

**GRAYSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2013**



**GRAYSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

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# **INTRODUCTORY SECTION**

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# GRAYSON COUNTY, TEXAS

## PRINCIPAL OFFICIALS

SEPTEMBER 30, 2013

### COMMISSIONERS' COURT

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

### JUDICIAL

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

### LAW ENFORCEMENT

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

### FINANCIAL ADMINISTRATION

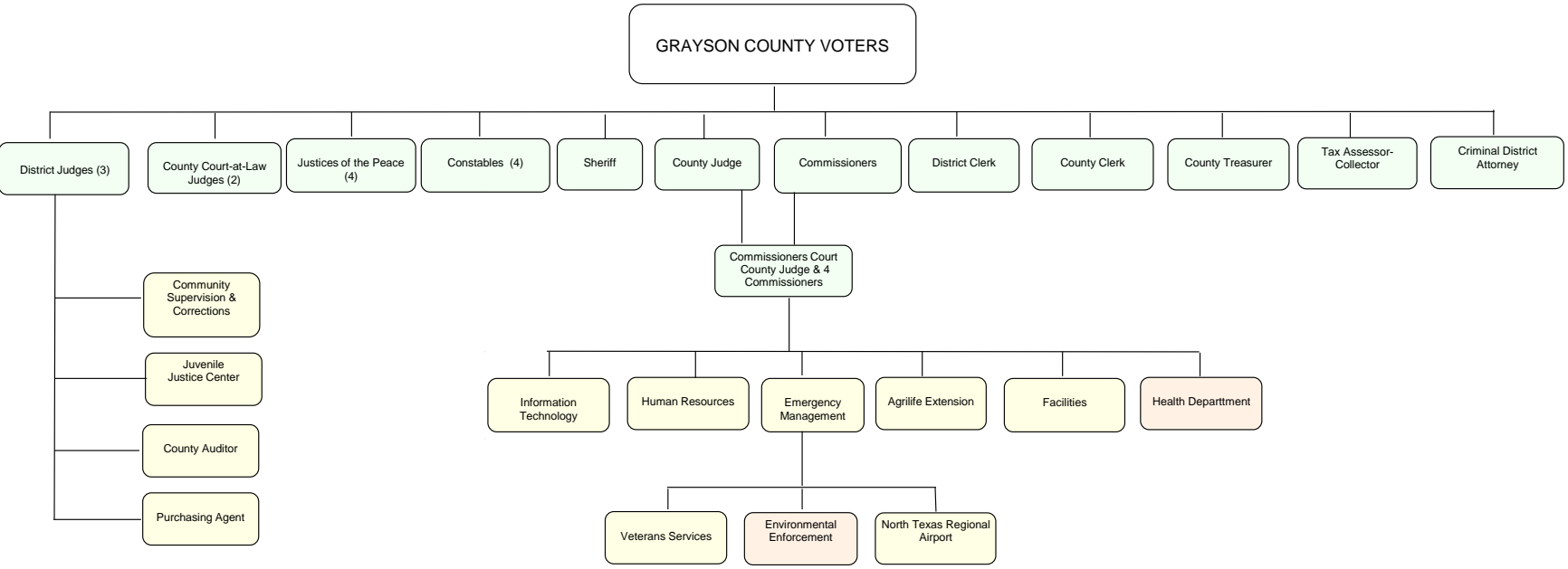
J. Richey Rivers*	County Auditor
Trent Bass	County Treasurer
Bruce Stidham	Tax Assessor/Collector

### RECORDING OFFICIALS

Kelly Ashmore	District Clerk
Wilma Bush	County Clerk

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

# GRAYSON COUNTY ORGANIZATION CHART



# **FINANCIAL SECTION**

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

## INDEPENDENT AUDITORS' REPORT

To the Honorable Commissioners' Court  
Grayson County, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grayson County, Texas, as of and for the year ended September 30, 2013 and the related notes to the financial statements, which collectively comprise the Grayson County, Texas' basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grayson County, Texas, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information and the Schedule of Funding Progress for Employee Retirement System, on pages 4–13 and 52–58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grayson County, Texas' basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal 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 Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2014, on our consideration of the Grayson County, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grayson County, Texas' internal control over financial reporting and compliance.

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

June 12, 2014

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**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

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## 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, 2013.

### FINANCIAL HIGHLIGHTS

- The assets of Grayson County exceeded its liabilities at the close of the most recent fiscal year by \$86.9 million (net position).
- The County's total net position decreased by \$4.4 million.
- As of the close of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of \$28.5 million, an increase of \$0.8 million in comparison with the prior year. Of the total fund balance, \$13.0 million is available for spending at the government's discretion unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13.0 million, or 40% 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 Position* presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is changing.

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

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

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

## **Fund Financial Statements**

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

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

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

The County maintains 49 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Road and Bridge Fund, State Highway 289 Bonds Fund, the Right-of-Way Acquisition Fund, and the Permanent Improvements Fund, all of which are considered to be major funds. Data from the other 44 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its major funds. Budgetary comparison schedules have been provided for the General Fund and major Special Revenue Funds to demonstrate compliance with this budget.

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

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

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

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements on pages 28 – 51 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 52 – 58 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets exceeded liabilities by \$86.9 million as of September 30, 2013, a decrease of \$4.4 million as compared with the previous fiscal year.

By far, the largest portion of Grayson County's net position (\$51.8 million or 60% percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. Grayson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Grayson County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## GRAYSON COUNTY'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 105,814,622	\$ 79,190,994	\$ 777,558	\$ 846,896	\$ 106,592,180	\$ 80,037,890
Capital assets	<u>33,823,540</u>	<u>35,440,720</u>	<u>18,007,185</u>	<u>17,258,978</u>	<u>51,830,725</u>	<u>52,699,698</u>
Total assets	<u>139,638,162</u>	<u>114,631,714</u>	<u>18,784,743</u>	<u>18,105,874</u>	<u>158,422,905</u>	<u>132,737,588</u>
Current liabilities	7,718,491	7,890,843	229,536	77,203	7,948,027	7,968,046
Long-term liabilities	<u>63,481,803</u>	<u>63,634,711</u>	<u>75,893</u>	<u>62,054</u>	<u>63,557,696</u>	<u>63,696,765</u>
Total liabilities	<u>71,200,294</u>	<u>71,525,554</u>	<u>305,429</u>	<u>139,257</u>	<u>71,505,723</u>	<u>71,664,811</u>
Net position:						
Net investment in capital assets	33,823,540	35,440,720	18,007,185	17,258,978	51,830,725	52,699,698
Restricted	15,484,347	16,356,864	-	-	15,484,347	16,356,864
Unrestricted	<u>19,129,981</u>	<u>( 8,691,424)</u>	<u>472,129</u>	<u>707,639</u>	<u>19,602,110</u>	<u>( 7,983,785)</u>
Total net position	<u>\$ 68,437,868</u>	<u>\$ 43,106,160</u>	<u>\$ 18,479,314</u>	<u>\$ 17,966,617</u>	<u>\$ 86,917,182</u>	<u>\$ 61,072,777</u>

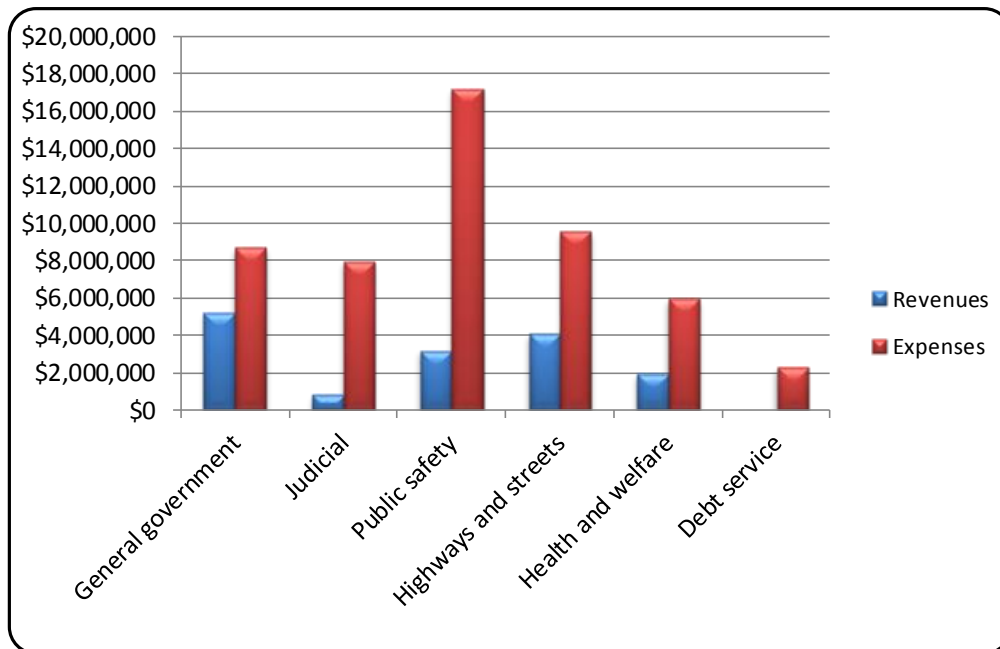
The County's expenditures exceeded revenues by \$4.4 million during the current fiscal year. Changes in net position are summarized as follows:

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

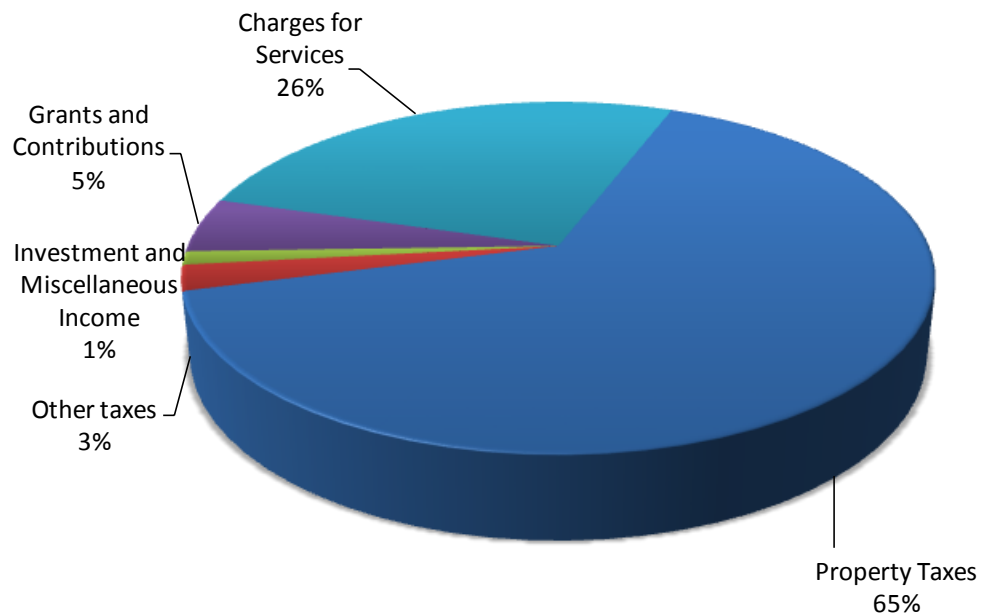
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 12,855,173	\$ 11,923,593	\$ 932,167	\$ 784,652	\$ 13,787,340	\$ 12,708,245
Operating grants and contributions	2,458,987	7,999,666	50,884	53,721	2,509,871	8,053,387
General revenues:						
Property taxes	31,834,136	31,285,165	-	-	31,834,136	31,285,165
Other taxes	656,872	629,270	-	-	656,872	629,270
Miscellaneous	469,896	367,017	67,247	6,867	537,143	373,884
Investment earnings	121,765	94,747	2,121	2,078	123,886	96,825
Gain (loss) on sale of capital assets	96,815	59,847	-	-	96,815	59,847
Insurance proceeds	-	-	518,306	22,528	518,306	22,528
Total revenues	<u>48,493,644</u>	<u>52,359,305</u>	<u>1,570,725</u>	<u>869,846</u>	<u>50,064,369</u>	<u>53,229,151</u>
<b>Expenses:</b>						
General government	8,673,852	9,005,494	-	-	8,673,852	9,005,494
Judicial	7,980,691	7,637,479	-	-	7,980,691	7,637,479
Public safety	17,200,937	16,044,108	-	-	17,200,937	16,044,108
Health and welfare	9,556,145	9,213,030	-	-	9,556,145	9,213,030
Highways and streets	5,968,889	5,675,971	-	-	5,968,889	5,675,971
Culture and recreation	119,325	114,614	-	-	119,325	114,614
Conservation and development	670,663	185,877	-	-	670,663	185,877
Interest on long-term debt	2,286,911	2,354,844	-	-	2,286,911	2,354,844
Intergovernmental	126,353	134,678	-	-	126,353	134,678
Airport	-	-	1,600,248	1,402,502	1,600,248	1,402,502
Total expenses	<u>52,819,787</u>	<u>50,366,095</u>	<u>1,600,248</u>	<u>1,402,502</u>	<u>54,420,035</u>	<u>51,768,597</u>
<b>Increases in net position</b>						
before transfers	( 4,326,143)	1,993,210	( 29,523)	( 532,656)	( 4,355,666)	1,460,554
Transfers	( 750,000)	( 85,000)	750,000	85,000	-	-
Change in net position	( 5,076,143)	1,908,210	720,477	( 447,656)	( 4,355,666)	1,460,554
Net position, beginning	<u>43,106,160</u>	<u>41,197,950</u>	<u>17,966,617</u>	<u>18,414,273</u>	<u>61,072,777</u>	<u>59,612,223</u>
Prior period adjustment	<u>30,407,851</u>	<u>-</u>	( 207,780)	-	<u>30,200,071</u>	<u>-</u>
Net position, ending	<u>\$ 68,437,868</u>	<u>\$ 43,106,160</u>	<u>\$ 18,479,314</u>	<u>\$ 17,966,617</u>	<u>\$ 86,917,182</u>	<u>\$ 61,072,777</u>

Property tax revenues accounted for approximately 66% percent of revenues for governmental activities. The next largest segment of revenues came from charges for services, which accounted for 27% percent of total governmental revenues, with grants and contributions accounting for approximately 5% percent of total governmental revenues.

## Expenses and Program Revenues – Governmental Activities



## Revenues by Source – Governmental Activities



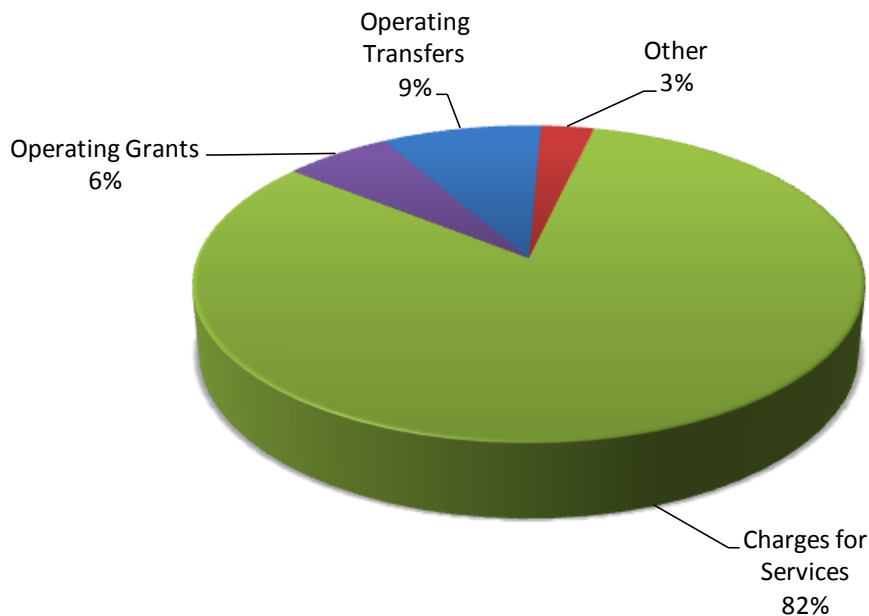


## Government Activities

The County's total governmental net position decreased by \$5.1 in comparison with the prior fiscal year's decrease of \$1.9 million. The total cost of all governmental activities this year was \$52.8 million, a decrease of 11% over the prior fiscal year. The amount that our taxpayers paid for these activities through property taxes was \$31.8 million or 60% of total governmental expenditures. The next largest segment of revenues came from charges for services, which accounted for \$12.9 million or 24% of total governmental expenditures.

## Business-type Activities

The business-type activity of the County is the operations of a regional airport. Approximately 40% of airport revenue is generated by tenant payments for rental of industrial and aircraft facilities. Operating grants comprise another 2%, and transfers from the General Fund account for 32% 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 \$28.5 million, an increase of approximately \$0.8 million in comparison with the prior year. The most significant factors affecting fund balances are: 1) a \$3.9 million reduction in fund balance due to the near completion of the new jail addition construction during 2012, and 2) better than expected results in the General Fund, relating to increased revenue collection and reduced expenditure levels. Approximately 46% percent of this total amount (\$13.0 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately \$6.7 million is restricted for construction and other purposes. The remainder of fund balance is restricted to indicate that it is not available for new spending because it is restricted to pay nonspendable items (\$39 thousand), road and bridge expenditures (\$4.3 million), special revenue expenditures (\$3.0 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, unassigned fund balance of the General Fund was \$13.0 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. At September 30, 2013, unassigned fund balance represents 40% of the total General Fund expenditures.

The fund balance of the County's General Fund increased by \$1.8 million during the current fiscal year. The increase resulted primarily from cost control in departmental budgets and increased revenue collection.

Grayson County maintains four road and bridge budgetary funds that are combined for financial statement reporting purposes. Each of the four funds is segregated for each of the four road and bridge precincts. The combined fund balance at September 30, 2013, is \$3.8 million, which is fully restricted for road construction purposes. The road and bridge precinct fund balances increased by approximately \$70,000 during the fiscal year 2013.

### **Proprietary Funds**

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

Unrestricted net position of the Airport at the end of the year amounted to \$472 thousand. The total increase in net position for the fund was \$0.7 million. Airport operations and transfers from the County's General Fund totaled \$750 thousand. Other factors concerning the finances of this fund have already been addressed in the discussion of Grayson County's business-type activities.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget were insignificant, \$175 thousand increase in appropriations, with the most significant item being increases in judicial expenditures.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

Grayson County's investment in capital assets as of September 30, 2013, amounts to \$52.3 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:

- Completion of an addition to the Grayson County Jail.
- Upgrades to County roads.
- Facility improvements and additions at the airport.

### GRAYSON COUNTY'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,371,954	\$ 1,371,954	\$ 2,600,238	\$ 2,600,238	\$ 3,972,192	\$ 3,972,192
Infrastructure	15,358,587	16,829,828	13,709,585	11,923,878	29,068,172	28,753,706
Buildings	12,136,486	6,308,960	140,458	293,224	12,276,944	6,602,184
Improvements other than buildings	245,836	245,836	9,079	13,957	254,915	259,793
Machinery and equipment	4,706,577	4,681,465	143,160	146,349	4,849,737	4,827,814
Construction in progress	4,100	6,002,677	1,890,597	2,734,843	1,894,697	8,737,520
Total capital assets	<u>\$ 33,823,540</u>	<u>\$ 35,440,720</u>	<u>\$ 18,493,117</u>	<u>\$ 17,712,489</u>	<u>\$ 52,316,657</u>	<u>\$ 53,153,209</u>

Additional information regarding the County's capital assets can be found in Note III on pages 39 – 40 of this report.

### Long-term Debt

At the end of the current fiscal year, Grayson County had total bonded debt of \$53.9 million. A small portion of the debt service payments on this amount are funded through property taxes assessed annually. The larger portion of the debt payable will be funded using pass-through toll payments to be received from the Texas Department of Transportation (TxDOT) in connection with an agreement between TxDOT and the County to reimburse the County for debt incurred for Highway 289 expansion and upgrade costs.

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

	Governmental Activities	
	2013	2012
Pass-through Toll Revenue Bonds payable	\$ 53,890,000	\$ 57,735,000
Premium on Pass-through Toll Bonds	5,163,616	3,150,522
Loss on refunding	( 4,137,619)	( 2,510,290)
Compensated absences payable	886,202	895,563
Net OPEB obligation	<u>11,144,993</u>	<u>9,059,884</u>
	<u>\$ 66,947,192</u>	<u>\$ 68,330,679</u>

In 2007, Grayson County issued \$63,725,000 of Pass-through Toll Revenue and Limited Tax Bonds. Proceeds from this bond issue will be used to finance expansion of and improvements to State Highway 289 within the County, as well as pay for part of the costs of issuance of the bonds. In 2012 and 2013, a portion of the debt was refunded to take advantage of favorable interest rates. At September 30, 2013, the total remaining debt was \$53,890,000.

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

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

- The unemployment rate for Grayson County on September 30, 2013, is 6.4 percent, which is less than the rate of 6.6 percent a year ago. This rate is comparable to the state's average unemployment rate of 6.2 percent, but lower than the national average of 7.0 percent.
- Inflationary trends in the region compare favorably to national indices.
- The continued growth northward from the Dallas area will continue to put demands on all aspects of County government.
- Grayson County is anticipating an expanding of the tax base in 2013, with indications that the tax base will continue to grow in 2014.
- During the current fiscal year, unassigned fund balance in the General Fund increased to \$13.0 million.

## **REQUESTS FOR INFORMATION**

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

**BASIC  
FINANCIAL STATEMENTS**

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# GRAYSON COUNTY, TEXAS

## STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and investments	\$ 30,592,573	\$ 529,862	\$ 31,122,435
Receivables (net of allowance for uncollectibles)	5,229,425	217,680	5,447,105
Intergovernmental receivable	69,351,861	-	69,351,861
Prepaid items	39,192	30,016	69,208
Capitalized debt issuance costs	601,571	-	601,571
Capital assets:			
Land	1,371,954	2,600,238	3,972,192
Infrastructure	100,417,086	29,447,530	129,864,616
Buildings	26,921,065	4,508,592	31,429,657
Improvements other than buildings	873,539	24,389	897,928
Machinery and equipment	18,458,013	334,017	18,792,030
Accumulated depreciation	( 114,222,217)	( 20,312,246)	( 134,534,463)
Construction in progress	4,100	1,404,665	1,408,765
Total assets	<u>139,638,162</u>	<u>18,784,743</u>	<u>158,422,905</u>
<b>LIABILITIES</b>			
Accounts payable	2,076,730	206,336	2,283,066
Intergovernmental payable	553,472	-	553,472
Accrued interest payable	598,859	-	598,859
Accrued wages payable	949,041	9,715	958,756
Unearned revenue	75,000	3,131	78,131
Noncurrent liabilities:			
Due within one year	3,465,389	10,354	3,475,743
Due in more than one year	63,481,803	75,893	63,557,696
Total liabilities	<u>71,200,294</u>	<u>305,429</u>	<u>71,505,723</u>
<b>NET POSITION</b>			
Net investment in capital assets	33,823,540	18,007,185	51,830,725
Restricted for:			
Debt service	25,755	-	25,755
Capital projects	6,673,602	-	6,673,602
Road and bridge	4,384,881	-	4,384,881
Public health	1,511,427	-	1,511,427
Juvenile services	491,118	-	491,118
Election administration	15,046	-	15,046
Emergency management	50,188	-	50,188
Records management	1,004,836	-	1,004,836
Court security and technology	352,568	-	352,568
Tax accessor-collector operations	128,688	-	128,688
Law enforcement	204,597	-	204,597
Inmate welfare	147,543	-	147,543
Court management	242,836	-	242,836
Purpose of trust	69,414	-	69,414
Other	181,848	-	181,848
Unrestricted	<u>19,129,981</u>	<u>472,129</u>	<u>19,602,110</u>
Total net position	<u>\$ 68,437,868</u>	<u>\$ 18,479,314</u>	<u>\$ 86,917,182</u>

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

# GRAYSON COUNTY, TEXAS

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 8,673,852	\$ 4,036,122	\$ 1,197,168	\$ -
Judicial	7,980,691	494,191	333,604	-
Elections	236,021	-	62,241	-
Public safety	17,200,937	2,568,968	613,673	-
Highways and streets	9,556,145	4,076,658	500	-
Health and welfare	5,968,889	1,679,234	251,801	-
Culture and recreation	119,325	-	-	-
Conservation and development	670,663	-	-	-
Bond interest	2,286,911	-	-	-
Intergovernmental	126,353	-	-	-
Total governmental activities	<u>52,819,787</u>	<u>12,855,173</u>	<u>2,458,987</u>	<u>-</u>
Business-type activities:				
Grayson County Airport	1,600,248	932,167	50,884	-
Total business-type activities	<u>1,600,248</u>	<u>932,167</u>	<u>50,884</u>	<u>-</u>
Total primary government	<u>\$ 54,420,035</u>	<u>\$ 13,787,340</u>	<u>\$ 2,509,871</u>	<u>\$ -</u>

**General revenues:**

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Other taxes
- Penalty and interest
- Miscellaneous revenue
- Investment earnings
- Gain on sale of capital assets
- Insurance recovery
- Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Prior period adjustment

Net position- beginning, as restated

Net position - ending

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



Net (Expense) Revenue and Changes in Position

Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$( 3,440,562)	\$ -	\$( 3,440,562)
( 7,152,896)	-	( 7,152,896)
( 173,780)	-	( 173,780)
( 14,018,296)	-	( 14,018,296)
( 5,478,987)	-	( 5,478,987)
( 4,037,854)	-	( 4,037,854)
( 119,325)	-	( 119,325)
( 670,663)	-	( 670,663)
( 2,286,911)	-	( 2,286,911)
<u>( 126,353)</u>	<u>-</u>	<u>( 126,353)</u>
<u>( 37,505,627)</u>	<u>-</u>	<u>( 37,505,627)</u>
<u>-</u>	<u>( 617,197)</u>	<u>( 617,197)</u>
<u>-</u>	<u>( 617,197)</u>	<u>( 617,197)</u>
<u>\$( 37,505,627)</u>	<u>\$( 617,197)</u>	<u>\$( 38,122,824)</u>
\$ 31,728,273	\$ -	\$ 31,728,273
105,863	-	105,863
178,503	-	178,503
478,369	-	478,369
469,896	67,247	537,143
121,765	2,121	123,886
96,815	-	96,815
-	518,306	518,306
<u>( 750,000)</u>	<u>750,000</u>	<u>-</u>
<u>32,429,484</u>	<u>1,337,674</u>	<u>33,767,158</u>
( 5,076,143)	720,477	( 4,355,666)
<u>43,106,160</u>	<u>17,966,617</u>	<u>61,072,777</u>
<u>30,407,851</u>	<u>( 207,780)</u>	<u>30,200,071</u>
<u>73,514,011</u>	<u>17,758,837</u>	<u>91,272,848</u>
<u>\$ 68,437,868</u>	<u>\$ 18,479,314</u>	<u>\$ 86,917,182</u>

**GRAYSON COUNTY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2013**

	General	Road and Bridge	State Highway 289 Bonds
<b>ASSETS</b>			
Cash and investments	\$ 14,160,866	\$ 4,209,570	\$ 7,781
Taxes receivable	1,979,725	194,236	22,590
Receivables (net of allowances for uncollectibles)	418,656	14,412	-
Intergovernmental receivables	215,565	70,596	68,661,125
Due from other funds	214,912	-	-
Prepaid items	34,715	-	-
Total assets	\$ 17,024,439	\$ 4,488,814	\$ 68,691,496
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 873,591	\$ 230,352	\$ -
Accrued wages payable	705,060	106,017	-
Intergovernmental payable	553,472	-	-
Due to other funds	-	-	-
Deferred revenue	1,877,185	259,064	68,683,243
Total liabilities	4,009,308	595,433	68,683,243
Fund balances:			
Nonspendable:			
Prepaid items	34,715	-	-
Restricted for:			
Public health	-	-	-
Juvenile services	2,077	-	-
Election administration	-	-	-
Emergency management	-	-	-
Records management	-	-	-
Holiday lights	-	-	-
Court security and technology	-	-	-
Tax accessor-collector operations	-	-	-
Historical commission	-	-	-
District attorney operations	-	-	-
Law library	-	-	-
Law enforcement	-	-	-
Inmate welfare	-	-	-
Court management	-	-	-
Road and bridge	-	3,893,381	-
Debt service	-	-	8,253
Capital projects	-	-	-
Purpose of trust	-	-	-
Other	-	-	-
Unassigned:	12,978,339	-	-
Total fund balances	13,015,131	3,893,381	8,253
Total liabilities and fund balances	\$ 17,024,439	\$ 4,488,814	\$ 68,691,496

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

<u>Right-of-Way Acquisition</u>	<u>Permanent Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
\$ 5,346,030	2,024,585	\$ 4,843,741	\$ 30,592,573
-	7,216	-	2,203,767
-	-	287,835	720,903
-	-	404,575	69,351,861
-	-	-	214,912
-	-	4,477	39,192
<u>\$ 5,346,030</u>	<u>\$ 2,031,801</u>	<u>\$ 5,540,628</u>	<u>\$ 103,123,208</u>
\$ -	\$ 701,678	\$ 271,109	\$ 2,076,730
-	-	137,964	949,041
-	-	-	553,472
-	-	214,912	214,912
-	6,847	-	70,826,339
<u>-</u>	<u>708,525</u>	<u>623,985</u>	<u>74,620,494</u>
-	-	4,477	39,192
-	-	1,511,427	1,511,427
-	-	489,041	491,118
-	-	15,046	15,046
-	-	50,188	50,188
-	-	1,004,836	1,004,836
-	-	113,962	113,962
-	-	352,568	352,568
-	-	128,688	128,688
-	-	12,155	12,155
-	-	56,791	56,791
-	-	16,628	16,628
-	-	204,597	204,597
-	-	147,543	147,543
-	-	242,836	242,836
-	-	378,221	4,271,602
-	-	-	8,253
5,346,030	1,323,276	-	6,669,306
-	-	69,414	69,414
-	-	108,429	108,429
-	-	9,796	12,988,135
<u>5,346,030</u>	<u>1,323,276</u>	<u>4,916,643</u>	<u>28,502,714</u>
<u>\$ 5,346,030</u>	<u>\$ 2,031,801</u>	<u>\$ 5,540,628</u>	<u>\$ 103,123,208</u>

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# GRAYSON COUNTY, TEXAS

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

AS OF SEPTEMBER 30, 2013

Total fund balances - governmental funds balance sheet \$ 28,502,714

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$141,322,486, and the accumulated depreciation was \$107,333,154. 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 position. ( 32,529,959)

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 2013 capital outlays and debt principal payments is to increase net position. 5,464,410

The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. ( 3,974,500)

The 2013 other post employment benefit expense increases noncurrent liabilities. The net effect of the current year's OPEB expense is to decrease net position. ( 2,085,109)

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 position. 73,060,312

Net position of governmental activities \$ 68,437,868

**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, 2013**

	General	Road and Bridge	State Highway 289 Bonds
<b>REVENUES</b>			
Taxes:			
Property	\$ 28,953,362	\$ 2,883,612	\$ 6,055
Other	178,503	-	-
Penalty and interest on taxes	431,281	42,988	2,849
Licenses and permits	190,345	-	-
Intergovernmental revenue and grants	932,250	185,988	5,281,625
Charges for services	2,571,097	471,522	-
Fines and fees	-	1,643,564	-
Forfeits	117,196	-	-
Vehicle registration fees	957,198	1,705,184	-
Investment earnings	66,549	15,420	1,874
Contributions and donations from private sources	-	500	-
Other revenue	263,690	23,114	-
Total revenues	34,661,471	6,971,892	5,292,403
<b>EXPENDITURES</b>			
Current:			
General government	7,052,639	-	1,000
Judicial	7,060,736	-	-
Elections	205,591	-	-
Public safety	13,229,171	-	-
Highways and streets	-	6,116,716	-
Health and welfare	3,865,203	-	-
Culture and recreation	119,325	-	-
Conservation and development	175,505	-	-
Debt service:			
Principal	-	-	3,090,000
Interest	-	-	2,359,534
Capital outlay	285,484	854,229	-
Intergovernmental	126,353	-	-
Total expenditures	32,120,007	6,970,945	5,450,534
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	2,541,464	947	( 158,131)
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital-related debt issued (regular bonds)	-	-	23,590,000
Premium on discount on issuance of bonds	-	-	2,441,438
Sale of real and personal property	-	69,252	-
Transfers in	-	-	-
Payment to escrow agent	-	-	( 25,938,325)
Transfers out	( 754,816)	-	-
Total other financing sources and uses	( 754,816)	69,252	93,113
<b>NET CHANGE IN FUND BALANCES</b>	1,786,648	70,199	( 65,018)
<b>FUND BALANCES, BEGINNING</b>	11,228,483	3,823,182	73,271
<b>FUND BALANCES, ENDING</b>	\$ 13,015,131	\$ 3,893,381	\$ 8,253

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

<u>Right-of-Way Acquisition</u>	<u>Permanent Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental</u>
\$ -	\$ 102,657	\$ -	\$ 31,945,686
-	-	-	178,503
-	1,251	-	478,369
-	-	427,301	617,646
-	-	2,219,579	8,619,442
-	-	3,593,646	6,636,265
-	-	69,344	1,712,908
-	-	137,698	254,894
-	-	-	2,662,382
17,840	7,064	13,018	121,765
-	-	179,436	179,936
-	-	1,258	288,062
<u>17,840</u>	<u>110,972</u>	<u>6,641,280</u>	<u>53,695,858</u>
-	76,441	581,622	7,711,702
-	-	574,924	7,635,660
-	-	30,430	236,021
-	-	2,757,656	15,986,827
537,277	-	10,481	6,664,474
-	-	1,874,096	5,739,299
-	-	-	119,325
-	485,932	-	661,437
-	-	-	3,090,000
-	-	-	2,359,534
-	305,701	513,436	1,958,850
-	-	-	126,353
<u>537,277</u>	<u>868,074</u>	<u>6,342,645</u>	<u>52,289,482</u>
<u>( 519,437)</u>	<u>( 757,102)</u>	<u>298,635</u>	<u>1,406,376</u>
-	-	-	23,590,000
-	-	-	2,441,438
-	-	27,563	96,815
-	-	295,926	295,926
-	-	-	( 25,938,325)
-	-	( 291,110)	( 1,045,926)
-	-	32,379	( 560,072)
( 519,437)	( 757,102)	331,014	846,304
<u>5,865,467</u>	<u>2,080,378</u>	<u>4,585,629</u>	<u>27,656,410</u>
<u>\$ 5,346,030</u>	<u>\$ 1,323,276</u>	<u>\$ 4,916,643</u>	<u>\$ 28,502,714</u>

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**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, 2013**

Net change in fund balances - total governmental funds \$ 846,304

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 2013 capital outlays and debt principal payments is to increase net position. 5,464,410

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 position. ( 3,974,500)

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 position. ( 2,085,109)

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 position. ( 5,327,248)

Change in net position of governmental activities \$( 5,076,143)

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

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**GRAYSON COUNTY, TEXAS**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

**SEPTEMBER 30, 2013**

	<u>Grayson County Airport</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 529,862
Other receivables	217,680
Prepaid expenses	30,016
Total current assets	<u>777,558</u>
Noncurrent assets:	
Capital assets:	
Land	2,600,238
Infrastructure	29,447,530
Buildings	4,508,592
Improvements other than buildings	24,389
Machinery and equipment	334,017
Construction in progress	1,404,665
Accumulated depreciation	<u>( 20,312,246)</u>
Total noncurrent assets	<u>18,007,185</u>
Total assets	<u>18,784,743</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	206,336
Accrued wages payable	9,715
Security deposits payable	3,131
Compensated absences	10,354
Noncurrent liabilities:	
Net OPEB obligation	<u>75,893</u>
Total liabilities	<u>305,429</u>
<b>NET POSITION</b>	
Net investment in capital assets	18,007,185
Unrestricted	<u>472,129</u>
Total net position	<u>\$ 18,479,314</u>

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

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**GRAYSON COUNTY, TEXAS**

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

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Grayson County Airport</u>
<b>OPERATING REVENUES</b>	
Grant funding	\$ 50,884
Charges for services	46,505
Rents and royalties	885,662
Other revenue	<u>67,247</u>
Total operating revenues	<u>1,050,298</u>
<b>OPERATING EXPENSES</b>	
Salaries, wages and benefits	283,350
Purchased professional and technical services	321,109
Purchased property services	92,890
Other operating expenses	431,436
Depreciation	<u>471,463</u>
Total operating expenses	<u>1,600,248</u>
<b>OPERATING LOSS</b>	<u>( 549,950)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	2,121
Insurance recovery	<u>518,306</u>
Total nonoperating revenues (expenses)	<u>520,427</u>
<b>NET INCOME BEFORE TRANSFERS</b>	<u>( 29,523)</u>
<b>TRANSFER IN</b>	<u>750,000</u>
<b>CHANGE IN NET POSITION</b>	720,477
<b>TOTAL NET POSITION, BEGINNING</b>	<u>17,966,617</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>( 207,780)</u>
<b>TOTAL NET POSITION, BEGINNING RESTATED</b>	<u>17,758,837</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 18,479,314</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, 2013**

	<u>Grayson County Airport</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from user charges	\$ 1,050,298
Cash payments to employees for services	( 275,693)
Cash payments for other operating expenses	( 679,002)
Net cash used by operating activities	<u>95,603</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash paid from other funds	( 206,373)
Operating transfers in	750,000
Insurance proceeds	<u>518,306</u>
Net cash provided by noncapital financing activities	<u>1,061,933</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition on capital assets	( 1,427,450)
Net cash used by capital and related financing activities	<u>( 1,427,450)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends on investments	<u>2,121</u>
Net cash provided by investing activities	<u>2,121</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	( 267,793)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>797,655</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 529,862</u>

**GRAYSON COUNTY, TEXAS**

**STATEMENT OF CASHFLOWS  
PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>Grayson County Airport</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating loss	\$( 549,950)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	471,463
Assets and liabilities:	
Decrease (increase) in receivables	-
Decrease (increase) in prepaid expenses	7,918
Increase (decrease) in accounts payable	158,515
Increase (decrease) in accrued wages payable	( 6,326)
Increase (decrease) in security deposits payable	10
Increase (decrease) in noncurrent liabilities	13,839
Increase (decrease) in compensated absences	<u>134</u>
Net used by operating activities	<u>\$ 95,603</u>
<b>Noncash investing, capital, and financing activities:</b>	
Contributions of capital assets	<u>\$ -</u>

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

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**GRAYSON COUNTY, TEXAS**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

**SEPTEMBER 30, 2013**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>5,958,675</u>
Total assets	\$ <u><u>5,958,675</u></u>
<b>LIABILITIES</b>	
Due to other agencies and individuals	\$ <u>5,958,675</u>
Total liabilities	\$ <u><u>5,958,675</u></u>

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

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# GRAYSON COUNTY, TEXAS

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

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

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

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

Additionally, the County reports the following proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

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

## **2. *Inventories***

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

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

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

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

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

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

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

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

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

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

<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 position.

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

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

**7. *Fund Balance Classification***

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

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

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

## **8. *Net Position***

Net position represents the difference between assets and liabilities. (Net investment 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 position are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.



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

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

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

<u>Capital Assets at the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>
Non-depreciable assets:			
Land	\$ 1,371,954	\$ -	\$ 1,371,954
Construction in progress	<u>6,002,677</u>	<u>-</u>	<u>6,002,677</u>
Total non-depreciable assets	<u>7,374,631</u>	<u>-</u>	<u>7,374,631</u>
Depreciable assets:			
Infrastructure	100,204,734	83,374,906	16,829,828
Buildings	20,333,800	14,024,840	6,308,960
Improvements	873,539	627,703	245,836
Machinery and equipment	<u>17,675,381</u>	<u>12,993,916</u>	<u>4,681,465</u>
Total depreciable assets	<u>139,087,454</u>	<u>111,021,365</u>	<u>28,066,089</u>
Total assets at historical cost	<u>\$ 146,462,085</u>	<u>\$ 111,021,365</u>	<u>\$ 35,440,720</u>
			<u>Payable at the Beginning of the Year</u>
<u>Long-term Liabilities at the Beginning of the Year</u>			
Bonds payable			\$ 58,015,232
Net OPEB obligation			9,059,884
Compensated absences			<u>895,563</u>
Change in net position			<u>67,970,679</u>
Net adjustment to net position			<u>\$( 32,529,959)</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 position 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 position balance and the changes in net position. The details of this adjustment are as follows:

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Assets</u>	<u>Adjustments to Net Position</u>
Building	\$ 239,420	\$ 239,420	\$ 239,420
Infrastructure	532,358	532,358	532,358
Machinery and equipment	1,234,048	1,234,048	1,234,048
Construction in progress	<u>368,584</u>	<u>368,584</u>	<u>368,584</u>
Total capital outlay	<u>\$ 2,374,410</u>	<u>2,374,410</u>	<u>2,374,410</u>
<u>Debt Principal Payments</u>			
Bond principal	<u>\$ 3,090,000</u>	<u>3,090,000</u>	<u>3,090,000</u>
Total principal payments	<u>\$ 3,090,000</u>	<u>3,090,000</u>	<u>3,090,000</u>
Total adjustment to net position		<u>\$ 5,464,410</u>	<u>\$ 5,464,410</u>

Another element of the reconciliation on page 22 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 Position	Adjustments to Net Position
Taxes collected from prior year levies	\$ 637,457	\$ 653,953	\$ -
Uncollected taxes (assumed collectible) from current year levy	669,269	( 669,269)	669,269
Uncollected taxes (assumed collectible) from prior year levy	1,534,545	-	1,420,945
Subtotal		<u>( 15,316)</u>	<u>2,090,214</u>
<u>Adjustments to Expenses and Liabilities</u>			
Record beginning balance for accrued interest payable	604,244	-	( 604,244)
Record decrease in accrued interest payable	5,385	5,385	5,385
Record decrease in compensated absences payable	( 9,361)	9,361	9,361
Record deletions of obsolete equipment	( 17,090)	( 17,090)	( 17,090)
Record beginning balance for TxDOT receivable	44,682,535	-	44,682,535
Record prior period adjustment in TxDOT receivable	29,260,215	-	29,260,215
Record collection of FY 2013 portion of receivable	( 5,281,625)	( 5,281,625)	( 5,281,625)
Record beginning balance of debt issuance cost	636,681	-	636,681
Record amortization of debt issuance costs	72,121	( 72,121)	( 72,121)
Record payment to escrow agent	25,938,325	25,938,325	25,938,325
Record capitalized debt issuance cost	( 298,325)	298,325	298,325
Record premium on debt issue	2,441,438	( 2,441,438)	( 2,441,438)
Record issuance of refunding debt issuance	23,590,000	( 23,590,000)	( 23,590,000)
Record amortization of bond premium	158,966	( 158,966)	( 158,966)
Subtotal		<u>( 5,309,844)</u>	<u>68,665,343</u>
<u>Adjustments to Revenue and Receivables</u>			
Record beginning balance for fee office receivables, net	\$ 904,510	\$ -	\$ 904,510
Increase fee office receivable, net	( 94,146)	94,146	94,146
Record beginning balance for penalties and interest receivable, net	1,209,865	( 96,234)	1,306,099
Subtotal		<u>( 2,088)</u>	<u>2,304,755</u>
Total adjustments to net position		<u>\$ ( 5,327,248)</u>	<u>\$ 73,060,312</u>

### III. DETAILED NOTES ON ALL FUNDS

#### A. Cash and Investments

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

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

At September 30, 2013, 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	\$ 2,931,000
Bank of Texas	5,101,920
Landmark Bank	18,753,839
Landmark Bank - CDARS	10,030,790
Texpool Local Government Investment Pool	71,022
LOGIC	<u>254,836</u>
Total	<u>\$ 37,143,407</u>

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

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

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

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

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

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

***Custodial Credit Risk – Cash Deposits:*** This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's investment policy requires that all County funds be collateralized or insured consistent with federal and state law and the current bank depository contract through either FDIC insurance coverage or with obligations of the United States or its agencies and instrumentalities. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2013, 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, 2013, TexPool's investment credit quality rating was AAAM and LOGIC's investment credit quality rating was Aaa/MRI+ as rated by Standard & Poor's.

### **B. Property Taxes**

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

Portions of the adopted tax rate are assessed and designated for specific purposes. These designated tax revenues are deposited into funds created for the accumulation and disbursement of these revenues. The following schedule details the components of the 2012 tax rate allocated to each fund:

	Rate Per \$100	Current (2012) Tax Revenue Collected
Permanent Improvement Bonds -		
2007 Series (debt service)	\$ -	\$ -
Road and bridge fund (special revenue)	0.044300	2,831,712
Permanent improvement fund (capital projects)	0.001600	101,151
General fund	<u>0.445000</u>	<u>28,096,646</u>
	<u>\$ 0.490900</u>	<u>\$ 31,029,509</u>

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

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

## C. Capital Assets

Capital assets activity for the year ended September 30, 2013, are as follows:

### Primary Government

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,371,954	\$ -	\$ -	\$ 1,371,954
Construction in progress	<u>6,002,677</u>	<u>368,584</u>	<u>( 6,367,161)</u>	<u>4,100</u>
Total assets not being depreciated	<u>7,374,631</u>	<u>368,584</u>	<u>( 6,367,161)</u>	<u>1,376,054</u>
Capital assets, being depreciated:				
Infrastructure	100,204,734	532,358	( 320,006)	100,417,086
Buildings	20,333,800	6,606,581	( 19,316)	26,921,065
Improvements other than buildings	873,539	-	-	873,539
Machinery and equipment	<u>17,675,381</u>	<u>1,234,048</u>	<u>( 451,416)</u>	<u>18,458,013</u>
Total capital assets being depreciated	<u>139,087,454</u>	<u>8,372,987</u>	<u>( 790,738)</u>	<u>146,669,703</u>
Less accumulated depreciation:				
Infrastructure	83,374,906	2,003,599	( 320,006)	85,058,499
Buildings	14,024,840	779,055	( 19,316)	14,784,579
Improvements other than buildings	627,703	-	-	627,703
Machinery and equipment	<u>12,993,916</u>	<u>1,191,846</u>	<u>( 434,326)</u>	<u>13,751,436</u>
Total accumulated depreciation	<u>111,021,365</u>	<u>3,974,500</u>	<u>( 773,648)</u>	<u>114,222,217</u>
Total capital assets being depreciated, net	<u>28,066,089</u>	<u>4,398,487</u>	<u>( 17,090)</u>	<u>32,447,486</u>
Governmental activities capital assets, net	<u>\$ 35,440,720</u>	<u>\$ 4,767,071</u>	<u>\$( 6,384,251)</u>	<u>\$ 33,823,540</u>

	Beginning Balance	Additions	Retirements/ Reclassifications	Adjustments	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,600,238	\$ -	\$ -	\$ -	\$ 2,600,238
Construction in progress	2,422,413	1,404,665	( 2,422,413)	-	1,404,665
Total assets not being depreciated	<u>5,022,651</u>	<u>1,404,665</u>	<u>( 2,422,413)</u>	<u>-</u>	<u>4,004,903</u>
Capital assets, being depreciated:					
Infrastructure	27,232,897	2,214,633	-	-	29,447,530
Buildings	4,508,592	-	-	-	4,508,592
Improvements other than buildings	24,389	-	-	-	24,389
Machinery and equipment	319,531	22,786	( 8,300)	-	334,017
Total capital assets being depreciated	<u>32,085,409</u>	<u>2,237,419</u>	<u>( 8,300)</u>	<u>-</u>	<u>34,314,528</u>
Less accumulated depreciation:					
Infrastructure	15,317,456	420,489	-	-	15,737,945
Buildings	4,337,154	30,980	-	-	4,368,134
Improvements other than buildings	12,871	2,439	-	-	15,310
Machinery and equipment	181,601	17,556	( 8,300)	-	190,857
Total accumulated depreciation	<u>19,849,082</u>	<u>471,464</u>	<u>( 8,300)</u>	<u>-</u>	<u>20,312,246</u>
Total capital assets being depreciated, net	<u>12,236,327</u>	<u>1,765,955</u>	<u>-</u>	<u>-</u>	<u>14,002,282</u>
Business-type activities capital assets, net	<u>\$ 17,258,978</u>	<u>\$ 3,170,620</u>	<u>\$( 2,422,413)</u>	<u>\$ -</u>	<u>\$ 18,007,185</u>

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

Governmental activities:	
General government	\$ 835,189
Judicial	22,116
Public safety	475,693
Health and welfare	31,228
Highways and streets	<u>2,610,274</u>
Total depreciation expense - governmental activities	<u>\$ 3,974,500</u>

#### **D. Interfund Receivables, Payables and Transfers**

Interfund balances during the year ended September 30, 2013, consisted of the following amounts:

<u>Due from</u>	<u>Amount</u>	<u>Due to</u>
Nonmajor	\$ 214,912	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, 2013, consisted of the following amounts:

<u>Transfer from</u>	<u>Amount</u>	<u>Transfer to</u>	<u>Explanation</u>
General fund	\$ 750,000	Airport fund	Supplement fund resources
General fund	4,816	Nonmajor funds	Supplement fund resources
Nonmajor funds	<u>128,106</u>	Nonmajor funds	Supplement fund resources
	<u>\$ 882,922</u>		

**E. Leasing Operations**

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

Below is a summary of the cost and related accumulated depreciation of buildings used in operating leases activity as of September 30, 2013:

Buildings	\$ 4,508,592
Less: accumulated depreciation	<u>(4,368,134)</u>
Net	<u>\$ 140,458</u>

The following is a summary of minimum future rentals to be received on non-cancellable operating leases in effect as of September 30, 2013. The summary does not include amounts attributable to potential future increases in rental payments due to increases in the consumer price index, renewal options or unit revenue (fuel flowage).

<u>Year Ending September 30,</u>	<u>Lease Obligation</u>
2014	\$ 526,260
2015	476,678
2016	476,678
2017	373,764
2018	337,557
2019-2023	1,619,990
2024-2028	1,398,431
2029-2033	753,788
2034-2038	289,709
2039-2043	126,306
2044-2046	<u>13,377</u>
Total	<u>\$ 6,392,538</u>

## **F. Investments in Joint Venture**

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

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

## **G. Long-term Debt**

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

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

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

## H. Advance Refunding

The County issued \$23,590,000 of pass-through toll revenue and limited tax refunding bonds to provide resources to purchase U.S. Government State and Local Government securities that were placed in an irrevocable trust for the purchase of generating resources for all future debt service payments of \$23,985,000 of pass-through toll revenue and limited tax refunding bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,510,289. This amount is being netted against the new debt and amortized over the remaining life of the new debt, which is shorter than the life of the old debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$1,839,877 and resulted in an economic gain of \$1,538,146.

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

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2014	\$ 3,215,000	\$ 1,157,450	\$ 4,372,450
2015	3,345,000	1,026,250	4,371,250
2016	3,480,000	889,750	4,369,750
2017	3,585,000	820,150	4,405,150
2018	3,760,000	763,750	4,523,750
2019-2023	21,190,000	2,285,725	23,475,725
2024-2026	<u>15,315,000</u>	<u>814,388</u>	<u>16,129,388</u>
Total	<u>\$ 53,890,000</u>	<u>\$ 7,757,463</u>	<u>\$ 61,647,463</u>

## Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2013, is as follows:

Description	Balance 09/30/12	Additions	Retirements	Refunded	Balance 09/30/13
Governmental activities:					
Pass-through toll revenue and limited tax refunding bonds, Series 2012	\$ 20,260,000	\$ -	\$ -	\$ -	\$ 20,260,000
Pass-through toll revenue and limited tax bonds, Series 2007	37,115,000	-	3,090,000	23,985,000	10,040,000
Pass-through toll revenue and limited tax refunding bonds, Series 2013	-	23,590,000	-	-	23,590,000
Premium on pass-through toll revenue and limited tax bonds	3,150,522	2,441,438	300,770	127,574	5,163,616
Loss on deferred refunding	( 2,510,290)	( 2,087,065)	( 459,736)	-	( 4,137,619)
Compensated absences	895,563	786,803	796,164	-	886,202
Net OPEB obligation	<u>9,059,884</u>	<u>2,085,109</u>	<u>-</u>	<u>-</u>	<u>11,144,993</u>
Governmental activities long-term liabilities	<u>\$ 67,970,679</u>	<u>\$ 26,816,285</u>	<u>\$ 3,727,198</u>	<u>\$ 24,112,574</u>	<u>\$ 66,947,192</u>
Business-type activities:					
Compensated absences	\$ 10,220	\$ 9,062	\$ 8,928	\$ -	\$ 10,354
Net OPEB obligation	<u>62,054</u>	<u>13,839</u>	<u>-</u>	<u>-</u>	<u>75,893</u>
Business-type activities long-term liabilities	<u>\$ 72,274</u>	<u>\$ 22,901</u>	<u>\$ 8,928</u>	<u>\$ -</u>	<u>\$ 86,247</u>

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

### I. Disaggregation of Receivables and Payables

Receivables on the fund financial statements at September 30, 2013, are as follows:

	Property Taxes	Intergovernmental Receivable	Other	Total Receivables
Governmental activities:				
General fund	\$ 1,979,725	\$ 215,565	\$ 418,656	\$ 2,613,946
Road and bridge fund	194,236	70,596	14,412	279,244
State Highway 289 bonds	22,590	68,661,125	-	68,683,715
Permanent improvements	7,216	-	-	7,216
Nonmajor governmental funds	-	404,575	287,835	692,410
Airport	-	-	217,680	217,680
Total governmental activities	<u>\$ 2,203,767</u>	<u>\$ 69,351,861</u>	<u>\$ 938,583</u>	<u>\$ 72,494,211</u>

Receivables on the government-wide statement of net position at September 30, 2013, are as follows:

<u>Category</u>	<u>Receivable</u>	<u>(Allowance)</u>	<u>Net</u>
Governmental activities:			
Property taxes	\$ 2,203,767	\$ -	\$ 2,203,767
Intergovernmental receivable	69,351,861	-	69,351,861
Fee office	3,300,704	( 2,302,048)	998,656
Other	<u>2,025,111</u>	<u>-</u>	<u>2,025,111</u>
Total	<u>\$ 76,881,443</u>	<u>\$( 2,302,048)</u>	<u>\$ 74,579,395</u>

Payables on the fund financial statements at September 30, 2013, are as follows:

	<u>Accounts Payable</u>	<u>Intergovernmental Payable</u>	<u>Accrued Wages</u>	<u>Total</u>
Governmental activities:				
General fund	\$ 873,591	\$ 553,472	\$ 705,060	\$ 2,132,123
Road and bridge fund	230,352	-	106,017	336,369
State highway 289 bonds	-	-	-	-
Permanent improvements	701,678	-	-	701,678
Nonmajor governmental funds	271,109	-	137,964	409,073
Airport	<u>206,336</u>	<u>-</u>	<u>9,715</u>	<u>216,051</u>
Total governmental activities	<u>\$ 2,283,066</u>	<u>\$ 553,472</u>	<u>\$ 958,756</u>	<u>\$ 3,795,294</u>

#### **J. 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.

#### **K. Operating Leases**

The County is committed under various non-cancellable leases for building and office space. These leases are considered for accounting purposes to be operating leases. None of the leases contain renewal or purchase options or escalation clauses. None of the properties under the operating leases are subleased by the County as of September 30, 2013. The County has no leases with related parties.

## IV. OTHER INFORMATION

### A. Commitments and Contingencies

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

### 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 641 nontraditional defined benefit pension plans. TCDRS, in the aggregate, issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

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

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

#### **Funding Policy**

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 13.33% for the months of the accounting year in 2013, and 12.68% for the months of the accounting year in 2012.

The deposit rate payable by the employee members for calendar year 2012 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, 2013, the annual pension cost for the TCDRS plan for its employees was \$2,812,242 and the actual contributions were \$2,812,242. 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, 2009 and December 31, 2010, the basis for determining the contribution rates for calendar years 2012 and 2011. The December 31, 2011, actuarial valuation is the most recent valuation.

### Actuarial Valuation Information

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

\* Includes inflation at the stated rate

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

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
09/30/10	\$ 2,540,138	100%	\$ -
09/30/12	2,592,507	100%	-
09/30/13	2,812,242	100%	-

The funded status of December 31, 2012, the most recent actuarial study, is presented as follows:

Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AA) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (1) (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
2012	\$ 53,823,443	\$ 68,992,977	\$ 15,169,534	78.01%	\$ 20,765,343	73.05%

**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, 2013, was \$3,782,085.

**D. Post-Retirement Benefits**

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

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

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

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

**Annual OPEB Cost and Net OPEB Obligation**

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

Annual Required Contribution (ARC)	\$ 2,703,386
Interest on Net OPEB Obligation	410,487
Adjustment to the ARC	( 380,312)
Annual OPEB Cost	2,733,561
Employer Contributions with Interest	( 634,613)
Increase (Decrease) in Net OPEB Obligation	2,098,948
Net OPEB Obligation, beginning of year	<u>9,121,938</u>
Net OPEB Obligation, end of year	<u>\$ 11,220,886</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).

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
09/30/11	\$ 3,268,524	\$ 435,879	13%	\$ 7,959,949
09/30/12	2,650,979	1,488,990	56%	9,121,938
09/30/13	2,733,561	634,613	23%	11,220,886

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded (AAL) (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>
9/30/2008	\$ -	\$ 24,162,294	\$ 24,162,294	- %	\$ 20,088,049
12/31/2010	-	29,498,486	29,498,486	- %	18,307,492
12/31/2011	-	23,117,736	23,117,736	- %	18,213,046

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

### **Actuarial Methods and Assumptions**

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

The actuarial methods and significant assumptions used are as follows:

Actuarial Valuation Date	12/31/2012
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level percent of payro
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	8.50%
The number of active members is assumed to remain constant in the future	

**E. Prior Period Adjustments**

The County had \$207,780 of construction-in-progress on the capital asset detail that had been moved to an asset in the previous accounting period. This amount was removed from the detailed listing and taken as a direct reduction of beginning net position on the statement of revenues, expenses and changes in fund net position as well as the statement of activities.

In prior periods, the County entered a contract with TxDOT for a project to improve SH 289. This contract involved the County issuing debt for the cost of the project and the State repaying the County \$84,506,000 over a period of sixteen years. As soon as the road was accepted by the State, the County earned the entire amount of the contracted amount. This amount should have been booked as a receivable in the government-wide statements at that time. The County also accrues amounts of penalties and interest on uncollected ad valorem balances. After additional review of this balance, it was noted that the balance in FY 2012 should have been \$1,402,333. The recording of these two items as of September 30, 2013 resulted in an increase to beginning net position of \$30,407,851.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**GRAYSON COUNTY, TEXAS**

**GENERAL FUND**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes:				
Property	\$ 28,617,907	\$ 28,700,000	\$ 28,953,362	\$ 253,362
Other	160,000	160,000	178,503	18,503
Penalty and interest on taxes	425,000	425,000	431,281	6,281
Licenses and permits	157,500	166,500	190,345	23,845
Intergovernmental revenue and grants	789,748	839,448	932,250	92,802
Charges for services	2,408,400	2,491,200	2,571,097	79,897
Forfeits	25,000	115,000	117,196	2,196
Vehicle registration fees	800,000	950,000	957,198	7,198
Investment earnings	48,030	68,030	66,549	( 1,481)
Other revenue	159,200	242,300	263,690	21,390
Total revenues	<u>33,590,785</u>	<u>34,157,478</u>	<u>34,661,471</u>	<u>503,993</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,514,581	7,428,608	7,052,639	375,969
Judicial	7,103,803	7,279,023	7,060,736	218,287
Elections	211,168	234,932	205,591	29,341
Public safety	13,444,324	13,464,026	13,229,171	234,855
Health and welfare	4,040,698	4,015,190	3,865,203	149,987
Culture and recreation	136,557	136,810	119,325	17,485
Conservation and development	190,995	179,046	175,505	3,541
Capital outlay	204,395	305,026	285,484	19,542
Intergovernmental	126,900	126,900	126,353	547
Total expenditures	<u>32,973,421</u>	<u>33,169,561</u>	<u>32,120,007</u>	<u>1,049,554</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	617,364	987,917	2,541,464	1,553,547
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	( 2,172,430)	( 2,022,430)	( 754,816)	1,267,614
Total other financing sources (uses)	<u>( 2,172,430)</u>	<u>( 2,022,430)</u>	<u>( 754,816)</u>	<u>1,267,614</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 1,555,066)	( 1,034,513)	1,786,648	2,821,161
<b>FUND BALANCES, BEGINNING</b>	<u>11,228,483</u>	<u>11,228,483</u>	<u>11,228,483</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 9,673,417</u>	<u>\$ 10,193,970</u>	<u>\$ 13,015,131</u>	<u>\$ 2,821,161</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, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes:				
Property	\$ 2,840,000	\$ 2,840,000	\$ 2,883,612	\$ 43,612
Penalty and interest on taxes	36,000	36,000	42,988	6,988
Intergovernmental revenue and grants	200,000	186,000	185,988	( 12)
Charges for services	80,000	395,134	471,522	76,388
Fines	1,500,000	1,600,000	1,643,564	43,564
Vehicle registration fees	1,640,000	1,720,000	1,705,184	( 14,816)
Investment earnings	11,000	12,500	15,420	2,920
Contributions and donations from private sources	-	-	500	500
Other revenue	5,000	14,000	23,114	9,114
Total revenues	6,312,000	6,803,634	6,971,892	168,258
<b>EXPENDITURES</b>				
Current:				
Highways and streets	6,948,162	7,073,895	6,116,716	957,179
Capital outlay	150,000	855,280	854,229	1,051
Total expenditures	7,098,162	7,929,175	6,970,945	958,230
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 786,162)	( 1,125,541)	947	1,126,488
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of real and personal property	-	-	69,252	69,252
Total other financing sources (uses)	-	-	69,252	69,252
<b>NET CHANGE IN FUND BALANCES</b>	( 786,162)	( 1,125,541)	70,199	1,195,740
<b>FUND BALANCES, BEGINNING</b>	3,823,182	3,823,182	3,823,182	-
<b>FUND BALANCES, ENDING</b>	\$ 3,037,020	\$ 2,697,641	\$ 3,893,381	\$ 1,195,740

**GRAYSON COUNTY, TEXAS**

**STATE HIGHWAY 289 BONDS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes:				
Property	\$ 3,000	\$ 5,000	\$ 6,055	\$ 1,055
Penalty and interest	3,000	3,000	2,849	( 151)
Intergovernmental revenue	5,281,625	5,281,625	5,281,625	-
Investment earnings	<u>1,000</u>	<u>2,000</u>	<u>1,874</u>	<u>( 126)</u>
Total revenues	<u>5,288,625</u>	<u>5,291,625</u>	<u>5,292,403</u>	<u>778</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,000	3,000	1,000	2,000
Debt service:				
Principal	3,090,000	3,090,000	3,090,000	-
Interest	<u>2,332,394</u>	<u>2,359,534</u>	<u>2,359,534</u>	<u>-</u>
Total expenditures	<u>5,425,394</u>	<u>5,452,534</u>	<u>5,450,534</u>	<u>2,000</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 136,769)	( 160,909)	( 158,131)	2,778
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital-related debt issued (regular bonds)	-	23,590,000	23,590,000	-
Premium on discount on issuance of bonds	-	2,441,438	2,441,438	-
Payment to escrow agent	-	( 25,938,326)	( 25,938,325)	1
Transfers in	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>150,000</u>	<u>93,112</u>	<u>93,113</u>	<u>1</u>
<b>NET CHANGE IN FUND BALANCES</b>	13,231	( 67,797)	( 65,018)	2,779
<b>FUND BALANCES, BEGINNING</b>	<u>73,271</u>	<u>73,271</u>	<u>73,271</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 86,502</u>	<u>\$ 5,474</u>	<u>\$ 8,253</u>	<u>\$ 2,779</u>

**GRAYSON COUNTY, TEXAS**

**RIGHT-OF-WAY ACQUISITION**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Investment earnings	\$ 10,000	\$ 10,000	\$ 17,840	\$( 7,840)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>17,840</u>	<u>( 7,840)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	<u>2,000,000</u>	<u>2,000,000</u>	<u>537,277</u>	<u>1,462,723</u>
Total expenditures	<u>2,000,000</u>	<u>2,000,000</u>	<u>537,277</u>	<u>1,462,723</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>( 1,990,000)</u>	<u>( 1,990,000)</u>	<u>( 519,437)</u>	<u>1,470,563</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 1,990,000)</u>	<u>( 1,990,000)</u>	<u>( 519,437)</u>	<u>1,470,563</u>
<b>FUND BALANCES, BEGINNING</b>	<u>5,865,467</u>	<u>5,865,467</u>	<u>5,865,467</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 3,875,467</u>	<u>\$ 3,875,467</u>	<u>\$ 5,346,030</u>	<u>\$ 1,470,563</u>



**GRAYSON COUNTY, TEXAS**

**PERMANENT IMPROVEMENTS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 101,000	\$ 101,000	\$ 102,657	\$ 1,657
Other	1,000	1,000	1,251	251
Investment earnings	<u>2,000</u>	<u>2,000</u>	<u>7,064</u>	<u>5,064</u>
Total revenues	<u>104,000</u>	<u>104,000</u>	<u>110,972</u>	<u>6,972</u>
<b>EXPENDITURES</b>				
Current:				
General government	120,000	120,000	76,441	43,559
Conservation and development	-	-		
Capital outlay	<u>1,300,000</u>	<u>1,300,000</u>	<u>305,701</u>	<u>994,299</u>
Total expenditures	<u>1,420,000</u>	<u>1,420,000</u>	<u>382,142</u>	<u>1,037,858</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>( 1,316,000)</u>	<u>( 1,316,000)</u>	<u>( 271,170)</u>	<u>1,044,830</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 1,316,000)</u>	<u>( 1,316,000)</u>	<u>( 271,170)</u>	<u>1,044,830</u>
<b>FUND BALANCES, BEGINNING</b>	<u>2,080,378</u>	<u>2,080,378</u>	<u>2,080,378</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 764,378</u>	<u>\$ 764,378</u>	<u>\$ 1,809,208</u>	<u>\$ 1,044,830</u>

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# GRAYSON COUNTY, TEXAS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2013

### A. BUDGETARY INFORMATION

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

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

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

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

**GRAYSON COUNTY, TEXAS**

**SCHEDULE OF FUNDING PROGRESS FOR EMPLOYEE RETIREMENT SYSTEM**

**SEPTEMBER 30, 2013**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/10	\$ 48,945,498	\$ 61,802,556	\$ 12,857,058	79.20%	\$ 20,752,569	61.95%
12/31/11	51,761,233	65,953,062	14,191,829	78.48%	20,727,826	68.47%
12/31/12	53,823,443	68,992,977	15,169,534	78.01%	20,765,343	73.05%

# **COMBINING STATEMENTS**

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## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



***District Attorney Forfeiture Fund*** – This fund accounts for receipts of forfeited properties, as enabled by House Bill 65 of the 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 Coordinator Grant Fund*** – This fund accounts for federal funding provided through the State Attorney General’s office. The grant award is to hire staff to assist victims of crime with the legal process, and in receiving compensation for expenses incurred in recovering from criminal activity.

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

***Sheriff Drug Forfeiture Fund*** – This fund is used to account for receipts of forfeited properties, as enabled by House Bill 65 of the 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.

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

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

***Hazard Mitigation Grant*** – These federal funds from FEMA, which the County of Grayson received as a subgrantee from the Texas Division of Emergency Management [“TDEM”], were awarded to support a planning project necessary to prepare and obtain approval from FEMA and TDEM of a Multi-Jurisdictional Hazard Mitigation Plan incorporating mitigation actions for the unincorporated area of Grayson County and all of its 16 cities. The final FEMA approved plan will make Grayson County eligible for future mitigation project funds from FEMA for the first time.

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

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

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

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

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

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

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

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

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

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

**GRAYSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2013**

	Special Revenue				
	Public Health	Juvenile Boot Camp	Holiday Lights	Tax A/C S-I-T Penalty	Courthouse Security
<b>ASSETS</b>					
Cash and investments	\$ 1,460,026	\$ 350,057	\$ 114,087	\$ 125,688	\$ 232,005
Taxes receivable	-	-	-	-	-
Receivables (net of allowance for uncollectibles)	17,545	253,599	-	3,000	-
Intergovernmental receivables	131,750	-	-	-	-
Prepaid expenses	-	4,477	-	-	-
	-	4,477	-	-	-
Total assets	\$ 1,609,321	\$ 608,133	\$ 114,087	\$ 128,688	\$ 232,005
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 48,320	\$ 43,578	\$ 125	\$ -	\$ 15,966
Accrued wages payable	49,574	71,037	-	-	-
Intergovernmental payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
	-	-	-	-	-
Total liabilities	97,894	114,615	125	-	15,966
Fund balances:					
Nonspendable:					
Prepaid items	-	4,477	-	-	-
Restricted for:					
Public health	1,511,427	-	-	-	-
Juvenile services	-	489,041	-	-	-
Election administration	-	-	-	-	-
Emergency management	-	-	-	-	-
Records management	-	-	-	-	-
Holiday lights	-	-	113,962	-	-
Court security and technology	-	-	-	-	216,039
Tax assessor-collector operations	-	-	-	128,688	-
Historical commission	-	-	-	-	-
District attorney operations	-	-	-	-	-
Law library	-	-	-	-	-
Law enforcement	-	-	-	-	-
Inmate welfare	-	-	-	-	-
Court management	-	-	-	-	-
Road and bridge	-	-	-	-	-
Capital projects	-	-	-	-	-
Purpose of trust	-	-	-	-	-
Other	-	-	-	-	-
Unassigned	-	-	-	-	-
	-	-	-	-	-
Total fund balances	1,511,427	493,518	113,962	128,688	216,039
Total liabilities and fund balances	\$ 1,609,321	\$ 608,133	\$ 114,087	\$ 128,688	\$ 232,005

Special Revenue

Justice Court Building Security	Justice Court Technology	HAVA Funding	County Clerk Records Management	County Clerk Records Archive	County Clerk Vital Statistics	District Clerk Records Management
\$ 34,879	\$ 92,001	\$ 15,046	\$ 220,461	\$ 248,444	\$ 2,922	\$ 84,015
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>34,879</u>	<u>92,001</u>	<u>15,046</u>	<u>220,461</u>	<u>248,444</u>	<u>2,922</u>	<u>84,015</u>
\$ -	\$ 266	\$ -	\$ 4,194	\$ 67,244	\$ -	\$ 19
-	-	-	589	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>266</u>	<u>-</u>	<u>4,783</u>	<u>67,244</u>	<u>-</u>	<u>19</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	15,046	-	-	-	-
-	-	-	-	-	-	-
-	-	-	215,678	181,200	2,922	83,996
-	-	-	-	-	-	-
34,879	91,735	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>34,879</u>	<u>91,735</u>	<u>15,046</u>	<u>215,678</u>	<u>181,200</u>	<u>2,922</u>	<u>83,996</u>
<u>\$ 34,879</u>	<u>\$ 92,001</u>	<u>\$ 15,046</u>	<u>\$ 220,461</u>	<u>\$ 248,444</u>	<u>\$ 2,922</u>	<u>\$ 84,015</u>

**GRAYSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	Special Revenue			
	County Records Management	Historical Commission	Court Reporter Service	Drug Court Fees
<b>ASSETS</b>				
Cash and investments	\$ 538,152	\$ 12,155	\$ -	\$ 95,863
Taxes receivable	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	-
Intergovernmental receivables	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 538,152	\$ 12,155	\$ -	\$ 95,863
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 17,112	\$ -	\$ -	\$ -
Accrued wages payable	-	-	-	-
Intergovernmental payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	17,112	-	-	-
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Public health	-	-	-	-
Juvenile services	-	-	-	-
Election administration	-	-	-	-
Emergency management	-	-	-	-
Records management	521,040	-	-	-
Holiday lights	-	-	-	-
Court security and technology	-	-	-	-
Tax assessor-collector operations	-	-	-	-
Historical commission	-	12,155	-	-
District attorney operations	-	-	-	-
Law library	-	-	-	-
Law enforcement	-	-	-	-
Inmate welfare	-	-	-	-
Court management	-	-	-	95,863
Road and bridge	-	-	-	-
Capital projects	-	-	-	-
Purpose of trust	-	-	-	-
Other	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	521,040	12,155	-	95,863
Total liabilities and fund balances	\$ 538,152	\$ 12,155	\$ -	\$ 95,863



**GRAYSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2013**

	Special Revenue			
	OAG Victim Coordinator Grant	Law Enforcement Block Grant	Sheriff Forfeiture	Jail Commissary
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 163,682	\$ 145,135
Taxes receivable	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	6,741
Intergovernmental receivables	15,321	4,050	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 15,321	\$ 4,050	\$ 163,682	\$ 151,876
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 3,167	\$ 4,333
Accrued wages payable	1,693	-	-	-
Intergovernmental payable	-	-	-	-
Due to other funds	7,828	4,050	-	-
Deferred revenue	-	-	-	-
Total liabilities	9,521	4,050	3,167	4,333
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Public health	-	-	-	-
Juvenile services	-	-	-	-
Election administration	-	-	-	-
Emergency management	-	-	-	-
Records management	-	-	-	-
Holiday lights	-	-	-	-
Court security and technology	-	-	-	-
Tax assessor-collector operations	-	-	-	-
Historical commission	-	-	-	-
District attorney operations	-	-	-	-
Law library	-	-	-	-
Law enforcement	-	-	160,515	-
Inmate welfare	-	-	-	147,543
Court management	-	-	-	-
Road and bridge	-	-	-	-
Capital projects	-	-	-	-
Purpose of trust	-	-	-	-
Other	-	-	-	-
Unassigned	5,800	-	-	-
Total fund balances	5,800	-	160,515	147,543
Total liabilities and fund balances	\$ 15,321	\$ 4,050	\$ 163,682	\$ 151,876



Special Revenue

Juvenile Case Manager Fees	Interlocal Emergency Management	Hazard Mitigation Grant	Citizen Corps Program	State Homeland Security	County and District Court Technology	Law Enforcement Education
\$ 3,996	\$ 60,118	\$ -	\$ -	\$ -	\$ 9,915	\$ 44,082
-	-	-	-	-	-	-
-	-	55,292	13,186	86,693	-	-
-	-	-	-	-	-	-
<u>\$ 3,996</u>	<u>\$ 60,118</u>	<u>\$ 55,292</u>	<u>\$ 13,186</u>	<u>\$ 86,693</u>	<u>\$ 9,915</u>	<u>\$ 44,082</u>
\$ -	\$ 9,930	\$ -	\$ -	\$ 35,764	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	55,292	13,186	50,929	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>9,930</u>	<u>55,292</u>	<u>13,186</u>	<u>86,693</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	50,188	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	9,915	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	44,082
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,996</u>	<u>50,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,915</u>	<u>44,082</u>
<u>\$ 3,996</u>	<u>\$ 60,118</u>	<u>\$ 55,292</u>	<u>\$ 13,186</u>	<u>\$ 86,693</u>	<u>\$ 9,915</u>	<u>\$ 44,082</u>

**GRAYSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2013**

	Special Revenue			
	Time Payment Fee	Probate Education Fee	CSCD Bond Supervision	Elections Services Contracts
<b>ASSETS</b>				
Cash and investments	\$ 49,534	\$ 5,894	\$ 62,991	\$ 108,429
Taxes receivable	-	-	-	-
Receivables (net of allowance for uncollectibles)	-	-	-	-
Intergovernmental receivables	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 49,534	\$ 5,894	\$ 62,991	\$ 108,429
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 319	\$ -
Accrued wages payable	-	-	-	-
Intergovernmental payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	-	319	-
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Public health	-	-	-	-
Juvenile services	-	-	-	-
Election administration	-	-	-	-
Emergency management	-	-	-	-
Records management	-	-	-	-
Holiday lights	-	-	-	-
Court security and technology	-	-	-	-
Tax assessor-collector operations	-	-	-	-
Historical commission	-	-	-	-
District attorney operations	-	-	-	-
Law library	-	-	-	-
Law enforcement	-	-	-	-
Inmate welfare	-	-	-	-
Court management	49,534	5,894	62,672	-
Road and bridge	-	-	-	-
Capital projects	-	-	-	-
Purpose of trust	-	-	-	-
Other	-	-	-	108,429
Unassigned	-	-	-	-
Total fund balances	49,534	5,894	62,672	108,429
Total liabilities and fund balances	\$ 49,534	\$ 5,894	\$ 62,991	\$ 108,429

Special Revenue			Capital Projects			
Metropolitan Planning Organization	Supplemental Guardianship	Total Nonmajor Special Revenue Funds	Lateral Road	Highway 289 Completion	Post- Adjudication Construction	Total Nonmajor Capital Projects Funds
\$ -	\$ 28,873	\$ 4,381,494	\$ 378,221	\$ -	\$ 14,612	\$ 392,833
-	-	-	-	-	-	-
-	-	287,835	-	-	-	-
52,089	-	404,575	-	-	-	-
-	-	4,477	-	-	-	-
<u>\$ 52,089</u>	<u>\$ 28,873</u>	<u>\$ 5,078,381</u>	<u>\$ 378,221</u>	<u>\$ -</u>	<u>\$ 14,612</u>	<u>\$ 392,833</u>
\$ 360	\$ -	\$ 256,497	\$ -	\$ -	\$ 14,612	\$ 14,612
6,264	-	137,964	-	-	-	-
-	-	-	-	-	-	-
45,465	-	214,912	-	-	-	-
-	-	-	-	-	-	-
<u>52,089</u>	<u>-</u>	<u>609,373</u>	<u>-</u>	<u>-</u>	<u>14,612</u>	<u>14,612</u>
-	-	4,477	-	-	-	-
-	-	1,511,427	-	-	-	-
-	-	489,041	-	-	-	-
-	-	15,046	-	-	-	-
-	-	50,188	-	-	-	-
-	-	1,004,836	-	-	-	-
-	-	113,962	-	-	-	-
-	-	352,568	-	-	-	-
-	-	128,688	-	-	-	-
-	-	12,155	-	-	-	-
-	-	56,791	-	-	-	-
-	-	16,628	-	-	-	-
-	-	204,597	-	-	-	-
-	-	147,543	-	-	-	-
-	28,873	242,836	-	-	-	-
-	-	-	378,221	-	-	378,221
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	108,429	-	-	-	-
-	-	9,796	-	-	-	-
<u>-</u>	<u>28,873</u>	<u>4,469,008</u>	<u>378,221</u>	<u>-</u>	<u>-</u>	<u>378,221</u>
<u>\$ 52,089</u>	<u>\$ 28,873</u>	<u>\$ 5,078,381</u>	<u>\$ 378,221</u>	<u>\$ -</u>	<u>\$ 14,612</u>	<u>\$ 392,833</u>

**GRAYSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	Permanent Fund	Total Nonmajor Governmental Funds
	Texoma Succeeding Generations	
<b>ASSETS</b>		
Cash and investments	\$ 69,414	\$ 4,843,741
Taxes receivable	-	-
Receivables (net of allowance for uncollectibles)	-	287,835
Intergovernmental receivables	-	404,575
Prepaid expenses	-	4,477
	\$ 69,414	\$ 5,540,628
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ -	\$ 271,109
Accrued wages payable	-	137,964
Intergovernmental payable	-	-
Due to other funds	-	214,912
Deferred revenue	-	-
	-	623,985
Fund balances:		
Nonspendable:		
Prepaid items	-	4,477
Restricted for:		
Public health	-	1,511,427
Juvenile services	-	489,041
Election administration	-	15,046
Emergency management	-	50,188
Records management	-	1,004,836
Holiday lights	-	113,962
Court security and technology	-	352,568
Tax assessor-collector operations	-	128,688
Historical commission	-	12,155
District attorney operations	-	56,791
Law library	-	16,628
Law enforcement	-	204,597
Inmate welfare	-	147,543
Court management	-	242,836
Road and bridge	-	378,221
Capital projects	-	-
Purpose of trust	69,414	69,414
Other	-	108,429
Unassigned	-	9,796
	69,414	4,916,643
Total fund balances	69,414	4,916,643
Total liabilities and fund balances	\$ 69,414	\$ 5,540,628

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**GRAYSON COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Special Revenue				
	Public Health	Juvenile Boot Camp	Holiday Lights	Tax A/C S-I-T Penalty	Courthouse Security
<b>REVENUES</b>					
Licenses and permits	\$ 427,301	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	1,031,350	139,672	-	-	-
Charges for services	310,535	2,461,946	-	-	66,116
Fines and fees	-	-	-	4,082	-
Forfeits	-	-	-	-	-
Investment earnings	3,660	1,401	332	395	823
Contributions and donations from private sources	100,930	-	78,415	-	-
Other	20	976	-	-	261
Total revenues	1,873,796	2,603,995	78,747	4,477	67,200
<b>EXPENDITURES</b>					
Current:					
General government	-	-	39,574	1,492	137,138
Judicial	-	-	-	-	-
Elections	-	-	-	-	-
Public safety	-	2,320,065	-	-	-
Highways and streets	-	-	-	-	-
Health and welfare	1,874,096	-	-	-	-
Capital outlay	-	53,356	-	-	-
Total expenditures	1,874,096	2,373,421	39,574	1,492	137,138
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 300)	230,574	39,173	2,985	( 69,938)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of real and personal property	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	( 278,411)	-	-	-
Total other financing sources (uses)	-	( 278,411)	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	( 300)	( 47,837)	39,173	2,985	( 69,938)
<b>FUND BALANCE, BEGINNING</b>	1,511,727	541,355	74,789	125,703	285,977
<b>FUND BALANCE, ENDING</b>	\$ 1,511,427	\$ 493,518	\$ 113,962	\$ 128,688	\$ 216,039

Special Revenue

Justice Court Building Security	Justice Court Technology	HAVA Funding	County Clerk Records Management	County Clerk Records Archive	County Clerk Vital Statistics	District Clerk Records Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	4,476	-	-	-	-
5,505	22,102	-	144,274	131,510	8,559	20,274
-	-	-	-	-	-	-
-	-	-	-	-	-	-
103	283	42	530	582	24	228
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,608</u>	<u>22,385</u>	<u>4,518</u>	<u>144,804</u>	<u>132,092</u>	<u>8,583</u>	<u>20,502</u>
-	-	-	57,643	67,244	15,838	219
1,750	20,995	-	-	-	-	-
-	-	2,742	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,750</u>	<u>20,995</u>	<u>2,742</u>	<u>57,643</u>	<u>67,244</u>	<u>15,838</u>	<u>219</u>
<u>3,858</u>	<u>1,390</u>	<u>1,776</u>	<u>87,161</u>	<u>64,848</u>	<u>( 7,255)</u>	<u>20,283</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,858</u>	<u>1,390</u>	<u>1,776</u>	<u>87,161</u>	<u>64,848</u>	<u>( 7,255)</u>	<u>20,283</u>
<u>31,021</u>	<u>90,345</u>	<u>13,270</u>	<u>128,517</u>	<u>116,352</u>	<u>10,177</u>	<u>63,713</u>
<u>\$ 34,879</u>	<u>\$ 91,735</u>	<u>\$ 15,046</u>	<u>\$ 215,678</u>	<u>\$ 181,200</u>	<u>\$ 2,922</u>	<u>\$ 83,996</u>

**GRAYSON COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Special Revenue			
	County Records Management	Historical Commission	Court Reporter Service	Drug Court Fees
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	-	-	-	-
Charges for services	105,673	-	-	27,450
Fines	-	-	24,720	-
Forfeits	-	-	-	-
Investment earnings	1,539	40	-	305
Contributions and donations from private sources	-	-	-	-
Other	-	-	-	-
Total revenues	107,212	40	24,720	27,755
<b>EXPENDITURES</b>				
Current:				
General government	33,568	1,695	-	-
Judicial	-	-	24,720	28,973
Elections	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	33,568	1,695	24,720	28,973
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	73,644	( 1,655)	-	( 1,218)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of real and personal property	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	73,644	( 1,655)	-	( 1,218)
<b>FUND BALANCE, BEGINNING</b>	447,396	13,810	-	97,081
<b>FUND BALANCE, ENDING</b>	\$ 521,040	\$ 12,155	\$ -	\$ 95,863



Special Revenue

Star Recovery Drug Court	Star Family Drug Court	District Attorney Hot Check	District Attorney Forfeiture	Law Library	District Attorney State Supplement	CJD Domestic Violence Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
156,040	59,469	-	-	-	22,500	30,744
-	-	-	-	85,121	-	-
-	-	36,495	-	-	-	-
-	-	-	97,210	-	-	-
-	-	-	126	59	-	-
-	-	-	-	91	-	-
-	-	-	-	1	-	-
<u>156,040</u>	<u>59,469</u>	<u>36,495</u>	<u>97,336</u>	<u>85,272</u>	<u>22,500</u>	<u>30,744</u>
-	-	-	-	-	-	-
148,526	58,857	31,892	33,426	85,759	22,884	63,666
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	28,066	-	-	-
<u>148,526</u>	<u>58,857</u>	<u>31,892</u>	<u>61,492</u>	<u>85,759</u>	<u>22,884</u>	<u>63,666</u>
<u>7,514</u>	<u>612</u>	<u>4,603</u>	<u>35,844</u>	<u>( 487)</u>	<u>( 384)</u>	<u>( 32,922)</u>
-	-	-	8,316	-	-	-
-	-	-	-	-	-	32,922
-	-	-	-	-	-	-
-	-	-	<u>8,316</u>	<u>-</u>	<u>-</u>	<u>32,922</u>
7,514	612	4,603	44,160	( 487)	( 384)	-
<u>( 7,514)</u>	<u>( 612)</u>	<u>489</u>	<u>5,588</u>	<u>17,115</u>	<u>2,335</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,092</u>	<u>\$ 49,748</u>	<u>\$ 16,628</u>	<u>\$ 1,951</u>	<u>\$ -</u>

**GRAYSON COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Special Revenue			
	OAG Victim Coordinator Grant	Law Enforcement Block Grant	Sheriff Forfeiture	Jail Commissary
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	49,359	16,310	-	-
Charges for services	-	-	-	66,534
Fines	-	-	-	-
Forfeits	-	-	40,488	-
Investment earnings	-	-	468	432
Contributions and donations from private sources	-	-	-	-
Other	-	-	-	-
Total revenues	49,359	16,310	40,956	66,966
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Judicial	43,559	-	-	-
Elections	-	-	-	-
Public safety	-	4,050	23,288	58,737
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	12,260	32,161	-
Total expenditures	43,559	16,310	55,449	58,737
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	5,800	-	( 14,493)	8,229
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of real and personal property	-	-	19,247	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	19,247	-
<b>NET CHANGE IN FUND BALANCE</b>	5,800	-	4,754	8,229
<b>FUND BALANCE, BEGINNING</b>	-	-	155,761	139,314
<b>FUND BALANCE, ENDING</b>	\$ 5,800	\$ -	\$ 160,515	\$ 147,543

Special Revenue

Juvenile Case Manager Fees	Interlocal Emergency Management	Hazard Mitigation Grant	Citizen Corps Program	State Homeland Security	County and District Court Technology	Law Enforcement Education
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	232,827	17,212	11,080	207,653	-	-
-	-	-	-	-	9,302	-
4,047	-	-	-	-	-	-
-	-	-	-	-	-	-
52	-	-	-	-	29	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,099</u>	<u>232,827</u>	<u>17,212</u>	<u>11,080</u>	<u>207,653</u>	<u>9,331</u>	<u>-</u>
-	-	-	3,178	-	-	-
-	-	-	-	-	5,650	-
-	-	-	-	-	-	-
-	324,360	-	-	-	-	2,949
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	207,653	-	-
<u>-</u>	<u>324,360</u>	<u>-</u>	<u>3,178</u>	<u>207,653</u>	<u>5,650</u>	<u>2,949</u>
<u>4,099</u>	<u>( 91,533)</u>	<u>17,212</u>	<u>7,902</u>	<u>-</u>	<u>3,681</u>	<u>( 2,949)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	( 12,699)	-	-	-	-
-	-	( 12,699)	-	-	-	-
4,099	( 91,533)	4,513	7,902	-	3,681	( 2,949)
<u>( 103)</u>	<u>141,721</u>	<u>( 4,513)</u>	<u>( 7,902)</u>	<u>-</u>	<u>6,234</u>	<u>47,031</u>
<u>\$ 3,996</u>	<u>\$ 50,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,915</u>	<u>\$ 44,082</u>

**GRAYSON COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Special Revenue			
	Time Payment Fee	Probate Education Fee	CSCD Bond Supervision	Elections Services Contracts
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	6,399	-	-	10,455
Charges for services	-	-	42,961	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment earnings	-	-	172	-
Contributions and donations from private sources	-	-	-	-
Other	-	-	-	-
Total revenues	6,399	-	43,133	10,455
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Judicial	112	380	-	-
Elections	-	-	-	27,688
Public safety	-	-	24,207	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	112	380	24,207	27,688
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	6,287	( 380)	18,926	( 17,233)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of real and personal property	-	-	-	-
Transfers in	-	-	-	100,000
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	100,000
<b>NET CHANGE IN FUND BALANCE</b>	6,287	( 380)	18,926	82,767
<b>FUND BALANCE, BEGINNING</b>	43,247	6,274	43,746	25,662
<b>FUND BALANCE, ENDING</b>	\$ 49,534	\$ 5,894	\$ 62,672	\$ 108,429

Special Revenue			Capital Projects			
Metropolitan Planning Organization	Supplemental Guardianship	Total Nonmajor Special Revenue Funds	Lateral Road	Highway 289 Completion	Post- Adjudication Construction	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ 427,301	\$ -	\$ -	\$ -	\$ -
224,033	-	2,219,579	-	-	-	-
-	15,384	3,523,246	70,400	-	-	70,400
-	-	69,344	-	-	-	-
-	-	137,698	-	-	-	-
-	-	11,625	1,176	-	-	1,176
-	-	179,436	-	-	-	-
-	-	1,258	-	-	-	-
<u>224,033</u>	<u>15,384</u>	<u>6,569,487</u>	<u>71,576</u>	<u>-</u>	<u>-</u>	<u>71,576</u>
224,033	-	581,622	-	-	-	-
-	3,775	574,924	-	-	-	-
-	-	30,430	-	-	-	-
-	-	2,757,656	-	-	-	-
-	-	-	10,481	-	-	10,481
-	-	1,874,096	-	-	-	-
-	-	333,496	-	16,936	163,004	179,940
<u>224,033</u>	<u>3,775</u>	<u>6,152,224</u>	<u>10,481</u>	<u>16,936</u>	<u>163,004</u>	<u>190,421</u>
-	<u>11,609</u>	<u>417,263</u>	<u>61,095</u>	<u>( 16,936)</u>	<u>( 163,004)</u>	<u>( 118,845)</u>
-	-	27,563	-	-	-	-
-	-	132,922	-	-	163,004	163,004
-	-	( 291,110)	-	-	-	-
-	-	( 130,625)	-	-	163,004	-
-	11,609	286,638	61,095	( 16,936)	-	44,159
-	17,264	4,182,370	317,126	16,936	-	334,062
<u>\$ -</u>	<u>\$ 28,873</u>	<u>\$ 4,469,008</u>	<u>\$ 378,221</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 378,221</u>

**GRAYSON COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Permanent Fund	Total Nonmajor Governmental Funds
	Texoma Succeeding Generations	
<b>REVENUES</b>		
Licenses and permits	\$ -	\$ 427,301
Intergovernmental revenue and grants	-	2,219,579
Charges for services	-	3,593,646
Fines	-	69,344
Forfeits	-	137,698
Investment earnings	217	13,018
Contributions and donations from private sources	-	179,436
Other	-	1,258
Total revenues	217	6,641,280
<b>EXPENDITURES</b>		
Current:		
General government	-	581,622
Judicial	-	574,924
Elections	-	30,430
Public safety	-	2,757,656
Highways and streets	-	10,481
Health and welfare	-	1,874,096
Capital outlay	-	513,436
Total expenditures	-	6,342,645
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	217	298,635
<b>OTHER FINANCING SOURCES (USES)</b>		
Sale of real and personal property	-	27,563
Transfers in	-	295,926
Transfers out	-	( 291,110)
Total other financing sources (uses)	-	( 130,625)
<b>NET CHANGE IN FUND BALANCE</b>	217	331,014
<b>FUND BALANCE, BEGINNING</b>	69,197	4,585,629
<b>FUND BALANCE, ENDING</b>	\$ 69,414	\$ 4,916,643

## **FIDUCIARY FUNDS**

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

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

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

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

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

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

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

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

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

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

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

**GRAYSON COUNTY, TEXAS**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**SEPTEMBER 30, 2013**

	<u>State Court Costs and Arrest Fees</u>	<u>Appellate Justice System</u>	<u>Seized Funds</u>	<u>Adult Probation Restitution</u>	<u>District Attorney Bad Check Trust</u>
<b>ASSETS</b>					
Cash and investments	\$ <u>301,603</u>	\$ <u>9,291</u>	\$ <u>114,561</u>	\$ <u>8,000</u>	\$ <u>23,448</u>
Total assets	\$ <u>301,603</u>	\$ <u>9,291</u>	\$ <u>114,561</u>	\$ <u>8,000</u>	\$ <u>23,448</u>
<b>LIABILITIES</b>					
Due to other agencies and individuals	\$ <u>301,603</u>	\$ <u>9,291</u>	\$ <u>114,561</u>	\$ <u>8,000</u>	\$ <u>23,448</u>
Total liabilities and fund balances	\$ <u>301,603</u>	\$ <u>9,291</u>	\$ <u>114,561</u>	\$ <u>8,000</u>	\$ <u>23,448</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>1,992,650</u>	\$ <u>307,485</u>	\$ <u>702,454</u>	\$ <u>2,450,166</u>	\$ <u>49,017</u>	\$ <u>5,958,675</u>
\$ <u>1,992,650</u>	\$ <u>307,485</u>	\$ <u>702,454</u>	\$ <u>2,450,166</u>	\$ <u>49,017</u>	\$ <u>5,958,675</u>
\$ <u>1,992,650</u>	\$ <u>307,485</u>	\$ <u>702,454</u>	\$ <u>2,450,166</u>	\$ <u>49,017</u>	\$ <u>5,958,675</u>
\$ <u>1,992,650</u>	\$ <u>307,485</u>	\$ <u>702,454</u>	\$ <u>2,450,166</u>	\$ <u>49,017</u>	\$ <u>5,958,675</u>

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# **FEDERAL AWARDS SECTION**

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grayson County, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Grayson County, Texas' basic financial statements, and have issued our report thereon dated June 12, 2014.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

Waco, Texas  
June 12, 2014



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited Grayson County, Texas' ("the County"), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

## **Report on Internal Control Over Compliance**

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

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

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

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

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

Waco, Texas  
June 12, 2014



**GRAYSON COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through the Texas Department of Agriculture:			
National School Lunch Program	10.555	75-J6011	\$ 139,672
Total Passed through the Texas Department of Agriculture			<u>139,672</u>
Passed through Texas Department of State Health Services:			
Special Supplemental Food Program for Women, Infants and Children (WIC)	10.557	2013-042576-001	635,261
Total Passed through Texas Department of State Health Services			<u>635,261</u>
Total U. S. Department of Agriculture			<u>774,933</u>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>			
Passed through Office of the Attorney General:			
Victim Coordinator and Liaison Grant	16.576	1014265	49,359
Total Passed through Office of the Attorney General			<u>49,359</u>
Passed through Office of the Governor, Criminal Justice Division:			
Violence Against Women Act	16.588	1344916	3,058
Violence Against Women Act	16.588	1344915	27,686
Edward Byrne Memorial Justice Assistant Grant	16.738	1804207	16,310
County STAR Recovery Court Program	16.738	1804209	8,554
County STAR Recovery Court Program	16.738	1804208	147,486
County Family Drug Court Program	16.738	1867807	59,469
Total Passed through Office of the Governor, Criminal Justice Division			<u>262,563</u>
Direct Programs:			
State Criminal Alien Assistance Program	16.606	2012-AP-BX-0519	37,573
State Criminal Alien Assistance Program	16.606	2013-AP-BX-0038	40,169
Total Direct Programs			<u>77,742</u>
Total U. S. Department of Justice			<u>389,664</u>
<b><u>U. S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed through Texas Department of Transportation:			
Airport Maintenance Program	20.106	M101DENS	50,884
Federal Transit Metropolitan Planning Grant	20.205	FTA-Section 5303	-
Federal Transit Metropolitan Planning Grant	20.205	50-12XF0020	209,948
Total Passed through Texas Department of Transportation			<u>260,832</u>
Total U. S. Department of Transportation			<u>260,832</u>

**GRAYSON COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<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 HEALTH AND HUMAN SERVICES</u></b>			
Passed through Texas Department of State Health Services:			
Injury Prevention and Control Research and State and Community Based Programs	93.116	2013-042528-001	29,072
Centers for Disease Control and Prevention - Investigation and Technical Assistance OOPHP/Bioterrorism	93.283	2011-038704	106,669
Medicaid - Title XIX - Medical Assistance Program	93.778	2011-032002-001	16,136
Preventive Health Services Block Grant	93.991	2012-039688-001	<u>89,087</u>
Total Passed through Texas Department of State Health Services			<u>240,964</u>
Passed through Texas Juvenile Probation Commission:			
Title IV-E - Foster Care	93.658	23380711	<u>8,097</u>
Total Passed through Texas Juvenile Probation Commission			<u>8,097</u>
Total U. S. Department of Health and Human Services			<u>249,061</u>
<b><u>U. S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Passed through the Texas Department of Public Safety, Division of Emergency Management:			
Hazard Mitigation	97.039	N/A	17,211
Emergency Management Performance Grant	97.042	08-GA-48181-08	207,653
Emergency Management Performance Grant	97.042	09TX-EMPG-0147	11,080
Emergency Management Performance Grant	97.042	10TX-EMPG-0147	<u>49,910</u>
Total Passed through Texas Department of Public Safety, Division of Emergency Management			<u>285,854</u>
Total U. S. Department of Homeland Security			<u>285,854</u>
Total Federal Expenditures			<u>\$ 1,960,344</u>

# **GRAYSON COUNTY, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

### **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, 2013

### Summary of Auditors' Results

#### Financial Statements:

Type of auditors' report issued Unmodified

#### Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted?

None

#### Federal Awards:

##### Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

None

#### Identification of major programs:

CFDA Number(s)

#10.557

Name of Federal Program or Cluster:

Speical Supplemental Food Program for Women, Infants and Children

Dollar threshold used to distinguish between type A and type B programs

\$300,000

Auditee qualified as low-risk auditee?

Yes

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

None

### Findings and Questioned Costs for Federal Awards

None

**GRAYSON COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

None

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