

GRAYSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2020**

GRAYSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

SEPTEMBER 30, 2020

**Page
Number**

INTRODUCTORY SECTION

| | |
|---------------------------|----|
| Principal Officials | i |
| Organization Chart..... | ii |

FINANCIAL SECTION

| | |
|---|---------|
| Independent Auditor’s Report..... | 1 – 2 |
| Management’s Discussion and Analysis..... | 3 – 10 |
| Basic Financial Statements | |
| Government-wide Financial Statements | |
| Statement of Net Position | 11 |
| Statement of Activities | 12 – 13 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 14 – 15 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position..... | 16 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 17 – 18 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 19 |
| Statement of Net Position – Proprietary Funds..... | 20 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds | 21 |
| Statement of Cash Flows – Proprietary Funds..... | 22 |
| Statement of Fiduciary Net Position..... | 23 |
| Notes to Financial Statements | 24 – 45 |
| Required Supplementary Information | |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund | 46 |

| | |
|---|---------|
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge Fund | 47 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – State Highway 289 Bonds..... | 48 |
| Schedule of Changes in Net Pension Liability and Related Ratios | 49 – 50 |
| Schedule of Employer Contributions | 51 |
| Notes to Schedule of Employer Contributions..... | 52 |
| Schedule of Changes in Total OPEB Liability – Retiree Health Insurance Plan | 53 |
| Notes to Required Supplementary Information | 54 |
| Combining Statements: | |
| Nonmajor Governmental Funds | |
| Combining Balance Sheet | 55 – 63 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances..... | 64 – 72 |
| Fiduciary Funds | |
| Combining Statement of Fiduciary Net Position..... | 73 – 74 |

FEDERAL AWARDS SECTION

| | |
|--|---------|
| Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> | 75 – 76 |
| Independent Auditor’s Report on Compliance for Each Major Program and Report on Internal Control Over Compliance in Accordance with <i>Uniform Guidance</i> | 77 – 78 |
| Schedule of Expenditures of Federal Awards | 79 – 80 |
| Notes to Schedule of Expenditures of Federal Awards..... | 81 |
| Schedule of Findings and Questioned Costs..... | 82 |
| Summary Schedule of Prior Audit Findings..... | 83 |

INTRODUCTORY SECTION

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GRAYSON COUNTY, TEXAS

PRINCIPAL OFFICIALS

SEPTEMBER 30, 2020

COMMISSIONERS COURT

Bill Magers
Jeff Whitmire
David Whitlock
Phyllis James
Bart Lawrence

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

JUDICIAL

Brian Gary
James P. Fallon
Larry Phillips
James Henderson
Carol Siebman

Judge, 397th District Court
Judge, 15th District Court
Judge, 59th District Court
Judge, County Court-at-Law #1
Judge, County Court-at-Law #2

LAW ENFORCEMENT

Tom Watt
Brett Smith
Alan Brown*
Lisa Tomlinson*

County Sheriff
District Attorney
Chief Adult Probation Officer
Chief Juvenile Probation officer

FINANCIAL ADMINISTRATION

Suzette Smith*
Gayla Hawkins
Bruce Stidham

County Auditor
County Treasurer
Tax Assessor/Collector

RECORDING OFFICIALS

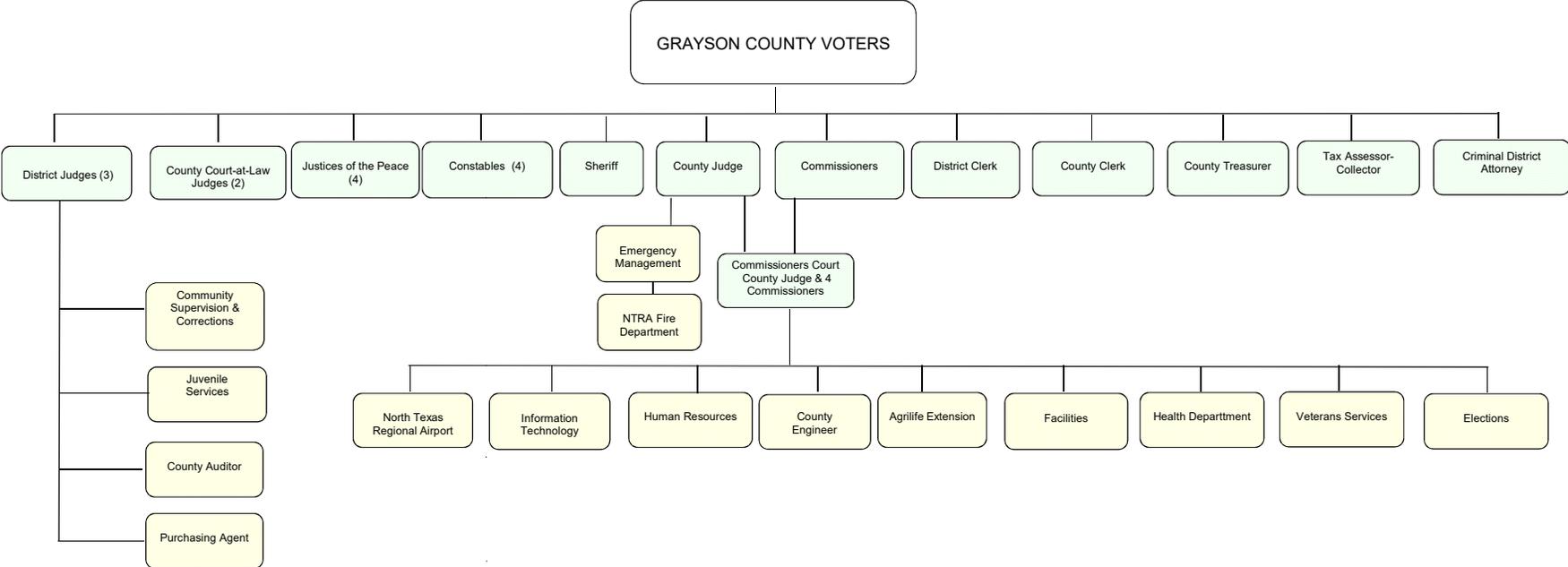
Kelly Ashmore
Wilma Bush

Deana Patterson

District Clerk
County Clerk, through
January 31, 2021
County Clerk, February 1, 2021
to current

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

GRAYSON COUNTY ORGANIZATION CHART



FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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, 2020, and the related notes to the financial statements, which collectively comprise Grayson County, Texas' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 judgement, 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque



Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Grayson County, Texas, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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 Grayson County's basic financial statement. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021, 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 solely 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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grayson County's internal control over financial reporting and compliance.

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

Waco, Texas
March 29, 2021

**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, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Grayson County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$56.7 million (net position).
- The County's total net position increased by \$9.7 million in fiscal year 2020.
- As of the close of the current fiscal year, Grayson County's governmental funds reported combined ending fund balances of \$34.8 million, an increase of \$2.2 million in comparison with the prior year. Of the total fund balance, \$19.0 million is available for spending at the government's discretion as unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20.5 million, or 48.8% 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 11. 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 11 – 13 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 50 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, CARES Act Fund, and the State Highway 289 Bonds Fund, all of which are considered to be major funds. Data from the other 46 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 14 – 19 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 20 – 22 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 24 – 45 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 46 – 55 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 \$56.7 million as of September 30, 2020, an increase of \$9.7 million as compared with the previous fiscal year.

By far, the largest portion of Grayson County's net position (\$39.5 million or 69.7% 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, TEXAS' NET POSITION

| | Governmental Activities | | Business-type Activities | | Totals | |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and other assets | \$ 80,016,354 | \$ 82,357,886 | \$ 800,079 | \$ 495,076 | \$ 80,816,433 | \$ 82,852,962 |
| Capital assets | <u>25,136,788</u> | <u>26,257,654</u> | <u>14,803,411</u> | <u>15,371,643</u> | <u>39,940,199</u> | <u>41,629,297</u> |
| Total assets | <u>105,153,142</u> | <u>108,615,540</u> | <u>15,603,490</u> | <u>15,866,719</u> | <u>120,756,632</u> | <u>124,482,259</u> |
| Deferred outflows of resources | <u>4,938,280</u> | <u>11,741,231</u> | <u>23,616</u> | <u>100,871</u> | <u>4,961,896</u> | <u>11,842,102</u> |
| Current liabilities | 8,457,050 | 7,927,243 | 53,837 | 100,431 | 8,510,887 | 8,027,674 |
| Long-term liabilities | <u>56,233,273</u> | <u>79,757,373</u> | <u>100,189</u> | <u>428,608</u> | <u>56,333,462</u> | <u>80,185,981</u> |
| Total liabilities | <u>64,690,323</u> | <u>87,684,616</u> | <u>154,026</u> | <u>529,039</u> | <u>64,844,349</u> | <u>88,213,655</u> |
| Deferred inflows of resources | <u>4,163,948</u> | <u>1,103,432</u> | <u>24,499</u> | <u>15,179</u> | <u>4,188,447</u> | <u>1,118,611</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 24,682,662 | 25,787,893 | 14,803,411 | 15,371,643 | 39,486,073 | 41,159,536 |
| Restricted | 12,975,513 | 13,426,548 | - | - | 12,975,513 | 13,426,548 |
| Unrestricted | <u>3,578,976</u> | <u>(7,645,718)</u> | <u>645,170</u> | <u>51,729</u> | <u>4,224,146</u> | <u>(7,593,989)</u> |
| Total net position | <u>\$ 41,237,151</u> | <u>\$ 31,568,723</u> | <u>\$ 15,448,581</u> | <u>\$ 15,423,372</u> | <u>\$ 56,685,732</u> | <u>\$ 46,992,095</u> |

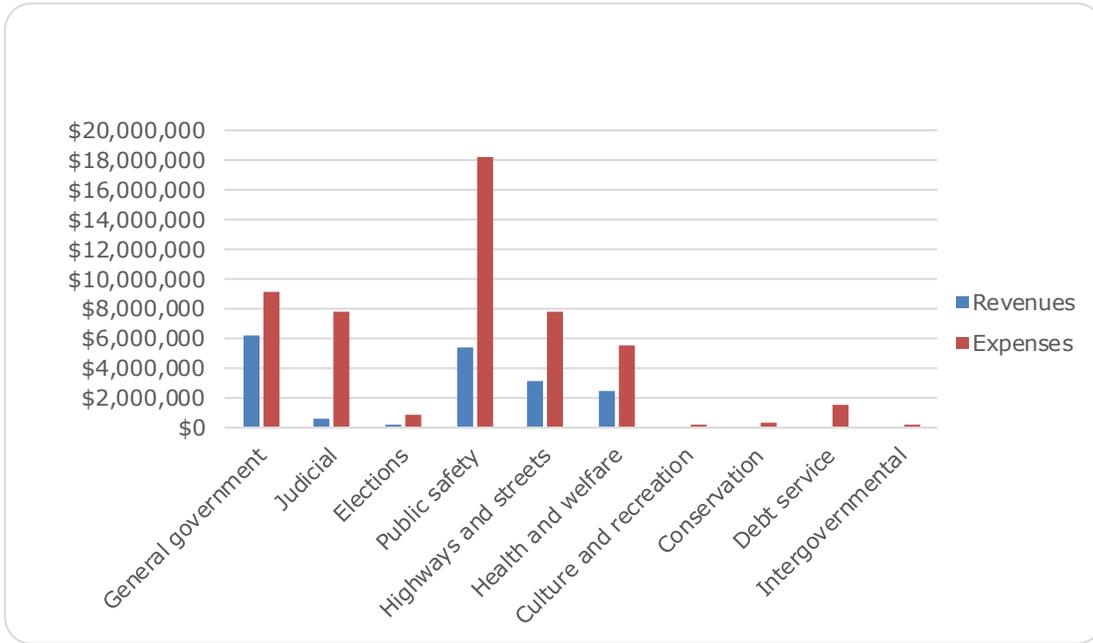
The County's revenues exceeded expenses by \$9.7 million during the current fiscal year. Changes in net position are summarized as follows:

GRAYSON COUNTY, TEXAS' CHANGES IN NET POSITION

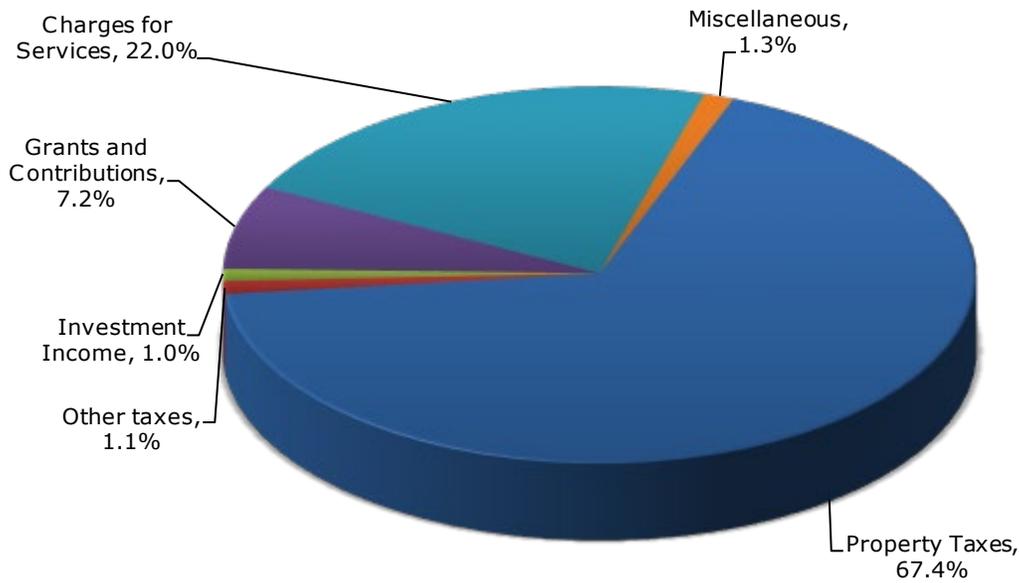
| | Governmental Activities | | Business-type Activities | | Totals | |
|------------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 13,453,856 | \$ 14,342,975 | \$ 1,256,643 | \$ 1,226,908 | \$ 14,710,499 | \$ 15,569,883 |
| Operating grants and contributions | 4,380,746 | 2,105,337 | 119,000 | 50,000 | 4,499,746 | 2,155,337 |
| Capital grants and contributions | 25,000 | 215,427 | - | - | 25,000 | 215,427 |
| General revenues: | | | | | | |
| Property taxes | 41,274,009 | 41,030,508 | - | - | 41,274,009 | 41,030,508 |
| Other taxes | 682,419 | 714,474 | - | - | 682,419 | 714,474 |
| Miscellaneous | 739,988 | 687,400 | 2,592 | 2,133 | 742,580 | 689,533 |
| Investment earnings | 631,826 | 1,035,253 | 5,694 | 4,992 | 637,520 | 1,040,245 |
| Gain on sale of capital assets | - | - | - | 12,192 | - | 12,192 |
| Insurance proceeds | 58,148 | 53,909 | 13,351 | 304,324 | 71,499 | 358,233 |
| Total revenues | <u>61,245,992</u> | <u>60,185,283</u> | <u>1,397,280</u> | <u>1,600,549</u> | <u>62,643,272</u> | <u>61,785,832</u> |
| Expenses: | | | | | | |
| General government | 9,128,050 | 11,628,702 | - | - | 9,128,050 | 11,628,702 |
| Judicial | 7,780,663 | 10,010,365 | - | - | 7,780,663 | 10,010,365 |
| Elections | 834,795 | 175,934 | - | - | 834,795 | 175,934 |
| Public safety | 18,241,480 | 23,788,533 | - | - | 18,241,480 | 23,788,533 |
| Highways and streets | 7,834,864 | 20,287,591 | - | - | 7,834,864 | 20,287,591 |
| Health and welfare | 5,548,240 | 4,976,049 | - | - | 5,548,240 | 4,976,049 |
| Culture and recreation | 166,450 | 158,653 | - | - | 166,450 | 158,653 |
| Conservation and development | 348,683 | 2,010,419 | - | - | 348,683 | 2,010,419 |
| Interest on long-term debt | 1,481,909 | 1,806,869 | - | - | 1,481,909 | 1,806,869 |
| Intergovernmental | 212,430 | 254,120 | - | - | 212,430 | 254,120 |
| Airport | - | - | 1,372,071 | 2,267,118 | 1,372,071 | 2,267,118 |
| Total expenses | <u>51,577,564</u> | <u>75,097,235</u> | <u>1,372,071</u> | <u>2,267,118</u> | <u>52,949,635</u> | <u>77,364,353</u> |
| Change in net position | 9,668,428 | (14,911,952) | 25,209 | (666,569) | 9,693,637 | (15,578,521) |
| Net position, beginning | <u>31,568,723</u> | <u>46,480,675</u> | <u>15,423,372</u> | <u>16,089,941</u> | <u>46,992,095</u> | <u>62,570,616</u> |
| Net position, ending | <u>\$ 41,237,151</u> | <u>\$ 31,568,723</u> | <u>\$ 15,448,581</u> | <u>\$ 15,423,372</u> | <u>\$ 56,685,732</u> | <u>\$ 46,992,095</u> |

Property tax revenues accounted for approximately 67% percent of revenues for governmental activities. The next largest segment of revenues came from charges for services, which accounted for 22% percent of total governmental revenues, with grants and contributions accounting for approximately 7% percent of total governmental revenues.

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities

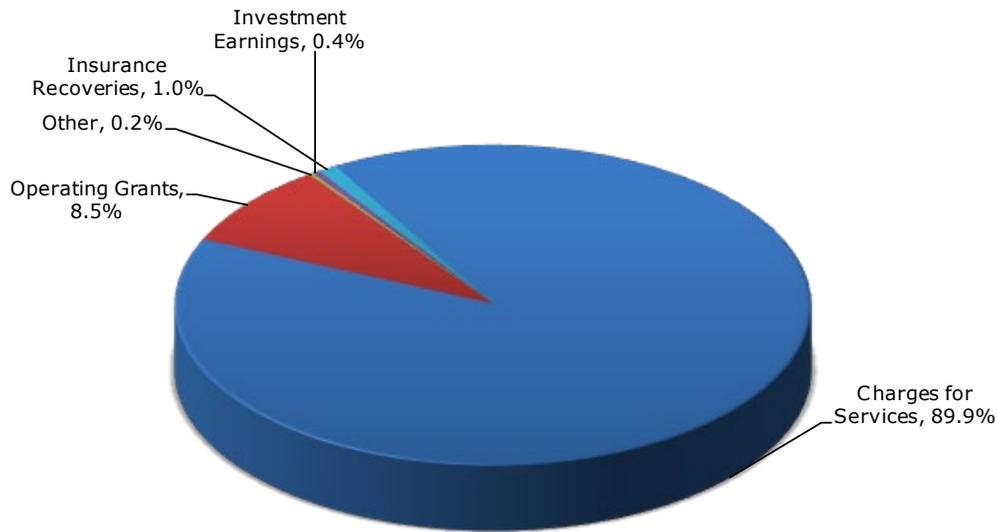


Government Activities

The County’s total governmental net position increased by \$9.7 million in comparison with the prior fiscal year’s decrease of \$14.9 million. The total cost of all governmental activities this year was \$51.6 million, a decrease of 31.3% over the prior fiscal year. The amount that our taxpayers paid for these activities through property taxes was \$41.3 million or 80.0% of total governmental expenses. The next largest segment of revenues came from charges for services, which accounted for \$13.5 million or 26.1% of total governmental expenses.

Business-type Activities

The business-type activity of the County is the operations of a regional airport. Approximately 89.9% of airport revenue is generated by tenant payments for rental of industrial and aircraft facilities. Operating grants comprise another 8.5%.



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 \$34.8 million, an increase of approximately \$2.2 million in comparison with the prior year. Approximately 54.5% percent of this total amount (\$19.0 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. Approximately \$12.8 million is restricted for construction and other purposes. The County has an assigned fund balance of \$736,626 for the subsequent year's appropriation associated with the 2020 - 2021 budget. The remainder of fund balance is classified to indicate that it is not available for new spending because it is restricted to pay nonspendable items, which total \$2.3 million.

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 \$20.5 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, 2020, unassigned fund balance represents 48.8% of the total General Fund expenditures.

The fund balance of the County's General Fund increased by \$2.2 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, 2020, is \$2.5 million, which is fully restricted for road construction purposes. The road and bridge precinct fund balances decreased \$683,888 during the fiscal year 2020.

The CARES Act fund accounts for resources received from the federal government to respond to the COVID-19 pandemic. Fund balance ended at zero at the end of the year. Transfers out and expenditure equaled revenue.

The State Highway 289 Bonds fund balance ended at \$160,273, or a decrease of \$34,913. The decrease was caused by debt service payments exceeding revenue.

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 \$645,170. The total increase in net position for the fund was \$25,209. 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

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than budgeted amounts mainly in the areas of intergovernmental revenue, grants, and other revenue. Expenditures were less than budgeted amounts in all areas, but the intergovernmental expenditure account. The County will continue their approach of conservative budgeting in subsequent years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Grayson County’s investment in capital assets as of September 30, 2020, amounts to \$39.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, and bridges.

There were no major capital additions or changes during fiscal year 2020.

GRAYSON COUNTY’S CAPITAL ASSETS

| | Governmental Activities | | Business-type Activities | | Totals | |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 1,371,954 | \$ 1,371,954 | \$ 2,829,106 | \$ 2,829,106 | \$ 4,201,060 | \$ 4,201,060 |
| Construction in progress | 193,003 | 46,806 | - | - | 193,003 | 46,806 |
| Infrastructure | 8,163,590 | 8,786,840 | 10,307,038 | 10,760,412 | 18,470,628 | 19,547,252 |
| Buildings | 9,558,652 | 10,281,909 | 1,465,879 | 1,577,311 | 11,024,531 | 11,859,220 |
| Improvements other than buildings | 107,339 | 54,535 | 61,386 | 45,213 | 168,725 | 99,748 |
| Machinery and equipment | <u>5,742,250</u> | <u>5,715,610</u> | <u>140,002</u> | <u>159,601</u> | <u>5,882,252</u> | <u>5,875,211</u> |
| Total capital assets | <u>\$ 25,136,788</u> | <u>\$ 26,257,654</u> | <u>\$ 14,803,411</u> | <u>\$ 15,371,643</u> | <u>\$ 39,940,199</u> | <u>\$ 41,629,297</u> |

Additional information regarding the County’s capital assets can be found in Note II C on pages 32 – 33 of this report.

Long-term Debt

At the end of the current fiscal year, Grayson County had total bonded debt of \$36.3 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 | |
|---|-------------------------|----------------------|--------------------------|-----------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Pass-through Toll Revenue Bonds payable | \$ 28,615,000 | \$ 36,505,000 | \$ - | \$ - | \$ 28,615,000 | \$ 36,505,000 |
| Premium on Pass-through Toll Bonds | 2,187,230 | 2,730,303 | - | - | 2,187,230 | 2,730,303 |
| Certificates of Obligation payable | 7,730,000 | 4,680,000 | - | - | 7,730,000 | 4,680,000 |
| Capital leases | 454,126 | 469,761 | - | - | 454,126 | 469,761 |
| Compensated absences payable | <u>1,180,968</u> | <u>999,876</u> | <u>6,094</u> | <u>9,576</u> | <u>1,187,062</u> | <u>1,009,452</u> |
| Total | <u>\$ 40,167,324</u> | <u>\$ 45,384,940</u> | <u>\$ 6,094</u> | <u>\$ 9,576</u> | <u>\$ 40,173,418</u> | <u>\$ 45,394,516</u> |

In 2007, Grayson County issued \$63,725,000 of Pass-through Toll Revenue and Limited Tax Bonds. Proceeds from this bond issue was 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, 2020, the total remaining debt was \$28,615,000.

Additional information on Grayson County's long-term debt can be found in Note II G on pages 34 – 36 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Grayson County on September 30, 2020, is 6.0 percent, which is more than the rate of 2.9 percent a year ago, prior to the COVID-19 pandemic. This rate is lower than the state's average unemployment rate of 8.3 percent, and lower than the national average of 7.8 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 2021, with indications that the tax base will continue to grow.

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, 2020

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and investments | \$ 38,234,368 | \$ 686,903 | \$ 38,921,271 |
| Receivables (net of allowance for uncollectibles) | 6,430,742 | 9,856 | 6,440,598 |
| Intergovernmental receivable | 34,434,492 | 50,000 | 34,484,492 |
| Prepaid items | 916,752 | 53,320 | 970,072 |
| Capital assets not being depreciated | 1,564,957 | 2,829,106 | 4,394,063 |
| Capital assets, net of accumulated depreciation | <u>23,571,831</u> | <u>11,974,305</u> | <u>35,546,136</u> |
| Total assets | <u>105,153,142</u> | <u>15,603,490</u> | <u>120,756,632</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | 919,467 | - | 919,467 |
| Deferred outflows related to pensions | 2,538,247 | 14,991 | 2,553,238 |
| Deferred outflows related to OPEB | <u>1,480,566</u> | <u>8,625</u> | <u>1,489,191</u> |
| Total deferred outflows of resources | <u>4,938,280</u> | <u>23,616</u> | <u>4,961,896</u> |
| LIABILITIES | | | |
| Accounts payable | 1,120,748 | 44,085 | 1,164,833 |
| Intergovernmental payable | 6,005,402 | - | 6,005,402 |
| Accrued interest payable | 314,054 | - | 314,054 |
| Accrued wages payable | 1,016,846 | 6,416 | 1,023,262 |
| Security deposits payable | - | 3,336 | 3,336 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Long-term debt | 5,514,438 | 1,512 | 5,515,950 |
| Total OPEB liability | 523,247 | 3,048 | 526,295 |
| Due in more than one year: | | | |
| Long-term debt | 34,652,886 | 4,582 | 34,657,468 |
| Net pension liability | 6,247,580 | 36,899 | 6,284,479 |
| Total OPEB liability | <u>9,295,122</u> | <u>54,148</u> | <u>9,349,270</u> |
| Total liabilities | <u>64,690,323</u> | <u>154,026</u> | <u>64,844,349</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | 2,998,033 | 17,707 | 3,015,740 |
| Deferred outflows related to OPEB | <u>1,165,915</u> | <u>6,792</u> | <u>1,172,707</u> |
| Total deferred inflows of resources | <u>4,163,948</u> | <u>24,499</u> | <u>4,188,447</u> |
| NET POSITION | | | |
| Net investment in capital assets | 24,682,662 | 14,803,411 | 39,486,073 |
| Restricted for: | | | |
| Debt service | 389,038 | - | 389,038 |
| Capital projects | 4,915,458 | - | 4,915,458 |
| Road and bridge | 3,243,449 | - | 3,243,449 |
| Public health | 1,141,257 | - | 1,141,257 |
| Juvenile services | 65,819 | - | 65,819 |
| Election administration | 286,379 | - | 286,379 |
| Emergency management | 131,992 | - | 131,992 |
| Records management | 1,549,188 | - | 1,549,188 |
| Court security and technology | 91,146 | - | 91,146 |
| Tax accessor-collector operations | 135,964 | - | 135,964 |
| Law enforcement | 143,664 | - | 143,664 |
| Inmate welfare | 118,086 | - | 118,086 |
| Court management | 527,384 | - | 527,384 |
| Purpose of trust | 74,062 | - | 74,062 |
| Other | 162,627 | - | 162,627 |
| Unrestricted | <u>3,578,976</u> | <u>645,170</u> | <u>4,224,146</u> |
| Total net position | <u>\$ 41,237,151</u> | <u>\$ 15,448,581</u> | <u>\$ 56,685,732</u> |

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

GRAYSON COUNTY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| Functions/Programs | Expenses | Program Revenue | | |
|--------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government | | | | |
| Governmental activities: | | | | |
| General government | \$ 9,128,050 | \$ 4,854,159 | \$ 1,372,721 | \$ - |
| Judicial | 7,780,663 | 472,951 | 132,005 | - |
| Elections | 834,795 | - | 59,016 | - |
| Public safety | 18,241,480 | 3,408,390 | 1,944,038 | - |
| Highways and streets | 7,834,864 | 3,120,546 | - | 25,000 |
| Health and welfare | 5,548,240 | 1,597,810 | 872,966 | - |
| Culture and recreation | 166,450 | - | - | - |
| Conservation and development | 348,683 | - | - | - |
| Bond interest | 1,481,909 | - | - | - |
| Intergovernmental | 212,430 | - | - | - |
| Total governmental activities | <u>51,577,564</u> | <u>13,453,856</u> | <u>4,380,746</u> | <u>25,000</u> |
| Business-type activities: | | | | |
| Grayson County Airport | <u>1,372,071</u> | <u>1,256,643</u> | <u>119,000</u> | <u>-</u> |
| Total business-type activities | <u>1,372,071</u> | <u>1,256,643</u> | <u>119,000</u> | <u>-</u> |
| Total primary government | <u>\$ 52,949,635</u> | <u>\$ 14,710,499</u> | <u>\$ 4,499,746</u> | <u>\$ 25,000</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

Insurance recoveries

 Total general revenues and transfers

 Change in net position

Net position - beginning

Net position - ending

Net (Expense) Revenue and Changes in Position
Primary Government

| <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|------------------------------------|-------------------------------------|----------------------|
| \$(2,901,170) | \$ - | \$(2,901,170) |
| (7,175,707) | - | (7,175,707) |
| (775,779) | - | (775,779) |
| (12,889,052) | - | (12,889,052) |
| (4,689,318) | - | (4,689,318) |
| (3,077,464) | - | (3,077,464) |
| (166,450) | - | (166,450) |
| (348,683) | - | (348,683) |
| (1,481,909) | - | (1,481,909) |
| (212,430) | - | (212,430) |
| <u>(33,717,962)</u> | <u>-</u> | <u>(33,717,962)</u> |
| - | <u>3,572</u> | <u>3,572</u> |
| - | <u>3,572</u> | <u>3,572</u> |
| (33,717,962) | 3,572 | (33,714,390) |
| 41,204,947 | - | 41,204,947 |
| 69,062 | - | 69,062 |
| 222,632 | - | 222,632 |
| 459,787 | - | 459,787 |
| 739,988 | 2,592 | 742,580 |
| 631,826 | 5,694 | 637,520 |
| <u>58,148</u> | <u>13,351</u> | <u>71,499</u> |
| <u>43,386,390</u> | <u>21,637</u> | <u>43,408,027</u> |
| 9,668,428 | 25,209 | 9,693,637 |
| <u>31,568,723</u> | <u>15,423,372</u> | <u>46,992,095</u> |
| <u>\$ 41,237,151</u> | <u>\$ 15,448,581</u> | <u>\$ 56,685,732</u> |

GRAYSON COUNTY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

| | | Special Revenue Funds | | Debt Service Fund |
|---|----------------------|-----------------------|---------------------|-------------------------|
| | General | Road and Bridge | CARES Act | State Highway 289 Bonds |
| ASSETS | | | | |
| Cash and investments | \$ 25,702,057 | \$ 2,500,502 | \$ - | \$ 160,273 |
| Taxes receivable | 1,420,667 | 166,604 | - | - |
| Receivables (net of allowances) | 2,128,409 | 607,279 | - | - |
| Intergovernmental receivables | 87,758 | 274,392 | 1,687,606 | 31,689,750 |
| Due from other funds | 673,617 | - | - | - |
| Advance to other funds | 1,455,608 | - | - | - |
| Prepaid items | 847,860 | - | - | - |
| Total assets | <u>32,315,976</u> | <u>3,548,777</u> | <u>1,687,606</u> | <u>31,850,023</u> |
| LIABILITIES | | | | |
| Accounts payable | 613,759 | 233,998 | - | - |
| Accrued wages payable | 776,016 | 107,702 | - | - |
| Intergovernmental payable | 6,005,402 | - | - | - |
| Due to other funds | - | - | - | - |
| Advance from other funds | - | - | - | - |
| Total liabilities | <u>7,395,177</u> | <u>341,700</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue-property taxes | 1,259,959 | 147,960 | - | - |
| Unavailable revenue-court fines | 161,204 | 574,344 | - | - |
| Unavailable revenue-TXDOT revenue | - | - | - | 31,689,750 |
| Unavailable revenue-grants | - | - | 1,687,606 | - |
| Unavailable revenue-other | 3,600 | - | - | - |
| Total deferred inflows of resources | <u>1,424,763</u> | <u>722,304</u> | <u>1,687,606</u> | <u>31,689,750</u> |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Advance to other funds | 1,455,608 | - | - | - |
| Prepaid items | 847,860 | - | - | - |
| 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 enforcement | - | - | - | - |
| Inmate welfare | - | - | - | - |
| Court management | - | - | - | - |
| Road and bridge | - | 2,484,773 | - | - |
| Debt service | - | - | - | 160,273 |
| Capital projects | - | - | - | - |
| Purpose of trust | - | - | - | - |
| Other | - | - | - | - |
| Assigned - Subsequent year's appropriation of fund balance | 736,626 | - | - | - |
| Unassigned: | 20,455,942 | - | - | - |
| Total fund balances | <u>23,496,036</u> | <u>2,484,773</u> | <u>-</u> | <u>160,273</u> |
| Total liabilities, fund balances, and deferred inflows of resources | <u>\$ 32,315,976</u> | <u>\$ 3,548,777</u> | <u>\$ 1,687,606</u> | <u>\$ 31,850,023</u> |

| Other Governmental Funds | Total Governmental |
|--------------------------------|-----------------------|
| \$ 9,871,536 | \$ 38,234,368 |
| 29,670 | 1,616,941 |
| 655,419 | 3,391,107 |
| 694,986 | 34,434,492 |
| - | 673,617 |
| - | 1,455,608 |
| <u>68,892</u> | <u>916,752</u> |
| <u>11,320,503</u> | <u>80,722,885</u> |
| 272,991 | 1,120,748 |
| 133,128 | 1,016,846 |
| - | 6,005,402 |
| 673,617 | 673,617 |
| <u>1,455,608</u> | <u>1,455,608</u> |
| <u>2,535,344</u> | <u>10,272,221</u> |
| 23,681 | 1,431,600 |
| 66,915 | 802,463 |
| - | 31,689,750 |
| - | 1,687,606 |
| - | <u>3,600</u> |
| <u>90,596</u> | <u>35,615,019</u> |
| - | 1,455,608 |
| - | 847,860 |
| 1,141,257 | 1,141,257 |
| 65,819 | 65,819 |
| 286,379 | 286,379 |
| 131,992 | 131,992 |
| 1,549,188 | 1,549,188 |
| 188,279 | 188,279 |
| 91,146 | 91,146 |
| 135,964 | 135,964 |
| 10,790 | 10,790 |
| 95,012 | 95,012 |
| 143,664 | 143,664 |
| 118,086 | 118,086 |
| 527,384 | 527,384 |
| 471,540 | 2,956,313 |
| 143,369 | 303,642 |
| 4,908,625 | 4,908,625 |
| 74,062 | 74,062 |
| 67,615 | 67,615 |
| - | 736,626 |
| <u>(1,455,608)</u> | <u>19,000,334</u> |
| <u>8,694,563</u> | <u>34,835,645</u> |
| \$ <u>11,320,503</u> | \$ <u>80,722,885</u> |

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GRAYSON COUNTY, TEXAS

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

SEPTEMBER 30, 2020

| | | |
|--|----|--------------------|
| Total fund balances, governmental funds | \$ | 34,835,645 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position. | | 25,136,788 |
| Deferred losses on refundings are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position. | | 919,467 |
| Deferred outflows of resources for pension-related activities are not included in the fund financial statements, but are included in the Statement of Net Position. | | 2,538,247 |
| Deferred outflows of resources for OPEB-related activities are not included in the fund financial statements, but are included in the Statement of Net Position. | | 1,480,566 |
| Some liabilities, such as long-term bonds payable, capital leases, and compensated absences, are not due and payable in the current period and are not included in the fund financial statements, but are reported in the Statement of Net Position. | | |
| Bonds payable | (| 38,532,230) |
| Capital leases | (| 454,126) |
| Compensated absences | (| 1,180,968) |
| Net pension liability | (| 6,247,580) |
| Total OPEB liability | (| 9,818,369) |
| Interest on long-term debt | (| 314,054) |
| The portion of certain receivable not collected soon enough to pay for the current period's expenditures are deferred in the funds. | | |
| Intergovernmental | | 31,689,750 |
| Property taxes | | 2,854,294 |
| Grants | | 1,687,606 |
| Court fines | | 802,463 |
| Other | | 3,600 |
| Deferred outflows of resources for pension-related activities are not included in the fund financial statements, but are included in the Statement of Net Position. | (| 2,998,033) |
| Deferred outflows of resources for OPEB-related activities are not included in the fund financial statements, but are included in the Statement of Net Position. | (| <u>1,165,915</u>) |
| Change in net position of governmental activities | \$ | <u>41,237,151</u> |

GRAYSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | <u>General</u> | <u>Special Revenue Funds</u> | | <u>Debt Service Fund</u> |
|--|----------------------|------------------------------|-------------------|--------------------------------|
| | | <u>Road and Bridge</u> | <u>CARES Act</u> | <u>State Highway 289 Bonds</u> |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 36,711,773 | \$ 4,297,232 | \$ - | \$ - |
| Other | 222,632 | - | - | - |
| Penalty and interest on taxes | 400,896 | 46,928 | - | - |
| Licenses and permits | 349,013 | - | - | - |
| Intergovernmental revenue | 1,171,523 | 190,728 | 442,299 | 5,281,625 |
| Charges for services | 2,627,321 | 474,046 | - | - |
| Fines | - | 731,424 | - | - |
| Forfeits | 152,850 | - | - | - |
| Vehicle registration fees | 1,690,727 | 1,653,976 | - | - |
| Investment earnings | 460,930 | 54,242 | - | 5,487 |
| Contributions and donations | 205,000 | 25,000 | - | - |
| Other revenue | 388,317 | 739 | - | - |
| Total revenues | <u>44,380,982</u> | <u>7,474,315</u> | <u>442,299</u> | <u>5,287,112</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 8,797,367 | - | - | 1,000 |
| Judicial | 8,664,545 | - | - | - |
| Elections | 536,776 | - | - | - |
| Public safety | 18,397,386 | - | - | - |
| Highways and streets | - | 7,472,716 | - | - |
| Health and welfare | 3,884,199 | - | 293,743 | - |
| Culture and recreation | 174,687 | - | - | - |
| Conservation and development | 434,220 | - | - | - |
| Debt service: | | | | |
| Principal | - | 172,463 | - | 4,015,000 |
| Interest | - | 13,554 | - | 1,306,025 |
| Capital outlay | 834,331 | 774,529 | - | - |
| Intergovernmental | 206,880 | - | - | - |
| Total expenditures | <u>41,930,391</u> | <u>8,433,262</u> | <u>293,743</u> | <u>5,322,025</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>2,450,591</u> | <u>(958,947)</u> | <u>148,556</u> | <u>(34,913)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | 8,186 | 113,237 | - | - |
| Proceeds from capital leases | - | 156,828 | - | - |
| Proceeds from insurance | 41,767 | 4,994 | - | - |
| Transfers in | 148,556 | - | - | - |
| Transfers out | <u>(487,440)</u> | <u>-</u> | <u>(148,556)</u> | <u>-</u> |
| Total other financing sources and uses | <u>(288,931)</u> | <u>275,059</u> | <u>(148,556)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 2,161,660 | (683,888) | - | (34,913) |
| FUND BALANCES, BEGINNING | <u>21,334,376</u> | <u>3,168,661</u> | <u>-</u> | <u>195,186</u> |
| FUND BALANCES, ENDING | \$ <u>23,496,036</u> | \$ <u>2,484,773</u> | \$ <u>-</u> | \$ <u>160,273</u> |

| Other Governmental Funds | Total Governmental |
|--------------------------------|-----------------------|
| \$ 1,376,217 | \$ 42,385,222 |
| - | 222,632 |
| 11,963 | 459,787 |
| 351,742 | 700,755 |
| 2,063,297 | 9,149,472 |
| 4,314,095 | 7,415,462 |
| 52,706 | 784,130 |
| 122,887 | 275,737 |
| - | 3,344,703 |
| 111,167 | 631,826 |
| 198,839 | 428,839 |
| 103,661 | 492,717 |
| <u>8,706,574</u> | <u>66,291,282</u> |
| 1,015,236 | 9,813,603 |
| 500,141 | 9,164,686 |
| 355,324 | 892,100 |
| 3,319,424 | 21,716,810 |
| 19,785 | 7,492,501 |
| 1,870,331 | 6,048,273 |
| - | 174,687 |
| - | 434,220 |
| 825,000 | 5,012,463 |
| 316,650 | 1,636,229 |
| 278,209 | 1,887,069 |
| 5,550 | 212,430 |
| <u>8,505,650</u> | <u>64,485,071</u> |
| <u>200,924</u> | <u>1,806,211</u> |
| 18,506 | 139,929 |
| - | 156,828 |
| 11,387 | 58,148 |
| 567,647 | 716,203 |
| (80,207) | (716,203) |
| <u>517,333</u> | <u>354,905</u> |
| 718,257 | 2,161,116 |
| <u>7,976,306</u> | <u>32,674,529</u> |
| \$ <u>8,694,563</u> | \$ <u>34,835,645</u> |

GRAYSON COUNTY, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - governmental funds balance sheet \$ 2,161,116

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

| | |
|----------------------------|--------------|
| Capital outlay | 2,243,694 |
| Depreciation | (3,252,901) |
| Disposal of capital assets | (111,659) |

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

| | |
|-------------------|--------------|
| Property taxes | (1,111,213) |
| Court fines | (401,806) |
| Grants | 1,687,606 |
| Intergovernmental | (5,281,625) |
| Other | 3,600 |

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

| | |
|--------------------------|------------|
| Issuance of debt | (156,828) |
| Principal repayment | 5,012,463 |
| Amortization of premiums | 83,337 |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in the governmental funds:

| | |
|------------------------------------|------------|
| Interest | 70,983 |
| Pension cost | (952,632) |
| Other postemployment benefits cost | 9,855,385 |
| Compensated absences | (181,092) |

Change in net position of governmental activities \$ 9,668,428

GRAYSON COUNTY, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2020

| | Grayson County Airport |
|---|------------------------------|
| | <u> </u> |
| ASSETS | |
| Current assets: | |
| Cash and investments | \$ 686,903 |
| Other receivables | 9,856 |
| Due from other governments | 50,000 |
| Prepaid expenses | <u>53,320</u> |
| Total current assets | <u>800,079</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Land | 2,829,106 |
| Infrastructure | 29,488,571 |
| Buildings | 6,236,634 |
| Improvements other than buildings | 90,969 |
| Machinery and equipment | 378,794 |
| Accumulated depreciation | <u>(24,220,663)</u> |
| Total noncurrent assets | <u>14,803,411</u> |
| Total assets | <u>15,603,490</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows related to pensions | 14,991 |
| Deferred outflows related to OPEBs | <u>8,625</u> |
| Total deferred outflows of resources | <u>23,616</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 44,085 |
| Accrued wages payable | 6,416 |
| Security deposits payable | 3,336 |
| Compensated absences | 1,512 |
| Total OPEB liability | <u>3,048</u> |
| Total current liabilities | <u>58,397</u> |
| Noncurrent liabilities: | |
| Compensated absences | 4,582 |
| Net pension liability | 36,899 |
| Total OPEB liability | <u>54,148</u> |
| Total noncurrent liabilities | <u>95,629</u> |
| Total liabilities | <u>154,026</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows related to pensions | 17,707 |
| Deferred inflows related to OPEB | <u>6,792</u> |
| Total deferred inflows of resources | <u>24,499</u> |
| NET POSITION | |
| Net investment in capital assets | 14,803,411 |
| Unrestricted | <u>645,170</u> |
| Total net position | <u>\$ 15,448,581</u> |

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

GRAYSON COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | Grayson County Airport |
|---|------------------------------|
| OPERATING REVENUES | |
| Grant funding | \$ 119,000 |
| Charges for services | 72,264 |
| Rents and royalties | 1,184,379 |
| Other revenue | <u>2,592</u> |
| Total operating revenues | <u>1,378,235</u> |
| OPERATING EXPENSES | |
| Salaries and benefits | 2,486 |
| Purchased professional and technical services | 299,157 |
| Purchased property services | 98,255 |
| Other operating expenses | 326,633 |
| Depreciation | <u>645,540</u> |
| Total operating expenses | <u>1,372,071</u> |
| OPERATING GAIN (LOSS) | <u>6,164</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| Investment earnings | 5,694 |
| Insurance recovery | <u>13,351</u> |
| Total nonoperating revenues (expenses) | <u>19,045</u> |
| CHANGE IN NET POSITION | 25,209 |
| TOTAL NET POSITION, BEGINNING | <u>15,423,372</u> |
| TOTAL NET POSITION, ENDING | <u>\$ 15,448,581</u> |

GRAYSON COUNTY, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | Grayson County Airport |
|---|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from user charges | \$ 1,378,235 |
| Cash payments to employees for services | (243,241) |
| Cash payments for other operating expenses | (776,887) |
| Net cash provided (used) by operating activities | 358,107 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Cash received from other funds | 128,428 |
| Insurance recovery | 13,351 |
| Net cash provided (used) by noncapital financing activities | 141,779 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Acquisition of capital assets | (77,308) |
| Net cash provided (used) by capital and related financing activities | (77,308) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest and dividends on investments | 5,694 |
| Net cash provided (used) by investing activities | 5,694 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 428,272 |
| CASH AND CASH EQUIVALENTS, BEGINNING | 258,631 |
| CASH AND CASH EQUIVALENTS, ENDING | \$ 686,903 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES | |
| Operating gain (loss) | \$ 6,164 |
| Adjustments to reconcile operating income to net cash used by operating activities: | |
| Depreciation | 645,540 |
| Changes in assets and liabilities: | |
| Decrease (increase) in prepaid expenses | (5,159) |
| Decrease (increase) in deferred outflows | 77,255 |
| Increase (decrease) in accounts payable | (47,683) |
| Increase (decrease) in accrued wages payable | 1,050 |
| Increase (decrease) in security deposits payable | 39 |
| Increase (decrease) in compensated absences | (3,482) |
| Increase (decrease) in net pension liability | (94,750) |
| Increase (decrease) in total OPEB liability | (230,187) |
| Increase (decrease) in deferred inflows | 9,320 |
| Net cash provided (used) by operating activities | \$ 358,107 |

GRAYSON COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2020

| | <u>Agency Funds</u> |
|---------------------------------------|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ <u>7,230,232</u> |
| Total assets | \$ <u>7,230,232</u> |
| LIABILITIES | |
| Due to other agencies and individuals | \$ <u>7,230,232</u> |
| Total liabilities | \$ <u>7,230,232</u> |

GRAYSON COUNTY, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net 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.

The **CARES Act Fund** is used to account for monies received from the Coronavirus Relief Fund as part of the CARES Act that was passed by the Federal Government in response to the COVID-19 pandemic.

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.

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 and Prepaid Items

Inventories of supplies are no longer maintained on hand. Supplies are expensed when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than 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 and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivables in excess of sixty days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is based on historical collection experience.

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 acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

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 and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- 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.
- Changes in actuarial assumptions – The changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

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.
- Difference in projected and actual earnings on pension assets – The difference is deferred and amortized over a closed five-year period.

- Changes in actuarial assumptions – The changes are 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. The maximum amount of vacation leave that can be carried over at the end of the calendar year is 160 hours. Time in excess of the 160-hour limit will not be advanced to the next calendar year. Payments in lieu of accrued vacation may be made from the elected official's budget for time in excess of the 160-hour limit if approved by Commissioners' Court. 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. *Other Post-Employment Benefits*

For purposes of measuring the total OPEB liability, related deferred outflows and inflows of resources, and total OPEB expense under the retiree health plan, information about the plan is obtained from a report prepared for the County by the consulting actuary, GRS.

10. *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.

11. *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.

12. 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.

13. 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 is 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. 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, 2020, the total reported value of the County's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was:

| | <u>Reported Value</u> | <u>Weighted Average Maturity (Months)</u> |
|----------------------|-----------------------|---|
| Cash Deposits | 8,693,237 | n/a |
| Simmons Bank | 29,201,062 | n/a |
| Simmons Bank - CDARS | 3,594,092 | 18 |
| FHLMC | 3,000,000 | 1 |
| TexPool | 1,657,023 | 1 |
| LOGIC | 6,089 | 1 |
| Total | <u>\$ 46,151,503</u> | |

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of September 30, 2020, the County held the following fair value measurements:

- U.S. Agency Bond of \$3,000,000 was valued using a documented trade history in exact security pricing model (Level 2 Inputs).

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.

Investments for the County are reported at fair value, except for the position in investment pools. The County's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

TexPool and Logic have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

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, 2020, 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, 2020, 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 2019 tax rate allocated to each fund:

| | Rate Per \$100 |
|---|-------------------------------|
| Road and bridge fund (special revenue) | \$ 0.041892 |
| Permanent improvement fund (capital projects) | 0.000997 |
| Debt Service | 0.012459 |
| General fund | <u>0.361081</u> |
| Total | \$ <u><u>0.416429</u></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, 2020, are as follows:

| | Beginning Balance | Additions | Reclassifications/ Deletions | Ending Balance |
|--|----------------------|------------------------|---------------------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,371,954 | \$ - | \$ - | \$ 1,371,954 |
| Construction in progress | <u>46,806</u> | <u>146,197</u> | <u>-</u> | <u>193,003</u> |
| Total assets not being depreciated | <u>1,418,760</u> | <u>146,197</u> | <u>-</u> | <u>1,564,957</u> |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 101,691,378 | 532,180 | (320,006) | 101,903,552 |
| Buildings | 29,432,047 | - | - | 29,432,047 |
| Improvements other than buildings | 927,525 | 68,048 | - | 995,573 |
| Machinery and equipment | <u>23,822,919</u> | <u>1,497,269</u> | <u>(1,042,483)</u> | <u>24,277,705</u> |
| Total capital assets being depreciated | <u>155,873,869</u> | <u>2,097,497</u> | <u>(1,362,489)</u> | <u>156,608,877</u> |
| Less accumulated depreciation: | | | | |
| Infrastructure | 92,904,538 | 1,155,430 | (320,006) | 93,739,962 |
| Buildings | 19,150,138 | 723,257 | - | 19,873,395 |
| Improvements other than buildings | 872,990 | 15,244 | - | 888,234 |
| Machinery and equipment | <u>18,107,309</u> | <u>1,358,970</u> | <u>(930,824)</u> | <u>18,535,455</u> |
| Total accumulated depreciation | <u>131,034,975</u> | <u>3,252,901</u> | <u>(1,250,830)</u> | <u>133,037,046</u> |
| Total capital assets being depreciated, net | <u>24,838,894</u> | <u>(1,155,404)</u> | <u>(111,659)</u> | <u>23,571,831</u> |
| Governmental activities capital assets, net | <u>\$ 26,257,654</u> | <u>\$ (1,009,207)</u> | <u>\$ (111,659)</u> | <u>\$ 25,136,788</u> |
| | | | | |
| | Beginning Balance | Additions | Deletions | Ending Balance |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ <u>2,829,106</u> | \$ - | \$ - | \$ <u>2,829,106</u> |
| Total assets not being depreciated | <u>2,829,106</u> | <u>-</u> | <u>-</u> | <u>2,829,106</u> |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 29,447,530 | 41,041 | - | 29,488,571 |
| Buildings | 6,236,634 | - | - | 6,236,634 |
| Improvements other than buildings | 69,601 | 21,368 | - | 90,969 |
| Machinery and equipment | <u>376,094</u> | <u>14,900</u> | <u>(12,200)</u> | <u>378,794</u> |
| Total capital assets being depreciated | <u>36,129,859</u> | <u>77,309</u> | <u>(12,200)</u> | <u>36,194,968</u> |
| Less accumulated depreciation: | | | | |
| Infrastructure | 18,687,118 | 494,414 | - | 19,181,532 |
| Buildings | 4,659,323 | 111,432 | - | 4,770,755 |
| Improvements other than buildings | 24,388 | 5,195 | - | 29,583 |
| Machinery and equipment | <u>216,494</u> | <u>34,499</u> | <u>(12,200)</u> | <u>238,793</u> |
| Total accumulated depreciation | <u>23,587,323</u> | <u>645,540</u> | <u>(12,200)</u> | <u>24,220,663</u> |
| Total capital assets being depreciated, net | <u>12,542,536</u> | <u>(568,231)</u> | <u>-</u> | <u>11,974,305</u> |
| Business-type activities capital assets, net | <u>\$ 15,371,642</u> | <u>\$ (568,231)</u> | <u>\$ -</u> | <u>\$ 14,803,411</u> |

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

| | | |
|---------------------------|--|---------------------|
| Governmental activities: | | |
| General government | | \$ 440,995 |
| Judicial | | 28,642 |
| Public safety | | 902,340 |
| Health and welfare | | 52,612 |
| Highways and streets | | <u>1,828,312</u> |
| Total | | <u>\$ 3,252,901</u> |
| Business-type activities: | | |
| Airport | | <u>\$ 645,540</u> |
| Total | | <u>\$ 645,540</u> |

D. Interfund Receivables, Payables, Advances and Transfers

Interfund balances during the year ended September 30, 2020, consisted of the following amounts:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------|-------------------|
| General | Nonmajor governmental | <u>\$ 673,617</u> |

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 account system, and 3) payments between funds are made.

Interfund advances during the year ended September 30, 2020, consisted of the following amounts:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------|---------------------|
| General | Nonmajor governmental | <u>\$ 1,455,608</u> |

The amounts payable to the general fund relate to working capital loans made to the detention center renovation fund.

Interfund transfers during the year ended September 30, 2020, consisted of the following amounts:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u> | <u>Explanation</u> |
|-----------------------|-----------------------|-------------------|---------------------------|
| General fund | Nonmajor governmental | \$ 487,440 | Supplement fund resources |
| CARES Act | General fund | 148,556 | Supplement fund resources |
| Nonmajor governmental | Nonmajor governmental | <u>80,207</u> | Supplement fund resources |
| Total | | <u>\$ 716,203</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, 30 of 62 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, 2020 for business-type activities:

| | |
|--------------------------------|---------------------|
| Buildings | \$ 6,236,634 |
| Less: accumulated depreciation | <u>(4,770,755)</u> |
| Net | <u>\$ 1,465,879</u> |

The following is a summary of minimum future rentals to be received on non-cancellable operating leases in effect as of September 30, 2020. 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).

| Year Ending September 30, | Lease Obligation |
|------------------------------|---------------------|
| 2021 | \$ 1,025,466 |
| 2022 | 830,800 |
| 2023 | 671,663 |
| 2024 | 564,712 |
| 2025 | 489,581 |
| 2026-2030 | 1,451,429 |
| 2031-2035 | 654,373 |
| 2036-2040 | 405,787 |
| 2041-2045 | 347,728 |
| 2046-2050 | 222,960 |
| 2051-2055 | 16,836 |
| Total | <u>\$ 6,681,335</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.

In June 2012 and March 2013, the County issued Pass-through Toll Revenue and Limited Tax Refunding Bonds, Series 2012 and Series 2013, respectively. The bonds were issued to refund the Series 2007 bonds mentioned above and carry interest rates ranging from 3.0% to 5.0% and 1.62% and 4.5%, respectively. The Bonds were issued pursuant to the authority granted to the County by Chapter 1479, Texas Government Code, as amended; Chapter 1207, Texas Government Code, as amended; and an Order adopted by the Commissioners Court of the County. The Bonds are obligations of the County which are payable in whole or in part from a first lien on the Payments, including the pledged revenues and the payments, and are further secured by the County's pledge of an ad valorem tax upon all taxable property within the County to the extent the Security is not sufficient.

Should the County default on the Bonds, the registered owners of the Certificates only practical remedy is a mandamus or mandatory injunction proceeding to compel the County to levy, assess, and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as they become due.

Combination Tax and Revenue Certificates of Obligation

In October 2018, Grayson County issued \$9,415,000 of Combination Tax and Revenue Certificates of Obligation, Series 2018. The Bonds were issued pursuant to the general laws of the State of Texas, including Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 502, Texas Transportation Code, and an order adopted by the Commissioners Court of the County. The certificates constitute direct obligations of the County, payable from a combination of the (i) levy and collection of a direct and continuing ad valorem tax on all taxable property within the County and (ii) limited pledge (not to exceed \$1,000) of the revenues the County receives from vehicle registration fees authorized pursuant to Chapter 502, Texas Transportation Code.

The Certificates are being issued for the purpose of paying contractual obligations for constructing or improving any road in the County and paying costs of issuance. Should the County default on the Certificates, the registered owners of the Certificates only practical remedy is a mandamus or mandatory injunction proceeding to compel the County to levy, assess, and collect an annual ad valorem tax sufficient to pay principal of and interest on the Certificates as they become due.

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

| Year Ending September 30, | Governmental Activities | | Total Requirements |
|------------------------------|-------------------------|--------------|-----------------------|
| | Principal | Interest | |
| 2021 | 4,195,000 | 1,120,850 | 5,315,850 |
| 2022 | 4,415,000 | 905,600 | 5,320,600 |
| 2023 | 4,690,000 | 689,700 | 5,379,700 |
| 2024 | 4,905,000 | 473,813 | 5,378,813 |
| 2025 | 5,115,000 | 261,150 | 5,376,150 |
| 2026 | 5,295,000 | 79,425 | 5,374,425 |
| Total | \$ 28,615,000 | \$ 3,530,538 | \$ 32,145,538 |

Annual debt service requirements to maturity for the Combination Tax and Revenue Certificates of Obligations, Series 2018 are as follows:

| Year Ending September 30, | Governmental Activities | | Total Requirements |
|------------------------------|-------------------------|--------------|-----------------------|
| | Principal | Interest | |
| 2021 | 850,000 | 291,900 | 1,141,900 |
| 2022 | 880,000 | 266,400 | 1,146,400 |
| 2023 | 905,000 | 240,000 | 1,145,000 |
| 2024 | 940,000 | 203,800 | 1,143,800 |
| 2025 | 980,000 | 166,200 | 1,146,200 |
| 2026-2028 | 3,175,000 | 257,400 | 3,432,400 |
| Total | \$ 7,730,000 | \$ 1,425,700 | \$ 9,155,700 |

Capital Leases

The County is obligated under three capital leases (direct borrowing) for a Gradall excavator, an oil distribution truck and dozer, and a tractor and mower. The leases are secured by the financed assets. The outstanding leases at September 30, 2020 were as follows:

Governmental Activities:

| | |
|---|-------------------|
| Gradall excavator equipment payable in 60 monthly installments of \$4,175, including interest of 3.451%, with the final payment in August 2026. | \$ 183,145 |
| Oil distribution truck and dozer payable in 4 annual installments of \$95,320, including interest of 2.95%, with the final payment in May 2022. | 154,745 |
| Tractor and mower payable in 4 annual installments of \$40,593. including interest of 2.34%, with the final payment in September 2023. | <u>116,236</u> |
| Total | <u>\$ 454,126</u> |

Annual debt service requirements to maturity for the capital leases are as follows:

| <u>Fiscal Year</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| 2021 | \$ 186,017 |
| 2022 | 154,194 |
| 2023 | 90,697 |
| 2024 | <u>45,929</u> |
| Total amount of minimum lease payments | \$ 476,837 |
| Less: amount representing interest | <u>(22,711)</u> |
| Present value of minimum lease payments | <u>\$ 454,126</u> |

Below is a summary of the cost and related accumulated depreciation of buildings used in operating leases activity as of September 30, 2020:

| | |
|--------------------------------|-------------------|
| Heavy Equipment | \$ 745,265 |
| Less: accumulated depreciation | <u>(113,141)</u> |
| Net | <u>\$ 632,124</u> |

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2020, is as follows:

| <u>Description</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> | <u>Due within One year</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|--------------------------------|
| Governmental activities: | | | | | |
| Pass-through toll revenue and limited tax refunding bonds, Series 2012 | \$ 12,625,000 | \$ - | \$ 4,015,000 | \$ 8,610,000 | \$ 4,195,000 |
| Pass-through toll revenue and limited tax refunding bonds, Series 2013 | 20,005,000 | - | - | 20,005,000 | - |
| Combination Tax and Revenue Certificates of Obligation, Series 2018 | 8,555,000 | - | 825,000 | 7,730,000 | 850,000 |
| Premium on pass-through toll revenue and limited tax bonds | 2,730,303 | - | 543,073 | 2,187,230 | - |
| Capital lease | 469,761 | 156,828 | 172,463 | 454,126 | 174,196 |
| Compensated absences | <u>999,876</u> | <u>1,641,408</u> | <u>1,460,316</u> | <u>1,180,968</u> | <u>295,242</u> |
| Governmental activities long-term liabilities | <u>\$ 45,384,940</u> | <u>\$ 1,798,236</u> | <u>\$ 7,015,852</u> | <u>\$ 40,167,324</u> | <u>\$ 5,514,438</u> |
| Business-type activities: | | | | | |
| Compensated absences | \$ 9,576 | \$ 3,658 | \$ 7,140 | \$ 6,094 | \$ 1,512 |
| Business-type activities long-term liabilities | <u>\$ 9,576</u> | <u>\$ 3,658</u> | <u>\$ 7,140</u> | <u>\$ 6,094</u> | <u>\$ 1,512</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, 2020, are as follows:

| | General | Road and Bridge | CARES Act | State Highway 289 Bonds | Other Governmental | Total Governmental Activities |
|------------------------------------|---------------------|---------------------|---------------------|-------------------------|---------------------|-------------------------------|
| Governmental activities: | | | | | | |
| Property taxes | \$ 2,120,398 | \$ 248,664 | \$ - | \$ - | \$ 44,283 | \$ 2,413,345 |
| Accounts | 2,456,203 | 1,977,363 | - | - | 760,214 | 5,193,780 |
| Intergovernmental | <u>87,758</u> | <u>274,392</u> | <u>1,687,606</u> | <u>31,689,750</u> | <u>694,986</u> | <u>34,434,492</u> |
| Gross receivable | 4,664,359 | 2,500,419 | 1,687,606 | 31,689,750 | 1,499,483 | 42,041,617 |
| Less: allowance for uncollectibles | (1,027,525) | (1,452,144) | - | - | (119,408) | (2,599,077) |
| Total | <u>\$ 3,636,834</u> | <u>\$ 1,048,275</u> | <u>\$ 1,687,606</u> | <u>\$ 31,689,750</u> | <u>\$ 1,380,075</u> | <u>\$ 39,442,540</u> |

| | Airport | Total Business-type Activities |
|------------------------------------|------------------|--------------------------------|
| Business-type Activities: | | |
| Accounts | \$ 9,856 | \$ 9,856 |
| Intergovernmental | <u>50,000</u> | <u>50,000</u> |
| Gross receivable | 59,856 | 59,856 |
| Less: allowance for uncollectibles | - | - |
| Total | <u>\$ 59,856</u> | <u>\$ 59,856</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, 2020. The County has no leases with related parties.

III. 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.

Economic Development Agreement

The County negotiates property tax abatement agreements on an individual basis. The County has tax abatements with twelve entities as of September 30, 2020:

| <u>Purpose</u> | <u>Percent abated during fiscal year</u> | <u>Dollar amount abated during fiscal year</u> |
|---|--|--|
| Taxpayer will add 50,000 sq/ft manufacturing space valued at \$10 million. | 50% | \$ 79,574 |
| Taxpayer commits to expansion of primary employment, investing in County and increased payroll. | 50% | 13,212 |
| Taxpayer will build 120 room hotel with a 23,000 sq/ft conference center. | 100% | 49,724 |
| Taxpayer commits to continued local development. | 56% | 37,330 |
| Taxpayer commits to improvements to property within Industrial Reinvestment Zone. | 45% | 16,706 |
| Taxpayer will construct 55,000 sq/ft building to house 4,400 ton extrusion press and related equipment. | 0% | - |
| Taxpayer will invest up to \$6 million for facilities, equipment and personal property | 70% | 35,494 |
| Taxpayer invest a minimum of \$6 million. | 70% | 20,272 |
| Taxpayer will invest \$8 million in facilities & \$1.6 million in personal property | 50% | 13,939 |
| Taxpayer will invest \$15 million in real property in the County and \$15 million in equipment. | 50% | 53,487 |
| Taxpayer will invest and \$20 - \$30 million in real property in the County and \$120 million in equipment. | 60% | 318,858 |
| Taxpayer will invest \$10 - \$12 million in real property and personal property in the County. | 50% | 16,337 |

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 that can be obtained at www.tcdrs.org.

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

Benefits Provided

TCDRS provides retirement, disability and survivor benefits for all of eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the act.

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. Updated annuity purchase rates will go into effect for post-2018 benefit accruals earned after 2018. Benefits accrued before 2019 will not be impacted by this update. This change was reflected in the 2018 actuarial valuation.

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 335 |
| Inactive employees entitled to but not yet receiving benefits | 465 |
| Active employees | <u>588</u> |
| Total | <u><u>1,388</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 9.51% and 9.97% in calendar years 2019 and 2020, respectively. The County's contributions to TCDRS for the year ended September 30, 2020, were \$3,037,653, and were equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019, actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation | 2.75% per year |
| Overall payroll growth | 3.25% per year |
| Investment rate of return | 8.10% (Gross of administrative expenses) |

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

| | |
|--|---|
| Depositing members | 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014. |
| Service retirees, beneficiaries and non-depositing members | 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. |
| Disabled retirees | 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. |

The actuarial assumptions that determined the total pension liability as of December 31, 2019, were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2012, except for mortality assumptions. Mortality assumptions were updated for the 2018 valuation to reflect projected improvements.

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 application of the investment return assumption was changed for purposes of determining plan liabilities in the 2018 actuarial valuation. All plan liabilities are now valued using an 8% discount rate. Previously, some liabilities were valued using a 7% discount rate and others were valued using a 9% discount rate.

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 2020 information for a 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 2020. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

| Asset Class | Benchmark | Target Allocation ⁽¹⁾ | Geometric Real Rate of Return (Expected minus Inflation) ⁽²⁾ |
|------------------------------------|---|----------------------------------|---|
| US Equities | Dow Jones U.S. Total Stock Market Index | 14.50% | 5.20% |
| Private Equity | Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾ | 20.00% | 8.20% |
| Global Equities | MSCI World (net) Index | 2.50% | 5.50% |
| International Equities - Developed | MSCI World Ex USA (net) | 7.00% | 5.20% |
| International Equities - Emerging | MSCI EM Standard (net) | 7.00% | 5.70% |
| Investment-Grade Bonds | Bloomberg Barclays Capital Aggregate Bond Index | 3.00% | -0.20% |
| Strategic Credit | FTSE High-Yield Cash-Pay Capped Index | 12.00% | 3.14% |
| Direct Lending | S&P/LSTA Leveraged Loan Index | 11.00% | 7.16% |
| Distressed Debt | Cambridge Associates Distressed Securities Index ⁽⁴⁾ | 4.00% | 6.90% |
| REIT Equities | 67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index | 3.00% | 4.50% |
| Master Limited Partnerships (MLPs) | Alerian MLP Index | 2.00% | 8.40% |
| Private Real Estate Partnerships | Cambridge Associates Real Estate Index ⁽⁵⁾ | 6.00% | 5.50% |
| Hedge Funds | Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index | 8.00% | 2.30% |

⁽¹⁾ Target asset allocation adopted at the June 2020 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions

⁽³⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.10%. 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 (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at 12/31/2018 | \$ 113,107,941 | \$ 98,417,761 | \$ 14,690,180 |
| Changes for the year: | | | |
| Service cost | 2,752,867 | - | 2,752,867 |
| Interest on total pension liability ⁽¹⁾ | 9,145,543 | - | 9,145,543 |
| Effect of economic/demographic gains or losses | (199,387) | - | (199,387) |
| Refund of contributions | (269,864) | (269,864) | - |
| Benefit payments | (5,753,149) | (5,753,149) | - |
| Administrative expenses | - | (85,728) | 85,728 |
| Member contributions | - | 1,179,794 | (1,179,794) |
| Net investment income | - | 16,164,135 | (16,164,135) |
| Employer contributions | - | 2,804,955 | (2,804,955) |
| Other ⁽²⁾ | - | 41,568 | (41,568) |
| Balance at 12/31/2019 | <u>\$ 118,783,951</u> | <u>\$ 112,499,472</u> | <u>\$ 6,284,479</u> |

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

⁽²⁾ Relates to allocation of system-wide items.

In the governmental activities, the net pension liability is typically liquidated by the General Fund.

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:

| | 1% Decrease 7.1% | Current Discount Rate 8.1% | 1% Increase 9.1% |
|-------------------------------|----------------------|----------------------------------|------------------------|
| Total pension liability | \$ 133,452,783 | \$ 118,783,951 | \$ 106,386,283 |
| Fiduciary net position | <u>112,499,472</u> | <u>112,499,472</u> | <u>112,499,472</u> |
| Net pension liability/(asset) | <u>\$ 20,953,311</u> | <u>\$ 6,284,479</u> | <u>\$ (6,113,189)</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.

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

For the year ended September 30, 2020, the County recognized pension expense of \$3,908,411.

At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 133,812 | \$ 209,009 |
| Changes in actuarial assumptions | 133,210 | - |
| Difference between projected and actual investment earnings | - | 2,806,731 |
| Contributions subsequent to the measurement date | <u>2,286,216</u> | <u>-</u> |
| Total | <u>\$ 2,553,238</u> | <u>\$ 3,015,740</u> |

\$2,286,216 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, 2021. 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, | |
|-----------------------------|--------------|
| 2021 | \$(630,406) |
| 2022 | (785,757) |
| 2023 | 322,443 |
| 2024 | (1,654,998) |

C. **Risk Management**

The County provides medical and life insurance for its employees through Texas Association of Counties. The County pays an average of \$909 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, 2020, was \$4,959,184.

D. **Postemployment Benefits Other Than Pensions (OPEB) – Retiree Health Plan**

Plan Description. 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 35% to 70% of the premium, depending on the plan in which they participate. Members are eligible at any age with 30 years of service or at age 60 with 8 years of service, or if the retiree’s age plus service equals 75. Spouses and dependents of retirees are also eligible.

Benefits and Contributions. When a regular, fulltime employee retires they are eligible to continue to participate in the County’s group health insurance plan up until age 65. 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. As of January 1, 2020, the County ended the Medicare Supplement Plan for Post 65 Retirees.

Retirees are responsible for payment of premiums for any dependent coverage, and the County pays the retirees premiums. The County’s contributions to the OPEB for the year ended September 30, 2020, were \$526,295, which equal benefit payments for retirees.

The number of employees currently covered by the benefit terms is as follows:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 154 |
| Active members | <u>478</u> |
| Total | <u>632</u> |

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

| | |
|------------------------------|---|
| Actuarial Valuation Date | December 31, 2019 |
| Actuarial Cost Method | Individual Entry Age |
| Inflation Rate | 2.50% |
| Salary Increases | .50% to 5.00%, not including wage inflation of 3.25% |
| Demographic Assumptions | Based on the experience study covering the four-year period ending December 31, 2016 as conducted for the Texas County and District Retirement System (TCDRS). |
| Mortality | For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 130% and female rates multiplied by 110%. Those rates are projected on a fully generational basis based on 110% of the ultimate rates of Scale MP-2014. |
| Health care cost trend rates | Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years. |
| Participation rates | 75% for eligible retirees |
| Discount rate | 2.75% as of December 31, 2019 |

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 2.75% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019.

Changes in the Total OPEB Liability

The County's total OPEB liability of \$9,875,565 was measured as of December 31, 2019 and was determined by an actuarial valuation as of December 31, 2019.

| | <u>Total OPEB Liability</u> |
|---|---------------------------------|
| Balance at 12/31/2018 | \$ 19,990,838 |
| Changes for the year: | |
| Service cost | 1,205,428 |
| Interest on the total liability | 754,258 |
| Changes of benefit terms | (11,551,065) |
| Difference between expected and actual experience | 418,417 |
| Changes in assumptions and other inputs | (416,016) |
| Benefit payments | (526,295) |
| Net changes | (10,115,273) |
| Balance at 12/31/2019 | \$ <u>9,875,565</u> |

In the governmental activities, the total OPEB liability is typically liquidated by the General Fund.

Changes in assumptions and other inputs reflect a change in the discount rate from 3.71% to 2.75%.

Changes of benefit terms resulted in a \$232,022 decrease of health insurance expenditures in the Airport Fund.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.75%) in measuring the total OPEB liability.

| | <u>1% Decrease in Discount Rate (1.75%)</u> | <u>Discount Rate (2.75%)</u> | <u>1% Increase in Discount Rate (3.75%)</u> |
|-------------------------------|---|------------------------------|---|
| County's total OPEB liability | \$ 10,652,269 | \$ 9,875,565 | \$ 9,143,849 |

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

| | <u>1% Decrease</u> | <u>Current Healthcare Cost Trend Rate Assumption</u> | <u>1% Increase</u> |
|-------------------------------|--------------------|--|--------------------|
| County's total OPEB liability | \$ 8,784,008 | \$ 9,875,565 | \$ 11,172,367 |

OPEB Expense, Deferred Inflows of Resources, and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2020, the County recognized OPEB income of \$9,565,171. At September 30, 2020, the County reported deferred outflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$ 372,273 | \$ - |
| Changes in actuarial assumptions | 777,136 | 1,172,707 |
| Contributions subsequent to the measurement date | <u>339,782</u> | <u>-</u> |
| Total | <u>\$ 1,489,191</u> | <u>\$ 1,172,707</u> |

\$339,782 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the County paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2021. Other amounts of the reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>For the Year Ended September 30,</u> | |
|---|-----------|
| 2021 | \$ 26,207 |
| 2022 | 26,207 |
| 2023 | 26,207 |
| 2024 | 26,207 |
| 2025 | (45,485) |
| Thereafter | (82,641) |

E. Stewardship, Compliance, and Accountability

As of year-end, the Detention Center Renovation had deficit fund balances of \$1,455,608, respectively. The deficit in this fund will be eliminated as resources are obtained (e.g. from future revenues and transfers in).

In 2020, expenditures exceeded appropriations in the General Fund's Intergovernmental function by \$1,260. The overages will be covered with future revenues or fund balance.

**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, 2020

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|---|----------------------|----------------------|----------------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 36,707,852 | \$ 36,707,852 | \$ 36,711,773 | \$ 3,921 |
| Other | 158,000 | 158,000 | 222,632 | 64,632 |
| Penalty and interest on taxes | 375,000 | 375,000 | 400,896 | 25,896 |
| Licenses and permits | 290,000 | 290,000 | 349,013 | 59,013 |
| Intergovernmental revenue and grants | 944,772 | 949,713 | 1,171,523 | 221,810 |
| Charges for services | 2,478,085 | 2,492,085 | 2,627,321 | 135,236 |
| Forfeits | 25,000 | 140,000 | 152,850 | 12,850 |
| Vehicle registration fees | 1,650,000 | 1,650,000 | 1,690,727 | 40,727 |
| Investment earnings | 460,000 | 461,000 | 460,930 | (70) |
| Contributions and donations | - | - | 205,000 | 205,000 |
| Other revenue | 111,700 | 111,790 | 388,317 | 276,527 |
| Total revenues | <u>43,200,409</u> | <u>43,335,440</u> | <u>44,380,982</u> | <u>1,045,542</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 9,393,729 | 9,277,764 | 8,797,367 | 480,397 |
| Judicial | 9,305,533 | 9,172,811 | 8,664,545 | 508,266 |
| Elections | 571,214 | 571,214 | 536,776 | 34,438 |
| Public safety | 18,966,944 | 18,828,167 | 18,397,386 | 430,781 |
| Health and welfare | 4,197,786 | 4,004,555 | 3,884,199 | 120,356 |
| Culture and recreation | 206,151 | 188,926 | 174,687 | 14,239 |
| Conservation and development | 471,650 | 501,650 | 434,220 | 67,430 |
| Capital outlay | 847,434 | 900,635 | 834,331 | 66,304 |
| Intergovernmental | 205,620 | 205,620 | 206,880 | (1,260) |
| Total expenditures | <u>44,166,061</u> | <u>43,651,342</u> | <u>41,930,391</u> | <u>1,720,951</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | <u>(965,652)</u> | <u>(315,902)</u> | <u>2,450,591</u> | <u>2,766,493</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | 6,000 | 6,000 | 8,186 | 2,186 |
| Proceeds from insurance | 15,000 | 54,572 | 41,767 | (12,805) |
| Transfers in | 191,500 | 1,370,948 | 505,454 | (865,494) |
| Transfers out | (1,496,855) | (886,521) | (844,338) | 42,183 |
| Total other financing sources (uses) | <u>(1,284,355)</u> | <u>544,999</u> | <u>(288,931)</u> | <u>(833,930)</u> |
| NET CHANGE IN FUND BALANCES | <u>(2,250,007)</u> | <u>229,097</u> | <u>2,161,660</u> | <u>1,932,563</u> |
| FUND BALANCES, BEGINNING | <u>21,334,376</u> | <u>21,334,376</u> | <u>21,334,376</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 19,084,369</u> | <u>\$ 21,563,473</u> | <u>\$ 23,496,036</u> | <u>\$ 1,932,563</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, 2020

| | Budgeted Amounts | | | Variance with Final Budget - Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 4,260,000 | \$ 4,260,000 | \$ 4,297,232 | \$ 37,232 |
| Penalty and interest on taxes | 48,000 | 48,000 | 46,928 | (1,072) |
| Intergovernmental revenue and grants | 186,000 | 186,000 | 190,728 | 4,728 |
| Charges for services | 365,000 | 447,493 | 474,046 | 26,553 |
| Fines and fees | 980,000 | 878,999 | 731,424 | (147,575) |
| Vehicle registration fees | 1,800,000 | 1,800,000 | 1,653,976 | (146,024) |
| Investment earnings | 36,000 | 36,000 | 54,242 | 18,242 |
| Contributions and donations | - | 25,000 | 25,000 | - |
| Other revenue | - | - | 739 | 739 |
| Total revenues | <u>7,675,000</u> | <u>7,681,492</u> | <u>7,474,315</u> | <u>(207,177)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Highways and streets | 8,428,620 | 8,159,620 | 7,472,716 | 686,904 |
| Debt service: | | | | |
| Principal | 132,000 | 172,291 | 172,463 | (172) |
| Interest | 15,000 | 12,709 | 13,554 | (845) |
| Capital outlay | 858,000 | 1,109,991 | 774,529 | 335,462 |
| Total expenditures | <u>9,433,620</u> | <u>9,454,611</u> | <u>8,433,262</u> | <u>1,021,349</u> |
| EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES | <u>(1,758,620)</u> | <u>(1,773,119)</u> | <u>(958,947)</u> | <u>814,172</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | - | 86,499 | 113,237 | 26,738 |
| Proceeds from capital leases | - | 157,000 | 156,828 | (172) |
| Proceeds from insurance | - | - | 4,994 | 4,994 |
| Total other financing sources (uses) | <u>-</u> | <u>243,499</u> | <u>275,059</u> | <u>31,560</u> |
| NET CHANGE IN FUND BALANCES | <u>(1,758,620)</u> | <u>(1,529,620)</u> | <u>(683,888)</u> | <u>845,732</u> |
| FUND BALANCES, BEGINNING | <u>3,168,661</u> | <u>3,168,661</u> | <u>3,168,661</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 1,410,041</u> | <u>\$ 1,639,041</u> | <u>\$ 2,484,773</u> | <u>\$ 845,732</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, 2020

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget - Positive (Negative) |
|------------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Intergovernmental revenue | \$ 5,281,625 | \$ 5,281,625 | \$ 5,281,625 | \$ - |
| Investment earnings | <u>4,000</u> | <u>5,000</u> | <u>5,487</u> | <u>487</u> |
| Total revenues | <u>5,285,625</u> | <u>5,286,625</u> | <u>5,287,112</u> | <u>487</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 3,000 | 3,000 | 1,000 | 2,000 |
| Debt service: | | | | |
| Principal | 4,015,000 | 4,015,000 | 4,015,000 | - |
| Interest | <u>1,306,025</u> | <u>1,306,025</u> | <u>1,306,025</u> | <u>-</u> |
| Total expenditures | <u>5,324,025</u> | <u>5,324,025</u> | <u>5,322,025</u> | <u>2,000</u> |
| NET CHANGE IN FUND BALANCES | (38,400) | (37,400) | (34,913) | 2,487 |
| FUND BALANCES, BEGINNING | <u>195,186</u> | <u>195,186</u> | <u>195,186</u> | <u>-</u> |
| FUND BALANCES, ENDING | <u>\$ 156,786</u> | <u>\$ 157,786</u> | <u>\$ 160,273</u> | <u>\$ 2,487</u> |

GRAYSON COUNTY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| Measurement Date December 31, | <u>2014*</u> | <u>2015*</u> |
|--|----------------------|----------------------|
| Total Pension Liability | | |
| Service Cost | \$ 2,651,442 | \$ 2,812,706 |
| Interest total pension liability | 7,044,733 | 7,444,413 |
| Effect of plan changes | - | (331,368) |
| Effect of assumption changes or inputs | - | 1,058,384 |
| Effect of economic/demographic (gains) or losses | (610,971) | (350,420) |
| Benefit payments/refunds of contributions | <u>(4,309,127)</u> | <u>(4,874,600)</u> |
| Net change in total pension liability | 4,776,077 | 5,759,115 |
| Total pension liability - beginning | <u>87,784,707</u> | <u>92,560,784</u> |
| Total pension liability - ending (a) | <u>\$ 92,560,784</u> | <u>\$ 98,319,899</u> |
| Plan Fiduciary Net Position | | |
| Employer contributions | \$ 2,265,784 | \$ 2,349,245 |
| Member contributions | 937,681 | 999,880 |
| Investment income net of investment expenses | 5,785,996 | (555,507) |
| Benefit payments refunds of contributions | (4,309,127) | (4,874,600) |
| Administrative expenses | (67,710) | (64,158) |
| Other | <u>59,132</u> | <u>96,242</u> |
| Net change in plan fiduciary net position | 4,671,756 | (2,048,898) |
| Plan fiduciary net position - beginning | <u>85,550,677</u> | <u>90,222,433</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 90,222,433</u> | <u>\$ 88,173,535</u> |
| Net pension liability (asset) - ending (a) - (b) | <u>\$ 2,338,351</u> | <u>\$ 10,146,364</u> |
| Fiduciary net position as a percentage of total pension liability | 97.47% | 89.68% |
| Pensionable covered payroll | \$ 23,382,785 | \$ 24,859,799 |
| Net pension liability as a percentage of covered payroll | 10.00% | 40.81% |

* 2.92% of the amounts listed represent the proportionate share of the Cooke, Fannin and Grayson County Juvenile Detention Center that is separately reported.

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

| | 2016* | 2017* | 2018* | 2019* |
|----|--------------------|-----------------------|-----------------------|-----------------------|
| \$ | 2,920,162 | \$ 2,769,019 | \$ 2,813,009 | \$ 2,835,669 |
| | 7,877,970 | 8,452,415 | 8,958,765 | 9,420,625 |
| | - | - | - | - |
| | - | 343,041 | - | - |
| | 218,285 | 235,453 | (122,516) | (205,384) |
| (| <u>5,084,308</u>) | <u>(5,446,489)</u> | <u>(5,744,669)</u> | <u>(6,204,175)</u> |
| | 5,932,109 | 6,353,439 | 5,904,589 | 5,846,735 |
| | <u>98,319,898</u> | <u>104,252,007</u> | <u>110,605,446</u> | <u>116,510,034</u> |
| \$ | <u>104,252,007</u> | \$ <u>110,605,446</u> | \$ <u>116,510,035</u> | \$ <u>122,356,769</u> |
| \$ | 3,354,334 | \$ 2,520,674 | \$ 2,770,458 | \$ 2,889,323 |
| | 1,028,098 | 1,094,756 | 1,160,403 | 1,215,280 |
| | 6,519,998 | 13,644,646 | (1,984,875) | 16,650,324 |
| (| <u>5,084,308</u>) | <u>(5,446,489)</u> | <u>(5,744,669)</u> | <u>(6,204,175)</u> |
| (| 70,878) | (70,094) | (81,427) | (88,307) |
| (| <u>240,182</u>) | <u>(25,199)</u> | <u>(140,782)</u> | <u>42,820</u> |
| | 5,507,062 | 11,718,294 | (4,020,892) | 14,505,265 |
| | <u>88,173,535</u> | <u>93,680,597</u> | <u>105,398,891</u> | <u>101,377,999</u> |
| \$ | <u>93,680,597</u> | \$ <u>105,398,891</u> | \$ <u>101,377,999</u> | \$ <u>115,883,264</u> |
| \$ | <u>10,571,410</u> | \$ <u>5,206,555</u> | \$ <u>15,132,036</u> | \$ <u>6,473,505</u> |
| | 89.86% | 95.29% | 87.01% | 94.71% |
| \$ | 25,702,459 | \$ 27,368,906 | \$ 29,010,078 | \$ 30,382,004 |
| | 41.13% | 19.02% | 52.16% | 21.31% |

GRAYSON COUNTY, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| Fiscal Year Ended September 30 | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Pensionable Covered Payroll (1) | Actual Contribution as a % of Covered Payroll |
|---|--|---|---|--|--|
| 2014 | \$ 2,265,784 | \$ 2,265,784 | \$ - | \$ 23,382,785 | 9.7% |
| 2015 | 2,349,245 | 2,349,245 | - | 24,859,799 | 9.4% |
| 2016 | 2,354,334 | 3,354,334 | (1,000,000) | 25,702,459 | 13.1% |
| 2017 | 2,520,674 | 2,520,674 | - | 27,368,906 | 9.2% |
| 2018 | 2,770,458 | 2,770,458 | - | 29,010,078 | 9.5% |
| 2019 | 2,860,986 | 2,860,986 | - | 30,055,152 | 9.5% |
| 2020 | 3,037,653 | 3,037,653 | - | 30,799,138 | 9.9% |

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

2.92% of the amounts listed represent the proportionate share of the Cooke, Fannin and Grayson County Juvenile Detention Center that is separately reported.

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

GRAYSON COUNTY, TEXAS

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | |
|---|---|
| Valuation Timing | Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported. |
| <u>Methods and assumptions used to determine contributions rates:</u> | |
| Actuarial Cost Method | Entry age |
| Amortization Method | Level percentage of payroll, closed |
| Remaining Amortization Period | 10.8 years (based on contribution rate calculated in 12/31/2019 valuation) |
| Asset Valuation Method | 5-year smoothed market |
| Inflation | 2.75% |
| Salary Increases | Varies by age and service. 4.9% average over career including inflation. |
| Investment Rate of Return | 8.00%, net of administrative and investment expenses, including inflation. |
| Retirement Age | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61. |
| Mortality | 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected 110% of the MP-2014 Ultimate scale after 2014. |
| Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions | 2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. |
| Changes in Plan Provisions Reflected in the Schedule of Employer Contributions | 2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. |

GRAYSON COUNTY, TEXAS

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - RETIREE HEALTH INSURANCE PLAN
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| Measurement Date December 31, | <u>2017*</u> | <u>2018*</u> | <u>2019*</u> |
|---|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | |
| Service cost | \$ 1,104,072 | \$ 1,270,188 | \$ 1,246,694 |
| Interest on total OPEB liability | 690,651 | 687,213 | 780,079 |
| Changes of benefit terms | - | - | (11,946,495) |
| Changes of assumptions | 1,330,471 | (1,141,228) | (430,258) |
| Difference between expected and actual experience of the total OPEB liability | - | 13,634 | 432,741 |
| Benefit payments | <u>(585,170)</u> | <u>(562,525)</u> | <u>(544,312)</u> |
| Net change in total OPEB liability | 2,540,024 | 267,282 | (10,461,551) |
| Total OPEB liability - beginning | <u>17,867,881</u> | <u>20,407,905</u> | <u>20,675,187</u> |
| Total OPEB liability - ending | <u>\$ 20,407,905</u> | <u>\$ 20,675,187</u> | <u>\$ 10,213,636</u> |
| Covered-employee payroll | \$ 24,708,243 | \$ 27,363,942 | \$ 28,292,954 |
| Total OPEB liability (asset) as a percentage of covered-employee payroll | 82.60% | 75.56% | 36.10% |

* 3.31% of the amounts listed represent the proportionate share of the Cooke, Fannin and Grayson County Juvenile Detention Center that is separately reported.

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

GRAYSON COUNTY, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

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.

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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.

Juvenile Drug Court Fund – This fund accounts for the revenues and expenses of the Grayson County Juvenile Drug Court Program. Grant funding is provided by the Office of Justice Programs and cash match is provided by the County.

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

Tax Assessor-Collector Special Inventory Tax Fund – These funds account for interest and penalties earned in the operation of the special inventory tax function of the Tax Assessor-Collector's office. Tax code specifies that the collector shall retain interest and penalties generated by the special inventory function. Interest should defray the cost of the administration of the payment process, and the \$500 penalty forfeited for taxpayers' failure to file or file timely are appropriated only to the collector for operations as needed.

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.

Veterans Court Fund – This fund accounts for receipts for the Veterans Treatment Court Program established under Government Code 124. Receipts consist of program participant fees and donations.

Specialty Court Fees Fund – This fund accounts for revenues collected on criminal cases that must be used by the county only to fund specialty court programs. Grayson County specialty court programs include Drug Court, Juvenile Drug Court, and Veterans Court.

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 71st Texas legislature, which amended Chapter 59 in the Code of Criminal Procedure. Resources may be used for the official purposes of the County Attorney's office.

Law Library 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.

OAG Victim Coordinator Grant – This grant program funds the mandated positions described by Texas Code of Criminal Procedure, Article 56.04, specifically victim assistance coordinators, in the district attorney's office.

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

Federal Forfeiture Fund – This fund accounts for funds provided through a Federal Equitable Sharing Agreement to 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.

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 81st 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.

Pretrial Intervention Program Fund – This fund accounts for fees collected to administer the pretrial intervention program with related expenditures as approved by commissioners court.

Election Services 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.

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DEBT SERVICE FUND

2018 Bonds Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, principal, interest, and costs related to the Certificate of Obligation, Series 2018.

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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, 2020

| | Special Revenue | | | |
|---|---------------------|-----------------------|------------------------|-------------------|
| | Public Health | Juvenile Boot Camp | Juvenile Drug Court | Holiday Lights |
| ASSETS | | | | |
| Cash and investments | \$ 927,197 | \$ - | \$ - | \$ 188,390 |
| Taxes receivable | - | - | - | - |
| Receivables (net of allowance for uncollectibles) | 16,161 | 558,044 | - | - |
| Intergovernmental receivables | 430,415 | 13,631 | 18,853 | - |
| Prepaid expenses | - | 28,057 | - | - |
| Total assets | <u>1,373,773</u> | <u>599,732</u> | <u>18,853</u> | <u>188,390</u> |
| LIABILITIES | | | | |
| Accounts payable | 32,420 | 52,302 | 1,130 | 111 |
| Accrued wages payable | 42,773 | 77,840 | - | - |
| Due to other funds | 157,323 | 421,877 | 15,749 | - |
| Advance from other funds | - | - | - | - |
| Total liabilities | <u>232,516</u> | <u>552,019</u> | <u>16,879</u> | <u>111</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - court fines | - | - | - | - |
| Unavailable revenue - property taxes | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE | | | | |
| Restricted for: | | | | |
| Public health | 1,141,257 | - | - | - |
| Juvenile services | - | 47,713 | 1,974 | - |
| Election administration | - | - | - | - |
| Emergency management | - | - | - | - |
| Records management | - | - | - | - |
| Holiday lights | - | - | - | 188,279 |
| Court security and technology | - | - | - | - |
| Tax assessor-collector operations | - | - | - | - |
| Historical commission | - | - | - | - |
| District attorney operations | - | - | - | - |
| Law enforcement | - | - | - | - |
| Inmate welfare | - | - | - | - |
| Court management | - | - | - | - |
| Debt service | - | - | - | - |
| Road and bridge | - | - | - | - |
| Capital projects | - | - | - | - |
| Purpose of trust | - | - | - | - |
| Other | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | <u>1,141,257</u> | <u>47,713</u> | <u>1,974</u> | <u>188,279</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 1,373,773</u> | <u>\$ 599,732</u> | <u>\$ 18,853</u> | <u>\$ 188,390</u> |

Special Revenue

| Tax A/C S-I-T Penalty | Courthouse Security | Justice Court Building Security | Justice Court Technology | HAVA Funding | County Clerk Records Management | County Clerk Records Archive | County Clerk Vital Statistics |
|--------------------------|------------------------|---------------------------------------|-----------------------------|-------------------|---------------------------------------|------------------------------------|-------------------------------------|
| \$ 135,964 | \$ 6,816 | \$ 66,800 | \$ 11,361 | \$ 258,324 | \$ 637,905 | \$ 404,964 | \$ 41,772 |
| - | - | - | - | - | - | - | - |
| - | 8,907 | - | 703 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>135,964</u> | <u>15,723</u> | <u>66,800</u> | <u>12,064</u> | <u>258,324</u> | <u>637,905</u> | <u>404,964</u> | <u>41,772</u> |
| - | 6,816 | - | 1,015 | - | 25,382 | - | - |
| - | - | - | - | - | 590 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>6,816</u> | <u>-</u> | <u>1,015</u> | <u>-</u> | <u>25,972</u> | <u>-</u> | <u>-</u> |
| - | 8,907 | - | 703 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>8,907</u> | <u>-</u> | <u>703</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 258,324 | - | - | - |
| - | - | - | - | - | 611,933 | 404,964 | 41,772 |
| - | - | 66,800 | 10,346 | - | - | - | - |
| 135,964 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>135,964</u> | <u>-</u> | <u>66,800</u> | <u>10,346</u> | <u>258,324</u> | <u>611,933</u> | <u>404,964</u> | <u>41,772</u> |
| \$ <u>135,964</u> | \$ <u>15,723</u> | \$ <u>66,800</u> | \$ <u>12,064</u> | \$ <u>258,324</u> | \$ <u>637,905</u> | \$ <u>404,964</u> | \$ <u>41,772</u> |

GRAYSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

| | Special Revenue | | | |
|---|---|---------------------------------|--------------------------|------------------------------|
| | District Clerk Records Management | County Records Management | Historical Commission | Court Reporter Service |
| ASSETS | | | | |
| Cash and investments | \$ 100,576 | \$ 351,109 | \$ 10,790 | \$ - |
| Taxes receivable | - | - | - | - |
| Receivables (net of allowance for uncollectibles) | 1,589 | 34,293 | - | - |
| Intergovernmental receivables | - | - | - | - |
| Prepaid expenses | - | 40,835 | - | - |
| Total assets | 102,165 | 426,237 | 10,790 | - |
| LIABILITIES | | | | |
| Accounts payable | 24 | 349 | - | - |
| Accrued wages payable | - | 1,628 | - | - |
| Due to other funds | - | - | - | - |
| Advance from other funds | - | - | - | - |
| Total liabilities | 24 | 1,977 | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - court fines | 1,589 | 34,293 | - | - |
| Unavailable revenue - property taxes | - | - | - | - |
| Total deferred inflows of resources | 1,589 | 34,293 | - | - |
| FUND BALANCE | | | | |
| Restricted for: | | | | |
| Public health | - | - | - | - |
| Juvenile services | - | - | - | - |
| Election administration | - | - | - | - |
| Emergency management | - | - | - | - |
| Records management | 100,552 | 389,967 | - | - |
| Holiday lights | - | - | - | - |
| Court security and technology | - | - | - | - |
| Tax assessor-collector operations | - | - | - | - |
| Historical commission | - | - | 10,790 | - |
| District attorney operations | - | - | - | - |
| Law enforcement | - | - | - | - |
| Inmate welfare | - | - | - | - |
| Court management | - | - | - | - |
| Debt service | - | - | - | - |
| Road and bridge | - | - | - | - |
| Capital projects | - | - | - | - |
| Purpose of trust | - | - | - | - |
| Other | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | 100,552 | 389,967 | 10,790 | - |
| Total liabilities, deferred inflows of resources and fund balances | \$ 102,165 | \$ 426,237 | \$ 10,790 | \$ - |

GRAYSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

| | Special Revenue | | | |
|---|------------------------------------|----------------|-----------------------|-----------------------|
| | OAG Victim Coordinator Grant | SAVNS Grant | Sheriff Forfeiture | Federal Forfeiture |
| ASSETS | | | | |
| Cash and investments | \$ - | \$ - | \$ 93,316 | \$ 3,006 |
| Taxes receivable | - | - | - | - |
| Receivables (net of allowance for uncollectibles) | - | - | - | - |
| Intergovernmental receivables | 7,667 | 7,543 | - | - |
| Prepaid expenses | - | - | - | - |
| Total assets | 7,667 | 7,543 | 93,316 | 3,006 |
| LIABILITIES | | | | |
| Accounts payable | - | - | - | - |
| Accrued wages payable | 1,729 | - | - | - |
| Due to other funds | 5,938 | 7,543 | - | - |
| Advance from other funds | - | - | - | - |
| Total liabilities | 7,667 | 7,543 | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - court fines | - | - | - | - |
| Unavailable revenue - property taxes | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| FUND BALANCE | | | | |
| 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 enforcement | - | - | 93,316 | 3,006 |
| Inmate welfare | - | - | - | - |
| Court management | - | - | - | - |
| Debt service | - | - | - | - |
| Road and bridge | - | - | - | - |
| Capital projects | - | - | - | - |
| Purpose of trust | - | - | - | - |
| Other | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | - | - | 93,316 | 3,006 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 7,667 | \$ 7,543 | \$ 93,316 | \$ 3,006 |

Special Revenue

| Jail Commissary | Juvenile Case Manager Fees | Interlocal Emergency Management | County and District Court Technology | Law Enforcement Education | Time Payment Fee | Probate Education Fee | CSCD Bond Supervision |
|--------------------|-------------------------------------|---------------------------------------|---|---------------------------------|------------------------|-----------------------------|-----------------------------|
| \$ 106,412 | \$ 16,132 | \$ 131,992 | \$ 14,000 | \$ 47,342 | \$ 62,815 | \$ - | \$ 185,508 |
| - | - | - | - | - | - | - | - |
| 12,424 | - | - | 6,233 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>118,836</u> | <u>16,132</u> | <u>131,992</u> | <u>20,233</u> | <u>47,342</u> | <u>62,815</u> | <u>-</u> | <u>185,508</u> |
| 750 | - | - | - | - | - | - | 74 |
| - | - | - | - | - | - | - | 2,493 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>750</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,567</u> |
| - | - | - | 6,233 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | <u>6,233</u> | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 16,132 | - | - | - | - | - | - |
| - | - | 131,992 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 14,000 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 47,342 | - | - | - |
| 118,086 | - | - | - | - | 62,815 | - | 182,941 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>118,086</u> | <u>16,132</u> | <u>131,992</u> | <u>14,000</u> | <u>47,342</u> | <u>62,815</u> | <u>-</u> | <u>182,941</u> |
| \$ <u>118,836</u> | \$ <u>16,132</u> | \$ <u>131,992</u> | \$ <u>20,233</u> | \$ <u>47,342</u> | \$ <u>62,815</u> | \$ <u>-</u> | \$ <u>185,508</u> |

GRAYSON COUNTY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2020

| | Special Revenue | | | |
|---|-------------------------------------|-----------------------|--|------------------------------|
| | Pretrial Intervention Program | Elections Services | Metropolitan Planning Organization | Supplemental Guardianship |
| ASSETS | | | | |
| Cash and investments | \$ 22,978 | \$ 28,055 | \$ - | \$ 132,326 |
| Taxes receivable | - | - | - | - |
| Receivables (net of allowance for uncollectibles) | - | - | - | - |
| Intergovernmental receivables | - | - | 213,441 | - |
| Prepaid expenses | - | - | - | - |
| Total assets | 22,978 | 28,055 | 213,441 | 132,326 |
| LIABILITIES | | | | |
| Accounts payable | - | - | 148,223 | - |
| Accrued wages payable | - | - | 2,598 | - |
| Due to other funds | - | - | 62,620 | - |
| Advance from other funds | - | - | - | - |
| Total liabilities | - | - | 213,441 | - |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - court fines | - | - | - | - |
| Unavailable revenue - property taxes | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - |
| FUND BALANCE | | | | |
| Restricted for: | | | | |
| Public health | - | - | - | - |
| Juvenile services | - | - | - | - |
| Election administration | - | 28,055 | - | - |
| Emergency management | - | - | - | - |
| Records management | - | - | - | - |
| Holiday lights | - | - | - | - |
| Court security and technology | - | - | - | - |
| Tax assessor-collector operations | - | - | - | - |
| Historical commission | - | - | - | - |
| District attorney operations | - | - | - | - |
| Law enforcement | - | - | - | - |
| Inmate welfare | - | - | - | - |
| Court management | - | - | - | 132,326 |
| Debt service | - | - | - | - |
| Road and bridge | - | - | - | - |
| Capital projects | - | - | - | - |
| Purpose of trust | - | - | - | - |
| Other | 22,978 | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | 22,978 | 28,055 | - | 132,326 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 22,978 | \$ 28,055 | \$ 213,441 | \$ 132,326 |

| Total Nonmajor Special Revenue Funds | 2018 Bonds Debt Service Fund | Total Nonmajor Debt Service Funds | Capital Projects | | | | Total Nonmajor Capital Projects Funds |
|---|------------------------------------|--|---------------------------|-------------------|-----------------------------|-----------------------------------|--|
| | | | Permanent Improvements | Lateral Road | Right-of-Way Acquisition | Detention Center Renovation | |
| \$ 4,277,716 | \$ 137,824 | \$ 137,824 | \$ 205,120 | \$ 471,540 | \$ 4,705,274 | \$ - | \$ 5,381,934 |
| - | 25,502 | 25,502 | 4,168 | - | - | - | 4,168 |
| 655,419 | - | - | - | - | - | - | - |
| 694,986 | - | - | - | - | - | - | - |
| 68,892 | - | - | - | - | - | - | - |
| <u>5,697,013</u> | <u>163,326</u> | <u>163,326</u> | <u>209,288</u> | <u>471,540</u> | <u>4,705,274</u> | <u>-</u> | <u>5,386,102</u> |
| 270,778 | - | - | - | - | 2,213 | - | 2,213 |
| 133,128 | - | - | - | - | - | - | - |
| 673,617 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 1,455,608 | 1,455,608 |
| <u>1,077,523</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,213</u> | <u>1,455,608</u> | <u>1,457,821</u> |
| 66,915 | - | - | - | - | - | - | - |
| - | 19,957 | 19,957 | 3,724 | - | - | - | 3,724 |
| <u>66,915</u> | <u>19,957</u> | <u>19,957</u> | <u>3,724</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,724</u> |
| 1,141,257 | - | - | - | - | - | - | - |
| 65,819 | - | - | - | - | - | - | - |
| 286,379 | - | - | - | - | - | - | - |
| 131,992 | - | - | - | - | - | - | - |
| 1,549,188 | - | - | - | - | - | - | - |
| 188,279 | - | - | - | - | - | - | - |
| 91,146 | - | - | - | - | - | - | - |
| 135,964 | - | - | - | - | - | - | - |
| 10,790 | - | - | - | - | - | - | - |
| 95,012 | - | - | - | - | - | - | - |
| 143,664 | - | - | - | - | - | - | - |
| 118,086 | - | - | - | - | - | - | - |
| 527,384 | - | - | - | - | - | - | - |
| - | 143,369 | 143,369 | - | - | - | - | - |
| - | - | - | - | 471,540 | - | - | 471,540 |
| - | - | - | 205,564 | - | 4,703,061 | - | 4,908,625 |
| - | - | - | - | - | - | - | - |
| 67,615 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | (1,455,608) | (1,455,608) |
| <u>4,552,575</u> | <u>143,369</u> | <u>143,369</u> | <u>205,564</u> | <u>471,540</u> | <u>4,703,061</u> | <u>(1,455,608)</u> | <u>3,924,557</u> |
| \$ <u>5,697,013</u> | \$ <u>163,326</u> | \$ <u>163,326</u> | \$ <u>209,288</u> | \$ <u>471,540</u> | \$ <u>4,705,274</u> | \$ <u>-</u> | \$ <u>5,386,102</u> |

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GRAYSON COUNTY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

| | Permanent Fund | Total Nonmajor Governmental Funds |
|---|-------------------------------------|--|
| | Texoma Succeeding Generations | |
| ASSETS | | |
| Cash and investments | \$ 74,062 | \$ 9,871,536 |
| Taxes receivable | - | 29,670 |
| Receivables (net of allowance for uncollectibles) | - | 655,419 |
| Intergovernmental receivables | - | 694,986 |
| Prepaid expenses | - | 68,892 |
| Total assets | 74,062 | 11,320,503 |
| LIABILITIES | | |
| Accounts payable | - | 272,991 |
| Accrued wages payable | - | 133,128 |
| Due to other funds | - | 673,617 |
| Advance from other funds | - | 1,455,608 |
| Total liabilities | - | 2,535,344 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue - court fines | - | 66,915 |
| Unavailable revenue - property taxes | - | 23,681 |
| Total deferred inflows of resources | - | 90,596 |
| FUND BALANCE | | |
| Restricted for: | | |
| Public health | - | 1,141,257 |
| Juvenile services | - | 65,819 |
| Election administration | - | 286,379 |
| Emergency management | - | 131,992 |
| Records management | - | 1,549,188 |
| Holiday lights | - | 188,279 |
| Court security and technology | - | 91,146 |
| Tax assessor-collector operations | - | 135,964 |
| Historical commission | - | 10,790 |
| District attorney operations | - | 95,012 |
| Law enforcement | - | 143,664 |
| Inmate welfare | - | 118,086 |
| Court management | - | 527,384 |
| Debt service | - | 143,369 |
| Road and bridge | - | 471,540 |
| Capital projects | - | 4,908,625 |
| Purpose of trust | 74,062 | 74,062 |
| Other | - | 67,615 |
| Unassigned | - | (1,455,608) |
| Total fund balances | 74,062 | 8,694,563 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 74,062 | \$ 11,320,503 |

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | Special Revenue | | | |
|--|---------------------|-----------------------|------------------------|-------------------|
| | Public Health | Juvenile Boot Camp | Juvenile Drug Court | Holiday Lights |
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Penalty and interest on taxes | - | - | - | - |
| Licenses and permits | 351,742 | - | - | - |
| Intergovernmental revenue and grants | 1,153,704 | 165,556 | 39,317 | - |
| Charges for services | 71,755 | 3,203,557 | - | - |
| Fines | - | - | - | - |
| Forfeits | - | - | - | - |
| Investment earnings | 14,232 | - | 14 | 2,666 |
| Contributions and donations | 95,275 | - | 200 | 99,824 |
| Other | - | 90,000 | 1,760 | - |
| Total revenues | <u>1,686,708</u> | <u>3,459,113</u> | <u>41,291</u> | <u>102,490</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | 63,405 |
| Elections | - | - | - | - |
| Judicial | - | - | 52,423 | - |
| Public safety | - | 3,053,887 | - | - |
| Highways and streets | - | - | - | - |
| Health and welfare | 1,869,581 | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Capital outlay | - | - | - | 71,154 |
| Intergovernmental | - | - | - | - |
| Total expenditures | <u>1,869,581</u> | <u>3,053,887</u> | <u>52,423</u> | <u>134,559</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(182,873)</u> | <u>405,226</u> | <u>(11,132)</u> | <u>(32,069)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | - | 8,511 | - | 365 |
| Insurance recovery | - | 11,387 | - | - |
| Transfers in | - | - | 13,106 | - |
| Transfers out | - | (64,207) | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(44,309)</u> | <u>13,106</u> | <u>365</u> |
| NET CHANGE IN FUND BALANCE | <u>(182,873)</u> | <u>360,917</u> | <u>1,974</u> | <u>(31,704)</u> |
| FUND BALANCE, BEGINNING | <u>1,324,130</u> | <u>(313,204)</u> | <u>-</u> | <u>219,983</u> |
| FUND BALANCE, ENDING | <u>\$ 1,141,257</u> | <u>\$ 47,713</u> | <u>\$ 1,974</u> | <u>\$ 188,279</u> |

Special Revenue

| Tax A/C S-I-T Penalty | Courthouse Security | Justice Court Building Security | Justice Court Technology | HAVA Funding | County Clerk Records Management | County Clerk Records Archive | County Clerk Vital Statistics |
|--------------------------|------------------------|---------------------------------------|-----------------------------|-------------------|---------------------------------------|------------------------------------|-------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 247,081 | - | - | - |
| - | 65,848 | 3,238 | 11,844 | - | 353,803 | - | 7,650 |
| 11,395 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 1,594 | - | 773 | 149 | 758 | 6,151 | 5,112 | 448 |
| - | - | - | - | - | - | - | - |
| - | 200 | - | - | - | - | - | - |
| <u>12,989</u> | <u>66,048</u> | <u>4,011</u> | <u>11,993</u> | <u>247,839</u> | <u>359,954</u> | <u>5,112</u> | <u>8,098</u> |
| 5,099 | 108,296 | - | - | - | 192,710 | - | 654 |
| - | - | - | - | 56,002 | - | - | - |
| - | - | - | 13,412 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>5,099</u> | <u>108,296</u> | <u>-</u> | <u>13,412</u> | <u>56,002</u> | <u>192,710</u> | <u>-</u> | <u>654</u> |
| <u>7,890</u> | <u>(42,248)</u> | <u>4,011</u> | <u>(1,419)</u> | <u>191,837</u> | <u>167,244</u> | <u>5,112</u> | <u>7,444</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 39,876 | - | - | 16,000 | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>39,876</u> | <u>-</u> | <u>-</u> | <u>16,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 7,890 | (2,372) | 4,011 | (1,419) | 207,837 | 167,244 | 5,112 | 7,444 |
| <u>128,074</u> | <u>2,372</u> | <u>62,789</u> | <u>11,765</u> | <u>50,487</u> | <u>444,689</u> | <u>399,852</u> | <u>34,328</u> |
| <u>\$ 135,964</u> | <u>\$ -</u> | <u>\$ 66,800</u> | <u>\$ 10,346</u> | <u>\$ 258,324</u> | <u>\$ 611,933</u> | <u>\$ 404,964</u> | <u>\$ 41,772</u> |

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | Special Revenue | | | |
|--|---|---------------------------------|--------------------------|------------------------------|
| | District Clerk Records Management | County Records Management | Historical Commission | Court Reporter Service |
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Penalty and interest on taxes | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Intergovernmental revenue and grants | - | - | - | - |
| Charges for services | 27,927 | 78,215 | - | - |
| Fines | - | - | - | 26,790 |
| Forfeits | - | - | - | - |
| Investment earnings | 1,225 | 5,614 | 128 | - |
| Contributions and donations | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>29,152</u> | <u>83,829</u> | <u>128</u> | <u>26,790</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 43,589 | 222,508 | - | - |
| Elections | - | - | - | - |
| Judicial | - | - | - | 26,790 |
| Public safety | - | - | - | - |
| Highways and streets | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Capital outlay | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Total expenditures | <u>43,589</u> | <u>222,508</u> | <u>-</u> | <u>26,790</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(14,437)</u> | <u>(138,679)</u> | <u>128</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | - | - | - | - |
| Insurance recovery | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(14,437)</u> | <u>(138,679)</u> | <u>128</u> | <u>-</u> |
| FUND BALANCE, BEGINNING | <u>114,989</u> | <u>528,646</u> | <u>10,662</u> | <u>-</u> |
| FUND BALANCE, ENDING | <u>\$ 100,552</u> | <u>\$ 389,967</u> | <u>\$ 10,790</u> | <u>\$ -</u> |

Special Revenue

| Drug Court Fees | Veteran's Court | Specialty Court Fee | District Attorney Hot Check | District Attorney Forfeiture | Law Library | District Attorney State Supplement | CJD Domestic Violence Grant |
|-----------------------|--------------------|------------------------|-----------------------------------|------------------------------------|------------------|---|--------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 16,875 | 33,800 |
| 12,652 | 1,130 | 7,330 | - | - | 97,140 | - | - |
| - | - | - | 7,866 | - | - | - | - |
| - | - | - | - | 36,521 | - | - | - |
| 1,479 | 165 | - | - | 937 | 311 | - | - |
| - | 3,527 | - | - | - | 13 | - | - |
| - | - | - | - | - | - | - | - |
| <u>14,131</u> | <u>4,822</u> | <u>7,330</u> | <u>7,866</u> | <u>37,458</u> | <u>97,464</u> | <u>16,875</u> | <u>33,800</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 8,007 | - | - | 7,060 | 25,334 | 70,803 | 22,684 | 76,258 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 1,800 | - | - | - |
| <u>8,007</u> | <u>-</u> | <u>-</u> | <u>7,060</u> | <u>27,134</u> | <u>70,803</u> | <u>22,684</u> | <u>76,258</u> |
| <u>6,124</u> | <u>4,822</u> | <u>7,330</u> | <u>806</u> | <u>10,324</u> | <u>26,661</u> | <u>(5,809)</u> | <u>(42,458)</u> |
| - | - | - | - | 2,500 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 42,458 |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,500</u> | <u>-</u> | <u>-</u> | <u>42,458</u> |
| 6,124 | 4,822 | 7,330 | 806 | 12,824 | 26,661 | (5,809) | - |
| <u>119,535</u> | <u>11,491</u> | <u>-</u> | <u>1,624</u> | <u>79,758</u> | <u>17,976</u> | <u>5,809</u> | <u>-</u> |
| <u>\$ 125,659</u> | <u>\$ 16,313</u> | <u>\$ 7,330</u> | <u>\$ 2,430</u> | <u>\$ 92,582</u> | <u>\$ 44,637</u> | <u>\$ -</u> | <u>\$ -</u> |

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | Special Revenue | | | |
|--|------------------------------------|----------------|-----------------------|-----------------------|
| | OAG Victim Coordinator Grant | SAVNS Grant | Sheriff Forfeiture | Federal Forfeiture |
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Penalty and interest on taxes | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Intergovernmental revenue and grants | 42,000 | 30,170 | - | - |
| Charges for services | - | - | - | - |
| Fines | - | - | - | - |
| Forfeits | - | - | 83,360 | 3,006 |
| Investment earnings | - | - | 354 | - |
| Contributions and donations | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | 42,000 | 30,170 | 83,714 | 3,006 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Elections | - | - | - | - |
| Judicial | 42,000 | - | - | - |
| Public safety | - | 58,717 | 13,445 | - |
| Highways and streets | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Capital outlay | - | - | - | - |
| Intergovernmental | - | - | 3,750 | - |
| Total expenditures | 42,000 | 58,717 | 17,195 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | - | (28,547) | 66,519 | 3,006 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | - | - | 7,130 | - |
| Insurance recovery | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | 7,130 | - |
| NET CHANGE IN FUND BALANCE | - | (28,547) | 73,649 | 3,006 |
| FUND BALANCE, BEGINNING | - | 28,547 | 19,667 | - |
| FUND BALANCE, ENDING | \$ - | \$ - | \$ 93,316 | \$ 3,006 |

Special Revenue

| Jail Commissary | Juvenile Case Manager Fees | Interlocal Emergency Management | County and District Court Technology | Law Enforcement Education | Time Payment Fee | Probate Education Fee | CSCD Bond Supervision |
|--------------------|----------------------------------|---------------------------------------|---|---------------------------------|------------------------|-----------------------------|-----------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | 47,454 | - | 13,252 | 2,769 | - | - |
| 111,812 | - | - | 4,922 | - | - | - | 150,905 |
| - | 6,655 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 1,248 | 132 | - | 188 | - | - | - | 1,721 |
| - | - | - | - | - | - | - | - |
| - | - | 1,200 | - | - | - | - | 450 |
| <u>113,060</u> | <u>6,787</u> | <u>48,654</u> | <u>5,110</u> | <u>13,252</u> | <u>2,769</u> | <u>-</u> | <u>153,076</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 99,729 | - | 15,823 | 5,650 | 3,275 | 1,600 | 3,303 | 74,548 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>99,729</u> | <u>-</u> | <u>15,823</u> | <u>5,650</u> | <u>3,275</u> | <u>1,600</u> | <u>3,303</u> | <u>74,548</u> |
| <u>13,331</u> | <u>6,787</u> | <u>32,831</u> | <u>(540)</u> | <u>9,977</u> | <u>1,169</u> | <u>(3,303)</u> | <u>78,528</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 13,331 | 6,787 | 32,831 | (540) | 9,977 | 1,169 | (3,303) | 78,528 |
| <u>104,755</u> | <u>9,345</u> | <u>99,161</u> | <u>14,540</u> | <u>37,365</u> | <u>61,646</u> | <u>3,303</u> | <u>104,413</u> |
| <u>\$ 118,086</u> | <u>\$ 16,132</u> | <u>\$ 131,992</u> | <u>\$ 14,000</u> | <u>\$ 47,342</u> | <u>\$ 62,815</u> | <u>\$ -</u> | <u>\$ 182,941</u> |

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | Special Revenue | | | |
|--|-------------------------------------|-----------------------|--|------------------------------|
| | Pretrial Intervention Program | Elections Services | Metropolitan Planning Organization | Supplemental Guardianship |
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Penalty and interest on taxes | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Intergovernmental revenue and grants | - | 3,141 | 268,178 | - |
| Charges for services | 12,735 | - | - | 21,260 |
| Fines | - | - | - | - |
| Forfeits | - | - | - | - |
| Investment earnings | 192 | - | - | - |
| Contributions and donations | - | - | - | - |
| Other | 10,051 | - | - | - |
| Total revenues | 22,978 | 3,141 | 268,178 | 21,260 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | 294,965 | - |
| Elections | - | 444,139 | - | - |
| Judicial | - | - | - | - |
| Public safety | - | - | - | - |
| Highways and streets | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Capital outlay | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Total expenditures | - | 444,139 | 294,965 | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 22,978 | (440,998) | (26,787) | 21,260 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | - | - | - | - |
| Insurance recovery | - | - | - | - |
| Transfers in | - | 267,000 | - | - |
| Transfers out | - | (16,000) | - | - |
| Total other financing sources (uses) | - | 251,000 | - | - |
| NET CHANGE IN FUND BALANCE | 22,978 | (189,998) | (26,787) | 21,260 |
| FUND BALANCE, BEGINNING | - | 218,053 | 26,787 | 111,066 |
| FUND BALANCE, ENDING | \$ 22,978 | \$ 28,055 | \$ - | \$ 132,326 |

| Total Nonmajor Special Revenue Funds | 2018 Bonds Debt Service Fund | Total Nonmajor Debt Service Funds | Capital Projects | | | | Total Nonmajor Capital Projects Funds |
|---|------------------------------------|--|---------------------------|-------------------|-----------------------------|-----------------------------------|--|
| | | | Permanent Improvements | Lateral Road | Right-of-Way Acquisition | Detention Center Renovation | |
| \$ - | \$ 1,273,911 | \$ 1,273,911 | \$ 102,306 | \$ - | \$ - | \$ - | \$ 102,306 |
| - | 10,820 | 10,820 | 1,143 | - | - | - | 1,143 |
| 351,742 | - | - | - | - | - | - | - |
| 2,063,297 | - | - | - | - | - | - | - |
| 4,243,723 | - | - | - | 70,372 | - | - | 70,372 |
| 52,706 | - | - | - | - | - | - | - |
| 122,887 | - | - | - | - | - | - | - |
| 45,591 | 591 | 591 | 1,871 | 5,950 | 56,283 | - | 64,104 |
| 198,839 | - | - | - | - | - | - | - |
| 103,661 | - | - | - | - | - | - | - |
| <u>7,182,446</u> | <u>1,285,322</u> | <u>1,285,322</u> | <u>105,320</u> | <u>76,322</u> | <u>56,283</u> | <u>-</u> | <u>237,925</u> |
| 931,226 | - | - | 84,010 | - | - | - | 84,010 |
| 500,141 | - | - | - | - | - | - | - |
| 355,324 | - | - | - | - | - | - | - |
| 3,319,424 | - | - | - | - | - | - | - |
| - | - | - | - | - | 19,785 | - | 19,785 |
| 1,869,581 | 750 | 750 | - | - | - | - | - |
| - | 825,000 | 825,000 | - | - | - | - | - |
| - | 316,650 | 316,650 | - | - | - | - | - |
| 71,154 | - | - | 116,555 | 90,500 | - | - | 207,055 |
| 5,550 | - | - | - | - | - | - | - |
| <u>7,052,400</u> | <u>1,142,400</u> | <u>1,142,400</u> | <u>200,565</u> | <u>90,500</u> | <u>19,785</u> | <u>-</u> | <u>310,850</u> |
| <u>130,046</u> | <u>142,922</u> | <u>142,922</u> | <u>(95,245)</u> | <u>(14,178)</u> | <u>36,498</u> | <u>-</u> | <u>(72,925)</u> |
| 18,506 | - | - | - | - | - | - | - |
| 11,387 | - | - | - | - | - | - | - |
| 378,440 | - | - | 125,000 | - | - | 64,207 | 189,207 |
| (80,207) | - | - | - | - | - | - | - |
| <u>328,126</u> | <u>-</u> | <u>-</u> | <u>125,000</u> | <u>-</u> | <u>-</u> | <u>64,207</u> | <u>189,207</u> |
| 458,172 | 142,922 | 142,922 | 29,755 | (14,178) | 36,498 | 64,207 | 116,282 |
| <u>4,094,403</u> | <u>447</u> | <u>447</u> | <u>175,809</u> | <u>485,718</u> | <u>4,666,563</u> | <u>(1,519,815)</u> | <u>3,808,275</u> |
| \$ <u>4,552,575</u> | \$ <u>143,369</u> | \$ <u>143,369</u> | \$ <u>205,564</u> | \$ <u>471,540</u> | \$ <u>4,703,061</u> | \$ <u>(1,455,608)</u> | \$ <u>3,924,557</u> |

GRAYSON COUNTY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| | <u>Permanent Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|-------------------------------------|--|
| | Texoma Succeeding Generations | |
| REVENUES | | |
| Taxes: | | |
| Property taxes | \$ - | \$ 1,376,217 |
| Penalty and interest on taxes | - | 11,963 |
| Licenses and permits | - | 351,742 |
| Intergovernmental revenue and grants | - | 2,063,297 |
| Charges for services | - | 4,314,095 |
| Fines | - | 52,706 |
| Forfeits | - | 122,887 |
| Investment earnings | 881 | 111,167 |
| Contributions and donations | - | 198,839 |
| Other | - | 103,661 |
| Total revenues | <u>881</u> | <u>8,706,574</u> |
| EXPENDITURES | | |
| Current: | | |
| General government | - | 1,015,236 |
| Elections | - | 500,141 |
| Judicial | - | 355,324 |
| Public safety | - | 3,319,424 |
| Highways and streets | - | 19,785 |
| Health and welfare | - | 1,870,331 |
| Debt service: | | |
| Principal | - | 825,000 |
| Interest | - | 316,650 |
| Capital outlay | - | 278,209 |
| Intergovernmental | - | 5,550 |
| Total expenditures | <u>-</u> | <u>8,505,650</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>881</u> | <u>200,924</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Sale of capital assets | - | 18,506 |
| Insurance recovery | - | 11,387 |
| Transfers in | - | 567,647 |
| Transfers out | - | (80,207) |
| Total other financing sources (uses) | <u>-</u> | <u>517,333</u> |
| NET CHANGE IN FUND BALANCE | 881 | 718,257 |
| FUND BALANCE, BEGINNING | <u>73,181</u> | <u>7,976,306</u> |
| FUND BALANCE, ENDING | <u>\$ 74,062</u> | <u>\$ 8,694,563</u> |

FIDUCIARY FUNDS

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

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

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

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

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

District Attorney Bad Check 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, 2020

| | <u>State Court Costs and Arrest Fees</u> | <u>Appellate Justice System</u> | <u>Seized Funds</u> | <u>Adult Probation Restitution</u> | <u>District Attorney Bad Check Trust</u> |
|----------------------|--|---|-------------------------|--|--|
| ASSETS | | | | | |
| Cash and investments | \$ <u>256,724</u> | \$ <u>9,060</u> | \$ <u>18,331</u> | \$ <u>7,400</u> | \$ <u>14,345</u> |
| Total assets | \$ <u>256,724</u> | \$ <u>9,060</u> | \$ <u>18,331</u> | \$ <u>7,400</u> | \$ <u>14,345</u> |
| LIABILITIES | | | | | |
| Due to others | \$ <u>256,724</u> | \$ <u>9,060</u> | \$ <u>18,331</u> | \$ <u>7,400</u> | \$ <u>14,345</u> |
| Total liabilities | \$ <u>256,724</u> | \$ <u>9,060</u> | \$ <u>18,331</u> | \$ <u>7,400</u> | \$ <u>14,345</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>2,979,649</u> | \$ <u>524,420</u> | \$ <u>1,039,136</u> | \$ <u>2,325,821</u> | \$ <u>55,346</u> | \$ <u>7,230,232</u> |
| \$ <u>2,979,649</u> | \$ <u>524,420</u> | \$ <u>1,039,136</u> | \$ <u>2,325,821</u> | \$ <u>55,346</u> | \$ <u>7,230,232</u> |
| \$ <u>2,979,649</u> | \$ <u>524,420</u> | \$ <u>1,039,136</u> | \$ <u>2,325,821</u> | \$ <u>55,346</u> | \$ <u>7,230,232</u> |
| \$ <u>2,979,649</u> | \$ <u>524,420</u> | \$ <u>1,039,136</u> | \$ <u>2,325,821</u> | \$ <u>55,346</u> | \$ <u>7,230,232</u> |

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FEDERAL AWARDS SECTION

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**INDEPENDENT AUDITOR'S 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**

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, 2020, and the related notes to the financial statements, which collectively comprise Grayson County, Texas' basic financial statements, and have issued our report thereon dated March 29, 2021.

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) as a basis for designing 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 over financial reporting 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 financial statements. 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
March 29, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH UNIFORM GUIDANCE**

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) Compliance Supplement* that could have a direct and material effect on each of Grayson County, Texas' major federal programs for the year ended September 30, 2020. Grayson County, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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 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 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, 2020.

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 Grayson County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine 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 Uniform Guidance, 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 Grayson County, Texas' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas
March 29, 2021

GRAYSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-through Grantor's Number | Federal Expenditures |
|--|---------------------------|----------------------------------|-------------------------|
| <u>U. S. DEPARTMENT OF AGRICULTURE</u> | | | |
| Passed through the Texas Department of Agriculture: | | | |
| National School Lunch Program (Child Nutrition Cluster) | 10.555 | 01342 | \$ 165,556 |
| Total Passed through the Texas Department of Agriculture | | | <u>165,556</u> |
| Passed through Texas Health and Human Services Commission: | | | |
| Special Supplemental Nutrition Program for Women, Infants and Children (WIC) | 10.557 | 2017-049807-001-2 | 726,502 |
| Total Passed through Texas Health and Human Services Commission | | | <u>726,502</u> |
| Total U. S. Department of Agriculture | | | <u>892,058</u> |
| <u>U. S. DEPARTMENT OF JUSTICE</u> | | | |
| Passed through Office of the Attorney General: | | | |
| Victim Coordinator Liaison Grant | 16.576 | 2098630 | 37,666 |
| Victim Coordinator Liaison Grant | 16.576 | 2107159 | 4,334 |
| Statewide Automated Victim Notification Services Grant | 16.576 | 2003374 | 30,170 |
| Subtotal CFDA 16.576 | | | <u>72,170</u> |
| Total Passed through Office of the Attorney General | | | <u>72,170</u> |
| Direct Program | | | |
| Juvenile Drug Treatment Court Program | 16.585 | 2019-DC-BX-0109 | 39,317 |
| Direct Programs | | | |
| State Criminal Alien Assistance Program (SCAAP) | 16.606 | 2019-APBX-0900 | 37,372 |
| State Criminal Alien Assistance Program (SCAAP) | 16.606 | 2020-APBX-1133 | 33,788 |
| Subtotal CFDA 16.606 | | | <u>71,160</u> |
| Direct Program | | | |
| Bulletproof Vest Partnership | 16.607 | 2018BOBX1809358 | 4,941 |
| Direct Program | | | |
| Equitable Sharing Agreement | 16.922 | TX0910000 | 3,006 |
| Total U. S. Department of Justice | | | <u>190,594</u> |
| <u>U. S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| Passed through Texas Department of Transportation: | | | |
| Airport Maintenance Program | 20.106 | M1901DENS | 50,000 |
| CARES Act Airport Grant - COVID-19 | 20.106 | 20CRGRAYS | 69,000 |
| Subtotal CFDA 20.106 | | | <u>119,000</u> |
| Federal Transit Metropolitan Planning Grant (Highway Planning and Construction Cluster) | 20.205 | 50-20XF0020 | 263,650 |
| Total Passed through Texas Department of Transportation | | | <u>382,650</u> |
| Total U. S. Department of Transportation | | | <u>382,650</u> |
| <u>U. S. DEPARTMENT OF TREASURY</u> | | | |
| Passed through Texas Division of Emergency Management | | | |
| Coronavirus Relief Fund - COVID-19 | 21.019 | 396 | 2,129,905 |
| Total Passed through Texas Division of Emergency Management | | | <u>2,129,905</u> |
| Total U. S. Department of Treasury | | | <u>2,129,905</u> |
| <u>U. S. ELECTIONS ASSISTANCE COMMISSION</u> | | | |
| Passed through Texas Secretary of State: | | | |
| Help America Vote Act (HAVA) COVID-19 | 90.404 | TX20101CARES-091 | 124,181 |
| Help America Vote Act (HAVA) Election Security | 90.404 | TX18101001-01-091 | 120,000 |
| Subtotal CFDA 90.404 | | | <u>244,181</u> |
| Total Passed through Texas Secretary of State | | | <u>244,181</u> |
| Total U. S. Elections Assistance Commission | | | <u>244,181</u> |

GRAYSON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Pass-through Grantor's Number | Federal Expenditures |
|---|---------------------------|----------------------------------|-------------------------|
| <u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | |
| Passed through Texas Department of State Health Services: | | | |
| Centers for Disease Control and Prevention - Public Health Emergency Preparedness | 93.074 | 537-18-0131-00001-01 | 17,248 |
| Centers for Disease Control and Prevention - Public Health Emergency Preparedness | 93.074 | 537-18-0131-00001-02 | <u>78,191</u> |
| Subtotal CFDA 93.074 | | | <u>95,439</u> |
| | | | |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | HHS000686100017 | 6,157 |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | HHS000036000005-01 | <u>2,887</u> |
| Subtotal CFDA 93.116 | | | <u>9,044</u> |
| | | | |
| Centers for Disease Control and Prevention - Public Health Emergency Preparedness - COVID-19 | 93.354 | HHS000770100001 | 205,987 |
| Centers for Disease Control and Prevention - Public Health Emergency Preparedness - COVID-19 | 93.354 | HHS000770100001-01 | <u>20,701</u> |
| Subtotal CFDA 93.354 | | | <u>226,688</u> |
| | | | |
| Preventive Health and Health Services Block Grant | 93.991 | 537-18-0219-00001 | 5,155 |
| Preventive Health and Health Services Block Grant | 93.991 | HHS000485600016 | <u>67,941</u> |
| Subtotal CFDA 93.991 | | | <u>73,096</u> |
| | | | |
| Medicaid - Title XIX - Medical Assistance Program (Medicaid Cluster) | 93.778 | n/a | <u>7,303</u> |
| Total Passed through Texas Department of State Health Services | | | <u>411,570</u> |
| | | | |
| Total U. S. Department of Health and Human Services | | | <u>411,570</u> |
| <u>U. S. DEPARTMENT OF HOMELAND SECURITY</u> | | | |
| Passed through the Texas Department of Public Safety | | | |
| Flood Mitigation Assistance | 97.036 | DR-4223-TX | 188,994 |
| Safe Room Rebate Program | 97.039 | DR-4029 | 14,454 |
| Emergency Management Performance Grant | 97.042 | EMT-19-EP-00005 | <u>28,849</u> |
| Total Passed through Texas Department of Public Safety | | | <u>232,297</u> |
| | | | |
| Total U. S. Department of Homeland Security | | | <u>232,297</u> |
| | | | |
| Total Federal Expenditures | | | \$ <u>4,483,255</u> |

GRAYSON COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SEPTEMBER 30, 2020

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.

3. INDIRECT COSTS

The County has elected not to use the 10% de minimis indirect cost rate allowed in the Uniform Guidance.

4. PASS-THROUGH EXPENDITURES

None of the federal awards received were passed through to other non-federal entities.

GRAYSON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

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 2 CFR 200.516(a) of Uniform Guidance. | None |
|--|------|

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster:</u> |
|-----------------------|--|
| 21.019 | COVID-19 - Coronavirus Relief Fund |

| | |
|--|-----------|
| Dollar threshold used to distinguish between type A and type B federal programs | \$750,000 |
|--|-----------|

| | |
|---|----|
| Auditee qualified as low-risk auditee for federal single audit? | No |
|---|----|

**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, 2020

None

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