quarterly basis. The County is generally allowed to retain 10 percent of the funds collected as a service fee and all interest earned on the funds.

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

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

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

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

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

*Sheriff Law Enforcement Operating Fund* – This fund accounts for certain fee collections by the Sheriff's Department, which are reportable to the County Auditor.

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

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

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

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

**GRAYSON COUNTY, TEXAS**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**

**SEPTEMBER 30, 2009**

	State Court Costs and Arrest Fees	Appellate Justice System	Seized Funds	Adult Probation Restitution	District Attorney Bad Check Trust
<b>ASSETS</b>					
Cash and investments	\$ <u>291,055</u>	\$ <u>9,284</u>	\$ <u>95,077</u>	\$ <u>220,039</u>	\$ <u>46,520</u>
Total assets	\$ <u>291,055</u>	\$ <u>9,284</u>	\$ <u>95,077</u>	\$ <u>220,039</u>	\$ <u>46,520</u>
<b>LIABILITIES</b>					
Due to other agencies and individuals	\$ <u>291,055</u>	\$ <u>9,284</u>	\$ <u>95,077</u>	\$ <u>220,039</u>	\$ <u>46,520</u>
Total liabilities and fund balances	\$ <u>291,055</u>	\$ <u>9,284</u>	\$ <u>95,077</u>	\$ <u>220,039</u>	\$ <u>46,520</u>

<u>District Attorney Restitution</u>	<u>Tax Assessor Collector</u>	<u>Sheriff Bonds</u>	<u>County Clerk Trust</u>	<u>District Clerk Trust</u>	<u>Jail Inmate Trust</u>	<u>Totals</u>
\$ <u>1,337</u>	\$ <u>1,622,439</u>	\$ <u>409,310</u>	\$ <u>963,597</u>	\$ <u>2,632,601</u>	\$ <u>46,676</u>	\$ <u>6,337,935</u>
\$ <u>1,337</u>	\$ <u>1,622,439</u>	\$ <u>409,310</u>	\$ <u>963,597</u>	\$ <u>2,632,601</u>	\$ <u>46,676</u>	\$ <u>6,337,935</u>
\$ <u>1,337</u>	\$ <u>1,622,439</u>	\$ <u>409,310</u>	\$ <u>963,597</u>	\$ <u>2,632,601</u>	\$ <u>46,676</u>	\$ <u>6,337,935</u>
\$ <u>1,337</u>	\$ <u>1,622,439</u>	\$ <u>409,310</u>	\$ <u>963,597</u>	\$ <u>2,632,601</u>	\$ <u>46,676</u>	\$ <u>6,337,935</u>

**OTHER INFORMATION  
REQUIRED BY GAO**



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

To the Honorable Commissioners' Court  
Grayson County, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grayson County, Texas (the "County") as of and for the year ended September 30, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

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

## **Compliance and Other Matters**

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

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

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

May 26, 2010





**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

To the Honorable Commissioners' Court  
Grayson County, Texas

We have audited the compliance of Grayson County, (the "County"), with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

**Internal Control Over Compliance**

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

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

May 26, 2010

**GRAYSON COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through the Texas Department of Agriculture:			
National School Lunch Program	10.555	75-J6011	\$ <u>93,797</u>
Total Passed through the Texas Department of Agriculture			<u>93,797</u>
Passed through Texas Department of Health:			
Special Supplemental Food Program for Women, Infants and Children (WIC)	10.557	2009-029932	<u>621,178</u>
Total Passed through Texas Department of Health			<u>621,178</u>
Total U. S. Department of Agriculture			<u>714,975</u>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>			
Passed through Office of the Attorney General:			
Victim Coordinator and Liaison Grant	16.576	0801704	<u>31,935</u>
Total Passed through Office of the Attorney General			<u>31,935</u>
Passed through Office of the Governor, Criminal Justice Division:			
Victim Notification Grant (Vine)	16.576	09-08079	30,108
Violence Against Women Act	16.588	WF-08-V30-13449-11	55,850
County STAR Recovery Court Program	16.738	DJ-07-A10-18042-04	124,600
County Family Drug Court Program	16.738	DC-09-A10-18678-03	<u>49,818</u>
Total Passed through Office of the Governor, Criminal Justice Division			<u>260,376</u>
Direct Programs:			
State Criminal Alien Assistance Program	16.606	2008-AP-BX-0941	<u>26,313</u>
Total Direct Programs			<u>26,313</u>
Total U. S. Department of Justice			<u>318,624</u>
<b><u>U. S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed through Texas Department of Transportation:			
Airport Maintenance Program	20.106	M901DENS	315,546
Airport Maintenance Program	20.106	0801DENS	2,575,091
Airport Maintenance Program	20.106	0901DENS	86,393
Highway Planning and Construction	20.205	0091-01-043	<u>18,603,735</u>
Total Passed through Texas Department of Transportation			<u>21,580,765</u>
Total U. S. Department of Transportation			<u>21,580,765</u>

(continued)

**GRAYSON COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
<b><u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Passed through Texas Department of Health:			
Title V, Part A - Maternal and Child Health Programs	93.110	2009-029230	\$ 21,700
Injury Prevention and Control Research and State and Community Based Programs	93.116	2009-029066-001	18,175
Immunization Grant	93.268	2009-028950	54,532
Centers for Disease Control and Prevention - Investigation and Technical Assistance OOPHP/Bioterrorism	93.283	2008-028008	127,906
Title XX - Family Planning - Social Services Block Grant	93.667	2009-029275	110,106
Medicaid - Title XIX - Medical Assistance Program	93.778	none	19,673
Preventive Health Services Block Grant	93.991	2009-028243	<u>124,094</u>
Total Passed through Texas Department of Health			<u>476,186</u>
Passed through Texas Juvenile Probation Commission:			
Title IV-E - Foster Care	93.658	TJPC E-2008-091	<u>10,834</u>
Total Passed through Texas Juvenile Probation Commission			<u>10,834</u>
Total U. S. Department of Health and Human Services			<u>487,020</u>
<b><u>U. S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Passed through the Texas Department of Public Safety, Division of Emergency Management:			
State Homeland Security Program	97.042	2008 EMPG	9,664
State Homeland Security Program	97.042	2009 EMPG	<u>105,122</u>
Total Passed through Texas Department of Public Safety, Division of Emergency Management			<u>114,786</u>
Passed through the Governor's Division of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Disaster #1709	<u>403,526</u>
Total Passed through Governor's Division of Emergency Management			<u>403,526</u>
Total U. S. Department of Homeland Security			<u>518,312</u>
Total Federal Expenditures			\$ <u><u>23,619,696</u></u>

## **GRAYSON COUNTY, TEXAS**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

#### **1. GENERAL**

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

#### **2. BASIS OF ACCOUNTING**

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

**GRAYSON COUNTY, TEXAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

**Summary of Auditors' Results**

Type of report on financial statements	Unqualified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs: Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal and state awards as defined in Section 501(a), OMB Circular A-133	None
Dollar threshold considered between Type A and Type B federal and state programs	\$300,000
Low risk auditee statement	The County was classified as a low-risk auditee in the context of OMB Circular A-133
Major federal programs	Special Supplemental Food Program for Women, Infants, and Children (WIC), CFDA #10.557 Highway Planning and Construction, CFDA #20.205

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

None

**Findings and Questioned Costs for Federal Awards**

None

**GRAYSON COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

None