

Grayson County College
Annual Financial Report
August 31, 2007

**Grayson County College
Annual Financial Report
Year Ended August 31, 2007**

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Grayson County College
Organizational Data
For the Fiscal Year 2006 - 2007

Board of Trustees

Officers

		<u>Term Expires</u>
Mrs. Ruby Jo Williams	President	2013
Dr. Mary Moses	Vice-President	2011
Ms. Janet Gott	Secretary	2011

Members

Mr. Jack Norman	Howe, Texas	2011
Mr. Bill McFatridge	Whitewright, Texas	2009
Mr. Ralph Jones	Denison, Texas	2013
Mr. Bobby Brown	Denison, Texas	2009

Principal Administrative and Business Officers

Dr. Alan Scheibmeir	President
Mr. Giles Brown	Vice President for Business Services
Dr. Jeanie Hardin	Vice President for Instruction
Mr. Gary Paikowski	Vice President for Information Technology
Dr. John Partin	Vice President for South Campus
Dr. Roy Renfro	Vice President for Resource and Community Development
Mr. Wendell Williams	Vice President for Student Services
Mr. Daniel Hyatt	Director of Fiscal Services



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DAROLD P. ADAMI, JR.
BELINDA W. DEVINCENTIS

Independent Auditor's Report

Board of Trustees
Grayson County College
Denison, Texas

Members of the Board:

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Grayson County College (College) as of and for the years ended August 31, 2007 and 2006, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and discretely presented component unit of Grayson County College as of August 31, 2007 and 2006, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2007 on our consideration of the College's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated all material respects in relation to the basic financial statements taken 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 express no opinion on them.

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

December 19, 2007

Sherman, Texas

**GRAYSON COUNTY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2007**

Our discussion and analysis of Grayson County College's financial performance provides an overview of the College's financial activities for the fiscal year ended August 31, 2007. It should be read in conjunction with the College's financial statements which follow.

FINANCIAL HIGHLIGHTS

- Grayson County College's total net assets increased \$3,851,654, or 14.77% as a result of this year's operations. This compares with an increase in total net assets of \$3,859,816 in the prior fiscal year.
- Operating revenues increased by \$1,841,405 to \$13,087,568. Significant increases occurred in Tuition and Fees and Federal Grants and Contracts.
- Operating expenses increased \$2,158,098, with the largest increase being in the Instruction category.
- Net Non-Operating Revenues increased \$1,274,531, with the most significant increase coming in Ad Valorem Taxes.
- In the fiscal year ended August 31, 2006, the College received Capital Grants totaling \$966,000 dealing with the construction of the Center for Workplace Learning. There were no similar grants in the fiscal year ended August 31, 2007.
- In May 2007 voters approved a \$44,790,000 general obligation bond to complete the renewal of the College's facilities. The entire authorization will be issued in fiscal year 2007-2008, and the corresponding capital improvements are scheduled to be complete by 2010.

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 Assets*, *the Statement of Revenue, Expenses, and Changes in Net Assets* and *the Statement of Cash Flows*. These statements comply with all the Statements issued by the Governmental Accounting Standards Board (GASB) that are currently in effect. Most significantly, they comply with GASB Statements 34 and 35, which are landmark pronouncements that changed the basic structure of financial reporting for governmental entities.

The *Statement of Net Assets* reflects assets, liabilities and net assets at a particular date of measurement, in this case August 31, 2007. In many respects it is similar to a balance sheet. The elements of the statement are classified as Current Assets, Non-Current Assets, Current Liabilities, Non-Current Liabilities, and Net Assets. The term "Net Assets" replaces the former term "Fund Balance." Net Assets are further broken down as Invested in Capital Assets, Restricted, and Unrestricted.

The *Statement of Revenues, Expenses and Changes in Net Assets* provides information on the change in Net Assets from the end of the prior fiscal year to the end of the current fiscal year by reporting on Operating Revenues, Operating Expenses, Non-Operating Revenues and Expenses and Other Revenues and Expenses. Operating Income (Loss), which is the net of Operating Revenue and Operating Expenses, shows the financial result of the College's operations. Significantly, appropriations from the State of Texas and ad valorem taxes from local property owners are reported in Non-Operating Revenues and Expenses because they do not come from our users, but rather from taxes on those that do not directly benefit from our services.

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

CONDENSED COMPARATIVE FINANCIAL INFORMATION

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

Condensed Statement of Net Assets August 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<u>Assets</u>		
Capital assets (net accumulated depreciation)	\$29,494,394	\$26,893,715
All other assets	<u>23,169,365</u>	<u>21,755,221</u>
Total assets	<u>52,663,759</u>	<u>48,648,936</u>
<u>Liabilities</u>		
Non-current liabilities	17,679,595	18,441,928
All other liabilities	<u>5,047,575</u>	<u>4,122,073</u>
Total liabilities	<u>22,727,170</u>	<u>22,564,001</u>
<u>Net Assets</u>		
Invested in capital assets (net of related debt)	11,667,183	9,567,384
Restricted	2,343,076	2,185,493
Unrestricted	<u>15,926,330</u>	<u>14,332,058</u>
Total Net Assets	<u>\$29,936,589</u>	<u>\$26,084,935</u>

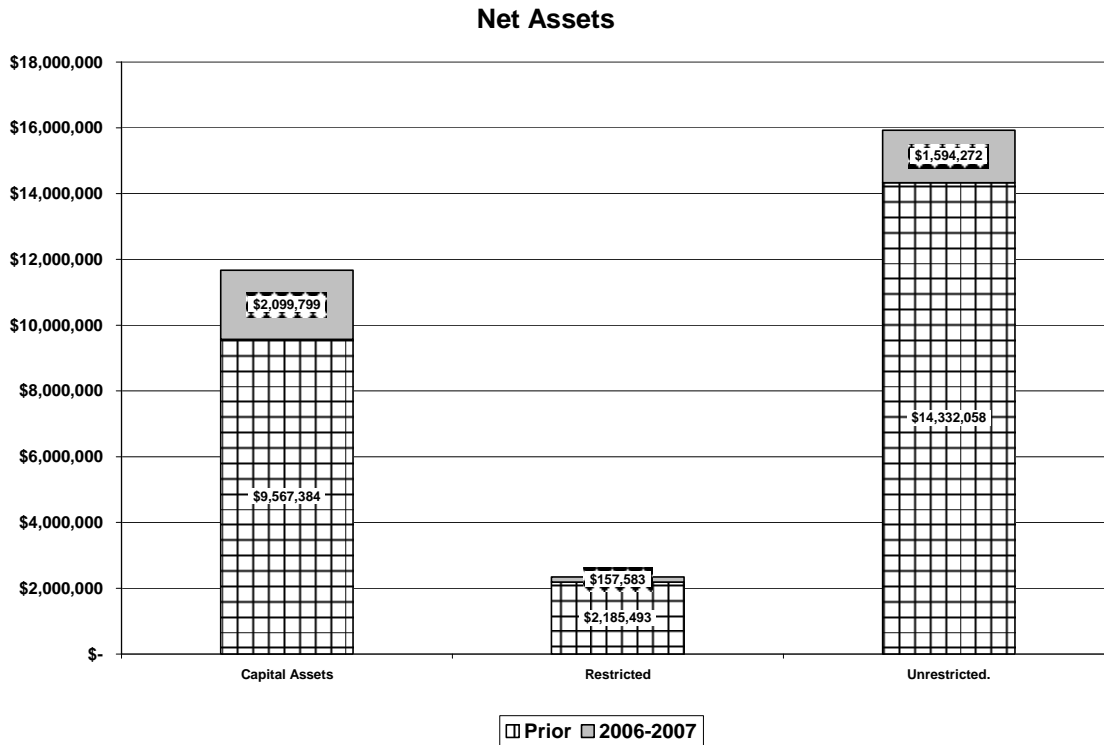
**Condensed Statement of Revenues, Expenses and Changes in Net Assets
for Years Ended August 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<u>Operating Revenue</u>		
Tuition and fees (net of discounts)	\$ 3,832,207	\$ 3,288,404
Operating grants and contracts	6,734,624	5,676,829
Auxiliary enterprises (net of discounts)	2,199,381	2,045,742
Other operating revenues	321,356	235,188
Total Operating Revenues	<u>13,087,568</u>	<u>11,246,163</u>
<u>Operating Expenses</u>		
Instruction	11,242,132	9,864,357
Public service	448,295	473,277
Academic support	1,175,003	943,558
Student services	1,659,508	1,509,510
Institutional support	2,731,055	2,567,769
Operation and maintenance of plant	3,038,230	2,764,836
Scholarships and fellowships	1,852,951	1,999,340
Auxiliary enterprises	3,025,394	3,036,642
Depreciation	887,136	742,317
Total Operating Expenses	<u>26,059,704</u>	<u>23,901,606</u>
<u>Operating Income (Loss)</u>	(12,972,136)	(12,655,443)
<u>Non-Operating Revenues (Expenses)</u>		
State appropriations	8,468,915	8,371,631
Ad valorem taxes	8,451,110	7,401,379
Net other non-operating revenues (expenses)	(106,235)	(233,751)
Net Non-Operating Revenues (Expenses)	<u>16,813,790</u>	<u>15,539,259</u>
<u>Income before Other Revenues (Expenses)</u>	3,841,654	2,883,816
<u>Other Revenues (Expenses) and Transfers</u>	<u>10,000</u>	<u>976,000</u>
<u>Increase in Net Assets</u>	3,851,654	3,859,816
<u>Net Assets - Beginning of Year</u>	26,084,935	22,225,119
<u>Net Assets - End of Year</u>	<u>\$29,936,589</u>	<u>\$ 26,084,935</u>

DISCUSSION OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

Net Assets for Grayson County College increased \$3,851,654, or 14.77% in the twelve month period that ended August 31, 2007. This level of increase was essentially unchanged from the increase in the prior fiscal year, which totaled \$3,859,816.

Net Assets are classified as Invested in Capital Assets, Restricted, or Unrestricted. Invested in Capital Assets includes real or personal property with an initial value of \$5,000 or more and an estimated useful life of more than two years. It is net of related debt. This category increased \$2,099,799 as the College continued in renewal of its physical assets. Restricted Net Assets include holdings for student financial aid programs, endowments, capital projects and various gifts and grants. This category grew \$157,583. Unrestricted Net Assets are those resources invested in the primary educational operations of the College, as well as its auxiliary services. The increase in Unrestricted Net Assets was \$1,594,272. The graph below shows the increases for fiscal year 2006-2006, by category. It also shows the balances that accumulated from prior fiscal years.



The *Statement of Revenues, Expenses and Changes in Net Assets*, found in the following section of this Annual Financial Report, provides details of the growth in Net Assets. As noted above, Net Assets grew approximately the same amount in fiscal year 2006-2007 as it did in the prior fiscal year. However, the manner that growth occurred differed between the years. Compared to the prior year, Operating Revenues increased by \$1,841,405. This was primarily due to increases in Tuition and Federal Grants. Operating Expenses increased \$2,158,098, with the largest increase coming from the

Instruction category. An increase in ad valorem taxes explains the majority of the increase in Non-Operating Revenue, net of Non-Operating Expenses. Other Revenues decreased by \$966,000 because a grant for the Center for Workplace Learning was received in fiscal year 2005-2006 and no similar grant was received in the most recent fiscal year.

The Grayson County College Foundation is a component unit of Grayson County 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 statements to be presented separately in a format known as a discrete presentation. For fiscal year 2006-2007, the Net Assets of the Foundation increased \$195,905. This compares with an increase of \$441,891 in the prior fiscal year. The increase was lower in 2006-2007 than in 2005-2006 because Gifts and Contributions were \$135,990 less. This is primarily due to a large, non-recurring gift that was received in 2005-2006. Additionally, Interest/Investment Income is considerably smaller in fiscal year 2006-2007 than it was in the prior fiscal year. This reflects the conversion of a real estate investment to a capital asset for utilization in instructional programs by the Foundation and the College. Interest/Investment Income included a negative entry of \$140,314 on this conversion, because a portion of the assets did not meet the Foundation's capital asset capitalization policy.

During fiscal year 2006-2007 the College continued its program of renewing its facilities. In that period, building improvements totaled \$3,547,840. The improvements in the Science Building and the Center for Interdisciplinary Studies were essentially completed, along with significant improvements in the College's heating and air conditioning system and the addition of an elevator. The renovation of the Liberal Arts Building began in fiscal year 2006-2007 and is scheduled to be complete by January 2008. That total project is budgeted at \$2,400,000. More information on the College's capital assets can be found in Note 5 of the accompanying financial statements.

In May 2007, voters approved a \$44,790,000 general obligation bond issue to complete the renewal of the College's facilities. The first \$9,630,000 of the authorization was sold in November 2007, with the remainder of the authorization to be sold in January 2008. The corresponding capital improvements are scheduled to be complete by 2010. In addition to the new bond issues, the College had three outstanding bond issues as of August 31, 2007. All three issues were for the purpose of constructing, improving, enlarging, equipping and maintaining the College's facilities. As of August 31, 2007 the outstanding principal balance of the 2002 issue was \$4,260,000, the outstanding principal balance of the 2003 issue was \$5,180,000 and the outstanding principal balance of the 2004 issue was \$8,920,000. The College was in compliance with all the covenants governing these issues. More information on the College's long term debt can be found in Note 7 of the accompanying financial statements.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

The financial report is designed to provide our 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. If you have questions about this report or need additional financial information, contact the Vice President for Business Services, Grayson County College, 6101 Grayson Drive, Denison, Texas, 75020.

Basic Financial Statements

**Grayson County College
Statement of Net Assets
August 31, 2007 and 2006**

Exhibit 1

	2007	2006
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 9,420,016	\$ 2,752,285
Short-Term Investments	7,008,443	9,728,163
Receivables (net of allowance for doubtful / uncollectible accounts)	1,437,311	2,319,092
Prepaid Expenses	311,893	392,392
Inventories for Resale	519,795	477,159
Total Current Assets	18,697,458	15,669,091
Noncurrent Assets		
Endowment Investments	1,901,662	1,807,980
Other Long-Term Investments	1,978,650	3,649,000
Capital Assets (net of accumulated depreciation)	29,494,394	26,893,715
Bond Issuance Costs (net of accumulated amortization)	591,595	629,150
Total Noncurrent Assets	33,966,301	32,979,845
Total Assets	52,663,759	48,648,936
LIABILITIES		
Current Liabilities		
Accounts Payable	1,507,424	576,435
Accrued Liabilities	210,962	222,359
Funds Held for Others	646,232	581,720
Due to Affiliated Organizations	502,260	532,049
Deferred Revenues	1,233,927	1,241,654
Deposits Payable	31,630	36,005
Notes and Leases Payable (current portion)	23,412	59,750
Bonds Payable (current portion)	891,728	872,101
Total Current Liabilities	5,047,575	4,122,073
Noncurrent Liabilities		
Accrued Compensated Absences	175,928	165,395
Notes and Leases Payable (net of current portion)	118,865	--
Bonds Payable (net of current portion)	17,384,802	18,276,533
Total Noncurrent Liabilities	17,679,595	18,441,928
Total Liabilities	22,727,170	22,564,001
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	11,667,183	9,567,384
Restricted for:		
Student Financial Aid Programs	365,840	248,388
Instructional Programs	43,938	38,408
Loans	44,828	44,726
Endowments - Expendable	1,482,467	1,454,441
Endowments - Nonexpendable	397,927	389,117
Other	8,076	10,413
Unrestricted	15,926,330	14,332,058
Total Net Assets (Schedule D)	\$ 29,936,589	\$ 26,084,935

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

**Grayson County College
Affiliated Organizations
Statement of Financial Position
August 31, 2007 and 2006**

	Grayson County College Foundation, Inc.	
	<u>2007</u>	<u>2006</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,000,285	\$ --
Due from Grayson County College	502,260	532,049
Short-Term Investments	69,658	772,249
Accrued Interest Receivable	5,325	10,221
Total Current Assets	<u>1,577,528</u>	<u>1,314,519</u>
Noncurrent Assets		
Long-Term Investments	2,004,864	2,528,606
Capital Assets (net of accumulated depreciation)	543,531	97,300
Total Noncurrent Assets	<u>2,548,395</u>	<u>2,625,906</u>
Total Assets	<u>\$ 4,125,923</u>	<u>\$ 3,940,425</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Other Liabilities	\$ 52,605	\$ 63,012
Total Current Liabilities	<u>52,605</u>	<u>63,012</u>
Noncurrent Liabilities		
	<u>--</u>	<u>--</u>
Total Liabilities	<u>52,605</u>	<u>63,012</u>
Net Assets		
Unrestricted	543,531	97,300
Temporarily Restricted	601,275	651,359
Permanently Restricted	2,928,512	3,128,754
Total Net Assets	<u>4,073,318</u>	<u>3,877,413</u>
Total Liabilities and Net Assets	<u>\$ 4,125,923</u>	<u>\$ 3,940,425</u>

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

Grayson County College
Statement of Revenues, Expenses and Changes in Net Assets
Years Ended August 31, 2007 and 2006

Exhibit 2

	2007	2006
Operating Revenues		
Tuition and Fees (net of discounts of \$1,653,583 and \$1367,484)	\$ 3,832,207	\$ 3,288,404
Federal Grants and Contracts	5,398,880	4,393,248
State Grants and Contracts	1,326,068	1,265,511
Non-Governmental Grants and Contracts	9,676	18,070
Sales and Services of Educational Activities	45,395	38,408
Investment Income (Program Restricted)	97,294	57,792
Auxiliary Enterprises (net of discounts of \$671,765 and \$603,713)	2,199,381	2,045,742
Other Operating Revenues	178,667	138,988
Total Operating Revenues (Schedule A)	13,087,568	11,246,163
Operating Expenses		
Instruction	11,242,132	9,864,357
Public Service	448,295	473,277
Academic Support	1,175,003	943,558
Student Services	1,659,508	1,509,510
Institutional Support	2,731,055	2,567,769
Operation and Maintenance of Plant	3,038,230	2,764,836
Scholarships and Fellowships	1,852,951	1,999,340
Auxiliary Enterprises	3,025,394	3,036,642
Depreciation	887,136	742,317
Total Operating Expenses (Schedule B)	26,059,704	23,901,606
Operating Income (Loss)	(12,972,136)	(12,655,443)
Non-Operating Revenues (Expenses)		
State Appropriations	8,468,915	8,371,631
Ad-Valorem Taxes for Maintenance and Operations	8,451,110	7,401,379
Investment Income (Net of Investment Expenses)	891,343	706,171
Interest on Capital Related Debt	(792,459)	(816,745)
Gain (Loss) of Disposition of Property	(205,221)	(123,503)
Other Non-Operating Revenues (Expenses)	102	326
Net Non-Operating Revenues (Expenses) (Schedule C)	16,813,790	15,539,259
Income Before Other Revenues (Expenses) and Gains (Losses)	3,841,654	2,883,816
Other Revenues (Expenses) and Gains (Losses)		
Capital Grants - Federal	--	6,000
Capital Grants - Local	--	960,000
Total Other Revenues (Expenses) and Gains (Losses)	--	966,000
Income Before Transfers	3,841,654	3,849,816
Transfer from GCC Foundation (Component Unit)	10,000	10,000
Increase in Net Assets	3,851,654	3,859,816
Net Assets - Beginning of Year	26,084,935	22,225,119
Net Assets - End of Year	\$ 29,936,589	\$ 26,084,935

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

**Grayson County College
Affiliated Organizations
Statement of Activities
Years Ended August 31, 2007 and 2006**

	Grayson County College Foundation, Inc.	
	2007	2006
Revenues		
Gifts and Contributions	\$ 489,301	\$ 625,291
Gifts in Kind - Grayson County College	174,671	189,955
Interest / Investment Income	4,967	92,914
Unrealized Investment Income	66,026	62,942
Total Revenues	734,965	971,102
Expenses		
Salary and Wages	140,647	159,326
Services and Supplies	249,035	270,268
Scholarships	125,583	86,917
Depreciation	13,795	2,700
Total Expenses	529,060	519,211
Income Before Transfers	205,905	451,891
Transfer to Grayson County College	(10,000)	(10,000)
Change in Net Assets	195,905	441,891
Net Assets - Beginning of Year	3,877,413	3,435,522
Net Assets - End of Year	\$ 4,073,318	\$ 3,877,413

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

Grayson County College
Statement of Cash Flows
Years Ended August 31, 2007 and 2006

	2007	2006
Cash Flows from Operating Activities		
Receipts from Students and Other Customers	\$ 6,216,044	\$ 5,514,214
Receipts of Grants and Contracts	7,273,364	5,379,269
Collection of Loans to Students and Employees	62	253
Restricted Investment Income	97,294	57,792
Payments to or on Behalf of Employees	(12,283,276)	(11,844,316)
Payments to Suppliers for Goods and Services	(8,439,564)	(7,644,272)
Payments of Scholarships	(1,852,951)	(1,999,340)
Net Cash (Used in) Operating Activities	(8,989,027)	(10,536,400)
 Cash Flows from Noncapital Financing Activities		
Ad-Valorem Tax Revenues	8,440,478	7,375,735
Receipts of State Appropriations	6,539,101	6,539,100
Receipts from Student Organizations and Other Agency Transactions	1,477,967	1,413,722
Payments to Student Organizations and Other Agency Transactions	(1,443,244)	(1,735,081)
Transfer from GCC Foundation (Component Unit)	10,000	10,000
Other	102	326
Net Cash Provided by Noncapital Financing Activities	15,024,404	13,603,802
 Cash Flows from Capital and Related Financing Activities		
Capital Contracts, Gifts and Grants	320,000	649,059
Proceeds from Sale of Capital Assets	--	--
Purchases of Capital Assets	(3,291,381)	(5,496,764)
Payment on Capital Debt and Leases	(1,650,799)	(1,644,295)
Net Cash (Used in) Capital and Related Financing Activities	(4,622,180)	(6,492,000)
 Cash Flows from Investing Activities		
Proceeds from Sale and Maturity of Investments	11,645,326	19,331,735
Investment Earnings	882,168	750,578
Purchase of Investments	(7,272,960)	(19,123,382)
Net Cash Provided by Investing Activities	5,254,534	958,931
 Increase (Decrease) in Cash and Cash Equivalents	6,667,731	(2,465,667)
 Cash and Cash Equivalents - Beginning of Year	2,752,285	5,217,952
 Cash and Cash Equivalents - End of Year	\$ 9,420,016	\$ 2,752,285

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

	<u>2007</u>	<u>2006</u>
Reconciliation of Operating Income (Loss) to Net Cash (Used in) Operating Activities		
Operating Income (Loss)	\$ (12,972,136)	\$ (12,655,443)
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used in) Operating Activities		
Depreciation	887,136	742,317
State-Paid Employee Benefits	1,929,814	1,832,531
Change in Assets and Liabilities		
Receivables (net)	505,610	(294,071)
Prepaid Expenses	80,499	(154,837)
Inventories for Resale	(42,636)	194,304
Accounts Payable	634,544	(159,973)
Accrued Liabilities	244	(40,752)
Deferred Revenues	(7,727)	(9,226)
Deposits Payable	(4,375)	8,750
Total Adjustments	<u>3,983,109</u>	<u>2,119,043</u>
Net Cash (Used in) Operating Activities	<u>\$ (8,989,027)</u>	<u>\$ (10,536,400)</u>

SUPPLEMENTARY SCHEDULE TO STATEMENT OF CASH FLOWS

Noncash Investing, Capital and Financing Activities

Retirement of Long-Term Debt by Return / Sale of Equipment	<u>\$ 42,584</u>	<u>\$ --</u>
--	------------------	--------------

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

**Grayson County College
Affiliated Organizations
Statement of Cash Flows
Years Ended August 31, 2007 and 2006**

	Grayson County College Foundation, Inc.	
	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 195,905	\$ 441,891
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	13,795	2,700
Net Gains on Investments	(10,964)	(92,551)
Change in Operating Assets and Liabilities:		
Due from Grayson County College	29,789	456,187
Accrued Interest Receivable	4,896	(4,896)
Net Cash Provided by Operating Activities	<u>233,421</u>	<u>803,331</u>
Cash Flows from Investing Activities		
Purchases of Investments	(129,444)	(939,042)
Proceeds from Sale of Investments	896,308	160,711
Purchases of Capital Assets	--	--
Net Cash Used in Investing Activities	<u>766,864</u>	<u>(778,331)</u>
Cash Flows from Financing Activities		
Retirement of Note Payable	--	(25,000)
Net Cash Used in Financing Activities	<u>--</u>	<u>(25,000)</u>
Net Increase in Cash	1,000,285	--
Cash - Beginning of Year	<u>--</u>	<u>--</u>
Cash - End of Year	<u>\$ 1,000,285</u>	<u>\$ --</u>

SUPPLEMENTARY SCHEDULE TO STATEMENT OF CASH FLOWS

Noncash Investing, Capital and Financing Activities		
Conversion of Investment Property to Capital Assets	<u>\$ 460,026</u>	<u>\$ --</u>

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

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 1 - REPORTING ENTITY

Grayson County 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.

Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* (as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*), establishes the standards for defining and reporting on the financial reporting entity. This statement defines the financial reporting entity as consisting of (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A primary government is financially accountable for those organizations if the primary government appoints a voting majority of an organization's governing body, and either can impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The College is considered to be a special purpose, primary government according to this standard. Although the College receives funding from local, state and federal agencies and must comply with the spending, reporting and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity. One organization, the Grayson County College Foundation (Foundation) meets the criteria of GASB Statements No. 14 and 39 and has been presented as a discrete component unit of the College (see Note 15).

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 applicable GASB pronouncements and all applicable Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The College has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The College is reported as a special-purpose government engaged in business-type activities.

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB Statement No. 34) established a new financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities to the already required fund financial statements and notes. GASB Statement No. 34 also requires governments to present its net assets (or equity) into the following three components:

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

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

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

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Operating revenues include charges for services and program-specific grants and contributions. Charges for services include assessments to students and others who purchase, use or directly benefit from the goods, services or privileges provided. Revenues in this category include tuition and fees, and sales of auxiliary or educational activities. Program-specific grants and contributions arise from nonexchange transactions with other governments, organizations or individuals that are restricted for use in a particular program. Revenues in this category include program-specific grants and contracts with federal, state and other organizations, and investment income restricted to a specific program.

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

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.

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

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

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, 2006, was \$8,022,443,000. Exemptions and abatements of \$2,479,299,000 are allowed, resulting in a taxable value of \$5,543,144,000. The tax levy of \$8,189,386 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, 2007 to finance Unrestricted Current Fund operations were \$0.14774 per \$100 valuation. No taxes are assessed for debt service.

Property tax collections during the year ended August 31, 2007 were \$8,024,954 for current taxes, \$216,581 for delinquent taxes, and \$178,396 for penalties, interest and attorney fees. Tax collections for the year ended August 31, 2007 were 99% of the current tax levy. Other taxes (from non-property sources) collected during the year ended August 31, 2007 totaled \$20,846.

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. Inventories

Goods held for resale by the College's auxiliary enterprises as of August 31, 2007 and 2006 are recorded as inventory. The inventory items are valued at cost or estimated cost calculated as a percentage of retail.

J. 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.

K. Deferred Revenues

Tuition, fees and other revenues received and related to future periods have been deferred.

L. 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.

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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, 2007.

N. Restricted Resources

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

NOTE 3 - AUTHORIZED INVESTMENTS

Authorized Investments

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS

Cash and Deposits

Cash and Deposits at August 31, 2007 and 2006, as reported on the Statement of Net Assets (Exhibit 1), consist of the following items:

	2007	2006
Petty Cash	\$ 4,170	\$ 4,170
Bank Deposits:		
Demand Accounts	517,267	(606,516)
Time and Savings Accounts	7,134,151	--
Total Cash and Deposits	\$ 7,655,588	\$ (602,346)

The overdraft in demand accounts at August 31, 2006 shown above is the result of the College's cash management program. As part of the cash management program, the depository bank withdraws a significant portion of the balance in the College's principal account and invests this money overnight in a repurchase agreement of U.S. Treasury securities. As a result of this arrangement, the money held in this bank account at August 31, 2006 was less than the College's outstanding checks, thus creating the overdraft. The moneys from the repurchase agreement are deposited into the College's account on the following business day.

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, 2007 and 2006, the College's deposits are not exposed to custodial credit risk.

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Investments

The following schedule summarizes the College's investments as of August 31, 2007:

Type of Security	Fair Value	Credit Rating	Investment Maturities (in Years)		
			Less than 1	1 to 2 Years	More than 2
U.S. Government Agency Securities	\$ 8,263,783	AAA	\$ 6,925,762	\$ 738,989	\$ 599,032
Repurchase Agreements	1,764,428	AAA	1,764,428	--	--
Corporate Obligations	148,194	AAA/AA	148,194	--	--
Money Market and Investment Pools	2,476,778	AAA	2,476,778	--	--
Total Investments	\$ 12,653,183		\$ 11,315,162	\$ 738,989	\$ 599,032

The following schedule summarizes the College's investments as of August 31, 2006:

Type of Security	Fair Value	Credit Rating	Investment Maturities (in Years)		
			Less than 1	1 to 2 Years	More than 2
U.S. Government Agency Securities	\$ 14,786,709	AAA	\$ 11,922,281	\$ 2,037,059	\$ 827,369
Repurchase Agreements	3,354,631	AAA	3,354,631	--	--
Corporate Obligations	271,294	AAA/AA	--	271,294	--
Money Market and Investment Pools	127,140	AAA	127,140	--	--
Total Investments	\$ 18,539,774		\$ 15,404,052	\$ 2,308,353	\$ 827,369

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. The underlying securities of the College's investment in repurchase agreements are held by the investment's counterparty and not in the name of the College; these investments totaled \$1,764,428 and \$3,354,631 at August 31, 2007 and 2006, respectively.

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. As of August 31, 2007, more than 5% of the College's investments are in FHLMC (14.9%), FNMA (29.3%) and FHLB (21.2%). As of August 31, 2006, more than 5% of the College's investments are in FHLMC (7.9%), FNMA (44.1%) and FHLB (11.8%).

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

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

Reconciliation

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

	2007	2006
Cash and Deposits	\$ 7,655,588	\$ (602,346)
Investments	<u>12,653,183</u>	<u>18,539,774</u>
Total Deposits and Investments	<u>\$ 20,308,771</u>	<u>\$ 17,937,428</u>
Cash and Cash Equivalents (Exhibit 1)	\$ 9,420,016	\$ 2,752,285
Short-Term Investments (Exhibit 1)	7,008,443	9,728,163
Endowment Investments (Exhibit 1)	1,901,662	1,807,980
Other Long-Term Investments (Exhibit 1)	<u>1,978,650</u>	<u>3,649,000</u>
Total Deposits and Investments	<u>\$ 20,308,771</u>	<u>\$ 17,937,428</u>

NOTE 5 - CAPITAL ASSETS

A summary of the changes in the College's capital assets during the year ended August 31, 2007 is shown below:

	Balance Sept. 1, 2006	Additions	Retirements	Balance August 31, 2007
Not Depreciated				
Land	\$ 1,251,740	\$ --	\$ --	\$ 1,251,740
Construction in Progress	2,875,342	1,129,031	3,547,840	456,533
Total - Not Depreciated	<u>4,127,082</u>	<u>1,129,031</u>	<u>3,547,840</u>	<u>1,708,273</u>
Other Capital Assets				
Buildings and Improvements	25,117,875	3,547,840	592,240	28,073,475
Facilities and Other Improvements	1,904,062	2,284,355	--	4,188,417
Furniture, Vehicles and Other Equipment	3,444,193	280,338	125,050	3,599,481
Library Books	875,758	41,897	--	917,655
Subtotal	<u>31,341,888</u>	<u>6,154,430</u>	<u>717,290</u>	<u>36,779,028</u>
Accumulated Depreciation				
Buildings and Improvements	4,858,665	479,759	419,464	4,918,960
Facilities and Other Improvements	832,525	122,677	--	955,202
Furniture, Vehicles and Other Equipment	2,337,793	242,356	50,020	2,530,129
Library Books	546,272	42,344	--	588,616
Subtotal	<u>8,575,255</u>	<u>887,136</u>	<u>469,484</u>	<u>8,992,907</u>
Net - Other Capital Assets	<u>22,766,633</u>	<u>5,267,294</u>	<u>247,806</u>	<u>27,786,121</u>
Totals	<u>\$ 26,893,715</u>	<u>\$ 6,396,325</u>	<u>\$ 3,795,646</u>	<u>\$ 29,494,394</u>

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 5 - CAPITAL ASSETS (Continued)

A summary of the changes in the College's capital assets during the year ended August 31, 2006 is shown below:

	Balance Sept. 1, 2005	Additions	Retirements	Balance August 31, 2006
Not Depreciated				
Land	\$ 1,251,740	\$ -	\$ -	\$ 1,251,740
Construction in Progress	4,994,568	4,852,572	6,971,798	2,875,342
Total - Not Depreciated	<u>6,246,308</u>	<u>4,852,572</u>	<u>6,971,798</u>	<u>4,127,082</u>
Other Capital Assets				
Buildings and Improvements	18,425,881	7,027,827	335,833	25,117,875
Facilities and Other Improvements	1,833,489	70,573	-	1,904,062
Furniture, Vehicles and Other Equipment	3,142,452	301,741	-	3,444,193
Library Books	831,638	44,120	-	875,758
Subtotal	<u>24,233,460</u>	<u>7,444,261</u>	<u>335,833</u>	<u>31,341,888</u>
Accumulated Depreciation				
Buildings and Improvements	4,678,323	392,672	212,330	4,858,665
Facilities and Other Improvements	762,834	69,691	-	832,525
Furniture, Vehicles and Other Equipment	2,100,065	237,728	-	2,337,793
Library Books	504,046	42,226	-	546,272
Subtotal	<u>8,045,268</u>	<u>742,317</u>	<u>212,330</u>	<u>8,575,255</u>
Net - Other Capital Assets	<u>16,188,192</u>	<u>6,701,944</u>	<u>123,503</u>	<u>22,766,633</u>
Totals	<u>\$ 22,434,500</u>	<u>\$ 11,554,516</u>	<u>\$ 7,095,301</u>	<u>\$ 26,893,715</u>

Construction in Progress

As of August 31, 2007, the College is involved in various construction projects renovations and improvements to buildings. Contracts for construction and architectural services have been executed totaling approximately \$2,166,000, of which approximately \$456,533 was incurred through August 31, 2007. The remaining amounts due under these contracts, totaling approximately \$1,700,000, are expected to be incurred during the year ending August 31, 2008.

NOTE 6 - RECEIVABLES

Details of the College's receivables, including the allowance for uncollectible amounts, as of August 31, 2007 and 2006 are as follows:

	2007	2006
Accounts Receivable	\$ 358,934	\$ 671,654
Tuition and Fees Receivable	406,255	342,707
Property Taxes Receivable	540,059	527,290
Interest Receivable	19,997	86,801
Loans Receivable	32,235	32,297
Federal Receivables	345,159	495,658
State Receivables	208,177	560,463
Total Receivables	<u>1,910,816</u>	<u>2,716,870</u>
Allowance for Uncollectible Accounts	<u>(473,505)</u>	<u>(397,778)</u>
Totals	<u>\$ 1,437,311</u>	<u>\$ 2,319,092</u>

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 7 - LONG-TERM DEBT

The following schedule summarizes the changes in the long-term indebtedness of the College for the year ended August 31, 2007:

	Balance Sept. 1, 2006	Additions	Retirements	Balance August 31, 2007	Due Within One Year
Bonds Payable	\$ 19,240,000	\$ -	\$ 880,000	\$ 18,360,000	\$ 900,000
Bonds Payable - Deferred	(91,366)	-	(7,896)	(83,470)	(8,272)
Total Bonds Payable	19,991,114	-	872,104	18,276,530	891,728
Notes and Capital Leases Payable	59,750	147,793	65,376	142,167	23,412
Total Bonds and Notes Payable	20,050,864	147,793	937,480	18,418,697	915,140
Compensated Absences	206,744	193,718	180,552	219,910	43,982
Totals	<u>\$ 20,257,608</u>	<u>\$ 341,511</u>	<u>\$ 1,118,032</u>	<u>\$ 18,638,607</u>	<u>\$ 959,122</u>

The following schedule summarizes the changes in the long-term indebtedness of the College for the year ended August 31, 2006:

	Balance Sept. 1, 2005	Additions	Retirements	Balance August 31, 2006	Due Within One Year
Bonds Payable	\$ 20,090,000	\$ -	\$ 850,000	\$ 19,240,000	\$ 880,000
Bonds Payable - Deferred	(98,886)	-	(7,520)	(91,366)	(7,899)
Total Bonds Payable	19,991,114	-	842,480	19,148,634	872,101
Notes and Capital Leases Payable	81,567	-	21,817	59,750	59,750
Total Bonds and Notes Payable	20,072,681	-	864,297	19,208,384	931,851
Compensated Absences	206,383	177,626	177,265	206,744	41,349
Totals	<u>\$ 20,279,064</u>	<u>\$ 177,626</u>	<u>\$ 1,041,562</u>	<u>\$ 19,415,128</u>	<u>\$ 973,200</u>

Bonds Payable

The College has the following bond issues outstanding as of August 31, 2007.

On February 20, 2002, the College issued Consolidated Fund Revenue Bonds, New Series 2002 in the amount of \$5,215,000 for the purposes of constructing, improving, enlarging, equipping and maintaining property and buildings. All authorized bonds have been issued. Various revenues, including tuition, general use fees, and gross revenues of the College's auxiliary enterprises, are pledged for the debt service of these bonds. Principal payments from \$125,000 to \$400,000 are due beginning on August 15, 2002 through 2022. Semiannual interest payments at interest rates ranging from 4.0% to 4.875% are due beginning August 15, 2002. The balance outstanding on this bond issue as of August 31, 2007 is \$4,260,000.

On March 25, 2003, the College issued Consolidated Fund Revenue Improvement and Refunding Bonds, New Series 2003 in the amount of \$6,620,000 for the purposes of constructing, improving, enlarging, equipping and maintaining property and buildings and refunding certain bonded debt outstanding. All authorized bonds have been issued. Various revenues, including tuition, general use fees, and gross revenues of the College's auxiliary enterprises, are pledged for the debt service of these bonds. Principal payments from \$280,000 to \$350,000 are due beginning on August 15, 2003 through 2023. Semiannual interest payments at interest rates ranging from 3.0% to 4.5% are due beginning August 15, 2003. The balance outstanding on this bond issue as of August 31, 2007 is \$5,180,000.

On January 15, 2004, the College issued Consolidated Fund Revenue Bonds, New Series 2004 in the amount of \$10,000,000 for the purposes of constructing, improving, enlarging, equipping and maintaining property and buildings. All authorized bonds have been issued. Various revenues, including tuition, general use fees, and gross revenues of the College's auxiliary enterprises, are pledged for the debt service of these bonds. Principal payments from \$300,000 to \$700,000 are due beginning on August 15, 2005 through 2024. Semiannual interest payments at interest rates ranging from 2.5% to 4.4% are due beginning August 15, 2004. The balance outstanding on this bond issue as of August 31, 2007 is \$8,920,000.

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 7 - LONG-TERM DEBT (Continued)

Bonds Payable (Continued)

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

Year Ended August 31,	Series 2002		Series 2003		Series 2004		Total Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	
2008	\$ 190,000	\$ 197,653	\$ 305,000	\$ 198,526	\$ 405,000	\$ 326,650	\$ 1,622,829
2009	200,000	190,052	320,000	189,376	415,000	316,525	1,630,953
2010	215,000	182,053	325,000	179,776	425,000	306,150	1,632,979
2011	225,000	173,237	340,000	169,214	435,000	294,462	1,636,913
2012	235,000	163,900	345,000	157,739	450,000	281,413	1,633,052
2013 - 2017	1,395,000	638,050	1,650,000	593,694	2,460,000	1,180,695	7,917,439
2018 - 2022	1,800,000	270,400	1,545,000	286,500	2,960,000	680,070	7,541,970
2023 - 2027	-	-	350,000	15,750	1,370,000	90,745	1,826,495
Total	\$ 4,260,000	\$ 1,815,345	\$ 5,180,000	\$ 1,790,575	\$ 8,920,000	\$ 3,476,710	\$ 25,442,630

In May 2007, voters of the College approved the issuance of \$44,790,000 in general obligation bonds. The proceeds from these bonds will be used to construct and renovate buildings on the College's main campus. As of August 31, 2007, none of these authorized bonds have been issued.

Advance Refunding / Bonds Payable - Deferred

In a prior year, the College defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the assets of the trust account and liabilities for the defeased bonds are not included in the College's financial statements. In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt by Proprietary Activities*, the difference between the book value of the old debt and the amount required to retire the debt is deferred and is not reported on the statement of activities.

This deferral is amortized over the original life of the old bonds or the life of the new bonds, whichever is less. Amortization of the deferred bonds payable will be as follows:

<u>Year Ending August 31,</u>	
2008	\$ 8,272
2009	9,024
2010	9,400
2011	10,152
2012	10,527
2013 - 2017	36,095
Total	<u>\$ 83,470</u>

As of August 31, 2007, all of the defeased bonds have been retired. These bonds were retired in full at the first call date – February 15, 2005.

Notes and Capital Leases Payable

On June 15, 2003, the College executed a tax-exempt equipment lease with Textron Financial Corporation for the acquisition of golf course equipment. This note bore interest at the rate of 5.5% and was payable in monthly installments ranging from \$1,663 to \$2,147, including principal and interest, beginning July 15, 2003 through June 15, 2007. On July 15, 2007, a final balloon payment of \$42,775 was due to retire the balance of the note. The value of the equipment purchased under this lease totaled \$125,050. This obligation was retired in the fiscal year ended August 31, 2007 when the College opted to return the equipment rather than make the final balloon payment.

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 7 - LONG-TERM DEBT (Continued)

Notes and Capital Leases Payable (Continued)

On April 24, 2007, the College executed a tax-exempt equipment lease with Textron Financial Corporation for the acquisition of golf course equipment. This note bears interest at the rate of 6.38% and is payable in monthly installments of \$2,651, including principal and interest, beginning May 24, 2007 through April 24, 2011. On May 24, 2011, a final balloon payment of \$46,350 is due to retire the balance of the note. The value of the equipment purchased under this lease totaled \$147,793.

The following table shows the debt service requirements for the remaining note payable through its ultimate retirement.

Year Ended August 31,	Textron Financial
2008	\$ 31,814
2009	31,814
2010	31,801
2011	70,210
2012	--
Total Debt Service	165,639
Less Interest Portion	(23,472)
Notes and Leases Payable	\$ 142,167

Compensated Absences

The sole component of the compensated absences liability as of August 31, 2007 is accrued annual (vacation) leave for employees. See Note 9 for fuller discussion. This obligation will be paid by the fund or department for which the employee works at the time of utilization. As of August 31, 2007, \$197,499 is expected to be paid by the Current Unrestricted Fund and \$22,411 is expected to be paid by the College's auxiliary enterprises. The College believes that approximately \$43,982 of this liability will be paid to employees during the year ending August 31, 2008 and, accordingly, has classified that portion of the liability as a current obligation. The balance of the liability (\$175,928) is considered long-term.

NOTE 8 - DEFINED BENEFIT PENSION 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. The percentages of participant salaries currently contributed by the state and each participant are 6.0% and 6.4% of annual compensation, respectively.

The Teacher Retirement System (TRS) does not separately account for each of its component government agencies, because it bears sole responsibility for retirement commitments beyond contributions fixed by the Legislature. According to independent actuarial evaluation as of August 31, 2006, the present value of the retirement system's actual and projected liabilities, including projected benefits payable to its retirees and active members and their beneficiaries, was in excess of the assets of the retirement system. However, the actuary projected that such assets, augmented by projected future contributions and earnings, would be sufficient to amortize the unfunded difference over a period of 0.6 years assuming payroll growth of 4%. Further information regarding actuarial assumptions and conclusions, as well as audited financial statements, are included in the retirement system's annual financial report. The annual financial report of TRS and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 79701-2698 or by calling TRS Communications Department at 1-800-223-8778.

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 TRS. The optional retirement program provides for the purchase of annuity contracts. The percentages of participant salaries currently contributed by the state and each participant are 6.00% and 6.65%, respectively. 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. Since these are individual annuity contracts, the state has no additional or unfunded liability for this program.

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)

The retirement expense to the state for the College was \$471,397 and \$449,198 for the fiscal years ended August 31, 2007 and 2006, 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 \$10,911,838 and \$10,446,792 for the years ended August 31, 2007 and 2006, respectively. The total payroll for employees covered by the TRS was \$5,018,063 and \$5,089,748 and the total payroll for employees covered by the optional retirement program was \$3,487,429 and \$3,712,687 for the fiscal years ended August 31, 2007 and 2006, respectively.

NOTE 9 - COMPENSATED ABSENCES

Full-time employees with twelve-month employment contracts are allowed to accumulate annual leave based upon the number of years employed at the College. For employees with less than 15 years of service, 6 hours per month are accrued. For employees with more than 15 or more years of service, 9 hours of annual leave are accrued. The maximum number of hours that may be carried forward to the next fiscal year is 144 and 216 for employees with less than 15 years of employment and 15 or more years of employment, respectively. A calculated percentage is applied to part-time contractual employees to determine their accrual rates.

Noncontractual employees with less than 15 years of employment are allowed to accumulate annual leave at the rate of four percent of regular hours worked. Noncontractual employees with 15 or more years of service have an accumulation rate of six percent of regular hours worked. The maximum number of hours that may be carried forward to the next fiscal year is 160 and 240 for employees with less than 15 of employment and 15 or more years of employment, respectively.

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 \$209,910 and \$206,744 is recorded in the financial statements as of August 31, 2007 and 2006, respectively. These amounts are payable to the employees (or their beneficiaries) upon termination or death.

Full-time contractual employees are allowed to accumulate sick leave at the rate of six hours per month. Sick leave of instructional employees with nine-month or ten-and-one-half month contracts shall be accrued over a ten-month period. The maximum number of hours that can be accumulated by full-time instructional employees is 360 hours. The maximum number of hours that can be accumulated by full-time noninstructional employees is 420 hours. A calculated percentage is applied to part-time employees to determine their accrual rates. Noncontractual personnel are allowed to accumulated sick leave at the rate of four percent of regular hours worked. The maximum number of hours that can be accumulated by noncontractual personnel is 480 hours. 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 10 - 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 11 - PENDING LAWSUITS AND CLAIMS

On August 31, 2007, there are no material lawsuits and claims pending or threatened against the College.

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 12 - 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, 2007 and 2006 for which monies have not been received nor funds expended totaled \$1,222,092 and \$388,135. Of these amounts, \$330,138 and \$240,567 were from Federal Contract and Grant Awards; and \$891,954 and \$147,568 were from State Contract and Grant Awards for the fiscal years ended August 31, 2007 and 2006, 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 13 - 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 \$40,378 and \$38,478 for this insurance were allocated to the College for the years ended August 31, 2007 and 2006, respectively.

The following schedule summarizes the changes in claims liabilities for the years ended August 31, 2006 and 2005:

	2007	2006
Claims Liabilities - Beginning of Year	\$ 148,219	\$ 181,350
Incurred Claims	27,798	6,540
Payment on Claims	(41,450)	(39,671)
Claims Liabilities - End of Year	\$ 134,567	\$ 148,219

The claims liability is reported in accrued liabilities in the financial statements and includes \$88,048 and \$95,029 of estimated claims incurred but not reported, as determined actuarially by the administrator at August 31, 2007 and 2006, respectively.

NOTE 14 - POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The insurance premium per full-time employee was \$361 per month and totaled \$1,758,889 and \$1,641,547 for the years ended August 31, 2007 and 2006, respectively. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for active employees.

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 14 - POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (Continued)

The State's contributions in payment of these premiums totaled \$1,458,417 and \$1,383,333 for the years ended August 31, 2007 and 2006, respectively. This contribution is recorded as State Appropriations in the financial statements. The College paid the balance of the insurance costs.

NOTE 15 - GRAYSON COUNTY 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 Statement No. 39, the Foundation is a component unit of the College because: 1) the College provides financial resources to the Foundation and the economic resources received or held by the Foundation are entirely or almost entirely for the direct benefit of the College; 2) the College is entitled to or has the ability to otherwise access a majority of the economic resources received or held by the Foundation; and 3) the economic resources held by the Foundation that the College is entitled to or has the ability to otherwise access are significant to the College.

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

GENERAL AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

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

Permanently Restricted Net Assets – Net assets 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 assets to unrestricted net assets 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.

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 15 - GRAYSON COUNTY COLLEGE FOUNDATION - DISCRETE COMPONENT UNIT (Continued)

GENERAL AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$174,671 and \$189,955 for the years ended August 31, 2007 and 2006, 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, 2007 and 2006.

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, 2007 and 2006:

Type of Security	2007		2006	
	Cost	Fair Value	Cost	Fair Value
U.S. Government Agency Securities	\$ 500,000	\$ 498,460	\$ 1,248,245	\$ 1,238,640
Equity Securities	1,145,398	1,371,378	1,118,423	1,305,966
Real Estate	--	--	600,340	600,340
Annuities	100,054	135,026	116,554	132,459
Money Market and Investment Pools	69,658	69,658	23,450	23,450
Total Investments	<u>\$ 1,815,110</u>	<u>\$ 2,074,522</u>	<u>\$ 3,107,012</u>	<u>\$ 3,300,855</u>

Effective September 1, 2006, the Foundation converted the real estate investment shown in the schedule above to capital assets for utilization in instructional programs by the Foundation and College. The Foundation recognized a loss of \$140,314 on this conversion, as a portion of the assets did not meet the Foundation's capital asset capitalization policy. This loss is included with interest and investment income in the Foundation's Statement of Activities.

CAPITAL ASSETS

The following schedule summarizes the Foundation's capital assets as of August 31, 2007 and 2006:

	2007	2006
Land and Buildings	\$ 367,133	\$ 100,000
Equipment	192,893	--
Less:		
Accumulated Depreciation	(16,495)	(2,700)
Net Capital Assets	<u>\$ 543,531</u>	<u>\$ 97,300</u>

Grayson County College
Notes to the Financial Statements
August 31, 2007 and 2006

NOTE 16 - SUBSEQUENT EVENTS

In September 2007, the College transferred its endowed scholarship funds (with a balance of approximately \$1,900,000) to the Grayson County College Foundation. This transfer was approved by the College's Board of Trustees in August 2007 to allow for greater flexibility in investment opportunities to maximize scholarship endowment growth.

In November 2007, the Board of Trustees authorized the issuance and sale of \$9,630,000 of the Grayson County Junior College District General Obligation Bonds, Series 2007. The proceeds from this issuance will be used in Phase I of the Capital Improvement Program for renewal of the College's facilities.

Supplementary Schedules and Reports

Grayson County College
Schedule of Operating Revenues
Year Ended August 31, 2007

Schedule A

With Memorandum Totals for the Year Ended August 31, 2006

	Unrestricted	Restricted	Total		Totals	
			Educational Activities	Auxiliary Enterprises	2007	2006
Tuition						
State Funded Courses						
In-District Resident Tuition	\$2,290,585	\$ --	\$ 2,290,585	\$ --	\$ 2,290,585	\$ 1,971,157
Out-of-District Resident Tuition	1,004,059	--	1,004,059	--	1,004,059	839,443
Non-Resident Tuition	213,921	--	213,921	--	213,921	248,393
TPEG *	423,630	--	423,630	--	423,630	180,190
Non-State Funded Educational Programs	162,702	--	162,702	--	162,702	140,901
Total Tuition	4,094,897	--	4,094,897	--	4,094,897	3,380,084
Fees						
General Fee	673,777	--	673,777	--	673,777	648,076
Student Service Fee	--	--	--	168,446	168,446	162,013
Laboratory Fee	184,155	--	184,155	--	184,155	174,843
Other	364,515	--	364,515	--	364,515	290,872
Total Fees	1,222,447	--	1,222,447	168,446	1,390,893	1,275,804
Scholarship Allowances and Discounts						
Scholarship Allowances	(167,224)	--	(167,224)	(5,847)	(173,071)	(175,767)
Remissions and Exemptions	(48,468)	--	(48,468)	(1,433)	(49,901)	(49,412)
TPEG Allowances	(77,108)	--	(77,108)	(1,053)	(78,161)	(100,621)
Federal Grants to Students	(793,142)	--	(793,142)	(34,687)	(827,829)	(776,997)
Other Federal Grants	--	(127,259)	(127,259)	--	(127,259)	(93,647)
State Grants to Students	(67,008)	(327,316)	(394,324)	(3,038)	(397,362)	(171,040)
Total Scholarship Allowances and Discounts	(1,152,950)	(454,575)	(1,607,525)	(46,058)	(1,653,583)	(1,367,484)
Total Net Tuition and Fees	4,164,394	(454,575)	3,709,819	122,388	3,832,207	3,288,404
Other Operating Revenues						
Federal Grants and Contracts	10,729	5,388,151	5,398,880	--	5,398,880	4,393,248
State Grants and Contracts	23,990	1,302,078	1,326,068	--	1,326,068	1,265,511
Non-Governmental Grants and Contracts	--	9,676	9,676	--	9,676	18,070
Sales and Services of Educational Activities	45,395	--	45,395	--	45,395	38,408
Investment Income (Program Restricted)	--	97,294	97,294	--	97,294	57,792
Other Operating Revenues	176,559	150	176,709	1,958	178,667	138,988
Total Other Operating Revenues	256,673	6,797,349	7,054,022	1,958	7,055,980	5,912,017
Auxiliary Enterprises						
Residential Life (Net of Discounts of \$238,081)	--	--	--	296,347	296,347	263,578
Bookstore (Net of Discounts of \$433,684)	--	--	--	1,430,995	1,430,995	1,263,893
Golf Course	--	--	--	471,470	471,470	517,459
Other	--	--	--	569	569	812
Total Net Auxiliary Enterprises	--	--	--	2,199,381	2,199,381	2,045,742
Total Operating Revenues	\$4,421,067	\$6,342,774	\$10,763,841	\$2,323,727	\$13,087,568	\$11,246,163
					(Exhibit 2)	(Exhibit 2)

* In accordance with Education Code 56.033, \$213,291 of tuition was set aside for Texas Public Education Grants (TPEG).

Grayson County College
Schedule of Operating Expenses by Object
Year Ended August 31, 2007
With Memorandum Totals for the Year Ended August 31, 2006

Schedule B

	Operating Expenses					Totals	
	Salaries and Wages	Benefits		Other Expenses		2007	2006
		State Benefits	Local Benefits				
EDUCATIONAL ACTIVITIES							
Unrestricted							
Instruction	\$ 5,920,346	\$ --	\$ 624,393	\$ 749,368	\$ 7,294,107	\$ 6,777,923	
Public Service	198,634	--	33,041	85,124	316,799	333,752	
Academic Support	599,326	--	58,597	383,009	1,040,932	840,582	
Student Services	928,366	--	106,737	154,957	1,190,060	1,115,368	
Institutional Support	1,241,123	--	118,803	1,129,174	2,489,100	2,326,256	
Operation and Maintenance of Plant	628,395	--	177,683	2,199,417	3,005,495	2,730,536	
Scholarships and Fellowships	--	--	--	--	--	--	
Total Unrestricted	9,516,190	--	1,119,254	4,701,049	15,336,493	14,124,417	
Restricted							
Instruction	601,048	1,268,659	104,499	1,973,819	3,948,025	3,086,434	
Public Service	58,867	50,051	11,506	11,072	131,496	139,525	
Academic Support	13,048	119,071	1,952	--	134,071	102,976	
Student Services	186,916	216,905	13,667	51,960	469,448	394,142	
Institutional Support	--	241,375	--	580	241,955	241,513	
Operation and Maintenance of Plant	--	28,238	--	4,497	32,735	34,300	
Scholarships and Fellowships	--	--	--	1,852,951	1,852,951	1,999,340	
Total Restricted	859,879	1,924,299	131,624	3,894,879	6,810,681	5,998,230	
Total Educational Activities	10,376,069	1,924,299	1,250,878	8,595,928	22,147,174	20,122,647	
Auxiliary Enterprises	525,747	5,515	179,345	2,314,787	3,025,394	3,036,642	
Depreciation Expense							
Buildings and Other Improvements	--	--	--	602,436	602,436	388,871	
Equipment and Furniture	--	--	--	284,700	284,700	353,446	
Total	\$10,901,816	\$1,929,814	\$1,430,223	\$ 11,797,851	\$26,059,704	\$23,901,606	
					(Exhibit 2)	(Exhibit 2)	

Grayson County College
Schedule of Non-Operating Revenues and Expenses
Year Ended August 31, 2007
With Memorandum Totals for the Year Ended August 31, 2006

Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	Totals	
				2007	2006
Non-Operating Revenues					
State Appropriations					
Education and General State Support	\$ 6,539,101	\$ --	\$ --	\$ 6,539,101	\$ 6,539,100
State Group Insurance	--	1,458,417	--	1,458,417	1,383,333
State Retirement Matching	--	471,397	--	471,397	449,198
Total State Appropriations	6,539,101	1,929,814	--	8,468,915	8,371,631
Ad-Valorem Taxes for Maintenance and Operations	8,451,110	--	--	8,451,110	7,401,379
Investment Income (net of Investment Expenses)	853,301	12,833	25,209	891,343	706,171
Other	--	102	--	102	326
Total Non-Operating Revenues	15,843,512	1,942,749	25,209	17,811,470	16,479,507
Non-Operating Expenses					
Interest on Capital-Related Debt	792,459	--	--	792,459	816,745
Loss of Disposition of Property	205,221	--	--	205,221	123,503
Total Non-Operating Expenses	997,680	--	--	997,680	940,248
Net Non-Operating Revenues	\$14,845,832	\$ 1,942,749	\$ 25,209	\$16,813,790	\$15,539,259
				(Exhibit 2)	(Exhibit 2)

Grayson County College
Schedule of Net Assets by Source and Availability
Year Ended August 31, 2007
With Memorandum Totals for the Year Ended August 31, 2006

	Detail by Source				Capital Assets, Net of		Available for Current Operations	
	Unrestricted	Restricted	Non-Expendable	Expendable	Depreciation & Related Debt	Total	Yes	No
Current Funds:								
Unrestricted	\$ 5,106,073	\$ --	\$ --	\$ --	\$ --	\$ 5,106,073	\$ 5,106,073	\$ --
Restricted	--	417,854	--	--	--	417,854	--	417,854
Auxiliary Enterprises	1,090,449	--	--	--	--	1,090,449	1,090,449	--
Loan Funds	--	44,828	--	--	--	44,828	--	44,828
Endowment Funds:								
True Endowments	--	--	397,927	--	--	397,927	--	397,927
Term Endowments	--	1,482,467	--	--	--	1,482,467	--	1,482,467
Plant Funds:								
Unexpended	6,837,430	--	--	--	--	6,837,430	6,837,430	--
Renewals and Replacements	2,892,378	--	--	--	--	2,892,378	2,892,378	--
Debt Service	--	--	--	--	--	--	--	--
Investment in Plant	--	--	--	11,667,183	--	11,667,183	--	11,667,183
Total Net Assets - August 31, 2007	15,926,330	1,945,149	397,927	389,117	11,667,183	29,936,589	15,926,330	14,010,259
Total Net Assets - August 31, 2006	14,332,058	1,796,376	389,117	9,567,384	26,084,935	14,332,058	14,332,058	11,752,877
Net Increase (Decrease) in Net Assets	\$ 1,594,272	\$ 148,773	\$ 8,810	\$ 2,099,799	\$ 3,851,654	\$ 1,594,272	\$ 1,594,272	\$ 2,257,382

Grayson County College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2007

Schedule E

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Pass-Through Disbursements and Expenditures
U.S. Department of Interior			
Direct Programs:			
Wildlife Restoration	15.611		\$ 4,497
Total U.S. Department of Interior			<u>4,497</u>
U.S. Department of Labor			
Passed through Texas Workforce Commission			
WIA Dislocated Workers (Incumbent Worker Training)	17.260	CWL-IWT07	127,259
Total U.S. Department of Labor			<u>127,259</u>
U.S. Small Business Administration			
Passed through Dallas County Community College District:			
Small Business Development Center (SBDC)	59.037	6-603001-Z-0046	45,528
Total U.S. Small Business Administration			<u>45,528</u>
U.S. Department of Education			
Direct Programs:			
Federal Supplemental Education Opportunity Grant (FSEOG) *	84.007		36,000
Federal Workstudy Program *	84.033		95,248
Federal Pell Grant Program *	84.063		3,038,307
Academic Competitiveness Grant *	84.375		13,875
Passed through Texas Education Agency:			
Adult Basic Education (Section 231) 2006-2007	84.002	074100017110163	252,067
English Literacy and Civics Education (Section 231) 2006-2007	84.002	074100087110166	100,542
Adult Basic Education (Section 231) 2007-2008	84.002	084100017110180	39,753
English Literacy and Civics Education (Section 231) 2007-2008	84.002	084100087110220	13,925
Subtotal - Adult Basic Education			<u>406,287</u>
Passed through Texas Higher Education Coordinating Board:			
Carl Perkins Vocational Education - Annual Application	84.048	74219	321,743
Passed through Texas Higher Education Coordinating Board:			
Carl Perkins Vocational Education - Tech Prep	84.243	71709	283,166
Total U.S. Department of Education			<u>4,194,626</u>
U.S. Department of Health and Human Services			
Passed through Texas Education Agency:			
Temporary Assistance for Needy Families (TANF) 2005-2006	93.558	063625017110065	--
Temporary Assistance for Needy Families (TANF) 2006-2007	93.558	073625017110151	26,970
Passed through Texas Workforce Commission:			
Temporary Assistance for Needy Families (TANF) SDF - Tyson	93.558	2506SDF000	400,000
Temporary Assistance for Needy Families (TANF) SDF - Tyson		2507MFS000	600,000
Subtotal - Temporary Assistance for Needy Families (TANF)			<u>1,026,970</u>
Total U.S. Department of Health and Human Services			<u>1,026,970</u>
Total Federal Financial Assistance			<u>\$ 5,398,880</u>

* Indicates clustered programs.

See Notes to This Schedule on the Following Pages.

(Continued)

Grayson County College
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2007

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts per Exhibit 2	\$ 5,398,880
Reconciling Items:	
None	--
Total Pass-Through and Expenditures per Federal Schedule	\$ 5,398,880

Note 2: Significant Accounting Policies Used in Preparing the Schedule

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

Note 3: Expenditures Not Subject to Single Audit

None

Note 4: Student Loans Processed and Administrative Costs Recovered

Federal Grantor and CFDA Number Program Name	New Loans Processed	Administrative Costs Recovered	Total Loans Processed and Admin. Costs Recovered
Department of Education 84.032			
Federal Family Education Loan Program (Subsidized)	\$ 1,280,570	\$ --	\$ 1,280,570
Federal Family Education Loan Program (Unsubsidized)	1,583,033	--	1,583,033
Total Department of Education	\$ 2,863,603	\$ --	\$ 2,863,603

Note 5: Nonmonetary Federal Assistance Received

None

Note 6: Amounts Passed-Through by the College

The following amounts were passed-through to the listed recipients by the College. These amounts were from the Carl Perkins Vocational Education - Tech Prep program (CFDA #84.243) from the U.S. Department of Education through the Texas Higher Education Coordinating Board.

	Perkins - Tech Prep
North Central Texas College	\$ 5,000
Tom Bean Independent School District	4,939
Valley View Independent School District	4,900
Callisburg Independent School District	4,500
Gunter Independent School District	3,176
Trenton Independent School District	2,297
	<hr/>
Total Amount Passed-Through	\$ 24,812
	<hr/> <hr/>

Grayson County College
Schedule of Expenditures of State Awards
For the Year Ended August 31, 2007

Schedule F

Grantor Agency/ Program Title	Grant Contract Number	Expenditures
Passed through Texas Higher Education Coordinating Board		
College Work Study Program		\$ 14,598
Early High School Graduation (HB 1479)		17,151
Certified Educational Aide Program		6,839
Student Financial Aid (Texas Grant)		108,968
Financial Aid - Professional Nursing		7,705
Financial Aid - LVN Nursing		458
Statewide Discipline-Based Vertical Teams Project		1,386
PSIG / LEAP		12,972
Total Passed through Texas Higher Education Coordinating Board		170,077
Passed through Dallas County Community College District		
Small Business Development Center (SBDC) 2005-2006	6-603001-Z-0046	11,732
Small Business Development Center (SBDC) 2006-2007	6-603001-Z-0046	23,577
Total Passed through Dallas County Community College District		35,309
Passed through Texas Education Agency		
Adult Basic Education	070100017110163	57,749
Temporary Assistance for Needy Families (TANF)	070110017110151	12,760
Total Passed through Texas Education Agency		70,509
Passed through Texas Workforce Commission / Workforce Texoma		
Skill Development Fund	2505SDF000	19,550
Skill Development Fund	2506SDF000	552,037
Skill Development Fund	2507SDF002	131,297
Skill Development Fund	2507SDF003	253,248
Journeyman Electrician	2507ATP000	8,744
Total Passed through Texas Workforce Commission / Workforce Texoma		964,876
Passed through Office of the Governor Criminal Justice Division		
Law Enforcement Training and Education for Peace Officers	SF-07-A10-18297-01	22,785
Total Passed through Office of the Governor Criminal Justice Division		22,785
Passed through Texas Department of Agriculture		
Viticulture and Enology Certificate Agreement - 2006-2007	EVER06-05	35,000
Viticulture and Enology Certificate Agreement - 2007-2008	EVER06-05	2,799
Viticulture Outreach Education Team Agreement - 2006-2007	EVER06-02	20,000
Viticulture Outreach Education Team Agreement - 2007-2008	EVER06-02	4,713
Total Passed through Texas Department of Agriculture		62,512
Total State Financial Assistance		\$ 1,326,068
Note 1: State Assistance Reconciliation		
State Grants and Contracts per Exhibit 2		\$ 1,326,068
Reconciling Items:		
None		--
Total Expenditures per Schedule of State Financial Assistance		\$ 1,326,068

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 County College's significant accounting policies. These expenditures are reported on Grayson County College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.



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**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 County College
Denison, Texas

Members of the Board:

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Grayson County College (College) as of and for the year ended August 31, 2007, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 19, 2007. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

We have also performed tests designed to verify the College's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2007, no instances of noncompliance were found.

This report is intended solely for the information and use of the College's trustees, administration and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

December 19, 2007
Sherman, Texas



ADAMI, LINDSEY & COMPANY, L.L.P.
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**Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control
over Compliance in Accordance with OMB Circular A-133
and the State of Texas Single Audit Circular**

Board of Trustees
Grayson County College
Denison, Texas

Members of the Board:

Compliance

We have audited the compliance of the Grayson County College (College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the State of Texas Single Audit Circular that are applicable to each of its major federal and state programs for the year ended August 31, 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major and state federal programs is the responsibility of the College's administrators. Our responsibility is to express an opinion on the College's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Single Audit Circular. Those standards, OMB Circular A-133 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 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. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, Grayson County College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended August 31, 2007.

Internal Control over Compliance

The administration of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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, as defined above.

This report is intended solely for the information and use of the College's trustees, administration and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

December 19, 2007
Sherman, Texas

Grayson County College
Schedule of Findings and Questioned Costs
For the Year Ended August 31, 2007

Part I Summary of Auditor's Results

Financial Statements

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

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
 Unqualified

Did the Audit Disclose Findings Required to be Reported under Section _510(a)
 No

Major Programs - Federal

Student Financial Aid Programs Cluster	
Federal Supplemental Educational Opportunity Grant (FSEOG)	CFDA #84.007
Federal Family Education Loan Program	CFDA #84.032
Federal Workstudy Program	CFDA #84.033
Federal Pell Grant Program	CFDA #84.063
Academic Competitiveness Grant	CFDA #84.375
Adult Education - State Grant Program	CFDA #84.002
Carl Perkins Vocational Education	CFDA #84.048
Temporary Assistance for Needy Families	CFDA #93.558

Major Programs - State

 Skills Development Fund (2505SDF000)
 Skills Development Fund (2506SDF000)
 Skills Development Fund (2507SDF002)
 Skills Development Fund (2507SDF003)

Dollar Threshold Used to Distinguish Between Type A and Type B Programs
 \$300,000

Low Risk Auditee
 No

Part II Findings Related to the Financial Statements

None

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

None

**Grayson County College
Schedule of Status of Prior Year Findings
For the Year Ended August 31, 2007**

None

Statistical Supplement

(Unaudited)

**Grayson County College
Net Assets by Component
Fiscal Years 2002 to 2007
(Unaudited)**

	For the Fiscal Year Ended August 31, (amounts expressed in thousands)					
	2007	2006	2005	2004	2003	2002
Invested in Capital Assets, Net of Related Debt	\$ 11,667	\$ 9,567	\$ 8,674	\$ 7,396	\$ 1,596	\$ 570
Restricted - Expendable	1,945	1,797	1,736	1,738	1,691	1,707
Restricted - Nonexpendable	398	389	386	388	2,742	2,632
Unrestricted	15,926	14,332	11,429	10,705	9,548	8,177
Total Primary Government Net Assets	\$ 29,936	\$ 26,085	\$ 22,225	\$ 20,227	\$ 15,577	\$ 13,086

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002 - 2007 are available.

Grayson County College
Revenues by Source
Fiscal Years 2002 to 2007
(Unaudited)

	For the Fiscal Year Ended August 31,					
	(amounts expressed in thousands)					
	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	\$ 3,832	\$ 3,288	\$ 3,074	\$ 3,003	\$ 2,417	\$ 2,289
Governmental Grants and Contracts						
Federal Grants and Contracts	5,399	4,399	5,045	4,702	3,986	3,700
State Grants and Contracts	1,326	1,265	423	570	453	432
Local Grants and Contracts	--	960	--	--	--	--
Non-Governmental Grants and Contracts	10	18	18	25	111	72
Sales and Services of educational activities	45	39	65	67	65	69
Investment Income (Program Restricted)	97	58	30	44	113	59
Auxiliary enterprises	2,199	2,046	1,988	1,927	1,991	1,878
Other Operating Revenue	179	139	135	128	101	86
Total Operating Revenues	<u>13,087</u>	<u>12,212</u>	<u>10,778</u>	<u>10,466</u>	<u>9,237</u>	<u>8,585</u>
State Appropriations	8,469	8,372	7,599	7,537	7,835	8,181
Ad Valorem Taxes	8,451	7,402	6,588	5,869	5,192	4,430
Gifts	--	--	--	--	--	--
Investment Income	891	706	355	190	114	173
Gain on Disposition of Fixed Assets	--	--	--	--	--	335
Other non-operating revenues	--	--	--	--	--	--
Total Non-Operating Revenues	<u>17,811</u>	<u>16,480</u>	<u>14,542</u>	<u>13,596</u>	<u>13,141</u>	<u>13,119</u>
Total Revenues	<u><u>\$ 30,898</u></u>	<u><u>\$ 28,692</u></u>	<u><u>\$ 25,320</u></u>	<u><u>\$ 24,062</u></u>	<u><u>\$ 22,378</u></u>	<u><u>\$ 21,704</u></u>

	For the Fiscal Year Ended August 31,					
	(amounts expressed in thousands)					
	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	12.40%	11.46%	12.14%	12.48%	10.80%	10.55%
Governmental Grants and Contracts						
Federal Grants and Contracts	17.47%	15.33%	19.92%	19.54%	17.81%	17.05%
State Grants and Contracts	4.29%	4.41%	1.67%	2.37%	2.02%	1.99%
Local Grants and Contracts	0.00%	3.35%	0.00%	0.00%	0.00%	0.00%
Non-Governmental Grants and Contracts	0.03%	0.06%	0.07%	0.10%	0.50%	0.33%
Sales and Services of educational activities	0.15%	0.14%	0.26%	0.28%	0.29%	0.32%
Investment Income (Program Restricted)	0.31%	0.20%	0.12%	0.18%	0.50%	0.27%
Auxiliary enterprises	7.12%	7.13%	7.85%	8.01%	8.90%	8.65%
Other Operating Revenue	0.58%	0.48%	0.53%	0.53%	0.45%	0.40%
Total Operating Revenues	<u>42.36%</u>	<u>42.56%</u>	<u>42.57%</u>	<u>43.50%</u>	<u>41.28%</u>	<u>39.55%</u>
State Appropriations	27.41%	29.18%	30.01%	31.32%	35.01%	37.69%
Ad Valorem Taxes	27.35%	25.80%	26.02%	24.39%	23.20%	20.41%
Gifts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investment Income	2.88%	2.46%	1.40%	0.79%	0.51%	0.80%
Gain on Disposition of Fixed Assets	0.00%	0.00%	0.00%	0.00%	0.00%	1.54%
Other non-operating revenues	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Non-Operating Revenues	<u>57.64%</u>	<u>57.44%</u>	<u>57.43%</u>	<u>56.50%</u>	<u>58.72%</u>	<u>60.45%</u>
Total Revenues	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002 - 2007 are available.

Grayson County College
Program Expenses by Function
Fiscal Years 2002 to 2007
(Unaudited)

For the Fiscal Year Ended August 31,						
(amounts expressed in thousands)						
	2007	2006	2005	2004	2003	2002
Instruction	\$ 11,242	\$ 9,864	\$ 9,045	\$ 8,563	\$ 8,286	\$ 8,341
Public Service	448	473	411	370	430	434
Academic Support	1,175	944	1,249	964	839	848
Student Services	1,660	1,509	1,425	1,527	1,344	1,310
Institutional Support	2,731	2,568	2,340	2,279	1,916	1,922
Operation and maintenance of plant	3,038	2,765	2,347	2,365	2,020	1,839
Scholarships and fellowships	1,853	1,999	2,344	2,215	2,118	1,730
Auxiliary Enterprises	3,026	3,037	2,775	2,652	2,686	2,488
Depreciation Expense	887	742	638	519	434	360
Total Operating Expenses	<u>26,060</u>	<u>23,901</u>	<u>22,574</u>	<u>21,454</u>	<u>20,073</u>	<u>19,272</u>
Interest on Capital Related Debt	792	817	859	608	418	236
Loss on Disposal of Fixed Assets	205	123	152	99	107	--
Other Nonoperating Expenses	--	--	--	--	33	--
Total Non-operating Expenses	<u>997</u>	<u>940</u>	<u>1,011</u>	<u>707</u>	<u>558</u>	<u>236</u>
Total Expenses	<u><u>\$ 27,057</u></u>	<u><u>\$ 24,841</u></u>	<u><u>\$ 23,585</u></u>	<u><u>\$ 22,161</u></u>	<u><u>\$ 20,631</u></u>	<u><u>\$ 19,508</u></u>

For the Fiscal Year Ended August 31,						
	2007	2006	2005	2004	2003	2002
Instruction	41.54%	39.70%	38.35%	38.64%	40.16%	42.75%
Public Service	1.66%	1.90%	1.74%	1.67%	2.08%	2.22%
Academic Support	4.34%	3.80%	5.30%	4.35%	4.07%	4.35%
Student Services	6.14%	6.07%	6.04%	6.89%	6.51%	6.72%
Institutional Support	10.09%	10.34%	9.92%	10.28%	9.29%	9.85%
Operation and maintenance of plant	11.23%	11.13%	9.95%	10.67%	9.79%	9.43%
Scholarships and fellowships	6.85%	8.05%	9.94%	10.00%	10.27%	8.87%
Auxiliary Enterprises	11.18%	12.23%	11.77%	11.97%	13.02%	12.75%
Depreciation Expense	3.28%	2.99%	2.71%	2.34%	2.10%	1.85%
Total Operating Expenses	<u>96.32%</u>	<u>96.22%</u>	<u>95.71%</u>	<u>96.81%</u>	<u>97.30%</u>	<u>98.79%</u>
Interest on Capital Related Debt	2.93%	3.29%	3.64%	2.74%	2.03%	1.21%
Loss on Disposal of Fixed Assets	0.76%	0.50%	0.64%	0.45%	0.52%	0.00%
Other Nonoperating Expenses	0.00%	0.00%	0.00%	0.00%	0.16%	0.00%
Total Non-operating Expenses	<u>3.68%</u>	<u>3.78%</u>	<u>4.29%</u>	<u>3.19%</u>	<u>2.70%</u>	<u>1.21%</u>
Total Expenses	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002 - 2007 are available.

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

Resident
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Fees per student			In-District Tuition	Out-of-District Tuition	General Fee	Student Service Fee	Cost for 12 SCH		Cost for 12 SCH Out-of-District	Increase from Prior Year		
	Matriculation Fee	Student ID Fee	International Fee					In-District	Out-of-District		In-District	Out-of-District	
2006	\$	10	\$	33	\$	44	\$	8	\$	528	\$	660	0.00%
2005		10		33		44		8		528		660	10.00%
2004		10		32		39		8		516		600	13.64%
2003		10		28		34		7		456		528	10.00%
2002		10		24		30		7		408		480	5.26%
2001		10		22		28		7		384		456	0.00%
2000		10		22		28		7		384		456	0.00%
1999		10		22		28		7		384		456	11.22%
1998	--	--	--	21		25		7		362		410	0.49%
1997	--	--	--	21		25		7		360		408	

Non-Resident
Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Fees per student			Non-Resident Tuition		General Fee	Student Service Fee	Cost for 12 SCH		Cost for 12 SCH International	Increase from Prior Year		
	Matriculation Fee	Student ID Fee	International Fee	Out of State	Non-Resident International			Out of State	International		Out of State	International	
2006	\$	10	\$	93	\$	93	\$	8	\$	1,248	\$	1,473	0.00%
2005		10		93		93		8		1,248		1,473	4.25%
2004		10		88		88		8		1,188		1,413	8.28%
2003		10		80		80		7		1,080		1,305	12.40%
2002		10		68		68		7		936		1,161	30.74%
2001		10		64		64		7		888		888	0.00%
2000		10		64		64		7		888		888	0.00%
1999		10		64		64		7		888		888	5.46%
1998	--	--	--	61		61		7		842		842	0.24%
1997	--	--	--	61		61		7		840		840	

Grayson County 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)
2006 - 2007	\$ 8,022,443	\$ 2,479,299	\$ 5,543,144	69.10%	\$ 0.14774	\$ 0.00000	\$ 0.14774
2005 - 2006	7,241,918	2,221,560	5,020,358	69.32%	0.14002	0.00000	0.14002
2004 - 2005	6,570,126	1,938,514	4,631,612	70.50%	0.13411	0.00000	0.13411
2003 - 2004	6,000,661	1,724,927	4,275,734	71.25%	0.12626	0.00000	0.12626
2002 - 2003	5,466,662	1,355,385	4,111,277	75.21%	0.12000	0.00000	0.12000
2001 - 2002	4,954,414	1,160,887	3,793,527	76.57%	0.11031	0.00000	0.11031
2000 - 2001	4,354,471	809,687	3,544,784	81.41%	0.10311	0.00000	0.10311
1999 - 2000	4,424,961	977,205	3,447,756	77.92%	0.10311	0.00000	0.10311
1998 - 1999	4,263,523	913,588	3,349,935	78.57%	0.10311	0.00000	0.10311
1997 - 1998	3,896,506	818,585	3,077,921	78.99%	0.10311	0.00000	0.10311

Source: Local Appraisal District

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

Grayson County 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	
2006 - 2007	\$ 6,539	\$ 3,487	\$ 1,875	1,195	602	1,797	\$ 3.64
2005 - 2006	6,489	3,368	1,927	1,135	611	1,746	3.72
2004 - 2005	6,041	3,500	1,726	1,147	698	1,845	3.27
2003 - 2004	6,041	3,528	1,712	1,156	657	1,813	3.33
2002 - 2003	5,945	3,307	1,798	1,114	592	1,706	3.48
2001 - 2002	6,387	3,247	1,967	1,084	598	1,682	3.80
2000 - 2001	6,298	2,900	2,172	980	514	1,494	4.22
1999 - 2000	6,137	2,917	2,104	970	520	1,490	4.12
1998 - 1999	5,985	2,828	2,116	885	575	1,460	4.10
1997 - 1998	5,755	2,793	2,061	847	626	1,473	3.91

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 County College
Principal Taxpayers
Last Ten Nine Years (a)
(Unaudited)**

		Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2007	2006	2005	2004	2003	2002	2001	2000	1999	
Type of Business	Taxpayer										
Utility	TXU Electric	\$ 72,258	\$ 74,687	\$ 69,049	\$ 65,081	\$ 60,402	\$ 62,099	\$ 59,187	\$ 56,502	\$ 49,712	
Retail	Sherman Town Center LP	50,862	50,654	--	--	--	--	--	--	--	
Energy	Blackwell BMC LP	36,113	21,584	--	--	--	--	--	--	--	
Utility	XTO Energy, Inc.	34,646	38,453	27,928	--	--	--	--	--	--	
Manufacturing	Kwikset Corporation	29,886	27,786	31,351	30,485	40,978	41,815	38,225	37,310	16,910	
Utility	GTE Southwest Inc.	27,310	25,633	25,633	37,063	37,063	37,318	34,892	32,212	31,460	
Manufacturing	MEMC Southwest, Inc.	23,450	18,995	18,990	18,990	19,740	23,649	--	--	--	
Manufacturing	Globtech Incorporated	21,000	--	--	--	--	--	--	--	--	
Retail	Walmart Stores, Inc.	18,786	18,807	18,829	18,950	19,820	19,889	19,933	20,153	--	
Retail	Woodmont Sherman LP	17,920	--	--	--	--	--	--	--	--	
Food	Tyson Fresh Meats, Inc.	--	41,385	--	--	--	--	--	--	--	
Manufacturing	Texas Instruments	--	20,007	38,001	42,647	56,023	60,234	44,562	37,310	33,271	
Retail	A-S 71 Sherman	--	--	42,669	--	--	--	--	--	--	
Energy	Chevron USA, Inc.	--	--	--	25,239	21,615	21,846	30,325	--	--	
Banking	First Union Trust	--	--	--	--	--	--	--	--	--	
Manufacturing	Folger Coffee Company	--	--	--	22,501	22,396	30,365	31,792	43,728	23,500	
Medical	Johnson & Johnson	--	--	--	--	37,838	51,903	49,552	25,174	31,847	
Energy	Pikington North America, Inc.	--	--	--	--	--	--	--	34,659	28,329	
Retail	Sherman Mall Associates	--	--	--	--	--	--	16,994	--	14,800	
Utility	Southwestern Bell Telephone	--	--	16,414	14,822	--	--	17,812	--	19,382	
Transportation	Union Pacific Railroad	--	--	15,752	20,881	18,155	20,031	--	--	--	
Energy	Venoco, Inc.	--	--	--	--	--	--	--	--	--	
Totals		\$ 334,238	\$ 339,997	\$ 306,621	\$ 298,663	\$ 336,033	\$ 371,151	\$ 345,275	\$ 328,169	\$ 272,966	
Total Taxable Assessed Value		\$ 5,543,144	\$ 5,020,358	\$ 4,631,612	\$ 4,275,734	\$ 4,111,277	\$ 3,793,527	\$ 3,544,784	\$ 3,447,756	\$ 3,349,935	

		% of Taxable Assessed Value (TAV) by Tax Year									
		2007	2006	2005	2004	2003	2002	2001	2000	1999	
Type of Business	Taxpayer										
Utility	TXU Electric	1.30%	1.49%	1.49%	1.52%	1.47%	1.64%	1.67%	1.64%	1.48%	
Retail	Sherman Town Center LP	0.92%	1.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Energy	Blackwell BMC LP	0.65%	0.43%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Utility	XTO Energy, Inc.	0.63%	0.77%	0.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Manufacturing	Kwikset Corporation	0.54%	0.55%	0.68%	0.71%	1.00%	1.10%	1.08%	1.08%	0.50%	
Utility	GTE Southwest Inc.	0.49%	0.51%	0.55%	0.87%	0.90%	0.98%	0.98%	0.93%	0.94%	
Manufacturing	MEMC Southwest, Inc.	0.42%	0.38%	0.41%	0.44%	0.00%	0.62%	0.00%	0.00%	0.00%	
Manufacturing	Globtech Incorporated	0.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Retail	Walmart Stores, Inc.	0.34%	0.37%	0.41%	0.44%	0.48%	0.52%	0.56%	0.58%	0.00%	
Retail	Woodmont Sherman LP	0.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Food	Tyson Fresh Meats, Inc.	0.00%	0.82%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Manufacturing	Texas Instruments	0.00%	0.40%	0.82%	1.00%	1.36%	1.59%	1.26%	1.08%	0.99%	
Retail	A-S 71 Sherman	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Energy	Chevron USA, Inc.	0.00%	0.00%	0.00%	0.59%	0.53%	0.58%	0.86%	0.00%	0.00%	
Banking	First Union Trust	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Manufacturing	Folger Coffee Company	0.00%	0.00%	0.00%	0.53%	0.00%	0.80%	0.90%	0.58%	0.70%	
Medical	Johnson & Johnson	0.00%	0.00%	0.00%	0.00%	0.92%	1.37%	1.40%	0.73%	0.95%	
Energy	Pikington North America, Inc.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.01%	0.85%	
Retail	Sherman Mall Associates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.48%	0.00%	0.44%	
Utility	Southwestern Bell Telephone	0.00%	0.00%	0.00%	0.35%	0.00%	0.00%	0.50%	0.55%	0.58%	
Transportation	Union Pacific Railroad	0.00%	0.00%	0.35%	0.49%	0.44%	0.53%	0.00%	0.00%	0.00%	
Energy	Venoco, Inc.	0.00%	0.00%	0.34%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Totals		5.99%	6.73%	6.57%	6.94%	8.12%	9.73%	9.69%	9.45%	8.08%	

Source: County Appraisal District
(a) Only nine (9) years of historical data was available from the County Appraisal District.

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

Fiscal Year Ended August 31	Levy	Cumulative Levy Adjustments	Adjusted Tax Levy	Collections - Year of Levy	Percentage	Prior Collections of Prior Levies	Current Collections of Prior Levies	Total Collections (C + D + E)	Cumulative Collections of Adjusted Levy
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
2007	\$ 8,314	\$ (28)	\$ 8,286	\$ 8,038	97.01%	\$ --	\$ --	\$ 8,038	97.01%
2006	7,102	133	7,235	6,995	96.68%	--	136	7,131	98.56%
2005	6,426	(35)	6,391	6,167	96.50%	132	39	6,338	99.17%
2004	5,657	7	5,664	5,452	96.26%	163	16	5,631	99.42%
2003	5,042	4	5,046	4,850	96.12%	163	9	5,022	99.52%
2002	4,384	(22)	4,362	4,231	97.00%	112	5	4,348	99.68%
2001	3,851	(10)	3,841	3,697	96.25%	133	3	3,833	99.79%
2000	3,605	3	3,608	3,505	97.15%	94	3	3,602	99.83%
1999	3,503	(21)	3,482	3,398	97.59%	77	3	3,478	99.89%
1998	3,178	(7)	3,171	3,086	97.32%	78	2	3,166	99.84%

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

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Bonded Debt										
General Obligation Bonds	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Notes and Capital Leases	--	--	--	--	--	--	--	--	--	--
Less: Funds Restricted for Debt Service	--	--	--	--	--	--	--	--	--	--
Net General Bonded Debt	--	--	--	--	--	--	--	--	--	--
Other Debt										
Revenue Bonds	18,360	19,239	19,991	20,734	11,162	6,675	1,665	1,740	1,810	1,875
Notes and Capital Leases	142	60	82	405	520	490	283	680	780	873
Total Outstanding Debt	\$ 18,502	\$ 19,299	\$ 20,073	\$ 21,139	\$ 11,682	\$ 7,165	\$ 1,948	\$ 2,420	\$ 2,590	\$ 2,748

General Bonded Debt Ratios

Per Capita	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Per FTSE	--	--	--	--	--	--	--	--	--	--
As a percentage of Taxable Assessed Value	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Total Outstanding Debt Ratios

Per Capita	\$ 156.16	\$ 165.18	\$ 173.26	\$ 183.84	\$ 102.80	\$ 63.67	\$ 17.61	\$ 22.17	\$ 24.20	\$ 26.14
Per FTSE	5,306	5,730	5,735	5,992	3,533	2,207	672	830	916	984
As a Percentage of Taxable Assessed Value	0.33%	0.38%	0.43%	0.49%	0.28%	0.19%	0.05%	0.07%	0.08%	0.09%

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

	For the Year Ended August 31 (amounts expressed in thousands)									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Taxable Assessed Value	\$ 5,543,144	\$ 5,020,358	\$ 4,631,612	\$ 4,275,734	\$ 4,111,277	\$ 3,793,527	\$ 3,544,784	\$ 3,447,756	\$ 3,349,935	\$ 3,077,921
General Obligations Bonds										
Statutory Tax Levy Limit for Debt Service	\$ 27,716	\$ 25,102	\$ 23,158	\$ 21,379	\$ 20,556	\$ 18,968	\$ 17,724	\$ 17,239	\$ 16,750	\$ 15,390
Less Funds Restricted for Repayment of General Obligation Bonds	--	--	--	--	--	--	--	--	--	--
Total Net General Obligation Debt	27,716	25,102	23,158	21,379	20,556	18,968	17,724	17,239	16,750	15,390
Current Year Debt Service Requirements	--	--	--	--	--	--	--	--	--	--
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 27,716	\$ 25,102	\$ 23,158	\$ 21,379	\$ 20,556	\$ 18,968	\$ 17,724	\$ 17,239	\$ 16,750	\$ 15,390
Net Current Requirements as a % of Statutory Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

Fiscal Year Ended August 31,	Pledged Revenues (\$000 omitted)										Debt Service Requirements (\$000 omitted)			Coverage Ratio
	Tuition	General Use Fee	Student Service Fee	Registration Fees	Laboratory Fees	Education Fees	Investment Income	Auxiliary Enterprises	Total	Principal	Interest	Total		
2007	\$ 984	\$ 674	\$ 168	\$ 223	\$ 184	\$ 162	\$ 532	\$ 2,595	\$ 5,522	\$ 880	\$ 747	\$ 1,627	3.39	
2006	845	648	162	189	175	144	422	2,392	4,977	850	772	1,622	3.07	
2005	780	597	171	184	181	86	126	2,473	4,598	1,051	814	1,865	2.47	
2004	740	598	171	176	181	68	87	2,376	4,397	532	568	1,100	4.00	
2003	502	557	159	144	182	52	80	2,326	4,002	612	399	1,011	3.96	
2002	228	548	157	146	167	53	120	2,207	3,626	292	230	522	6.95	
2001	187	488	139	134	141	115	316	2,050	3,570	157	138	295	12.10	
2000	187	493	141	132	155	206	299	2,001	3,614	147	147	294	12.29	
1999	165	478	137	52	144	222	191	1,905	3,294	137	156	293	11.24	
1998	168	473	135	60	178	239	133	1,872	3,258	144	174	318	10.25	

Grayson County 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>
2006	118,478	(a)	(a)	4.9%
2005	116,763	3,059,973,000	26,207	5.2%
2004	115,855	2,856,052,000	24,652	6.1%
2003	114,984	2,694,267,000	23,424	7.0%
2002	113,642	2,622,248,000	23,064	6.6%
2001	112,537	2,601,876,000	23,114	5.2%
2000	110,595	2,559,023,000	23,046	4.0%
1999	109,173	2,355,693,000	21,578	4.6%
1998	107,020	2,238,846,000	20,920	4.9%
1997	105,122	2,113,896,000	20,109	4.5%

(a) Information is not yet available

Sources:

Population from U.S. Bureau of Census

Person income from U.S. Bureau of Economic Analysis

Unemployment rate from Texas Workforce Commission

**Grayson County College
Principal Employers
Current Year
(Unaudited)**

<u>Employer</u>	<u>Number of Employees</u>	<u>Percentage of Total County Employment</u>
Texoma Health Care Systems	1,250 - 1,500	2.48%
Wilson N. Jones Regional Health Systems	1,250 - 1,500	2.48%
Texas Instruments	1,000 - 1,249	2.03%
CIGNA Company	1,000 - 1,249	2.03%
Tyson Fresh Meats	1,000 - 1,249	2.03%
Sherman ISD	750 - 999	1.58%
Denison ISD	500 - 749	1.58%
Grayson County	250 - 499	0.68%
Trailblazer	250 - 499	0.68%
City of Denison	250 - 499	0.68%

Source:

Texas Workforce Commission

Note:

Percentages are calculated using the midpoints of the ranges.

The College previously did not present this schedule and chose to implement prospectively.

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

	For the Year Ended August 31,									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Faculty										
Full-Time	88	87	93	83	94	98	97	96	97	97
Part-Time	142	137	122	122	116	119	120	125	115	115
Total	230	224	215	205	210	217	217	221	212	212

Percent										
Full-Time	38.3%	38.8%	43.3%	40.5%	44.8%	45.2%	44.7%	43.4%	45.8%	45.8%
Part-Time	61.7%	61.2%	56.7%	59.5%	55.2%	54.8%	55.3%	56.6%	54.2%	54.2%

Staff and Administrators

Full-Time	116	119	118	113	111	108	108	103	99	96
Part-Time	--	--	--	--	--	--	--	--	--	--
Total	116	119	118	113	111	108	108	103	99	96

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
 FTSE per Full-Time Staff Member

	39.6	38.7	37.6	42.5	35.2	33.1	29.9	30.4	29.2	28.8
	30.1	28.3	29.7	31.2	29.8	30.1	26.9	28.3	28.6	29.1

Average Annual Faculty Salary	\$ 46,836	\$ 46,500	\$ 45,600	\$ 44,700	\$ 43,600	\$ 42,500	\$ 41,600	\$ 39,700	\$ 39,300	\$ 38,900
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**Grayson County College
Enrollment Details
Last Five Fiscal Years
(Unaudited)**

Student Classification	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
00-30 hours	3,086	81.75%	3,023	81.37%	3,116	80.54%	3,201	83.43%	2,868	81.99%
31-60 hours	558	14.78%	525	14.13%	743	19.20%	436	11.36%	514	14.69%
> 60 hours	131	3.47%	167	4.50%	10	0.26%	200	5.21%	116	3.32%
Total	3,775	100.00%	3,715	100.00%	3,869	100.00%	3,837	100.00%	3,498	100.00%

Semester Hour Load	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than 3	18	0.48%	10	0.27%	10	0.26%	5	0.13%	13	0.37%
3-5 semester hours	555	14.70%	622	16.74%	635	16.41%	667	17.38%	668	19.10%
6-8 semester hours	793	21.01%	761	20.48%	706	18.25%	819	21.34%	641	18.32%
9-11 semester hours	655	17.35%	584	15.72%	574	14.84%	634	16.53%	517	14.78%
12-14 semester hours	1,202	31.84%	1,159	31.20%	1,335	34.50%	1,175	30.63%	1,010	28.87%
15-17 semester hours	486	12.87%	504	13.57%	518	13.39%	439	11.44%	520	14.87%
18 & over	66	1.75%	75	2.02%	91	2.35%	98	2.55%	129	3.69%
Total	3,775	100.00%	3,715	100.00%	3,869	100.00%	3,837	100.00%	3,498	100.00%

Tuition Status	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Texas Resident (In-District)	2,631	69.70%	2,644	71.17%	2,827	73.07%	2,838	73.97%	2,578	73.70%
Texas Resident (Out-of-District)	780	20.66%	771	20.75%	741	19.15%	715	18.63%	647	18.50%
Non-Resident Tuition	364	9.64%	300	8.08%	301	7.78%	284	7.40%	273	7.80%
Total	3,775	100.00%	3,715	100.00%	3,869	100.00%	3,837	100.00%	3,498	100.00%

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

	Fall 2006		Fall 2005		Fall 2004		Fall 2003		Fall 2002	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Gender										
Female	2,353	62.33%	2,289	61.62%	2,408	62.24%	2,369	61.74%	2,148	61.41%
Male	1,422	37.67%	1,426	38.38%	1,461	37.76%	1,468	38.26%	1,350	38.59%
Total	<u>3,775</u>	<u>100.00%</u>	<u>3,715</u>	<u>100.00%</u>	<u>3,869</u>	<u>100.00%</u>	<u>3,837</u>	<u>100.00%</u>	<u>3,498</u>	<u>100.00%</u>
Ethnic Origin										
White	3,034	80.37%	3,098	83.39%	3,277	84.70%	3,286	85.64%	3,054	87.30%
African American	207	5.48%	229	6.16%	256	6.62%	227	5.92%	197	5.63%
Hispanic	225	5.96%	185	4.98%	176	4.55%	165	4.30%	123	3.52%
Native American	159	4.21%	92	2.48%	67	1.73%	71	1.85%	59	1.69%
International	120	3.18%	75	2.02%	58	1.50%	55	1.43%	42	1.20%
Asian	30	0.79%	36	0.97%	35	0.90%	33	0.86%	23	0.66%
Total	<u>3,775</u>	<u>99.99%</u>	<u>3,715</u>	<u>100.00%</u>	<u>3,869</u>	<u>100.00%</u>	<u>3,837</u>	<u>100.00%</u>	<u>3,498</u>	<u>100.00%</u>
Age										
Under 18	486	12.87%	267	7.19%	261	6.76%	276	7.19%	299	8.54%
18-21	1,562	41.38%	1,601	43.10%	1,612	41.66%	1,553	40.47%	1,396	39.91%
22-24	435	11.52%	452	12.17%	472	12.20%	458	11.94%	418	11.95%
25-30	466	12.34%	489	13.16%	515	13.31%	509	13.27%	462	13.21%
31-35	287	7.60%	296	7.97%	345	8.92%	320	8.34%	277	7.92%
36-50	445	11.79%	502	13.51%	543	14.03%	596	15.53%	541	15.47%
51-64	86	2.28%	106	2.85%	117	3.02%	118	3.08%	97	2.77%
61 & over	8	0.21%	2	0.05%	4	0.10%	7	0.18%	8	0.23%
	<u>3,775</u>	<u>99.99%</u>	<u>3,715</u>	<u>100.00%</u>	<u>3,869</u>	<u>100.00%</u>	<u>3,837</u>	<u>100.00%</u>	<u>3,498</u>	<u>100.00%</u>
Average Age	25		26		27		27		27	

Grayson County College
Transfers to Senior Institutions
2004 - 2005 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
University of North Texas	102	6	10	118	24.32%
Texas Woman's University	55	--	5	60	12.37%
Texas A & M University at Commerce	54	5	3	62	12.78%
Texas A & M University	42	1	1	44	9.07%
Texas Tech University	30	--	--	30	6.19%
The University of Texas at Dallas	24	3	3	30	6.19%
Texas State University	18	1	2	21	4.33%
The University of Texas at Austin	15	1	--	16	3.30%
Stephen F. Austin State University	14	3	--	17	3.51%
The University of Texas at Arlington	14	--	6	20	4.12%
Tarleton State University	8	--	--	8	1.65%
West Texas A & M University	8	2	2	12	2.47%
Midwestern State University	5	--	6	11	2.27%
Sam Houston State University	5	--	5	10	2.06%
The University of Texas at Tyler	5	1	1	7	1.44%
University of Houston	5	--	--	5	1.03%
Lamar University	2	--	--	2	0.41%
Texas A & M University at Corpus Christi	2	--	--	2	0.41%
Texas Tech University Health Sciences Center	2	--	--	2	0.41%
Angelo State University	1	--	--	1	0.21%
Texas Southern University	1	1	--	2	0.41%
The University of Texas at Galveston	1	--	--	1	0.21%
The University of Texas at San Antonio	1	--	--	1	0.21%
The University of Texas at the Permian Basin	1	--	--	1	0.21%
Texas A & M at Kingsville	--	--	1	1	0.21%
The University of Texas Medical Branch at Galveston	--	--	1	1	0.21%
Totals	415	24	46	485	100.00%

**Grayson County College
Capital Asset Information
Fiscal Years 2003 to 2007
(Unaudited)**

	Fiscal Year				
	2007	2006	2005	2004	2003
Academic Buildings	18	18	18	18	17
Square Footage	304,320	304,320	304,320	304,320	271,220
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	52,300	52,800	53,300
Administrative and support buildings	3	3	3	3	3
Square Footage	34,553	34,553	34,553	34,553	34,553
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	3	3	3	3	3
Square Footage	25,379	25,379	25,379	25,379	25,379
Gymnasiums	1	1	1	1	1
Baseball Field	1	1	1	1	1
Softball Field	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	2	2	2	2	2
Light Trucks/Vans	23	23	23	23	23
Buses	2	2	2	1	1