

Grayson College
Annual Financial Report
August 31, 2014

Grayson College
Annual Financial Report
Year Ended August 31, 2014

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Grayson College
Organizational Data
For the Fiscal Year 2013 - 2014

Board of Trustees

Officers

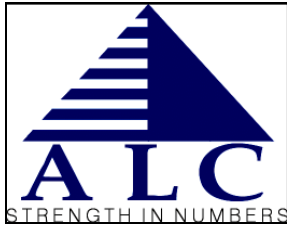
| | | <u>Term Expires</u> |
|-----------------------|----------------|---------------------|
| Mr. Bill McFatridge | President | 2016 |
| Mr. Ralph Jones | Vice-President | 2014 |
| Mrs. Ruby Jo Williams | Secretary | 2014 |

Members

| | |
|--------------------------|------|
| Dr. Debbie Barnes-Plyler | 2018 |
| Dr. Mack Broiles | 2018 |
| Mrs. Jackie Butler | 2016 |
| Mr. Ronnie Cole | 2018 |

Principal Administrative and Business Officers

| | |
|---------------------|---|
| Dr. Jeremy McMillen | President |
| Mr. Giles Brown | Vice President for Business Services |
| Dr. Jeanie Hardin | Vice President for Instructional Services |
| Mr. Gary Paikowski | Vice President for Information Technology |
| Dr. Regina Organ | Vice President for Student Services |



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Certified Public Accountants

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JAMES A. LINDSEY
DAROLD P. ADAMI, JR.
BELINDA W. DEVINCENTIS

Independent Auditor's Report

Board of Trustees
Grayson College
6101 Grayson Drive
Denison, Texas

Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Grayson College (College) as of and for the years ended August 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the College's 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Grayson College as of August 31, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying supplementary schedules and statistical supplement listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements.

The supplementary schedules of operating revenues, operating expenses by object, non-operating revenues and expenses, net assets by source and availability, schedule of expenditures of federal awards and schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The organizational data and the statistical supplement have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Adami, Lindsey & Company, L.L.P.

Sherman, Texas
December 11, 2014

**GRAYSON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2014**

Management's discussion and analysis of Grayson College's financial performance provides an overview of the College's financial activities for the fiscal year ended August 31, 2014. It should be read in conjunction with the College's financial statements which follow.

FINANCIAL HIGHLIGHTS

- Grayson College continued its pattern of good financial performance, again increasing total net position. More details of the changes in total net position are provided below.
- Unrestricted net position also increased in fiscal year 2013-2014, growing from \$25,653,069 to \$26,054,851, for a 1.6% increase.
- Total assets fell from \$102,098,394 at August 31, 2013 to \$101,694,440 at August 31, 2014.
- In accordance with a recent accounting pronouncement, a new category was added to the college's Statement of Net Assets. The new category is Deferred Outflows of Resources, and it is the result from the difference in the carrying value of refunded debt and its reacquisition price.
- Total liabilities were \$52,423,172 at August 31, 2014, down from \$55,414,963 at August 31, 2013.
- Operating revenue increased 1.5%, from \$9,514,847 to \$9,662,038.
- Operating expenses for fiscal year 2013-2014 were \$36,135,706, down slightly from the prior fiscal year, in which the operating expenses were \$36,487,076.
- Net non-operating revenues increased slightly to \$29,781,843 in fiscal year 2013-2014, as compared with the prior fiscal year.

EXPLANATION OF FINANCIAL STATEMENTS

The Annual Financial Report consists of a series of financial statements. The core statements are known as the *Statement of Net Position*, the *Statement of Revenue, Expenses, and Changes in Net Position* and the *Statement of Cash Flows*. These statements comply with all the Statements issued by the Governmental Accounting Standards Board (GASB) that are currently in effect.

The College has adopted Statement 63 of the Government Accounting Standards Board (GASB). This accounting pronouncement was issued to address deferred outflows of resources and deferred inflows of resources, which did not initially affect Grayson College. However, in addressing these issues GASB changed the names of the financial statements. The most noticeable name change is that the term "net position" replaces the earlier term "net assets." Each of these terms basically refers to the equity in the organization.

The *Statement of Net Position* is similar to a balance sheet in many respects. This financial statement reflects the adoption of GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. In addition to Assets, Liabilities and Net Position at a particular date of measurement as reported in the past, a category has been added. The new category is "Deferred Outflows of Resources." Under this new format, Total Assets plus Deferred Outflows of Resources minus Total Liabilities equals Total Net Position.

The *Statement of Revenues, Expenses and Changes in Net Position* provides information on the change in net position from the end of the prior fiscal year to the end of the current fiscal year by reporting on operating revenues, operating expenses, non-operating revenues and expenses and other revenues and expenses. Operating income (loss), which is the net of operating revenue and operating expenses, shows the financial result of the college's operations. Significantly, appropriations from the State of Texas and ad valorem taxes from local property owners are reported in non-operating revenues and expenses because they do not come from our users, but rather from taxes on those that do not directly benefit from our services.

The *Statement of Cash Flows* provides relevant information about the cash receipts and cash payments of the College during the fiscal year. The *Statement of Cash Flows* is intended to compliment the accrual basis of accounting used in the financial statements by providing information about financing, capital and investing activities.

CONDENSED COMPARATIVE FINANCIAL INFORMATION

The following statements are condensed presentations of the *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes in Net Position*. These are provided as summaries. For more complete presentations, please see the actual statements shown in following sections of this Annual Financial Report.

Condensed Statement of Net Position August 31, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|---------------------|----------------------|
| <u>Assets</u> | | |
| Capital assets (net accumulated depreciation) | \$ 70,150,197 | \$ 69,644,728 |
| All other assets | 31,544,243 | 32,453,666 |
| Total assets | <u>101,694,440</u> | <u>102,098,394</u> |
| <u>Deferred Outflows of Resources</u> | | |
| | <u>550,375</u> | <u>-</u> |
| <u>Liabilities</u> | | |
| Non-current liabilities | 46,608,121 | 49,396,515 |
| All other liabilities | 5,815,051 | 6,018,448 |
| Total liabilities | <u>52,423,172</u> | <u>55,414,963</u> |
| <u>Net Position</u> | | |
| Invested in capital assets (net of related debt) | 21,018,847 | 18,669,846 |
| Restricted | 2,747,945 | 2,360,516 |
| Unrestricted | 26,054,851 | 25,653,069 |
| Total Net Position | <u>\$ 9,821,643</u> | <u>\$ 46,683,431</u> |

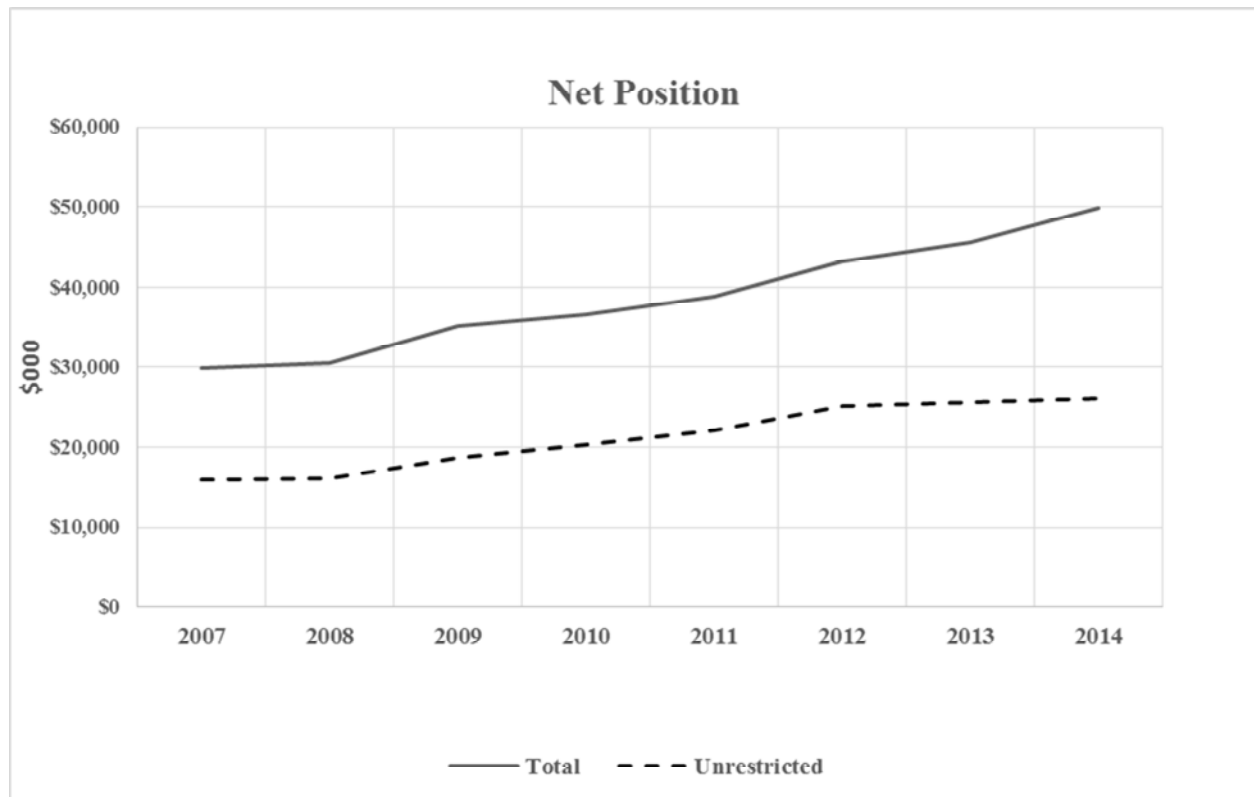
Condensed Statement of Revenues, Expenses and Changes in Net Position for Years Ended August 31, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|---------------------|---------------------|
| <u>Operating Revenue</u> | | |
| Tuition and fees (net of discounts) | \$ 4,813,795 | \$ 4,877,086 |
| Operating grants and contracts | 2,976,556 | 2,526,858 |
| Auxiliary enterprises (net of discounts) | 1,549,396 | 1,859,497 |
| Other operating revenues | 322,291 | 251,406 |
| Total Operating Revenues | <u>9,662,038</u> | <u>9,514,847</u> |
| <u>Operating Expenses</u> | | |
| Instruction | 13,158,701 | 12,660,386 |
| Public service | 598,566 | 596,817 |
| Academic support | 1,823,300 | 1,618,817 |
| Student services | 2,632,018 | 2,217,698 |
| Institutional support | 3,857,182 | 3,805,382 |
| Operation and maintenance of plant | 3,321,440 | 4,374,472 |
| Scholarships and fellowships | 5,008,040 | 5,450,594 |
| Auxiliary enterprises | 3,640,275 | 3,715,719 |
| Depreciation | 2,096,184 | 2,047,191 |
| Total Operating Expenses | <u>36,135,706</u> | <u>36,487,076</u> |
| <u>Operating Income (Loss)</u> | (26,473,668) | (26,972,229) |
| <u>Non-Operating Revenues (Expenses)</u> | | |
| State appropriations | 9,426,603 | 8,966,973 |
| Ad valorem taxes | 13,044,419 | 12,822,687 |

| | | |
|---|----------------------|----------------------|
| Net other non-operating revenues (expenses) | 7,310,821 | 7,629,332 |
| Net Non-Operating revenues (expenses) | 29,781,843 | 29,418,992 |
| <u>Income before Contributions and Transfers</u> | 3,308,175 | 2,446,763 |
| Capital Contributions | 891,246 | 1,108,754 |
| Transfers | - | 10,000 |
| <u>Increase in Net Position</u> | 4,199,421 | 3,565,517 |
| <u>Net Position - Beginning of Year</u> | 46,683,431 | 43,117,914 |
| Restatement from implementation of GASB 65 | (1,061,209) | - |
| <u>Net Position - Beginning of Year (Restated)</u> | 45,622,222 | 43,117,914 |
| <u>Net Position - End of Year</u> | <u>\$ 49,821,643</u> | <u>\$ 46,683,431</u> |

DISCUSSION OF NET POSITION AND GASB STATEMENT 65

The net position indicates the wealth of a school. The unrestricted segment has the most flexibility in meeting financial opportunities or challenges. As stated earlier, Total Assets plus Deferred Outflows of Resources minus Total Liabilities equals Total Net Position. Grayson College adopted GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, for the 2013-2014 fiscal year. As a part of that adoption, the College used a prior period adjustment to net position to write-off \$1,061,209 in bond issuance costs that can no longer be properly presented as assets. The effect on net position at the beginning of the fiscal year can be seen in the Condensed Statement of Revenues, Expenses, and Changes in Net Position schedule above.



The chart above shows the trend in unrestricted net position and total net position for recent fiscal years, restated for the application of GASB 65. Each category shows a trend of gradual improvement.

DISCUSSION OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As noted above, Grayson College had successful financial results in fiscal year 2013-2014, continuing the pattern of good financial results.

The chief measure of the financial success is a solid increase in net position, which can be viewed as a measure of wealth for the school. In fiscal year 2013-2014, net position for Grayson College increased \$3,138,212, or 6.7%, indicating a high level of financial success.

The Texas Higher Education Coordinating Board uses a standard set of ratios to judge the financial strength of community colleges. Five of those are presented below. The presentation includes information for Grayson College for the past three fiscal years and the most recent statewide averages, which are for the fiscal year ended August 31, 2013.

| | Grayson College | | | State |
|------------------------|-----------------|-------------|-------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2013</u> |
| Return on Net Position | 6.70% | 8.27% | 11.20% | 3.86% |
| Primary Reserves Ratio | 0.76 | 0.72 | 0.72 | 0.39 |
| Viability Ratio | 2.67 | 2.35 | 2.14 | 1.08 |
| Equity Ratio | 49.0% | 45.7% | 42.7% | 48.1% |
| Leverage Ratio | 0.22 | 0.25 | 0.30 | 0.32 |

Return on net position measures the total economic return during the fiscal year. Grayson’s percentage has declined over the last three fiscal years, but it is still well above the 2013 state average.

The primary reserves ratio measures financial strength and flexibility by comparing expendable net assets to total expenses. Grayson’s ratio increased in the 2013-2014 fiscal year and is consistently higher than the 2013 state average.

The viability ratio measures the financial health of the institution by comparing total expendable net position to total noncurrent liabilities, excluding general obligation debt. In the past, general obligation debt was not excluded which made Grayson’s viability ratio compare unfavorably with the statewide average due to our large amount of general obligation debt. Under the new calculation, Grayson’s viability ratio exceeds the 2013 statewide average and continues to improve.

The equity ratio measures capital resources available and the college’s ability to borrow. Grayson’s equity ratio has been growing slowly and is approximately the same as the 2013 statewide average.

The leverage ratio measures the amount of debt, excluding general obligation debt, compared to total assets and provides an indication of the amount of interest and principal that the college must absorb in the future. Lower ratios are indications of less debt and future obligations. Grayson’s results are declining and are under the 2013 statewide average.

The Grayson College Foundation is a component unit of Grayson College. In accordance with GASB Statement 39, the financial statements of the foundation are presented with those of the college. The prescribed presentation is for the foundation’s statement to be presented separately in a format known as a discrete presentation. For fiscal year 2013-2014 the net position of the foundation increased \$807,520, to \$12,188,656.

CAPITAL ASSET AND DEBT ADMINISTRATION

In May 2007, local voters approved the issuance of \$44,790,000 in general obligation bonds. Major projects completed in prior fiscal years from these bond proceeds include: (1) the construction of the Career and Technology Center which houses occupational programs, (2) the expansion and renovation of the Arts and Communications Center, (3) construction of a second floor connection between the Library and the Student Life Center, and the renovation of each of those buildings, (4) the renovation of the Sports and Recreation Center, and (5) the renovation of various other facilities on the Main Campus and the West Extension. The construction of the last major bond-financed project, a Culinary Arts/Hospitality Building, was substantially completed in January 2012. Approximately \$900,000 of interest accumulated from the investment of bond proceeds remains to be used. Currently the College is considering using these funds to improve its physical plant, perhaps to rehabilitate a sanitary sewer or to replace the paving on the entrances to campus.

Also, the College completed the construction of a facility to provide technical instruction on our South Campus in Van Alstyne. The facility houses programs in occupational safety, medical laboratory technician, welding, and electrician. Instruction began in the new building for the Spring 2014 semester. The total cost of the new facility for technical instruction was approximately \$4,000,000, with approximately one-half of the funding provided by the U. S. Department of Commerce and the remaining funding coming from Grayson College's resources.

No debt issuance or significant construction is anticipated in the 2014-2015 fiscal year.

OPERATING OUTLOOK

Management is not aware of any facts, decisions, or conditions that are expected to have a significant effect of the college's financial position or results of operations.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

The financial report is designed to provide citizens, taxpayers, students and other customers, investors and creditors with a general overview of the college's finances and to demonstrate the college's accountability for the money it receives. Requests for additional financial information may be directed to the Vice President for Business Services, Grayson College, Denison, Texas, 75020.

Basic Financial Statements

Grayson College
Statement of Net Position
August 31, 2014 and 2013

Exhibit 1

| | 2014 | 2013 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 14,842,796 | \$ 13,301,538 |
| Short-Term Investments | 6,655,043 | 8,265,949 |
| Receivables (net of allowance for doubtful / uncollectible accounts) | 1,328,467 | 1,756,184 |
| Prepaid Expenses | 297,933 | 105,085 |
| Inventories for Resale | 865,247 | 896,081 |
| Total Current Assets | 23,989,486 | 24,324,837 |
| Noncurrent Assets | | |
| Other Long-Term Investments | 7,554,757 | 6,908,091 |
| Escrow Deposit for Sewer Line | - | 159,529 |
| Capital Assets (net of accumulated depreciation) | 70,150,197 | 69,644,728 |
| Bond Issuance Costs (net of accumulated amortization) | - | 1,061,209 |
| Total Noncurrent Assets | 77,704,954 | 77,773,557 |
| Total Assets | 101,694,440 | 102,098,394 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Charge on Bond Refundings | 550,375 | - |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | 797,574 | 1,559,236 |
| Accrued Liabilities | 205,128 | 209,574 |
| Funds Held for Others | 526,459 | 471,364 |
| Unearned Revenues | 1,019,691 | 938,604 |
| Deposits Payable | 40,505 | 42,980 |
| Notes and Leases Payable (current portion) | 90,387 | 40,782 |
| Bonds Payable (current portion) | 3,135,307 | 2,755,908 |
| Total Current Liabilities | 5,815,051 | 6,018,448 |
| Noncurrent Liabilities | | |
| Accrued Compensated Absences | 152,091 | 157,114 |
| Notes and Leases Payable (net of current portion) | 12,428 | 100,560 |
| Bonds Payable (net of current portion) | 46,443,602 | 49,138,841 |
| Total Noncurrent Liabilities | 46,608,121 | 49,396,515 |
| Total Liabilities | 52,423,172 | 55,414,963 |
| NET POSITION | | |
| Invested in Capital Assets, Net of Related Debt | 21,018,847 | 18,669,846 |
| Restricted for: | | |
| Expendable: | | |
| Student Financial Aid Programs | 529,642 | 517,667 |
| Instructional Programs | 41,754 | 47,580 |
| Loans | 47,558 | 46,537 |
| Capital Projects | 637,405 | 662,202 |
| Debt Service | 1,486,723 | 1,079,651 |
| Other | 4,863 | 6,879 |
| Unrestricted | 26,054,851 | 25,653,069 |
| Total Net Position (Schedule D) | \$ 49,821,643 | \$ 46,683,431 |

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

**Grayson College
Affiliated Organizations
Statement of Financial Position
August 31, 2014 and 2013**

| | Grayson College Foundation, Inc. | |
|--|---|----------------------|
| | 2014 | 2013 |
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 1,389,728 | \$ 968,354 |
| Short-Term Investments | 518,560 | 306,898 |
| Accrued Interest Receivable | 339 | 478 |
| Total Current Assets | 1,908,627 | 1,275,730 |
| Noncurrent Assets | | |
| Long-Term Investments | 9,773,969 | 9,070,573 |
| Capital Assets (net of accumulated depreciation) | 506,626 | 1,035,828 |
| Total Noncurrent Assets | 10,280,595 | 10,106,401 |
| Total Assets | 12,189,222 | 11,382,131 |
| LIABILITIES | | |
| Accounts Payable | 66 | 995 |
| Unearned Revenues | 500 | - |
| Total Liabilities | 566 | 995 |
| NET POSITION | | |
| Unrestricted | 506,626 | 535,828 |
| Temporarily Restricted | 2,516,828 | 3,302,911 |
| Permanently Restricted | 9,165,202 | 7,542,397 |
| Total Net Position | \$ 12,188,656 | \$ 11,381,136 |

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

Grayson College
Statement of Revenues, Expenses and Changes in Net Position
Years Ended August 31, 2014 and 2013

Exhibit 2

| | 2014 | 2013 |
|---|----------------------|----------------------|
| Operating Revenues | | |
| Tuition and Fees (net of discounts of \$4,433,871 and \$4,036,039) | \$ 4,813,795 | \$ 4,877,086 |
| Federal Grants and Contracts | 1,090,413 | 1,245,439 |
| State Grants and Contracts | 1,526,448 | 999,128 |
| Non-Governmental Grants and Contracts | 359,695 | 282,291 |
| Sales and Services of Educational Activities | 48,921 | 51,123 |
| Auxiliary Enterprises (net of discounts of \$1,652,018 and \$1,804,167) | 1,549,396 | 1,859,497 |
| Other Operating Revenues | 273,370 | 200,283 |
| Total Operating Revenues (Schedule A) | 9,662,038 | 9,514,847 |
| Operating Expenses | | |
| Instruction | 13,158,701 | 12,660,386 |
| Public Service | 598,566 | 596,817 |
| Academic Support | 1,823,300 | 1,618,817 |
| Student Services | 2,632,018 | 2,217,698 |
| Institutional Support | 3,857,182 | 3,805,382 |
| Operation and Maintenance of Plant | 3,321,440 | 4,374,472 |
| Scholarships and Fellowships | 5,008,040 | 5,450,594 |
| Auxiliary Enterprises | 3,640,275 | 3,715,719 |
| Depreciation | 2,096,184 | 2,047,191 |
| Total Operating Expenses (Schedule B) | 36,135,706 | 36,487,076 |
| Operating Income (Loss) | (26,473,668) | (26,972,229) |
| Non-Operating Revenues (Expenses) | | |
| State Appropriations | 9,426,603 | 8,966,973 |
| Ad-Valorem Taxes for Maintenance and Operations | 9,296,000 | 9,244,001 |
| Ad-Valorem Taxes for General Obligation Bonds | 3,748,419 | 3,578,686 |
| Federal Grants and Contracts, Non-Operating | 9,227,901 | 9,745,101 |
| Investment Income (Net of Investment Expenses) | 81,026 | 64,590 |
| Interest on Capital Related Debt | (1,999,127) | (2,159,643) |
| Gain (Loss) of Disposition of Property | - | (20,782) |
| Other Non-Operating Revenues (Expenses) | 1,021 | 66 |
| Net Non-Operating Revenues (Expenses) (Schedule C) | 29,781,843 | 29,418,992 |
| Income Before Contributions and Transfers | 3,308,175 | 2,446,763 |
| Federal Grants and Contracts (Capital Contributions) | 891,246 | 1,108,754 |
| Transfer from GC Foundation (Component Unit) | - | 10,000 |
| Increase in Net Position | 4,199,421 | 3,565,517 |
| Net Position - Beginning of Year | 46,683,431 | 43,117,914 |
| Restatement for Implementation of GASB 65 (Note 2 - B) | (1,061,209) | |
| Net Position - Beginning of Year (Restated) | 45,622,222 | |
| Net Position - End of Year | \$ 49,821,643 | \$ 46,683,431 |

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

**Grayson College
Affiliated Organizations
Statement of Activities
Years Ended August 31, 2014 and 2013**

| | Grayson College Foundation, Inc. | |
|---|---|----------------------|
| | 2014 | 2013 |
| Revenues | | |
| Gifts and Contributions | \$ 751,838 | \$ 1,425,563 |
| Gifts in Kind - Grayson College | 178,452 | 220,237 |
| Federal Grants | 10,000 | 10,000 |
| Building Rentals | 19,206 | 17,634 |
| Interest / Investment Income | 171,614 | 48,836 |
| Unrealized Investment Income | 360,363 | 469,929 |
| Total Revenues | 1,491,473 | 2,192,199 |
| Expenses | | |
| Salary and Wages | 134,674 | 177,174 |
| Services and Supplies | 136,238 | 105,016 |
| Scholarships | 383,839 | 342,791 |
| Depreciation | 29,202 | 29,202 |
| Total Expenses | 683,953 | 654,183 |
| Income Before Transfers | 807,520 | 1,538,016 |
| Transfer to Grayson College | - | (10,000) |
| Change in Net Position | 807,520 | 1,528,016 |
| Net Position - Beginning of Year | 11,381,136 | 9,853,120 |
| Net Position - End of Year | \$ 12,188,656 | \$ 11,381,136 |

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

Grayson College
Statement of Cash Flows
Years Ended August 31, 2014 and 2013

| | 2014 | 2013 |
|---|----------------------|----------------------|
| Cash Flows from Operating Activities | | |
| Receipts from Students and Other Customers | \$ 6,639,220 | \$ 7,012,800 |
| Receipts of Grants and Contracts | 3,029,513 | 2,594,979 |
| Payments to or on Behalf of Employees | (17,628,104) | (17,389,048) |
| Payments to Suppliers for Goods and Services | (9,684,112) | (9,724,891) |
| Payments of Scholarships | (5,008,040) | (5,450,594) |
| Net Cash Flows from Operating Activities | (22,651,523) | (22,956,754) |
| Cash Flows from Noncapital Financing Activities | | |
| Ad-Valorem Tax Revenues | 13,080,625 | 12,836,883 |
| Receipts of State Appropriations | 7,501,692 | 7,499,167 |
| Receipts of Grants and Contracts (Nonoperating) | 9,226,687 | 9,746,314 |
| Receipts from Student Organizations and Other Agency Transactions | 1,487,801 | 1,209,306 |
| Payments to Student Organizations and Other Agency Transactions | (1,435,614) | (1,280,287) |
| Transfer from GC Foundation (Component Unit) | - | 10,000 |
| Other | 1,021 | 66 |
| Net Cash Flows from Noncapital Financing Activities | 29,862,212 | 30,021,449 |
| Cash Flows from Capital and Related Financing Activities | | |
| Capital Contracts, Gifts and Grants | 1,377,219 | 622,781 |
| Proceeds from Sale of Capital Assets | - | 6,750 |
| Purchases of Capital Assets | (3,185,364) | (2,126,688) |
| Payment on Capital Debt and Leases | (4,907,610) | (4,854,989) |
| Net Cash Flows from Capital and Related Financing Activities | (6,715,755) | (6,352,146) |
| Cash Flows from Investing Activities | | |
| Proceeds from Sale and Maturity of Investments | 2,964,240 | 9,441,083 |
| Investment Earnings | 82,084 | 62,548 |
| Purchase of Investments | (2,000,000) | (8,500,000) |
| Net Cash Flows from Investing Activities | 1,046,324 | 1,003,631 |
| Increase in Cash and Cash Equivalents | 1,541,258 | 1,716,180 |
| Cash and Cash Equivalents - Beginning of Year | 13,301,538 | 11,585,358 |
| Cash and Cash Equivalents - End of Year | \$ 14,842,796 | \$ 13,301,538 |

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

| | <u>2014</u> | <u>2013</u> |
|--|-------------------------------|-------------------------------|
| Reconciliation of Operating Income (Loss) to Net Cash | | |
| Flows from Operating Activities | | |
| Operating Income (Loss) | \$ (26,473,668) | \$ (26,972,229) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash | | |
| Flows from Operating Activities | | |
| Depreciation | 2,096,184 | 2,047,191 |
| State-Paid Employee Benefits | 1,924,911 | 1,467,806 |
| Change in Assets and Liabilities | | |
| Receivables (net) | (90,857) | (18,482) |
| Prepaid Expenses | (192,848) | 4,059 |
| Inventories for Resale | 30,834 | (7,157) |
| Escrow Deposit for Sewer Line | 159,529 | 646,671 |
| Accounts Payable | (178,493) | (262,089) |
| Accrued Liabilities | (5,727) | (4,114) |
| Unearned Revenues | 81,087 | 143,390 |
| Deposits Payable | (2,475) | (1,800) |
| Total Adjustments | <u>3,822,145</u> | <u>4,015,475</u> |
| Net Cash Flows from Operating Activities | <u><u>\$ (22,651,523)</u></u> | <u><u>\$ (22,956,754)</u></u> |

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

**Grayson College
Affiliated Organizations
Statement of Cash Flows
Years Ended August 31, 2014 and 2013**

| | Grayson College Foundation, Inc. | |
|---|---|--------------------------|
| | 2014 | 2013 |
| Cash Flows from Operating Activities | | |
| Change in Net Position | \$ 807,520 | \$ 1,528,016 |
| Adjustments to Reconcile Change in Net Position to Net Cash | | |
| Flows from Operating Activities: | | |
| Depreciation | 29,202 | 29,202 |
| Net (Gains) Losses on Investments | (284,208) | (333,666) |
| Return of Prior Year Non-Cash Gift to Grantor | 500,000 | - |
| Non-Cash Gifts Received | - | (800,000) |
| Change in Operating Assets and Liabilities: | | |
| Accrued Interest Receivable | 139 | 154 |
| Accounts Payable | (929) | (3,001) |
| Unearned Revenues | 500 | - |
| Net Cash Flows from Operating Activities | <u>1,052,224</u> | <u>420,705</u> |
| Cash Flows from Investing Activities | | |
| Purchases of Investments | (2,218,833) | (1,382,884) |
| Proceeds from Sale of Investments | 1,587,983 | 1,180,240 |
| Net Cash Flows from Investing Activities | <u>(630,850)</u> | <u>(202,644)</u> |
| Cash Flows from Financing Activities | <u>-</u> | <u>-</u> |
| Net Increase in Cash | 421,374 | 218,061 |
| Cash - Beginning of Year | <u>968,354</u> | <u>750,293</u> |
| Cash - End of Year | <u><u>\$ 1,389,728</u></u> | <u><u>\$ 968,354</u></u> |

SUPPLEMENTARY SCHEDULE TO STATEMENT OF CASH FLOWS

| | | |
|---|-------------------|-------------------|
| Noncash Investing and Financing Activities | | |
| Return of Prior Year Non-Cash Gift to Grantor | <u>\$ 500,000</u> | <u>\$ -</u> |
| Gift of Investment Property | <u>\$ -</u> | <u>\$ 800,000</u> |

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

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 1 - REPORTING ENTITY

Grayson College (College) was established in 1963, in accordance with the laws of the State of Texas, to serve the educational needs of Grayson County and the surrounding areas. The Board of Trustees (Board), a seven-member group, has governance responsibilities over all activities related to the College. The Board has decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters of the College.

Generally accepted accounting principles, as established by the Government Accounting Standards Board (GASB), defines the financial reporting entity as consisting of (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A primary government is financially accountable for those organizations if the primary government appoints a voting majority of an organization's governing body, and either can impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The College is considered to be a special purpose, primary government according to these standards. Although the College receives funding from local, state and federal agencies and must comply with the spending, reporting and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity. One organization, the Grayson College Foundation (Foundation) meets the criteria of GASB pronouncements and has been presented as a discrete component unit of the College (see Note 18).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Guidelines

The College prepares its financial statements in conformity with accounting principles generally accepted in the United States of America applicable to governmental units in conjunction with the *Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges* issued by the Texas Higher Education Coordinating Board (Coordinating Board). The College applies all GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities.

The College presents its net position (or equity) into the following three components:

Invested in Capital Assets, Net of Related Debt – This component consists of capital assets net of accumulated depreciation and reduced by the outstanding debt that is attributable to the acquisition, construction or improvement of those assets.

Restricted – This component includes those assets upon which constraints have been placed on their utilization. Such constraints may be placed externally (by creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component represents the net position that is available for use to fulfill the educational purposes of the College. It includes all net position that are not classified as “invested in capital assets, net of related debt” or “restricted.”

B. Adoption of New Accounting Standard

The College adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* in the current year. This statement establishes accounting and financial reporting that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term “deferred” in financial statement presentations. The effect of this change was to increase the College's change in net position by \$75,464 for the year ended August 31, 2014

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Adoption of New Accounting Standards (Continued)

As of result of the adoption of these new accounting standards, certain restatements to the balances for financial statements as of August 31, 2013 have been made. Generally accepted accounting principles require the 2013 financial statements to be presented as originally reported. The following schedule summarizes these restatements on pro forma basis:

| | Originally Reported | Remove Bond Issue Costs | Reclassify Deferred Bonds | Pro Forma Presentation |
|--|------------------------|----------------------------|------------------------------|---------------------------|
| Assets | \$ 102,098,394 | \$ (1,061,209) | \$ - | \$ 101,037,185 |
| Deferred Outflows of Resources | - | - | 604,467 | 604,467 |
| Total Assets and Deferred Outflows of Resources | <u>\$ 102,098,394</u> | <u>\$ (1,061,209)</u> | <u>\$ 604,467</u> | <u>\$ 101,641,652</u> |
| Liabilities | \$ 55,414,963 | \$ - | \$ 604,467 | \$ 56,019,430 |
| Net Position | 46,683,431 | (1,061,209) | - | 45,622,222 |
| Total Liabilities and Net Position | <u>\$ 102,098,394</u> | <u>\$ (1,061,209)</u> | <u>\$ 604,467</u> | <u>\$ 101,641,652</u> |
| Operating Revenues | \$ 9,514,847 | \$ - | \$ - | \$ 9,514,847 |
| Operating Expenses | (36,487,076) | - | - | (36,487,076) |
| Non-Operating Revenues (Expenses) | 29,418,992 | 75,564 | - | 29,494,556 |
| Contributions and Transfers | 1,118,754 | - | - | 1,118,754 |
| Change in Net Position | <u>3,565,517</u> | <u>75,564</u> | <u>-</u> | <u>3,641,081</u> |
| Net Position - Beginning of Year | 43,117,914 | (1,136,773) | - | 41,981,141 |
| Net Position - End of Year | <u>\$ 46,683,431</u> | <u>\$ (1,061,209)</u> | <u>\$ -</u> | <u>\$ 45,622,222</u> |

C. Basis of Accounting

The financial statements of the College are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Revenue Classifications

The College distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. Operating revenues include charges for services and program-specific grants and contributions. Charges for services include assessments to students and others who purchase, use or directly benefit from the goods, services or privileges provided. Revenues in this category include tuition and fees, and sales of auxiliary or educational activities. Program-specific grants and contributions arise from nonexchange transactions with other governments, organizations or individuals that are restricted for use in a particular program. Revenues in this category include program-specific grants and contracts with federal, state and other organizations, and investment income restricted to a specific program.

Non-operating revenues include all revenues that are not classified as operating revenues as discussed above. Revenues in this category include state allocations, property taxes and grants, contributions and investment earnings that are not restricted to a specific program.

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Tuition Discounting

Texas Public Education Grants – Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG) is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.033). When the award is used by the student for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act Program Funds – Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Texas Grants – Texas Grant funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts – The College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

F. Budgetary Data

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Trustees adopts the budget, which is prepared on the accrual basis of accounting except that depreciation expense is not budgeted. A copy of the approved budget and subsequent amendments must be filed with the Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

G. Cash and Cash Equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand and time deposit accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

H. Investments

The College's investments are reported at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The information for determining the fair value of investments is derived from published sources, if available, and from professional investment advisors. Short-term investments have an original maturity greater than three months but less than one year at the time of purchase. Public funds investment pools are also considered to be short-term investments. Long-term investments have an original maturity of greater than one year at the time of purchase.

I. Property Taxes

The College's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within the taxing district of the College. The assessed value of the roll on January 1, 2013, was \$10,501,985,000. Exemptions and abatements of \$3,184,658,000 are allowed, resulting in a taxable value of \$7,317,327,000. The tax levy of \$12,806,609 is the result of multiplying the value of the tax roll by the tax rates set by the Board. The tax rates assessed for the year ended August 31, 2014 to finance Unrestricted Current Fund operations and debt service for general obligation bonds were \$0.129250 and \$0.052360 per \$100 valuation, respectively.

Property tax collections during the year ended August 31, 2014 were \$12,551,534 for current taxes, \$245,198 for delinquent taxes, and \$237,692 for penalties, interest and attorney fees. Tax collections for the year ended August 31, 2014 were 100% of the current tax levy. Other taxes (from non-property sources) collected during the year ended August 31, 2014 totaled \$62,671.

Property taxes are due on October 1 each year and become delinquent on February 1. The allowance for uncollectible taxes is based upon historical experience of the College.

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Inventories

Goods held for resale by the College's auxiliary enterprises as of August 31, 2014 and 2013 are recorded as inventory. The inventory items are valued at cost or estimated cost calculated as a percentage of retail.

K. Capital Assets

Capital assets are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. The College's capitalization policy includes real or personal property with a value equal to or greater than \$5,000 and has an estimated life of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are charged to operating expense in the year in which the expense is incurred. The College reports depreciation under a single-line item as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

| | |
|--|----------|
| Buildings | 50 years |
| Facilities and Other Improvements | 20 years |
| Furniture, Machinery, Vehicles and Other Equipment | 10 years |
| Telecommunications and Peripheral Equipment | 5 years |
| Library Books | 15 years |

The College does not own any collections and has not adopted any specific policies in regard to accounting for collections.

L. Unearned Revenues

Tuition, fees and other revenues received and related to future periods have not been recognized in the current year and have been presented as a liability (unearned revenues) in these financial statements.

M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Income Taxes

The College is exempt from income taxes under Internal Revenue Code Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no unrelated business income tax liability for the year ended August 31, 2014.

O. Restricted Resources

When the College incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.

NOTE 3 - AUTHORIZED INVESTMENTS

Authorized Investments

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Section 2256.001 Texas Government Code). These investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments or obligations authorized by statute.

The Foundation, as a nonprofit organization, is not subject to the Public Funds Investment Act. As a result, the Foundation can and does invest in other types of investments, including corporate equities, corporate debt instruments, mutual funds and common investment trusts investing in corporate equities and debt, and land and other property.

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash and Deposits

Cash and Deposits at August 31, 2014 and 2013, as reported on the Statement of Net Position (Exhibit 1), consist of the following items:

| | 2014 | 2013 |
|---------------------------|----------------------|----------------------|
| Petty Cash | \$ 4,220 | \$ 4,220 |
| Bank Deposits: | | |
| Demand Accounts | 14,838,576 | 13,297,318 |
| Time and Savings Accounts | <u>7,779,280</u> | <u>8,745,798</u> |
| Total Cash and Deposits | <u>\$ 22,622,076</u> | <u>\$ 22,047,336</u> |

Custodial credit risk for deposits is the risk that in the event of a bank failure, the College's deposits may not be returned or the College will not be able to recover collateral securities in the possession of an outside party. The College's policy requires deposits to be 100% secured by collateral valued at market less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. At August 31, 2014 and 2013, the College's deposits are not exposed to custodial credit risk.

Investments

The following schedule summarizes the College's investments as of August 31, 2014:

| Type of Security | Fair Value | Credit Rating | Investment Maturities (in Years) | | |
|-------------------|---------------------|---------------|----------------------------------|--------------|-------------|
| | | | Less than 1 | 1 to 2 Years | More than 2 |
| Investment Pools | \$ 6,430,520 | AAA | \$ 6,430,520 | \$ - | \$ - |
| Total Investments | <u>\$ 6,430,520</u> | | <u>\$ 6,430,520</u> | <u>\$ -</u> | <u>\$ -</u> |

The following schedule summarizes the College's investments as of August 31, 2013:

| Type of Security | Fair Value | Credit Rating | Investment Maturities (in Years) | | |
|-------------------|---------------------|---------------|----------------------------------|--------------|-------------|
| | | | Less than 1 | 1 to 2 Years | More than 2 |
| Investment Pools | \$ 6,428,242 | AAA | \$ 6,428,242 | \$ - | \$ - |
| Total Investments | <u>\$ 6,428,242</u> | | <u>\$ 6,428,242</u> | <u>\$ -</u> | <u>\$ -</u> |

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. In accordance with State law and the College's investment policy, investments in mutual funds and external pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The College's policy provides that investments to be purchased must have final maturities of five years or less.

Concentration of credit risk is the risk of loss attributed to the magnitude of the College's investments in a single issuer. The College's policy does not place a limit on the amount that may be invested in any one issuer. This risk does not apply to U.S. Government securities or investments in an external investment pool. At August 31, 2014 and 2013, the College did not have a concentration of credit risk in its investment portfolio.

The Public Funds Investment Act (discussed on previous pages) also requires the College to have independent auditors perform test procedures related to investment practices as prescribed by that legislation. The College is in substantial compliance with the requirements of the Public Funds Investment Act.

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Reconciliation

The following table reconciles Deposits and Investments presented with this note and amounts reported in the Statement of Net Position (Exhibit 1):

| | 2014 | 2013 |
|---|----------------------|----------------------|
| Cash and Deposits | \$ 22,622,076 | \$ 22,047,336 |
| Investments | 6,430,520 | 6,428,242 |
| Total Deposits and Investments | <u>\$ 29,052,596</u> | <u>\$ 28,475,578</u> |
| | | |
| Cash and Cash Equivalents (Exhibit 1) | \$ 14,842,796 | \$ 13,301,538 |
| Short-Term Investments (Exhibit 1) | 6,655,043 | 8,265,949 |
| Other Long-Term Investments (Exhibit 1) | 7,554,757 | 6,908,091 |
| Total Deposits and Investments | <u>\$ 29,052,596</u> | <u>\$ 28,475,578</u> |

NOTE 5 - RECEIVABLES

Details of the College's receivables, including the allowance for uncollectible amounts, as of August 31, 2014 and 2013 are as follows:

| | <u>2014</u> | <u>2013</u> |
|--------------------------------------|---------------------|---------------------|
| Accounts Receivable | \$ 87,982 | \$ 64,337 |
| Tuition and Fees Receivable | 1,451,243 | 1,226,751 |
| Property Taxes Receivable | 784,543 | 827,139 |
| Interest Receivable | 1,435 | 2,493 |
| Loans Receivable | 29,759 | 30,743 |
| Federal Receivables | 193,215 | 680,811 |
| State Receivables | 164,008 | 99,162 |
| Total Receivables | <u>2,712,185</u> | <u>2,931,436</u> |
| Allowance for Uncollectible Accounts | <u>(1,383,718)</u> | <u>(1,175,252)</u> |
| Totals | <u>\$ 1,328,467</u> | <u>\$ 1,756,184</u> |

NOTE 6 - DEFERRED OUTFLOWS 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 or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The College has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. 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.

The following schedule summarizes the changes in deferred outflows of resources during the year ended August 31, 2014:

| | <u>Balance</u> <u>September 1, 2013</u> | <u>Write-Offs /</u> <u>Amortization</u> | <u>Balance</u> <u>August 31, 2014</u> |
|------------------------------------|--|--|--|
| Deferred Charge on Bond Refundings | <u>\$ 604,467</u> | <u>\$ 54,092</u> | <u>\$ 550,375</u> |

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 7 - CAPITAL ASSETS

A summary of the changes in the College's capital assets during the year ended August 31, 2014 is shown below:

| | Balance Sept. 1, 2013 | Additions | Retirements | Balance August 31, 2014 |
|--|--------------------------|---------------------|---------------------|----------------------------|
| Not Depreciated | | | | |
| Land | \$ 1,251,740 | \$ - | \$ - | \$ 1,251,740 |
| Construction in Progress | 2,561,737 | 1,778,438 | 4,340,175 | - |
| Total - Not Depreciated | <u>3,813,477</u> | <u>1,778,438</u> | <u>4,340,175</u> | <u>1,251,740</u> |
| Other Capital Assets | | | | |
| Buildings and Improvements | 67,103,985 | 3,814,632 | - | 70,918,617 |
| Facilities and Other Improvements | 6,844,852 | 539,682 | - | 7,384,534 |
| Furniture, Vehicles and Other Equipment | 6,922,448 | 783,250 | 823,976 | 6,881,722 |
| Library Books | 1,122,692 | 25,826 | - | 1,148,518 |
| Subtotal | <u>81,993,977</u> | <u>5,163,390</u> | <u>823,976</u> | <u>86,333,391</u> |
| Accumulated Depreciation | | | | |
| Buildings and Improvements | 8,520,807 | 1,242,203 | - | 9,763,010 |
| Facilities and Other Improvements | 2,263,067 | 295,303 | - | 2,558,370 |
| Furniture, Vehicles and Other Equipment | 4,539,319 | 518,950 | 823,976 | 4,234,293 |
| Library Books | 839,533 | 39,728 | - | 879,261 |
| Subtotal | <u>16,162,726</u> | <u>2,096,184</u> | <u>823,976</u> | <u>17,434,934</u> |
| Net - Other Capital Assets | <u>65,831,251</u> | <u>3,067,206</u> | <u>-</u> | <u>68,898,457</u> |
| Totals | <u>\$ 69,644,728</u> | <u>\$ 4,845,644</u> | <u>\$ 4,340,175</u> | <u>\$ 70,150,197</u> |

A summary of the changes in the College's capital assets during the year ended August 31, 2013 is shown below:

| | Balance Sept. 1, 2012 | Additions | Retirements | Balance August 31, 2013 |
|--|--------------------------|--------------------|------------------|----------------------------|
| Not Depreciated | | | | |
| Land | \$ 1,251,740 | \$ - | \$ - | \$ 1,251,740 |
| Construction in Progress | 178,045 | 2,383,692 | - | 2,561,737 |
| Total - Not Depreciated | <u>1,429,785</u> | <u>2,383,692</u> | <u>-</u> | <u>3,813,477</u> |
| Other Capital Assets | | | | |
| Buildings and Improvements | 67,175,885 | - | 71,900 | 67,103,985 |
| Facilities and Other Improvements | 6,829,202 | 35,650 | 20,000 | 6,844,852 |
| Furniture, Vehicles and Other Equipment | 6,682,351 | 307,488 | 67,391 | 6,922,448 |
| Library Books | 1,094,211 | 28,481 | - | 1,122,692 |
| Subtotal | <u>81,781,649</u> | <u>371,619</u> | <u>159,291</u> | <u>81,993,977</u> |
| Accumulated Depreciation | | | | |
| Buildings and Improvements | 7,364,057 | 1,208,518 | 51,768 | 8,520,807 |
| Facilities and Other Improvements | 1,993,788 | 281,879 | 12,600 | 2,263,067 |
| Furniture, Vehicles and Other Equipment | 4,090,387 | 516,323 | 67,391 | 4,539,319 |
| Library Books | 799,062 | 40,471 | - | 839,533 |
| Subtotal | <u>14,247,294</u> | <u>2,047,191</u> | <u>131,759</u> | <u>16,162,726</u> |
| Net - Other Capital Assets | <u>67,534,355</u> | <u>(1,675,572)</u> | <u>27,532</u> | <u>65,831,251</u> |
| Totals | <u>\$ 68,964,140</u> | <u>\$ 708,120</u> | <u>\$ 27,532</u> | <u>\$ 69,644,728</u> |

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 8 - LONG-TERM DEBT

The following schedule summarizes the changes in the long-term indebtedness of the College for the year ended August 31, 2014:

| | Balance Sept. 1, 2013 | Additions | Retirements | Balance August 31, 2014 | Due Within One Year |
|----------------------------------|--------------------------|-------------------|---------------------|----------------------------|------------------------|
| General Obligations Bonds | \$ 39,145,000 | \$ - | \$ 1,690,000 | \$ 37,455,000 | \$ 1,885,000 |
| Revenue Bonds | 11,900,000 | - | 1,120,000 | 10,780,000 | 1,140,000 |
| Unamortized Premium on Bonds | 1,454,216 | - | 110,307 | 1,343,909 | 110,307 |
| Total Bonds Payable | 52,499,216 | - | 2,920,307 | 49,578,909 | 3,135,307 |
| Notes and Capital Leases Payable | 141,342 | - | 38,527 | 102,815 | 90,387 |
| Total Bonds and Notes Payable | 52,640,558 | - | 2,958,834 | 49,681,724 | 3,225,694 |
| Compensated Absences | 196,392 | 208,132 | 214,411 | 190,113 | 38,023 |
| Totals | <u>\$ 52,836,950</u> | <u>\$ 208,132</u> | <u>\$ 3,173,245</u> | <u>\$ 49,871,837</u> | <u>\$ 3,263,717</u> |

The following schedule summarizes the changes in the long-term indebtedness of the College for the year ended August 31, 2013:

| | Balance Sept. 1, 2012 | Additions | Retirements | Balance August 31, 2013 | Due Within One Year |
|----------------------------------|--------------------------|-------------------|---------------------|----------------------------|------------------------|
| General Obligations Bonds | \$ 40,720,000 | \$ - | \$ 1,575,000 | \$ 39,145,000 | \$ 1,690,000 |
| Revenue Bonds | 12,995,000 | - | 1,095,000 | 11,900,000 | 1,120,000 |
| Unamortized Premium on Bonds | 1,564,523 | - | 110,307 | 1,454,216 | - |
| Deferred Bonds Payable | (656,376) | - | (51,909) | (604,467) | (54,092) |
| Total Bonds Payable | 54,623,147 | - | 2,728,398 | 51,894,749 | 2,755,908 |
| Notes and Capital Leases Payable | 179,980 | - | 38,638 | 141,342 | 40,782 |
| Total Bonds and Notes Payable | 54,803,127 | - | 2,767,036 | 52,036,091 | 2,796,690 |
| Compensated Absences | 182,546 | 216,267 | 202,421 | 196,392 | 39,278 |
| Totals | <u>\$ 54,985,673</u> | <u>\$ 216,267</u> | <u>\$ 2,969,457</u> | <u>\$ 52,232,483</u> | <u>\$ 2,835,968</u> |

Bonds Payable

The College has the following bond issues outstanding as of August 31, 2014:

On November 27, 2007, the College issued General Obligation Bonds, Series 2007 in the amount of \$9,630,000 for the purposes of renovating, constructing and equipping College buildings. These bonds are payable from a continuing direct annual ad valorem tax levied by the College on all taxable property to provide for the payment of principal and interest. Principal payments from \$300,000 to \$695,000 are due beginning on August 15, 2009 through 2029. Semiannual interest payments at interest rates ranging from 4% to 5% are due beginning February 15, 2009. The balance outstanding on this bond issue as of August 31, 2014 is \$7,965,000.

On January 22, 2008, the College issued General Obligation Bonds, Series 2008 in the amount of \$35,135,000 for the purposes of renovating, constructing and equipping College buildings. These bonds are payable from a continuing direct annual ad valorem tax levied by the College on all taxable property to provide for the payment of principal and interest. Principal payments from \$100,000 to \$2,600,000 are due beginning on August 15, 2009 through 2029. Semiannual interest payments at interest rates ranging from 3.375% to 5% are due beginning February 15, 2009. The balance outstanding on this bond issue as of August 31, 2014 is \$29,490,000.

On October 1, 2010, the College issued Consolidated Fund Revenue Refunding Bonds, Series 2010 in the amount of \$15,215,000 for the purpose of advance refunding of \$15,560,000 of the College's revenue bonds (Series 2002, 2003 and 2004). Various revenues, including tuition, general use fees and gross revenues of the College's auxiliary enterprises, are pledged for the debt service of the bonds. Principal payments from \$605,000 to \$1,300,000 are due beginning August 15, 2011 through 2024. Semiannual interest payments ranging from 2% to 4% are due beginning February 15, 2011. The balance outstanding on this bond issue as of August 31, 2014 is \$10,780,000.

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 8 - LONG-TERM DEBT (Continued)

Bonds Payable (Continued)

The principal and interest requirements related to the bonded indebtedness are listed below:

| Year Ended August 31, | General Obligation Bonds | | Revenue Bonds | | Total Requirements | |
|--------------------------|--------------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2015 | \$ 1,885,000 | \$ 1,574,137 | \$ 1,140,000 | \$ 398,800 | \$ 3,025,000 | \$ 1,972,937 |
| 2016 | 1,955,000 | 1,504,261 | 1,035,000 | 364,600 | 2,990,000 | 1,868,861 |
| 2017 | 2,030,000 | 1,429,761 | 1,065,000 | 333,550 | 3,095,000 | 1,763,311 |
| 2018 | 2,105,000 | 1,352,336 | 1,100,000 | 301,600 | 3,205,000 | 1,653,936 |
| 2019 | 2,185,000 | 1,275,324 | 1,150,000 | 257,600 | 3,335,000 | 1,532,924 |
| 2020 - 2024 | 12,235,000 | 5,054,268 | 5,290,000 | 574,600 | 17,525,000 | 5,628,868 |
| 2025 - 2029 | 15,060,000 | 2,227,218 | - | - | 15,060,000 | 2,227,218 |
| Total | <u>\$ 37,455,000</u> | <u>\$ 14,417,305</u> | <u>\$ 10,780,000</u> | <u>\$ 2,230,750</u> | <u>\$ 48,235,000</u> | <u>\$ 16,648,055</u> |

Advance Refunding

In prior years, the College defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the assets of the trust account and liabilities for the defeased bonds are not included in the College's financial statements. In accordance with GASB Statement No. 23, Accounting and Financial Reporting for Refundings of Debt by Proprietary Activities, the difference between the book value of the old debt and the amount required to retire the debt is deferred and is not reported on the statement of activities. Prior to the implementation of GASB Statement No. 65, the deferred amount was reported as a reduction of bonds payable. GASB Statement No. 65 requires this deferred amount to be reported as a deferred outflow of resources. See Note 6.

As of August 31, 2014, all of the defeased bonds have been retired.

Notes and Capital Leases Payable

On May 3, 2011, the College executed a tax-exempt equipment lease with PNC Equipment Finance LLC for the acquisition of golf course equipment (golf cars). This note bears interest at the rate of 10.67% and is payable in monthly installments of \$2,711, including principal and interest, beginning July 3, 2011 through June 3, 2015. On July 3, 2015, a final balloon payment of \$50,000 is due to retire the balance of the note. The value of the equipment purchased under this lease totaled \$155,550. Amortization of these assets is included with depreciation expense.

On June 21, 2011, the College executed a tax-exempt equipment lease with PNC Equipment Finance LLC for the acquisition of golf course equipment (mowers and utility vehicle). This note bears interest at the rate of 5.29% and is payable in monthly installments of \$1,274, including principal and interest, beginning July 21, 2011 through June 21, 2016. The value of the equipment purchased under this lease totaled \$67,146. Amortization of these assets is included with depreciation expense.

The following table shows the debt service requirements for these equipment leases.

| Year Ended August 31, | PNC Equipment Finance LLC | | |
|--------------------------|---------------------------|------------------|-------------------|
| | Golf Cars | Equipment | Total |
| 2015 | \$ 77,110 | \$ 15,285 | \$ 92,395 |
| 2016 | - | 12,735 | 12,735 |
| Thereafter | - | - | - |
| Total Debt Service | 77,110 | 28,020 | 105,130 |
| Less Interest Portion | (918) | (1,397) | (2,315) |
| Notes and Leases Payable | <u>\$ 76,192</u> | <u>\$ 26,623</u> | <u>\$ 102,815</u> |

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 8 - LONG-TERM DEBT (Continued)

Interest Expense

During the year ended August 31, 2014, the College incurred interest costs of \$1,999,127 on its bonds, notes and capital leases payable. This entire amount was charged to expense.

During the year ended August 31, 2013, the College incurred interest costs of \$2,159,643 on its bonds, notes and capital leases payable. This entire amount was charged to expense.

Compensated Absences

The sole component of the compensated absences liability as of August 31, 2014 is accrued annual (vacation) leave for employees. See Note 9 for fuller discussion. This obligation will be paid by the fund or department for which the employee works at the time of utilization. As of August 31, 2014, \$185,818 is expected to be paid by the Current Unrestricted Fund and \$4,295 is expected to be paid by the College's auxiliary enterprises. The College believes that approximately \$38,023 of this liability will be paid to employees during the year ending August 31, 2015 and, accordingly, has classified that portion of the liability as a current obligation. The balance of the liability (\$152,090) is considered long-term.

NOTE 9 - EMPLOYEES' RETIREMENT PLAN

The State of Texas has joint contributory retirement plans for almost all its employees. One of the primary plans in which the College participates is administered by the Teacher Retirement System of Texas.

Teacher Retirement System of Texas

Plan Description. The College contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan. TRS issues a publicly available financial report with required supplementary information which can be obtained from www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2014 and 2013 and a state contribution rate of 6.8% and 6.4% for the 2013 and 2012 fiscal years, respectively. Senate Bill (S.B.) 1812, effective September 1, 2013 limits the amount of the State's contribution to 50% of the College's eligible employees.

Optional Retirement Plan

Plan Description. The State has also established an optional retirement program for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The percentages of participant salaries currently contributed by the State are 6.6% and 6.0% for fiscal years 2014 and 2013, respectively and by each participant are 6.65% for both fiscal years 2014 and 2013. The College contributes 1.31% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the State has no additional or unfunded liability for this program. S. B. 1812, effective September 1, 2013 limits the amount of the State's contribution to 50% of the College's eligible employees.

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 9 - EMPLOYEES' RETIREMENT PLAN (Continued)

Contribution / Payroll Information

The retirement expense to the state for the College was \$707,417 and \$600,847 for the fiscal years ended August 31, 2014 and 2013, respectively. The retirement paid by the State represents the expended appropriations made by the State Legislature on behalf of the College and are recorded as State Appropriations in the financial statements.

The total payroll for all College employees was \$14,426,117 and \$14,207,878 for the years ended August 31, 2014 and 2013, respectively. The total payroll for employees covered by the TRS was \$8,465,498 and \$7,810,279 and the total payroll for employees covered by the optional retirement program was \$3,689,290 and \$3,764,052 for the fiscal years ended August 31, 2014 and 2013, respectively.

NOTE 10 - COMPENSATED ABSENCES

Full-time employees who work twelve months during the year are allowed to accumulate annual leave based upon the number of hours required for the workweek and the number of years employed at the College. For employees with a 35-hour regular workweek, six (6) hours per month are accrued for those employees with less than 15 years of service and nine (9) hours are accrued per month with more than 15 years of service. For employees with a 40-hour regular workweek, seven (7) hours per month are accrued for those employees with less than 15 years of service and 10 hours per month are accrued with more than 15 or more years of service, 9 hours of annual leave are accrued. The maximum number of hours that may be carried forward to the next fiscal year is 105 and 120 for employees with 35-hour and 40-hour workweeks, respectively. A calculated percentage is applied to part-time contractual employees to determine their accrual rates.

Full-time hourly employees with less than 15 years of employment are allowed to accumulate annual leave at the rate of four percent of regular hours worked. Full-time hourly employees with 15 or more years of service have an accumulation rate of six percent of regular hours worked. The maximum number of hours that may be carried forward to the next fiscal year is 105 for this group of employees. One-half of vacation leave accrued during a fiscal year must be utilized during that year for all employees that are eligible to accrue vacation.

The College has recognized the accrued liability for the unpaid annual leave in the fund in which the employee works. Accrued compensated absences payable of \$190,113 and \$196,392 is recorded in the financial statements as of August 31, 2014 and 2013, respectively. These amounts are payable to the employees (or their beneficiaries) upon termination or death.

Full-time employees who work twelve months during the year are allowed to accumulate sick leave based upon the number of hours required for the workweek. Six (6) hours per month are accrued for employees with a 35-hour regular workweek and seven (7) hours per month are accrued for employees with a 40-hour regular workweek. Sick leave for instructional employees with nine-month or ten-and-one-half month contracts is accrued over a ten-month period. Full-time hourly employees are allowed to accumulate sick leave at the rate of four percent of regular hours worked. Full-time instructional employees shall accrue a maximum of 400 hours. Full-time noninstructional employees may accrue a maximum of 420 hours for those employees whose regular workweek is 35 hours and 480 hours for those employees whose regular workweek is 40 hours. A calculated percentage is applied to part-time employees to determine their accrual rates. The College's policy is to recognize sick leave when paid. No liability has been recorded in the financial statements since the College's experience indicates the expenditure for sick leave to be minimal.

Additionally, the College has established a sick leave pool to benefit employees who suffer or are affected by a catastrophic injury or illness. Employees may contribute up to ten percent of accumulated sick leave to the pool. Receipt of benefits from the pool is not contingent upon prior contributions. A committee of College personnel makes benefit payment decisions. No liability for the sick leave pool has been recorded in these financial statements.

NOTE 11 - DEFERRED COMPENSATION PROGRAM

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001.

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 12 - PENDING LAWSUITS AND CLAIMS

As of August 31, 2014, there are no material lawsuits and claims pending or threatened against the College.

NOTE 13 - CONTRACT AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years August 31, 2014 and 2013 for which monies have not been received nor funds expended totaled \$840,290 and \$1,374,866, respectively. Of these amounts, \$322,010 and \$1,052,633 were from Federal Contract and Grant Awards; \$493,216 and \$277,415 were from State Contract and Grant Awards; and \$15,064 and \$44,818 were from Other Contract and Grant Awards for the fiscal years ended August 31, 2014 and 2013, respectively.

The College receives a portion of its revenues from government grants and contracts, all of which are subject to audit by federal and state agencies. The determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the respective agencies. As a result, there exists a contingency to refund any amount received in excess of allowable costs. The amount, if any, of expenses which may be disallowed by the grantor agencies cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

NOTE 14 - RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except for workers' compensation insurance, the College carries commercial insurance for all risks of loss. The College accounts for risk management issues in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*.

The College participates in the Workers' Compensation Fund of the Texas Public Junior and Community College Employee Benefits Consortium (Fund) administered by Claims Administrative Services, Inc. The College is responsible for the payment of all claims until a certain threshold is reached. Whenever the claims exceed the threshold, a commercial insurance policy pays the excess claims. The Fund's specific retention of loss is \$200,000, with an aggregate limit of \$5,000,000; the College's maximum fund loss is \$109,450. Premiums of \$28,864 and \$30,707 for this insurance were allocated to the College for the years ended August 31, 2014 and 2013, respectively.

The following schedule summarizes the changes in claims liabilities for the years ended August 31, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|--|------------------|------------------|
| Claims Liabilities - Beginning of Year | \$ 80,070 | \$ 98,030 |
| Incurred Claims | 35,218 | 22,358 |
| Change in Prior Year Claim Estimates | (13,191) | (20,484) |
| Payment on Claims | <u>(21,475)</u> | <u>(19,834)</u> |
| Claims Liabilities - End of Year | <u>\$ 80,622</u> | <u>\$ 80,070</u> |

The claims liability is reported in accrued liabilities in the financial statements and includes \$39,060 and \$36,788 of estimated claims incurred but not reported, as determined actuarially by the administrator at August 31, 2014 and 2013, respectively.

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 15 - POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Plan Description. The College contributes to the State Retiree Health Plan (SRHP), a cost-sharing multiple-employer, defined benefit postemployment healthcare plan administered by the Employees Retirement System of Texas (ERS). SRHP provides medical benefits to retired employees of participating universities, community colleges and state agencies in accordance with Chapter 1551, Texas Insurance Code. Benefit and contribution provisions of the SRHP are authorized by State law and may be amended by the Texas legislature.

ERS issues a publicly available financial report that includes financial statements and required supplementary information for SRHP. That report may be obtained from ERS via their website at <http://www.ers.state.tx.us/>.

Funding Policy. Section 1551.055 of Chapter 1551, Texas Insurance Code provides that contribution requirements of plan members and the participating employers are established and may be amended by the ERS board of trustees. Plan members or beneficiaries receiving benefits pay any premium over and above the employer contribution.

The employer's share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for retirees and the amounts contributed by the retirees. The ERS board of trustees sets the employer contribution rate based on the implicit rate subsidy, which is actuarially determined in accordance with GASB Statement 45.

The employer contribution rate represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years.

The College's contributions to SRHP for the years ended August 31, 2014, 2013 and 2012 were \$76,346, \$77,080 and \$77,520, respectively, which equaled the required contributions each year.

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENT

GASB has issued its Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this statement is to improve accounting and financial reporting by state and local government pensions and improve the decision-usefulness of information in contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. This statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. The College will adopt this statement in its fiscal year beginning September 1, 2014. The College is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

NOTE 17 - SUBSEQUENT EVENTS

No events have occurred subsequent to August 31, 2014 that would require adjustment to, or disclosure in, these financial statements.

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 18 - GRAYSON COLLEGE FOUNDATION - DISCRETE COMPONENT UNIT

The Foundation was established as a separate nonprofit organization in 1991 to raise funds to provide student scholarships and assistance in the development and growth of the College. Under GASB standards, the Foundation is a component unit of the College because: 1) the College provides financial resources to the Foundation and the economic resources received or held by the Foundation are entirely or almost entirely for the direct benefit of the College; 2) the College is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the Foundation; and 3) the economic resources held by the Foundation that the College is entitled to or has the ability to otherwise access are significant to the College.

Accordingly, the Foundation's financial statements are included in the College's annual report as a discrete component unit (see table of contents). Separate financial statements of the Foundation are not prepared; therefore, selected disclosures are included in the College's financial statements.

GENERAL AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Foundation maintains its accounts in accordance with the principles of fund accounting. Resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund. For reporting purposes, however, the Foundation classifies net position and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net position of the Foundation and changes therein are classified and reported as follows:

Unrestricted – Net position that is not subject to donor-imposed restrictions and may be used for any operating purpose of the Foundation.

Temporarily Restricted – Net position that is subject to donor-imposed stipulations that require the passage of time and / or the occurrence of a specific event.

Permanently Restricted – Net position that is required to be maintained in perpetuity, with only the income used for operating activities, due to donor-imposed restrictions.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. The carrying amounts of other investments (real estate) are based upon the historical cost of those investments. Realized and unrealized gains and losses are reported in the statement of activities.

Capital Assets and Depreciation

Capital assets are recorded at cost or at estimated fair market value at the date of the gift if donated. Such donations are reported as unrestricted support unless the donor has restricted the asset to a specific purpose. Assets donated with specific restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net position to unrestricted net position at that time.

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful lives are fifty years for buildings and improvements and ten years for equipment.

Contributions

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Grayson College
Notes to the Financial Statements
August 31, 2014 and 2013

NOTE 18 - GRAYSON COLLEGE FOUNDATION - DISCRETE COMPONENT UNIT (Continued)

GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

The services of the Foundation employees and certain operating costs have been donated by the College. The estimated value of these contributed services is \$178,452 and \$220,237 for the years ended August 31, 2014 and 2013, respectively, and has been included in revenues and expenses in the accompanying financial statements.

Federal Income Taxes

The income of the Foundation, except for unrelated business income, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation had no unrelated business income during the years ended August 31, 2014 and 2013.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

INVESTMENTS

The following schedule summarizes the Foundation's investments as of August 31, 2014 and 2013:

| Type of Security | 2014 | | 2013 | |
|-----------------------------------|---------------------|----------------------|---------------------|---------------------|
| | Cost | Fair Value | Cost | Fair Value |
| U.S. Government Securities | \$ 392,636 | \$ 395,506 | \$ 363,520 | \$ 361,285 |
| U.S. Government Agency Securities | 55,049 | 54,828 | 144,403 | 142,351 |
| Equity Securities | 4,348,850 | 5,894,080 | 3,943,430 | 4,911,444 |
| Corporate Obligations | 2,045,972 | 2,034,260 | 1,813,703 | 1,737,411 |
| Municipal Bonds | 43,844 | 230,358 | 215,693 | 227,553 |
| Real Estate | 269,385 | 269,385 | 800,000 | 800,000 |
| Money Market and Investment Pools | 1,414,861 | 1,414,112 | 1,199,690 | 1,197,427 |
| Total Investments | <u>\$ 8,570,597</u> | <u>\$ 10,292,529</u> | <u>\$ 8,480,439</u> | <u>\$ 9,377,471</u> |

CAPITAL ASSETS

The following schedule summarizes the Foundation's capital assets as of August 31, 2014 and 2013:

| | 2014 | 2013 |
|-----------------------------------|-------------------|---------------------|
| Land | \$ 6,000 | \$ 506,000 |
| Buildings and Improvements | 507,350 | 507,350 |
| Facilities and Other Improvements | 17,345 | 17,345 |
| Equipment | 192,893 | 192,893 |
| Less: | | |
| Accumulated Depreciation | (216,962) | (187,760) |
| Net Capital Assets | <u>\$ 506,626</u> | <u>\$ 1,035,828</u> |

Land valued at \$500,000 was gifted to the Foundation during the year ended August 31, 2009; this land is subject to a reversionary clause if construction of an educational facility in Fannin County is not begun by January 1, 2014. On May 8, 2010, the Fannin County electorate voted down a proposal to join the Grayson County Junior College District. Ownership of the land reverted to the donor on January 1, 2014. The reversion of the land has been recorded as a reduction of current year revenue (contributions and gifts) in these financial statements.

Supplementary Schedules and Reports

Grayson College
Schedule of Operating Revenues
Year Ended August 31, 2014
With Memorandum Totals for Year Ended August 31, 2013

Schedule A

| | Unrestricted | Restricted | Total | | Totals | |
|---|--------------------|--------------------|------------------------|-----------------------|---------------------|---------------------|
| | | | Educational Activities | Auxiliary Enterprises | 2014 | 2013 |
| Tuition | | | | | | |
| State Funded Courses | | | | | | |
| In-District Resident Tuition | \$4,058,613 | \$ - | \$ 4,058,613 | \$ - | \$ 4,058,613 | \$ 3,682,855 |
| Out-of-District Resident Tuition | 2,150,455 | - | 2,150,455 | - | 2,150,455 | 2,136,197 |
| Non-Resident Tuition | 291,184 | - | 291,184 | - | 291,184 | 292,061 |
| TPEG * | 399,926 | - | 399,926 | - | 399,926 | 375,042 |
| Non-State Funded Educational Programs | 52,825 | - | 52,825 | - | 52,825 | 74,079 |
| Total Tuition | 6,953,003 | - | 6,953,003 | - | 6,953,003 | 6,560,234 |
| Fees | | | | | | |
| General Fee | 832,471 | - | 832,471 | - | 832,471 | 845,190 |
| Student Service Fee | - | - | - | 728,158 | 728,158 | 739,638 |
| Laboratory Fee | 345,289 | - | 345,289 | - | 345,289 | 328,152 |
| Other | 388,745 | - | 388,745 | - | 388,745 | 439,911 |
| Total Fees | 1,566,505 | - | 1,566,505 | 728,158 | 2,294,663 | 2,352,891 |
| Scholarship Allowances and Discounts | | | | | | |
| Bad Debt Allowances | (215,553) | - | (215,553) | - | (215,553) | - |
| Scholarship Allowances | (264,962) | - | (264,962) | (20,795) | (285,757) | (307,481) |
| Remissions and Exemptions | (286,407) | - | (286,407) | (5,416) | (291,823) | (261,432) |
| TPEG Allowances | (285,890) | - | (285,890) | (10,388) | (296,278) | (299,202) |
| Federal Grants to Students | (2,662,066) | - | (2,662,066) | (276,464) | (2,938,530) | (2,816,097) |
| Other Federal Grants | (12,350) | - | (12,350) | (1,079) | (13,429) | (15,722) |
| State Grants to Students | (115,684) | (264,694) | (380,378) | (12,123) | (392,501) | (336,105) |
| Total Scholarship Allowances and Discounts | (3,842,912) | (264,694) | (4,107,606) | (326,265) | (4,433,871) | (4,036,039) |
| Total Net Tuition and Fees | 4,676,596 | (264,694) | 4,411,902 | 401,893 | 4,813,795 | 4,877,086 |
| Other Operating Revenues | | | | | | |
| Federal Grants and Contracts | 24,641 | 1,065,772 | 1,090,413 | - | 1,090,413 | 1,245,439 |
| State Grants and Contracts | 9,323 | 1,517,125 | 1,526,448 | - | 1,526,448 | 999,128 |
| Non-Governmental Grants and Contracts | - | 359,695 | 359,695 | - | 359,695 | 282,291 |
| Sales and Services of Educational Activities | 48,921 | - | 48,921 | - | 48,921 | 51,123 |
| Other Operating Revenues | 273,370 | - | 273,370 | - | 273,370 | 200,283 |
| Total Other Operating Revenues | 356,255 | 2,942,592 | 3,298,847 | - | 3,298,847 | 2,778,264 |
| Auxiliary Enterprises | | | | | | |
| Residential Life (Net of Discounts of \$254,445) | - | - | - | 299,216 | 299,216 | 364,372 |
| Bookstore (Net of Discounts of \$1,397,573) | - | - | - | 929,227 | 929,227 | 1,162,976 |
| Golf Course | - | - | - | 320,953 | 320,953 | 332,149 |
| Total Net Auxiliary Enterprises | - | - | - | 1,549,396 | 1,549,396 | 1,859,497 |
| Total Operating Revenues | \$5,032,851 | \$2,677,898 | \$ 7,710,749 | \$1,951,289 | \$ 9,662,038 | \$ 9,514,847 |
| | | | | | (Exhibit 2) | (Exhibit 2) |

* In accordance with Education Code 56.033, \$399,926 of tuition was set aside for Texas Public Education Grants (TPEG).

Grayson College
Schedule of Operating Expenses by Object
Year Ended August 31, 2014
With Memorandum Totals for Year Ended August 31, 2013

Schedule B

| | Operating Expenses | | | | | Totals | |
|---------------------------------------|-----------------------|--------------------|--------------------|---------------------|--|---------------------|---------------------|
| | Salaries and Wages | Benefits | | Other Expenses | | 2014 | 2013 |
| | | State Benefits | Local Benefits | | | | |
| EDUCATIONAL ACTIVITIES | | | | | | | |
| Unrestricted | | | | | | | |
| Instruction | \$ 7,836,178 | \$ - | \$ 1,683,703 | \$ 1,042,566 | | \$10,562,447 | \$10,341,095 |
| Public Service | 208,381 | - | 73,749 | 35,141 | | 317,271 | 364,417 |
| Academic Support | 963,219 | - | 189,004 | 527,069 | | 1,679,292 | 1,524,812 |
| Student Services | 1,427,429 | - | 325,651 | 303,385 | | 2,056,465 | 1,828,508 |
| Institutional Support | 1,610,069 | - | 315,866 | 1,626,489 | | 3,552,424 | 3,626,352 |
| Operation and Maintenance of Plant | 721,215 | - | 257,427 | 1,621,772 | | 2,600,414 | 4,254,986 |
| Total Unrestricted | 12,766,491 | - | 2,845,400 | 5,156,422 | | 20,768,313 | 21,940,170 |
| Restricted | | | | | | | |
| Instruction | 748,948 | 1,224,835 | 162,140 | 460,331 | | 2,596,254 | 2,319,291 |
| Public Service | 152,903 | 49,615 | 33,190 | 45,587 | | 281,295 | 232,400 |
| Academic Support | - | 137,508 | - | 6,500 | | 144,008 | 94,005 |
| Student Services | 233,198 | 236,930 | 12,267 | 93,158 | | 575,553 | 389,190 |
| Institutional Support | - | 229,758 | - | 75,000 | | 304,758 | 179,030 |
| Operation and Maintenance of Plant | - | 36,220 | - | 684,806 | | 721,026 | 119,486 |
| Scholarships and Fellowships | - | - | - | 5,008,040 | | 5,008,040 | 5,450,594 |
| Total Restricted | 1,135,049 | 1,914,866 | 207,597 | 6,373,422 | | 9,630,934 | 8,783,996 |
| Total Educational Activities | 13,901,540 | 1,914,866 | 3,052,997 | 11,529,844 | | 30,399,247 | 30,724,166 |
| Auxiliary Enterprises | 505,787 | 10,045 | 161,897 | 2,962,546 | | 3,640,275 | 3,715,719 |
| Depreciation Expense | | | | | | | |
| Buildings and Other Improvements | - | - | - | 1,537,505 | | 1,537,505 | 1,490,397 |
| Equipment and Furniture | - | - | - | 558,679 | | 558,679 | 556,794 |
| Total | \$14,407,327 | \$1,924,911 | \$3,214,894 | \$16,588,574 | | \$36,135,706 | \$36,487,076 |
| | | | | | | (Exhibit 2) | (Exhibit 2) |

Grayson College
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2014
With Memorandum Totals for Year Ended August 31, 2013

Schedule C

| | Unrestricted | Restricted | Auxiliary Enterprises | Totals | |
|---|---------------------|----------------------|--------------------------|---------------------|---------------------|
| | | | | 2014 | 2013 |
| Non-Operating Revenues | | | | | |
| State Appropriations | | | | | |
| Education and General State Support | \$ 7,474,575 | \$ - | \$ - | \$ 7,474,575 | \$ 7,472,050 |
| Dramatic Enrollment Growth | 27,117 | - | - | 27,117 | 27,117 |
| State Group Insurance | - | 1,217,494 | - | 1,217,494 | 866,959 |
| State Retirement Matching | - | 707,417 | - | 707,417 | 600,847 |
| Total State Appropriations | 7,501,692 | 1,924,911 | - | 9,426,603 | 8,966,973 |
| Ad-Valorem Taxes for Maintenance and Operations | 9,296,000 | - | - | 9,296,000 | 9,244,001 |
| Ad-Valorem Taxes for General Obligation Bonds | 3,748,419 | - | - | 3,748,419 | 3,578,686 |
| Federal Grants and Contracts, Non-Operating | - | 9,227,901 | - | 9,227,901 | 9,745,101 |
| Investment Income (net of Investment Expenses) | 79,779 | 1,247 | - | 81,026 | 64,590 |
| Other | - | 1,021 | - | 1,021 | 66 |
| Total Non-Operating Revenues | 20,625,890 | 11,155,080 | - | 31,780,970 | 31,599,417 |
| Non-Operating Expenses | | | | | |
| Interest on Capital-Related Debt | 1,999,127 | - | - | 1,999,127 | 2,159,643 |
| Loss of Disposition of Property | - | - | - | - | 20,782 |
| Total Non-Operating Expenses | 1,999,127 | - | - | 1,999,127 | 2,180,425 |
| Net Non-Operating Revenues | \$18,626,763 | \$ 11,155,080 | \$ - | \$29,781,843 | \$29,418,992 |
| | | | | (Exhibit 2) | (Exhibit 2) |

Grayson College
Schedule of Net Position by Source and Availability
Year Ended August 31, 2014
With Memorandum Totals for Year Ended August 31, 2013

Schedule D

| | Detail by Source | | | | | Available for Current Operations | |
|--|------------------|--------------------------|--------------------|---|--------------------|----------------------------------|--------------|
| | Unrestricted | Restricted Expendable | Non- Expendable | Capital Assets, Net of Depreciation & Related Debt | Total | Yes | No |
| Current Funds: | | | | | | | |
| Unrestricted | \$ 17,821,942 | \$ - | \$ - | \$ - | \$ 17,821,942 | \$ 17,821,942 | \$ - |
| Restricted | - | 576,259 | - | - | 576,259 | - | 576,259 |
| Auxiliary Enterprises | 2,023,299 | - | - | - | 2,023,299 | 2,023,299 | - |
| Loan Funds | - | 47,558 | - | - | 47,558 | - | 47,558 |
| Plant Funds: | | | | | | | |
| Unexpended | 4,665,814 | - | - | - | 4,665,814 | 4,665,814 | - |
| Renewals and Replacements | 1,543,796 | - | - | - | 1,543,796 | 1,543,796 | - |
| Unexpended Bond Proceeds | - | 637,405 | - | - | 637,405 | - | 637,405 |
| Debt Service | - | 1,486,723 | - | - | 1,486,723 | - | 1,486,723 |
| Investment in Plant | - | - | - | 21,018,847 | 21,018,847 | - | 21,018,847 |
| Total Net Position - August 31, 2014 | 26,054,851 | 2,747,945 | - | 21,018,847 | 49,821,643 | 26,054,851 | 23,766,792 |
| | | | | | (Exhibit 1) | | |
| Total Net Position - August 31, 2013 (Restated) | 25,653,069 | 2,360,516 | - | 17,608,637 | 45,622,222 | 25,653,069 | 19,969,153 |
| | | | | | (Exhibit 1) | | |
| Net Increase (Decrease) in Net Position | \$ 401,782 | \$ 387,429 | \$ - | \$ 3,410,210 | \$ 4,199,421 | \$ 401,782 | \$ 3,797,639 |
| | | | | | (Exhibit 2) | | |

Grayson College
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2014

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Pass-Through Disbursements and Expenditures |
|---|---------------------------|-------------------------------------|--|
| U.S. Department of Labor | | | |
| Passed through Texas Workforce Commission: | | | |
| WIA Title V Incentive Grant | 17.267 | 2913WSW006 | 110,092 |
| Total U.S. Department of Labor | | | <u>110,092</u> |
| U.S. Small Business Administration | | | |
| Passed through Dallas County Community College District: | | | |
| Small Business Development Center (SBDC) | 59.037 | SBAHQ-14-B-0018 | 42,749 |
| Small Business Development Center (SBDC) | 59.037 | 1-603001-Z-0152 | 22,638 |
| Small Business Development Center (SBDC) | 59.037 | HQ-13-B-007 | 9,395 |
| Small Business Development Center (SBDC) | 59.037 | SBAHQ-14-B-0018 | 41,050 |
| Subtotal - Small Business Development Center (SBDC) | | | <u>115,832</u> |
| Total U.S. Small Business Administration | | | <u>115,832</u> |
| National Endowment for the Humanities | | | |
| Direct Programs: | | | |
| Arts Education in American Communities | 45.024 | 13-5900-7110 | 10,000 |
| Total National Endowment for the Humanities | | | <u>10,000</u> |
| U.S. Department of Education | | | |
| Direct Programs: | | | |
| Federal Supplemental Education Opportunity Grant (FSEOG) * | 84.007 | | 81,280 |
| Federal Workstudy Program * (2013-2014) | 84.033 | | 86,467 |
| Federal Workstudy Program * (2014-2015) | 84.033 | | 13,385 |
| Subtotal - Federal Workstudy Program | | | <u>99,852</u> |
| Federal Pell Grant Program * | 84.063 | | 9,071,409 |
| Direct Student Loans * | 84.268 | | 7,692,333 |
| Passed through Texas Education Agency: | | | |
| Adult Basic Education (Section 231) 2012-2013 | 84.002 | 134100017110461 | 800 |
| Passed through Texas Workforce Commission: | | | |
| Adult Basic Education (Section 231) 2013-2014 | 84.002 | 2514ABE000 | 246,751 |
| Adult Basic Education (Section 231) 2014-2015 | 84.002 | 2514AELA00 | 1,953 |
| English Literacy and Civics Education (Section 231) 2013-2014 | 84.002 | 2514ELC000 | 112,727 |
| Subtotal - Adult Basic Education | | | <u>362,231</u> |
| Passed through Texas Higher Education Coordinating Board: | | | |
| Carl Perkins Vocational Education - Annual Application | 84.048 | 142039 | 442,840 |
| Total U.S. Department of Education | | | <u>17,749,945</u> |
| U.S. Department of Commerce | | | |
| Direct Programs: | | | |
| Public Works and Economic Development | 11.300 | 08-01-04362 | 891,246 |
| Total U.S. Department of Commerce | | | <u>891,246</u> |
| U.S. Department of Health and Human Services | | | |
| Passed through Texas Workforce Commission: | | | |
| Temporary Assistance for Needy Families (TANF) 2013-2014 | 93.558 | 2514ABE000 | 34,778 |
| Total U.S. Department of Health and Human Services | | | <u>34,778</u> |
| Total Federal Financial Assistance | | | <u>\$ 18,911,893</u> |

* Indicates clustered programs.

Note 1: Federal Assistance Reconciliation

| | |
|---|-----------------------------|
| Federal Grants and Contracts per Schedule A | \$ 1,090,413 |
| Federal Grants and Contracts, Non-operating per Schedule C | 9,227,901 |
| Federal Grants and Contracts (Capital Grants) | 891,246 |
| Reconciling Items: | |
| Federal Grants Revenue of Discrete Component Unit (CFDA #45.024) | 10,000 |
| Direct Student Loans | <u>7,692,333</u> |
| Total Federal Revenues per Schedule of Expenditures of Federal Awards | <u><u>\$ 18,911,893</u></u> |

Note 2: Significant Accounting Policies Used in Preparing the Schedule

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported represent funds which have been expended by the College for the purposes of the award. The expenditures reported may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts included in the schedule may differ from amounts used in preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed applicable guidelines issued by various entities in the preparation of the schedule.

Note 3: Expenditures Not Subject to Single Audit

None

Note 4: Student Loans Processed and Administrative Costs Recovered - If Not Included in Schedule

| Federal Grantor and CFDA Number Program Name | New Loans Processed | Administrative Costs Recovered | Total Loans Processed and Admin. Costs Recovered |
|---|------------------------|--------------------------------------|---|
| None | | | |

Note 5: Nonmonetary Federal Assistance Received

None

Note 6: Amounts Passed-Through by the College

None

Grayson College
Schedule of Expenditures of State Awards
Year Ended August 31, 2014

Schedule F

| Grantor Agency/ Program Title | Grant Contract Number | Expenditures |
|---|-----------------------------|---------------------|
| Passed through Texas Higher Education Coordinating Board | | |
| College Work Study Program (2013-2014) | | \$ 28,844 |
| Top Ten Percent | | 3,000 |
| Student Financial Aid (Texas Grant) | | 186,962 |
| Student Financial Aid (Texas Educational Opportunity Grant) | | 58,300 |
| Nursing Shortage Reduction | | 98,965 |
| CBM0E1 Reporting | | 2,000 |
| Texas Science, Technology, Engineering, & Math (T-STEM) Challenge | | 132,332 |
| Total Passed through Texas Higher Education Coordinating Board | | <u>510,403</u> |
| Passed through Dallas County Community College District | | |
| Small Business Development Center (SBDC) 2012-2013 | HQ-13-B-007 | 13,850 |
| Small Business Development Center (SBDC) 2013-2014 | SBAHQ-14-B-0018 | 65,309 |
| Total Passed through Dallas County Community College District | | <u>79,159</u> |
| Passed through Texas Education Agency | | |
| Adult Basic Education | 2514ABE000 | 82,470 |
| Temporary Assistance for Needy Families - State | 2514ABE000 | 8,035 |
| Total Passed through Texas Education Agency | | <u>90,505</u> |
| Passed through Texas Workforce Commission | | |
| Skills Development Fund | 2512SDF001 | 201,900 |
| Skills Development Fund | 2513SSD000 | 1,249 |
| Skills Development Fund | 2513SDF001 | 136,308 |
| Skills Development Fund | 2513SDF002 | 122,896 |
| Skills Development Fund | 2514SDF000 | 71,266 |
| Skills Development Fund | 2514SDF001 | 12,173 |
| Total Passed through Texas Workforce Commission | | <u>545,792</u> |
| Passed through Texas Department of State Health Services | | |
| EMS Local Projects Grant Award | 2014-045206-001 | 21,206 |
| Total Passed through Texas Department of State Health Services | | <u>21,206</u> |
| Passed through Comptroller of Public Accounts | | |
| Jobs and Education for Texans Grant | 5464-08 | 279,383 |
| Total Passed through Comptroller of Public Accounts | | <u>279,383</u> |
| Total State Financial Assistance | | <u>\$ 1,526,448</u> |
| Note 1: State Assistance Reconciliation | | |
| State Grants and Contracts per Exhibit 2 | | \$ 1,526,448 |
| Reconciling Items: | | |
| None | | - |
| Total Expenditures per Schedule of State Financial Assistance | | <u>\$ 1,526,448</u> |

Note 2: Significant Accounting Policies Used in Preparing the Schedule

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 to the financial statements for Grayson College's significant accounting policies. These expenditures are reported on Grayson College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.



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JAMES A. LINDSEY
DAROLD P. ADAMI, JR.
BELINDA W. DEVINCENTIS

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*

Board of Trustees
Grayson College
6101 Grayson Drive
Denison, Texas

Members of the Board:

We have audited, 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, the financial statements of the business-type activities and discretely presented component unit of Grayson College (College) as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 11, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Adami, Lindsey & Company, L.L.P.

Sherman, Texas
December 11, 2014



ADAMI, LINDSEY & COMPANY, L.L.P.

Certified Public Accountants

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 and the State of Texas Single Audit Circular

Board of Trustees
Grayson College
6101 Grayson Drive
Denison, Texas

Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited the compliance of Grayson College (College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended August 31, 2014. The College's 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 for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion of Each Major Federal Program

In our opinion, Grayson College 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 August 31, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item #2014-1. Our opinion on each major federal program is not modified with respect to these matters.

The College's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

Our consideration of the 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Adami, Lindsey & Company, L.L.P.

Sherman, Texas
December 11, 2014

Grayson College
Schedule of Findings and Questioned Costs
Year Ended August 31, 2014

Part I Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued on the Financial Statements
 Unmodified

| | |
|---|---------------|
| Internal Control Findings Disclosed in the Audit of the Financial Statements | |
| Material Weaknesses Identified | No |
| Significant Deficiencies Identified that are not Considered to be Material Weaknesses | None Reported |

Noncompliance Material to the Financial Statements
 None

Federal and State Awards

| | |
|---|---------------|
| Internal Control Findings Disclosed in the Audit of Major Programs | |
| Material Weaknesses Identified | No |
| Significant Deficiencies Identified that are not Considered to be Material Weaknesses | None Reported |

Type of Auditor's Report on Compliance for Major Programs
 Unmodified

Did the Audit Disclose Findings Required to be Reported under Section 510(a)
 Yes

Major Programs - Federal

| | |
|--|--------------|
| Student Financial Aid Programs Cluster | |
| Federal Supplemental Educational Opportunity Grant (FSEOG) | CFDA #84.007 |
| Federal Workstudy Program | CFDA #84.033 |
| Federal Pell Grant Program | CFDA #84.063 |
| Federal Direct Student Loan Program | CFDA #84.268 |
| Carl Perkins Vocational Education | CFDA #84.002 |
| Public Works and Economic Development | CFDA #84.048 |
| Small Business Development Center (SBDC) | CFDA #59.037 |

Major Programs - State

 Skills Development Fund (2512SDF001)
 Skills Development Fund (2513SSD000)
 Skills Development Fund (2513SDF001)
 Skills Development Fund (2513SDF002)
 Skills Development Fund (2514SDF000)
 Skills Development Fund (2514SDF001)

Dollar Threshold Used to Distinguish Between Type A and Type B Programs
 Federal - \$335,825
 State - \$300,000

Low Risk Auditee
 Yes

Part II Findings Related to the Financial Statements

None

Grayson College
Schedule of Findings and Questioned Costs (continued)
Year Ended August 31, 2014

Part III Findings and Questioned Costs Related to the Federal and State Awards

Finding #2014-1

Program:

| | |
|--|--------------|
| U.S. Department of Education | |
| Federal Supplemental Educational Opportunity Grant (FSEOG) | CFDA #84.007 |
| Federal Family Education Loan Program | CFDA #84.032 |
| Federal Pell Grant Program | CFDA #84.063 |

Criteria:

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date.

Condition:

The College did not identify all recipients for whom a return to Title IV calculation was required. Inclement weather during finals delayed completion of the Fall 2013 semester and posting of grades. The Office of Student Financial Aid closed their review of the Fall 2013 semester prior to all faculty submitting grades and last date of attendance for all students. Consequently, return to Title IV calculations for 60 students were not performed by the institution.

Questioned Cost:

\$ 46,008

The auditor's sample identified three recipients with questioned costs totaling \$1,292; the sample size was 61 recipients of whom 15 were subject to consideration for a return to Title IV calculation. Further investigation by the Office of Student Financial Aid identified an additional 57 recipients with questioned costs totaling \$44,716.

Instances / Universe:

60 Instances / 403 in Universe

Effect:

Recipients received Title IV grant or loan assistance in excess of amounts earned.

Recommendation:

The College should modify its procedures to ensure that the review for potential return to Title IV situations is performed after all required information (grades, date of last attendance, etc.) has been posted.

**Grayson College
Corrective Action Plan
Year Ended August 31, 2014**

Finding #2014-1

The College did not identify all recipients for whom a return to Title IV calculation was required. Inclement weather during finals delayed completion of the Fall 2013 semester and posting of grades. The Office of Student Financial Aid closed their review of the Fall 2013 semester prior to all faculty submitting grades and last date of attendance for all students. Consequently, return to Title IV calculations for 60 students were not performed by the institution.

Response

Grayson College performs return to Title IV evaluations immediately after the deadline established by the registrar for grades to be posted in our student information system. In the Fall 2013 semester, final grades were due December 16, 2013. Between December 9-12, 2013 the school was closed due to an ice storm the entire week of finals. Because of this storm, many accommodations were made to assist students to complete the semester. The last date the Office of Financial Aid evaluated return to Title IV for Fall 2013 was January 10, 2014. At that time, we believed all grades were posted for that semester. When our 13-14 external audit revealed 3 students that should have been included in our return to Title IV calculations for Fall 2013 and were not, we realized that we needed to review the entire year.

Corrective Action Plan

Person Responsible for Corrective Action: Donna King, Director of Financial Aid

We initially exported our return to Title IV data from EdExpress/CPS FAA access to CPS Online - R2T4 funds on the web - Data export; this included all reported return to Title IV for Grayson College. We then pulled a report from our student information system that included all students with criteria that would necessitate a return to Title IV calculation for academic year 2013-2014. We compared the two lists and found 60 students that should have been calculated for return to Title IV and were not. Return to Title IV has now been calculated and submitted for each of those students.

In order to prevent this from happening in the future we are making immediate changes to our department Policy and Procedure Manual.

Changes to GC OFA Policy & Procedures:

Effective Date: December 11, 2014

19.0.1.2 Evaluating Return to Title IV Timeline

When a complete withdrawal is reported to the Office of Financial Aid, an officer will perform a return to Title IV evaluation within 30 days of the notification: also at the end of each term, an evaluation will be performed within one week of the grade submission deadline, as set by the Registrar, to determine the students that need a return to Title IV calculation and submission. In the subsequent semester, an Office of Financial Aid officer will perform evaluations for return to title IV for the prior semester every 10 days up to 60 days. A final review will be performed at the end of each award year.

Expected completion date: December 15, 2014

Based on the completed return to Title IV calculations, \$46,008.03 is being returned to the Department of Education.

**Grayson College
Schedule of Status of Prior Year Findings
Year Ended August 31, 2014**

None

Statistical Supplement

(Unaudited)

Grayson College
Net Position by Component
Last Ten Fiscal Years
(Unaudited)

| | For the Fiscal Year Ended August 31, (amounts expressed in thousands) | | | | | | | | | |
|---------------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Invested in Capital Assets, Net of | | | | | | | | | | |
| Related Debt | \$ 21,019 | \$ 18,670 | \$ 15,298 | \$ 13,420 | \$ 13,066 | \$ 13,664 | \$ 13,102 | \$ 11,667 | \$ 9,567 | \$ 8,674 |
| Restricted - Expendable | 2,748 | 2,360 | 2,713 | 3,359 | 3,172 | 2,750 | 1,241 | 1,945 | 1,797 | 1,736 |
| Restricted - Nonexpendable | - | - | - | - | - | - | - | 398 | 389 | 386 |
| Unrestricted | 26,087 | 25,653 | 25,107 | 21,990 | 20,298 | 18,747 | 16,198 | 15,926 | 14,332 | 11,429 |
| Total Primary Government Net Position | <u>\$ 49,854</u> | <u>\$ 46,683</u> | <u>\$ 43,118</u> | <u>\$ 38,769</u> | <u>\$ 36,536</u> | <u>\$ 35,161</u> | <u>\$ 30,541</u> | <u>\$ 29,936</u> | <u>\$ 26,085</u> | <u>\$ 22,225</u> |

Grayson College
Revenues by Source
Last Ten Fiscal Years
(Unaudited)

| For the Fiscal Year Ended August 31, | | | | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| (amounts expressed in thousands) | | | | | | | | | | |
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Tuition and Fees (Net of Discounts) | \$ 4,795 | \$ 4,877 | \$ 4,923 | \$ 4,591 | \$ 4,435 | \$ 4,394 | \$ 4,022 | \$ 3,832 | \$ 3,288 | \$ 3,074 |
| Governmental Grants and Contracts | | | | | | | | | | |
| Federal Grants and Contracts | 1,112 | 1,246 | 1,833 | 1,223 | 1,112 | 1,017 | 946 | 2,216 | 1,258 | 1,305 |
| State Grants and Contracts | 1,549 | 999 | 1,365 | 1,671 | 1,618 | 952 | 1,640 | 1,326 | 1,265 | 423 |
| Local Grants and Contracts | - | - | - | - | - | - | - | - | 960 | - |
| Non-Governmental Grants and Contracts | 360 | 282 | 247 | 309 | 379 | 329 | 14 | 10 | 18 | 18 |
| Sales & Services of Educational Activities | 49 | 51 | 49 | 47 | 53 | 49 | 50 | 45 | 39 | 65 |
| Investment Income (Program Restricted) | - | - | - | - | - | - | - | 97 | 58 | 30 |
| Auxiliary enterprises | 1,549 | 1,860 | 1,701 | 2,082 | 2,027 | 2,518 | 2,552 | 2,199 | 2,046 | 1,988 |
| Other Operating Revenue | 273 | 200 | 181 | 240 | 190 | 161 | 153 | 179 | 139 | 135 |
| Total Operating Revenues | <u>9,687</u> | <u>9,515</u> | <u>10,299</u> | <u>10,163</u> | <u>9,814</u> | <u>9,420</u> | <u>9,377</u> | <u>9,904</u> | <u>9,071</u> | <u>7,038</u> |
| State Appropriations | 9,427 | 8,967 | 9,002 | 9,038 | 9,095 | 9,059 | 8,993 | 8,469 | 8,372 | 7,599 |
| Ad Valorem Taxes | 13,044 | 12,823 | 12,579 | 12,550 | 12,231 | 11,796 | 8,664 | 8,451 | 7,402 | 6,588 |
| Federal Revenue, Non-Operating | 9,228 | 9,745 | 11,188 | 11,802 | 9,092 | 4,963 | 3,180 | 3,183 | 3,141 | 3,740 |
| Gifts | - | - | - | - | - | 43 | - | - | - | - |
| Investment Income | 81 | 65 | 93 | 136 | 149 | 358 | 592 | 891 | 706 | 355 |
| Gain on Disposition of Fixed Assets | - | - | - | - | - | - | - | - | - | - |
| Other non-operating revenues | 1 | - | - | - | 1 | - | - | - | - | - |
| Total Non-Operating Revenues | <u>31,781</u> | <u>31,600</u> | <u>32,862</u> | <u>33,526</u> | <u>30,568</u> | <u>26,219</u> | <u>21,429</u> | <u>20,994</u> | <u>19,621</u> | <u>18,282</u> |
| Total Revenues | <u>\$ 41,468</u> | <u>\$ 41,115</u> | <u>\$ 43,161</u> | <u>\$ 43,689</u> | <u>\$ 40,382</u> | <u>\$ 35,639</u> | <u>\$ 30,806</u> | <u>\$ 30,898</u> | <u>\$ 28,692</u> | <u>\$ 25,320</u> |

| For the Fiscal Year Ended August 31, | | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Tuition and Fees (Net of Discounts) | 11.56% | 11.86% | 11.41% | 10.51% | 10.98% | 12.33% | 13.06% | 12.40% | 11.46% | 12.14% |
| Governmental Grants and Contracts | | | | | | | | | | |
| Federal Grants and Contracts | 2.68% | 3.03% | 4.25% | 2.80% | 2.75% | 2.85% | 3.07% | 7.17% | 4.38% | 5.15% |
| State Grants and Contracts | 3.74% | 2.43% | 3.16% | 3.82% | 4.01% | 2.67% | 5.32% | 4.29% | 4.41% | 1.67% |
| Local Grants and Contracts | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 3.35% | 0.00% |
| Non-Governmental Grants and Contracts | 0.87% | 0.69% | 0.57% | 0.71% | 0.94% | 0.92% | 0.05% | 0.03% | 0.06% | 0.07% |
| Sales & Services of Educational Activities | 0.12% | 0.12% | 0.11% | 0.11% | 0.13% | 0.14% | 0.16% | 0.15% | 0.14% | 0.26% |
| Investment Income (Program Restricted) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.31% | 0.20% | 0.12% |
| Auxiliary enterprises | 3.74% | 4.52% | 3.94% | 4.77% | 5.02% | 7.07% | 8.28% | 7.12% | 7.13% | 7.85% |
| Other Operating Revenue | 0.66% | 0.49% | 0.42% | 0.55% | 0.47% | 0.45% | 0.50% | 0.58% | 0.48% | 0.53% |
| Total Operating Revenues | <u>23.36%</u> | <u>23.14%</u> | <u>23.86%</u> | <u>23.26%</u> | <u>24.30%</u> | <u>26.43%</u> | <u>30.44%</u> | <u>32.05%</u> | <u>31.62%</u> | <u>27.80%</u> |
| State Appropriations | 22.73% | 21.81% | 20.86% | 20.69% | 22.52% | 25.42% | 29.19% | 27.41% | 29.18% | 30.01% |
| Ad Valorem Taxes | 31.46% | 31.19% | 29.14% | 28.73% | 30.29% | 33.10% | 28.12% | 27.35% | 25.80% | 26.02% |
| Federal Revenue, Non-Operating | 22.25% | 23.70% | 25.92% | 27.01% | 22.51% | 13.93% | 10.32% | 10.30% | 10.95% | 14.77% |
| Gifts | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.12% | 0.00% | 0.00% | 0.00% | 0.00% |
| Investment Income | 0.20% | 0.16% | 0.22% | 0.31% | 0.37% | 1.00% | 1.92% | 2.88% | 2.46% | 1.40% |
| Gain on Disposition of Fixed Assets | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Other non-operating revenues | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Total Non-Operating Revenues | <u>76.64%</u> | <u>76.86%</u> | <u>76.14%</u> | <u>76.74%</u> | <u>75.70%</u> | <u>73.57%</u> | <u>69.56%</u> | <u>67.95%</u> | <u>68.38%</u> | <u>72.20%</u> |
| Total Revenues | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

Grayson College
Program Expenses by Function
Last Ten Fiscal Years
(Unaudited)

For the Fiscal Year Ended August 31,

| | (amounts expressed in thousands) | | | | | | | | | |
|------------------------------------|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Instruction | \$ 12,953 | \$ 12,660 | \$ 13,236 | \$ 13,088 | \$ 12,498 | \$ 11,237 | \$ 10,379 | \$ 11,242 | \$ 9,864 | \$ 9,045 |
| Public Service | 599 | 597 | 631 | 694 | 706 | 623 | 543 | 448 | 473 | 411 |
| Academic Support | 1,823 | 1,618 | 1,512 | 1,490 | 1,531 | 1,517 | 1,276 | 1,175 | 944 | 1,249 |
| Student Services | 2,632 | 2,218 | 2,155 | 2,264 | 2,098 | 1,972 | 2,013 | 1,660 | 1,509 | 1,425 |
| Institutional Support | 3,878 | 3,805 | 3,899 | 3,731 | 3,492 | 3,147 | 3,253 | 2,731 | 2,568 | 2,340 |
| Operation and Maintenance of Plant | 3,497 | 4,375 | 3,073 | 4,421 | 4,909 | 3,574 | 3,425 | 3,038 | 2,765 | 2,347 |
| Scholarships and Fellowships | 5,012 | 5,451 | 6,511 | 7,469 | 5,920 | 2,974 | 2,298 | 1,853 | 1,999 | 2,344 |
| Auxiliary Enterprises | 3,636 | 3,716 | 3,590 | 4,151 | 3,970 | 3,825 | 3,269 | 3,026 | 3,037 | 2,775 |
| Depreciation Expense | 2,096 | 2,047 | 1,990 | 1,790 | 1,405 | 1,085 | 988 | 887 | 742 | 638 |
| Total Operating Expenses | <u>36,126</u> | <u>36,487</u> | <u>36,597</u> | <u>39,098</u> | <u>36,529</u> | <u>29,954</u> | <u>27,444</u> | <u>26,060</u> | <u>23,901</u> | <u>22,574</u> |
| Interest on Capital Related Debt | 1,999 | 2,160 | 2,227 | 2,332 | 2,071 | 943 | 820 | 792 | 817 | 859 |
| Loss on Disposal of Fixed Assets | - | 21 | - | 36 | 417 | 132 | 67 | 205 | 123 | 152 |
| Total Nonoperating Expenses | <u>1,999</u> | <u>2,181</u> | <u>2,227</u> | <u>2,368</u> | <u>2,488</u> | <u>1,075</u> | <u>887</u> | <u>997</u> | <u>940</u> | <u>1,011</u> |
| Total Expenses | <u>\$ 38,125</u> | <u>\$ 38,668</u> | <u>\$ 38,824</u> | <u>\$ 41,466</u> | <u>\$ 39,017</u> | <u>\$ 31,029</u> | <u>\$ 28,331</u> | <u>\$ 27,057</u> | <u>\$ 24,841</u> | <u>\$ 23,585</u> |

For the Fiscal Year Ended August 31,

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Instruction | 33.97% | 32.73% | 34.08% | 31.55% | 32.02% | 36.20% | 36.62% | 41.55% | 39.71% | 38.35% |
| Public Service | 1.57% | 1.54% | 1.63% | 1.67% | 1.81% | 2.01% | 1.92% | 1.66% | 1.90% | 1.74% |
| Academic Support | 4.78% | 4.18% | 3.89% | 3.59% | 3.92% | 4.89% | 4.50% | 4.34% | 3.80% | 5.30% |
| Student Services | 6.90% | 5.74% | 5.55% | 5.46% | 5.38% | 6.36% | 7.11% | 6.14% | 6.07% | 6.04% |
| Institutional Support | 10.17% | 9.84% | 10.04% | 9.00% | 8.95% | 10.14% | 11.48% | 10.09% | 10.34% | 9.92% |
| Operation and Maintenance of Plant | 9.17% | 11.31% | 7.92% | 10.66% | 12.58% | 11.52% | 12.09% | 11.23% | 11.13% | 9.95% |
| Scholarships and Fellowships | 13.15% | 14.10% | 16.77% | 18.01% | 15.17% | 9.58% | 8.11% | 6.85% | 8.05% | 9.94% |
| Auxiliary Enterprises | 9.54% | 9.61% | 9.25% | 10.01% | 10.18% | 12.33% | 11.54% | 11.18% | 12.23% | 11.77% |
| Depreciation Expense | 5.50% | 5.29% | 5.13% | 4.32% | 3.60% | 3.50% | 3.49% | 3.28% | 2.99% | 2.71% |
| Total Operating Expenses | <u>94.76%</u> | <u>94.36%</u> | <u>94.26%</u> | <u>94.29%</u> | <u>93.62%</u> | <u>96.54%</u> | <u>96.87%</u> | <u>96.32%</u> | <u>96.22%</u> | <u>95.71%</u> |
| Interest on Capital Related Debt | 5.24% | 5.59% | 5.74% | 5.62% | 5.31% | 3.04% | 2.89% | 2.93% | 3.29% | 3.64% |
| Loss on Disposal of Fixed Assets | 0.00% | 0.05% | 0.00% | 0.09% | 1.07% | 0.43% | 0.24% | 0.76% | 0.50% | 0.64% |
| Total Nonoperating Expenses | <u>5.24%</u> | <u>5.64%</u> | <u>5.74%</u> | <u>5.71%</u> | <u>6.38%</u> | <u>3.46%</u> | <u>3.13%</u> | <u>3.68%</u> | <u>3.78%</u> | <u>4.29%</u> |
| Total Expenses | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

**Grayson College
Tuition and Fees
Last Ten Academic Years
(Unaudited)**

| |
|---|
| Resident Fees per Semester Credit Hour (SCH) |
|---|

| Academic Year (Fall) | Fees per student | | | In-District Tuition | Out-of District Tuition | General Fee | Student Service Fee | Cost for 12 SCH In-District | Cost for 12 SCH Out-of-District | Increase from Prior Year In-District | Increase from Prior Year Out-of-District |
|----------------------|-------------------|----------------|-------------------|---------------------|-------------------------|-------------|---------------------|-----------------------------|---------------------------------|--------------------------------------|--|
| | Matriculation Fee | Student ID Fee | International Fee | | | | | | | | |
| 2013 | \$ 10 | \$ 2 | \$ - | \$ 47 | \$ 87 | \$ 8 | \$ 7 | \$ 756 | \$ 1,236 | 3.28% | 7.29% |
| 2012 | 10 | 2 | - | 45 | 80 | 8 | 7 | 732 | 1,152 | 15.09% | 12.94% |
| 2011 | 10 | 2 | - | 42 | 74 | 8 | 2 | 636 | 1,020 | 10.42% | 13.33% |
| 2010 | 10 | 2 | - | 37 | 64 | 8 | 2 | 576 | 900 | 4.35% | 15.38% |
| 2009 | 10 | 2 | - | 35 | 54 | 8 | 2 | 552 | 780 | 0.00% | 0.00% |
| 2008 | 10 | 2 | - | 35 | 54 | 8 | 2 | 552 | 780 | 4.55% | 18.18% |
| 2007 | 10 | 2 | - | 33 | 44 | 8 | 2 | 528 | 660 | 0.00% | 0.00% |
| 2006 | 10 | 2 | - | 33 | 44 | 8 | 2 | 528 | 660 | 0.00% | 0.00% |
| 2005 | 10 | 2 | - | 33 | 44 | 8 | 2 | 528 | 660 | 2.33% | 10.00% |
| 2004 | 10 | 2 | - | 32 | 39 | 8 | 2 | 516 | 600 | | |

| |
|---|
| Non-Resident Fees per Semester Credit Hour (SCH) |
|---|

| Academic Year (Fall) | Fees per student | | | Non-Resident Tuition Out of State | Non-Resident Tuition International | General Fee | Student Service Fee | Cost for 12 SCH Out of State | Cost for 12 SCH International | Increase from Prior Year Out of State | Increase from Prior Year International |
|----------------------|-------------------|----------------|-------------------|-----------------------------------|------------------------------------|-------------|---------------------|------------------------------|-------------------------------|---------------------------------------|--|
| | Matriculation Fee | Student ID Fee | International Fee | | | | | | | | |
| 2013 | \$ 10 | \$ 2 | \$ 225 | \$ 133 | \$ 133 | \$ 8 | \$ 7 | \$ 1,788 | \$ 2,013 | 2.76% | 2.44% |
| 2012 | 10 | 2 | 225 | 129 | 129 | 8 | 7 | 1,740 | 1,965 | 8.21% | 7.20% |
| 2011 | 10 | 2 | 225 | 123 | 123 | 8 | 2 | 1,608 | 1,833 | 8.06% | 7.01% |
| 2010 | 10 | 2 | 225 | 113 | 113 | 8 | 2 | 1,488 | 1,713 | 8.77% | 7.53% |
| 2009 | 10 | 2 | 225 | 103 | 103 | 8 | 2 | 1,368 | 1,593 | 0.00% | 0.00% |
| 2008 | 10 | 2 | 225 | 103 | 103 | 8 | 2 | 1,368 | 1,593 | 9.62% | 8.15% |
| 2007 | 10 | 2 | 225 | 93 | 93 | 8 | 2 | 1,248 | 1,473 | 0.00% | 0.00% |
| 2006 | 10 | 2 | 225 | 93 | 93 | 8 | 2 | 1,248 | 1,473 | 0.00% | 0.00% |
| 2005 | 10 | 2 | 225 | 93 | 93 | 8 | 2 | 1,248 | 1,473 | 5.05% | 4.25% |
| 2004 | 10 | 2 | 225 | 88 | 88 | 8 | 2 | 1,188 | 1,413 | | |

Grayson College
Assessed Value and Taxable Assessed Value of Property
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | (amounts expressed in thousands) | | | Ratio of Taxable Assessed Value to Assessed Value | Direct Rate | | |
|-------------|----------------------------------|------------------|------------------------------|---|------------------------------|------------------|-----------|
| | Assessed Valuation of Property | Less: Exemptions | Taxable Assessed Value (TAV) | | Maintenance & Operations (a) | Debt Service (a) | Total (a) |
| 2013 - 2014 | \$ 10,501,985 | \$ 3,184,658 | \$ 7,317,327 | 69.68% | \$0.12925 | \$0.05236 | \$0.18161 |
| 2012 - 2013 | 10,359,392 | 3,175,512 | 7,183,880 | 69.35% | 0.13060 | 0.05120 | 0.18180 |
| 2011 - 2012 | 10,239,690 | 3,168,077 | 7,071,613 | 69.06% | 0.13617 | 0.04563 | 0.18180 |
| 2010 - 2011 | 10,223,678 | 3,088,600 | 7,135,078 | 69.79% | 0.13300 | 0.04880 | 0.18180 |
| 2009 - 2010 | 9,979,063 | 3,079,341 | 6,899,722 | 69.14% | 0.13278 | 0.05094 | 0.18372 |
| 2008 - 2009 | 9,300,832 | 2,926,033 | 6,374,799 | 68.54% | 0.13000 | 0.05436 | 0.18436 |
| 2007 - 2008 | 8,602,533 | 2,736,999 | 5,865,534 | 68.18% | 0.13974 | 0.00000 | 0.13974 |
| 2006 - 2007 | 8,022,443 | 2,479,299 | 5,543,144 | 69.10% | 0.14774 | 0.00000 | 0.14774 |
| 2005 - 2006 | 7,241,918 | 2,221,560 | 5,020,358 | 69.32% | 0.14002 | 0.00000 | 0.14002 |
| 2004 - 2005 | 6,570,126 | 1,938,514 | 4,631,612 | 70.50% | 0.13411 | 0.00000 | 0.13411 |

Source: Local Appraisal District

Notes: Property is assessed at full market value
(a) per \$100 Taxable Assessed Valuation

Grayson College
State Appropriations per FTSE and Contact Hour
Last Ten Fiscal Years
(Unaudited)

| Fiscal Year | State Appropriation (amounts expressed in thousands) | Appropriation per FTSE | | Appropriation per Contact Hour | | | |
|-------------|--|------------------------|------------------------------------|----------------------------------|----------------------------------|---------------------------|---|
| | | FTSE (a) | State Appropriation per FTSE | Academic Contact Hours (a) | Voc/Tech Contact Hours (b) | Total Contact Hours | State Appropriation per Contact Hour |
| 2013 - 2014 | \$ 7,502 | 4,322 | \$ 1,736 | 1,283 | 962 | 2,245 | \$ 3.34 |
| 2012 - 2013 | 7,499 | 4,382 | 1,711 | 1,364 | 850 | 2,214 | 3.39 |
| 2011 - 2012 | 7,576 | 4,711 | 1,608 | 1,509 | 936 | 2,445 | 3.10 |
| 2010 - 2011 | 6,912 | 4,966 | 1,392 | 1,643 | 932 | 2,575 | 2.68 |
| 2009 - 2010 | 6,979 | 4,541 | 1,537 | 1,481 | 895 | 2,376 | 2.94 |
| 2008 - 2009 | 6,955 | 3,927 | 1,771 | 1,312 | 734 | 2,046 | 3.40 |
| 2007 - 2008 | 6,955 | 3,490 | 1,993 | 1,171 | 621 | 1,792 | 3.88 |
| 2006 - 2007 | 6,539 | 3,487 | 1,875 | 1,195 | 602 | 1,797 | 3.64 |
| 2005 - 2006 | 6,489 | 3,368 | 1,927 | 1,135 | 611 | 1,746 | 3.72 |
| 2004 - 2005 | 6,041 | 3,500 | 1,726 | 1,147 | 698 | 1,845 | 3.27 |

Note:

FTSE is defined as the number of full-time students plus total hours taken by part-time students divided by 24.

(a) Source: CBM001

(b) Source: CBM00A

**Grayson College
Principal Taxpayers
Last Ten Years
(Unaudited)**

| Taxpayer | Type of Business | Taxable Assessed Value (TAV) by Tax Year (\$000 omitted) | | | | | | | | | |
|------------------------------|------------------|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Oncor Electric | Utility | \$ 75,454 | \$ 70,708 | \$ 67,556 | \$ 65,690 | \$ 68,250 | \$ 69,764 | \$ 75,177 | \$ 72,258 | \$ 74,687 | \$ 69,049 |
| UHS of Texoma, Inc | Hospital | 78,111 | 30,001 | 30,251 | 30,251 | 99,900 | 61,845 | 31,914 | - | - | - |
| Gulf Crossing Pipeline Co | Energy | 36,586 | 35,429 | 46,723 | 51,810 | 58,747 | - | - | - | - | - |
| Sherman Town Center LP | Retail | 47,955 | 46,291 | 45,316 | 44,295 | 43,125 | 43,236 | 49,469 | 50,862 | 50,654 | - |
| Texas Instruments | Manufacturing | 34,413 | - | - | - | 27,981 | 39,745 | - | - | 20,007 | 38,001 |
| Universal Health Services | Medical | - | - | - | 40,080 | 44,400 | - | - | - | - | - |
| Jetta Operating Co. Inc | Energy | 37,095 | 47,525 | 31,638 | - | - | - | - | - | - | - |
| XTO Energy, Inc. | Utility | 34,020 | 39,835 | 43,979 | 41,227 | 53,261 | 35,486 | 46,631 | 34,646 | 38,453 | 27,928 |
| Kwikset Corporation | Manufacturing | - | 32,446 | 28,907 | 29,004 | 31,103 | 34,073 | 40,953 | 29,886 | 27,786 | 31,351 |
| Union Pacific Railroad | Transportation | 42,079 | 41,162 | 33,596 | 33,616 | 34,277 | - | 33,798 | 30,712 | - | 16,414 |
| BNSF Railway Co | Transportation | - | 29,067 | - | - | - | - | - | - | - | - |
| Energy Transfer Fuel LP | Energy | - | - | - | 28,126 | - | 28,288 | 28,625 | 36,113 | 21,584 | - |
| Verizon Southwest | Utility | - | - | - | - | - | 22,691 | 30,765 | 27,310 | 25,633 | 25,633 |
| Sherman Grayson Hospital LLC | Hospital | - | 30,816 | 42,530 | 42,333 | 27,309 | - | - | - | - | - |
| MEMC Southwest, Inc. | Manufacturing | - | - | - | - | - | 21,693 | 23,722 | 23,450 | 18,995 | 18,990 |
| Globitech Incorporated | Manufacturing | - | - | 49,626 | - | - | - | 21,942 | 21,000 | - | - |
| Woodmont Sherman LP | Retail | - | - | - | - | - | - | - | 17,920 | - | - |
| Walmart Stores, Inc. | Retail | - | - | - | - | - | - | - | 18,786 | 18,807 | 18,829 |
| Tyson Fresh Meats, Inc. | Food | - | - | - | - | - | - | - | - | 41,385 | - |
| Venoco, Inc. | Energy | - | - | - | - | - | - | - | - | - | 15,752 |
| A-S 71 Sherman | Retail | - | - | - | - | - | - | - | - | - | 42,669 |
| Panda Sherman Power LLC | Energy | 261,142 | - | - | - | - | - | - | - | - | - |
| Caterpillar Global | Manufacturing | 55,699 | - | - | - | - | - | - | - | - | - |
| Totals | | <u>\$ 702,554</u> | <u>\$ 403,280</u> | <u>\$ 420,122</u> | <u>\$ 406,432</u> | <u>\$ 488,353</u> | <u>\$ 390,619</u> | <u>\$ 379,910</u> | <u>\$ 332,231</u> | <u>\$ 337,991</u> | <u>\$ 304,616</u> |
| Total Taxable Assessed Value | | <u>\$ 7,317,327</u> | <u>\$ 7,183,880</u> | <u>\$ 7,071,613</u> | <u>\$ 7,135,078</u> | <u>\$ 6,899,722</u> | <u>\$ 6,374,799</u> | <u>\$ 5,865,534</u> | <u>\$ 5,543,144</u> | <u>\$ 5,020,358</u> | <u>\$ 4,631,612</u> |

| Taxpayer | Type of Business | % of Taxable Assessed Value (TAV) by Tax Year | | | | | | | | | |
|------------------------------|------------------|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Oncor Electric | Utility | 1.03% | 0.98% | 0.96% | 0.92% | 0.99% | 1.09% | 1.28% | 1.30% | 1.49% | 1.49% |
| UHS of Texoma, Inc | Hospital | 1.07% | 0.42% | 0.43% | 0.42% | 1.45% | 0.97% | 0.54% | 0.00% | 0.00% | 0.00% |
| Gulf Crossing Pipeline Co | Energy | 0.50% | 0.49% | 0.66% | 0.73% | 0.85% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Sherman Town Center LP | Retail | 0.66% | 0.64% | 0.64% | 0.62% | 0.63% | 0.68% | 0.84% | 0.92% | 1.01% | 0.00% |
| Texas Instruments | Manufacturing | 0.47% | 0.00% | 0.00% | 0.00% | 0.41% | 0.62% | 0.00% | 0.00% | 0.40% | 0.82% |
| Universal Health Services | Medical | 0.00% | 0.00% | 0.00% | 0.56% | 0.64% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Jetta Operating Co. Inc | Energy | 0.51% | 0.66% | 0.45% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| XTO Energy, Inc. | Utility | 0.46% | 0.55% | 0.62% | 0.58% | 0.77% | 0.56% | 0.80% | 0.63% | 0.77% | 0.60% |
| Kwikset Corporation | Manufacturing | 0.00% | 0.45% | 0.41% | 0.41% | 0.45% | 0.53% | 0.70% | 0.54% | 0.55% | 0.68% |
| Union Pacific Railroad | Transportation | 0.58% | 0.57% | 0.48% | 0.47% | 0.50% | 0.53% | 0.52% | 0.00% | 0.00% | 0.35% |
| BNSF Railway Co | Transportation | 0.00% | 0.40% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Energy Transfer Fuel LP | Energy | 0.00% | 0.00% | 0.00% | 0.39% | 0.00% | 0.44% | 0.49% | 0.65% | 0.43% | 0.00% |
| Verizon Southwest | Utility | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.36% | 0.52% | 0.49% | 0.51% | 0.55% |
| Sherman Grayson Hospital LLC | Hospital | 0.00% | 0.43% | 0.60% | 0.59% | 0.40% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| MEMC Southwest, Inc. | Manufacturing | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.34% | 0.40% | 0.42% | 0.38% | 0.41% |
| Globitech Incorporated | Manufacturing | 0.00% | 0.00% | 0.70% | 0.00% | 0.00% | 0.00% | 0.37% | 0.38% | 0.00% | 0.00% |
| Woodmont Sherman LP | Retail | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Walmart Stores, Inc. | Retail | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.34% | 0.37% | 0.41% |
| Tyson Fresh Meats, Inc. | Food | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.82% | 0.00% |
| Venoco, Inc. | Energy | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.34% |
| A-S 71 Sherman | Retail | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.92% |
| Panda Sherman Power LLC | Energy | 3.57% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Caterpillar Global | Manufacturing | 0.76% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | | <u>9.61%</u> | <u>5.59%</u> | <u>5.95%</u> | <u>5.69%</u> | <u>7.09%</u> | <u>6.12%</u> | <u>6.46%</u> | <u>5.99%</u> | <u>6.73%</u> | <u>6.57%</u> |

Source: County Appraisal District

**Grayson College
Property Tax Levies and Collections
Last Ten Tax Years
(Unaudited)**

| Fiscal Year Ended August 31 | Levy (a) | Cumulative Levy Adjustments | Adjusted Tax Levy (b) | Collections - Year of Levy (c) | Percentage | Prior Collections of Prior Levies (d) | Current Collections of Prior Levies (e) | Total Collections (C + D + E) | Cumulative Collections of Adjusted Levy |
|-----------------------------------|-------------|-----------------------------------|-----------------------------|--------------------------------------|------------|--|--|-------------------------------------|---|
| 2014 | \$ 12,825 | \$ 6 | \$ 12,831 | \$ 12,546 | 97.78% | \$ - | \$ - | \$ 12,546 | 97.78% |
| 2013 | 12,566 | (49) | 12,517 | 12,217 | 97.60% | - | 140 | 12,357 | 98.72% |
| 2012 | 12,384 | (63) | 12,321 | 11,973 | 97.18% | 172 | 50 | 12,195 | 98.98% |
| 2011 | 12,350 | (92) | 12,258 | 11,903 | 97.10% | 54 | 23 | 11,980 | 97.73% |
| 2010 | 12,064 | (86) | 11,978 | 11,535 | 96.30% | 29 | 15 | 11,579 | 96.67% |
| 2009 | 11,414 | 81 | 11,495 | 11,108 | 96.63% | 13 | 8 | 11,129 | 96.82% |
| 2008 | 8,261 | 122 | 8,383 | 8,126 | 96.93% | 4 | 3 | 8,133 | 97.02% |
| 2007 | 8,314 | (28) | 8,286 | 8,038 | 97.01% | 3 | 2 | 8,043 | 97.07% |
| 2006 | 7,102 | 133 | 7,235 | 6,995 | 96.68% | 2 | 1 | 6,998 | 96.72% |
| 2005 | 6,426 | (35) | 6,391 | 6,167 | 96.50% | 1 | 1 | 6,169 | 96.53% |

Amounts expressed in thousands

Source: Local Tax Assessor Collector and College records

(a) As reported in the notes to the financial statements for the year of the levy.

(b) As of August 31st of the current reporting year.

(c) Property tax only -- does not include penalties and interest

(d) Represents cumulative collections of prior years not collected in the current year or the year of levy.

(e) Represents current year collections of prior year levies.

Grayson College
Ratios of Outstanding Debt
Last Ten Fiscal Years
(Unaudited)

For the Year Ended August 31 (amounts expressed in thousands)

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| General Bonded Debt | | | | | | | | | | |
| General Obligation Bonds | \$ 37,455 | \$ 39,145 | \$ 40,720 | \$ 42,155 | \$ 43,465 | \$ 44,665 | \$ 44,765 | \$ - | \$ - | \$ - |
| Notes and Capital Leases | - | - | - | - | - | - | - | - | - | - |
| Less: Funds Restricted for Debt Service | (1,487) | (1,080) | (794) | (784) | (800) | (471) | - | - | - | - |
| Net General Bonded Debt | 35,968 | 38,065 | 39,926 | 41,371 | 42,665 | 44,194 | 44,765 | - | - | - |
| Other Debt | | | | | | | | | | |
| Revenue Bonds | 10,780 | 11,900 | 12,995 | 14,065 | 15,560 | 16,525 | 17,460 | 18,360 | 19,239 | 19,991 |
| Notes and Capital Leases | 103 | 141 | 180 | 217 | 67 | 93 | 119 | 142 | 60 | 82 |
| Total Outstanding Debt | \$ 46,851 | \$ 50,106 | \$ 53,101 | \$ 55,653 | \$ 58,292 | \$ 60,812 | \$ 62,344 | \$ 18,502 | \$ 19,299 | \$ 20,073 |
| General Bonded Debt Ratios | | | | | | | | | | |
| Per Capita | \$ 293.97 | \$ 312.17 | \$ 328.83 | \$ 342.26 | \$ 355.45 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Per FTSE | 8,322 | 8,687 | 8,475 | 8,331 | 9,396 | 11,254 | 12,827 | - | - | - |
| As a percentage of Taxable Assessed Value | 0.49% | 0.53% | 0.56% | 0.58% | 0.62% | 0.69% | 0.76% | 0.00% | 0.00% | 0.00% |
| Total Outstanding Debt Ratios | | | | | | | | | | |
| Per Capita | \$ 382.92 | \$ 410.92 | \$ 437.34 | \$ 460.41 | \$ 485.65 | \$ 511.87 | \$ 525.48 | \$ 156.16 | \$ 165.28 | \$ 173.26 |
| Per FTSE | 10,840 | 11,435 | 11,272 | 11,207 | 12,837 | 15,486 | 17,864 | 5,306 | 5,730 | 5,735 |
| As a Percentage of Taxable Assessed Value | 0.64% | 0.70% | 0.75% | 0.78% | 0.84% | 0.95% | 1.06% | 0.33% | 0.38% | 0.43% |

Notes:

Ratios calculated using population and TAV from corresponding fiscal year.

Debt per student ratios calculated using full-time equivalent enrollment for corresponding fiscal year.

**Grayson College
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)**

For the Year Ended August 31 (amounts expressed in thousands)

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Taxable Assessed Value | <u>\$7,317,327</u> | <u>\$7,183,880</u> | <u>\$7,071,613</u> | <u>\$7,135,078</u> | <u>\$6,899,722</u> | <u>\$6,374,799</u> | <u>\$5,865,534</u> | <u>\$5,543,144</u> | <u>\$5,020,358</u> | <u>\$4,631,612</u> |
| General Obligations Bonds | | | | | | | | | | |
| Statutory Tax Levy Limit for Debt Service | \$ 36,587 | \$ 35,919 | \$ 35,358 | \$ 35,675 | \$ 34,499 | \$ 31,874 | \$ 29,328 | \$ 27,716 | \$ 25,102 | \$ 23,158 |
| Less Funds Restricted for Repayment of General Obligation Bonds | <u>1,487</u> | <u>1,080</u> | <u>794</u> | <u>875</u> | <u>800</u> | <u>471</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Net General Obligation Debt | 35,100 | 34,839 | 34,564 | 34,800 | 33,699 | 31,403 | 29,328 | 27,716 | 25,102 | 23,158 |
| Current Year Debt Service Requirements | <u>3,276</u> | <u>3,228</u> | <u>3,148</u> | <u>3,078</u> | <u>3,011</u> | <u>1,916</u> | <u>1,007</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Statutory Limit for Debt Service over Current Requirements | <u>\$ 31,824</u> | <u>\$ 31,611</u> | <u>\$ 31,416</u> | <u>\$ 31,722</u> | <u>\$ 30,688</u> | <u>\$ 29,487</u> | <u>\$ 28,321</u> | <u>\$ 27,716</u> | <u>\$ 25,102</u> | <u>\$ 23,158</u> |
| Net Current Requirements as a % of Statutory Limit | <u>4.89%</u> | <u>5.98%</u> | <u>6.66%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |

Note: Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars taxable assessed valuation.

**Grayson College
Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)**

| Fiscal Year Ended August 31, | Pledged Revenues (\$000 omitted) | | | | | | | | | Debt Service Requirements (\$000 omitted) | | | Coverage Ratio |
|------------------------------------|----------------------------------|--------------------|---------------------------|----------------------|--------------------|--------------------------------|----------------------|--------------------------|----------|--|----------|----------|-------------------|
| | Tuition | General Use Fee | Student Service Fee | Registration Fees | Laboratory Fees | Community Education Fees | Investment Income | Auxiliary Enterprises | Total | Principal | Interest | Total | |
| 2014 | \$ 1,725 | \$ 832 | \$ 728 | \$ 261 | \$ 345 | \$ 53 | \$ 77 | \$ 2,814 | \$ 6,835 | \$ 1,120 | \$ 358 | \$ 1,478 | 4.62 |
| 2013 | 1,622 | 845 | 740 | 288 | 328 | 74 | 57 | 3,298 | 7,252 | 1,095 | 380 | 1,475 | 4.92 |
| 2012 | 1,781 | 915 | 529 | 309 | 311 | 107 | 72 | 3,315 | 7,339 | 1,070 | 401 | 1,471 | 4.99 |
| 2011 | 1,661 | 968 | 242 | 334 | 357 | 112 | 113 | 3,590 | 7,377 | 1,150 | 464 | 1,614 | 4.57 |
| 2010 | 1,386 | 888 | 222 | 307 | 353 | 80 | 158 | 3,197 | 6,591 | 965 | 667 | 1,632 | 4.04 |
| 2009 | 1,178 | 772 | 193 | 276 | 246 | 44 | 168 | 3,210 | 6,087 | 935 | 694 | 1,629 | 3.74 |
| 2008 | 1,042 | 676 | 169 | 231 | 201 | 89 | 354 | 2,841 | 5,603 | 900 | 722 | 1,622 | 3.45 |
| 2007 | 984 | 674 | 168 | 223 | 184 | 162 | 532 | 2,595 | 5,522 | 880 | 747 | 1,627 | 3.39 |
| 2006 | 845 | 648 | 162 | 189 | 175 | 144 | 368 | 2,392 | 4,923 | 850 | 772 | 1,622 | 3.04 |
| 2005 | 780 | 597 | 171 | 184 | 181 | 86 | 226 | 2,473 | 4,698 | 1,051 | 814 | 1,865 | 2.52 |

**Grayson College
Demographic and Economic Statistics - Taxing District
Last Ten Fiscal Years
(Unaudited)**

| <u>Calendar Year</u> | <u>District Population</u> | <u>District Personal Income</u> | <u>District Personal Income per Capita</u> | <u>District Unemployment Rate</u> |
|----------------------|--------------------------------|-------------------------------------|--|---|
| 2013 | 122,353 | (a) | (a) | 6.6% |
| 2012 | 121,935 | \$ 4,225,608,000 | \$ 34,655 | 7.2% |
| 2011 | 121,419 | 4,055,831,000 | 33,404 | 8.3% |
| 2010 | 120,877 | 3,848,851,000 | 32,066 | 8.4% |
| 2009 | 120,030 | 3,848,851,000 | 32,066 | 8.1% |
| 2008 | 118,804 | 3,624,919,000 | 30,015 | 5.3% |
| 2007 | 118,641 | 3,412,174,000 | 28,901 | 4.7% |
| 2006 | 118,478 | 3,230,638,000 | 27,591 | 4.9% |
| 2005 | 116,763 | 3,059,973,000 | 26,207 | 5.2% |
| 2004 | 115,855 | 2,856,052,000 | 24,652 | 6.1% |

(a) Information is not yet available

Sources:

Population from U.S. Bureau of Census

Person income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

**Grayson College
Principal Employers
Current Year and Nine Years Prior
(Unaudited)**

Current Fiscal Year

| Employer | Number of Employees | Percentage of Total County Employment |
|---------------------------------|------------------------|--|
| Tyson Fresh Meats | 1,250 - 1,499 | 2.56% |
| Texoma Health Care Systems | 1,250 - 1,499 | 2.52% |
| CIGNA Company | 1,000 - 1,249 | 2.22% |
| Texas Instruments | 1,000 - 1,249 | 2.20% |
| Texas Health Presbyterian - WNJ | 1,000 - 1,249 | 1.83% |
| Sherman ISD | 750 - 999 | 1.73% |
| Ruiz Foods | 500 - 749 | 1.29% |
| Denison ISD | 500 - 749 | 1.14% |
| Grayson County | 500 - 749 | 0.97% |
| Caterpillar, Inc. | 250 - 499 | 0.76% |
| Total | <u>8,000 - 10,490</u> | |

Source:

Texas Workforce Commission

Notes:

Percentages are calculated using the midpoints of the ranges.

Information for nine years prior is unavailable and the College has chosen to implement this schedule prospectively.

Grayson College
Faculty, Staff and Administrators Statistics
Last Ten Fiscal Years
(Unaudited)

| | For the Year Ended August 31, | | | | | | | | | |
|---------------------------------|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Faculty | | | | | | | | | | |
| Full-Time | 100 | 98 | 97 | 97 | 95 | 90 | 86 | 88 | 87 | 93 |
| Part-Time | 143 | 135 | 154 | 150 | 124 | 116 | 118 | 115 | 112 | 98 |
| Total | <u>243</u> | <u>233</u> | <u>251</u> | <u>247</u> | <u>219</u> | <u>206</u> | <u>204</u> | <u>203</u> | <u>199</u> | <u>191</u> |
| Percent | | | | | | | | | | |
| Full-Time | 41.2% | 42.1% | 38.6% | 39.3% | 43.4% | 43.7% | 42.2% | 43.3% | 43.7% | 48.7% |
| Part-Time | 58.8% | 57.9% | 61.4% | 60.7% | 56.6% | 56.3% | 57.8% | 56.7% | 56.3% | 51.3% |
| Staff and Administrators | | | | | | | | | | |
| Full-Time | 135 | 132 | 129 | 136 | 135 | 134 | 130 | 116 | 119 | 118 |
| Part-Time | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | <u>135</u> | <u>132</u> | <u>129</u> | <u>136</u> | <u>135</u> | <u>134</u> | <u>130</u> | <u>116</u> | <u>119</u> | <u>118</u> |
| Percent | | | | | | | | | | |
| Full-Time | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Part-Time | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FTSE per Full-Time Faculty | 43.2 | 44.7 | 48.6 | 51.2 | 47.8 | 43.6 | 40.6 | 39.6 | 38.7 | 37.6 |
| FTSE per Full-Time Staff Member | 32.0 | 33.2 | 36.5 | 36.5 | 33.6 | 29.3 | 26.8 | 30.1 | 28.3 | 29.7 |
| Average Annual Faculty Salary | \$ 53,822 | \$ 53,725 | \$ 53,695 | \$ 54,762 | \$ 53,734 | \$ 53,058 | \$ 47,740 | \$ 46,836 | \$ 46,500 | \$ 45,600 |

**Grayson College
Enrollment Details
Last Five Fiscal Years
(Unaudited)**

| <u>Student Classification</u> | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | |
|-------------------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| 00-30 hours | 3,184 | 61.16% | 3,130 | 61.36% | 3,429 | 62.32% | 3,443 | 63.14% | 3,323 | 65.36% |
| 31-60 hours | 1,250 | 24.01% | 1,198 | 23.49% | 1,332 | 24.21% | 1,302 | 23.88% | 1,133 | 22.29% |
| > 60 hours | 772 | 14.83% | 773 | 15.15% | 741 | 13.47% | 708 | 12.98% | 628 | 12.35% |
| Total | 5,206 | 100.00% | 5,101 | 100.00% | 5,502 | 100.00% | 5,453 | 100.00% | 5,084 | 100.00% |

| <u>Semester Hour Load</u> | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | |
|---------------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Less than 3 | 17 | 0.33% | 12 | 0.24% | 10 | 0.18% | 18 | 0.33% | 15 | 0.30% |
| 3-5 semester hours | 839 | 16.12% | 829 | 16.25% | 794 | 14.43% | 740 | 13.57% | 750 | 14.75% |
| 6-8 semester hours | 1,173 | 22.53% | 1,143 | 22.41% | 1,176 | 21.37% | 1,041 | 19.09% | 1,038 | 20.42% |
| 9-11 semester hours | 940 | 18.06% | 966 | 18.94% | 942 | 17.12% | 903 | 16.56% | 838 | 16.48% |
| 12-14 semester hours | 1,679 | 32.24% | 1,693 | 33.18% | 1,991 | 36.19% | 2,005 | 36.77% | 1,775 | 34.91% |
| 15-17 semester hours | 482 | 9.26% | 395 | 7.74% | 467 | 8.49% | 602 | 11.04% | 553 | 10.88% |
| 18 & over | 76 | 1.46% | 63 | 1.24% | 122 | 2.22% | 144 | 2.64% | 115 | 2.26% |
| Total | 5,206 | 100.00% | 5,101 | 100.00% | 5,502 | 100.00% | 5,453 | 100.00% | 5,084 | 100.00% |

| <u>Tuition Status</u> | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | |
|----------------------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Texas Resident (In-District) | 3,736 | 71.76% | 3,666 | 71.86% | 3,932 | 71.46% | 3,771 | 69.16% | 3,577 | 70.36% |
| Texas Resident (Out-of-District) | 1,116 | 21.44% | 1,121 | 21.98% | 1,239 | 22.52% | 1,255 | 23.01% | 1,155 | 22.72% |
| Non-Resident Tuition | 354 | 6.80% | 314 | 6.16% | 331 | 6.02% | 427 | 7.83% | 352 | 6.92% |
| Total | 5,206 | 100.00% | 5,101 | 100.00% | 5,502 | 100.00% | 5,453 | 100.00% | 5,084 | 100.00% |

**Grayson College
Student Profile
Last Five Fiscal Years
(Unaudited)**

| | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | |
|--------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Gender | | | | | | | | | | |
| Female | 3,103 | 59.60% | 3,155 | 61.85% | 3,396 | 61.72% | 3,283 | 60.21% | 3,069 | 60.37% |
| Male | 2,103 | 40.40% | 1,946 | 38.15% | 2,106 | 38.28% | 2,170 | 39.79% | 2,015 | 39.63% |
| Total | <u>5,206</u> | <u>100.00%</u> | <u>5,101</u> | <u>100.00%</u> | <u>5,502</u> | <u>100.00%</u> | <u>5,453</u> | <u>100.00%</u> | <u>5,084</u> | <u>100.00%</u> |

| | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | |
|------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Ethnic Origin | | | | | | | | | | |
| White | 3,759 | 72.20% | 3,737 | 73.27% | 3,972 | 72.18% | 3,917 | 71.83% | 3,817 | 75.08% |
| African American | 637 | 12.24% | 547 | 10.72% | 561 | 10.20% | 513 | 9.41% | 338 | 6.65% |
| Hispanic | 352 | 6.76% | 319 | 6.25% | 379 | 6.89% | 369 | 6.77% | 350 | 6.88% |
| Native American | 208 | 4.00% | 198 | 3.88% | 232 | 4.22% | 249 | 4.57% | 65 | 1.28% |
| International | 112 | 2.15% | 111 | 2.18% | 145 | 2.64% | 155 | 2.84% | 306 | 6.02% |
| Asian | 84 | 1.61% | 124 | 2.43% | 165 | 3.00% | 204 | 3.74% | 143 | 2.81% |
| Multi-Racial | 54 | 1.04% | 65 | 1.27% | 48 | 0.87% | 46 | 0.84% | 65 | 1.28% |
| Total | <u>5,206</u> | <u>100.00%</u> | <u>5,101</u> | <u>100.00%</u> | <u>5,502</u> | <u>100.00%</u> | <u>5,453</u> | <u>100.00%</u> | <u>5,084</u> | <u>100.00%</u> |

| | Fall 2013 | | Fall 2012 | | Fall 2011 | | Fall 2010 | | Fall 2009 | |
|-----------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Number | Percent | Number | Percent | Number | Percent | Number | Percent | Number | Percent |
| Age | | | | | | | | | | |
| Under 18 | 865 | 16.62% | 811 | 15.90% | 785 | 14.27% | 668 | 12.25% | 595 | 11.70% |
| 18-19 | 1,054 | 20.23% | 1,022 | 20.03% | 1,175 | 21.36% | 1,220 | 22.37% | 1,154 | 22.70% |
| 20-21 | 699 | 13.43% | 666 | 13.06% | 738 | 13.41% | 740 | 13.57% | 723 | 14.22% |
| 22-24 | 610 | 11.72% | 572 | 11.21% | 623 | 11.32% | 649 | 11.90% | 660 | 12.98% |
| 25-29 | 637 | 12.24% | 601 | 11.78% | 689 | 12.52% | 731 | 13.41% | 722 | 14.20% |
| 30-34 | 409 | 7.86% | 462 | 9.06% | 525 | 9.54% | 499 | 9.15% | 399 | 7.85% |
| 35-39 | 260 | 4.99% | 291 | 5.70% | 328 | 5.96% | 334 | 6.13% | 281 | 5.53% |
| 40-49 | 438 | 8.41% | 425 | 8.33% | 416 | 7.56% | 413 | 7.57% | 368 | 7.24% |
| 50-64 | 220 | 4.23% | 239 | 4.69% | 216 | 3.93% | 189 | 3.47% | 174 | 3.42% |
| 65 & over | 14 | 0.27% | 12 | 0.24% | 7 | 0.13% | 10 | 0.18% | 8 | 0.16% |
| | <u>5,206</u> | <u>100.00%</u> | <u>5,101</u> | <u>100.00%</u> | <u>5,502</u> | <u>100.00%</u> | <u>5,453</u> | <u>100.00%</u> | <u>5,084</u> | <u>100.00%</u> |

| | | | | | |
|-------------|----|----|----|----|----|
| Average Age | 26 | 26 | 26 | 26 | 25 |
|-------------|----|----|----|----|----|

Grayson College
Transfers to Senior Texas Institutions
2012 - 2013 Graduates, Completers and Non-Returners
(Unaudited)

| Institution | Transfer Student Count Academic | Transfer Student Count Technical | Transfer Student Count Tech-Prep | Total of all Sample Transfer Students | % of all Sample Transfer Students |
|---|--|---|---|--|--|
| Angelo State University | 3 | | | 3 | 0.59% |
| Midwestern State University | 27 | 4 | 2 | 33 | 6.48% |
| Sam Houston State University | 7 | | 2 | 9 | 1.77% |
| Stephen F. Austin State University | 18 | 1 | 1 | 20 | 3.93% |
| Tarleton State University | 15 | | 1 | 16 | 3.14% |
| Texas A & M University | 37 | 3 | 1 | 41 | 8.06% |
| Texas A & M University at Central Texas | 1 | | | 1 | 0.20% |
| Texas A & M University at Commerce | 84 | 8 | 8 | 100 | 19.65% |
| Texas A & M University at Corpus Christi | 2 | | | 2 | 0.39% |
| Texas A & M University Health Science Center | | | 1 | 1 | 0.20% |
| Texas Southern University | 1 | | | 1 | 0.20% |
| Texas State University | 18 | 1 | | 19 | 3.73% |
| Texas Tech University | 39 | 1 | 1 | 41 | 8.06% |
| Texas Tech University Health Sciences Center | 2 | | 3 | 5 | 0.98% |
| Texas Woman's University | 28 | 3 | 3 | 34 | 6.68% |
| The University of Texas at Arlington | 20 | 1 | 18 | 39 | 7.66% |
| The University of Texas at Austin | 14 | | | 14 | 2.75% |
| The University of Texas at Dallas | 12 | 4 | | 16 | 3.14% |
| The University of Texas at the Permian Basin | 2 | | | 2 | 0.39% |
| The University of Texas at San Antonio | 4 | | | 4 | 0.79% |
| The University of Texas at Tyler | 3 | | 1 | 4 | 0.79% |
| The University of Texas Medical Branch at Galveston | 1 | | | 1 | 0.20% |
| University of Houston | 2 | | | 2 | 0.39% |
| University of Houston-Clear Lake | 1 | | | 1 | 0.20% |
| University of North Texas | 84 | 4 | 3 | 91 | 17.87% |
| University of North Texas Health Science Center | 1 | | | 1 | 0.19% |

**Grayson College
Capital Asset Information
Fiscal Years 2010 to 2014
(Unaudited)**

| | Fiscal Year | | | | |
|--------------------------------------|-------------|---------|---------|---------|---------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Academic Buildings | 21 | 20 | 20 | 19 | 18 |
| Square Footage | 426,515 | 407,848 | 407,848 | 399,848 | 337,500 |
| Libraries | 1 | 1 | 1 | 1 | 1 |
| Square Footage | 18,503 | 18,503 | 18,503 | 18,503 | 18,503 |
| Number of Volumes | 51,800 | 51,800 | 51,800 | 51,800 | 51,800 |
| Administrative and support buildings | 3 | 3 | 3 | 3 | 3 |
| Square Footage | 39,953 | 39,953 | 39,953 | 39,953 | 39,953 |
| Dormitories | 2 | 2 | 2 | 2 | 2 |
| Square Footage | 51,121 | 51,121 | 51,121 | 51,121 | 51,121 |
| Number of Beds | 180 | 180 | 180 | 180 | 180 |
| Golf Course | 2 | 2 | 2 | 2 | 2 |
| Square Footage | 4,122 | 4,122 | 4,122 | 4,122 | 4,122 |
| Dining Facilities | 1 | 1 | 1 | 1 | 1 |
| Square Footage | 9,750 | 9,750 | 9,750 | 9,750 | 9,750 |
| Average Daily Customers | 300 | 300 | 300 | 300 | 300 |
| Athletic Facilities | 4 | 4 | 4 | 4 | 4 |
| Square Footage | 30,003 | 30,003 | 30,003 | 29,753 | 29,753 |
| Gymnasiums | 1 | 1 | 1 | 1 | 1 |
| Baseball Field | 1 | 1 | 1 | 1 | 1 |
| Softball Field | 1 | 1 | 1 | 1 | 1 |
| Batting Cage | 1 | 1 | 1 | 1 | 1 |
| Plant Facilities | 3 | 3 | 3 | 3 | 3 |
| Square Footage | 6,797 | 6,797 | 6,797 | 6,797 | 6,797 |
| Transportation | | | | | |
| Cars | 3 | 3 | 3 | 3 | 3 |
| Light Trucks/Vans | 16 | 24 | 24 | 24 | 24 |
| Buses | 2 | 3 | 3 | 3 | 3 |