

Grayson College
Annual Financial Report
August 31, 2017

**Grayson College
Annual Financial Report
Year Ended August 31, 2017**

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Grayson College
Organizational Data
For the Fiscal Year 2016 - 2017

Board of Trustees

Officers

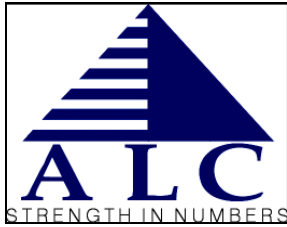
		<u>Term Expires</u>
Mr. Ronnie Cole	Chairman	2018
Dr. Debbie Barnes-Plyler	Vice-Chairman	2018
Mrs. Jackie Butler	Secretary	2022

Members

Dr. Mack Broiles	2018
Mr. Ralph Jones	2020
Mr. Rad Richardson	2020
Mrs. Krista Hartman	2022

Principal Administrative and Business Officers

Dr. Jeremy McMillen	President
Mr. Giles Brown	Vice President for Business Services
Mr. Gary Paikowski	Vice President for Information Technology
Dr. Regina Organ	Vice President for Student Affairs
Dr. Dava Washburn	Vice President for Instruction



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JAMES A. LINDSEY
DAROLD P. ADAMI, JR.
BELINDA J. WATSON
TIMOTHY D. TARABA

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, 2017 and 2016, 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, 2017 and 2016, 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, Schedule of the College's Proportionate Share of Net Pension Liability - Teachers Retirement System of Texas, and Schedule of College Contributions - Teachers Retirement System of Texas on pages 4 through 8 and 38 through 39 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas *Single Audit Circular*, 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, 2017, 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, 2017

**GRAYSON COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2017**

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, 2017. 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 as evidenced by the increase in net position. The changes in net position are discussed below.
- Total assets grew from \$106,920,088 at August 31, 2016 to \$108,052,762 at August 31, 2017.
- Total liabilities were \$50,998,068 at August 31, 2017, down from \$52,425,930 at August 31, 2016.
- Operating revenue decreased \$847,930, or 8.61%, to \$9,005,274.
- Operating expenses increased \$599,788, or 1.73%, to \$35,364,170.
- Net non-operating revenues increased \$280,717, or 0.92%, to \$30,804,567.
- Net position increased \$4,445,671, or 7.95%, to \$60,359,128.

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 accounting principles issued by the Governmental Accounting Standards Board (GASB) that are currently in effect.

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, the format includes "Deferred Outflows of Resources" and "Deferred Inflows of Resources." Under this new format, Total Assets plus Deferred Outflows of Resources minus Total Liabilities and Deferred Inflows 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 services we provide, 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.

In the fiscal year that ended August 31, 2015, Grayson College implemented a major accounting pronouncement which deals with the College's pension liability. This pronouncement is Statement 68 from the Government Accounting Standards Board (GASB). The implementation resulted in a pension liability of \$2,958,179. The effect from prior accounting periods is shown in the financial statements as a prior period adjustment to net position. Net position at the start of the fiscal year that ended August 31, 2015 was restated from \$49,821,643 to \$46,470,015.

Condensed Statements of Financial Position August 31, 2017, 2016 and 2015

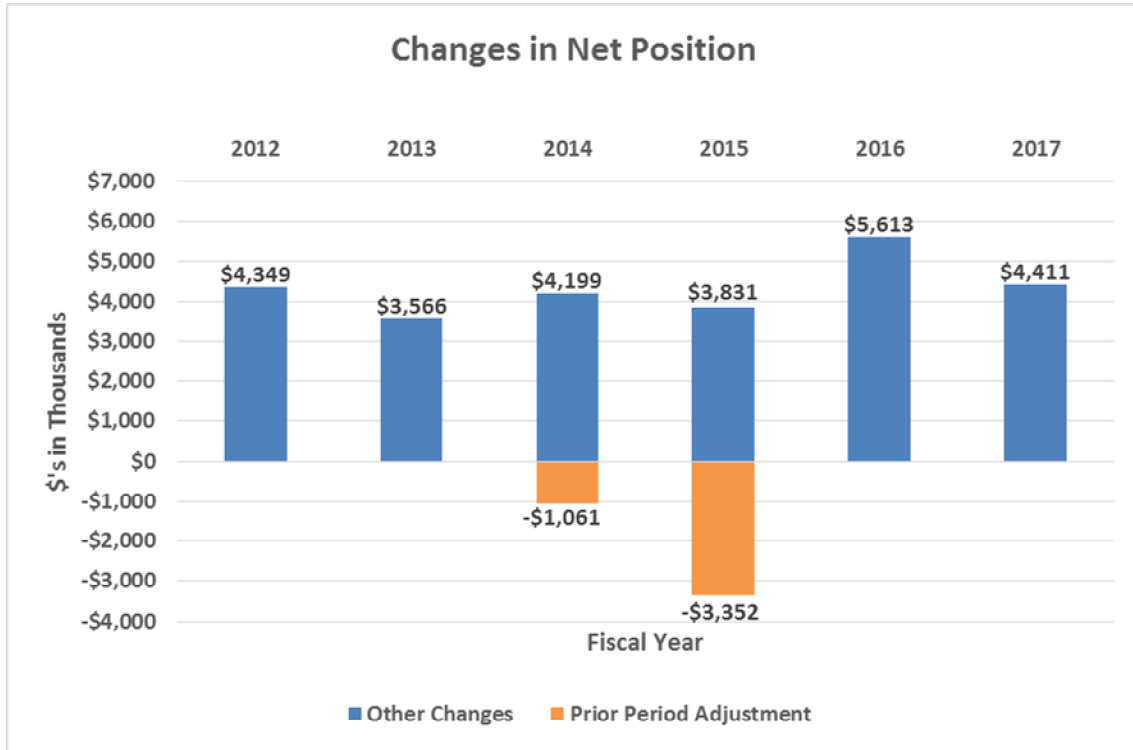
	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Capital assets (net of accumulated depreciation)	\$ 67,019,493	\$ 67,855,889	\$ 69,462,559
All other	41,033,269	39,064,199	34,075,316
Total Assets	<u>108,052,762</u>	<u>106,920,088</u>	<u>103,537,875</u>
<u>Deferred Outflows of Resources</u>			
	<u>4,179,685</u>	<u>2,421,751</u>	<u>1,101,902</u>
<u>Liabilities</u>			
Non-current liabilities	43,108,922	44,663,850	46,464,794
All other liabilities	7,889,146	7,762,080	6,969,283
Total Liabilities	<u>50,998,068</u>	<u>52,425,930</u>	<u>53,434,077</u>
<u>Deferred Inflows of Resources</u>			
	<u>875,251</u>	<u>1,002,452</u>	<u>904,915</u>
<u>Net Position</u>			
Net investment in capital assets	27,620,363	25,065,503	23,451,110
Restricted	3,509,186	3,138,294	2,962,102
Unrestricted	29,229,579	27,709,660	23,887,573
Total Net Position	<u>\$ 60,359,128</u>	<u>\$ 55,913,457</u>	<u>\$ 50,300,785</u>

Condensed Statements of Revenues, Expenses and Changes in Net Position
Years Ended August 31, 2017, 2016 and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Operating Revenue</u>			
Tuition and fees (net of discounts)	\$ 4,766,418	\$ 5,540,489	\$ 4,670,880
Operating grants and contracts	3,359,554	3,366,885	3,165,181
Auxiliary enterprises (net of discounts)	627,588	724,979	868,900
Other operating revenues	251,714	220,851	197,988
Total operating revenues	<u>9,005,274</u>	<u>9,853,204</u>	<u>8,902,949</u>
<u>Operating Expenses</u>			
Instruction	13,271,750	13,419,053	13,007,346
Public Service	733,782	729,463	765,742
Academic Support	1,935,157	1,794,448	1,775,333
Student Services	2,944,852	2,763,685	2,751,568
Institutional Support	4,776,633	4,333,013	4,226,314
Operation and Maintenance of Plant	4,029,832	3,170,334	3,146,448
Scholarships and Fellowships	4,110,334	5,071,457	5,831,178
Auxiliary Enterprises	1,253,462	1,181,570	1,368,797
Depreciation	2,308,368	2,301,359	2,228,583
Total operating expenses	<u>35,364,170</u>	<u>34,764,382</u>	<u>35,101,309</u>
<u>Operating Income (Loss)</u>	<u>(26,358,896)</u>	<u>(24,911,178)</u>	<u>(26,198,360)</u>
<u>Non-Operating Revenues (Expenses)</u>			
State appropriations	9,383,887	9,461,785	9,209,940
Ad valorem taxes	15,699,416	14,966,903	13,996,426
Net other non-operating revenue (expenses)	5,721,264	6,095,162	6,822,764
Net non-operating revenue (expenses)	<u>30,804,567</u>	<u>30,523,850</u>	<u>30,029,130</u>
<u>Increase in Net Position</u>	<u>4,445,671</u>	<u>5,612,672</u>	<u>3,830,770</u>
<u>Net Position - Beginning of Year</u>	55,913,457	50,300,785	49,821,643
Restatements - implementation of accounting pronouncements	-	-	(3,351,628)
<u>Net Position - Beginning of Year (Restated)</u>	<u>55,913,457</u>	<u>50,300,785</u>	<u>46,470,015</u>
<u>Net Position - End of Year</u>	<u>\$ 60,359,128</u>	<u>\$ 55,913,457</u>	<u>\$ 50,300,785</u>

DISCUSSION OF NET POSITION

Net position indicates the wealth of a school. As stated earlier, it is the remainder when total liabilities and deferred inflows of resources are taken from total assets and deferred outflows. Grayson College has enjoyed an increase in net position in each of its recent fiscal years. There have been two prior period adjustments to restate net position to lower amounts. These resulted from the changes in accounting principles contained in GASB Statements 65 and 68. The following chart shows the change in net position in each recent fiscal year.



No attempt has been made to relate the prior period adjustments to each prior fiscal year.

During the 2015-16 fiscal year, the College designated \$500,000 in net position to begin a bachelor’s of science in nursing (BSN) degree program. This designation is to be used to fund the start-up this program when the College receives permission from the State of Texas to grant this degree. The designation demonstrates the College’s financial ability and resolve to bring this valuable degree to our service area. It is included in the \$29,229,579 in Unrestricted Net Position because GASB rules do not allow for the presentation of designations, assignment, or commitments within the equity section of proprietary fund financial statements.

DISCUSSION OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The College continues to have an excellent financial position, despite accounting pronouncements in recent years that have removed over \$4 million from its net position. Also, as noted above, Grayson College enjoyed successful financial results in fiscal year 2016-2017, continuing a pattern of good financial results.

The primary reserves ratio measures the college’s financial strength and flexibility. It is computed by dividing expendable net assets by total expenses. At August 31, 2017, Grayson College’s primary reserves ratio was .89. This compares favorably to a benchmark that this ratio should be at least in the .25 to .33 range. Expressed in another way, this ratio indicates that the College could go over ten months with no revenue before it exhausted its financial reserves.

The return on net position ratio measures the total economic return during a fiscal year. A positive ratio indicates an increase in net position. The ratio is calculated by dividing the increase in net position by the total net position at the beginning of the fiscal year. Return on net position is 7.89% for fiscal year 2016-2017, indicating a strong economic return.

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 2016-2017, the net position of the foundation increased \$1,457,438 to \$14,014,610.

CAPITAL ASSET AND DEBT ADMINISTRATION

Grayson College will construct four new facilities, costing approximately \$17,685,000, in the near future.

Two of these are currently under construction. The first is an Advanced Manufacturing Laboratory, which is a machining addition to the Career and Technology Center. It will house a program to complete training in industrial machine operation in conjunction with local high schools and industry. It will cost approximately \$1,600,000 and will be ready to hold classes in January 2018. Also, the College has begun construction on a new dormitory that will cost approximately \$8,000,000. It will be ready for occupancy in August 2018.

Two other projects are scheduled for approval by the Board of Trustees at its December 2017 meeting, with construction to start soon after. One is an administrative / academic building to be called the Student Success Building, which will hold testing and tutoring facilities, executive offices, and the boardroom. As part of that project, the existing Administration Building will be renovated to expand office space for student services, human resources, financial aid, and the business office. Estimated cost for this entire project is approximately \$6,585,000, with completion anticipated in August 2019. The other project is a Viticulture Laboratory that will add distilling processes to the viticulture / enology program. Estimated cost is \$1,500,000, with completion planned for Summer 2018.

The College will fund these projects from its current resources.

In November 2016, the College completed an advance refunding of its general obligation debt. The refunding resulted in a total reduction of debt service payments of just over \$3,800,000.

The College does not anticipate issuing any debt in the foreseeable future.

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, 2017 and 2016

Exhibit 1

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 24,575,048	\$ 24,696,179
Short-Term Investments	6,225,705	7,462,835
Receivables (net of allowance for doubtful / uncollectible accounts)	1,567,361	1,554,053
Prepaid Expenses	49,011	77,869
Total Current Assets	32,417,125	33,790,936
Noncurrent Assets		
Other Long-Term Investments	8,616,144	5,273,263
Capital Assets (net of accumulated depreciation)	67,019,493	67,855,889
Total Noncurrent Assets	75,635,637	73,129,152
Total Assets	108,052,762	106,920,088
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension Plan	2,437,641	1,978,831
Deferred Charge on Bond Refundings	1,742,044	442,920
Total Deferred Outflows of Resources	4,179,685	2,421,751
LIABILITIES		
Current Liabilities		
Accounts Payable	1,307,732	1,694,137
Accrued Liabilities	173,974	170,869
Funds Held for Others	696,678	688,475
Unearned Revenues	2,040,277	1,962,302
Deposits Payable	39,340	40,990
Bonds Payable (current portion)	3,631,145	3,205,307
Total Current Liabilities	7,889,146	7,762,080
Noncurrent Liabilities		
Accrued Compensated Absences	155,562	170,906
Bonds Payable (net of current portion)	37,671,168	40,137,988
Pension Liability	5,282,192	4,354,956
Total Noncurrent Liabilities	43,108,922	44,663,850
Total Liabilities	50,998,068	52,425,930
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Pension Plan	875,251	1,002,452
NET POSITION		
Net Investment in Capital Assets	27,620,363	25,065,503
Restricted for:		
Expendable:		
Student Financial Aid Programs	480,149	583,796
Instructional Programs	52,186	39,771
Loans	47,558	47,558
Capital Projects	12,276	112,341
Debt Service	2,913,255	2,350,992
Other	3,762	3,836
Unrestricted	29,229,579	27,709,660
Total Net Position (Schedule D)	\$ 60,359,128	\$ 55,913,457

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

**Grayson College
Affiliated Organizations
Statement of Financial Position
August 31, 2017 and 2016**

	Grayson College Foundation, Inc.	
	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 896,137	\$ 2,132,096
Short-Term Investments	2,083,102	945,333
Accrued Interest Receivable	186	185
Total Current Assets	<u>2,979,425</u>	<u>3,077,614</u>
Noncurrent Assets		
Long-Term Investments	10,607,846	9,059,162
Capital Assets (net of accumulated depreciation)	428,663	448,222
Total Noncurrent Assets	<u>11,036,509</u>	<u>9,507,384</u>
Total Assets	<u>\$ 14,015,934</u>	<u>\$ 12,584,998</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	1,324	27,826
Total Liabilities	<u>1,324</u>	<u>27,826</u>
Net Assets		
Unrestricted	428,663	448,222
Temporarily Restricted	2,644,391	2,322,667
Permanently Restricted	10,941,556	9,786,283
Total Net Assets	<u>14,014,610</u>	<u>12,557,172</u>
Total Liabilities and Net Assets	<u>\$ 14,015,934</u>	<u>\$ 12,584,998</u>

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, 2017 and 2016

Exhibit 2

	2017	2016
Operating Revenues		
Tuition and Fees (net of discounts of \$5,010,016 and \$4,806,668)	\$ 4,766,418	\$ 5,540,489
Federal Grants and Contracts	1,543,898	1,275,054
State Grants and Contracts	1,566,851	1,790,034
Non-Governmental Grants and Contracts	248,805	250,562
Sales and Services of Educational Activities	51,151	51,235
Auxiliary Enterprises (net of discounts of \$208,276 and \$230,634)	627,588	724,979
Other Operating Revenues	200,563	220,851
Total Operating Revenues (Schedule A)	9,005,274	9,853,204
Operating Expenses		
Instruction	13,271,750	13,419,053
Public Service	733,782	729,463
Academic Support	1,935,157	1,794,448
Student Services	2,944,852	2,763,685
Institutional Support	4,776,633	4,333,013
Operation and Maintenance of Plant	4,029,832	3,170,334
Scholarships and Fellowships	4,110,334	5,071,457
Auxiliary Enterprises	1,253,462	1,181,570
Depreciation	2,308,368	2,301,359
Total Operating Expenses (Schedule B)	35,364,170	34,764,382
Operating Income (Loss)	(26,358,896)	(24,911,178)
Non-Operating Revenues (Expenses)		
State Appropriations	9,383,887	9,461,785
Ad-Valorem Taxes for Maintenance and Operations	11,789,443	11,058,200
Ad-Valorem Taxes for General Obligation Bonds	3,909,973	3,908,703
Federal Grants and Contracts, Non-Operating	6,862,346	7,640,975
Gifts	35,077	23,880
Investment Income (Net of Investment Expenses)	218,578	164,467
Interest on Capital Related Debt	(1,379,560)	(1,803,952)
Gain (Loss) of Disposition of Property	(15,177)	69,792
Net Non-Operating Revenues (Expenses) (Schedule C)	30,804,567	30,523,850
Increase in Net Position	4,445,671	5,612,672
Net Position - Beginning of Year	55,913,457	50,300,785
Net Position - End of Year	\$ 60,359,128	\$ 55,913,457

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

**Grayson College
Affiliated Organizations
Statement of Activities
Years Ended August 31, 2017 and 2016**

	Grayson College Foundation, Inc.	
	2017	2016
Revenues		
Gifts and Contributions	\$ 1,052,566	\$ 503,666
Gifts in Kind - Grayson College	260,281	225,721
Other Grants	36,215	39,786
Interest / Investment Income	276,617	414,250
Unrealized Investment Income (Loss)	592,739	313,461
Total Revenues	2,218,418	1,496,884
Expenses		
Salary and Wages	185,240	161,924
Services and Supplies	232,151	147,096
Scholarships	324,030	628,799
Depreciation	19,559	29,202
Total Expenses	760,980	967,021
Change in Net Position	1,457,438	529,863
Net Assets - Beginning of Year	12,557,172	12,027,309
Net Assets - End of Year	\$ 14,014,610	\$ 12,557,172

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

Grayson College
Statement of Cash Flows
Years Ended August 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Receipts from Students and Other Customers	\$ 5,929,677	\$ 6,363,601
Receipts of Grants and Contracts	3,228,087	3,053,978
Payments to or on Behalf of Employees	(19,702,476)	(17,798,423)
Payments to Suppliers for Goods and Services	(7,703,572)	(7,169,033)
Payments of Scholarships	(4,110,334)	(4,331,281)
Net Cash Flows from Operating Activities	(22,358,618)	(19,881,158)
Cash Flows from Noncapital Financing Activities		
Ad-Valorem Tax Revenues	15,607,289	14,956,491
Receipts of State Appropriations	7,583,243	7,572,217
Receipts of Grants and Contracts (Nonoperating)	6,852,888	7,639,677
Receipts from Student Organizations and Other Agency Transactions	1,788,449	1,590,976
Payments to Student Organizations and Other Agency Transactions	(1,785,924)	(1,505,067)
Receipts of Gifts	35,077	23,880
Net Cash Flows from Noncapital Financing Activities	30,081,022	30,278,174
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	-	179,781
Purchases of Capital Assets	(1,226,587)	(833,977)
Payment on Capital Debt and Leases	(4,729,705)	(4,919,652)
Net Cash Flows from Capital and Related Financing Activities	(5,956,292)	(5,573,848)
Cash Flows from Investing Activities		
Proceeds from Sale and Maturity of Investments	-	2,526,104
Investment Earnings	112,757	123,947
Purchase of Investments	(2,000,000)	(1,500,000)
Net Cash Flows from Investing Activities	(1,887,243)	1,150,051
Increase in Cash and Cash Equivalents	(121,131)	5,973,219
Cash and Cash Equivalents - Beginning of Year	24,696,179	18,722,960
Cash and Cash Equivalents - End of Year	\$ 24,575,048	\$ 24,696,179

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

	<u>2017</u>	<u>2016</u>
Reconciliation of Operating Income (Loss) to Net Cash		
Flows from Operating Activities		
Operating Income (Loss)	\$ (26,358,896)	\$ (24,911,178)
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Flows from Operating Activities		
Depreciation	2,308,368	2,301,359
State-Paid Employee Benefits	1,800,644	1,889,568
Change in Assets and Liabilities		
Receivables (net)	88,348	(60,109)
Prepaid Expenses	28,858	26,068
Inventories for Resale	-	44,504
Deferred Outflows of Resources - Pension Plan	(458,810)	(1,371,272)
Accounts Payable	(634,290)	1,080,812
Accrued Liabilities	(2,200)	3,328
Unearned Revenues	70,975	(378,537)
Deposits Payable	(1,650)	(15)
Deferred Inflows of Resources - Pension Plan	(127,201)	97,537
Net Pension Liability	927,236	1,396,777
Total Adjustments	<u>4,000,278</u>	<u>5,030,020</u>
Net Cash Flows from Operating Activities	<u>\$ (22,358,618)</u>	<u>\$ (19,881,158)</u>

SUPPLEMENTARY SCHEDULE TO STATEMENT OF CASH FLOWS

Noncash Investing, Capital and Financing Activities		
Bond Proceeds Deposited with Advance Refunding Escrow Agent	<u>\$ 31,589,927</u>	<u>\$ -</u>
Payment of Bond Issuance Cost Withheld from Bond Proceeds	<u>\$ 179,043</u>	<u>\$ -</u>
Investment Income Reinvested	<u>\$ 105,751</u>	<u>\$ 40,688</u>

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

**Grayson College
Affiliated Organizations
Statement of Cash Flows
Years Ended August 31, 2017 and 2016**

	Grayson College Foundation, Inc.	
	2017	2016
Cash Flows from Operating Activities		
Change in Net Position	\$ 1,457,438	\$ 529,863
Adjustments to Reconcile Change in Net Position to Net Cash		
Flows from Operating Activities:		
Depreciation	19,559	29,202
Net (Gains) Losses on Investments	(533,178)	(464,999)
Change in Operating Assets and Liabilities:		
Accrued Interest Receivable	(1)	437
Accounts Payable	(26,502)	27,826
Net Cash Flows from Operating Activities	<u>917,316</u>	<u>122,329</u>
Cash Flows from Investing Activities		
Purchases of Investments	(5,622,149)	(12,775,011)
Proceeds from Sale of Investments	3,468,874	13,025,581
Net Cash Flows from Investing Activities	<u>(2,153,275)</u>	<u>250,570</u>
Cash Flows from Financing Activities	<u>-</u>	<u>-</u>
Net Increase in Cash	(1,235,959)	372,899
Cash - Beginning of Year	<u>2,132,096</u>	<u>1,759,197</u>
Cash - End of Year	<u>\$ 896,137</u>	<u>\$ 2,132,096</u>

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

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

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 involved in business-type activities, in accordance with these standards. While 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:

Net Investment in Capital Assets – 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 “net investment in capital assets” or “restricted.”

B. 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.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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. Other operating revenues include program-specific grants and contributions, sales of auxiliary activities and other miscellaneous income not applicable to any other category. Operating expenses include the costs of sales and services, administrative expenses, and depreciation of capital assets. The operations of the bookstore and cafeteria are performed by a third party contracted by the College.

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

D. 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.

E. 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.

F. 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.

G. Investments

The College's investments are reported at fair value in accordance with accounting standards. 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.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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, 2016, was \$12,705,357,000. Exemptions and abatements of \$3,860,473,000 are allowed, resulting in a taxable value of \$8,844,884,000. The tax levy of \$15,493,935 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, 2017 to finance Unrestricted Current Fund operations and debt service for general obligation bonds were \$0.13612 and \$0.04518 per \$100 valuation, respectively.

Property tax collections during the year ended August 31, 2017 were \$15,145,567 for current taxes, \$204,037 for delinquent taxes, and \$213,006 for penalties, interest and attorney fees. Tax collections for the year ended August 31, 2017 were 98% of the current tax levy. Other taxes (from non-property sources) collected during the year ended August 31, 2017 totaled \$7,676.

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.

I. 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.

J. 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.

K. 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.

L. 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, 2017.

M. 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.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to / deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Reclassifications

Certain amounts in the prior-year financial statements have been reclassified to conform with presentation in the current-year financial statements.

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.

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash and Deposits

Cash and Deposits at August 31, 2017 and 2016, as reported on the Statement of Net Position (Exhibit 1), consist of the following items:

	2017	2016
Petty Cash	\$ 2,700	\$ 2,700
Bank Deposits:		
Demand Accounts	24,572,348	24,693,479
Time and Savings Accounts	8,347,391	6,283,798
Total Cash and Deposits	\$ 32,922,439	\$ 30,979,977

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, 2017 and 2016, the College's deposits are not exposed to custodial credit risk.

Investments

The following schedule summarizes the College's investments as of August 31, 2017:

Type of Security	Fair Value	Credit Rating	Investment Maturities (in Years)		
			Less than 1	1 to 2 Years	More than 2
Investment Pools	\$ 6,494,458	AAA	\$ 6,494,458	\$ -	\$ -
Total Investments	\$ 6,494,458		\$ 6,494,458	\$ -	\$ -

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The following schedule summarizes the College's investments as of August 31, 2016:

Type of Security	Fair Value	Credit Rating	Investment Maturities (in Years)		
			Less than 1	1 to 2 Years	More than 2
Investment Pools	\$ 6,452,300	AAA	\$ 6,452,300	\$ -	\$ -
Total Investments	<u>\$ 6,452,300</u>		<u>\$ 6,452,300</u>	<u>\$ -</u>	<u>\$ -</u>

The College has investments with the Texas Short-Term Asset Reserve Program (TexStar), an investment pool organized in conformity with the Interlocal Cooperation Act and the Public Funds Investment Act of the Texas Government Code. A governing board manages the business and affairs of TexStar, and it has appointed an advisory board consisting of representatives of participants and other persons who do not have a business relationship with the pool. TexStar operates in a manner consistent with SEC's Rule 2a7 of the Investment Company Act of 1940 and are rated AAA by Standard and Poors. All investments are stated at amortized cost, which generally approximates the fair value of the securities. There are no limitations or restrictions on withdrawals from TexStar. The College's investment in TexStar is not subject to custodial credit risk.

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, 2017 and 2016, 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.

Reconciliation

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

	2017	2016
Cash and Deposits	\$ 32,922,439	\$ 30,979,977
Investments	6,494,458	6,452,300
Total Deposits and Investments	<u>\$ 39,416,897</u>	<u>\$ 37,432,277</u>
Cash and Cash Equivalents (Exhibit 1)	\$ 24,575,048	\$ 24,696,179
Short-Term Investments (Exhibit 1)	6,225,705	7,462,835
Other Long-Term Investments (Exhibit 1)	8,616,144	5,273,263
Total Deposits and Investments	<u>\$ 39,416,897</u>	<u>\$ 37,432,277</u>

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 5 - RECEIVABLES

Details of the College's receivables, including the allowance for uncollectible amounts, as of August 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Accounts Receivable	\$ 93,785	\$ 87,178
Tuition and Fees Receivable	2,062,609	1,951,369
Property Taxes Receivable	910,104	801,719
Interest Receivable	3,867	3,797
Loans Receivable	29,759	29,759
Federal Receivables	404,499	367,131
State Receivables	<u>120,965</u>	<u>180,931</u>
Total Receivables	3,625,588	3,421,884
Allowance for Uncollectible Accounts	<u>(2,058,227)</u>	<u>(1,867,831)</u>
Totals	<u>\$ 1,567,361</u>	<u>\$ 1,554,053</u>

NOTE 6 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The following schedule summarizes the College's deferred outflows of resources and deferred inflows of resources reported in the statement of financial position at August 31, 2017 and 2016:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred Charge on Bond Refundings	\$ 1,742,044	\$ 442,920	\$ -	\$ -
Pension Plan - Teachers Retirement System of Texas	<u>2,437,641</u>	<u>1,978,831</u>	<u>875,251</u>	<u>1,002,452</u>
Total	<u>\$ 4,179,685</u>	<u>\$ 2,421,751</u>	<u>\$ 875,251</u>	<u>\$ 1,002,452</u>

The deferred charge on bond 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 deferrals related to the pension plan are actuarial and other differences arising from the operation of the TRS plan. Depending on the deferral, these items are amortized over a fixed five-year period or over the average expected remaining service life of all members of TRS as of the beginning of the measurement period. More details on the deferred outflows of resources and deferred inflows of resources related to the pension plan are available in Note 9.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 7 - CAPITAL ASSETS

A summary of the changes in the College's capital assets during the year ended August 31, 2017 is shown below:

	Balance Sept. 1, 2016	Additions	Retirements	Balance August 31, 2017
Not Depreciated				
Land	\$ 1,251,740	\$ 91,822	\$ -	\$ 1,343,562
Construction in Progress	125,869	883,091	125,869	883,091
Total - Not Depreciated	<u>1,377,609</u>	<u>974,913</u>	<u>125,869</u>	<u>2,226,653</u>
Other Capital Assets				
Buildings and Improvements	70,922,745	-	-	70,922,745
Facilities and Other Improvements	7,542,438	25,535	-	7,567,973
Furniture, Vehicles and Other Equipment	8,254,550	586,630	1,254,920	7,586,260
Library Books	1,194,323	25,940	-	1,220,263
Subtotal	<u>87,914,056</u>	<u>638,105</u>	<u>1,254,920</u>	<u>87,297,241</u>
Accumulated Depreciation				
Buildings and Improvements	12,302,990	1,254,277	-	13,557,267
Facilities and Other Improvements	2,958,599	326,138	-	3,284,737
Furniture, Vehicles and Other Equipment	5,218,553	691,733	1,239,743	4,670,543
Library Books	955,634	36,220	-	991,854
Subtotal	<u>21,435,776</u>	<u>2,308,368</u>	<u>1,239,743</u>	<u>22,504,401</u>
Net - Other Capital Assets	<u>66,478,280</u>	<u>(1,670,263)</u>	<u>15,177</u>	<u>64,792,840</u>
Totals	<u>\$ 67,855,889</u>	<u>\$ (695,350)</u>	<u>\$ 141,046</u>	<u>\$ 67,019,493</u>

A summary of the changes in the College's capital assets for the year ended August 31, 2016 is shown below:

	Balance Sept. 1, 2015	Additions	Retirements	Balance August 31, 2016
Not Depreciated				
Land	\$ 1,251,740	\$ -	\$ -	\$ 1,251,740
Construction in Progress	179,441	-	53,572	125,869
Total - Not Depreciated	<u>1,431,181</u>	<u>-</u>	<u>53,572</u>	<u>1,377,609</u>
Other Capital Assets				
Buildings and Improvements	70,922,745	-	-	70,922,745
Facilities and Other Improvements	7,398,773	363,655	219,990	7,542,438
Furniture, Vehicles and Other Equipment	8,186,562	467,960	399,972	8,254,550
Library Books	1,167,688	26,635	-	1,194,323
Subtotal	<u>87,675,768</u>	<u>858,250</u>	<u>619,962</u>	<u>87,914,056</u>
Accumulated Depreciation				
Buildings and Improvements	11,026,381	1,276,609	-	12,302,990
Facilities and Other Improvements	2,867,220	306,965	215,586	2,958,599
Furniture, Vehicles and Other Equipment	4,832,737	680,203	294,387	5,218,553
Library Books	918,052	37,582	-	955,634
Subtotal	<u>19,644,390</u>	<u>2,301,359</u>	<u>509,973</u>	<u>21,435,776</u>
Net - Other Capital Assets	<u>68,031,378</u>	<u>(1,443,109)</u>	<u>109,989</u>	<u>66,478,280</u>
Totals	<u>\$ 69,462,559</u>	<u>\$ (1,443,109)</u>	<u>\$ 163,561</u>	<u>\$ 67,855,889</u>

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 7 - CAPITAL ASSETS (Continued)

Construction in Progress / Construction Commitments

As of August 31, 2017, the College is involved in the planning and / or construction phase of four projects for the construction, renovation and improvement to buildings. The estimated total cost of these projects is approximately \$17,685,000, which will be paid from the College's current resources.

Contracts have been executed with an architectural firm and, in some cases, with a general contractor for these projects. The following table summarizes the amounts of these contracts as of August 31, 2017.

<u>Project</u>	<u>Total Contracts as of August 31, 2017</u>	<u>Costs Incurred as of August 31, 2017</u>
Advanced Manufacturing Laboratory		
Architectural	\$ 124,269	\$ 88,631
Construction	1,448,130	220,956
New Dormitory Building		
Architectural	345,100	250,650
Construction	6,455,700	-
New Student Services Center		
Architectural	332,875	222,731
Viticulture Laboratory		
Architectural	107,300	72,524
Total	<u>\$ 8,813,374</u>	<u>\$ 855,492</u>

Additional amounts will be added to the contracts as the work progresses and costs can be more accurately estimated. The above projects are anticipated to be completed at various times during the fiscal years ending August 31, 2018 and 2019.

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, 2017:

	<u>Balance Sept. 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance August 31, 2017</u>	<u>Due Within One Year</u>
General Obligations Bonds	\$ 33,615,000	\$ 27,640,000	\$ 31,760,000	\$ 29,495,000	\$ 2,105,000
Revenue Bonds	8,605,000	-	1,065,000	7,540,000	1,100,000
Unamortized Premium on Bonds	1,123,295	4,128,970	984,952	4,267,313	426,145
Total Bonds Payable	43,343,295	31,768,970	33,809,952	41,302,313	3,631,145
Compensated Absences	213,632	231,451	250,631	194,452	38,890
Pension Liability	4,354,956	927,236	-	5,282,192	-
Totals	<u>\$ 47,911,883</u>	<u>\$ 32,927,657</u>	<u>\$ 34,060,583</u>	<u>\$ 46,778,957</u>	<u>\$ 3,670,035</u>

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 8 - LONG-TERM DEBT (Continued)

The following schedule summarizes the changes in the long-term indebtedness of the College for the year ended August 31, 2016:

	Balance Sept. 1, 2015	Additions	Retirements	Balance August 31, 2016	Due Within One Year
General Obligations Bonds	\$ 35,570,000	\$ -	\$ 1,955,000	\$ 33,615,000	\$ 2,030,000
Revenue Bonds	9,640,000	-	1,035,000	8,605,000	1,065,000
Unamortized Premium on Bonds	1,233,602	-	110,307	1,123,295	110,307
Total Bonds Payable	46,443,602	-	3,100,307	43,343,295	3,205,307
Notes and Capital Leases Payable	62,190	-	62,190	-	-
Total Bonds and Notes Payable	46,505,792	-	3,162,497	43,343,295	3,205,307
Compensated Absences	188,062	244,618	219,048	213,632	42,726
Pension Liability	2,958,179	1,396,777	-	4,354,956	-
Totals	<u>\$ 49,652,033</u>	<u>\$ 1,641,395</u>	<u>\$ 3,381,545</u>	<u>\$ 47,911,883</u>	<u>\$ 3,248,033</u>

Bonds Payable

The College has the following bond issues outstanding as of August 31, 2017:

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 College refunded \$6,305,000 of these bonds with the issuance of General Obligation Refunding Bonds, Series 2016 during the year ended August 31, 2017. The balance outstanding on this bond issue as of August 31, 2017 is \$445,000.

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 College refunded \$23,175,000 of these bonds with the issuance of General Obligation Refunding Bonds, Series 2016 during the year ended August 31, 2017. The balance outstanding on this bond issue as of August 31, 2017 is \$1,660,000.

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, 2017 is \$7,540,000.

On October 11, 2016, the College issued General Obligation Refunding Bonds, Series 2016 in the amount of \$27,640,000 for the purpose of advance refunding \$29,480,000 of the College's general obligation bonds (Series 2007 and 2008). 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 \$250,000 to \$3,070,000 are due beginning on February 15, 2017 through 2029. Semiannual interest payments at interest rates ranging from 3% to 5% are due beginning February 15, 2017. The balance outstanding on this bond issue as of August 31, 2017 is \$27,390,000.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

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
2018	\$ 2,105,000	\$ 1,232,713	\$ 1,100,000	\$ 301,600	\$ 3,205,000	\$ 1,534,313
2019	2,005,000	1,125,625	1,150,000	257,600	3,155,000	1,383,225
2020	2,070,000	1,064,500	1,200,000	211,600	3,270,000	1,276,100
2021	2,140,000	990,650	1,250,000	163,600	3,390,000	1,154,250
2022	2,230,000	903,250	1,300,000	113,600	3,530,000	1,016,850
2023 - 2027	12,920,000	2,755,425	1,540,000	85,800	14,460,000	2,841,225
2028 - 2032	6,025,000	243,300	-	-	6,025,000	243,300
Total	<u>\$ 29,495,000</u>	<u>\$ 8,315,463</u>	<u>\$ 7,540,000</u>	<u>\$ 1,133,800</u>	<u>\$ 37,035,000</u>	<u>\$ 9,449,263</u>

Advance Refunding

The Series 2016 bonds provided moneys for the advance refunding of a significant portion of the College's General Obligation Bonds, Series 2007 and 2008. These bonds bore an average interest rate of 4.2% and had a combined outstanding balance of \$33,615,000 at the time of the advance refunding; the issuance of the Series 2016 bonds advance refunded \$29,480,000 of the total amount outstanding on the Series 2007 and 2008 bonds. Net proceeds of \$31,589,927 from the issuance of the Series 2016 bonds were deposited into an irrevocable trust with an escrow agent to provide future debt payments on the Series 2007 and 2008 bonds. These bonds are considered defeased and the liability for these bonds has been removed from the College's financial statements. The advance refunding of the Series 2007 and 2008 bonds reduced the College's debt service requirements over the next 13 years by approximately \$3,801,585. The advance refunding resulted in an economic gain (the difference between the net present value of the old and new debt service requirements) of \$3,344,440 and an accounting loss (the difference between the book value of the old debt and the amount required to retire the debt) of \$1,352,730. In accordance with accounting standards, the accounting loss is deferred and is not reported on the statement of revenues, expenses and changes in net position; instead, it is reported as a deferred outflow of resources on the statement of net position and will be amortized over the original life of the old bonds or the life of the new bonds, whichever is less.

As of August 31, 2017, defeased bonds totaling \$29,480,000 remain outstanding.

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 was bearing interest at the rate of 10.67% and was payable in monthly installments of \$2,711, including principal and interest, beginning July 3, 2011 through June 3, 2015. On October 3, 2015, a final balloon payment of \$50,000 was made 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 was bearing interest at the rate of 5.29% and was payable in monthly installments of \$1,274, including principal and interest, beginning July 21, 2011 through June 21, 2016. The balance of the note was fully retired in 2016. The value of the equipment purchased under this lease totaled \$67,146. Amortization of these assets is included with depreciation expense.

Interest Expense

During the year ended August 31, 2017, the College incurred interest costs of \$1,379,560 on its bonds, notes and capital leases payable. This entire amount was charged to expense.

During the year ended August 31, 2016, the College incurred interest costs of \$1,803,952 on its bonds, notes and capital leases payable. This entire amount was charged to expense.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 8 - LONG-TERM DEBT (Continued)

Compensated Absences

The sole component of the compensated absences liability as of August 31, 2017 is accrued annual (vacation) leave for employees. See Note 10 for expanded 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, 2017, \$194,074 is expected to be paid by the Current Unrestricted Fund and \$378 is expected to be paid by the College's auxiliary enterprises. The College believes that approximately \$38,890 of this liability will be paid to employees during the year ending August 31, 2018 and, accordingly, has classified that portion of the liability as a current obligation. The balance of the liability (\$155,562) 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 participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the TRS. The defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position. Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; on the Internet at [https://www.trs.texas.gov/TRS%20Documents/cafr 2016.pdf](https://www.trs.texas.gov/TRS%20Documents/cafr%202016.pdf); or by calling (512) 542-6592.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Contributions. Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas 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 paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the 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.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 9 - EMPLOYEES' RETIREMENT PLAN (Continued)

Teacher Retirement System of Texas (Continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, GAA established the employer contribution rates for fiscal years 2016 and 2017.

Contribution Rates

	2016	2017
Member	7.2%	7.7%
Non-Employer Contributing Entity (State of Texas)	6.8%	6.8%
Employers	6.8%	6.8%

College's 2017 Member Contributions	\$	758,661
College's 2017 Employer Contributions	\$	416,084
College's 2017 NECE On-Behalf Contributions	\$	253,902

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity (NECE). The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the GAA.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 9 - EMPLOYEES' RETIREMENT PLAN (Continued)

Teacher Retirement System of Texas (Continued)

Actuarial Assumptions. The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-Term Expected Investment Rate of Return	8.00%
Municipal Bond Rate *	N/A *
Last Year Ending August 31 in the 2016 to 2115	
Projection Period (100 Years)	2115
Inflation	2.50%
Salary Increases Including Inflation	3.50% to 9.50%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad Hoc Post-Employment Benefit Changes	None

* If a municipal bond rate was used, the rate would be 2.84% as of August 2016 (i.e., the weekly rate closest to but not later than the Measurement Date). The source for the rate is the Federal Reserve Statistical Release H.15, citing the Bond Buyer Index of general obligation bonds with 20 years to maturity and an average AA credit rating.

The actuarial methods and assumptions are primarily based on a study of actual experience for the four-year period that ended August 31, 2014 and adopted on September 24, 2015.

Discount Rate. The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation at August 31, 2016 are summarized on the following page:

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 9 - EMPLOYEES' RETIREMENT PLAN (Continued)

Teacher Retirement System of Texas (Continued)

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns *
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Hedge Funds (Stable Value)	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	<u>100%</u>		<u>8.7%</u>

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
College's Proportionate Share of the Net Pension Liability	\$ 8,175,054	\$ 5,282,192	\$ 2,828,460

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 9 - EMPLOYEES' RETIREMENT PLAN (Continued)

Teacher Retirement System of Texas (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2017, the College reported a liability of \$5,282,192 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

College's Proportionate Share of Collective Net Pension Liability	\$	5,282,192
State's Proportionate Share that is Associated with the College		2,299,826
Total	\$	7,582,018

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's contributions to the plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

At August 31, 2016 the College's proportion of the collective net pension liability was 0.0137983% which was an increase of 0.0016583% from its proportion measured as of August 31, 2015.

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2017, the District recognized pension expense of \$238,667 and revenue of \$238,667 for support provided by the State.

At August 31, 2017, the College reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 82,824	\$ 157,723
Changes in Actuarial Assumptions	160,992	146,415
Difference Between Projected and Actual Investment Earnings	1,017,886	570,600
Changes in Proportion and Difference Between the College's Contributions and the Proportionate Share of Contributions	759,855	513
Contributions Paid to TRS Subsequent to the Measurement Date	416,084	-
Total	\$ 2,437,641	\$ 875,251

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 9 - EMPLOYEES' RETIREMENT PLAN (Continued)

Teacher Retirement System of Texas (Continued)

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (in the amount of \$416,084) will be recognized as a reduction of net pension liability for the year ending August 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31,	Pension Expense Amount
2018	\$ 180,239
2019	180,239
2020	465,539
2021	158,323
2022	85,918
Thereafter	76,048

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 by each participant are 6.65% for both fiscal years 2017 and 2016. 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.

Contribution / Payroll Information. The retirement expense to the state for the College was \$104,064 and \$106,743 for the fiscal years ended August 31, 2017 and 2016, 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 \$15,326,196 and \$14,961,266 for the years ended August 31, 2017 and 2016, respectively. The total payroll for employees covered by the optional retirement program was \$3,319,426 and \$3,234,622 for the fiscal years ended August 31, 2017 and 2016, respectively.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

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, 2.70 hours per bi-weekly payroll are accrued for those employees with less than 15 years of service and 4.04 hours per bi-weekly payroll are accrued for those employees with more than 15 years of service. For employees with a 40-hour regular workweek, 3.08 hours per bi-weekly payroll are accrued for those employees with less than 15 years of service and 4.62 hours per bi-weekly payroll are accrued for those employees with more than 15 or more years of service. 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.

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 \$194,452 and \$213,632 is recorded in the financial statements as of August 31, 2017 and 2016, 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. Employees with a 35-hour workweek accrue 2.70 hours per bi-weekly payroll and employees with a 40-hour workweek accrue 3.08 hours per bi-weekly payroll. 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.

NOTE 12 - TAX ABATEMENT

The College is authorized by Texas Tax Code 312 to enter into property tax abatement agreements. In accordance with this law, the College has passed a resolution that establishes guidelines and criteria for the administration of its tax abatements. Among other things, the guidelines and criteria specify:

1. That an agreement may not require extraordinary capital improvement financing by the College,
2. That the percentage abated must not be less than 10% nor more than 100% of the appraised value of the property,
3. That the College will receive an economic impact study which shows that the project and abatement are in the College's economic interest,
4. That taxes may not be abated on equipment that has already been ordered or received,
5. That taxes may not be abated on real property if construction on the property to be abated has already begun, and
6. That the Board of Trustees for the College is the sole judge as to whether the College will enter into an agreement.

The College grants tax abatements to primary employers in conjunction with other local taxing entities for the purpose of stimulating the local economy. The stimulus is quantified by the creation of jobs, the construction of facilities, the purchase of equipment, or a combination of these factors.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 12 - TAX ABATEMENT (Continued)

The College currently has abatement agreements with Ruiz Food Products, Champion Cooler Corporation, Tyson Fresh Meats, Inc. and GlobiTech Incorporated.

The abatement agreements with Ruiz Food Products and Champion Cooler Corporation contain provisions that give the College the right to recapture all tax revenue lost as a result of the agreement in the event that the company fails to perform on any term or covenant of the agreement.

The abatement agreement with Tyson Fresh Meats, Inc. contains provisions that cover total default and partial default by the company. Total default would occur if the company failed to maintain taxable values of \$97,150,000 or greater or maintain full-time employment of at least 1,200 jobs. The College's remedy for a total default is the recapture of all tax revenue lost plus interest on those taxes from the date that they would have been paid if there had not been an abatement. Partial default would occur if the company maintained at least 1,200, but less than 1,600 jobs. The remedy for a partial default would be recapture of all tax revenue in proportion to Tyson's shortfall with respect to the total number of jobs. Interest would apply to a partial default in the same manner it would apply to a total default.

The abatement agreement with GlobiTech Incorporated contains a provision that, in the event GlobiTech defaults on the provisions of the agreement, the College's sole remedy shall be the termination of the agreement. All future abatements under the agreement would cease, but the College would not be allowed to recapture any taxes that were abated prior to the default.

The abatement agreement with Ruiz Food Products calls for the company to construct an addition to its facility at an estimated cost of \$10,000,000. It also calls for the company to purchase and install equipment at an estimated cost of \$30,000,000. In exchange, the College agreed to abate the property taxes on the building improvements for six years at rates ranging from 20% to 100%, and to abate property taxes on the equipment for eight years at 50% each year. This abatement began in 2017 and will expire in 2021. For the fiscal year ended August 31, 2017, the College abated \$51,424 in property taxes for Ruiz Food Products.

The abatement agreement with Champion Cooler Corporation calls for the company to construct an addition to its facility at an estimated cost of \$1,200,000, to purchase and install equipment at an estimated cost of \$844,000, and to create and maintain 25 new jobs with a projected annual payroll of \$570,000. In exchange, the College agreed to abate the property taxes on the building improvements and the installed equipment for ten years at rates ranging from 10% to 100%. This abatement began in 2009 and will expire in 2018. For the fiscal year ended August 31, 2017, the College abated \$425 in property taxes for Champion Cooler Corporation.

The abatement agreement with Tyson Fresh Meats, Inc. calls for the company to invest and maintain not less than \$97,150,000 in facilities remodeling and equipment and to also create and maintain not less than 1,600 jobs. In exchange, the College agreed to abate 100% of the property taxes on the facilities improvements and equipment for ten years. This is the last year of a ten year abatement period for Tyson. For the fiscal year ended August 31, 2017, the College abated \$62,527 in property taxes for Tyson Fresh Meats, Inc.

The abatement agreement with GlobiTech Incorporated calls for the company to construct improvements to its facility at an estimated cost of \$7,500,000. It also calls for the company to purchase and install equipment at an estimated cost of \$26,500,000. In exchange, the College agreed to abate the property taxes on the building improvements for eight years at rates ranging from 50% to 100%, and to abate property taxes on the equipment for five years at rates ranging from 50% to 100%. This is the last year of an eight year abatement period for GlobiTech. For the fiscal year ended August 31, 2017, the College abated \$32,455 in property taxes for GlobiTech Incorporated.

In total, Grayson College abated property tax revenue of \$146,831 for the fiscal year ended August 31, 2017.

NOTE 13 - PENDING LAWSUITS AND CLAIMS

As of August 31, 2017, there are no material lawsuits and claims pending or threatened against the College.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 14 - 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, 2017 and 2016 for which monies have not been received nor funds expended totaled \$1,432,324 and \$924,583, respectively. Of these amounts, \$743,728 and \$858,214 were from Federal Contract and Grant Awards; and \$688,596 and \$66,369 were from State Contract and Grant Awards for the fiscal years ended August 31, 2017 and 2016, 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 15 - 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 \$10,828 and \$26,394 for this insurance were allocated to the College for the years ended August 31, 2017 and 2016, respectively.

The following schedule summarizes the changes in claims liabilities for the years ended August 31, 2017 and 2016:

	2017	2016
Claims Liabilities - Beginning of Year	\$ 50,846	\$ 73,089
Incurred Claims	33,486	21,910
Change in Prior Year Claim Estimates	(4,655)	(28,540)
Payment on Claims	(11,850)	(15,613)
Claims Liabilities - End of Year	\$ 67,827	\$ 50,846

The claims liability is reported in accrued liabilities in the financial statements and includes \$26,519 and \$24,221 of estimated claims incurred but not reported, as determined actuarially by the administrator at August 31, 2017 and 2016, respectively.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

NOTE 16 - 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, 2017, 2016 and 2015 were \$103,308, \$93,648 and \$83,737, respectively, which equaled the required contributions each year.

NOTE 17 - SUBSEQUENT EVENTS

No events have occurred subsequent to August 31, 2017 that would require adjustment to, or disclosure in, these financial statements.

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 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.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

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

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.

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 \$260,281 and \$225,721 for the years ended August 31, 2017 and 2016, 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, 2017 and 2016.

Grayson College
Notes to the Financial Statements
August 31, 2017 and 2016

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

GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017 and 2016:

Type of Security	2017		2016	
	Cost	Fair Value	Cost	Fair Value
U.S. Government Securities	\$ 846,649	\$ 845,266	\$ 787,323	\$ 803,628
U.S. Government Agency Securities	630,371	628,866	693,770	698,836
Equity Securities	5,759,094	6,559,933	4,996,677	5,246,159
Corporate Obligations	1,046,774	1,061,195	929,881	949,226
Alternate Investments	1,196,565	1,243,833	1,080,501	1,094,809
Money Market and Investment Pools	2,351,855	2,351,855	1,211,837	1,211,837
Total Investments	<u>\$ 11,831,308</u>	<u>\$ 12,690,948</u>	<u>\$ 9,699,989</u>	<u>\$ 10,004,495</u>

CAPITAL ASSETS

The following schedule summarizes the Foundation's capital assets as of August 31, 2017 and 2016:

	2017	2016
Land	\$ 6,000	\$ 6,000
Buildings and Improvements	507,350	507,350
Facilities and Other Improvements	17,345	17,345
Equipment	192,893	192,893
Less:		
Accumulated Depreciation	(294,925)	(275,366)
Net Capital Assets	<u>\$ 428,663</u>	<u>\$ 448,222</u>

Required Supplementary Information

Grayson County College
Schedule of the College's Proportionate Share of the Net Pension Liability -
Teachers Retirement System of Texas
Year Ended August 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
College's Proportion of Net Pension Liability (Asset)	0.0139783%	0.0123200%	0.0110746%
College's Proportionate Share of Net Pension Liability (Asset)	\$ 5,282,192	\$ 4,354,956	\$ 2,958,179
State's Proportionate Share of the Net Pension Liability (Asset) Associated with Grayson College	<u>2,299,826</u>	<u>2,991,911</u>	<u>3,146,824</u>
Total	<u>\$ 7,582,018</u>	<u>\$ 7,346,867</u>	<u>\$ 6,105,003</u>
College's Covered-Employee Payroll	\$ 9,423,102	\$ 8,689,765	\$ 8,122,358
College's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	56.06%	50.12%	36.42%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.00%	78.43%	83.25%

Note: Only three years of data are presented in accordance with GASB #68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Notes to Required Supplementary Information

Changes in Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of Assumptions

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

Grayson County College
Schedule of the College Contributions -
Teachers Retirement System of Texas
Year Ended August 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions	\$ 416,084	\$ 423,293	\$ 369,525
Contribution in Relation to the Contractually Required Contribution	<u>416,084</u>	<u>423,293</u>	<u>369,525</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's Covered-Employee Payroll	\$ 9,852,740	\$ 9,423,102	\$ 8,689,765
Contributions as a Percentage of Covered-Employee Payroll	4.22%	4.49%	4.25%

Note: Only three years of data are presented in accordance with GASB #68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

Supplementary Schedules and Reports

Grayson College
Schedule of Operating Revenues
Year Ended August 31, 2017
With Memorandum Totals for Year Ended August 31, 2016

Schedule A

	Unrestricted	Restricted	Total		Totals	
			Educational Activities	Auxiliary Enterprises	2017	2016
Tuition						
State Funded Courses						
In-District Resident Tuition	\$ 3,757,873	\$ -	\$ 3,757,873	\$ -	\$ 3,757,873	\$ 3,922,971
Out-of-District Resident Tuition	1,693,050	-	1,693,050	-	1,693,050	1,976,851
Non-Resident Tuition	259,440	-	259,440	-	259,440	238,282
TPEG *	351,028	-	351,028	-	351,028	381,831
Non-State Funded Educational Programs	346,787	-	346,787	-	346,787	475,974
Total Tuition	6,408,178	-	6,408,178	-	6,408,178	6,995,909
Fees						
General Fee	1,718,453	-	1,718,453	-	1,718,453	1,490,350
Student Service Fee	-	-	-	604,310	604,310	652,011
Technology Fee	431,378	-	431,378	-	431,378	465,752
Laboratory Fee	391,364	-	391,364	-	391,364	397,252
Other	222,751	-	222,751	-	222,751	345,883
Total Fees	2,763,946	-	2,763,946	604,310	3,368,256	3,351,248
Scholarship Allowances and Discounts						
Bad Debt Allowances	(181,773)	-	(181,773)	-	(181,773)	(182,286)
Scholarship Allowances	(201,637)	-	(201,637)	(17,451)	(219,088)	(416,812)
Remissions and Exemptions	(478,263)	-	(478,263)	(41,491)	(519,754)	(276,466)
TPEG Allowances	(322,112)	-	(322,112)	(3,913)	(326,025)	(337,473)
Federal Grants to Students	(2,691,337)	-	(2,691,337)	(211,750)	(2,903,087)	(2,656,155)
Other Federal Grants	(9,695)	-	(9,695)	(1,085)	(10,780)	(21,225)
State Grants to Students	(286,391)	(539,725)	(826,116)	(23,393)	(849,509)	(916,251)
Total Scholarship Allowances and Discounts	(4,171,208)	(539,725)	(4,710,933)	(299,083)	(5,010,016)	(4,806,668)
Total Net Tuition and Fees	5,000,916	(539,725)	4,461,191	305,227	4,766,418	5,540,489
Other Operating Revenues						
Federal Grants and Contracts	53,250	1,490,648	1,543,898	-	1,543,898	1,275,054
State Grants and Contracts	76,663	1,490,188	1,566,851	-	1,566,851	1,790,034
Non-Governmental Grants and Contracts	-	248,805	248,805	-	248,805	250,562
Sales and Services of Educational Activities	51,151	-	51,151	-	51,151	51,235
Other Operating Revenues	200,289	-	200,289	274	200,563	220,851
Total Other Operating Revenues	381,353	3,229,641	3,610,994	274	3,611,268	3,587,736
Auxiliary Enterprises						
Residential Life (Net of Discounts of \$208,276)	-	-	-	292,487	292,487	239,732
Bookstore (Net of Discounts of \$0)	-	-	-	335,101	335,101	402,258
Golf Course	-	-	-	-	-	82,989
Total Net Auxiliary Enterprises	-	-	-	627,588	627,588	724,979
Total Operating Revenues	\$ 5,382,269	\$ 2,689,916	\$ 8,072,185	\$ 933,089	\$ 9,005,274	\$ 9,853,204
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$351,028 of tuition was set aside for Texas Public Education Grants (TPEG).

Grayson College
Schedule of Operating Expenses by Object
Year Ended August 31, 2017
With Memorandum Totals for Year Ended August 31, 2016

Schedule B

	Operating Expenses				Totals	
	Salaries and Wages	Benefits		Other Expenses	2017	2016
		State Benefits	Local Benefits			
EDUCATIONAL ACTIVITIES						
Unrestricted						
Instruction	\$ 8,014,997	\$ -	\$ 1,928,724	\$ 907,923	\$10,851,644	\$10,928,669
Public Service	338,113	-	87,203	28,436	453,752	445,541
Academic Support	1,006,939	-	266,900	534,500	1,808,339	1,669,660
Student Services	1,426,080	-	419,983	286,918	2,132,981	1,991,364
Institutional Support	2,050,700	-	561,107	1,906,542	4,518,349	4,076,334
Operation and Maintenance of Plant	854,434	-	361,351	2,794,751	4,010,536	3,141,767
Total Unrestricted	13,691,263	-	3,625,268	6,459,070	23,775,601	22,253,335
Restricted						
Instruction	804,798	1,110,612	155,569	349,127	2,420,106	2,490,384
Public Service	151,417	61,626	45,857	21,130	280,030	283,922
Academic Support	-	126,818	-	-	126,818	124,788
Student Services	313,223	219,038	107,544	172,066	811,871	772,321
Institutional Support	-	258,284	-	-	258,284	256,679
Operation and Maintenance of Plant	-	19,296	-	-	19,296	28,567
Scholarships and Fellowships	145,101	-	88,406	3,876,827	4,110,334	5,071,457
Total Restricted	1,414,539	1,795,674	397,376	4,419,150	8,026,739	9,028,118
Total Educational Activities	15,105,802	1,795,674	4,022,644	10,878,220	31,802,340	31,281,453
Auxiliary Enterprises	220,394	4,970	138,590	889,508	1,253,462	1,181,570
Depreciation Expense						
Buildings and Other Improvements	-	-	-	1,580,416	1,580,416	1,583,574
Equipment and Furniture	-	-	-	727,952	727,952	717,785
Total	\$15,326,196	\$1,800,644	\$4,161,234	\$ 14,076,096	\$35,364,170	\$34,764,382
				(Exhibit 2)	(Exhibit 2)	

Grayson College
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2017
With Memorandum Totals for Year Ended August 31, 2016

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	Totals	
				2017	2016
Non-Operating Revenues					
State Appropriations					
Education and General State Support	\$ 7,583,243	\$ -	\$ -	\$ 7,583,243	\$ 7,572,217
State Group Insurance	-	1,457,913	-	1,457,913	1,360,544
State Retirement Matching	-	342,731	-	342,731	529,024
Total State Appropriations	7,583,243	1,800,644	-	9,383,887	9,461,785
Ad-Valorem Taxes for Maintenance and Operations	11,789,443	-	-	11,789,443	11,058,200
Ad-Valorem Taxes for General Obligation Bonds	3,909,973	-	-	3,909,973	3,908,703
Federal Grants and Contracts, Non-Operating	-	6,862,346	-	6,862,346	7,640,975
Gifts	-	35,077	-	35,077	23,880
Investment Income (net of Investment Expenses)	217,453	1,125	-	218,578	164,467
Gain on Disposition of Property	-	-	-	-	69,792
Total Non-Operating Revenues	23,500,112	8,699,192	-	32,199,304	32,327,802
Non-Operating Expenses					
Interest on Capital-Related Debt	1,379,560	-	-	1,379,560	1,803,952
Loss on Disposition of Property	15,177	-	-	15,177	-
Total Non-Operating Expenses	1,394,737	-	-	1,394,737	1,803,952
Net Non-Operating Revenues	\$22,105,375	\$ 8,699,192	\$ -	\$30,804,567	\$30,523,850
				(Exhibit 2)	(Exhibit 2)

Grayson College
Schedule of Net Position by Source and Availability
Year Ended August 31, 2017
With Memorandum Totals for Year Ended August 31, 2016

Schedule D

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Net Investment in Capital Assets	Total	Yes	No
		Expendable	Non- Expendable				
Current Funds:							
Unrestricted	\$ 20,296,122	\$ -	\$ -	\$ -	\$ 20,296,122	\$ 20,296,122	\$ -
Board Designations	500,000	-	-	-	500,000	-	500,000
Restricted	-	536,097	-	-	536,097	-	536,097
Auxiliary Enterprises	2,206,122	-	-	-	2,206,122	2,206,122	-
Loan Funds	-	47,558	-	-	47,558	-	47,558
Plant Funds:							
Unexpended	4,389,574	-	-	-	4,389,574	4,389,574	-
Renewals and Replacements	1,837,761	-	-	-	1,837,761	1,837,761	-
Unexpended Bond Proceeds	-	12,276	-	-	12,276	-	12,276
Debt Service	-	2,913,255	-	-	2,913,255	-	2,913,255
Investment in Plant	-	-	-	27,620,363	27,620,363	-	27,620,363
Total Net Position - August 31, 2017	29,229,579	3,509,186	-	27,620,363	60,359,128	28,729,579	31,629,549
					(Exhibit 1)		
Total Net Position - August 31, 2016	27,709,660	3,138,294	-	25,065,503	55,913,457	27,209,660	28,703,797
					(Exhibit 1)		
Net Increase (Decrease) in Net Position	\$ 1,519,919	\$ 370,892	\$ -	\$ 2,554,860	\$ 4,445,671	\$ 1,519,919	\$ 2,925,752
					(Exhibit 2)		

Grayson College
Schedule of Expenditures of Federal Awards
Year Ended August 31, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
National Science Foundation			
Direct Programs:			
Education and Human Resources	47.076	1663851	\$ 9,360
Total National Science Foundation			<u>9,360</u>
U.S. Small Business Administration			
Passed through Dallas County Community College District:			
Small Business Development Center (SBDC)	59.037	SBAHQ-16-B-0020	10,471
Small Business Development Center (SBDC)	59.037	SBAHQ-17-B-0002	97,181
Subtotal - Small Business Development Center (SBDC)			<u>107,652</u>
Total U.S. Small Business Administration			<u>107,652</u>
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Education Opportunity Grant (FSEOG)	84.007		<u>89,250</u>
Federal Workstudy Program (2016-2017)	84.033		105,781
Federal Workstudy Program (2017-2018)	84.033		<u>16,765</u>
Subtotal - Federal Workstudy Program			<u>122,546</u>
Federal Pell Grant Program	84.063		<u>6,659,920</u>
Direct Student Loans	84.268		<u>4,822,293</u>
Total Student Financial Aid Cluster			<u>11,694,009</u>
TRIO Student Support Services	84.042A		<u>213,459</u>
Fund for the Improvement of Postsecondary Education	84.116G		<u>120,708</u>
Passed through Texas Workforce Commission:			
Career Pathway Navigator Initiative 2016-2017	84.002	2516AEL000	76,471
Adult Basic Education (Section 231) 2016-2017	84.002	2516AEL001	376,113
English Literacy and Civics Education (Section 231) 2016-2017	84.002	2516AEL001	88,090
Professional Development 2016-2017	84.002	2516AEL001	19,749
Adult Basic Education (Section 231) 2017-2018	84.002	2516AELB01	80,540
English Literacy and Civics Education (Section 231) 2017-2018	84.002	2516AELB01	12,110
Professional Development 2017-2018	84.002	2516AELB01	3,611
Subtotal - Adult Basic Education			<u>656,684</u>
Passed through Texas Higher Education Coordinating Board:			
Carl Perkins Vocational Education - Annual Application (2014-2015)	84.048	154236	(2,600)
Carl Perkins Vocational Education - Annual Application (2016-2017)	84.048	174234	<u>377,644</u>
Subtotal - Carl Perkins Vocational Education - Annual Application			<u>375,044</u>
Total U.S. Department of Education			<u>13,059,904</u>
U.S. Department of Health and Human Services			
Passed through Texas Workforce Commission:			
Temporary Assistance for Needy Families (TANF) 2016-2017	93.558	2516AEL001	40,924
Temporary Assistance for Needy Families (TANF) 2017-2018	93.558	2516AELB01	<u>10,697</u>
Subtotal - Temporary Assistance for Needy Families (TANF)			<u>51,621</u>
Total U.S. Department of Health and Human Services			<u>51,621</u>
Total Federal Financial Assistance			<u>\$ 13,228,537</u>

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts per Schedule A	\$ 1,543,898
Federal Grants and Contracts, Non-operating per Schedule C	6,862,346
Reconciling Items:	
Direct Student Loans	<u>4,822,293</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u><u>\$ 13,228,537</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 that 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. Since the College has agency approved Indirect Cost Recovery Rate, it has elected not to use the 10% de minimis cost rate as permitted in the Uniform Guidance, Section 200.414.

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

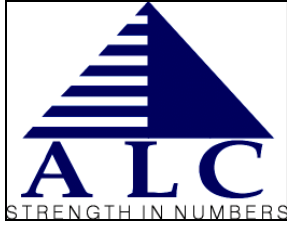
Grayson College
Schedule of Expenditures of State Awards
Year Ended August 31, 2017

Schedule F

Grantor Agency/ Program Title	Grant Contract Number	Expenditures
Texas Department of State Health Services		
2016 EMS Local Projects Grant Award	2016-049311-001	\$ (492)
Total Texas Department of State Health Services		<u>(492)</u>
Texas Higher Education Coordinating Board		
College Work Study Program (2016-2017)		28,391
Student Financial Aid (Texas Grant)		2,832
Student Financial Aid (Texas Educational Opportunity Grant)		369,576
Nursing Shortage Reduction		95,761
Nursing and Allied Health		63,655
Texas Science, Technology, Engineering, & Math (T-STEM) Challenge		78,657
Total Passed through Texas Higher Education Coordinating Board		<u>638,872</u>
Dallas County Community College District		
Small Business Development Center (SBDC) 2015-2016	SBAHQ-16-B-0020	22,592
Small Business Development Center (SBDC) 2016-2017	SBAHQ-17-B-0002	87,682
Total Passed through Dallas County Community College District		<u>110,274</u>
Texas Workforce Commission		
Adult Basic Education 2016-2017	2516AEL001	35,240
Skills Development Fund	2515SDF000	8,340
Skills Development Fund	2515SDF002	143,261
Skills Development Fund	2517SDF000	631,356
Total Passed through Texas Workforce Commission		<u>818,197</u>
Total State Financial Assistance		<u>\$ 1,566,851</u>
 Note 1: State Assistance Reconciliation		
State Grants and Contracts per Exhibit 2		\$ 1,566,851
Reconciling Items:		
None		-
Total Expenditures per Schedule of State Financial Assistance		<u>\$ 1,566,851</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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TIMOTHY D. TARABA

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, 2017, 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, 2017.

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*.

Texas Public Funds Investment Act

We have performed tests designed to verify the College's compliance with the requirements of Public Funds Investment Act (the "Act"). However, providing an opinion on compliance with the Act was not an objective of our audit and accordingly, we do not express an opinion. During the year ended August 31, 2017, no instance of non-compliance with the Act was found.

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, 2017



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 the Uniform Guidance 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 and State Program

We have audited the compliance of Grayson College (College) with the types of compliance requirements described in the *OMB Compliance Supplement* and the Texas Single Audit Circular that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2017. The College's major federal and state 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal and state 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; the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Texas Single Audit Circular. Those standards, the Uniform Guidance, and the State of Texas Single Audit Circular 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 or state 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 and state program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the 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 and state programs for the year ended August 31, 2017.

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 and state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas Single Audit Circular, 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 or state 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 or state 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 or state 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 the Uniform Guidance and the State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

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

Sherman, Texas
December 11, 2017

Grayson College
Schedule of Findings and Questioned Costs
Year Ended August 31, 2017

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 2 CFR 200.516(a)	No

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

Major Programs - State

Skills Development Grants	
Skills Development Fund (2515SDF000)	
Skills Development Fund (2515SDF002)	
Skills Development Fund (2517SDF000)	
Texas Educational Opportunity Grant	

Dollar Threshold Used to Distinguish Between Type A and Type B Programs

Federal - \$750,000	
State - \$300,000	

Low Risk Auditee	Yes
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Part II Findings Related to the Financial Statements

None

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

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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net Investment in Capital Assets	\$ 27,620	\$ 25,065	\$ 23,451	\$ 21,019	\$ 18,670	\$ 15,298	\$ 13,420	\$ 13,066	\$ 13,664	\$ 13,102
Restricted - Expendable	3,509	3,138	2,962	2,748	2,360	2,713	3,359	3,172	2,750	1,241
Unrestricted	29,230	27,710	23,888	26,087	25,653	25,107	21,990	20,298	18,747	16,198
Total Primary Government Net Position	\$ 60,359	\$ 55,913	\$ 50,301	\$ 49,854	\$ 46,683	\$ 43,118	\$ 38,769	\$ 36,536	\$ 35,161	\$ 30,541

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

	For the Fiscal Year Ended August 31,									
	(amounts expressed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Tuition and Fees (Net of Discounts)	\$ 4,766	\$ 5,540	\$ 4,671	\$ 4,795	\$ 4,877	\$ 4,923	\$ 4,591	\$ 4,435	\$ 4,394	\$ 4,022
Governmental Grants and Contracts										
Federal Grants and Contracts	1,544	1,275	1,052	1,112	1,246	1,833	1,223	1,112	1,017	946
State Grants and Contracts	1,567	1,790	1,759	1,549	999	1,365	1,671	1,618	952	1,640
Non-Governmental Grants and Contracts	249	251	354	360	282	247	309	379	329	14
Sales & Services of Educational Activities	51	51	45	49	51	49	47	53	49	50
Auxiliary enterprises	628	725	869	1,549	1,860	1,701	2,082	2,027	2,518	2,552
Other Operating Revenue	200	221	153	273	200	181	240	190	161	153
Total Operating Revenues	<u>9,005</u>	<u>9,853</u>	<u>8,903</u>	<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>
State Appropriations	9,384	9,462	9,210	9,427	8,967	9,002	9,038	9,095	9,059	8,993
Ad Valorem Taxes	15,700	14,967	13,996	13,044	12,823	12,579	12,550	12,231	11,796	8,664
Federal Revenue, Non-Operating	6,862	7,641	8,493	9,228	9,745	11,188	11,802	9,092	4,963	3,180
Gifts	35	24	116	-	-	-	-	-	43	-
Investment Income	218	164	130	81	65	93	136	149	358	592
Gain on Disposition of Fixed Assets	-	70	-	-	-	-	-	-	-	-
Other non-operating revenues	-	-	-	1	-	-	-	1	-	-
Total Non-Operating Revenues	<u>32,199</u>	<u>32,328</u>	<u>31,945</u>	<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>
Total Revenues	<u>\$ 41,204</u>	<u>\$ 42,181</u>	<u>\$ 40,848</u>	<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>

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

For the Fiscal Year Ended August 31,

(amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction	\$ 13,272	\$ 13,419	\$ 13,007	\$ 12,953	\$ 12,660	\$ 13,236	\$ 13,088	\$ 12,498	\$ 11,237	\$ 10,379
Public Service	734	729	766	599	597	631	694	706	623	543
Academic Support	1,935	1,794	1,775	1,823	1,618	1,512	1,490	1,531	1,517	1,276
Student Services	2,945	2,764	2,752	2,632	2,218	2,155	2,264	2,098	1,972	2,013
Institutional Support	4,777	4,333	4,226	3,878	3,805	3,899	3,731	3,492	3,147	3,253
Operation and Maintenance of Plant	4,030	3,170	3,146	3,497	4,375	3,073	4,421	4,909	3,574	3,425
Scholarships and Fellowships	4,110	5,071	5,831	5,012	5,451	6,511	7,469	5,920	2,974	2,298
Auxiliary Enterprises	1,253	1,182	1,369	3,636	3,716	3,590	4,151	3,970	3,825	3,269
Depreciation Expense	2,308	2,302	2,229	2,096	2,047	1,990	1,790	1,405	1,085	988
Total Operating Expenses	<u>35,364</u>	<u>34,764</u>	<u>35,101</u>	<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>
Interest on Capital Related Debt	1,380	1,804	1,914	1,999	2,160	2,227	2,332	2,071	943	820
Loss on Disposal of Fixed Assets	15	-	2	-	21	-	36	417	132	67
Total Nonoperating Expenses	<u>1,395</u>	<u>1,804</u>	<u>1,916</u>	<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>
Total Expenses	<u>\$ 36,759</u>	<u>\$ 36,568</u>	<u>\$ 37,017</u>	<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>

**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	Technology Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District
	Matriculation Fee	Student ID Fee	International Fee								
2016	\$ 10	\$ 2	\$ -	\$ 49	\$ 87	\$ 20	\$ 7	\$ 5	\$ 984	\$ 1,440	5.13%
2015	10	2	-	49	87	16	7	5	936	1,392	13.04%
2014	10	2	-	49	87	12	7	-	828	1,284	9.52%
2013	10	2	-	47	87	8	7	-	756	1,236	3.28%
2012	10	2	-	45	80	8	7	-	732	1,152	15.09%
2011	10	2	-	42	74	8	2	-	636	1,020	10.42%
2010	10	2	-	37	64	8	2	-	576	900	4.35%
2009	10	2	-	35	54	8	2	-	552	780	0.00%
2008	10	2	-	35	54	8	2	-	552	780	4.55%
2007	10	2	-	33	44	8	2	-	528	660	

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	Technology Fee	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State
	Matriculation Fee	Student ID Fee	International Fee								
2016	\$ 10	\$ 2	\$ 225	\$ 133	\$ 133	\$ 20	\$ 7	\$ 5	\$ 1,992	\$ 2,217	2.47%
2015	10	2	225	133	133	16	7	5	1,944	2,169	5.88%
2014	10	2	225	133	133	12	7	-	1,836	2,061	2.68%
2013	10	2	225	133	133	8	7	-	1,788	2,013	2.76%
2012	10	2	225	129	129	8	7	-	1,740	1,965	8.21%
2011	10	2	225	123	123	8	2	-	1,608	1,833	8.06%
2010	10	2	225	113	113	8	2	-	1,488	1,713	8.77%
2009	10	2	225	103	103	8	2	-	1,368	1,593	0.00%
2008	10	2	225	103	103	8	2	-	1,368	1,593	9.62%
2007	10	2	225	93	93	8	2	-	1,248	1,473	

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)
2016 - 2017	\$ 12,705,357	\$ 3,860,473	\$ 8,844,884	69.62%	\$0.13612	\$0.04518	\$0.18130
2015 - 2016	12,029,730	3,691,533	8,338,197	69.31%	0.13384	0.04756	0.18140
2014 - 2015	11,303,968	3,527,285	7,776,683	68.80%	0.13059	0.05091	0.18150
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

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			State Appropriation per Contact Hour
		FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	
2016 - 2017	\$ 7,583	3,601	\$ 2,106	1,172	722	1,894	\$ 4.00
2015 - 2016	7,572	3,803	1,991	1,214	827	2,041	3.71
2014 - 2015	7,502	3,971	1,889	1,248	837	2,085	3.60
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

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)									
		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Panda Sherman Power LLC	Energy	\$ 276,203	\$ 309,565	\$ 396,130	\$ 261,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
UHS of Texoma, Inc.	Hospital	106,000	106,000	107,474	78,111	30,001	30,251	30,251	99,900	61,845	31,914
Oncor Electric	Utility	95,489	96,131	94,632	75,454	70,708	67,556	65,690	68,250	69,764	75,177
Sherman Town Center LP	Retail	60,662	55,133	49,343	47,955	46,291	45,316	44,295	43,125	43,236	49,469
Caterpillar Global	Manufacturing	45,761	85,964	50,645	55,699	-	-	-	-	-	-
Union Pacific Railroad	Transportation	43,470	49,407	47,257	42,079	41,162	33,596	33,616	34,277	33,798	30,712
Tyson Fresh Meats Inc.	Food	40,390	-	-	-	-	-	-	-	-	-
Sherman Commons	Retail	37,934	-	-	-	-	-	-	-	-	-
Gulf Crossing Pipeline Co	Energy	36,279	38,379	39,859	36,586	35,429	46,723	51,810	58,747	-	-
BNSF Railway Co	Transportation	34,745	34,359	30,582	-	29,067	-	-	-	-	-
Ruiz Foods	Food	-	33,336	-	-	-	-	-	-	-	-
Heritage Park	Hospital	-	33,288	-	-	-	-	-	-	-	-
Silver Creek Oil & Gas LLC	Energy	-	-	33,850	-	-	-	-	-	-	-
Texas Instruments	Manufacturing	-	-	31,326	34,413	-	-	-	27,981	39,745	-
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
Kwikset Corporation	Manufacturing	-	-	-	-	32,446	28,907	29,004	31,103	34,073	40,953
Sherman Grayson Hospital LLC	Hospital	-	-	-	-	30,816	42,530	42,333	27,309	-	-
Globitech Incorporated	Manufacturing	-	-	-	-	-	49,626	-	-	-	21,942
Universal Health Services	Medical	-	-	-	-	-	-	40,080	44,400	-	-
Energy Transfer Fuel LP	Energy	-	-	-	-	-	-	28,126	-	28,288	28,625
Verizon Southwest	Utility	-	-	-	-	-	-	-	-	22,691	30,765
MEMC Southwest, Inc.	Manufacturing	-	-	-	-	-	-	-	-	21,693	23,722
Totals		<u>\$ 776,933</u>	<u>\$ 841,562</u>	<u>\$ 881,098</u>	<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>
Total Taxable Assessed Value		<u>\$ 8,844,884</u>	<u>\$ 8,338,197</u>	<u>\$ 7,776,683</u>	<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>

**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
2017	\$ 15,494	\$ (20)	\$ 15,474	\$ 15,173	98.05%	\$ -	\$ -	\$ 15,173	98.05%
2016	14,644	(42)	14,602	14,012	95.96%	-	132	14,144	96.86%
2015	13,680	26	13,706	13,442	98.07%	224	32	13,698	99.94%
2014	12,825	6	12,831	12,546	97.78%	40	15	12,601	98.21%
2013	12,566	(49)	12,517	12,217	97.60%	17	9	12,243	97.81%
2012	12,384	(63)	12,321	11,973	97.18%	11	6	11,990	97.31%
2011	12,350	(92)	12,258	11,903	97.10%	8	4	11,915	97.20%
2010	12,064	(86)	11,978	11,535	96.30%	6	3	11,544	96.38%
2009	11,414	81	11,495	11,108	96.63%	3	2	11,113	96.68%
2008	8,261	122	8,383	8,126	96.93%	2	2	8,130	96.98%

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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Bonded Debt										
General Obligation Bonds	\$ 29,495	\$ 33,615	\$ 35,570	\$ 37,455	\$ 39,145	\$ 40,720	\$ 42,155	\$ 43,465	\$ 44,665	\$ 44,765
Less: Funds Restricted for Debt Service	(2,913)	(2,351)	(1,915)	(1,487)	(1,080)	(794)	(784)	(800)	(471)	-
Net General Bonded Debt	26,582	31,264	33,655	35,968	38,065	39,926	41,371	42,665	44,194	44,765
Other Debt										
Revenue Bonds	7,540	8,605	9,640	10,780	11,900	12,995	14,065	15,560	16,525	17,460
Notes and Capital Leases	-	-	62	103	141	180	217	67	93	119
Total Outstanding Debt	\$ 34,122	\$ 39,869	\$ 43,357	\$ 46,851	\$ 50,106	\$ 53,101	\$ 55,653	\$ 58,292	\$ 60,812	\$ 62,344
General Bonded Debt Ratios										
Per Capita	\$ 207.29	\$ 249.18	\$ 272.44	\$ 293.97	\$ 312.17	\$ 328.83	\$ 342.26	\$ 355.45	\$ 371.99	\$ 377.31
Per FTSE	7,382	8,002	8,475	8,322	8,687	8,475	8,331	9,396	11,254	12,827
As a percentage of Taxable Assessed Value	0.30%	0.37%	0.43%	0.49%	0.53%	0.56%	0.58%	0.62%	0.69%	0.76%
Total Outstanding Debt Ratios										
Per Capita	\$ 266.09	\$ 317.76	\$ 350.97	\$ 382.92	\$ 410.92	\$ 437.34	\$ 460.41	\$ 485.65	\$ 511.87	\$ 525.48
Per FTSE	9,476	10,205	10,918	10,840	11,435	11,272	11,207	12,837	15,486	17,864
As a Percentage of Taxable Assessed Value	0.39%	0.48%	0.56%	0.64%	0.70%	0.75%	0.78%	0.84%	0.95%	1.06%

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)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Taxable Assessed Value	<u>\$8,844,884</u>	<u>\$8,338,197</u>	<u>\$7,776,683</u>	<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>
General Obligations Bonds										
Statutory Tax Levy Limit for Debt Service	\$ 44,224	\$ 41,691	\$ 38,883	\$ 36,587	\$ 35,919	\$ 35,358	\$ 35,675	\$ 34,499	\$ 31,874	\$ 29,328
Less Funds Restricted for Repayment of General Obligation Bonds	<u>2,913</u>	<u>2,351</u>	<u>1,915</u>	<u>1,487</u>	<u>1,080</u>	<u>794</u>	<u>875</u>	<u>800</u>	<u>471</u>	<u>-</u>
Total Net General Obligation Debt	41,311	39,340	36,968	35,100	34,839	34,564	34,800	33,699	31,403	29,328
Current Year Debt Service Requirements	<u>3,348</u>	<u>3,419</u>	<u>3,408</u>	<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>
Excess of Statutory Limit for Debt Service over Current Requirements	<u>\$ 37,963</u>	<u>\$ 35,921</u>	<u>\$ 33,560</u>	<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>
Net Current Requirements as a % of Statutory Limit	<u>0.98%</u>	<u>2.56%</u>	<u>3.84%</u>	<u>4.89%</u>	<u>5.98%</u>	<u>6.66%</u>	<u>6.18%</u>	<u>6.41%</u>	<u>4.53%</u>	<u>3.43%</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	Technology Fee	Registration Fees	Laboratory Fees	Community Education Fees	Investment Income	Auxiliary Enterprises	Total	Principal	Interest	Total	
2017	\$ 1,515	\$ 1,718	\$ 604	\$ 431	\$ 223	\$ 391	\$ 347	\$ 201	\$ 502	\$ 5,932	\$ 1,065	\$ 262	\$ 1,327	4.47
2016	1,630	1,490	652	466	346	397	476	158	697	6,312	1,035	301	1,336	4.72
2015	1,653	1,151	671	-	257	306	310	128	829	5,305	1,140	335	1,475	3.60
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

**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>
2016	128,235	(a)	(a)	3.8%
2015	125,467	\$ 4,915,961,000	\$ 39,181	4.0%
2014	123,534	4,575,002,000	37,034	4.8%
2013	122,353	4,416,638,000	36,098	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	31,841	8.4%
2009	120,030	3,848,851,000	32,066	8.1%
2008	118,804	3,624,919,000	30,512	5.3%
2007	118,641	3,412,174,000	28,760	4.7%

(a) Information is not yet available

Sources:

Population from U.S. Bureau of Census

Personal 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			Nine Years Prior		
Employer	Number of Employees	Percentage of Total County Employment	Employer	Number of Employees	Percentage of Total County Employment
Texoma Health Care Systems	2,750 - 2,999	4.91%	Tyson Fresh Meats	1,250 - 1,499	2.59%
Tyson Fresh Meats	1,500 - 1,749	2.78%	Wilson N. Jones Regional Health Systems	1,000 - 1,249	2.12%
Texas Instruments	1,000 - 1,249	1.92%	Texoma Health Care Systems	1,000 - 1,249	2.12%
Ruiz Foods	1,000 - 1,249	1.92%	Texas Instruments	1,000 - 1,249	2.12%
Sherman ISD	1,000 - 1,249	1.92%	CIGNA Company	1,000 - 1,249	2.12%
CIGNA Company	500 - 749	1.07%	Sherman ISD	750 - 999	1.65%
Denison ISD	500 - 749	1.07%	Ruiz Foods	500 - 749	1.18%
Texas Health Presbyterian - WNJ	500 - 749	1.07%	Denison ISD	500 - 749	1.18%
Grayson County	500 - 749	1.07%	Trailblazer	250 - 499	0.71%
Caterpillar, Inc.	250 - 499	0.64%	Grayson County	250 - 499	0.71%
Total	9,500 - 11,990		Total	7,500 - 9,990	

Source:

Texas Workforce Commission

Notes:

Percentages are calculated using the midpoints of the ranges.

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

	For the Year Ended August 31,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Faculty										
Full-Time	108	108	108	100	98	97	97	95	90	86
Part-Time	169	150	131	143	135	154	150	124	116	118
Total	<u>277</u>	<u>258</u>	<u>239</u>	<u>243</u>	<u>233</u>	<u>251</u>	<u>247</u>	<u>219</u>	<u>206</u>	<u>204</u>
 Percent										
Full-Time	39.0%	41.9%	45.2%	41.2%	42.1%	38.6%	39.3%	43.4%	43.7%	42.2%
Part-Time	61.0%	58.1%	54.8%	58.8%	57.9%	61.4%	60.7%	56.6%	56.3%	57.8%
 Staff and Administrators										
Full-Time	151	146	136	135	132	129	136	135	134	130
Part-Time	-	-	-	-	-	-	-	-	-	-
Total	<u>151</u>	<u>146</u>	<u>136</u>	<u>135</u>	<u>132</u>	<u>129</u>	<u>136</u>	<u>135</u>	<u>134</u>	<u>130</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	33.3	35.2	36.8	43.2	44.7	48.6	51.2	47.8	43.6	40.6
FTSE per Full-Time Staff Member	23.8	26.0	29.2	32.0	33.2	36.5	36.5	33.6	29.3	26.8
 Average Annual Faculty Salary	\$ 55,477	\$ 55,085	\$ 54,443	\$ 53,822	\$ 53,725	\$ 53,695	\$ 54,762	\$ 53,734	\$ 53,058	\$ 47,740

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

<u>Student Classification</u>	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	2,885	63.80%	2,903	61.54%	2,465	51.57%	3,184	61.16%	3,130	61.36%
31-60 hours	1,017	22.49%	1,075	22.79%	988	20.67%	1,250	24.01%	1,198	23.49%
> 60 hours	620	13.71%	739	15.67%	1,327	27.76%	772	14.83%	773	15.15%
Total	<u>4,522</u>	<u>100.00%</u>	<u>4,717</u>	<u>100.00%</u>	<u>4,780</u>	<u>100.00%</u>	<u>5,206</u>	<u>100.00%</u>	<u>5,101</u>	<u>100.00%</u>

<u>Semester Hour Load</u>	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	12	0.27%	619	13.12%	13	0.27%	17	0.33%	12	0.24%
3-5 semester hours	867	19.17%	1,009	21.39%	765	16.00%	839	16.12%	829	16.25%
6-8 semester hours	1,246	27.55%	1,248	26.46%	1,102	23.05%	1,173	22.53%	1,143	22.41%
9-11 semester hours	700	15.48%	719	15.24%	877	18.35%	940	18.06%	966	18.94%
12-14 semester hours	1,196	26.45%	831	17.62%	1,470	30.77%	1,679	32.24%	1,693	33.18%
15-17 semester hours	428	9.46%	245	5.19%	472	9.87%	482	9.26%	395	7.74%
18 & over	73	1.62%	46	0.98%	81	1.69%	76	1.46%	63	1.24%
Total	<u>4,522</u>	<u>100.00%</u>	<u>4,717</u>	<u>100.00%</u>	<u>4,780</u>	<u>100.00%</u>	<u>5,206</u>	<u>100.00%</u>	<u>5,101</u>	<u>100.00%</u>

<u>Tuition Status</u>	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	3,493	77.24%	3,557	75.41%	3,551	74.29%	3,736	71.76%	3,666	71.86%
Texas Resident (Out-of-District)	869	19.22%	1,027	21.77%	1,002	20.96%	1,116	21.44%	1,121	21.98%
Non-Resident Tuition	160	3.54%	133	2.82%	227	4.75%	354	6.80%	314	6.16%
Total	<u>4,522</u>	<u>100.00%</u>	<u>4,717</u>	<u>100.00%</u>	<u>4,780</u>	<u>100.00%</u>	<u>5,206</u>	<u>100.00%</u>	<u>5,101</u>	<u>100.00%</u>

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

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	2,702	59.75%	2,778	58.89%	2,900	60.67%	3,103	59.60%	3,155	61.85%
Male	1,820	40.25%	1,939	41.11%	1,880	39.33%	2,103	40.40%	1,946	38.15%
Total	<u>4,522</u>	<u>100.00%</u>	<u>4,717</u>	<u>100.00%</u>	<u>4,780</u>	<u>100.00%</u>	<u>5,206</u>	<u>100.00%</u>	<u>5,101</u>	<u>100.00%</u>

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Ethnic Origin										
White	3,246	71.77%	3,389	71.84%	3,397	71.07%	3,759	72.20%	3,737	73.27%
African American	595	13.16%	634	13.44%	640	13.39%	637	12.24%	547	10.72%
Hispanic	325	7.19%	313	6.64%	347	7.26%	352	6.76%	319	6.25%
Multi-Racial	143	3.16%	181	3.84%	179	3.74%	208	4.00%	198	3.88%
Native American	145	3.21%	123	2.61%	129	2.70%	112	2.15%	111	2.18%
International	27	0.60%	27	0.57%	46	0.96%	84	1.61%	124	2.43%
Asian	41	0.91%	50	1.06%	42	0.88%	54	1.04%	65	1.27%
Total	<u>4,522</u>	<u>100.00%</u>	<u>4,717</u>	<u>100.00%</u>	<u>4,780</u>	<u>100.00%</u>	<u>5,206</u>	<u>100.00%</u>	<u>5,101</u>	<u>100.00%</u>

	Fall 2016		Fall 2015		Fall 2014		Fall 2013		Fall 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Age										
Under 18	1,057	23.38%	966	20.47%	194	4.06%	865	16.62%	811	15.90%
18-19	1,049	23.20%	1,055	22.37%	1,130	23.64%	1,054	20.23%	1,022	20.03%
20-21	597	13.20%	577	12.23%	832	17.41%	699	13.43%	666	13.06%
22-24	489	10.81%	530	11.24%	691	14.46%	610	11.72%	572	11.21%
25-29	478	10.57%	533	11.30%	657	13.74%	637	12.24%	601	11.78%
30-34	297	6.57%	348	7.38%	401	8.39%	409	7.86%	462	9.06%
35-39	176	3.89%	230	4.88%	270	5.65%	260	4.99%	291	5.70%
40-49	264	5.84%	326	6.91%	407	8.51%	438	8.41%	425	8.33%
50-64	105	2.32%	141	2.99%	182	3.81%	220	4.23%	239	4.69%
65 & over	10	0.22%	11	0.23%	16	0.33%	14	0.27%	12	0.24%
Total	<u>4,522</u>	<u>100.00%</u>	<u>4,717</u>	<u>100.00%</u>	<u>4,780</u>	<u>100.00%</u>	<u>5,206</u>	<u>100.00%</u>	<u>5,101</u>	<u>100.00%</u>

Average Age	24	26	26	26	26
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Grayson College
Transfers to Senior Texas Institutions
2015 - 2016 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	2	1		3	0.68%
Lamar University	2			2	0.45%
Midwestern State University	12	2	1	15	3.41%
Prairie View A & M University	1			1	0.23%
Sam Houston State University	4	1		5	1.14%
Stephen F. Austin State University	25		2	27	6.14%
Tarleton State University	20	3	1	24	5.45%
Texas A & M University	30	1		31	7.05%
Texas A & M University at Commerce	48	10	1	59	13.40%
Texas A & M University at Corpus Christi	4			4	0.91%
Texas A & M University at Galveston	1			1	0.23%
Texas A & M University at San Antonio	1			1	0.23%
Texas A & M University at Texarkana	1			1	0.23%
Texas Southern University	1			1	0.23%
Texas State University	14			14	3.18%
Texas Tech University	31	2		33	7.50%
Texas Tech University Health Sciences Center	1	1	1	3	0.68%
Texas Woman's University	33			33	7.51%
The University of Texas at Arlington	12	17	2	31	7.06%
The University of Texas at Austin	8	1		9	2.05%
The University of Texas at Dallas	15	2	1	18	4.09%
The University of Texas at San Antonio	2			2	0.45%
The University of Texas at Tyler	3	9		12	2.73%
The University of Texas of the Permian Basin	2			2	0.45%
The University of Texas Medical Branch at Galveston	1	1		2	0.45%
University of Houston	1			1	0.23%
University of North Texas	92	9	3	104	23.61%
West Texas A & M University	1			1	0.23%
Totals	368	60	12	440	100.00%

Grayson College
Capital Asset Information
Fiscal Years 2013 to 2017
(Unaudited)

	Fiscal Year				
	2017	2016	2015	2014	2013
Academic Buildings	21	21	21	21	20
Square Footage	426,515	426,515	426,515	426,515	407,848
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	30,003	30,003
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	16	16	16	24
Buses	2	2	2	2	3