

**GRAYSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2015**



**GRAYSON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

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# **INTRODUCTORY SECTION**

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# GRAYSON COUNTY, TEXAS

## PRINCIPAL OFFICIALS

SEPTEMBER 30, 2015

### COMMISSIONERS' COURT

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

### JUDICIAL

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

### LAW ENFORCEMENT

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

### FINANCIAL ADMINISTRATION

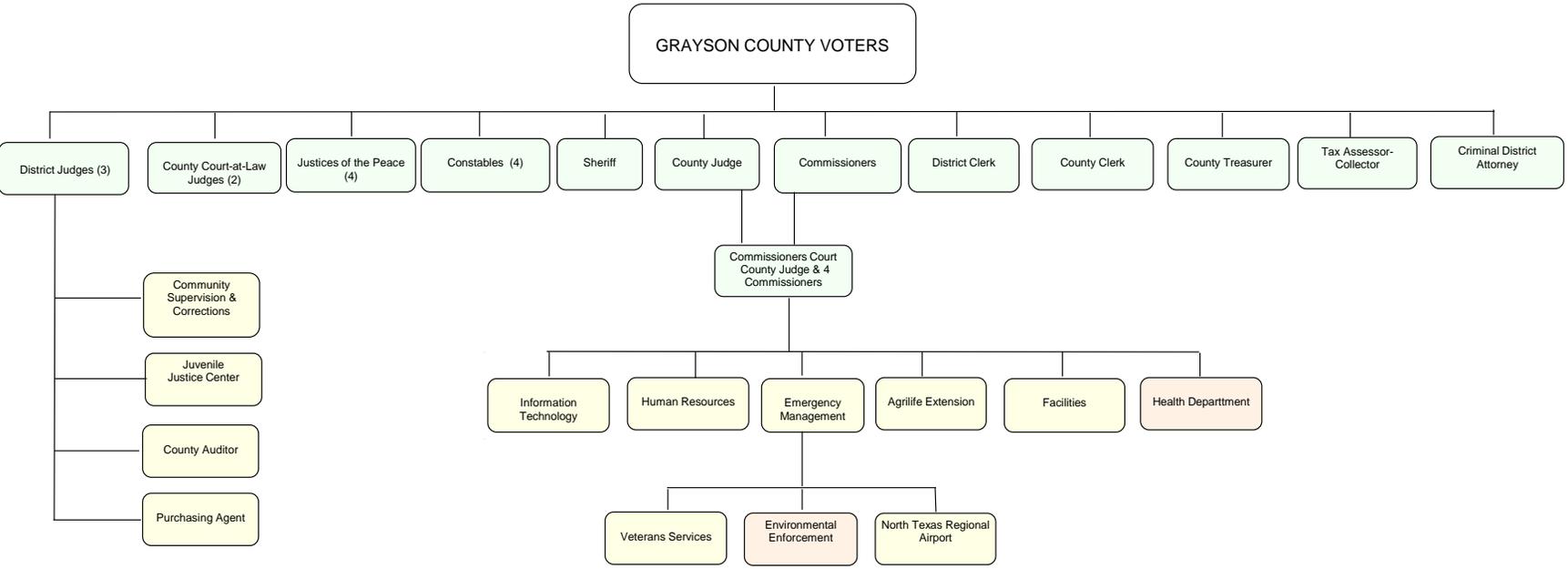
J. Richey Rivers*	County Auditor
Gayla Hawkins	County Treasurer
Bruce Stidham	Tax Assessor/Collector

### RECORDING OFFICIALS

Kelly Ashmore	District Clerk
Wilma Bush	County Clerk

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

# GRAYSON COUNTY ORGANIZATION CHART



# **FINANCIAL SECTION**

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PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund financial of Grayson County, Texas as of and for the year ended September 30, 2015, which collectively comprise Grayson County, Texas' basic financial statements as listed in the table of contents.

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

Grayson County, Texas' 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.

### *Auditor's 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 auditor's 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 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 Grayson County, Texas' governmental activities, the business-type activities, each major fund, and the aggregate remaining fund, as of September 30, 2015, 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.

### ***Change in Accounting Principle***

As discussed in Note III to the financial statements, in 2015 the County adopted new accounting guidance, Governmental Accounting Standards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Governmental Accounting Standards (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and the schedule of funding progress for other post-employment benefits on pages 4 through 13 and 54 through 63, respectively, to 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 operations, 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 obtain 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 purposes of forming opinions on the financial statements that collectively comprise the County's basic financial statement. The introductory section, combining nonmajor fund financial statements, and the schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133 Audits of States and Local Governments and Non-Profit Organizations are presented for purposes of additional analysis and are 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 and individual 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 2, 2016, 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 testing of internal controls 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 the County's internal control over financial reporting and compliance.

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

Waco, Texas  
June 2, 2016

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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, 2015.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Grayson County exceeded its liabilities at the close of the most recent fiscal year by \$77.4 million (net position).
- The County's total net position decreased by \$3.5 million.
- As of the close of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of \$31.4 million, an increase of \$2.4 million in comparison with the prior year. Of the total fund balance, \$14.4 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 \$16.3 million, or 46% of total General Fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### Government-wide Financial Statements

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

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

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

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

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

## **Fund Financial Statements**

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

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

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

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

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

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

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

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

## **Notes to the Financial Statements**

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

## **Other Information**

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$77.4 million as of September 30, 2015, a decrease of \$3.5 million as compared with the previous fiscal year.

By far, the largest portion of Grayson County's net position (\$48.7 million or 63% percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. Grayson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Grayson County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## GRAYSON COUNTY'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 98,922,200	\$ 101,686,987	\$ 293,861	\$ 324,249	\$ 99,216,061	\$ 102,011,236
Capital assets	<u>31,340,171</u>	<u>33,467,399</u>	<u>17,327,966</u>	<u>17,926,276</u>	<u>48,668,137</u>	<u>51,393,675</u>
Total assets	<u>130,262,371</u>	<u>135,154,386</u>	<u>17,621,827</u>	<u>18,250,525</u>	<u>147,884,198</u>	<u>153,404,911</u>
Deferred outflows of resources	<u>5,769,125</u>	<u>3,677,883</u>	<u>26,299</u>	<u>-</u>	<u>5,795,424</u>	<u>3,677,883</u>
Current liabilities	9,754,879	9,891,841	33,364	63,831	9,788,243	9,955,672
Long-term liabilities	<u>65,879,406</u>	<u>65,558,332</u>	<u>179,359</u>	<u>98,442</u>	<u>66,058,765</u>	<u>65,656,774</u>
Total liabilities	<u>75,634,285</u>	<u>75,450,173</u>	<u>212,723</u>	<u>162,273</u>	<u>75,847,008</u>	<u>75,612,446</u>
Deferred inflows of resources	<u>474,114</u>	<u>-</u>	<u>4,888</u>	<u>-</u>	<u>479,002</u>	<u>-</u>
Net position:						
Net investment in						
capital assets	31,340,171	33,467,399	17,327,966	17,926,276	48,668,137	51,393,675
Restricted	16,772,206	16,158,463	-	-	16,772,206	16,158,463
Unrestricted	<u>11,810,720</u>	<u>13,756,234</u>	<u>102,549</u>	<u>161,976</u>	<u>11,913,269</u>	<u>13,918,210</u>
Total net position	<u>\$ 59,923,097</u>	<u>\$ 63,382,096</u>	<u>\$ 17,430,515</u>	<u>\$ 18,088,252</u>	<u>\$ 77,353,612</u>	<u>\$ 81,470,348</u>

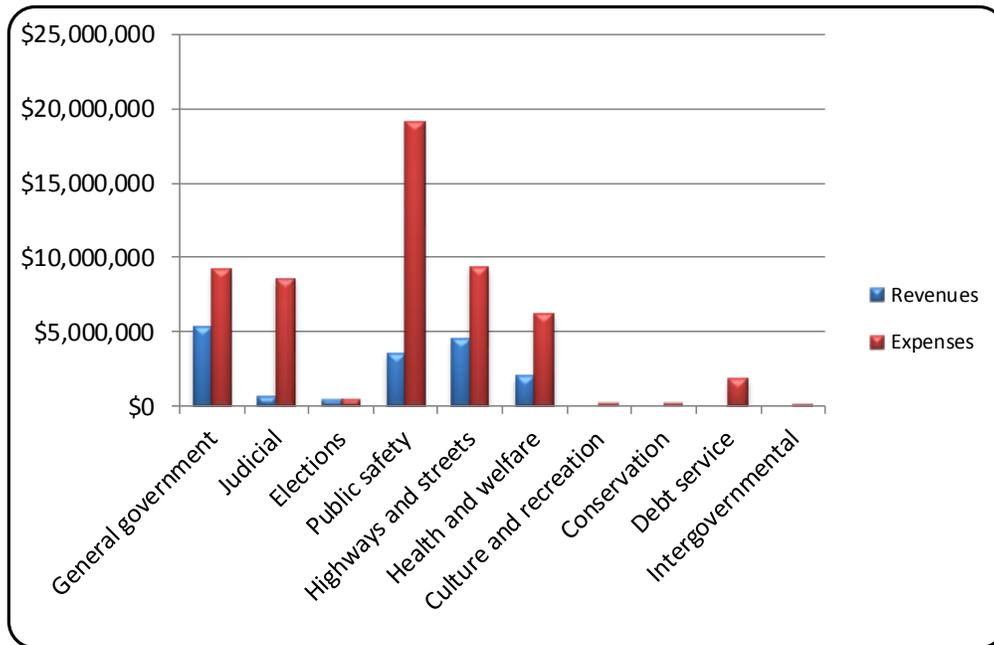
The County's expenses exceeded revenues by \$3.5 million during the current fiscal year. Changes in net position are summarized as follows:

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

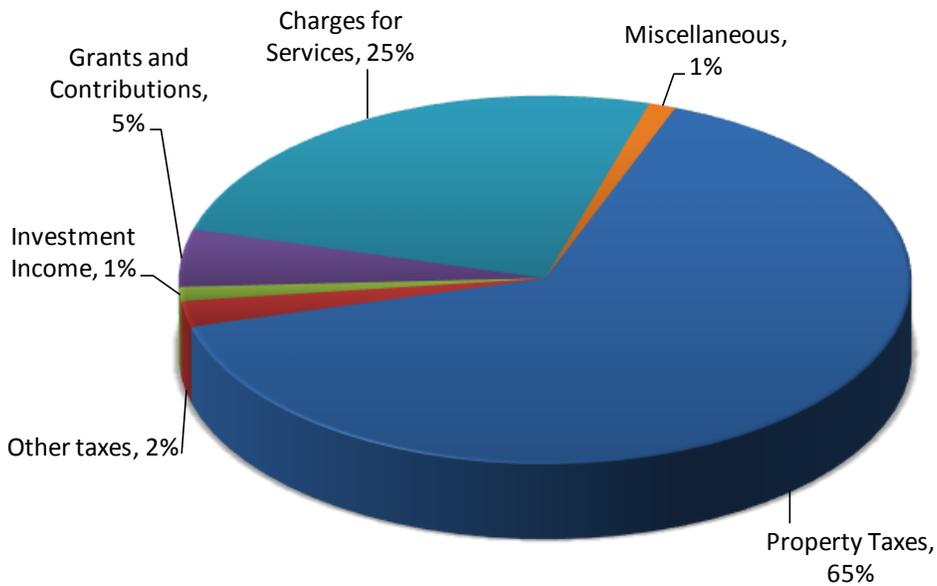
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 13,740,106	\$ 14,041,929	\$ 999,686	\$ 969,328	\$ 14,739,792	\$ 15,011,257
Operating grants and contributions	2,633,828	2,677,996	50,000	48,140	2,683,828	2,726,136
General revenues:						
Property taxes	34,400,431	32,492,965	-	-	34,400,431	32,492,965
Other taxes	660,927	669,049	-	-	660,927	669,049
Miscellaneous	602,747	874,122	10,079	294,524	612,826	1,168,646
Investment earnings	118,589	113,538	855	816	119,444	114,354
Gain (loss) on sale of capital assets	-	-	-	-	-	-
Insurance proceeds	23,009	34,334	-	171,375	23,009	205,709
Total revenues	<u>52,179,637</u>	<u>50,903,933</u>	<u>1,060,620</u>	<u>1,484,183</u>	<u>53,240,257</u>	<u>52,388,116</u>
Expenses:						
General government	9,169,208	9,834,139	-	-	9,169,208	9,834,139
Judicial	8,559,158	8,409,121	-	-	8,559,158	8,409,121
Elections	419,141	478,018	-	-	419,141	478,018
Public safety	19,158,917	18,257,253	-	-	19,158,917	18,257,253
Health and welfare	9,300,192	9,515,449	-	-	9,300,192	9,515,449
Highways and streets	6,189,906	6,114,232	-	-	6,189,906	6,114,232
Culture and recreation	153,111	124,582	-	-	153,111	124,582
Conservation and development	153,223	230,384	-	-	153,223	230,384
Interest on long-term debt	1,817,808	1,864,603	-	-	1,817,808	1,864,603
Intergovernmental	130,073	430,353	-	-	130,073	430,353
Airport	-	-	1,712,296	1,975,245	1,712,296	1,975,245
Total expenses	<u>55,050,737</u>	<u>55,258,134</u>	<u>1,712,296</u>	<u>1,975,245</u>	<u>56,763,033</u>	<u>57,233,379</u>
Increases in net position						
before transfers	( 2,871,100)	( 4,354,201)	( 651,676)	( 491,062)	( 3,522,776)	( 4,845,263)
Transfers	-	( 100,000)	-	100,000	-	-
Change in net position	( 2,871,100)	( 4,454,201)	( 651,676)	( 391,062)	( 3,522,776)	( 4,845,263)
Net position, beginning	<u>63,382,096</u>	<u>68,437,868</u>	<u>18,088,252</u>	<u>18,479,314</u>	<u>81,470,348</u>	<u>86,917,182</u>
Prior period adjustment	( 587,899)	( 601,571)	( 6,061)	-	( 593,960)	( 601,571)
Net position, ending	<u>\$ 59,923,097</u>	<u>\$ 63,382,096</u>	<u>\$ 17,430,515</u>	<u>\$ 18,088,252</u>	<u>\$ 77,353,612</u>	<u>\$ 81,470,348</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 26% 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

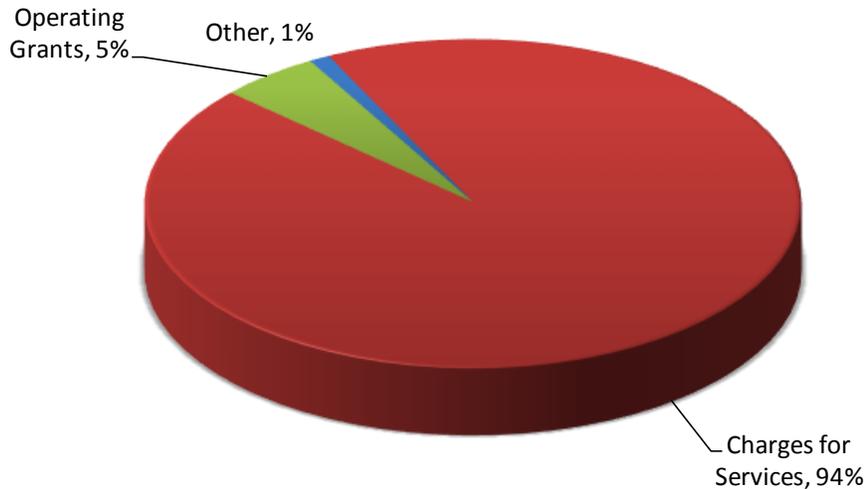


### Government Activities

The County's total governmental net position decreased by \$2.9 million in comparison with the prior fiscal year's decrease of \$4.5 million. The total cost of all governmental activities this year was \$55.1 million, an increase of 0% over the prior fiscal year. The amount that our taxpayers paid for these activities through property taxes was \$34.4 million or 62% of total governmental expenses. The next largest segment of revenues came from charges for services, which accounted for \$13.7 million or 25% of total governmental expenses.

## Business-type Activities

The business-type activity of the County is the operations of a regional airport. Approximately 94% of airport revenue is generated by tenant payments for rental of industrial and aircraft facilities. Operating grants comprise another 5%.



## 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 \$31.4 million, an increase of approximately \$2.4 million in comparison with the prior year. Approximately 46% percent of this total amount (\$14.4 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately \$6.8 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 (\$179 thousand), road and bridge expenditures (\$5.4 million), special revenue expenditures (\$3.2 million) or fund a special purpose trust (\$70 thousand).

The General Fund is the chief operating fund of Grayson County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$16.3 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. At September 30, 2015, unassigned fund balance represents 46% of the total General Fund expenditures.

The fund balance of the County's General Fund increased by \$2.0 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, 2015, is \$5.1 million, which is fully restricted for road construction purposes. The road and bridge precinct fund balances increased by approximately \$242,000 during the fiscal year 2015.

### **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 \$102,549. The total decrease in net position for the fund was \$651,676. Other factors concerning the finances of this fund have already been addressed in the discussion of Grayson County's business-type activities.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

Grayson County's investment in capital assets as of September 30, 2015, amounts to \$48.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, and bridges.

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

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

## GRAYSON COUNTY'S CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,371,954	\$ 1,371,954	\$ 2,600,238	\$ 2,600,238	\$ 3,972,192	\$ 3,972,192
Infrastructure	12,731,986	13,987,536	12,738,645	13,233,266	25,470,631	27,220,802
Buildings	13,059,581	11,646,809	1,855,873	1,961,783	14,915,454	13,608,592
Improvements other than buildings	97,476	146,910	4,201	6,640	101,677	153,550
Machinery and equipment	4,079,174	4,460,587	129,009	124,349	4,208,183	4,584,936
Construction in progress	-	1,853,603	-	-	-	1,853,603
Total capital assets	<u>\$ 31,340,171</u>	<u>\$ 33,467,399</u>	<u>\$ 17,327,966</u>	<u>\$ 17,926,276</u>	<u>\$ 48,668,137</u>	<u>\$ 51,393,675</u>

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

### Long-term Debt

At the end of the current fiscal year, Grayson County had total bonded debt of \$47.3 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		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Pass-through Toll Revenue Bonds payable	\$ 47,330,000	\$ 50,675,000	\$ -	\$ -	\$ 47,330,000	\$ 50,675,000
Premium on Pass-through Toll Bonds	4,186,470	4,675,043	-	-	4,186,470	4,675,043
Compensated absences payable	1,046,355	1,084,406	6,271	11,295	1,052,626	1,095,701
Net Pension Liability	2,268,200	2,167,010	23,383	22,340	2,291,583	2,189,350
Net OPEB obligation	<u>15,278,543</u>	<u>11,144,993</u>	<u>151,273</u>	<u>89,971</u>	<u>15,429,816</u>	<u>11,234,964</u>
	<u>\$ 70,109,568</u>	<u>\$ 69,746,452</u>	<u>\$ 180,927</u>	<u>\$ 123,606</u>	<u>\$ 70,290,495</u>	<u>\$ 69,870,058</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, 2015, the total remaining debt was \$47,330,000.

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

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

- The unemployment rate for Grayson County on September 30, 2015, is 4.0 percent, which is less than the rate of 4.7 percent a year ago. This rate is comparable to the state's average unemployment rate of 4.5 percent, but lower than the national average of 4.9 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 2016, with indications that the tax base will continue to grow.
- During the current fiscal year, unassigned fund balance in the General Fund increased to \$16.3 million.

## **REQUESTS FOR INFORMATION**

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

**BASIC  
FINANCIAL STATEMENTS**

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**GRAYSON COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2015**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 32,743,782	\$ 255,125	\$ 32,998,907
Receivables (net of allowance for uncollectibles)	5,177,067	4,863	5,181,930
Intergovernmental receivable	60,821,898	-	60,821,898
Prepaid items	179,453	33,873	213,326
Capital assets:			
Land	1,371,954	2,600,238	3,972,192
Infrastructure	100,841,970	29,447,530	130,289,500
Buildings	29,416,238	6,186,486	35,602,724
Improvements other than buildings	863,667	24,389	888,056
Machinery and equipment	19,008,060	300,457	19,308,517
Accumulated depreciation	( 120,161,718)	( 21,231,134)	( 141,392,852)
Total assets	<u>130,262,371</u>	<u>17,621,827</u>	<u>147,884,198</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	3,218,147	-	3,218,147
Deferred outflows related to pensions	2,550,978	26,299	2,577,277
Total deferred outflows of resources	<u>5,769,125</u>	<u>26,299</u>	<u>5,795,424</u>
<b>LIABILITIES</b>			
Accounts payable	1,266,987	20,367	1,287,354
Intergovernmental payable	2,342,471	-	2,342,471
Accrued interest payable	448,282	-	448,282
Accrued wages payable	1,388,377	8,282	1,396,659
Unearned revenue	78,600	3,147	81,747
Noncurrent liabilities:			
Due within one year	4,230,162	1,568	4,231,730
Due in more than one year	65,879,406	179,359	66,058,765
Total liabilities	<u>75,634,285</u>	<u>212,723</u>	<u>75,847,008</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	474,114	4,888	479,002
Total deferred inflows of resources	<u>474,114</u>	<u>4,888</u>	<u>479,002</u>
<b>NET POSITION</b>			
Net investment in capital assets	31,340,171	17,327,966	48,668,137
Restricted for:			
Debt service	128,685	-	128,685
Capital projects	6,833,551	-	6,833,551
Road and bridge	5,517,267	-	5,517,267
Public health	1,251,061	-	1,251,061
Juvenile services	770,534	-	770,534
Election administration	19,179	-	19,179
Emergency management	38,281	-	38,281
Records management	914,127	-	914,127
Court security and technology	200,971	-	200,971
Tax accessor-collector operations	111,918	-	111,918
Law enforcement	67,985	-	67,985
Inmate welfare	207,150	-	207,150
Court management	280,809	-	280,809
Purpose of trust	69,826	-	69,826
Other	360,862	-	360,862
Unrestricted	<u>11,810,720</u>	<u>102,549</u>	<u>11,913,269</u>
Total net position	<u>\$ 59,923,097</u>	<u>\$ 17,430,515</u>	<u>\$ 77,353,612</u>

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

**GRAYSON COUNTY, TEXAS**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 9,169,208	\$ 4,208,448	\$ 1,104,302	\$ -
Judicial	8,559,158	360,878	304,186	-
Elections	419,141	-	391,636	-
Public safety	19,158,917	3,085,170	438,194	-
Highways and streets	9,300,192	4,331,003	179,345	-
Health and welfare	6,189,906	1,754,607	216,165	-
Culture and recreation	153,111	-	-	-
Conservation and development	153,223	-	-	-
Bond interest	1,817,808	-	-	-
Intergovernmental	130,073	-	-	-
Total governmental activities	<u>55,050,737</u>	<u>13,740,106</u>	<u>2,633,828</u>	<u>-</u>
Business-type activities:				
Grayson County Airport	<u>1,712,296</u>	<u>999,686</u>	<u>50,000</u>	<u>-</u>
Total business-type activities	<u>1,712,296</u>	<u>999,686</u>	<u>50,000</u>	<u>-</u>
Total primary government	<u>\$ 56,763,033</u>	<u>\$ 14,739,792</u>	<u>\$ 2,683,828</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 assets  
 Total general revenues and transfers  
 Change in net position  
 Net position - beginning  
 Prior period adjustment  
 Net position- beginning, as restated  
 Net position - ending

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

Net (Expense) Revenue and Changes in Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$( 3,856,458)	\$ -	\$( 3,856,458)
( 7,894,094)	-	( 7,894,094)
( 27,505)	-	( 27,505)
( 15,635,553)	-	( 15,635,553)
( 4,789,844)	-	( 4,789,844)
( 4,219,134)	-	( 4,219,134)
( 153,111)	-	( 153,111)
( 153,223)	-	( 153,223)
( 1,817,808)	-	( 1,817,808)
( 130,073)	-	( 130,073)
<u>( 38,676,803)</u>	<u>-</u>	<u>( 38,676,803)</u>
-	( 662,610)	( 662,610)
-	( 662,610)	( 662,610)
( 38,676,803)	( 662,610)	( 39,339,413)
34,295,483	-	34,295,483
104,948	-	104,948
221,958	-	221,958
438,969	-	438,969
602,747	10,079	612,826
118,589	855	119,444
23,009	-	23,009
<u>35,805,703</u>	<u>10,934</u>	<u>35,816,637</u>
( 2,871,100)	( 651,676)	( 3,522,776)
<u>63,382,096</u>	<u>18,088,252</u>	<u>81,470,348</u>
( 587,899)	( 6,061)	( 593,960)
<u>62,794,197</u>	<u>18,082,191</u>	<u>80,876,388</u>
<u>\$ 59,923,097</u>	<u>\$ 17,430,515</u>	<u>\$ 77,353,612</u>

**GRAYSON COUNTY, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2015**

	General	Road and Bridge	State Highway 289 Bonds
<b>ASSETS</b>			
Cash and investments	\$ 15,741,793	\$ 5,453,792	\$ 128,685
Taxes receivable	1,860,734	180,452	-
Receivables (net of allowances for uncollectibles)	390,962	197,956	-
Intergovernmental receivables	2,334,526	22,576	58,097,875
Due from other funds	142,328	-	-
Prepaid items	<u>172,768</u>	<u>-</u>	<u>-</u>
Total assets	<u>20,643,111</u>	<u>5,854,776</u>	<u>58,226,560</u>
<b>LIABILITIES</b>			
Accounts payable	596,009	427,284	-
Accrued wages payable	1,010,715	153,484	-
Intergovernmental payable	511,560	-	-
Due to other funds	-	-	-
Unearned revenue	<u>3,600</u>	<u>75,000</u>	<u>-</u>
Total liabilities	<u>2,121,884</u>	<u>655,768</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	1,704,840	165,760	-
Unavailable revenue-grants	337,718	-	-
Unavailable revenue-TXDOT revenue	<u>-</u>	<u>-</u>	<u>58,097,875</u>
Total deferred inflows of resources	<u>2,042,558</u>	<u>165,760</u>	<u>58,097,875</u>
Fund balances:			
Nonspendable:			
Prepaid items	172,768	-	-
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	-	5,033,248	-
Debt service	-	-	128,685
Capital projects	-	-	-
Purpose of trust	-	-	-
Other	-	-	-
Unassigned:	<u>16,303,824</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>16,478,669</u>	<u>5,033,248</u>	<u>128,685</u>
Total liabilities, fund balances, and deferred inflows of resources	<u>\$ 20,643,111</u>	<u>\$ 5,854,776</u>	<u>\$ 58,226,560</u>

**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>
\$ 5,552,110	\$ 1,325,652	\$ 4,541,750	\$ 32,743,782
-	6,445	-	2,047,631
-	-	389,408	978,326
-	-	366,921	60,821,898
-	-	-	142,328
-	-	6,685	179,453
<u>5,552,110</u>	<u>1,332,097</u>	<u>5,304,764</u>	<u>96,913,418</u>
14,716	33,929	195,049	1,266,987
-	-	224,178	1,388,377
-	-	1,830,911	2,342,471
-	-	142,328	142,328
-	-	-	78,600
<u>14,716</u>	<u>33,929</u>	<u>2,392,466</u>	<u>5,218,763</u>
-	5,920	-	1,876,520
-	-	-	337,718
-	-	-	58,097,875
<u>-</u>	<u>5,920</u>	<u>-</u>	<u>60,312,113</u>
-	-	6,685	179,453
-	-	1,251,061	1,251,061
-	-	768,457	770,534
-	-	19,179	19,179
-	-	38,281	38,281
-	-	914,127	914,127
-	-	116,494	116,494
-	-	200,971	200,971
-	-	111,918	111,918
-	-	12,166	12,166
-	-	27,230	27,230
-	-	6,639	6,639
-	-	67,985	67,985
-	-	207,150	207,150
-	-	280,809	280,809
-	-	374,567	5,407,815
-	-	-	128,685
5,537,394	1,292,248	-	6,829,642
-	-	69,826	69,826
-	-	326,993	326,993
<u>-</u>	<u>-</u>	<u>( 1,888,240)</u>	<u>14,415,584</u>
<u>5,537,394</u>	<u>1,292,248</u>	<u>2,912,298</u>	<u>31,382,542</u>
<u>\$ 5,552,110</u>	<u>\$ 1,332,097</u>	<u>\$ 5,304,764</u>	<u>\$ 96,913,418</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, 2015**

Total fund balances - governmental funds balance sheet	\$ 31,382,542
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	31,340,171
The deferred outflows related to pensions are not an available resource and, therefore, are not reported in the funds.	2,550,978
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	62,463,223
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>( 67,813,817)</u>
Net position of governmental activities	<u>\$ 59,923,097</u>

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

**GRAYSON COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	General	Road and Bridge	State Highway 289 Bonds
<b>REVENUES</b>			
Taxes:			
Property	\$ 31,374,130	\$ 2,898,952	\$ 1,434
Other	221,958	-	-
Penalty and interest on taxes	398,295	38,184	1,127
Licenses and permits	219,473	-	-
Intergovernmental revenue and grants	950,541	351,452	5,281,625
Charges for services	2,400,956	593,403	-
Fines and fees	-	1,454,116	-
Forfeits	21,561	-	-
Vehicle registration fees	1,327,511	1,601,668	-
Investment earnings	67,282	18,069	1,521
Contributions and donations from private sources	-	39,205	-
Other revenue	432,428	2,650	-
Total revenues	<u>37,414,135</u>	<u>6,997,699</u>	<u>5,285,707</u>
<b>EXPENDITURES</b>			
Current:			
General government	7,633,359	-	1,750
Judicial	7,573,514	-	-
Elections	372,591	-	-
Public safety	14,184,520	-	-
Highways and streets	-	6,569,652	-
Health and welfare	4,205,782	-	-
Culture and recreation	153,431	-	-
Conservation and development	151,240	-	-
Debt service:			
Principal	-	-	3,345,000
Interest	-	-	1,879,731
Capital outlay	917,906	225,270	-
Intergovernmental	130,073	-	-
Total expenditures	<u>35,322,416</u>	<u>6,794,922</u>	<u>5,226,481</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>2,091,719</u>	<u>202,777</u>	<u>59,226</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of real and personal property	-	3,145	-
Proceeds from insurance	-	-	-
Transfers in	-	-	-
Transfers out	( 123,910)	-	-
Total other financing sources and uses	<u>( 123,910)</u>	<u>3,145</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,967,809	205,922	59,226
<b>FUND BALANCES, BEGINNING</b>	<u>14,510,860</u>	<u>4,827,326</u>	<u>69,459</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 16,478,669</u>	<u>\$ 5,033,248</u>	<u>\$ 128,685</u>

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

Right-of-Way Acquisition	Permanent Improvements	Other Governmental Funds	Total Governmental
\$ -	\$ 103,514	\$ -	\$ 34,378,030
-	-	-	221,958
-	1,363	-	438,969
-	-	636,559	856,032
-	-	1,857,824	8,441,442
400,000	-	4,012,512	7,406,871
-	-	60,093	1,514,209
-	-	59,728	81,289
-	-	-	2,929,179
16,636	3,957	11,124	118,589
-	-	227,070	266,275
-	-	1,512	436,590
<u>416,636</u>	<u>108,834</u>	<u>6,866,422</u>	<u>57,089,433</u>
-	102,012	726,592	8,463,713
-	-	569,136	8,142,650
-	-	918	373,509
-	-	3,439,129	17,623,649
271,110	-	-	6,840,762
-	-	1,786,559	5,992,341
-	-	-	153,431
-	-	-	151,240
-	-	-	3,345,000
-	-	-	1,879,731
-	154,466	326,912	1,624,554
-	-	-	130,073
<u>271,110</u>	<u>256,478</u>	<u>6,849,246</u>	<u>54,720,653</u>
<u>145,526</u>	<u>( 147,644)</u>	<u>17,176</u>	<u>2,368,780</u>
-	-	2,447	5,592
-	23,009	-	23,009
-	125,000	321,884	446,884
-	-	( 322,974)	( 446,884)
-	<u>148,009</u>	<u>1,357</u>	<u>28,601</u>
145,526	365	18,533	2,397,381
<u>5,391,868</u>	<u>1,291,883</u>	<u>2,893,765</u>	<u>28,985,161</u>
<u>\$ 5,537,394</u>	<u>\$ 1,292,248</u>	<u>\$ 2,912,298</u>	<u>\$ 31,382,542</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, 2015

Net change in fund balances - total governmental funds \$ 2,397,381

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period. ( 1,965,624)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. ( 4,932,805)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position. ( 161,604)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 3,373,837

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. ( 1,582,285)

Change in net position of governmental activities \$( 2,871,100)

**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, 2015**

	<u>Grayson County Airport</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 255,125
Other receivables	4,863
Prepaid expenses	<u>33,873</u>
Total current assets	<u>293,861</u>
Noncurrent assets:	
Capital assets:	
Land	2,600,238
Infrastructure	29,447,530
Buildings	6,186,486
Improvements other than buildings	24,389
Machinery and equipment	300,457
Accumulated depreciation	<u>( 21,231,134)</u>
Total noncurrent assets	<u>17,327,966</u>
Total assets	<u>17,621,827</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	<u>26,299</u>
Total deferred outflows of resources	<u>26,299</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	20,367
Accrued wages payable	8,282
Security deposits payable	3,147
Compensated absences	1,568
Noncurrent liabilities:	
Compensated absences	4,703
Net pension liability	23,383
Net OPEB obligation	<u>151,273</u>
Total liabilities	<u>212,723</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	<u>4,888</u>
Total deferred inflows of resources	<u>4,888</u>
<b>NET POSITION</b>	
Net investment in capital assets	17,327,966
Unrestricted	<u>102,549</u>
Total net position	<u>\$ 17,430,515</u>

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

**GRAYSON COUNTY, TEXAS**

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

**PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Grayson County Airport</u>
<b>OPERATING REVENUES</b>	
Grant funding	\$ 50,000
Charges for services	46,117
Rents and royalties	953,569
Other revenue	<u>10,079</u>
Total operating revenues	<u>1,059,765</u>
<b>OPERATING EXPENSES</b>	
Salaries, wages and benefits	323,970
Purchased professional and technical services	364,546
Purchased property services	65,002
Other operating expenses	339,895
Depreciation	<u>618,883</u>
Total operating expenses	<u>1,712,296</u>
<b>OPERATING LOSS</b>	<u>( 652,531)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment earnings	<u>855</u>
Total nonoperating revenues (expenses)	<u>855</u>
<b>CHANGE IN NET POSITION</b>	<u>( 651,676)</u>
<b>TOTAL NET POSITION, BEGINNING</b>	<u>18,088,252</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>( 6,061)</u>
<b>TOTAL NET POSITION, BEGINNING RESTATED</b>	<u>18,082,191</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 17,430,515</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, 2015**

	<u>Grayson County Airport</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from user charges	\$ 1,064,653
Cash payments to employees for services	( 294,117)
Cash payments for other operating expenses	( 795,268)
Net cash used by operating activities	<u>( 24,732)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash paid from other funds	<u>( 4,818)</u>
Net cash provided by noncapital financing activities	<u>( 4,818)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Interest and fiscal charges of debt	16,280
Acquisition on capital assets	<u>( 20,573)</u>
Net cash used by capital and related financing activities	<u>( 4,293)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends on investments	<u>855</u>
Net cash provided by investing activities	<u>855</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	( 32,988)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>288,113</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 255,125</u>

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**GRAYSON COUNTY, TEXAS**

**STATEMENT OF CASHFLOWS  
PROPRIETARY FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Grayson County Airport</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating loss	\$( 652,531)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	618,883
Assets and liabilities:	
Decrease (increase) in prepaid expenses	2,218
Decrease (increase) in deferred outflows related to pensions	( 26,300)
Increase (decrease) in accounts payable	( 28,043)
Increase (decrease) in accrued wages payable	( 1,176)
Increase (decrease) in security deposits payable	8
Increase (decrease) in noncurrent liabilities	62,345
Increase (decrease) in compensated absences	( 5,024)
Increase (decrease) in deferred inflows related to pensions	<u>4,888</u>
Net used by operating activities	<u><u>\$( 24,732)</u></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, 2015**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>6,133,391</u>
Total assets	\$ <u><u>6,133,391</u></u>
<b>LIABILITIES</b>	
Due to other agencies and individuals	\$ <u>6,133,391</u>
Total liabilities	\$ <u><u>6,133,391</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, 2015

### 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.

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

Additionally, the County reports the following proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

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

## **2. *Inventories***

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

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

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

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

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

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

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

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

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

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

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

**5. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has the following items that qualify for reporting in this category.

- Deferred Charge on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets – The difference is deferred and amortized over a closed five year period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has the following items that qualify for reporting in this category.

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

**6. *Compensated Absences***

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

## **7. Long-term Obligations**

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

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

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

## **8. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas County and District Retirement System (TCDRS) and additions to/deductions from TCDR's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For the purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **9. Net Position Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

## **10. Fund Balance Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## ***11. 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.

## ***12. Net Position***

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

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

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

Page 19 provides the reconciliation between the *fund balance* for *total governmental funds* on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains, “capital assets used in governmental activities are not financial resources and, therefore, are not financial resources and, therefore, are not reported in the funds.” The details of this \$31,340,171 are as follows:

Land	\$ 1,371,954
Infrastructure	100,841,970
Less: Accumulated depreciation-infrastructure	( 88,109,984)
Buildings	29,416,238
Less: Accumulated depreciation-buildings	( 16,356,657)
Improvements other than buildings	863,667
Less: Accumulated depreciation-improvements other than buildings	( 766,191)
Machinery and equipment	19,008,060
Less: Accumulated depreciation-machinery and equipment	( 14,928,886)
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>31,340,171</u>

Another element of that reconciliation explains, “Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the funds.” The details of this \$62,463,223 difference are as follows:

TxDOT receivable	\$ 58,097,895
Penalty and interest receivable	1,228,949
Property tax receivable	1,876,520
Court fines receivable	922,161
Grants receivable	<u>337,698</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>62,463,223</u>

Another element of that reconciliation explains, “Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this (\$67,813,817) difference are as follows:

Bonds, notes, and capital leases	\$( 47,330,000)
Deferred charge on refunding	3,218,147
Accrued interest payable	( 448,282)
Compensated absences	( 1,046,355)
Net pension liability	( 2,268,200)
Net OPEB obligation	( 15,278,543)
Bond premium	( 4,186,470)
Deferred inflow on pension liabilities	<u>( 474,114)</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$( 67,813,817)</u></u>

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

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balance – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Government funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(1,965,624) difference are as follows:

Capital outlay	\$ 1,746,316
Depreciation expense	<u>( 3,711,940)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$( 1,965,624)</u></u>

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this \$(4,932,805) difference are as follows:

Property tax revenue	\$ 22,401
Court fines	( 11,299)
TxDOT revenue	( 5,281,625)
Grant revenue	<u>337,718</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$( 4,932,805)</u></u>

Another element of that reconciliation states, “The net effect of various miscellaneous transactions involving capital assets (i.e. sales and donations) is to increase net position.” The details of this (\$161,604) difference are as follows:

Capital assets proceeds	\$( 161,604)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$( 161,604)</u>

Another element of that reconciliation states that, “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items where debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$3,373,837 difference are as follows:

Principal repayments	\$ 3,345,000
Amortized bond premium	<u>28,837</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 3,373,837</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this (\$1,582,285) difference are as follows:

Compensated absences	\$ 38,051
Accrued interest	33,086
Decrease in net pension liability	396,563
Increase in net OPEB obligation	<u>( 2,049,985)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$( 1,582,285)</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, 2015, 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	\$ 7,931,000
Bank of Texas	6,377,732
Landmark Bank	23,817,885
Landmark Bank - CDARS	1,000,000
LOGIC	<u>5,681</u>
Total	<u>\$ 39,132,298</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, 2015, 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, 2015, TexPool’s investment credit quality rating was AAAM and LOGIC’s investment credit quality rating was Aaa/MRI+ as rated by Standard & Poor’s.

**B. Property Taxes**

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

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

	Rate Per \$100	Current (2014) Tax Revenue Collected
Permanent Improvement Bonds - 2007 Series (debt service)	\$ -	\$ -
Road and bridge fund (special revenue)	0.041364	2,900,386
Permanent improvement fund (capital projects)	0.001477	103,514
General fund	<u>0.448059</u>	<u>31,374,130</u>
	<u>\$ 0.490900</u>	<u>\$ 34,378,030</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, 2015, 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	1,853,603	376,989	( 2,230,592)	-
Total assets not being depreciated	<u>3,225,557</u>	<u>376,989</u>	<u>( 2,230,592)</u>	<u>1,371,954</u>
Capital assets, being depreciated:				
Infrastructure	100,629,618	532,358	( 320,006)	100,841,970
Buildings	27,346,104	2,070,134	-	29,416,238
Improvements other than buildings	873,539	-	( 9,872)	863,667
Machinery and equipment	18,834,785	883,231	( 709,956)	19,008,060
Total capital assets being depreciated	<u>147,684,046</u>	<u>3,485,723</u>	<u>( 1,039,834)</u>	<u>150,129,935</u>
Less accumulated depreciation:				
Infrastructure	86,642,082	1,787,908	( 320,006)	88,109,984
Buildings	15,699,295	657,362	-	16,356,657
Improvements other than buildings	726,629	49,434	( 9,872)	766,191
Machinery and equipment	14,374,198	1,263,498	( 708,810)	14,928,886
Total accumulated depreciation	<u>117,442,204</u>	<u>3,758,202</u>	<u>( 1,038,688)</u>	<u>120,161,718</u>
Total capital assets being depreciated, net	<u>30,241,842</u>	<u>( 272,479)</u>	<u>( 1,146)</u>	<u>29,968,217</u>
Governmental activities capital assets, net	<u>\$ 33,467,399</u>	<u>\$ 104,510</u>	<u>\$( 2,231,738)</u>	<u>\$ 31,340,171</u>

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,600,238	\$ -	\$ -	\$ 2,600,238
Construction in progress	-	-	-	-
Total assets not being depreciated	<u>2,600,238</u>	<u>-</u>	<u>-</u>	<u>2,600,238</u>
Capital assets, being depreciated:				
Infrastructure	29,447,530	-	-	29,447,530
Buildings	6,186,486	-	-	6,186,486
Improvements other than buildings	24,389	-	-	24,389
Machinery and equipment	326,147	20,573	( 46,262)	300,458
Total capital assets being depreciated	<u>35,984,552</u>	<u>20,573</u>	<u>( 46,262)</u>	<u>35,958,863</u>
Less accumulated depreciation:				
Infrastructure	16,214,265	494,620	-	16,708,885
Buildings	4,224,702	105,911	-	4,330,613
Improvements other than buildings	17,749	2,439	-	20,188
Machinery and equipment	201,798	15,913	( 46,262)	171,449
Total accumulated depreciation	<u>20,658,514</u>	<u>618,883</u>	<u>( 46,262)</u>	<u>21,231,135</u>
Total capital assets being depreciated, net	<u>15,326,038</u>	<u>( 598,310)</u>	<u>-</u>	<u>14,727,728</u>
Business-type activities capital assets, net	<u>\$ 17,926,276</u>	<u>\$ ( 598,310)</u>	<u>\$ -</u>	<u>\$ 17,327,966</u>

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

Governmental activities:	
General government	\$ 595,932
Judicial	31,118
Public safety	847,528
Health and welfare	27,597
Highways and streets	<u>2,256,027</u>
Total depreciation expense - governmental activities	<u>\$ 3,758,202</u>

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

Interfund balances during the year ended September 30, 2015, consisted of the following amounts:

Due from	Amount	Due to
Nonmajor	\$ 142,328	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, 2015, consisted of the following amounts:

Transfer from	Amount	Transfer to	Explanation
General fund	\$ 123,910	Nonmajor funds	Supplement fund resource
Capital projects	197,974	Capital Projects	Supplement fund resource
Nonmajor funds	<u>125,000</u>	Permanent Improvements	Supplement fund resource
	<u>\$ 446,884</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, 2015:

Buildings	\$ 6,186,486
Less: accumulated depreciation	<u>(4,330,613)</u>
Net	<u>\$ 1,855,873</u>

The following is a summary of minimum future rentals to be received on non-cancellable operating leases in effect as of September 30, 2015. 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>
2016	\$ 476,678
2017	237,360
2018	338,764
2019	333,846
2020	336,490
2021-2025	1,522,565
2026-2030	1,079,750
2031-2035	663,767
2036-2040	157,589
2041-2045	<u>79,289</u>
Total	<u>\$ 5,226,098</u>

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

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

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

**G. Long-term Debt**

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

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

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

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

Year Ending September 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2016	\$ 3,480,000	\$ 1,743,231	\$ 5,223,231
2017	3,585,000	1,644,503	5,229,503
2018	3,760,000	1,558,975	5,318,975
2019	3,875,000	1,444,450	5,319,450
2020	4,015,000	1,306,025	5,321,025
2021-2025	23,320,000	3,451,113	26,771,113
2026	<u>5,295,000</u>	<u>79,425</u>	<u>5,374,425</u>
Total	<u>\$ 47,330,000</u>	<u>\$ 11,227,722</u>	<u>\$ 58,557,722</u>

## Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2015, is as follows:

Description	Balance 09/30/13	Additions	Retirements	Refunded	Balance 09/30/14	Due within One year
Governmental activities:						
Pass-through toll revenue and limited tax refunding bonds, Series 2012	\$ 20,260,000	\$ -	\$ -	\$ -	\$ 20,260,000	\$ -
Pass-through toll revenue and limited tax bonds, Series 2007	6,825,000	-	3,345,000	-	3,480,000	3,480,000
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	4,675,043	-	488,573	-	4,186,470	488,573
Compensated absences	1,084,406	863,412	901,463	-	1,046,355	261,589
Net Pension Liability	2,167,010	101,190	-	-	2,268,200	-
Net OPEB obligation	13,228,558	2,049,985	-	-	15,278,543	-
Governmental activities long-term liabilities	<u>\$ 71,830,017</u>	<u>\$ 3,014,587</u>	<u>\$ 4,735,036</u>	<u>\$ -</u>	<u>\$ 70,109,568</u>	<u>\$ 4,230,162</u>
Business-type activities:						
Compensated absences	\$ 11,295	\$ 8,192	\$ 13,216	\$ -	\$ 6,271	\$ 1,568
Net Pension Liability	22,340	1,043	-	-	23,383	-
Net OPEB obligation	89,971	61,302	-	-	151,273	-
Business-type activities long-term liabilities	<u>\$ 123,606</u>	<u>\$ 70,537</u>	<u>\$ 13,216</u>	<u>\$ -</u>	<u>\$ 180,927</u>	<u>\$ 1,568</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, 2015, are as follows:

	General	Road and Bridge	State Highway 289 Bonds	Permanent Improvements	Other Governmental	Airport	Total Receivables
Receivables:							
Property taxes	\$ 1,860,734	\$ 180,452	\$ -	\$ 6,445	\$ -	\$ -	\$ 2,047,631
Accounts	390,962	197,956	-	-	389,408	4,863	983,189
Intergovernmental	2,334,526	22,576	58,097,875	-	366,921	-	60,821,898
Gross receivable	4,586,222	400,984	58,097,875	6,445	756,329	4,863	63,852,718
Less: allowance for uncollectibles	-	-	-	-	-	-	-
Total	<u>\$ 4,586,222</u>	<u>\$ 400,984</u>	<u>\$ 58,097,875</u>	<u>\$ 6,445</u>	<u>\$ 756,329</u>	<u>\$ 4,863</u>	<u>\$ 63,852,718</u>

### J. Federal Arbitrage

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

## **K. Operating Leases**

The County is committed under various non-cancellable leases for building and office space. These leases are considered for accounting purposes to be operating leases. None of the leases contain renewal or purchase options or escalation clauses. None of the properties under the operating leases are subleased by the County as of September 30, 2015. The County has no leases with related parties.

## **IV. OTHER INFORMATION**

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

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

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

### **B. Defined Benefit Pension Plan**

#### **Plan Description**

The County participates in 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 nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tcdrs.org](http://www.tcdrs.org).

All eligible employees of the County are required to participate in TCDRS.

#### **Benefits Provided**

TCDRS provides retirement, disability and death benefits for all of its fulltime employees. Benefit provisions are adopted by the governing body of the County, within the options available in the state statutes governing TCDRS.

Members can retire at age 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 eight 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.

***Employees covered by benefit terms***

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	277
Inactive employees entitled to but not yet receiving benefits	305
Active employees	<u>544</u>
	<u><u>1,126</u></u>

**Contributions**

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the County were required to contribute 4% of their annual gross earnings during the fiscal year. The contribution rates for the County were 9.69% and 9.45% in calendar years 2014 and 2015, respectively. The County’s contributions to TCDRS for the year ended September 30, 2015, were \$2,334,054, and were equal to the required contributions.

**Net Pension Liability**

The County’s Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

### *Actuarial Assumptions*

The Total Pension Liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.5% per year
Investment rate of return	8.0%, net of pension plan investment expense, including inflati

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.

The actuarial assumptions that determined the total pension liability as of December 31, 2014, were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except where required to be different by GASB 68.

The long-term expected rate of return on pension plan investments is 8.10%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2015 information for a 7 to 10 year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2013. The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation <sup>(1)</sup></b>	<b>Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup></b>
US Equities	Dow Jones U.S. Total Stock Market Index	16.50%	5.35%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	12.00%	8.35%
Global Equities	MSCI World (net) Index	1.50%	5.65%
International Equities - Developed	50% MSCI World Ex USA (net) + 50% MSCI World ex USA 100% Hedged to USD (net) Index	11.00%	5.35%
International Equities - Emerging	50% MSCI EM Standard (net) Index + 50% MSCI EM 100% Hedged to USD (net) Index	9.00%	6.35%
Investment-Grade Bonds	Barclays Capital Aggregate Bond Index	3.00%	0.55%
High-Yield Bonds	Citigroup High-Yield Cash-Pay Capped Index	3.00%	3.75%
Opportunistic Credit	Citigroup High-Yield Cash-Pay Capped Index	5.00%	5.54%
Direct Lending	Citigroup High-Yield Cash-Pay Capped Index	2.00%	5.80%
Distressed Debt	Citigroup High-Yield Cash-Pay Capped Index	3.00%	6.75%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FRSE EPRA/NAREIT Global Real Estate Index	2.00%	4.00%
Commodities	Bloomberg Commodities Index	2.00%	-0.20%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	3.00%	7.20%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	25.00%	5.15%

<sup>(1)</sup> Target asset allocation adopted at the April 2015 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return in addition to assumed inflation of 1.7% per Cliffwater's 2015 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

### **Discount Rate**

The discount rate used to measure the Total Pension Liability was 8.1%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 87,784,707	\$ 85,550,677	\$ 2,234,030
Changes for the year:			
Service cost	2,651,442	-	2,651,442
Interest on total pension liability <sup>(1)</sup>	7,044,733	-	7,044,733
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	( 610,971)	-	( 610,971)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	( 223,940)	( 223,940)	-
Benefit payments	( 4,085,187)	( 4,085,187)	-
Administrative expenses	-	( 67,710)	67,710
Member contributions	-	937,681	( 937,681)
Net investment income	-	5,785,996	( 5,785,996)
Employer contributions	-	2,265,784	( 2,265,784)
Other <sup>(2)</sup>	-	59,132	( 59,132)
Balance at 12/31/2014	<u>\$ 92,560,784</u>	<u>\$ 90,222,433</u>	<u>\$ 2,338,351</u>

<sup>(1)</sup> Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or

<sup>(2)</sup> Relates to allocation of system-wide items.

**Sensitivity Analysis**

The following presents the net pension liability of the County, calculated using the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-higher (9.1%) than the current rate:

	Current		
	1% Decrease 7.1%	Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 103,764,815	\$ 92,560,784	\$ 83,242,206
Fiduciary net position	<u>90,222,433</u>	<u>90,222,433</u>	<u>90,222,433</u>
Net pension liability/(asset)	<u>\$ 13,542,382</u>	<u>\$ 2,338,351</u>	<u>\$ ( 6,980,227)</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. The report may be obtained on the Internet at [www.tcdrs.org](http://www.tcdrs.org).

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2015, the County recognized pension expense of \$1,925,224.

At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 479,002	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	914,983
Contributions subsequent to the measurement date	-	1,662,294
Total	<u>\$ 479,002</u>	<u>\$ 2,577,277</u>

\$435,981 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2016	\$ 108,995
2017	108,995
2018	108,995
2019	108,996

**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, 2015, was \$4,567,755.

#### **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 539 active employees and 121 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)	\$ 2,805,103
Interest on Net OPEB Obligation	599,334
Adjustment to the ARC	( 555,277)
Annual OPEB Cost	<u>2,849,160</u>
Employer Contributions with Interest	( 737,873)
Increase (Decrease) in Net OPEB Obligation	2,111,287
Net OPEB Obligation, beginning of year	<u>13,318,529</u>
Net OPEB Obligation, end of year	<u>\$ 15,429,816</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>
09/30/13	\$ 2,733,561	\$ 634,613	23%	\$ 11,220,886
09/30/14	2,760,519	662,876	24%	13,318,529
09/30/15	2,849,160	737,873	26%	15,429,816

<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>
12/31/2010	\$ -	\$ 29,498,486	\$ 29,498,486	- %	\$ 18,307,492
12/31/2011	-	23,117,736	23,117,736	- %	18,213,046
12/31/2013	-	23,242,500	23,242,500	- %	19,351,693

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

### **Actuarial Methods and Assumptions**

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

The actuarial methods and significant assumptions used are as follows:

Actuarial Valuation Date	12/31/2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level percent of 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	7.50%
The number of active members is assumed to remain constant in the future	

### **E. Change in Accounting Principle**

The GASB has issued Statement No. 68, “*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27,*” which became effective for fiscal year 2015. This statement changes the focus on pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability or asset that is reflected in the employer’s financial statements for any actuarially unfunded portion of pension benefits earned to date.

As the result of implementing GASB Statement No. 68, the County has restated the beginning net position, effectively decreasing net position as of October 1, 2014 by \$587,899 for the governmental activities and by \$6,061 for the business-type activities. These decreases result from new pension standards intended to provide more comparable and visible information within the annual financial statements.

### **F. Deficit Fund Equity**

The CJD Domestic Violence Grant, OAG Victim Coordinator Grant, Citizens Corps Program, State Homeland Security, Metropolitan Planning Organization and the Detention Center Renovation had deficit fund balance equities of \$673, \$577, \$7,439, \$6,636, \$67,777, and \$1,830,911 respectively as of September 30, 2015. The deficits in these funds will be made up through revenues being greater than expenditures in FY 2016.

**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, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes:				
Property	\$ 30,828,204	\$ 31,367,133	\$ 31,374,130	\$ 6,997
Other	180,000	215,000	221,958	6,958
Penalty and interest on taxes	425,000	425,000	398,295	( 26,705)
Licenses and permits	196,500	208,750	219,473	10,723
Intergovernmental revenue and grants	784,700	1,019,245	950,541	( 68,704)
Charges for services	2,478,700	2,388,225	2,400,956	12,731
Forfeits	25,000	16,000	21,561	5,561
Vehicle registration fees	950,000	1,308,000	1,327,511	19,511
Investment earnings	68,030	68,430	67,282	( 1,148)
Other revenue	<u>364,800</u>	<u>432,428</u>	<u>432,428</u>	<u>-</u>
Total revenues	<u>36,300,934</u>	<u>37,448,211</u>	<u>37,414,135</u>	<u>( 34,076)</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,887,887	7,772,685	7,633,359	139,326
Judicial	7,579,494	7,727,376	7,573,514	153,862
Elections	440,129	429,267	372,591	56,676
Public safety	15,275,345	14,255,006	14,184,520	70,486
Health and welfare	4,184,163	4,154,555	4,205,782	( 51,227)
Culture and recreation	153,772	148,886	153,431	( 4,545)
Conservation and development	153,725	152,425	151,240	1,185
Capital outlay	857,276	963,113	917,906	45,207
Intergovernmental	<u>130,620</u>	<u>130,120</u>	<u>130,073</u>	<u>47</u>
Total expenditures	<u>36,662,411</u>	<u>35,733,433</u>	<u>35,322,416</u>	<u>411,017</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 361,477)	1,714,778	2,091,719	376,941
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>( 655,191)</u>	<u>( 505,191)</u>	<u>( 123,910)</u>	<u>381,281</u>
Total other financing sources (uses)	<u>( 655,191)</u>	<u>( 505,191)</u>	<u>( 123,910)</u>	<u>381,281</u>
<b>NET CHANGE IN FUND BALANCES</b>	( 1,016,668)	1,209,587	1,967,809	758,222
<b>FUND BALANCES, BEGINNING</b>	<u>14,510,860</u>	<u>14,510,860</u>	<u>14,510,860</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 13,494,192</u>	<u>\$ 15,720,447</u>	<u>\$ 16,478,669</u>	<u>\$ 758,222</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, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes:				
Property	\$ 2,840,000	\$ 2,880,000	\$ 2,898,952	\$ 18,952
Penalty and interest on taxes	40,000	40,000	38,184	( 1,816)
Intergovernmental revenue and grants	186,000	327,200	351,452	24,252
Charges for services	100,000	377,000	593,403	216,403
Fines	1,600,000	1,420,000	1,454,116	34,116
Vehicle registration fees	1,700,000	1,700,000	1,601,668	( 98,332)
Investment earnings	12,000	12,000	18,069	6,069
Contributions and donations from private sources	-	-	39,205	39,205
Other revenue	5,000	5,000	2,650	( 2,350)
Total revenues	<u>6,483,000</u>	<u>6,761,200</u>	<u>6,997,699</u>	<u>236,499</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	7,374,100	7,374,100	6,569,652	804,448
Capital outlay	516,086	516,086	225,270	290,816
Total expenditures	<u>7,890,186</u>	<u>7,890,186</u>	<u>6,794,922</u>	<u>1,095,264</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>( 1,407,186)</u>	<u>( 1,128,986)</u>	<u>202,777</u>	<u>1,331,763</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of real and personal property	-	-	3,145	3,145
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>3,145</u>	<u>3,145</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 1,407,186)</u>	<u>( 1,128,986)</u>	<u>205,922</u>	<u>1,334,908</u>
<b>FUND BALANCES, BEGINNING</b>	<u>4,827,326</u>	<u>4,827,326</u>	<u>4,827,326</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 3,420,140</u>	<u>\$ 3,698,340</u>	<u>\$ 5,033,248</u>	<u>\$ 1,334,908</u>

**GRAYSON COUNTY, TEXAS**

**STATE HIGHWAY 289 BONDS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes:				
Property	\$ 3,000	\$ 3,000	\$ 1,434	\$( 1,566)
Penalty and interest	1,500	1,500	1,127	( 373)
Intergovernmental revenue	5,281,625	5,281,625	5,281,625	-
Investment earnings	1,000	1,000	1,521	521
Other revenue	-	-	-	-
Total revenues	5,287,125	5,287,125	5,285,707	( 1,418)
<b>EXPENDITURES</b>				
Current:				
General government	3,000	3,000	1,750	1,250
Debt service:				
Principal	3,345,000	3,345,000	3,345,000	-
Interest	1,879,732	1,879,732	1,879,731	1
Total expenditures	5,227,732	5,227,732	5,226,481	1,251
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	59,393	59,393	59,226	( 167)
<b>FUND BALANCES, BEGINNING</b>	69,459	69,459	69,459	-
<b>FUND BALANCES, ENDING</b>	\$ 128,852	\$ 128,852	\$ 128,685	\$( 167)

**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, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ -	\$ 400,000	\$ 400,000	\$ -
Investment earnings	<u>15,000</u>	<u>15,000</u>	<u>16,636</u>	<u>( 1,636)</u>
Total revenues	<u>15,000</u>	<u>415,000</u>	<u>416,636</u>	<u>( 1,636)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	<u>3,050,000</u>	<u>3,050,000</u>	<u>271,110</u>	<u>2,778,890</u>
Total expenditures	<u>3,050,000</u>	<u>3,050,000</u>	<u>271,110</u>	<u>2,778,890</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>( 3,035,000)</u>	<u>( 2,635,000)</u>	<u>145,526</u>	<u>2,780,526</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 2,435,000)</u>	<u>( 2,635,000)</u>	<u>145,526</u>	<u>2,780,526</u>
<b>FUND BALANCES, BEGINNING</b>	<u>5,391,868</u>	<u>5,391,868</u>	<u>5,391,868</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u><u>\$ 2,956,868</u></u>	<u><u>\$ 2,756,868</u></u>	<u><u>\$ 5,537,394</u></u>	<u><u>\$ 2,780,526</u></u>

**GRAYSON COUNTY, TEXAS**

**PERMANENT IMPROVEMENTS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 101,000	\$ 101,000	\$ 103,514	\$ 2,514
Other	1,000	1,000	1,363	363
Investment earnings	<u>3,000</u>	<u>3,000</u>	<u>3,957</u>	<u>957</u>
Total revenues	<u>105,000</u>	<u>105,000</u>	<u>108,834</u>	<u>3,834</u>
<b>EXPENDITURES</b>				
Current:				
General government	415,000	415,000	102,012	312,988
Capital outlay	<u>1,050,000</u>	<u>210,000</u>	<u>154,466</u>	<u>55,534</u>
Total expenditures	<u>1,465,000</u>	<u>625,000</u>	<u>256,478</u>	<u>368,522</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>( 1,360,000)</u>	<u>( 520,000)</u>	<u>( 147,644)</u>	<u>372,356</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from insurance	-	-	23,009	23,009
Transfers in	<u>-</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>125,000</u>	<u>148,009</u>	<u>23,009</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 1,360,000)</u>	<u>( 395,000)</u>	365	395,365
<b>FUND BALANCES, BEGINNING</b>	<u>1,291,883</u>	<u>1,291,883</u>	<u>1,291,883</u>	<u>-</u>
<b>FUND BALANCES, ENDING</b>	<u>\$( 68,117)</u>	<u>\$ 896,883</u>	<u>\$ 1,292,248</u>	<u>\$ 395,365</u>

**GRAYSON COUNTY, TEXAS**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS**

**SEPTEMBER 30, 2015**

<b>Plan Year Ended December 31</b>	<b><u>2014</u></b>
<b>Total Pension Liability</b>	
Service Cost	\$ 2,651,442
Interest total pension liability	7,044,733
Effect of plan changes	-
Effect of assumption changes or inputs	-
Effect of economic/demographic (gains) or losses	( 610,971)
Benefit payments/refunds of contributions	( 4,309,127)
Net change in total pension liability	4,776,077
Total pension liability - beginning	<u>87,784,707</u>
Total pension liability - ending (a)	<u>\$ 92,560,784</u>
<b>Plan Fiduciary Net Position</b>	
Employer contributions	\$ 2,265,784
Member contributions	937,681
Investment income net of investment expenses	5,785,996
Benefit payments refunds of contributions	( 4,309,127)
Administrative expenses	( 67,710)
Other	<u>59,132</u>
Net change in plan fiduciary net position	4,671,756
Plan fiduciary net position - beginning	<u>85,550,677</u>
Plan fiduciary net position - ending (b)	<u>\$ 90,222,433</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 2,338,351</u>
Fiduciary net position as a percentage of total pension liability	102.59%
Pensionable covered payroll	\$ 23,382,785
Net pension asset as a percentage of covered payroll	10.00%

**GRAYSON COUNTY, TEXAS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>Fiscal Year Ended September 30</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll (1)</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2014	\$ 2,463,130	\$ 2,463,130	\$ -	\$ 23,065,727	10.7%
2015	2,334,054	2,334,054	-	24,531,813	9.5%

(1) Payroll is calculated based on contributions as reported to TCDRS.

# GRAYSON COUNTY, TEXAS

## NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

### FOR THE YEAR ENDED SEPTEMBER 30, 2015

<b>Valuation Timing</b>	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
<b>Actuarial Cost Method</b>	Entry age normal
<b>Asset Valuation Method</b>	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
<b>Inflation</b>	3.0%
<b>Salary Increases</b>	Annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of general wage inflation component of 3.5% (made up of 3.0% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.4% per year for a career employee.
<b>Investment Rate of Return</b>	8.0%
<b>Cost-of Living Adjustments</b>	Cost-of-Living Adjustments are considered to be substantively automatic under GASB 68. Therefore, an annual 100% CPI cost-of-living adjustment is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
<b>Retirement Age</b>	Experience-based table of rates based on a study of the period 2009-2012.
<b>Turnover</b>	New employees are assumed to replace any terminated members and have similar entry ages.
<b>Mortality</b>	
Depositing members	The RP-2000 Active Employee Mortality Table for males with a two-year set-forward and the RP-2000 Active Employee Mortality Table for females with a four-year setback, both with the projection scale AA.
Service retirees, beneficiaries and non-depositing members	The RP-2000 Combined Mortality Table with the projection scale AA, with a one-year set-forward for males and no age adjustment for females.
Disabled retirees	RP-2000 Disabled Mortality Table for males with no age adjustment and RP-2000 Disabled Mortality Table for females with a two-year set-forward, both with the projection scale AA.
<b>Other Information</b>	There were no benefit changes during the year.

**GRAYSON COUNTY, TEXAS**

**SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS**

**SEPTEMBER 30, 2015**

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
09/30/13	\$ 2,733,561	\$ 634,613	23%	\$ 11,220,886
09/30/14	2,760,519	662,876	24%	13,318,529
09/30/15	2,849,160	737,873	26%	15,429,816

# GRAYSON COUNTY, TEXAS

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2015

### 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.

# **COMBINING STATEMENTS**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***District Attorney Forfeiture Fund*** – This fund accounts for receipts of forfeited properties, as enabled by House Bill 65 of the 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.

***SAVNS*** – This grant program is created by a contract between the Office of the Attorney General and Grayson County to fund the Statewide Automated Victim Notification Service (SAVNS) program. Via these funds, the County provides relevant offender release information, notification of relevant court settings or events, promotes public safety and supports the rights of victims of crimes.

***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.

***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.

## **CAPITAL PROJECTS FUND**

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

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

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

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

## **PERMANENT FUND**

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

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

**SEPTEMBER 30, 2015**

	Special Revenue				
	Public Health	Juvenile Boot Camp	Holiday Lights	Tax A/C S-I-T Penalty	Courthouse Security
<b>ASSETS</b>					
Cash and investments	\$ 1,104,660	\$ 591,880	\$ 116,494	\$ 111,918	\$ 69,060
Receivables (net of allowance for uncollectibles)	30,012	346,480	-	-	-
Intergovernmental receivables	233,032	13,467	-	-	-
Prepaid expenses	-	6,685	-	-	-
Total assets	1,367,704	958,512	116,494	111,918	69,060
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	44,985	50,130	-	-	-
Accrued wages payable	71,658	133,240	-	-	-
Intergovernmental payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	116,643	183,370	-	-	-
Fund balances:					
Nonspendable:					
Prepaid items	-	6,685	-	-	-
Restricted for:					
Public health	1,251,061	-	-	-	-
Juvenile services	-	768,457	-	-	-
Election administration	-	-	-	-	-
Emergency management	-	-	-	-	-
Records management	-	-	-	-	-
Holiday lights	-	-	116,494	-	-
Court security and technology	-	-	-	-	69,060
Tax assessor-collector operations	-	-	-	111,918	-
Historical commission	-	-	-	-	-
District attorney operations	-	-	-	-	-
Law library	-	-	-	-	-
Law enforcement	-	-	-	-	-
Inmate welfare	-	-	-	-	-
Court management	-	-	-	-	-
Road and bridge	-	-	-	-	-
Purpose of trust	-	-	-	-	-
Other	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	1,251,061	775,142	116,494	111,918	69,060
Total liabilities and fund balances	\$ 1,367,704	\$ 958,512	\$ 116,494	\$ 111,918	\$ 69,060

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
\$ 40,288	\$ 86,262	\$ 17,579	\$ 193,819	\$ 170,296	\$ 13,789	\$ 46,111
-	-	-	-	-	-	-
-	-	1,600	-	-	-	-
-	-	-	-	-	-	-
<u>40,288</u>	<u>86,262</u>	<u>19,179</u>	<u>193,819</u>	<u>170,296</u>	<u>13,789</u>	<u>46,111</u>
-	509	-	1,692	-	-	23
-	-	-	1,099	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>509</u>	<u>-</u>	<u>2,791</u>	<u>-</u>	<u>-</u>	<u>23</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	19,179	-	-	-	-
-	-	-	-	-	-	-
-	-	-	191,028	170,296	13,789	46,088
-	-	-	-	-	-	-
40,288	85,753	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>40,288</u>	<u>85,753</u>	<u>19,179</u>	<u>191,028</u>	<u>170,296</u>	<u>13,789</u>	<u>46,088</u>
<u>\$ 40,288</u>	<u>\$ 86,262</u>	<u>\$ 19,179</u>	<u>\$ 193,819</u>	<u>\$ 170,296</u>	<u>\$ 13,789</u>	<u>\$ 46,111</u>

**GRAYSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

	Special Revenue			
	County Records Management	Historical Commission	Court Reporter Service	Drug Court Fees
<b>ASSETS</b>				
Cash and investments	\$ 493,268	\$ 12,166	\$ -	\$ 131,008
Receivables (net of allowance for uncollectibles)	-	-	-	-
Intergovernmental receivables	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>493,268</u>	<u>12,166</u>	<u>-</u>	<u>131,008</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	342	-	-	63
Accrued wages payable	-	-	-	-
Intergovernmental payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>342</u>	<u>-</u>	<u>-</u>	<u>63</u>
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Public health	-	-	-	-
Juvenile services	-	-	-	-
Election administration	-	-	-	-
Emergency management	-	-	-	-
Records management	492,926	-	-	-
Holiday lights	-	-	-	-
Court security and technology	-	-	-	-
Tax assessor-collector operations	-	-	-	-
Historical commission	-	12,166	-	-
District attorney operations	-	-	-	-
Law library	-	-	-	-
Law enforcement	-	-	-	-
Inmate welfare	-	-	-	-
Court management	-	-	-	130,945
Road and bridge	-	-	-	-
Purpose of trust	-	-	-	-
Other	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>492,926</u>	<u>12,166</u>	<u>-</u>	<u>130,945</u>
Total liabilities and fund balances	<u>\$ 493,268</u>	<u>\$ 12,166</u>	<u>\$ -</u>	<u>\$ 131,008</u>

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
\$ -	\$ -	\$ 19,152	\$ 9,477	\$ 9,562	\$ 2,185	\$ -
-	-	-	-	-	-	-
27,123	3,550	-	-	-	-	3,594
-	-	-	-	-	-	-
<u>27,123</u>	<u>3,550</u>	<u>19,152</u>	<u>9,477</u>	<u>9,562</u>	<u>2,185</u>	<u>3,594</u>
-	-	-	-	234	-	-
-	-	902	1,551	2,689	1,131	2,847
-	-	-	-	-	-	-
<u>27,123</u>	<u>3,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,420</u>
<u>27,123</u>	<u>3,550</u>	<u>902</u>	<u>1,551</u>	<u>2,923</u>	<u>1,131</u>	<u>4,267</u>
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**GRAYSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

	Special Revenue				
	OAG Victim Coordinator Grant	Law Enforcement Block Grant	SAVNS Grant	Sheriff Forfeiture	Jail Commissary
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 251	\$ -	\$ 12,515	\$ 196,983
Receivables (net of allowance for uncollectibles)	-	-	-	-	12,916
Intergovernmental receivables	10,351	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>10,351</u>	<u>251</u>	<u>-</u>	<u>12,515</u>	<u>209,899</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	-	-	-	-	2,749
Accrued wages payable	2,468	-	-	-	-
Intergovernmental payable	-	-	-	-	-
Due to other funds	8,460	-	-	-	-
Total liabilities	<u>10,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,749</u>
Fund balances:					
Nonspendable:					
Prepaid items	-	-	-	-	-
Restricted for:					
Public health	-	-	-	-	-
Juvenile services	-	-	-	-	-
Election administration	-	-	-	-	-
Emergency management	-	-	-	-	-
Records management	-	-	-	-	-
Holiday lights	-	-	-	-	-
Court security and technology	-	-	-	-	-
Tax assessor-collector operations	-	-	-	-	-
Historical commission	-	-	-	-	-
District attorney operations	-	-	-	-	-
Law library	-	-	-	-	-
Law enforcement	-	251	-	12,515	-
Inmate welfare	-	-	-	-	207,150
Court management	-	-	-	-	-
Road and bridge	-	-	-	-	-
Purpose of trust	-	-	-	-	-
Other	-	-	-	-	-
Unassigned	( 577)	-	-	-	-
Total fund balances	<u>( 577)</u>	<u>251</u>	<u>-</u>	<u>12,515</u>	<u>207,150</u>
Total liabilities and fund balances	<u>\$ 10,351</u>	<u>\$ 251</u>	<u>\$ -</u>	<u>\$ 12,515</u>	<u>\$ 209,899</u>

Special Revenue

Juvenile Case Manager Fees	Interlocal Emergency Management	Citizen Corps Program	State Homeland Security	County and District Court Technology	Law Enforcement Education
\$ 6,801	\$ 44,322	\$ -	\$ -	\$ 5,870	\$ 55,497
-	-	-	-	-	-
-	48,888	-	-	-	-
-	-	-	-	-	-
<u>6,801</u>	<u>93,210</u>	<u>-</u>	<u>-</u>	<u>5,870</u>	<u>55,497</u>
-	54,929	-	-	-	278
-	-	-	-	-	-
-	-	-	-	-	-
-	-	7,439	6,636	-	-
<u>-</u>	<u>54,929</u>	<u>7,439</u>	<u>6,636</u>	<u>-</u>	<u>278</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	38,281	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5,870	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	55,219
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,801	-	( 7,439)	( 6,636)	-	-
<u>6,801</u>	<u>38,281</u>	<u>( 7,439)</u>	<u>( 6,636)</u>	<u>5,870</u>	<u>55,219</u>
<u>\$ 6,801</u>	<u>\$ 93,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,870</u>	<u>\$ 55,497</u>

**GRAYSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

	Special Revenue			
	Time Payment Fee	Probate Education Fee	CSCD Bond Supervision	Elections Services Contracts
<b>ASSETS</b>				
Cash and investments	\$ 42,106	\$ 3,428	\$ 57,450	\$ 326,357
Receivables (net of allowance for uncollectibles)	-	-	-	-
Intergovernmental receivables	-	-	-	636
Prepaid expenses	-	-	-	-
Total assets	<u>42,106</u>	<u>3,428</u>	<u>57,450</u>	<u>326,993</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	-	-	-	-
Accrued wages payable	-	-	1,846	-
Intergovernmental payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,846</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Public health	-	-	-	-
Juvenile services	-	-	-	-
Election administration	-	-	-	-
Emergency management	-	-	-	-
Records management	-	-	-	-
Holiday lights	-	-	-	-
Court security and technology	-	-	-	-
Tax assessor-collector operations	-	-	-	-
Historical commission	-	-	-	-
District attorney operations	-	-	-	-
Law library	-	-	-	-
Law enforcement	-	-	-	-
Inmate welfare	-	-	-	-
Court management	42,106	3,428	55,604	-
Road and bridge	-	-	-	-
Purpose of trust	-	-	-	-
Other	-	-	-	326,993
Unassigned	-	-	-	-
Total fund balances	<u>42,106</u>	<u>3,428</u>	<u>55,604</u>	<u>326,993</u>
Total liabilities and fund balances	<u>\$ 42,106</u>	<u>\$ 3,428</u>	<u>\$ 57,450</u>	<u>\$ 326,993</u>

Special Revenue			Capital Projects			
Metropolitan Planning Organization	Supplemental Guardianship	Total Nonmajor Special Revenue Funds	Lateral Road	Detention Center Renovation	Post- Adjudication Construction	Total Nonmajor Capital Projects Funds
\$ -	\$ 48,726	\$ 4,039,280	\$ 374,567	\$ -	\$ 58,077	\$ 432,644
-	-	389,408	-	-	-	-
24,680	-	366,921	-	-	-	-
-	-	6,685	-	-	-	-
<u>24,680</u>	<u>48,726</u>	<u>4,802,294</u>	<u>374,567</u>	<u>-</u>	<u>58,077</u>	<u>432,644</u>
10	-	155,944	-	-	39,105	39,105
4,747	-	224,178	-	-	-	-
-	-	-	-	1,830,911	-	1,830,911
<u>87,700</u>	<u>-</u>	<u>142,328</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>92,457</u>	<u>-</u>	<u>522,450</u>	<u>-</u>	<u>1,830,911</u>	<u>39,105</u>	<u>1,870,016</u>
-	-	6,685	-	-	-	-
-	-	1,251,061	-	-	-	-
-	-	768,457	-	-	-	-
-	-	19,179	-	-	-	-
-	-	38,281	-	-	-	-
-	-	914,127	-	-	-	-
-	-	116,494	-	-	-	-
-	-	200,971	-	-	-	-
-	-	111,918	-	-	-	-
-	-	12,166	-	-	-	-
-	-	27,230	-	-	-	-
-	-	6,639	-	-	-	-
-	-	67,985	-	-	-	-
-	-	207,150	-	-	-	-
-	48,726	280,809	-	-	-	-
-	-	-	374,567	-	-	374,567
-	-	-	-	-	-	-
-	-	326,993	-	-	-	-
( 67,777)	-	( 76,301)	-	( 1,830,911)	18,972	( 1,811,939)
<u>( 67,777)</u>	<u>48,726</u>	<u>4,279,844</u>	<u>374,567</u>	<u>( 1,830,911)</u>	<u>18,972</u>	<u>( 1,437,372)</u>
<u>\$ 24,680</u>	<u>\$ 48,726</u>	<u>\$ 4,802,294</u>	<u>\$ 374,567</u>	<u>\$ -</u>	<u>\$ 58,077</u>	<u>\$ 432,644</u>

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**GRAYSON COUNTY, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2015**

	Permanent Fund	Total Nonmajor Governmental Funds
	Texoma Succeeding Generations	
<b>ASSETS</b>		
Cash and investments	\$ 69,826	\$ 4,541,750
Receivables (net of allowance for uncollectibles)	-	389,408
Intergovernmental receivables	-	366,921
Prepaid expenses	-	6,685
Total assets	69,826	5,304,764
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	-	195,049
Accrued wages payable	-	224,178
Intergovernmental payable	-	1,830,911
Due to other funds	-	142,328
Total liabilities	-	2,392,466
Fund balances:		
Nonspendable:		
Prepaid items	-	6,685
Restricted for:		
Public health	-	1,251,061
Juvenile services	-	768,457
Election administration	-	19,179
Emergency management	-	38,281
Records management	-	914,127
Holiday lights	-	116,494
Court security and technology	-	200,971
Tax assessor-collector operations	-	111,918
Historical commission	-	12,166
District attorney operations	-	27,230
Law library	-	6,639
Law enforcement	-	67,985
Inmate welfare	-	207,150
Court management	-	280,809
Road and bridge	-	374,567
Purpose of trust	69,826	69,826
Other	-	326,993
Unassigned	-	( 1,888,240)
Total fund balances	69,826	2,912,298
Total liabilities and fund balances	\$ 69,826	\$ 5,304,764

**GRAYSON COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue				
	Public Health	Juvenile Boot Camp	Holiday Lights	Tax A/C S-I-T Penalty	Courthouse Security
<b>REVENUES</b>					
Licenses and permits	\$ 636,559	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	936,899	153,559	-	-	-
Charges for services	198,393	3,002,818	-	-	59,992
Fines and fees	-	-	-	12,518	-
Forfeits	-	-	-	-	-
Investment earnings	3,158	1,219	347	325	319
Contributions and donations from private sources	133,931	-	93,089	-	-
Other	-	-	-	-	230
Total revenues	<u>1,908,940</u>	<u>3,157,596</u>	<u>93,436</u>	<u>12,843</u>	<u>60,541</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	86,985	7,245	134,829
Judicial	-	-	-	-	-
Elections	-	-	-	-	-
Public safety	-	3,092,769	-	-	-
Health and welfare	1,786,559	-	-	-	-
Capital outlay	-	72,119	14,900	-	-
Total expenditures	<u>1,786,559</u>	<u>3,164,888</u>	<u>101,885</u>	<u>7,245</u>	<u>134,829</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>122,381</u>	<u>( 7,292)</u>	<u>( 8,449)</u>	<u>5,598</u>	<u>( 74,288)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of real and personal property	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	122,381	( 7,292)	( 8,449)	5,598	( 74,288)
<b>FUND BALANCE, BEGINNING</b>	<u>1,128,680</u>	<u>782,434</u>	<u>124,943</u>	<u>106,320</u>	<u>143,348</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,251,061</u>	<u>\$ 775,142</u>	<u>\$ 116,494</u>	<u>\$ 111,918</u>	<u>\$ 69,060</u>

Special Revenue

Justice Court Building Security	Justice Court Technology	HAVA Funding	County Clerk Records Management	County Clerk Records Archive	County Clerk Vital Statistics	District Clerk Records Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	5,705	-	-	-	-
4,133	16,568	-	134,748	122,715	8,798	28,281
-	-	-	-	-	-	-
-	-	-	-	-	-	-
112	246	43	840	322	32	92
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,245</u>	<u>16,814</u>	<u>5,748</u>	<u>135,588</u>	<u>123,037</u>	<u>8,830</u>	<u>28,373</u>
-	-	-	241,632	-	5,166	289
-	12,654	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>12,654</u>	<u>-</u>	<u>241,632</u>	<u>-</u>	<u>5,166</u>	<u>289</u>
<u>4,245</u>	<u>4,160</u>	<u>5,748</u>	<u>( 106,044)</u>	<u>123,037</u>	<u>3,664</u>	<u>28,084</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,245	4,160	5,748	( 106,044)	123,037	3,664	28,084
<u>36,043</u>	<u>81,593</u>	<u>13,431</u>	<u>297,072</u>	<u>47,259</u>	<u>10,125</u>	<u>18,004</u>
\$ <u>40,288</u>	\$ <u>85,753</u>	\$ <u>19,179</u>	\$ <u>191,028</u>	\$ <u>170,296</u>	\$ <u>13,789</u>	\$ <u>46,088</u>

**GRAYSON COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	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	103,439	-	-	28,552
Fines	-	-	23,055	-
Forfeits	-	-	-	-
Investment earnings	1,296	36	-	361
Contributions and donations from private sources	-	-	-	-
Other	-	39	-	-
Total revenues	104,735	75	23,055	28,913
<b>EXPENDITURES</b>				
Current:				
General government	4,898	-	-	-
Judicial	-	-	23,055	16,981
Elections	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	4,898	-	23,055	16,981
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	99,837	75	-	11,932
<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>	99,837	75	-	11,932
<b>FUND BALANCE, BEGINNING</b>	393,089	12,091	-	119,013
<b>FUND BALANCE, ENDING</b>	\$ 492,926	\$ 12,166	\$ -	\$ 130,945

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
121,178	56,996	-	-	-	22,500	40,981
-	-	-	-	81,775	-	-
-	-	23,371	-	-	-	-
-	-	-	51,918	-	-	-
-	-	-	60	21	-	-
-	-	-	-	50	-	-
-	-	-	-	68	-	-
<u>121,178</u>	<u>56,996</u>	<u>23,371</u>	<u>51,978</u>	<u>81,914</u>	<u>22,500</u>	<u>40,981</u>
-	-	-	-	-	-	-
121,178	52,997	19,192	98,751	84,421	22,911	66,402
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>121,178</u>	<u>52,997</u>	<u>19,192</u>	<u>98,751</u>	<u>84,421</u>	<u>22,911</u>	<u>66,402</u>
-	3,999	4,179	( 46,773)	( 2,507)	( 411)	( 25,421)
-	-	-	612	-	-	-
-	-	-	-	-	-	23,910
-	-	-	-	-	-	-
-	-	-	612	-	-	23,910
-	3,999	4,179	( 46,161)	( 2,507)	( 411)	( 1,511)
-	( 3,999)	14,071	54,087	9,146	1,465	838
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,250</u>	<u>\$ 7,926</u>	<u>\$ 6,639</u>	<u>\$ 1,054</u>	<u>\$ ( 673)</u>

**GRAYSON COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue				
	OAG Victim Coordinator Grant	Law Enforcement Block Grant	SAVNS Grant	Sheriff Forfeiture	Jail Commissary
<b>REVENUES</b>					
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	41,771	4,266	27,715	-	-
Charges for services	-	-	-	-	74,542
Fines	-	-	-	-	-
Forfeits	-	-	-	7,810	-
Investment earnings	-	-	-	129	555
Contributions and donations from private sources	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>41,771</u>	<u>4,266</u>	<u>27,715</u>	<u>7,939</u>	<u>75,097</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Judicial	43,002	-	-	-	-
Elections	-	-	-	-	-
Public safety	-	4,015	27,715	51,180	49,814
Health and welfare	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>43,002</u>	<u>4,015</u>	<u>27,715</u>	<u>51,180</u>	<u>49,814</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 1,231)</u>	<u>251</u>	<u>-</u>	<u>( 43,241)</u>	<u>25,283</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of real and personal property	-	-	-	1,835	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	( 125,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 123,165)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>( 1,231)</u>	<u>251</u>	<u>-</u>	<u>( 166,406)</u>	<u>25,283</u>
<b>FUND BALANCE, BEGINNING</b>	<u>654</u>	<u>-</u>	<u>-</u>	<u>178,921</u>	<u>181,867</u>
<b>FUND BALANCE, ENDING</b>	<u><u>\$ ( 577)</u></u>	<u><u>\$ 251</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,515</u></u>	<u><u>\$ 207,150</u></u>

Special Revenue

Juvenile Case Manager Fees	Interlocal Emergency Management	Citizen Corps Program	State Homeland Security	County and District Court Technology	Law Enforcement Education
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	144,259	-	99,487	-	8,908
-	-	-	-	9,761	-
1,149	-	-	-	-	-
-	-	-	-	-	-
18	-	-	-	16	-
-	-	-	-	-	-
-	1,000	-	-	-	-
<u>1,167</u>	<u>145,259</u>	<u>-</u>	<u>99,487</u>	<u>9,777</u>	<u>8,908</u>
-	-	-	55,463	-	-
-	-	-	-	6,938	-
-	-	-	-	-	-
-	149,945	-	-	-	5,176
-	-	-	-	-	-
-	-	-	44,752	-	-
<u>-</u>	<u>149,945</u>	<u>-</u>	<u>100,215</u>	<u>6,938</u>	<u>5,176</u>
<u>1,167</u>	<u>( 4,686)</u>	<u>-</u>	<u>( 728)</u>	<u>2,839</u>	<u>3,732</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,167	( 4,686)	-	( 728)	2,839	3,732
<u>5,634</u>	<u>42,967</u>	<u>( 7,439)</u>	<u>( 5,908)</u>	<u>3,031</u>	<u>51,487</u>
<u>\$ 6,801</u>	<u>\$ 38,281</u>	<u>\$ ( 7,439)</u>	<u>\$ ( 6,636)</u>	<u>\$ 5,870</u>	<u>\$ 55,219</u>

**GRAYSON COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Special Revenue			
	Time Payment Fee	Probate Education Fee	CSCD Bond Supervision	Elections Services Contracts
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue and grants	5,884	-	-	7,716
Charges for services	-	-	51,873	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment earnings	-	-	169	-
Contributions and donations from private sources	-	-	-	-
Other	-	-	175	-
Total revenues	<u>5,884</u>	<u>-</u>	<u>52,217</u>	<u>7,716</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Judicial	-	100	-	-
Elections	-	-	-	918
Public safety	-	-	58,515	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>100</u>	<u>58,515</u>	<u>918</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,884</u>	<u>( 100)</u>	<u>( 6,298)</u>	<u>6,798</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of real and personal property	-	-	-	-
Transfers in	-	-	-	100,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	5,884	( 100)	( 6,298)	106,798
<b>FUND BALANCE, BEGINNING</b>	<u>36,222</u>	<u>3,528</u>	<u>61,902</u>	<u>220,195</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 42,106</u>	<u>\$ 3,428</u>	<u>\$ 55,604</u>	<u>\$ 326,993</u>

Special Revenue			Capital Projects			
Metropolitan Planning Organization	Supplemental Guardianship	Total Nonmajor Special Revenue Funds	Lateral Road	Detention Center Renovation	Post- Adjudication Construction	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ 636,559	\$ -	\$ -	\$ -	\$ -
180,000	-	1,857,824	-	-	-	-
-	15,620	3,942,008	70,504	-	-	70,504
-	-	60,093	-	-	-	-
-	-	59,728	-	-	-	-
-	-	9,716	1,105	-	98	1,203
-	-	227,070	-	-	-	-
-	-	1,512	-	-	-	-
<u>180,000</u>	<u>15,620</u>	<u>6,794,510</u>	<u>71,609</u>	<u>-</u>	<u>98</u>	<u>71,707</u>
190,085	-	726,592	-	-	-	-
-	554	569,136	-	-	-	-
-	-	918	-	-	-	-
-	-	3,439,129	-	-	-	-
-	-	1,786,559	-	-	-	-
-	-	131,771	16,041	-	179,100	195,141
<u>190,085</u>	<u>554</u>	<u>6,654,105</u>	<u>16,041</u>	<u>-</u>	<u>179,100</u>	<u>195,141</u>
( 10,085)	15,066	140,405	55,568	-	( 179,002)	( 123,434)
-	-	2,447	-	-	-	-
-	-	123,910	-	-	197,974	197,974
-	-	( 125,000)	-	( 197,974)	-	( 197,974)
-	-	1,357	-	( 197,974)	197,974	-
( 10,085)	15,066	141,762	55,568	( 197,974)	18,972	( 123,434)
( 57,692)	33,660	4,138,082	318,999	( 1,632,937)	-	( 1,313,938)
<u>\$( 67,777)</u>	<u>\$ 48,726</u>	<u>\$ 4,279,844</u>	<u>\$ 374,567</u>	<u>\$( 1,830,911)</u>	<u>\$ 18,972</u>	<u>\$( 1,437,372)</u>

**GRAYSON COUNTY, TEXAS**

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

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Permanent Fund	Total Nonmajor Governmental Funds
	Texoma Succeeding Generations	
<b>REVENUES</b>		
Licenses and permits	\$ -	\$ 636,559
Intergovernmental revenue and grants	-	1,857,824
Charges for services	-	4,012,512
Fines	-	60,093
Forfeits	-	59,728
Investment earnings	205	11,124
Contributions and donations from private sources	-	227,070
Other	-	1,512
Total revenues	205	6,866,422
<b>EXPENDITURES</b>		
Current:		
General government	-	726,592
Judicial	-	569,136
Elections	-	918
Public safety	-	3,439,129
Health and welfare	-	1,786,559
Capital outlay	-	326,912
Total expenditures	-	6,849,246
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	205	17,176
<b>OTHER FINANCING SOURCES (USES)</b>		
Sale of real and personal property	-	2,447
Transfers in	-	321,884
Transfers out	-	( 322,974)
Total other financing sources (uses)	-	1,357
<b>NET CHANGE IN FUND BALANCE</b>	205	18,533
<b>FUND BALANCE, BEGINNING</b>	69,621	2,893,765
<b>FUND BALANCE, ENDING</b>	\$ 69,826	\$ 2,912,298

## 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, 2015**

	State Court Costs and Arrest Fees	Appellate Justice System	Seized Funds	Adult Probation Restitution	District Attorney Bad Check Trust
<b>ASSETS</b>					
Cash and investments	\$ <u>310,594</u>	\$ <u>8,905</u>	\$ <u>14,616</u>	\$ <u>10,483</u>	\$ <u>27,159</u>
Total assets	\$ <u><u>310,594</u></u>	\$ <u><u>8,905</u></u>	\$ <u><u>14,616</u></u>	\$ <u><u>10,483</u></u>	\$ <u><u>27,159</u></u>
<b>LIABILITIES</b>					
Due to other agencies and individuals	\$ <u>310,594</u>	\$ <u>8,905</u>	\$ <u>14,616</u>	\$ <u>10,483</u>	\$ <u>27,159</u>
Total liabilities and fund balances	\$ <u><u>310,594</u></u>	\$ <u><u>8,905</u></u>	\$ <u><u>14,616</u></u>	\$ <u><u>10,483</u></u>	\$ <u><u>27,159</u></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>2,218,433</u>	\$ <u>290,215</u>	\$ <u>603,432</u>	\$ <u>2,579,968</u>	\$ <u>69,586</u>	\$ <u>6,133,391</u>
\$ <u>2,218,433</u>	\$ <u>290,215</u>	\$ <u>603,432</u>	\$ <u>2,579,968</u>	\$ <u>69,586</u>	\$ <u>6,133,391</u>
\$ <u>2,218,433</u>	\$ <u>290,215</u>	\$ <u>603,432</u>	\$ <u>2,579,968</u>	\$ <u>69,586</u>	\$ <u>6,133,391</u>
\$ <u>2,218,433</u>	\$ <u>290,215</u>	\$ <u>603,432</u>	\$ <u>2,579,968</u>	\$ <u>69,586</u>	\$ <u>6,133,391</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 County 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, 2015, 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 2, 2016.

**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 2, 2016



PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

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

We have audited Grayson County, Texas' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Grayson County, Texas' major federal programs for the year ended September 30, 2015. The Grayson County, Texas' 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Grayson County, Texas' 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 Grayson County, Texas' 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 Grayson County, Texas' compliance.

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

In our opinion, Grayson County, Texas 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, 2015.

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

Management of Grayson County, Texas 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 as a basis for designing 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 Grayson County, Texas' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of 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.

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

Waco, Texas  
June 2, 2016

**GRAYSON COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
<b>FEDERAL AWARDS</b>			
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through the Texas Department of Agriculture:			
National School Lunch Program	10.555	75-J6011	\$ <u>153,559</u>
Total Passed through the Texas Department of Agriculture			<u>153,559</u>
Passed through Texas Department of State Health Services:			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	2015-047288	<u>616,329</u>
Total Passed through Texas Department of State Health Services			<u>616,329</u>
Total U. S. Department of Agriculture			<u>769,888</u>
<b><u>U. S. DEPARTMENT OF JUSTICE</u></b>			
Passed through Office of the Attorney General:			
Victim Coordinator and Liaison Grant	16.576	1553940	<u>41,771</u>
Total Passed through Office of the Attorney General			<u>41,771</u>
Passed through Office of the Governor, Criminal Justice Division:			
Victim Notification Grant (Vine)	16.576	1554799	27,715
Violence Against Women Act - ARRA	16.588	1344917	37,387
Violence Against Women Act - ARRA	16.588	1344918	3,594
Edward Byrne Memorial Justice Assistant Grant	16.738	1804208	4,266
Edward Byrne Memorial Justice Assistance Grant - County STAR Recovery Court Program	16.738	1804210	121,178
Edward Bryne Memorial Justice Assistance Grant - County Family Drug Court Program	16.738	1867809	<u>56,996</u>
Total Passed through Office of the Governor, Criminal Justice Division			<u>251,136</u>
Direct Programs:			
State Criminal Alien Assistance Program	16.606	2014-H1175-TX-AP	<u>13,558</u>
Total Direct Programs			<u>13,558</u>
Total U. S. Department of Justice			<u>306,465</u>
<b><u>U. S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed through Texas Department of Transportation:			
Airport Improvement Program	20.106	M1401DENSEN	50,000
Highway Planning and Construction	20.205	50-12XF0020	<u>180,000</u>
Total Passed through Texas Department of Transportation			<u>230,000</u>
Total U. S. Department of Transportation			<u>230,000</u>

**GRAYSON COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<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. ASSISTANCE COMMISSION ELECTION</u></b>			
Passed through Texas Secretary of State			
Help America Vote Act	90.401	N/A	\$ 5,705
Total Passed through Texas Secretary of State			<u>5,705</u>
Total U. S. Assistance Commission Election			<u>5,705</u>
<b><u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Passed through Texas Department of State Health Services:			
Project Grants and Cooperative Agreements			
for Tuberculosis Control Programs	93.116	2014-001427	26,421
Centers for Disease Control and Prevention - Investigation and			
Technical Assistance OOPHP/Bioterrorism	93.069	2015-047199-001	16,572
CPS/Ebola Public Health Preparedness	93.074	2015-003655-00	4,138
Assistance OOPBH Bioterrorism	93.283	2015-001118	101,530
Medicaid - Title XIX - Medical Assistance Program	93.778	2011-032002-001	14,203
Preventive Health and Health Services Block Grant	93.991	2015-001040	<u>68,031</u>
Total Passed through Texas Department of State Health Services			<u>230,895</u>
Total U. S. Department of Health and Human Services			<u>230,895</u>
<b><u>U. S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Passed through the Texas Department of Public Safety:			
Division of Emergency Management:			
Emergency Management Performance Grant	97.042	15TX-EMPG-0147	54,770
State Homeland Security Program	97.042	2013 SHSP	44,717
State Homeland Security Program	97.042	2014 SHSP	<u>46,920</u>
Total Passed through Texas Department of Public Safety:			
Division of Emergency Management			<u>146,407</u>
Total U. S. Department of Homeland Security			<u>146,407</u>
Total Federal Expenditures			\$ <u><u>1,689,360</u></u>

# **GRAYSON COUNTY, TEXAS**

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

**SEPTEMBER 30, 2015**

### **1. GENERAL**

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of Grayson County, Texas. The County's reporting entity is defined in Note 1 of the financial statements. Federal 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, 2015

### 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 Nutrition Program for Women, Infants and Children

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

\$300,000

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

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, 2015**

None

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